Blue Current

BLUE CURRENT GLOBAL DIVIDEND

2017 – Q2 Quarterly Letter

Prepared by:

EDGE ADVISORS

Blue Current Global Dividend Fund
Ticker: BCGDX

June 30, 2017

Dear Investors:

The Blue Current Global Dividend Fund returned +4.48% (net) during the second quarter of 2017. We remind investors that the Fund is not managed to any specific equity index, but instead we focus on identifying companies that will pay a stable and increasing dividend and generate an attractive total return for our investors. For comparison, the MSCI World High Dividend Yield Index returned +3.20% and the MSCI World Index returned +4.03% during the quarter. Since inception, the Fund has returned +5.77% (net, annualized), which compares to the MSCI World High Dividend Yield Index return of +3.72% and the MSCI World Index return of +5.54%.

Performance	Q2-17	1 Year	Since Inception* Annualized
BCGDX (net)	4.48%	15.66%	5.77%
MSCI World High Dividend Yield Index (Net)	3.20%	11.78%	3.72%
MSCI World Index (Net)	4.03%	18.20%	5.54%

* Since inception: 9/18/2014

Expense Ratio	BCGDX
Gross Expense Ratio	1.55%
Net Expense Ratio	0.99%

THE GREEKS ARE BACK

Investor appetite for risk assets continued through the second quarter, extending a trend that began in November and remains largely unabated at the time of this writing in July. The broadness of the participation in the equity rally globally remains unusual, and is by some measure a reflection of broad G7 economic strength, which we have not experienced in unison in over a decade, and the multi-year benefits of easy liquidity conditions across most major markets, despite some recent tightening in the U.S. Look no further than the reopening of the debt markets to Greece that floated €5.6bn in debt at a 4.6% yield this week, an issuance that is expected to carry the country until late 2018. It is important to note that we have no investments in Greek companies but reference the debt issuance to highlight liquidity conditions and the appetite for income in a region of the world where most yields remain in negative territory.

Liquidity abundance has translated to broad improvements in economic growth around the globe, which combined with recent favorable political outcomes in France and Netherlands, have provided for a highly favorable backdrop for corporate investment and job creation. The European Commission’s Business Economic Survey Indicator (a barometer for business confidence) has risen to levels last seen in 2006, while economic growth estimates are approaching 2% for the eurozone region, a lower rate relative to longer historical averages, but an improvement from the recent doldrums. Another measure of economic growth, the eurozone Purchasing Managers Index (PMI), reached 56.3 for the second quarter, a six-year high for the index with growth led by Spain and Ireland. The economic momentum has translated to earnings growth (what we care most about) and is already exceeding the US growth rate - approximately 15% compared to 10%. With the absolute level of earnings still well below prior peaks, the potential for continued eurozone growth is higher in the short to intermediate term.

While we are participating in the performance and acknowledge the genuine factors underpinning the recent momentum in Europe, we are realistic that the liquidity punchbowl will be removed and the timing is critical. ECB President Mario Draghi spoke in Frankfurt earlier in July and commented that the central bank will continue to execute its current stimulus of €60bn per month until the end of 2017 and "beyond if necessary", or until there is a sustained upward path to inflation. While some market participants and popular media interpreted the news conference as foreshadowing the beginning of the end of quantitative easing, we were slightly more dovish on his comments. In our opinion, the ECB needs to extend their program deep into 2018 to better ensure that the recent momentum is not lost. The region cannot afford another "Trichet moment" when then ECB President Jean-Claude Trichet raised rates in the middle of a debt crisis in July 2011.

BLUE CURRENT PHILOSOPHY AND OBJECTIVES

The Blue Current investment team utilizes its expertise in growing cash flow to invest in what we believe is a niche universe of high-quality, dividend-paying companies with sustainable business models and dividend policies. The primary objectives are to pay a stable and increasing dividend each quarter and to deliver attractive, long-term capital appreciation to investors.

The portfolio is concentrated and invests in 25 to 50 companies across developed markets that meet our stringent quality requirements. We focus on companies that we believe have a strong history of rewarding shareholders and have the financial ability to continue to increase the dividend over time. We also focus on the future earnings potential of each company and strive to purchase those businesses when they are trading at a discount to their true value.

PORTFOLIO COMMENTARY

Once again, the portfolio's quarterly return was driven by the international investments that at the close of the quarter represented approximately 50% of the overall portfolio. Eight of the portfolio's top ten contributors to portfolio performance during the quarter were domiciled outside of the U.S. and span several sectors, including staples, consumer, healthcare, and financials. Also at the risk of repeating ourselves, France-based LVMH was the top performer in the portfolio, generating a +15% return in U.S. dollars during the second quarter, extending the year-to-date return to +32%. We discussed LVMH at length in our prior letter highlighting the strength of brands that CEO Bernard Arnault has assembled. Building on our praise, a recent Wall Street Journal article highlighted the attractiveness of Sephora, an LVMH brand, as one of the few bright spots in brick-and-mortar retail due to its DIY approach to cosmetics. Sadly, we trimmed our exposure last quarter for valuation reasons and increasingly high expectations – as evident by a solid second-quarter earnings report this week that did not budge the stock.

Also a top performer, Nestle returned +17% in U.S. dollars in the second quarter. Successful activist investor Dan Loeb of Third Point announced a $3.5bn stake during the quarter, an investment that follows a failed acquisition of Unilever by 3G earlier in the year. The combination of the two places the magnifying glass squarely on European management teams to cut costs, lift earnings, and improve profit margins to be more in line with American peers. Depending on comparisons, there is a significant margin discrepancy between consumer product companies based in the U.S. and the equivalent European peer – an arbitrage that for obvious reasons appeals to Mr. Loeb. We welcome his assistance! Adding to the attractiveness, Nestle (and Unilever) have demonstrated stronger pricing power in recent quarters relative to U.S. peers. While Procter & Gamble struggles to maintain flat pricing, Nestle and Unilever have been able to raise prices, especially across their emerging markets portfolio brands.

One of our newer investments, International Paper, was a top performer among our U.S. -domiciled positions during the quarter, returning +14%. We believe International Paper is a classic Blue Current investment due to its below-market multiple (14x 2017 earnings), attractive dividend yield (above 3%) and the potential for a 10% dividend growth rate over the next three years. Earlier in the year the company's share price struggled due to an explosion and shutdown of a core paper mill and rising raw material costs, specifically old corrugated containers, which are purchased to manufacture cardboard boxes. This provided the buying opportunity. In addition, we are interested in the company due to its recent acquisition of Weyerhaeuser's cellulose fiber mills that are marketshare leaders in the production of fluff pulp, a highly absorbent material used in diapers and other medical applications. We learned that the Southeast produces some of the highest quality fluff pulp in the world, enhancing the attractiveness of the acquisition.

Longer-term, we are favorable on the broader packaging industry due to what is expected to be supply constraints related to the accelerating usage of eCommerce delivery services, such as Amazon Prime, setting the stage for increasing pricing power for companies like International Paper. The growth of eCommerce delivery has been accelerating in recent years and is expected to grow 15% per annum until at least 2020, placing demand pressure on cardboard box manufacturers that generally operate with utilizations in the high 90% range and are accustomed to overall demand growth of less than 1% per year. Based on the percentage of cardboard boxes that are deployed for eCommerce deliveries, it is possible that overall box demand growth moves closer to 3% over the next several years. We believe this sets the stage for packaging companies to raise prices in the foreseeable future, an outcome that we hope will accelerate earnings growth (and perhaps the valuation) of International Paper.

As many of our investors understand, our strategy emphasizes dividend growth, and we would be remiss if we did not share some of the recent dividend growth announcements. These are in addition to the eight portfolio companies that announced last quarter.

- Imperial Brands: +10%
- Stanley Black and Decker: +9%
- GKN Plc: +5%

INVESTMENT OUTLOOK

As highlighted in our opening commentary, we believe easy liquidity conditions and accommodative central bank policies, especially in the eurozone, are key ingredients for international equity markets in the near term. That view is obvious but heightened because companies and consumers located abroad are only recently beginning to feel the wind at their backs, boosting spending and improving CEO confidence (see survey results above). Globally, the U.S. is already in the process of normalizing interest rates, as evident by four rate hikes to date, and the expected unwind of the inflated Fed balance sheet scheduled for later this year. Normally this would dampen U.S. equity market returns. However, we believe the Fed's actions could be mitigated by President Trump's focus on fiscal policy stimulation (i.e. lower taxes) beginning later this year. Assuming he is successful (not an easy assumption given the Obamacare debate), could lower corporate taxes provide the offset to tightening monetary policy? Difficult to evaluate given the many unknowns, but it should be stimulating for economic growth in 2018 and beyond, providing an additional tailwind to earnings growth. While the economic and political saga unfolds, we remain focused on corporate fundamentals, maximizing dividend growth, and minimizing the portfolio's valuation.

For more information on our strategy, please visit www.bluecurrentfunds.com.

Sincerely,

Henry "Harry" M. T. Jones
Co-Portfolio Manager
Blue Current Global Dividend

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Co-Portfolio Manager
Blue Current Global Dividend

Disclosure and Risk Summary

The Letter to Shareholders seeks to describe some of the current opinions and views of the financial markets of Edge Advisors, LLC (the "Adviser"). Although the Adviser believes it has a reasonable basis for any opinions or views expressed, actual results may differ, sometimes significantly so, from those expected or expressed. The securities held by the Fund that are discussed in the Letter to Shareholders were held during the period covered by this Report. They do not comprise the entire investment portfolio of the Fund, may be sold at any time and may no longer be held by the Fund. The opinions of the Adviser with respect to those securities may change at any time.

The opinions expressed herein are those of the Adviser, and the report is not meant as legal, tax, or financial advice. You should consult your own professional advisors as to the legal, tax, financial, or other matters relevant to the suitability of investing. The external data presented in this report have been obtained from independent sources (as noted) and are believed to be accurate, but no independent verification has been made and accuracy is not guaranteed. The information contained in this report is not intended to address the needs of any particular investor.

Mutual fund investing involves risk. Principal loss is possible. Index returns reflect the reinvestment of dividends. An investor should consider the investment objectives, risks, charges and expenses of the Fund carefully before investing. The Fund's prospectus contains this and other important information. To obtain a copy of the Fund's prospectus please visit our website at www.bluecurrentfunds.com or call 1-800-514-3583 and a copy will be sent to you free of charge. Please read the prospectus carefully before you invest. The Blue Current Global Dividend Fund is distributed by Ultimus Fund Solutions, LLC.

Performance data quoted represents past performance; past performance does not guarantee future results. The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance of the Fund may be lower or higher than the performance quoted. The fund imposes a 2% redemption fee on shares held within 7 days after purchase. Performance data does reflect the redemption fee which, if reflected would reduce the performance quoted. Performance data current to the most recent month-end is available at 1-800-514-3583.

The advisor has entered into an Expense limitation Agreement with the Fund that calls for the Advisor to reduce management fees and reimburse other expenses of the Fund, if necessary, to maintain Total Annual Fund Operating Expenses at 0.99% for Institutional Class Shares per annum. This agreement is in effect until January 1, 2018.

Investment in the Fund is subject to investment risks, including, without limitation, market risk, management style risk, investment style risk, large cap risk, mid cap risk, small cap risk, foreign security risk, ETF risk, MLP risk, MLP tax risk, and new fund risk. For more information about the Fund, including the Fund's objectives, charges, expenses and risks (including more information about the risks listed above), please read the prospectus. The MSCI World Index Net is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed markets. You cannot invest directly in the index.

As of 6-30-2017, the holding percentages of the stocks mentioned in this commentary are as follows: ULVR (3.25%), MC FP (2.73%), NSRGY (2.50%), IP (2.38%), IMB LN (1.16%), SWK (2.77%), GKN PLC (+2.02%), WY (0%), AMZN (0%).