BARROW FUNDS

Value Principles • Private Equity Perspective

Quality Meets Value

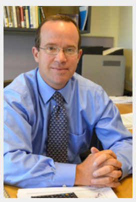
Report Card

December 2017

The Barrow Funds Team

Nicholas Chermayeff
Principal

- 26 years of industry experience
- BA Harvard College



Robert F. Greenhill, Jr.
Principal

- 27 years of industry experience
- BA Harvard College
- MBA Harvard Business School

David R. Bechtel
Principal

- 27 years of industry experience
- BA Yale University
- JD Stanford Law School

About Barrow Street

Founded in 1997 by Nicholas Chermayeff and Robert F. Greenhill Jr., Barrow Street Capital LLC is an investment management firm that manages value-oriented private and public equity strategies.

Headquartered in Stamford, Connecticut, the firm serves pension funds, sovereign funds, endowments, foundations, family offices and high net worth individuals. Since inception, Barrow Street has invested approximately $550 million of equity in private equity and public equity strategies.

Barrow Street Advisors LLC is an affiliate of Barrow Street Capital LLC and is the investment advisor for the Barrow mutual funds.

For More Information:
877-767-6633
www.barrowfunds.com

Picture This…

Imagine if you could buy, at a significant discount to its intrinsic value, a liquid, well-diversified business with better quality attributes than the average stock. Wouldn't you want to own a lot of it and hold onto your stake until the market gave you credit for your research and diligence with an attractive exit price? At Barrow Funds, through our stock selection and portfolio construction process, that's our primary aim.

We view our securities positions as a thoughtful and deliberate combination of ownership interests in underlying businesses, not an assortment of stock certificates held for trading. When we "look through" our investment portfolio to the cash flows and balance sheets of its underlying companies, we see a diversity of high quality businesses bought at what we believe are substantial discounts to their intrinsic values. When we roll these underlying fundamentals up into a single consolidated cash flow statement and balance sheet, we expect to see high quality and attractive price attributes better than any one stock or any concentrated portfolio could deliver standing alone. If we are successful in accomplishing our goal, then we will have brought significant value to the table for our investors and the prospects for superior relative investment performance.

The Importance of Looking Through

While Ben Graham, Warren Buffett, and other great value practitioners have long advocated that investors should view their public stocks as ownership positions in underlying businesses, we believe that very few of them actually do, and that even fewer asset managers make a practice of letting their investors see how that picture compares to other opportunities the market offers.

Our investment community and financial media communicate using simple narratives that, while satisfying our need to simplify and compartmentalize, do not advance this basic understanding. All too often stocks are just prices on the screen that go up and down like an amusement ride. When they go up, we are thrilled. When they go down, we are terrified. Price action makes the headlines, instead of stories about valuation and fundamentals.

When we become inured to the static noise of "prices up" and "prices down," price insinuates itself as a proxy for value when, in fact, they are inversely related. And once value is equated to price, it is very difficult for an investor, or a financial advisor having to report to a client, to make the correct decision about buying or selling in the face of market volatility. The investor becomes a victim of an emotional rollercoaster, with no reference points such as the quality of operating fundamentals or intrinsic value to steady the stomach.

Good asset managers can play an important role in helping investors understand and appreciate the quality and value of the operating businesses underlying their securities portfolios. Given the abundance of financial data coupled with today's advanced data processing power, a manager can present, for analytical purposes, the consolidated fundamental attributes of all the businesses underlying its securities portfolio as a single set of integrated financial statements. Once this baseline is established, managers can report on salient factors that should give investors confidence (or not) in the quality fundamentals and intrinsic value of what they own, regardless of daily/weekly/monthly price volatility.

So What?

It sounds like a lot of work to look-through a well-diversified securities portfolio to the underlying businesses and roll up their fundamental attributes into a consolidated set of financials, with its own beating heart of integrated cash flows, income statements, and balance sheets.

Why do we go to such trouble? We know from the many decades of research in behavioral finance that humans bring well-documented biases to investing, and that these biases are the source of (i) market inefficiencies (creating investment opportunities for the clear-headed), and (ii) certain self-destructive tendencies such as herd-following, overshooting, loss aversion, and the like. **We believe that many of these wealth-impairing, irrational tendencies are at their worst when investors view their securities as prices on a screen instead of as interests in underlying businesses.**

Securities prices rise and fall for many reasons, some rational, some not. Without additional information and context, a falling price often induces panic selling, and a rising price may spur momentum buying. This can lead to selling low and buying high – not a good strategy for compounding one's capital. Conversely, by looking at underlying business fundamentals and intrinsic value, we create a context for understanding when falling prices are a buying opportunity, not a reason to sell. We believe that as an investor with us, knowing what you own – under the hood – can give you the conviction to hold onto a strategy which may be offering high quality companies trading at a substantial discount instead of selling out of it at what could be the worst time.

Physician Heal Thyself

Towards this goal of helping our investors by giving them the information to bear with us when times look tough but when future investment prospects may be brightest, we are continuing our tradition of making public what our portfolio looks like as a consolidated set of financials based on all of the underlying businesses in which we hold shares. Not that things look tough for us now; we have performed well relative to our goal of providing investors with above average, risk-adjusted performance over time. Complete performance information can be found on the Fund's fact sheet.

This discipline puts into place a reporting process that we hope will serve us all well into the future. Besides wanting to help our investors better understand what they own and why, and to help them defeat those wealth-impairing impulses of selling funds low and buying them high, sharing our "consolidated look-through" analysis also dovetails with our firm's dedication to offering investors transparency wherever practicable. And, it allows investors to determine whether they think we have done a good job in our aim of creating, through our securities positions, a high-quality, widely-diversified, well-constructed set of financial characteristics that is attractive relative to other investment alternatives one can find in the market.

The Barrow Consolidated Look-Through Analysis

Through our securities portfolio, we own non-controlling interests in a diverse group of what we believe to be high-quality companies bought at bargain prices. We consider high returns on capital, ample cash flow, growth, and low leverage to be virtuous business characteristics. For us the Barrow Value Opportunity Fund (BALIX) represents a compelling proposition that seeks to generate consistent, above average long-term returns without excess volatility.

To illustrate our consolidated look-through perspective, let's assume that we invest $500 million of equity in each of the two portfolios:

1) **Barrow Portfolio**, which owns the weighted portfolio constituents of the Barrow Value Opportunity Fund; and
2) **S&P 500 Index Portfolio**, which owns the weighted portfolio constituents of the S&P 500 Index.

If we aggregate these portfolios' ownership interests in the financial statements of their constituent companies, the consolidated income statements and balance sheets for the two portfolios would look as follows:

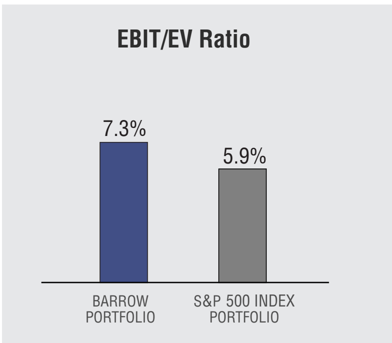
Consolidated Look-Through Financial Statements for Two $500MM Portfolios Based on the Most Recent 12-Month Period Reported as of 9/30/17

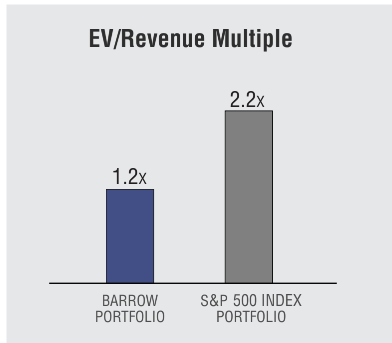
$MM		Barrow Portfolio	S&P 500 Index Portfolio
Income Statement			
Revenues		$478.9	$235.4
Cost of Revenue		327.6	142.3
Gross Profit		151.3	93.1
Operating Expenses		108.5	61.8
Operating Income (EBIT)		42.8	31.2
Interest Expense		4.6	3.5
Operating Income Before Taxes (EBT)		38.1	27.7
Balance Sheet			
Assets	Current Assets	144.9	242.7
	Long-Term Assets	241.2	510.6
	Total Assets	**386.1**	**753.4**
Liabilities	Current Liabilities	86.2	382.9
	Long-Term Liabilities	158.1	205.2
	Total Liabilities	**244.3**	**588.1**
Equity	Pref. Equity & Minority Interest	5.3	8.2
	Common Equity	136.5	157.0
	Total Equity	**141.8**	**165.2**
Total Liabilities & Equity		**386.1**	**753.4**
Total Debt		125.3	177.8
Cash & Equivalents		44.4	157.9
Equity Market Cap		500.0	500.0
Enterprise Value		586.2	528.2

Note: This hypothetical is designed to illustrate how the Barrow Value Opportunity Fund's underlying portfolio holdings compare to the underlying companies included in the S&P 500 Index. Mutual funds do not report their financial statements in this manner.

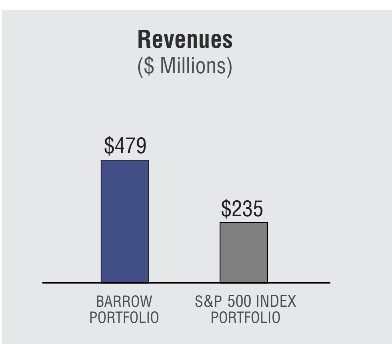
We make the following observations:

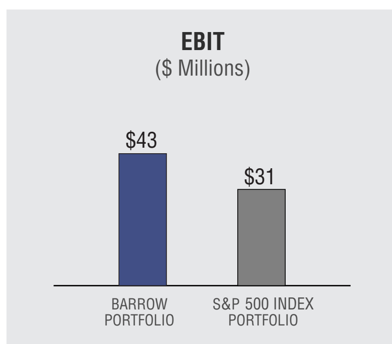
1. **The Barrow Portfolio Trades at More Attractive Levels.** The Barrow Portfolio trades at a much lower price relative to its consolidated look-through operating income and sales than the S&P 500 portfolios. The consolidated look-through EBIT/EV Ratio (operating income divided by enterprise value) of the Barrow Portfolio of 7.3% is significantly above that of the S&P 500 Index Portfolio, which is 5.9%. Furthermore, the consolidated look-through enterprise value of the Barrow Portfolio is 1.2x revenues compared to 2.2x for the S&P 500 Index Portfolio.



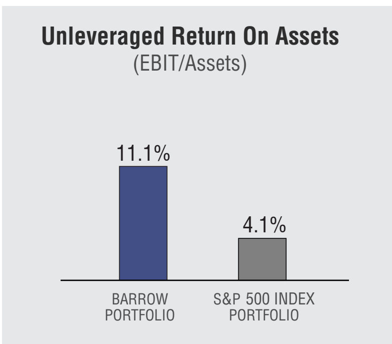


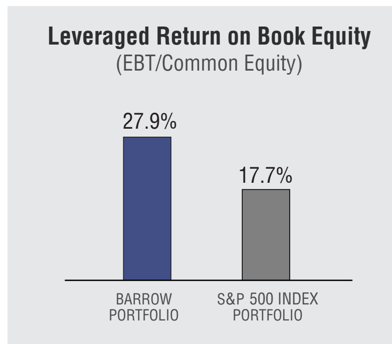
2. **The Barrow Portfolio Brings Better Productivity.** The Barrow Portfolio's consolidated look-through financials show significantly more revenue and cash flow than the S&P 500 Index Portfolio. For each dollar invested of market capitalization, the Barrow Portfolio is more productive in generating sales and operating income.





3. **The Barrow Portfolio Boasts a Higher Return on Capital.** The Barrow Portfolio's consolidated look-through financials show much higher returns on capital than the S&P 500 Index Portfolio. The unleveraged pre-tax return on assets (EBIT/Assets), a measure of a company's profitability relative to its assets, is 11.1%, which is significantly higher than the S&P 500 Index Portfolio's 4.1%. The Barrow Portfolio's leveraged pre-tax return on book equity (EBT/Common Equity), a measure of a company's profitability relative to shareholder equity, of 27.9% is also significantly higher than the S&P 500 Index Portfolio's 17.7%. Both ratios describe the aggregate financial performance of the Fund's portfolio companies and do not represent the Fund's total return.* The Barrow Portfolio's consolidated look-through financials show capital deployment at much higher rates of return than in the S&P 500 portfolio, which generally enables companies to re-reinvest retained cash flow to fuel growth without seeking dilutive equity or risk-increasing debt financing.





*Below is a summary of the Fund's total return, which is different from the aggregate return on equity and on assets of the Fund's underlying portfolio companies.

Barrow Value Opportunity Fund		Average Annualized Total Returns as of 9/30/17			
	YTD	1 Year	3 Year	5 Year	Since Inception**
Barrow Value Opportunity Fund	8.99%	10.96%	7.32%	11.89%	14.56%
S&P 500 Index	14.24	18.61	10.81	14.22	14.87
**Net Expense Ratio: 1.16%; Gross Expense Ratio: 1.57%					

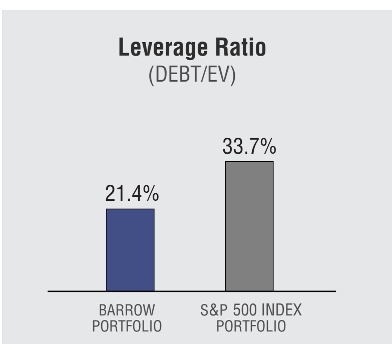
**12/31/08. Performance data quoted represents past performance; past performance does not guarantee future results. The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth less than the original cost. Current performance of the Fund may be lower or higher than the performance quoted. Performance data current to the most recent month end is available by calling 877-767-6633.

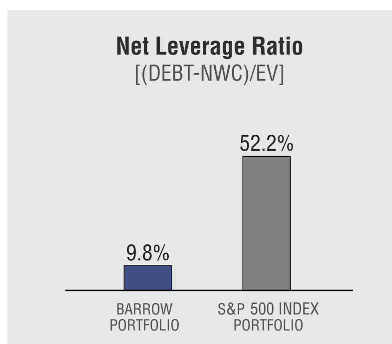
Barrow Street Advisors LLC (the "Adviser") has contractually agreed, until October 1, 2018, to waive Management Fees and reimburse Other Expenses to the extent necessary to limit total annual fund operating expenses to an amount not exceeding 1.15% shares of average daily net assets. Management Fee waivers and expense reimbursements by the Adviser are subject to repayment by the Value Opportunity Fund for a period of three years after such fees and expenses were incurred, provided that the repayments do not cause Total Annual Fund Operating Expenses to exceed the foregoing expense limitations. Prior to October 1, 2018 this agreement may not be modified or terminated without the approval of the Board of Trustees. This agreement will terminate automatically if the Value Opportunity Fund's investment advisory agreement with the Adviser is terminated. See page 9 for additional information about fund performance and expenses.

4. **Return on Equity.** One of the most important conventional profitability metrics is Return on Equity. ROE reveals how much profit a company earned in comparison to the total amount of Shareholder Equity. A business with a large ROE is more capable of intrinsically generating cash per unit of book equity. This can be especially powerful when the business uses less leverage to generate this result.

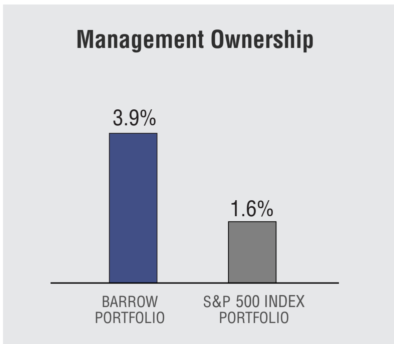
	EBIT Margins (EBIT/Sales)	X	**Asset Turnover** (Sales/Assets)	X	**Equity Multiplier** (Assets/Equity)	X	**Tax Burden** (NI/EBT)	X	**Interest Burden** (EBT/EBIT)	=	**ROE**
BARROW PORTFOLIO	8.93%	X	1.24%	X	2.72%	X	0.68%	X	0.89%	=	18.17%
S&P 500 INDEX PORTFOLIO	13.27%	X	0.31%	X	4.56%	X	0.78%	X	0.89%	=	13.17%
BARROW RESULTS	↑ Earnings ✗		Asset Efficiency ✓		↓ Leverage ✓		↓ Tax Burden ✗		↓ Interest Burden ✓		↑ ROE ✓

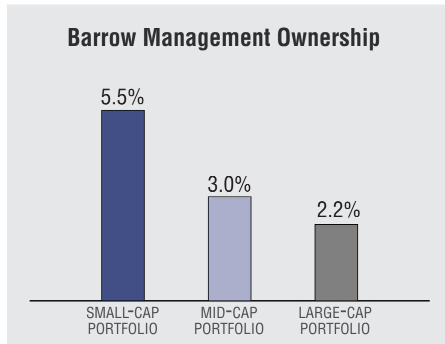
5. **The Barrow Portfolio Shows Less Leverage.** The Barrow Portfolio's consolidated look-through balance sheet has a low leverage ratio of 21.4%. The S&P 500 Index is relying on significantly more debt to finance its businesses with leverage ratios of 33.7%. If we adjust the debt by net working capital (current assets minus current liabilities), the look-through leverage ratio for the Barrow Portfolio drops to 9.8%, while that of the S&P 500 Index Portfolio balloons to 52.2%. We believe that debt introduces material risk of permanent capital loss to any business or investment, regardless of how well the debt is structured or the business is managed currently. In contrast, we believe that low leverage generally makes companies resilient to future economic challenges.





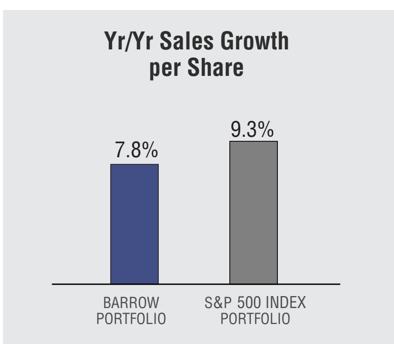
6. **Barrow Portfolio Companies Are Managed by More Owner-Operators.** We believe that the management teams of Barrow's portfolio companies are highly motivated and well-aligned with investors by their significant ownership in those companies. As of September 30, 2017, the average ownership of a company in the Barrow Portfolio was 3.9%, which significantly exceeds that of the S&P 500 Index Portfolio, as shown below. The Barrow Portfolio management ownership in Small-Cap holdings is even higher at 5.5%.

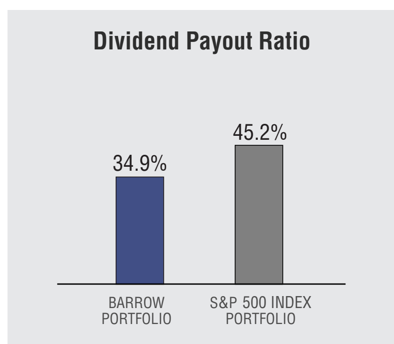




Market capitalization is the total value of the issued shares of a publicly traded company. A Large-Cap company is typically defined as over $14.8 billion in market capitalization, a Mid-Cap company is typically defined as between $3.0 billion–$14.8 billion in market capitalization and a Small-Cap company is typically defined as between $450 million–$3.0 billion in market capitalization.

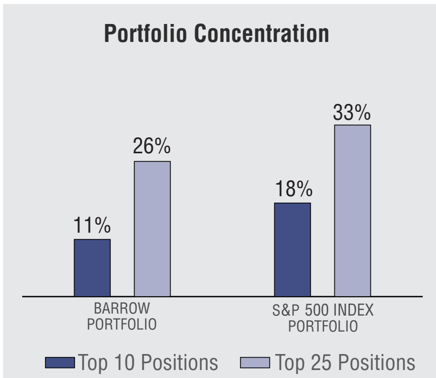
7. **Healthy Growth.** The Barrow Portfolio grew its consolidated look-through sales per share at a healthy year-over-year rate of 7.8% with a significant company dividend payout ratio of 34.9%. This demonstrates that the Barrow Portfolio's companies on average are generally able to grow well with internally-generated cash flow while still being able to pay handsome dividends.

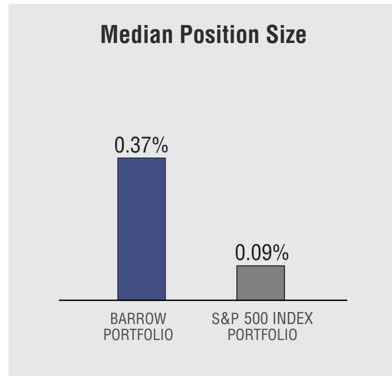




8. **Better Diversification.** We believe the Barrow Portfolio is highly diversified by position, industry, and market cap.

   a. **Position Diversification.** The Barrow Portfolio is much less concentrated than the S&P 500 Index Portfolio. The Barrow Portfolio's top 10 and 25 positions represent 11% and 26% of its portfolio, respectively, which is less concentrated than the S&P 500 Index Portfolio. The median position size in the Barrow Portfolio is approximately 37 bps, which is higher than 9 bps for the S&P 500 Index Portfolio.





Barrow Portfolio Top Ten Holdings
(As of September 30, 2017)

Holding	% of Portfolio
Sanderson Farms Inc.	1.22%
Medifast Inc.	1.18
Inter Parfums Inc.	1.17
Energizer Holdings Inc.	1.17
B&G Foods Inc.	1.14
Lancaster Colony Corp.	1.14
Conagra Brands Inc.	1.14
Hostess Brands Inc.	1.13
NuSkin Enterprises Inc.	1.12
Vector Group Ltd.	1.11
Total	11.52%

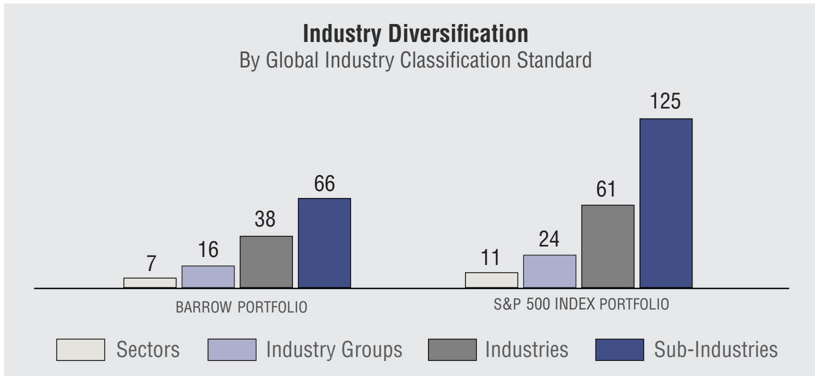
S&P 500 Index Top Ten Holdings*
(As of September 30, 2017)

Holding	% of Portfolio
Apple Inc.	3.69%
Microsoft Corp.	2.66
Facebook Inc.	1.88
Amazon.com Inc.	1.78
Berkshire Hathaway Inc.	1.63
Johnson & Johnson	1.62
Exxon Mobil Corp.	1.61
JPMorgan Chase & Co.	1.56
Alphabet Inc. CL A	1.34
Alphabet Inc. CL C	1.34
Total	19.11%

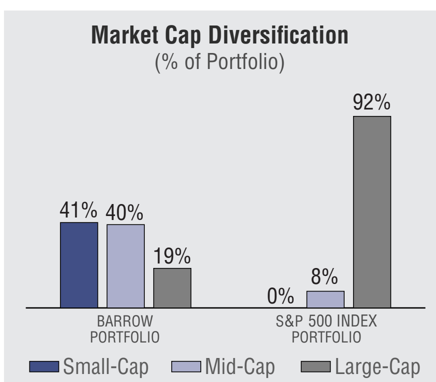
Portfolio holdings and sector allocations are subject to change at any time and should not be considered recommendations to buy or sell any security.

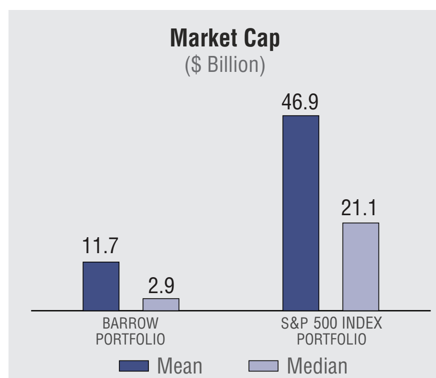
*Investors cannot invest directly in an index.

b. **Industry Diversification.** The Barrow Portfolio has companies in seven sectors, 38 industries and 66 sub-industries per the Global Industry Classification Standard ("GICS"). Despite its significant diversification, the Barrow Portfolio is less diversified from an industry perspective than the S&P 500 Index Portfolio, as Barrow currently does not have holdings in the financials, telecom services, utilities and real estate sectors.



c. **Market Cap Diversification.** The Barrow Portfolio's positions are diversified across the Large-Cap, Mid-Cap and Small-Cap segments of the market. The mean and median market cap of the Barrow Portfolio are approximately $11.7b and $2.9b, respectively, while about 92% of the S&P 500 Index is Large-Cap with a mean and median market cap of $46.9b and $21.1b, respectively. We believe that Small-Cap and Mid-Cap companies will outperform the Large-Caps over time as the companies therein are growing from smaller bases at earlier stages of business development with high rates of return on capital.





Market capitalization is the total value of the issued shares of a publicly traded company. A Large-Cap company is typically defined as over $14.2 billion in market capitalization, a Mid-Cap company is typically defined as between $2.7 billion–$14.2 billion in market capitalization and a Small-Cap company is typically defined as between $450 million–$2.7 billion in market capitalization.

9. **Liquidity.** Given its significant portfolio diversification, the Barrow Portfolio can be liquid, which enables its investors to have daily liquidity in addition to reliable price discovery. A $500m investment in the S&P 500 Index Portfolio can be thought of as similarly liquid given that its constituent companies are very large and heavily traded as members of the leading U.S. equity index.

BARROW FUNDS
Value Principles • Private Equity Perspective

Help Yourself, We'll Handle the Rest

Our commitment to transparency, and to giving you and your advisors the tools they need to have long-term conviction in our approach even when the chips are down, contribute to our desire to share more, not less, about our portfolio. While we strive to avoid the pitfalls of biased investor behavior by focusing on strictly objective, dispassionate, time-tested metrics for assessing quality and value across the stock market, we can't help but feel pride when we look at the fundamental characteristics of our underlying operating businesses.

We don't expect everyone will relish as much as we do the opportunity to own companies that have strong cash flows and hefty operating margins, but that is just the point. We do it so you don't have to, and as part of our offering, we want to give you the information we think will help you stick with your commitment to us, with conviction, through thick and thin. We'll do our best to handle the rest.

Disclosure

Mutual fund investing involves risk. Principal loss is possible. The Fund's investment objectives, risks, charges and expenses must be considered carefully before investing. The prospectus contains this and other important information about the Fund and may be obtained by calling 1-877-767-6633. Read it carefully before investing. Distributed by Ultimus Fund Distributors, LLC.

The returns of the Fund shown for periods prior to its inception date are the returns of the predecessor, the Barrow Street Fund LP, an unregistered limited partnership managed by the portfolio managers of the Barrow Value Opportunity Fund (the "Predecessor Private Fund"). The Predecessor Private Fund was reorganized into Institutional Class shares on August 30, 2013, the date that the Value Opportunity Fund commenced operations. The returns of the Investor Class shown for periods prior to August 30, 2013 are the returns of the Predecessor Private Fund. The Value Opportunity Fund has been managed in the same style and by the same portfolio managers since the Predecessor Private Fund's inception on December 31, 2008.

The Value Opportunity Fund's investment goals, policies, guidelines and restrictions are, in all material respects, equivalent to the Predecessor Private Fund's investment goals, policies, guidelines and restrictions. The information shows the Predecessor Private Fund's annual returns and long-term performance reflecting the actual fees and expenses that were charged when the Value Opportunity Fund was a limited partnership. The prior performance is net of management fees and other expenses but does not include the effect of the performance fee which was in place until October 7, 2012. From its inception on December 31, 2008 through the date of this prospectus, the Predecessor Private Fund was not subject to certain investment restrictions, diversification requirements and other restrictions of the Investment Company Act of 1940, as amended (the "1940 Act") or Subchapter M of the Internal Revenue Code of 1986, as amended, which, if they had been applicable, might have adversely affected the Value Opportunity Fund's performance.

The S&P 500 Index is an unmanaged index of equity prices and is representative of a broader market and range of securities than is found in the Fund's portfolio. Investors cannot invest directly in an index.