



CHASE GROWTH FUND – QUARTERLY COMMENTARY

As of January 5, 2023

Fourth Quarter 2022

Most of us have experienced a movie or play so bad that all we can say at the end is “Thank God it’s over!” Such is the case with equity markets in 2022. Although most markets had decent fourth quarters, December was weak, and it capped off the weakest year for most markets since 2008.

Although rising 7.56% in the fourth quarter, the S&P 500 Index (“S&P 500”) fell 18.11% for the year. The Russell 1000® Growth Index rose 2.20% in the quarter but fell 29.14% for the year. With our “growth at a reasonable price” style, the Chase Growth Fund’s (CHASX) results were about as expected – up 4.59% in Q4 but down 20.40% for the year. Compared to similar growth-oriented mutual funds, our fund fared well. The Lipper Multi-Cap Growth universe of similar mutual funds fell 34.29% for the full year.

Last year’s weakness wasn’t confined to the United States with the MSCI World Index down 18.14% and the MSCI Emerging Markets Index down 19.74%. Nor was the weakness only in large-cap stocks as the S&P SmallCap 600 Index fell 16.10% and the S&P MidCap 400 was off 13.06%.

Weakness was most evident in the S&P 500’s largest stocks especially the “FAANG” names (Facebook now Meta, Apple,

Amazon, Netflix and Google now Alphabet) which, as a group, were down from 26.8% for Apple to 64.2% for Meta.

Only two of the S&P 500’s 11 sectors were positive last year: Energy, which rose 65.72% on strength of oil and gas prices due in large part to the Russia-Ukraine conflict, and Utilities, which rose 1.57%. The two worst performing sectors were Communications Services (which includes META) which fell 39.89% and Consumer Discretionary (which includes Amazon) which fell 37.03%.

The past year was defined by the three “I’s,” of inflation, interest rates and invasion. Although inflation began increasing in 2020 due in large part to Covid-related supply chain issues, the Russia-Ukraine conflict and its impact on energy and other commodities fueled its surge to a peak of 9% in June 2022. The pick-up in inflation resulted in a series of interest rate hikes by Federal Reserve bankers which pushed short-term interest rates from near-zero to today’s 4.25%.

With more recent inflation data showing some moderation in price hikes, there is hope that the pace of rate hikes will moderate. After rising from the 1.50% level to 3.88% at year-end, 10-year U.S. Treasury bond yields have fallen to 3.69%.

A wild card for 2023 stock market (con’t pg 3 4th Quarter)

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.

	4th Quarter 12/31/2022	1 Year 12/31/2022	5 Years Annualized 12/31/2022	10 Years Annualized 12/31/2022	Since Inception Annualized 12/31/2022
CHASX	4.59%	-20.40%	6.78%	10.76%	7.65% (12/2/97)
Lipper Multi-Cap Growth Funds Index	1.03%	-34.29%	7.15%	11.35%	6.92% (12/2/97)
S&P 500® Index	7.56%	-18.11%	9.42%	12.56%	7.61% (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

Although ending the year with a strong quarter, most major equity markets had their worst years since 2008. The S&P 500 Index rose 7.56% in the quarter but ended the year down 18.11%. This was the worst performance since 2008's drop of 34.74%. The Dow Jones Industrial Index, somewhat more value-oriented than the S&P 500, rose 16.01% in Q4 and fell a more modest 6.86% for the year. The growth-oriented Russell 1000® Growth Index rose 2.20% in the quarter and fell 29.14% for the year. The Chase Growth Fund rose 4.59% in the quarter but ended the year down 20.40%. Similar mutual funds in the Lipper Multi-Cap Growth universe rose 1.03% in the quarter but fell 34.29% for the year. At the end of the year, the fund held 41 stocks which made up 97.6% of the portfolio while cash made up 2.4%. Microsoft remained the fund's largest holding at 5.7% of assets while AmerisourceBergen Corp. was the fund's smallest holding at 1.24% of assets.

The table below illustrates the differences between the Chase Growth Fund and the S&P 500 Index in sector weightings and fourth-quarter performance.

	Sector Weights (12/31/22)		Sector Returns (9/30/22 - 12/31/22)	
	<u>CHASX</u>	<u>S&P 500® Index</u>	<u>CHASX</u>	<u>S&P 500® Index</u>
Cash Items	2.36		0.00	
Communication Services	3.39	7.32	-12.63	-7.84
Consumer Discretionary	16.01	10.08	-2.21	-11.26
Consumer Staples	4.28	7.14	-5.98	-2.82
Energy	3.26	5.04	-3.22	2.94
Financials	9.85	11.49	-5.89	-5.23
Health Care	9.51	15.66	-3.10	-1.91
Industrials	18.59	8.57	4.31	-2.97
Technology	25.88	26.16	-9.76	-8.37
Materials	4.76	2.72	-6.23	-5.56
Real Estate	0.00	2.70	0.00	-4.83
Utilities	2.11	3.11	-3.71	-0.53

Note: fund fees not included

4th QUARTER TOP PERFORMING STOCKS

Crocs, Inc. was the fund's best performing stock in the quarter, rising some 43.6%. Crocs is a well-known maker and marketer of footwear for men, women and children. It's best known product continues to be its clogs made out of its proprietary resin Croslite. The company has sold more than 630 million pairs of shoes in the United States and in more than 90 foreign countries. Analysts expect the company to earn \$10.90 per share in 2023 and it currently sells for about 10x earnings.

The fund's second-best performing stock in the quarter was **Arch Capital Group LTD ADR** which rose 37.9%. The company is a Bermuda-based insurance firm that offers a broad variety of insurance and reinsurance products on a global basis. Despite having somewhat weaker than expected earnings due to Hurricane Ian, the company's premium income rose 28% in the third quarter, a sign of better results to come.

Howmet Aerospace, Inc. was the fund's third-best performing stock rising 27.2% in the quarter. The company was once part of aluminum producer Alcoa, Inc. but became a stand-alone entity in 2016. It is a manufacturer of metals products used primarily in the aerospace industry, both in commercial and government applications. A recovery in this area has led to earnings growth that will approach 40% between 2021 and 2022 with further growth expected in 2023. The company has a market cap of about \$16 billion and sells for about 22.6x expected 2023 earnings per share.

4th QUARTER WORST PERFORMING STOCKS

Chart Industries was the fund's worst performing stock in Q4 falling by 31.4%. The company's stock was severely punished for announcing a \$4.4 billion acquisition of Howden, Inc. a maker of air and gas handling equipment. We purchased Chart in September 2022 and ended up selling it in November after the acquisition announcement.

The fund's second worst performing stock was **Tesla Inc.** which fell 20.9% in the quarter. Although sales of its electric automobiles remained fairly strong, investor concerns about founder Elon Musk's acquisition of Twitter, Inc. resulted in weakness for the stock. This was exacerbated by fears of a slowing economy and slowing automobile sales. Tesla stock was purchased in August and was sold in October and November.

Autodesk, Inc. was the fund's third worst performing stock falling 18.8% in the quarter. At year-end it was still in the fund's portfolio, although it was sold in early 2023. The company designs and manufactures software used in a broad variety of industries such as architecture and land development, engineering and construction. The decline in price was primarily due to rising concerns about the outlook for business in 2023 as rising interest rates continue to make prospects for real estate related businesses more questionable going forward.

Chase Growth Fund—Top Contributions & Detractors

Contributors 9/30/2022 - 12/31/2022	Average Portfolio Weight 12/31/22	Return (%)	Contribution
Crocs Inc	3.3%	43.6%	1.0%
AbbVie	3.4%	21.5%	0.6%
Howmet Aerospace Inc	2.3%	27.2%	0.5%
Valmont Industries Inc	2.5%	23.3%	0.5%
Grainger WW Inc	3.2%	14.3%	0.4%

Bottom Contributors 9/30/2022 - 12/31/2022	Average Portfolio Weight 12/31/22	Return (%)	Contribution
Chart Industries Inc	0.0%	-31.4%	-0.7%
Carlisle Cos Inc	3.2%	-15.6%	-0.6%
Tesla Inc	0.0%	-20.9%	-0.6%
Autodesk Inc	1.3%	-18.8%	-0.3%
Alphabet Inc	3.4%	-7.6%	-0.3%

(4th Quarter Cont'd from pg 1)

performance will be the strength of economies here and abroad. If 2022 was defined by the three “I’s,” 2023 may be defined by three “r’s,” of recession, rates, and Russia. There are indications of a pending slowdown in both consumer and corporate spending. But employment remains strong. If economic softness prevails and we are in or near recession territory, the current earnings estimate for the S&P 500 of \$220.00 (according to S&P Capital IQ) could be high, meaning the S&P 500’s current p/e of 17.5x could be low and markets are in more overvalued territory.

Fed minutes released on January 4, 2023 suggest more rate hikes ahead and gave no signs of possible rate cuts in 2023.

The Russia-Ukraine war is nearly one year old. It shows few signs of ending. Besides the human tragedy of the war, peace would probably benefit world economies by possibly bringing energy and commodity prices down further.

As the first quarter begins, there are several things worth remembering: since 1928 markets have been down more than one year in a row only four times; we are now in the November-May seasonally strong period for markets and we are in the third year of the presidential cycle. But the world is an unpredictable place these days and undoubtedly things will look a lot different in December 2023 than they do today.

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 December 31, 2022 the Chase Growth Fund held 0.0% Meta Platforms Inc., 4.5% Apple Inc., 0.0% Amazon Inc., 0.0% Netflix Inc., 3.4% Alphabet Inc., 5.7% Microsoft Inc., 1.2% AmerisourceBergen Corp., 3.3% Crocs Inc., 1.5% Arch Capital Group LTD ADR, 2.3% Howmet Aerospace Inc., 0.0% Chart Industries Inc., 0.0% Tesla Inc., 1.3% Autodesk Inc., 3.4% AbbVie Inc., 2.5% Valmont Inds Inc., 3.2% Grainger WW Inc. & 3.2% Carlisle Cos 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.

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Indexes Cont'd

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 World Index** captures large and mid-cap representation across 23 Developed Markets (DM) countries*. With 1,508 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country.

The **MSCI Emerging Markets Index** captures large and mid-cap representation across 24 Emerging Markets (EM) countries*. With 1,377 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country.

The **S&P SmallCap 600 Index** is a stock market index established by Standard & Poor's. It covers roughly the small-cap range of American stocks, using a capitalization-weighted index. To be included in the index, a stock must have a total market capitalization that ranges from \$750 million to \$4.6 billion.

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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