Linde, Hansen & Co.

Linde Hansen Contrarian Value Strategy Commentary

1Q 2019

Market Review

Recession…what recession? Fed rate hikes…what Fed rate hikes? It seems like the fears that grew in the fourth quarter deflated as quickly as they inflated. Once the Federal Reserve Board backed off its program of Federal Funds target rate hikes and balance sheet normalization the all clear whistle blew and everyone jumped back in the water. Broad based strength in the first quarter of 2019 erased much, but not all, of the loss experienced during the final quarter of 2018.

The median return for the 2,195 stocks which passed our initial screen on December 31, 2018 was 14.15% for the quarter. The average return on an equal-weighted basis was 15.2%. Approximately 85% of the stocks rose during the quarter.

All sectors advanced during the quarter. Tech and Biotech stocks rebounded sharply while the shares of Energy Drilling and Oilfield Service companies were also strong.

Laggards included the stocks of Consumer and Healthcare Service providers as well as the stocks of Transportation and Communication companies. We found it difficult to find a pattern among the underperformers this quarter.

Portfolio Review

The Linde Hansen Contrarian Value Fund, Class A and I shares advanced 11.17% and 11.22% respectively during the quarter, behind the S&P 400 MidCap Value Index which was up 14.02%.

During the quarter, the fund benefited from its ownership of technology companies like Cadence Design Systems, Broadcom and Knowles. Eighteen percent of the portfolio on average was invested in technology stocks during the quarter and they provided the largest contribution to our return.

Offsetting strong performance in tech stocks were our consumer holdings. Investors seemed to be disappointed with earnings and the outlook reported for Kroger, Caleres and DSW Inc. causing the shares to fall. In our opinion, the concerns are misplaced. We believe all three companies have innovative strategies to raise profitability and compete and win in a difficult environment

Additionally, our cash position, which averaged 26% during the quarter proved to be a drag on returns. While it helped last quarter, we estimate it accounted for 3.5 percentage points of negative relative contribution when compared to the S&P 400 MidCap Value Index.

Current View

Whipsawed might be the best way to describe how we've been feeling lately. While we did not enjoy the drawdown at the end of last year, lower prices gave us encouragement that there would be opportunity to put our idle cash to work. Instead, stocks started running hard right after Christmas and straight through January. Its as if the concerns regarding earnings and economic growth were irrelevant and we've bounced right back to where we started.

Profitability in aggregate remains robust with return-on-invested-capital above average and increasing as fourth quarter earnings were reported. Looking forward, consensus expectations have first quarter earnings down and growth for the year back-end loaded. Growth estimates have been reduced. The Federal Reserves tightening policy has been tempered by this observed slowing.

In price terms, the S&P 500 closed the first quarter within 2.8 percentage points of where it started the fourth quarter of 2018. The rebound is close to complete for this large cap index, but mid-caps, small caps and value indexes have not recovered nearly as well.

As a result, the valuation statistics have moderated and are not as extreme as they have been. The median price to normalized earnings (P/NEPS) for the universe of stocks that passed our screen at the beginning of the year is 18.5, down markedly form the 2016 to 2018 range of 21 to 24 it vacillated between. Additionally, about 15% of the stocks in the universe now trade a P/NEPS of 10 or less, up from a low of 8%.

So, valuation is better, interest rates should be stable, profitability in aggregate remains high and the panic has passed. Stocks should remain in favor but the performance of individual companies will be based on their ability to meet expectations and produce consistent growth. A difficult task in a global economy that is slowing.

We believe long term success comes from disciplined investing. We have been pruning/eliminating some positions while adding new names to the portfolio. We remain committed to our process and will deploy our excess cash by filling the portfolio with stocks that meet our criteria. We believe this is the best way to build solid real returns over the long term and are certain we will be adding more good ideas in the months to come. We remain optimistic.

Linde Hansen Contrarian Value Fund Performance as of 3/31/2019				
	1st Quarter 2018	One Year	Five Years	Since Inception (February 8, 2012)
Linde Hansen Contrarian Value Fund Class A (LHVAX)	11.17%	-0.23%	1.60%	5.54%
Linde Hansen Contrarian Value Fund Class A - With Sales Charge	5.29%	-5.49%	0.51%	4.75%
Linde Hansen Contrarian Value Fund Class I (LHVIX)	11.22%	0.05%	1.85%	5.80%
S&P MidCap 400 Value index	14.02%	3.60%	7.52%	11.34%

Performance data quoted here represents past performance. Current performance may be lower or higher than the performance data quoted above. Investment return and principal value will fluctuate, so that shares, when redeemed, may be worth more or less than their original cost. Past performance is no guarantee of future results. The maximum sales charge for class A Shares is 5.25%. For performance information current to the most recent month-end, please call toll-free 1-855-754-7933. Total annual operating expenses for the Fund is 1.87% (Class A) and 1.62% (Class I) respectively. The Fund's investment adviser has contractually agreed to reduce its fees and/or absorb expenses of the fund, at least until March 31, 2020 to ensure that the net annual fund operating expenses will not exceed 1.40%, and 1.15% for (Class A), and (Class I) shares, respectively, subject to possible recoupment from the Fund in future years. Please review the Fund's prospectus for more detail on the expense waiver. Results shown reflect the waiver, without which the results could have been lower. A Fund's performance, especially for very short periods of time, should not be the sole factor in making your investment decisions.

Return on invested capital (*ROIC*) - A calculation used to assess a company's efficiency at allocating the capital under its control to profitable investments. The measure gives a sense of how well a company is using its money to generate returns.

The S&P MidCap 400 Value Index – is a Style Index constructed and managed by the S&P Dow Jones Indices division of S&P Global. The index is meant to provide a proxy for the performance of mid-capitalization stocks designated by S&P as "value". S&P measures value stocks using three factors: the ratios of book value, earnings, and sales to price. S&P Style Indices divide the complete market capitalization of each parent index into growth and value segments. Constituents are drawn from the S&P MidCap 400.

Trough - In economics, a trough is a low turning point or a local minimum of a business cycle. The time evolution of many variables of economics exhibit a wave like behavior with local maxima (peaks) followed by local minima (troughs). A business cycle may be defined as the period between two consecutive peaks.

IMPORTANT RISK INFORMATION:

Investors cannot directly invest in an index and unmanaged index returns do not reflect any fees, expenses or sales charges.

Fund holdings are represented as a percent of LHVAX at NAV as of 3/31/2019. Portfolio Holdings are subject to change and should not be considered investment advice. Mutual Funds involve risk including the possible loss of principal. There is no assurance that the fund will meet its investment objectives, you may lose money by investing in the Fund.

Investing in undervalued securities involves the risk that such securities may never reach their expected market value, either because the market fails to recognize a security's intrinsic worth or the expected value was misjudged. A value investment style may go in and out of favor causing the Fund to underperform other investment styles. The Fund is 'non-diversified', and thus invests its assets in a smaller number of companies than many other funds and as a result a change in the value of a single security may have significant effects on the Fund's value. Investments in foreign securities carry special risks, including foreign political instability, greater volatility, less liquidity, financial reporting inconsistencies, and adverse economic developments, all of which may reduce the value of foreign securities. Many of these risks can be even greater when investing in countries with developing economies and securities markets. Smaller capitalization companies may have a narrower geographic and product/service focus and be less well known to the investment community, resulting in more volatile share prices and liquidity. Larger capitalization companies pose the risk that larger, more established companies may be unable to respond quickly to new competitive challenges such as changes in consumer tastes or innovative smaller competitors. Mid-Capitalization companies may be more vulnerable to adverse business or economic events than larger, more established companies. Mid-sized companies may pose risks including liquidity, market and financial resources and may depend upon a relatively small management group. Investments in companies involved in special situations, such as reorganizations or restructurings, may involve greater risks when compared to the Fund's other strategies. Failure to anticipate changes affecting these types of investments may result in permanent loss of capital. **5367-NLD-4/17/2019**

For more information please contact your Financial Advisor or;	
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