



CHASE GROWTH FUND – QUARTERLY COMMENTARY

As of July 8, 2022

Second Quarter 2022

We began our Q1 22 letter with five words that came to mind regarding that quarter’s equity markets: It could have been worse. In the quarter just ended, it was! Markets were uniformly down in the quarter, we officially entered “bear” market territory in mid-June and the S&P 500 index (“S&P 500”) had the dubious honor of having its worst first-half performance in more than 50 years.

The S&P 500 lost 16.10% in the quarter and 19.96% year-to-date through June 30th. Growth indices fared far worse with the Russell 1000® Growth index down 20.92% in the quarter and 28.07% year-to-date. As they did in the first quarter, value stocks continued to outperform growth stocks with the Russell 1000® Value index off 12.21% in the quarter, 871 basis points better than the Russell 1000® Growth index performance noted above.

As a “growth at a reasonable price manager,” our performance in the quarter was weak but not unexpectedly so. The Chase Growth Fund (CHASX) fell 15.88% in the quarter compared to a 16.10% drop in the S&P 500 but significantly better than the 23.04% drop in the Lipper Multi-Cap Growth mutual fund category, a group of mutual funds with similar strategies to ours.

Markets worldwide, generally, fared similarly to ours with the

Performance data quoted represents past performance and 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 most recent month-end performance may be obtained by visiting our website at www.chasegrowthfund.com. The Fund imposes a 2.00% redemption fee on shares held 60 days or less. Performance data does not reflect the redemption fee. If reflected, total returns would be reduced.

EAFE (developed markets in 21 countries in Europe, Australasia and the Far East) down 14.29% and the MSCI Emerging Markets index down 11.34%. Size didn’t matter in the quarter either with the S&P 600 SmallCap index down 14.11% and the S&P MidCap 400 index down 15.42%.

Unlike the first quarter of the year, commodity prices were mixed in the quarter, with oil rising 5.46%, and natural gas falling 3.86%. Wheat prices fell 13.64% but corn only fell 0.67%. Copper prices fell 21.68% while gold fell 7.44%. With interest rates continuing to rise, U.S. Treasury bonds with 7–10-year maturities lost 4.81% in the quarter. Cryptocurrencies suffered significant losses with Bitcoin down 58.45%.

Within the S&P 500, there were no positive sectors in the quarter: Consumer staples stocks “led” with a 4.62% loss, followed by Utilities with a 5.09% loss and Energy with a 5.17% loss. Biggest losing sectors included Consumer Discretionary, off 26.16%, Communications Services, off 20.71% and Information Technology, off 20.24%. Energy remains the only positive sector year-to-date with gains of 31.84% as of June 30th.

Markets were, and remain, bedeviled by three “I”s in the quarter: Inflation, interest rates and invasion.

In the U.S. Fed bankers are raising (Cont’d pg 3 2nd Quarter)

	2nd Quarter 6/30/2022	1 Year 6/30/2022	5 Years Annualized 6/30/2022	10 Years Annualized 6/30/2022	Since Inception Annualized 6/30/2022
CHASX	-15.88%	-14.21%	9.19%	10.91%	7.80% (12/2/97)
Lipper Multi-Cap Growth Funds Index	-23.04%	-30.17%	10.04%	12.22%	7.15% (12/2/97)
S&P 500® Index	-16.10%	-10.62%	11.31%	12.96%	7.67% (12/2/97)
Expense Ratio (gross):	1.31%				
Expense Ratio (net):	1.14%*				

****Shareholders pay the net expense ratio. Chase Investment Counsel Corporation (the "Adviser") has contractually agreed to waive a portion or all of its management fees and pay Fund expenses in order to limit Total Annual Fund Operating Expenses (excluding AFFE, taxes, interest expense, dividends on securities sold short, extraordinary expenses, Rule 12b-1 fees, shareholder servicing fees and any other class-specific expenses) to 0.99% of average daily net assets to the Fund (the "Expense Cap"). The Expense Cap will remain in effect through at least January 27, 2023 and may be terminated only by the Trust's Board of Trustees (the "Board"). The Adviser may request recoupment of previously waived fees and paid expenses from the Fund for 36 months from the date they were waived or paid, subject to the Expense Cap at the time such amounts were waived or at the time of recoupment, whichever is lower.***

Portfolio Review

Equity markets were very weak in 2022's second quarter with the S&P 500 down 16.10% and the well-known Dow Jones Industrial Average down 10.78% putting year-to-date (through June 30th) losses at 19.96% and 14.44% respectively. As was the case in the year's first quarter, value stocks outperformed growth stocks with the Russell 1000® Value index off 12.21% versus a drop of 20.92% for the Russell 1000® Growth Index. Because of substantial drops in "mega" cap stocks, smaller stocks fared slightly better in the quarter with the S&P 600 SmallCap index down 14.11% and the S&P MidCap 400 index down 15.42%. The Chase Growth Fund (CHASX) fell 15.88% in the quarter versus a drop of 23.04% for our peer funds in the Lipper Multi-Cap Growth Index. As it has been for the past two quarters, Microsoft remains the fund's largest holding at 6.18% of assets while Teck Resources was the fund's smallest holding at 0.87% of assets. Cash made up 3.01% of the fund's assets on June 30th.

The table below illustrates the differences between the Chase Growth Fund's sector weightings and second quarter performance compared to those of the S&P 500.

	Sector Weights (6/30/22)		Sector Returns (3/31/22 - 6/30/22)	
	CHASX	S&P 500® Index	CHASX	S&P 500® Index
Cash Items	3.29		0.00	
Communication Services	5.12	8.95	-22.21	-20.71
Consumer Discretionary	5.23	11.18	-10.51	-26.16
Consumer Staples	2.03	6.62	-28.30	-4.62
Energy	4.82	4.48	-12.85	-5.17
Financials	11.60	11.03	-13.40	-17.50
Health Care	14.83	14.33	-13.45	-5.91
Industrials	18.43	7.83	-13.28	-14.78
Technology	22.52	27.07	-19.90	-20.24
Materials	8.20	2.73	-15.83	-15.90
Real Estate	0.63	2.84	-15.50	-14.72
Utilities	3.31	2.93	-3.17	-5.09

Note: fund fees not included

2nd QUARTER TOP PERFORMING STOCKS

ExlService Holdings, Inc. was the fund's top performing stock in the quarter with a positive return of 2.8% in a down market. The New York based company provides a broad variety of analytical and operational services primarily to companies in the insurance industry. Services include claims processing, premium and benefit administrating, underwriting support and agency management. The firm should have revenues of \$1.33 billion in 2022, up 18.8% over 2021. Earnings per share estimates for 2022 are \$5.57 per share up 15.3% over 2021 earnings. The stock currently sells for about \$152.84, or 27.4x estimated 2022 earnings.

Atlanta-based packaging firm **Graphic Packaging** was the fund's second-best performing stock rising 2.7% in the period. The company provides paperboard and other packaging products to a variety of industries including foods and other household products. The company has a market cap of about \$6.5 billion. It should have revenues of about \$9.0 billion in 2022 versus \$7.1 billion in 2021. Earnings per share should be around \$2.11 this year versus \$1.14 in 2021. The company pays an annual dividend of \$0.30 per share for a yield of 1.4%. With a price of \$21.04 it currently sells for about 10x earnings.

Vertex Pharmaceuticals was the fund's third-best performing stock rising 2.6% in the three months ending June 30th. The Boston-based company has a market cap of \$74 billion. Vertex is a biotech company with a specialty in developing and marketing products primarily to treat cystic fibrosis. Revenues in 2022 should be about \$8.6 billion versus \$7.6 billion in 2021. Earnings per share should be about \$14 per share this year versus \$13.02 in 2021. The stock currently sells for about \$294.27 per share.

2nd QUARTER WORST PERFORMING STOCKS

Like many technology stocks, **Nvidia Corp.** had a very weak second quarter and was the fund's worst-performing stock falling about 44.4%. The company is a leading developer of 3D graphics and multimedia processing technology used in personal computers, servers, gaming consoles and similar devices. For the past five years sales have grown at 25% per year and earnings at a higher rate. The company should have revenues of \$33.7 billion in 2022 versus \$26.9 billion in 2021. Earnings per share should be \$5.42 per share versus \$4.44. The stock continues to make up about 1.6% of the fund's portfolio.

On-line travel company **Expedia Group, Inc.** was the fund's second-worst performing stock in the quarter falling about 30.5%. The company's stock suffered as fears grew that a slowing economy would eventually compel consumers to reduce travel, although travel generally remains strong in the post-Covid economy. Because of uncertainty related to its business as well as weakness in its technical indicators, Expedia was eliminated from the portfolio.

Florida-based fertilizer producer **Mosaic Inc.** was the fund's third worst performing stock in the quarter falling about 28.8%. Ironically, it was the fund's best performing stock in the first quarter when it rose 50.4%. As of June 30th, it had a 1.4% weighting in the fund. Mosaic is one of the relatively few fertilizer producers and marketers in North America. The company makes and sells all three major types of fertilizers: phosphates, potashes and nitrogen-based fertilizers. Revenues and earnings have grown substantially this year as the Russia-Ukraine war has reduced supplies of fertilizers coming from those areas.

Chase Growth Fund—Top Contributions & Detractors

Contributors 3/31/2022 - 6/30/2022	Average Portfolio Weight 6/30/22	Return (%)	Contribution
ExlService Holdings Inc	2.0%	2.8%	0.0%
Graphic Packaging Holding Co	1.8%	2.7%	0.0%
Vertex Pharmaceuticals Inc	1.8%	2.6%	0.0%
UnitedHealth Group Inc	2.8%	0.8%	0.0%
Enphase Energy Inc	2.5%	0.5%	0.0%

Bottom Contributors 3/31/2022 - 6/30/2022	Average Portfolio Weight 6/30/22	Return (%)	Contribution
Apple Inc	4.8%	-21.6%	-1.1%
Nvidia Corp	1.6%	44.4%	-1.1%
Microsoft Corp	6.2%	-16.5%	-1.0%
Alphabet Inc	4.3%	-21.7%	-1.0%
Molina Healthcare Inc	2.2%	-19.6%	-0.7%

(2nd Quarter Cont'd from pg 1)

interest rates to stem inflation. Fears abound that they will overshoot and cause a recession even though other economic indicators such as unemployment rates still suggest a strong economy. Meanwhile, rising rates make many stocks less attractive and make bonds a reasonable investment alternative compared to stocks, something not seen in years.

Similar situations are occurring outside the U.S. High inflation is prevalent in many countries and bankers there are raising rates to control it, leading to fears of a global slowdown.

The Russia-Ukraine conflict, a large part of the reason for the high inflation, shows no sign of ending soon and the economic damage it is causing in Europe is significant. Germany is warning of gas service interruptions soon and is warning citizens on the need to conserve fuel for the upcoming winter.

There is some good news in this year's bad news.

Much of the "excess" has been wrung out of U.S. equity markets this year. The S&P 500 is now expected to "earn" about \$228 per share in 2022. With today's valuation of 3822.6, its p/e ratio is now 16.8x earnings, much more reasonable than its p/e ratio of 21.4x at the beginning of the year. There is, however, a caveat worth thinking about. There is now a more than reasonable chance earnings will not live up to current expectations once results start being released in mid-July. According to FactSet, of the 238 S&P 500 companies that have issued 2022 earnings guidance through June 30, 132 have issued "negative" guidance and 106 have issued "positive" guidance.

Thus, it is likely that earnings estimates fall a bit over the summer, pushing p/e estimates up. We will begin seeing second-quarter earnings, and guidance for the remainder of the year, in mid-July.

It is important to note that, historically, markets recover, often substantially, after bear markets. A recent 5/20/22 study by LPL Research looked at the last 10 bear markets going back to 1957. It found that in seven of the 10 times, the S&P 500 was up 12 months after the bear market started with a median gain of 23.8%. No telling whether the same thing will happen this time, but let's hope!

Disclosure

Fund holdings and sector allocations are subject to change and should not be considered a recommendation to buy or sell any security.

The Fund's investment objectives, risks, charges and expenses must be considered carefully before investing. The Statutory and Summary prospectuses contain this and other important information about the investment company and may be obtained by calling (888) 861-7556 or visiting www.chasegrowthfund.com. Read carefully before investing.

The information on earnings growth is based on certain assumptions and historical data and is not a prediction of future results for the Fund or companies held in the Fund's portfolio. Past performance does not guarantee future results.

The opinions expressed are those of the author and should not be considered a forecast of future events, a guarantee of future events nor investment advice.

Mutual fund investing involves risk, principal loss is possible. The Chase Growth Fund may invest in mid-cap companies, which involve additional risks such as limited liquidity and greater volatility. The Chase Growth Fund may invest in foreign securities traded on U.S. exchanges, which involve greater volatility and political, economic and currency risks and differences in accounting methods. Growth stocks typically are more volatile than value stocks; however, value stocks have a lower expected growth rate in earnings and sales.

Earnings per share (EPS) is calculated as a company's profit divided by the outstanding shares of its common stock. The resulting number serves as an indicator of a company's profitability.

Price earnings ratio (P/E) is the price of a stock divided by its earnings per share.

As of June 30, 2022 the Chase Growth Fund held 6.2% Microsoft Corp., 0.9% Teck Resources Ltd, 2.0% ExlService Holdings Inc., 1.8% Graphic Packaging Holding Co., 1.8% Vertex Pharmaceuticals Inc., 1.6% Nvidia Corp., 0.0% Expedia Group Inc., 1.4% Mosaic Inc., 2.8% UnitedHealth Group Inc., 2.5% Enphase Energy Inc., 4.8% Apple Inc., 4.3% Alphabet Inc. and 2.2% Molina Healthcare Inc.



Indexes

S&P 500 Index is a broad-based unmanaged index of 505 stocks, which is widely recognized as representative of the equity market in general.

Russell 1000[®] Growth Index contains those securities in the Russell 1000[®] Index with a greater-than-average growth orientation. Companies in this index tend to exhibit higher price-to-book and price-to-earnings ratios, lower dividend yields and higher forecasted growth rates.

Russell 1000[®] Value Index measures the performance of the large cap value segment of the US equity universe. It includes those Russell 1000[®] companies with lower price-to-book ratios and lower expected growth values. The Russell 1000[®] Value Index is constructed to provide a comprehensive and unbiased barometer for the large-cap value segment.

Lipper Multi-Cap Growth Funds Index measures the performance of 30 of the largest funds in the multi-cap growth category as tracked by Lipper, Inc.

The **MSCI EAFE Index** is a stock market index that is designed to measure the equity market performance of developed markets outside of the U.S. & Canada.

MSCI Emerging Markets Index is a selection of stocks that is designed to track the financial performance of key companies in fast-growing nations.

S&P SmallCap 600 Index tracks a broad range of small-sized companies that meet specific liquidity and stability requirements. This is determined by specific metrics such as public float, market capitalization, and financial viability, among a few other factors.

S&P MidCap 400 Index provides investors with a benchmark for mid-sized companies. The index, which is distinct from the large-cap S&P 500, is designed to measure the performance of 400 mid-sized companies, reflecting the distinctive risk and return characteristics of this market segment.

Dow Jones Industrial Index is a price-weighted measurement stock market index of 30 prominent companies listed on stock exchanges in the US.

An investment cannot be made directly in an index.

Investment performance reflects fee waivers in effect. In the absence of such waivers, total return would be reduced.

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