

The American Trust
Allegiance Fund

One Court Street
Lebanon, New Hampshire 03766

ANNUAL REPORT

FOR THE YEAR ENDED

FEBRUARY 28, 2018

American Trust Allegiance Fund

April 2018

Dear Fellow Shareholders,

Whereas calendar year 2017 saw a steady rise in stock markets – notably in the U.S., but also across the globe – 2018 has brought heightened volatility. If 2017 felt like riding an escalator, 2018 feels more like riding a bucking bronco. But while the stock market has reacted to headlines out of Washington, DC, the economic underpinnings of the market are vastly better than they have been since before the election.

U.S. corporate profit growth, fed in part by the Tax Cuts and Jobs Act (TCJA) of 2017, is set to rise close to 20% by most estimates. Accordingly, the valuation of the market, as measured by the Price-to-Earnings (P/E) ratio of the S&P 500® Index (“S&P 500”) and based on stock prices in mid-April 2018, has contracted from 20.3 at calendar year-end 2017 to 16.5 currently. In other words, the market is meaningfully less expensive (by almost 20%) using this measure than it was four months ago. Strong business and consumer confidence, repatriation of corporate cash, and synchronized global growth all suggest a continued good economic environment.

While we pay attention to “macro” forces, the American Trust Allegiance Fund (the “Fund”) remains focused on quality companies bought at reasonable prices that we believe, in turn, should lead to solid long-term performance. The Portfolio Manager’s Q&A section of this Annual Report discusses the Fund’s long-term approach in some detail.

For the fiscal year ended February 28, 2018, the Fund delivered a total return of 16.33%. This compares to the 17.10% return recorded by the S&P 500. Differences in performance relative to the S&P 500 are attributable to the following:

- 1) Our investments in consumer stocks were mixed as we saw strength in Southwest Airlines Co. but were disappointed in Dean Foods Co. and Under Armour, Inc., both of which we have since sold. Additionally, our investment in QTS Realty, a data center real estate investment trust, proved disappointing owing to a change in company strategy. On the positive side, the Fund’s continued high exposure to the Technology sector, comprising 32% of the Fund vs. a 25% weighting for the S&P 500, provided a boost to performance, especially through our stakes in Lam Research Corp., Apple, Inc., and PayPal Holdings, Inc.
- 2) As the broader U.S. stock market posted strong gains, international stocks also performed well. The MSCI EAFE and Emerging Markets indices, which respectively track international stocks from developed and emerging countries, posted gains (in dollar terms) of 20.69% and 30.97%, respectively, for the 12 months ended February 28, 2018. The Fund invests both directly and indirectly in companies which have a

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large presence in international markets, including emerging market countries, which helped performance relative to the S&P 500 even as it reduced risk through broader diversification.

- 3) Our GARP (Growth At a Reasonable Price) investment discipline, which we strongly believe can deliver good relative performance through the course of a market cycle, served us well over the course of the year as we identified strong investment candidates whose potential we did not believe was being credited by the markets. Examples include our investments in internet firm, Yelp, Inc., and Brazilian pulp giant, Fibria Cellulose SA.

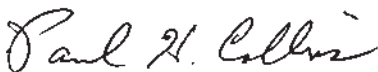
Overall, we were pleased with the performance of the Allegiance Fund. While we slightly underperformed the S&P 500, we also carried less risk, in our opinion, through our diversification and GARP disciplines.

We are confident in the companies in which we are invested in the Fund – and in the value we believe is inherent in their shares. In this year's Annual Report, we invite you to share our confidence in these companies and their prospects through an “under the hood” look at the portfolio and the investment process. Our invitation has three parts: a) a statistical ‘snapshot’ of selected value and growth measures for the portfolio, the significance of which we will explain; b) an extended Question & Answer dialogue with the co-portfolio managers of the Fund which will give you a perspective on both the big picture investment opportunities in which we are investing as well as the security analysis which underpins our stock selections; and lastly, c) we welcome your questions on any and all stocks in the portfolio via email or through a telephone conversation.

The last part of our invitation is unusual but is a hallmark of our firm and its philosophy. Very few fund managers invite shareholders to call them directly, but we do! As you read through the following sections of this report – the Fund Snapshot and the Portfolio Manager Q&A, please do call us if you have questions. We always stand ready to talk about the Fund or its investments, or if you would like to discuss ways in which our investment advisory firm might be able to assist you more broadly. While we know many of you personally, there are some we know less well and we would love to rectify that situation.

We appreciate your support of, and investment in, the American Trust Allegiance Fund. Thank you, and we look forward to sharing with you the good things that we expect for 2018 and beyond.

Sincerely yours,



Paul H. Collins



Carey Callaghan

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Paul Collins is President of American Trust Investment Advisors (ATIA), the Advisor to the American Trust Allegiance Fund. He co-founded American Trust Company, the predecessor business to ATIA, in 1991. Mr. Collins worked in the Investment Division of The First Church of Christ, Scientist, Boston, Massachusetts for eight years. He then joined State Street Bank as a Senior Trust Officer. He also served on State Street's Investment Policy Committee. Besides managing over three hundred trusts, Mr. Collins also managed the investments of four of State Street's common trust funds. He graduated from Ohio Wesleyan University with a major in Economics.



Carey Callaghan is Chief Investment Officer at American Trust Investment Advisors. He was previously with Goldman Sachs for eleven years and Lehman Brothers for eight years. He graduated from Dartmouth College in 1983 with a major in economics and environmental studies and received an M.B.A. in 1988 from Columbia. He served as both a research analyst and Research Director while on Wall Street and covered numerous industries. He was rated a top analyst by Institutional Investor and Greenwich Associates in several categories in both the U.S. and Latin America.

FUND STATISTICAL SNAPSHOT

While the investing world is classically divided between “growth” and “value” in terms of investment style, we have a GARP (Growth At a Reasonable Price) investment discipline that combines elements of both. We want to invest in companies that are growing sales and earnings at a robust pace, but we do not want to “pay” too much for the shares of these companies.

Shown below are relevant valuation and growth statistics for the Fund as compared to the S&P 500. The first four measures are valuation measures (see definitions below if you are unfamiliar with what these mean). For these four valuation measures, a lower number represents a ‘less expensive’ stock, all else being equal. The fifth measure is the dividend yield, where a higher number is favorable. The last two rows pertain to future and historical earnings per share growth. For these two measures, a higher number is favorable.

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A quick glance at the numbers below shows that, across the first four valuation measures, the Fund is invested in securities that are mostly, less expensive than the S&P 500. As to growth, both the long-term earnings growth measure and the historical earnings growth number are higher than the S&P 500 metrics. We leave it to you to judge the magnitude of these differences and their potential, but we believe that the positioning of the American Trust Allegiance Fund puts it in a relatively advantageous position.

Selected Valuation & Growth Measures at 12/31/17

	<u>Allegiance Fund</u>	<u>S&P 500</u>
Price/NTM Earnings	18.34	21.08
Price/Book	2.82	3.01
Price/Sales	1.30	2.24
Price/Cash Flow	9.72	12.31
Dividend Yield %	1.40	1.97
Long-Term Earnings Growth %	11.36	9.94
Historical Earnings Growth %	12.20	4.75

Source: American Trust Investment Advisors, FactSet, Morningstar

NTM P/E ratio – Next Twelve Months price-to-earnings ratio is a commonly used way to assess how “expensive” a stock might be; the price of a share of stock divided by the expected earnings per share over the next twelve months; higher values are considered more expensive.

EPS – Earnings per share. The amount of money a company earns in a given period (typically a quarter or a year) for each share of the company.

Price/Book – The price-to-book ratio is a ratio used to compare a stock’s market value to its book value. It is calculated by dividing the current closing price of the stock by the latest quarter’s book value per share; a lower Price/Book could mean the company is undervalued.

Price/Sales – The price-to-sales ratio is an indicator of the value placed on each dollar of a company’s sales or revenues. It can be calculated either by dividing the company’s market capitalization by its total sales over a 12-month period, or on a per-share basis by dividing the stock price by sales per share for a 12-month period; a low price/sales ratio could mean undervaluation.

Price/Cash Flow – The price-to-cash flow ratio is a ratio used to compare a company’s market value to its cash flow. It is calculated by dividing the company’s market cap by the company’s operating cash flow in the most recent fiscal year (or the most recent four fiscal quarters); or, equivalently, divide the per-share stock price by the per-share operating cash flow; a low single digit ratio may indicate the stock is undervalued.

Dividend Yield % – Dividend Yield percentage is a financial ratio that indicates how much a company pays out in dividends each year relative to its share price. Dividend yield is represented as a percentage and calculated by dividing the dollar value of dividends paid in a given year per share of stock held by the dollar value of one share of stock. Dividend yield is a way to measure how much cash flow you are getting for each dollar invested in an equity position.

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Long-Term Earnings % – Earnings are what's left of a firm's revenues after it pays all of its expenses, costs, and taxes. Projected earnings growth is an estimate of a company's expected long-term growth in earnings; companies whose earnings grow faster than those of their industry peers usually see better price performance for their stocks.

Historical Earnings % – The historical earnings growth rate for a stock is a measure of how the stock's earnings per share (EPS) have grown over the last five years. The historical earnings growth rate can tell investors how quickly a company's profits are growing. A company may increase its earnings per share by increasing its sales, decreasing its costs, or reducing the number of shares outstanding in the marketplace.

Portfolio Managers' Q & A Session

A discussion with **Paul Collins** and **Carey Callaghan**, co-portfolio managers of the American Trust Allegiance Fund.

Q: With the Allegiance Fund having celebrated its 20th anniversary on March 11, 2017, what lessons have you learned about fund management and investing in general over the years?

A: (Paul) – The Fund has sought growth opportunities since its inception. We outperformed our benchmarks materially in the first three years – owing in part to an overweight position in technology – followed by a couple of rough years and then a nice recovery. The lesson was one of humility, but it also taught us the importance of prudent diversification despite the strong or weak performance of any one sector of stocks.

One of the takeaways was stressing the importance of buying high quality companies, with sound management teams, and good long-term growth prospects. We also learned the importance of conviction. But you can't have conviction without having a set of beliefs. Our core investment beliefs are: a long-term, global perspective; insightful, in-depth research; value as a performance driver; and the importance of independent thinking. These beliefs inform our investment process.

Q: What is your investment process?

A: (Paul) – As a socially responsible fund, screening out companies that don't meet our industry screens – specifically those specifically involved in alcohol, tobacco, gaming, pharmaceuticals, biotechnology and medical devices – is of course a part of what we do. From an investment standpoint, it is a reflexive process between the bottom up (starting with individual stocks) and the top down (starting with macro-economic data such as inflation, economic growth and employment trends).

A: (Carey) – From a bottom up perspective, we use fundamental analysis when researching potential investment candidates. Sources of research include our own stock screening work plus meetings with corporate officers, financial and industry publications, annual reports, regulatory filings, corporate rating services, and third-party research.

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When we do this work, we focus on three factors when thinking about specific stocks: (1) a compelling valuation, especially relative to the growth prospects and the company's risk factors; (2) quality management; and (3) the existence of a catalyst to drive the stock price higher. The last of these is part science and part art. We look for companies where we believe the market may have 'got it wrong.' This might mean the market is not, in our opinion, fully appreciating growth potential, or is perhaps misunderstanding risk or the quality of the business.

Q: What are some of the top down opportunities, and how do you identify them?

A: (Paul) – Each year in January the Fund advisor, American Trust Investment Advisors, hosts an online investment seminar where we identify 10 things that we believe are reshaping the investment landscape. This process creates a good discipline – causing us to focus intently on factors that are changing. This year, for instance, we discussed the impact that the Tax Cuts and Jobs Act will have on both corporate and personal taxes, the Federal Reserve Bank's raising interest rates and the unwinding of its \$4.5 trillion balance sheet, the death of the retail industry, the importance of diversification, China's possible investment in infrastructure software companies, and a few others.

A: (Carey) – We still remain overweight in technology stocks but having been finding selective opportunities where we see a good trade-off between risk and reward. One area where we have trimmed back our positions is in the consumer discretionary sector due to valuation and competitive concerns. As we discussed in our annual online investment seminar, Amazon continues its growth by moving into new markets, and we have focused on indirect beneficiaries such as delivery giant Federal Express but also a traditional retail company, Target, that is making great strides to build-up its online capabilities while maximizing its traditional brick-and-mortar footprint. We also made an investment in Newmont Mining, as gold stocks have historically offered inflationary protection.

Q: We are now 15 months into the Trump Administration, what impact are his policies having on your investments?

A: (Paul) – The biggest impact has come from the Tax Cuts and Job Act and the lowering of the corporate tax rate to 21% from 35%. With this lower tax rate, we are seeing many of our companies raise their dividends and increase their share buybacks. These actions are seen as a positive not only for individual stocks, but also for the overall economy. More recently, the Trump Administration announced tariffs on steel, aluminum, and various Chinese products. We are watching this development with some concern. While we applaud the attempt to address unfair trade practices, should the result of these tactics be a large-scale "trade war", it will likely hurt long-term economic growth both here and abroad.

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A: (Carey) – In our semi-annual report last October 2017, we discussed that we continue to have confidence in the durability of U.S. economic growth even with the prospect of rising interest rates and possible inflation. Since then we have taken several steps to lessen portfolio risk through: 1) halving some technology positions with large gains and reinvesting in similar end market exposure but at better perceived valuations; 2) taking advantage of what we believe is unjustified pessimism in some quality company stocks; and 3) buying selective overseas shares. With the recent volatility in the markets, we believe these actions were prudent steps and we continue to evaluate the Allegiance Fund's portfolio relative to potential moves that might improve the tradeoff between risk and return potential.

Q: Although the Fund is currently mostly domestic, it also invests internationally. What is your view of the U.S. versus international investing?

A: (Paul) – We believe it is important to invest internationally to diversify our portfolio, but also to capitalize on growth opportunities as emerging areas of the world catch up with the developed nations. One metric we use is the Purchasing Managers' Index (PMI), which is an indicator of the economic health of the manufacturing sector, and focuses on five indicators: new orders, inventory levels, production, supplier deliveries, and the employment environment. When looking at the PMI today versus two years ago, one sees that all major economies, both emerging and developed, are growing strongly. Of note, the Euro area, Brazil and China are showing some of the largest upticks in PMI.

A: (Carey) – As Paul noted, we are seeing economic strength across the globe and in an effort to partially mitigate risk, our investment strategy has centered on investing in companies with a meaningful presence in higher growth economies but who also have U.S. business interests. In 2017, we invested in Fibria Celulose S.A., a Brazilian firm which is the world's largest producer of market hardwood pulp. During the last fiscal year, we also invested in Publicis Groupe S.A. – a French-based advertising agency with 50% of its revenues coming from the U.S. and Deutsche Telekom AG – the German telecommunications firm who owns a 65% stake in T-Mobile.

Q: What is your investment outlook?

A: (Paul) – Notwithstanding modest declines year-to-date in the U.S. stock market averages, and a pronounced pick-up in volatility, we continue to believe investors should maintain their exposure to domestic equities. Stocks continue to be cheaper and better than bonds, in our opinion, and should benefit from repatriation of overseas cash later this year.

A: (Carey) – The current market P/E (price-to-earnings ratio) is significantly less than it was at the beginning of the year, due in large part to corporate tax cuts. So, that part of the risk of the market that comes from multiples declining

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has lessened (owing to the lower P/E ratio). This is not to suggest that there are not meaningful risks, but fears of an overheated market – which were widely prevalent last year – are probably less relevant given strong earnings growth. While trade restrictions represent a potential risk to earnings, and rising interest rates could also crimp growth if too rapidly implemented, there are tailwinds from changes in the tax code, less regulation, technological innovation, new product introductions, and new ways of doing business in an increasingly connected world. We remain constructive on the outlook for stocks, and our total return expectations for 2018 are positive.

We invite you to please contact us if you have questions about the investments in the Fund, or if you would like to simply discuss our outlook (800-788-7285).

Past performance is not a guarantee of future results.

Must be preceded or accompanied by a prospectus.

Opinions expressed are those of American Trust Investment Advisors, LLC, the Fund's investment adviser, are subject to change at any time, are not guaranteed and should not be considered investment advice or a recommendation to buy or sell any security.

The Fund's socially responsible policy could cause it to make or avoid investments that could result in the portfolio under-performing similar funds that do not have similar policies. The Fund may invest in small- and medium-capitalization companies, which tend to have limited liquidity and greater price volatility than larger-capitalization companies. The Fund invests in foreign securities, which are subject to the risks of currency fluctuation, political and economic stability and differences in accounting standards. These risks are greater in emerging markets. The Fund may make short sales of securities, which involve the risk that losses may exceed the original amount invested.

The S&P 500® Index is an unmanaged index commonly used to measure performance of U.S. stocks.

The MSCI EAFE Index is designed to represent the performance of large and mid-cap securities across 21 developed markets, including countries in Europe, Australia and the Far East, excluding the U.S. and Canada.

The MSCI Emerging Markets Index is an unmanaged market capitalization-weighted and free-float adjusted equity index comprising 21 emerging market country indices excluding the U.S. and Canada. The index data used is net of foreign tax withholding but assumes reinvestment of net dividends.

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Growth stocks typically are more volatile than value stocks; however, value stocks have a lower expected growth rate in earnings and sales.

Fund holdings and sector allocations are subject to change at any time and should not be considered a recommendation to buy or sell any security. Please refer to the Schedule of Investments for complete holdings.

P/E ratio – Price to earnings ratio. A commonly used way to assess how ‘expensive’ a stock might be; the price of a share of stock divided by the expected earnings per share for the current fiscal year; higher values are considered more expensive.

Diversification does not guarantee a profit or protect from loss in a declining market.

Earnings growth is not a measure of the Fund's future performance.

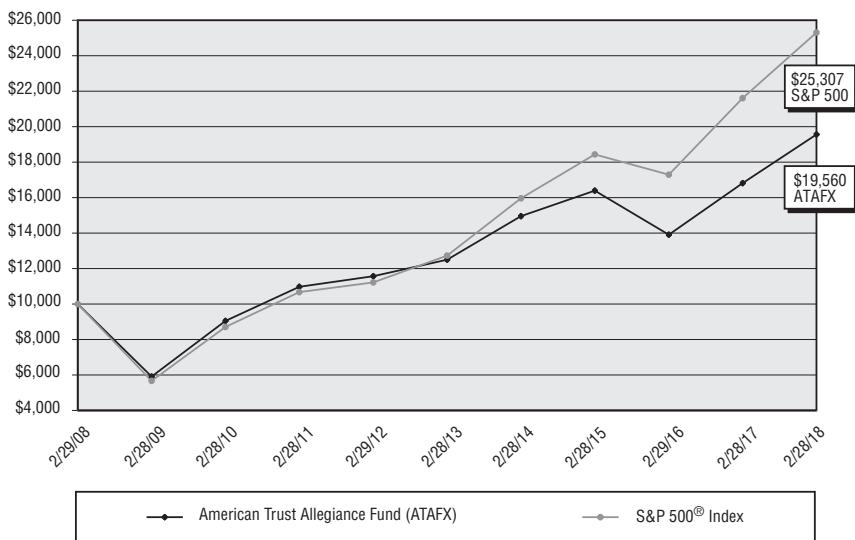
It is not possible to invest directly in an index.

Stocks are generally perceived to have more financial risk than bonds in that bond holders have a claim on firm operations or assets that is senior to that of equity holders. In addition, stock prices are generally more volatile than bond prices. Investments in debt securities typically decrease in value when interest rates rise. This risk is usually greater for longer-term debt securities. A stock may trade with more or less liquidity than a bond depending on the number of shares and bonds outstanding, the size of the company, and the demand for the securities. Similarly, the transaction costs involved in trading a stock may be more or less than a particular bond depending on the factors mentioned above and whether the stock or bond trades upon an exchange. Depending on the entity issuing the bond, it may or may not afford additional protections to the investor, such as a guarantee of return of principal by a government or bond insurance company. There is typically no guarantee of any kind associated with the purchase of an individual stock. Bonds are often owned by individuals interested in current income while stocks are generally owned by individuals seeking price appreciation with income a secondary concern. The tax treatment of returns of bonds and stocks also differs given differential tax treatment of income versus capital gain.

The Fund is distributed by Quasar Distributors, LLC.

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Comparison of the change in value of a hypothetical \$10,000 investment in the American Trust Allegiance Fund vs the S&P 500® Index for the 10-year period ending February 28, 2018



Average Annual Total Return:

American Trust Allegiance Fund
S&P 500® Index

1 Year

16.33%
17.10%

5 Years*

9.38%
14.73%

10 Years*

6.94%
9.73%

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. Performance data current to the most recent month end may be obtained by calling 1-800-385-7003.

The performance data and graph do not reflect the deduction of taxes that a shareholder may pay on dividends, capital gain distributions, or redemption of Fund shares. Returns reflect the reinvestment of dividends and capital gains. Investment performance reflects fee waivers in effect. In the absence of such waivers, total return would be reduced. Indices do not incur expenses and are not available for investment.

The Fund may invest in small- and medium-capitalization companies, which tend to have limited liquidity and greater price volatility than large-capitalization companies.

The S&P 500® Index is an unmanaged capitalization-weighted index of 500 stocks designed to represent the broad domestic economy.

* Average annual total return represents the average change in account value over the periods indicated.

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EXPENSE EXAMPLE at February 28, 2018 (Unaudited)

As a shareholder of a fund, you incur two types of costs: (1) transaction costs, including sales charges (loads) on purchase payments; redemption fees; and exchange fees; and (2) ongoing costs, including management fees; distribution and/or service fees; and other fund expenses. This Example is intended to help you understand your ongoing costs (in dollars) of investing in the Fund and to compare these costs with the ongoing costs of investing in other mutual funds. The Example is based on an investment of \$1,000 invested at the beginning of the period and held for the entire period (9/1/17 – 2/28/18).

Actual Expenses

The first line of the table below provides information about actual account values and actual expenses, with actual net expenses being limited to 1.45% per the operating expenses limitation agreement. Although the Fund charges no sales load or transaction fees, you will be assessed fees for outgoing wire transfers, returned checks, and stop payment orders at prevailing rates charged by U.S. Bancorp Fund Services, LLC, the Fund's transfer agent. The example below includes, but is not limited to, management fees, fund accounting, custody and transfer agent fees. You may use the information in this line, together with the amount you invested, to estimate the expenses that you paid over the period. Simply divide your account value by \$1,000 (for example, an \$8,600 account value divided by \$1,000 = 8.6), then multiply the result by the number in the first line under the heading entitled "Expenses Paid During Period" to estimate the expenses you paid on your account during this period.

Hypothetical Example for Comparison Purposes

The second line of the table below provides information about hypothetical account values and hypothetical expenses based on the Fund's actual expense ratio and an assumed rate of return of 5% per year before expenses, which is not the Fund's actual return. The hypothetical account values and expenses may not be used to estimate the actual ending account balance or expenses you paid for the period. You may use this information to compare the ongoing costs of investing in the Fund and other funds. To do so, compare this 5% hypothetical example with the 5% hypothetical examples that appear in the shareholder reports of the other funds. Please note that the expenses shown in the table are meant to highlight your ongoing costs only and do not reflect any transactional costs, such as sales charges (loads), redemption fees, or exchange fees. Therefore, the second line of the table is useful in comparing ongoing costs only, and will not help you determine the relative total costs of owning different funds. In addition, if these transactional costs were included, your costs would have been higher.

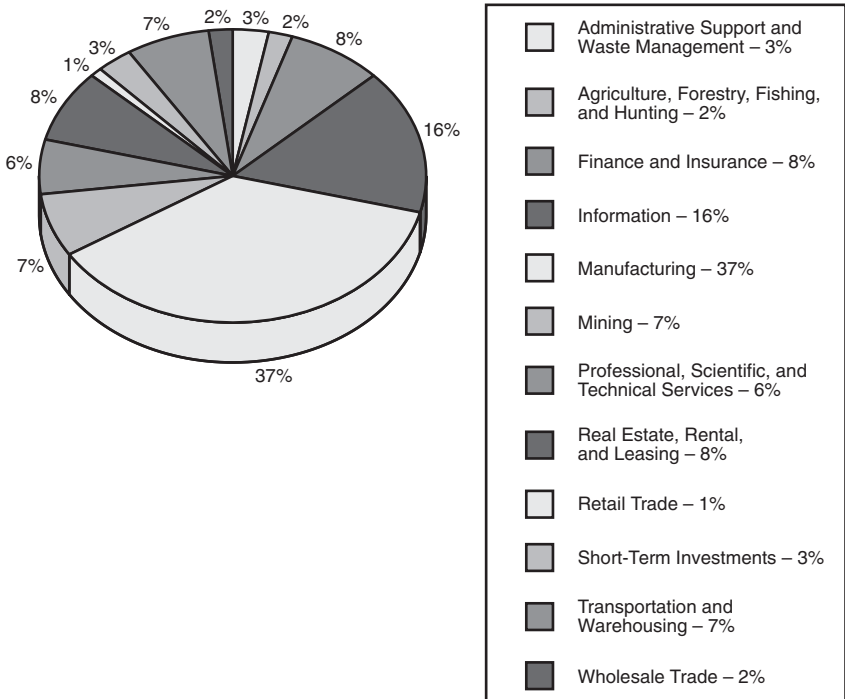
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EXPENSE EXAMPLE at February 28, 2018 (Unaudited), Continued

	Beginning Account Value <u>9/1/17</u>	Ending Account Value <u>2/28/18</u>	Expenses Paid During Period <u>9/1/17 – 2/28/18*</u>
Actual	\$1,000.00	\$1,076.90	\$7.47
Hypothetical (5% return before expenses)	\$1,000.00	\$1,017.60	\$7.25

* Expenses are equal to the Fund's annualized expense ratio of 1.45%, multiplied by the average account value over the period, multiplied by 181 (days in most recent fiscal half-year)/365 days to reflect the one-half year expense.

SECTOR ALLOCATION OF PORTFOLIO ASSETS at February 28, 2018 (Unaudited)



Percentages represent market value as a percentage of total investments.

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SCHEDULE OF INVESTMENTS at February 28, 2018

Shares	COMMON STOCKS: 92.42%	Value
	Administrative Support and Services: 3.06%	
10,110	PayPal Holdings, Inc.*	\$ 802,835
	Air Transportation: 4.29%	
19,450	Southwest Airlines Co.	1,124,988
	Apparel Manufacturing: 2.37%	
8,330	VF Corp.	621,168
	Broadcasting (except Internet): 3.68%	
4,670	CBS Corp. – Class B.....	247,370
19,860	Comcast Corp. – Class A.....	719,131
		<u>966,501</u>
	Chemical Manufacturing: 3.74%	
26,500	Versum Materials, Inc.	981,030
	Computer and Electronic Product Manufacturing: 10.12%	
4,545	Apple, Inc.	809,555
13,680	QUALCOMM, Inc.	889,200
18,960	Sony Corp. – ADR.....	956,722
		<u>2,655,477</u>
	Couriers and Messengers: 3.18%	
3,385	FedEx Corp.	834,098
	Credit Intermediation and Related Activities: 3.41%	
2,370	PNC Financial Services Group, Inc.	373,654
8,920	Wells Fargo & Co.	521,017
		<u>894,671</u>
	Electrical Equipment, Appliance, and Component: 1.82%	
2,940	Whirlpool Corp.	477,544
	Food Manufacturing: 2.04%	
5,020	McCormick & Co, Inc.	536,036
	General Merchandise Stores: 1.34%	
4,670	Target Corp.	352,165
	Insurance Carriers and Related Activities: 4.68%	
5,930	Berkshire Hathaway, Inc. – Class B*	1,228,696

The accompanying notes are an integral part of these financial statements.

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SCHEDULE OF INVESTMENTS at February 28, 2018, Continued

Shares		Value
	Machinery Manufacturing: 4.23%	
8,665	Applied Materials, Inc.	\$ 499,017
3,180	Lam Research Corp.	610,115
		1,109,132
	Merchant Wholesalers, Durable Goods: 1.54%	
13,120	Gentherm, Inc.*	404,096
	Mining (except Oil and Gas): 1.97%	
13,500	Newmont Mining Corp.	515,700
	Nonstore Retailers: 2.76%	
16,900	eBay, Inc.*	724,334
	Other Information Services: 3.65%	
22,000	Yelp, Inc.*	958,320
	Paper Manufacturing: 1.82%	
31,200	Graphic Packaging Holding Co.	477,672
	Professional, Scientific, and Technical Services: 2.85%	
39,640	Publicis Groupe – ADR	748,007
	Publishing Industries (except Internet): 6.60%	
10,610	Citrix Systems, Inc.*	976,120
8,070	Microsoft Corp.	756,724
		1,732,844
	Real Estate: 3.61%	
20,266	CBRE Group, Inc. – Class A*	947,436
	Support Activities for Agriculture and Forestry: 1.84%	
25,695	Fibria Celulose SA – ADR	483,066
	Support Activities for Mining: 5.37%	
8,910	ConocoPhillips	483,902
5,230	Schlumberger Ltd.#	343,297
25,130	YPF SA – ADR	580,754
		1,407,953
	Telecommunications: 1.67%	
27,200	Deutsche Telekom AG – ADR	437,648

The accompanying notes are an integral part of these financial statements.

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SCHEDULE OF INVESTMENTS at February 28, 2018, Continued

Shares		Value
Transportation Equipment		
Manufacturing: 10.78%		
24,500	BAE Systems PLC – ADR	\$ 788,900
36,700	Embraer SA – ADR.....	980,624
9,570	Magna International, Inc.#	526,063
3,860	WABCO Holdings, Inc.*	532,564
		2,828,151
	TOTAL COMMON STOCKS (Cost \$17,720,082)	24,249,568
 REITS: 4.47%		
Real Estate: 4.47%		
3,880	American Tower Corp.	540,600
1,650	Boston Properties, Inc.	196,136
13,500	QTS Realty Trust, Inc. – Class A	435,645
		1,172,381
	TOTAL REITS (Cost \$1,224,932)	1,172,381
 SHORT-TERM INVESTMENTS: 3.32%		
871,773	Fidelity Investments Money Market Government Portfolio – Class I, 1.26% †	871,773
	TOTAL SHORT-TERM INVESTMENTS (Cost \$871,773).....	871,773
	Total Investments in Securities (Cost \$19,816,787): 100.21%	26,293,722
	Liabilities in Excess of Other Assets: (0.21%).....	(54,320)
	Net Assets: 100.00%	\$26,239,402

* Non-income producing security.

U.S. traded security of a foreign issuer.

† Rate shown is the 7-day annualized yield as of February 28, 2018.

ADR – American Depository Receipt

REIT – Real Estate Investment Trust

The accompanying notes are an integral part of these financial statements.

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STATEMENT OF ASSETS AND LIABILITIES at February 28, 2018

ASSETS

Investments in securities, at value (cost \$19,816,787)...	\$26,293,722
Receivables:	
Securities sold.....	1,119,793
Fund shares issued	160
Dividends and interest	20,885
Dividend tax reclaim	2,796
Prepaid expenses.....	11,696
Total assets.....	27,449,052

LIABILITIES

Payables:	
Securities purchased.....	1,130,923
Due to advisor	12,441
Administration fees	10,866
Audit fees.....	19,900
Transfer agent fees and expenses.....	9,868
Fund accounting fees	7,056
Legal fees.....	2,583
Custody fees	1,238
Shareholder reporting.....	9,614
Chief Compliance Officer fee.....	2,250
Trustee fees and expenses.....	218
Accrued other expenses	2,693
Total liabilities	1,209,650

NET ASSETS..... \$26,239,402

Net asset value, offering and redemption

price per share [\$26,239,402/885,442 shares
outstanding; unlimited number of
shares (par value \$0.01) authorized] \$29.63

COMPONENTS OF NET ASSETS

Paid-in capital	\$18,775,546
Accumulated net investment loss	(32,749)
Accumulated net realized gain on investments.....	1,019,670
Net unrealized appreciation on investments	6,476,935
Net assets.....	\$26,239,402

The accompanying notes are an integral part of these financial statements.

American Trust Allegiance Fund

STATEMENT OF OPERATIONS For the Year Ended February 28, 2018

INVESTMENT INCOME

Income

Dividends (net of foreign tax withheld and issuance fees of \$5,098).....	\$ 269,339
Interest	6,122
Total income	<u>275,461</u>

Expenses

Advisory fees (Note 4)	239,454
Administration fees (Note 4)	50,411
Transfer agent fees and expenses (Note 4)	43,136
Fund accounting fees (Note 4)	28,012
Registration fees	20,824
Audit fees.....	19,899
Trustee fees and expenses.....	11,592
Legal fees.....	10,788
Reports to shareholders.....	10,469
Chief Compliance Officer fee (Note 4)	9,000
Miscellaneous expense.....	5,478
Custody fees (Note 4)	5,072
Insurance expense	1,917
Total expenses	456,052
Less: advisory fee waiver (Note 4)	<u>(90,569)</u>
Net expenses	<u>365,483</u>
Net investment loss.....	<u>(90,022)</u>

REALIZED AND UNREALIZED GAIN ON INVESTMENTS

Net realized gain on investments.....	1,770,939
Net change in unrealized appreciation on investments.....	<u>2,112,633</u>
Net realized and unrealized gain on investments	<u>3,883,572</u>
Net increase in net assets resulting from operations	<u>\$3,793,550</u>

The accompanying notes are an integral part of these financial statements.

American Trust Allegiance Fund

STATEMENTS OF CHANGES IN NET ASSETS

	Year Ended February 28, 2018	Year Ended February 28, 2017
INCREASE/(DECREASE) IN NET ASSETS FROM:		
OPERATIONS		
Net investment loss	\$ (90,022)	\$ (28,883)
Net realized gain on investments	1,770,939	1,056,249
Net change in unrealized appreciation on investments	<u>2,112,633</u>	<u>3,130,932</u>
Net increase in net assets resulting from operations	<u>3,793,550</u>	<u>4,158,298</u>
DISTRIBUTIONS TO SHAREHOLDERS		
From net realized gain on investments	<u>(577,147)</u>	<u>(466,614)</u>
Total distributions	<u>(577,147)</u>	<u>(466,614)</u>
CAPITAL SHARE TRANSACTIONS		
Net decrease in net assets derived from net change in outstanding shares (a).....	<u>(484,501)</u>	<u>(798,368)</u>
Total increase in net assets	<u>2,731,902</u>	<u>2,893,316</u>
NET ASSETS		
Beginning of year	<u>23,507,500</u>	<u>20,614,184</u>
End of year	<u>\$26,239,402</u>	<u>\$23,507,500</u>
Includes accumulated net investment loss of	<u>\$ (32,749)</u>	<u>\$ (12,527)</u>

(a) A summary of share transactions is as follows:

	Year Ended February 28, 2018		Year Ended February 28, 2017	
	Shares	Paid-in Capital	Shares	Paid-in Capital
Shares sold	58,364	\$ 1,643,202	91,845	\$ 2,169,682
Shares issued in reinvestment of distributions	16,239	471,571	15,419	376,231
Shares redeemed	<u>(91,503)</u>	<u>(2,599,274)</u>	<u>(141,342)</u>	<u>(3,344,281)</u>
Net decrease	<u>(16,900)</u>	<u>\$ (484,501)</u>	<u>(34,078)</u>	<u>\$ (798,368)</u>

The accompanying notes are an integral part of these financial statements.

American Trust Allegiance Fund

FINANCIAL HIGHLIGHTS

For a share outstanding throughout the year

	Year Ended				
	2/28/18	2/28/17	2/29/16	2/28/15	2/28/14
Net asset value, beginning of year.....	\$26.05	\$22.01	\$28.31	\$26.85	\$23.26
Income from investment operations:					
Net investment income/(loss).....	(0.10)	(0.03)	0.01	0.01	0.04
Net realized and unrealized gain/(loss) on investments.....	4.34	4.59	(4.12)	2.46	4.49
Total from investment operations	4.24	4.56	(4.11)	2.47	4.53
Less distributions:					
From net investment income	—	—	(0.42)	(0.03)	(0.07)
From net realized gain on investments.....	(0.66)	(0.52)	(1.77)	(0.98)	(0.87)
Total distributions.....	(0.66)	(0.52)	(2.19)	(1.01)	(0.94)
Net asset value, end of year....	<u>\$29.63</u>	<u>\$26.05</u>	<u>\$22.01</u>	<u>\$28.31</u>	<u>\$26.85</u>
Total return	16.33%	20.90%	-15.13%	9.62%	19.64%
Ratios/supplemental data:					
Net assets, end					
of year (thousands).....	\$26,239	\$23,508	\$20,614	\$25,246	\$22,856
Ratio of expenses to average net assets:					
Before fee waiver.....	1.81%	1.90%	1.85%	1.79%	1.88%
After fee waiver.....	1.45%	1.45%	1.45%	1.45%	1.45%
Ratio of net investment income/(loss) to average net assets:					
Before fee waiver.....	(0.72)%	(0.58)%	(0.48)%	(0.32)%	(0.29)%
After fee waiver.....	(0.36)%	(0.13)%	(0.08)%	0.02%	0.14%
Portfolio turnover rate.....	41.95%	46.83%	40.60%	50.95%	48.03%

The accompanying notes are an integral part of these financial statements.

American Trust Allegiance Fund

NOTES TO FINANCIAL STATEMENTS at February 28, 2018

NOTE 1 – ORGANIZATION

The American Trust Allegiance Fund (the “Fund”) is a diversified series of Advisors Series Trust (the “Trust”), which is registered under the Investment Company Act of 1940, as amended, (the “1940 Act”) as an open-end management investment company. The Fund follows the investment company accounting and reporting guidance of the Financial Accounting Standards Board (“FASB”) Accounting Standard Codification Topic 946 “Financial Services – Investment Companies”. The investment objective of the Fund is to seek capital appreciation. The Fund began operations on March 11, 1997.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of significant accounting policies consistently followed by the Fund. These policies are in conformity with accounting principles generally accepted in the United States of America.

- A. *Security Valuation:* All investments in securities are recorded at their estimated fair value, as described in note 3.
- B. *Federal Income Taxes:* It is the Fund’s policy to comply with the requirements of Subchapter M of the Internal Revenue Code applicable to regulated investment companies and to distribute substantially all of its taxable income to its shareholders. Therefore, no Federal income or excise tax provision is required.

The Fund recognizes the tax benefits of uncertain tax positions only where the position is “more likely than not” to be sustained assuming examination by tax authorities. Management has analyzed the Fund’s tax positions, and has concluded that no liability for unrecognized tax benefits should be recorded related to uncertain tax positions taken on returns filed for open tax years 2015 – 2017, or expected to be taken in the Fund’s 2018 tax returns. The Fund identifies its major tax jurisdictions as U.S. Federal and the state of Wisconsin; however the Fund is not aware of any tax positions for which it is reasonably possible that the total amounts of unrecognized tax benefits will change materially in the next twelve months.

- C. *Security Transactions, Income and Distributions:* Security transactions are accounted for on the trade date. Realized gains and losses on securities sold are calculated on the basis of first in, first out. Interest income is recorded on an accrual basis. Dividend income and distributions to

American Trust Allegiance Fund

NOTES TO FINANCIAL STATEMENTS at February 28, 2018, Continued

shareholders are recorded on the ex-dividend date. Withholding taxes on foreign dividends have been provided for in accordance with the Fund's understanding of the applicable country's tax rules and rates.

Common expenses of the Trust are typically allocated among the funds in the Trust based on a fund's respective net assets, or by other equitable means.

The Fund distributes substantially all net investment income, if any, and net realized gains, if any, annually. Distributions from net realized gains for book purposes may include short-term capital gains. All short-term capital gains are included in ordinary income for tax purposes.

The amount of dividends and distributions to shareholders from net investment income and net realized capital gains is determined in accordance with Federal income tax regulations which differ from accounting principles generally accepted in the United States of America. To the extent these book/tax differences are permanent, such amounts are reclassified within the capital accounts based on their Federal tax treatment.

- D. *Reclassification of Capital Accounts:* Accounting principles generally accepted in the United States of America require that certain components of net assets relating to permanent differences be reclassified between financial and tax reporting. These reclassifications have no effect on net assets or net asset value per share.

For the year ended February 28, 2018, the Fund made the following permanent tax adjustments on the statement of assets and liabilities:

Accumulated Net Investment Loss	Accumulated Net Realized Gain	Paid-in Capital
\$69,800	\$(15,593)	\$(54,207)

- E. *Use of Estimates:* The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of increases and decreases in net assets during the reporting period. Actual results could differ from those estimates.

American Trust Allegiance Fund

NOTES TO FINANCIAL STATEMENTS at February 28, 2018, Continued

- F. *REITs*: The Fund has made certain investments in real estate investment trusts (“REITs”) which pay dividends to their shareholders based upon available funds from operations. It is quite common for these dividends to exceed the REITs’ taxable earnings and profits resulting in the excess portion being designated as a return of capital. The Fund intends to include the gross dividends from such REITs in its annual distributions to its shareholders and, accordingly, a portion of the Fund’s distributions may also be designated as a return of capital.
- G. *Events Subsequent to the Fiscal Year End*: In preparing the financial statements as of February 28, 2018, management considered the impact of subsequent events for potential recognition or disclosure in the financial statements.

NOTE 3 – SECURITIES VALUATION

The Fund has adopted authoritative fair value accounting standards which establish an authoritative definition of fair value and set out a hierarchy for measuring fair value. These standards require additional disclosures about the various inputs and valuation techniques used to develop the measurements of fair value, a discussion in changes in valuation techniques and related inputs during the period and expanded disclosure of valuation levels for major security types. These inputs are summarized in the three broad levels listed below:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities that the Fund has the ability to access.
- Level 2 – Observable inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly or indirectly. These inputs may include quoted prices for the identical instrument on an inactive market, prices for similar instruments, interest rates, prepayment speeds, credit risk, yield curves, default rates and similar data.
- Level 3 – Unobservable inputs for the asset or liability, to the extent relevant observable inputs are not available, representing the Fund’s own assumptions about the assumptions a market participant would use in valuing the asset or liability, and would be based on the best information available.

Following is a description of the valuation techniques applied to the Fund’s major categories of assets and liabilities measured at fair value on a recurring basis.

American Trust Allegiance Fund

NOTES TO FINANCIAL STATEMENTS at February 28, 2018, Continued

The Fund determines the fair value of its investments and computes its net asset value per share as of the close of regular trading on the New York Stock Exchange (4:00 pm EST).

Equity Securities: The Fund's investments are carried at fair value. Equity securities, including common stocks, that are primarily traded on a national securities exchange shall be valued at the last sale price on the exchange on which they are primarily traded on the day of valuation or, if there has been no sale on such day, at the mean between the bid and asked prices. Securities primarily traded in the NASDAQ Global Market System for which market quotations are readily available shall be valued using the NASDAQ Official Closing Price ("NOCP"). If the NOCP is not available, such securities shall be valued at the last sale price on the day of valuation, or if there has been no sale on such day, at the mean between the bid and asked prices. Over-the-counter securities which are not traded in the NASDAQ Global Market System shall be valued at the most recent sales price. Investments in open-end mutual funds are valued at their net asset value per share. To the extent these securities are actively traded and valuation adjustments are not applied, they are categorized in level 1 of the fair value hierarchy.

Short-Term Securities: Short-term debt securities, including those securities having a maturity of 60 days or less, are valued at the evaluated mean between the bid and asked prices. To the extent the inputs are observable and timely, these securities would be classified in level 2 of the fair value hierarchy.

The Board of Trustees ("Board") has delegated day-to-day valuation issues to a Valuation Committee of the Trust which is comprised of representatives from U.S. Bancorp Fund Services, LLC, the Fund's administrator. The function of the Valuation Committee is to value securities where current and reliable market quotations are not readily available or the closing price does not represent fair value by following procedures approved by the Board. These procedures consider many factors, including the type of security, size of holding, trading volume and news events. All actions taken by the Valuation Committee are subsequently reviewed and ratified by the Board.

Depending on the relative significance of the valuation inputs, fair valued securities may be classified in either level 2 or level 3 of the fair value hierarchy.

American Trust Allegiance Fund

NOTES TO FINANCIAL STATEMENTS at February 28, 2018, Continued

The inputs or methodology used for valuing securities are not an indication of the risk associated with investing in those securities. The following is a summary of the inputs used to value the Fund's securities as of February 28, 2018:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Common Stocks				
Administrative Support and Waste Management	\$ 802,835	\$ —	\$ —	\$ 802,835
Agriculture, Forestry, Fishing, and Hunting	483,066	—	—	483,066
Finance and Insurance	2,123,367	—	—	2,123,367
Information	4,095,312	—	—	4,095,312
Manufacturing	9,686,210	—	—	9,686,210
Mining	1,923,654	—	—	1,923,654
Professional, Scientific, and Technical Services	1,472,341	—	—	1,472,341
Real Estate, Rental, and Leasing	947,436	—	—	947,436
Retail Trade	352,165	—	—	352,165
Transportation and Warehousing	1,959,086	—	—	1,959,086
Wholesale Trade	404,096	—	—	404,096
Total Common Stocks	<u>24,249,568</u>	<u>—</u>	<u>—</u>	<u>24,249,568</u>
REITS	<u>1,172,381</u>	<u>—</u>	<u>—</u>	<u>1,172,381</u>
Short-Term Investments	<u>871,773</u>	<u>—</u>	<u>—</u>	<u>871,773</u>
Total Investments in Securities	<u>\$26,293,722</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$26,293,722</u>

Refer to the Fund's schedule of investments for a detailed break-out of common stocks by industry classification. Transfers between levels are recognized at February 28, 2018, the end of the reporting period. The Fund recognized no significant transfers to/from level 1 or level 2. There were no level 3 securities held in the Fund during the year ended February 28, 2018.

NOTE 4 – INVESTMENT ADVISORY FEE AND OTHER TRANSACTIONS WITH AFFILIATES

For the year ended February 28, 2018, American Trust Investment Advisors, LLC (the "Advisor") provided the Fund with investment management services under an investment advisory agreement. The Advisor furnished all

American Trust Allegiance Fund

NOTES TO FINANCIAL STATEMENTS at February 28, 2018, Continued

investment advice, office space, facilities, and provides most of the personnel needed by the Fund. As compensation for its services, the Advisor is entitled to a monthly fee at the annual rate of 0.95% based upon the average daily net assets of the Fund. For the year ended February 28, 2018, the Fund incurred \$239,454 in advisory fees.

The Fund is responsible for its own operating expenses. The Advisor has contractually agreed to reduce fees payable to it by the Fund and to pay Fund operating expenses to the extent necessary to limit the Fund's aggregate annual operating expenses (excluding acquired fund fees and expenses, taxes, interest expense and extraordinary expenses) to 1.45% of average daily net assets. The Advisor may request recoupment of previously waived fees and paid expenses in any subsequent month in the three-year period from the date of the management fee reduction and expense payment if the aggregate amount actually paid by the Fund toward the operating expenses for such fiscal year (taking into account the reimbursement) will not cause the Fund to exceed the lesser of: (1) the expense limitation in place at the time of the management fee reduction and expense payment; or (2) the expense limitation in place at the time of the reimbursement. Any such reimbursement is also contingent upon Board of Trustees review and approval at the time the reimbursement is made. Such reimbursement may not be paid prior to the Fund's payment of current ordinary operating expenses. For the year ended February 28, 2018, the Advisor reduced its fees in the amount of \$90,569; no amounts were reimbursed to the Advisor. Cumulative expenses and the date of expiration are as follows:

<u>Date</u>	<u>Amount</u>
2/28/19	\$ 94,372
2/29/20	96,917
2/28/21	90,569
	<u>\$281,858</u>

U.S. Bancorp Fund Services, LLC (the "Administrator" or "USBFS") acts as the Fund's Administrator under an administration agreement. The Administrator prepares various federal and state regulatory filings, reports and returns for the Fund; prepares reports and materials to be supplied to the Trustees; monitors the activities of the Fund's custodian, transfer agent and accountants; coordinates the preparation and payment of the Fund's expenses and reviews the Fund's expense accruals.

USBFS also serves as the fund accountant and transfer agent to the Fund. U.S. Bank N.A., an affiliate of USBFS, serves as the Fund's custodian.

American Trust Allegiance Fund

NOTES TO FINANCIAL STATEMENTS at February 28, 2018, Continued

For the year ended February 28, 2018, the Fund incurred the following expenses for administration, fund accounting, transfer agency, custody, and Chief Compliance Officer fees:

Administration	\$50,411
Fund Accounting	28,012
Transfer Agency (a)	24,218
Chief Compliance Officer	9,000
Custody	5,072

(a) Does not include out-of-pocket expenses

At February 28, 2018, the Fund had payables due to USBFS for administration, fund accounting, transfer agency and Chief Compliance Officer fees and to U.S. Bank N.A. for custody fees in the following amounts:

Fund Administration	\$10,866
Fund Accounting	7,056
Transfer Agency (a)	6,065
Chief Compliance Officer	2,250
Custody	1,238

(a) Does not include out-of-pocket expenses

Quasar Distributors, LLC (the "Distributor") acts as the Fund's principal underwriter in a continuous public offering of the Fund's shares. The Distributor is an affiliate of the Administrator.

Certain officers of the Fund are employees of the Administrator. The Trust's Chief Compliance Officer is also an employee of USBFS. A Trustee of the Trust is affiliated with USBFS and U.S. Bank N.A. as he was recently, previously employed by USBFS. This same Trustee was recently an interested person of the Distributor.

NOTE 5 – PURCHASES AND SALES OF SECURITIES

For the year ended February 28, 2018, the cost of purchases and the proceeds from sales of securities, excluding short-term securities, were \$10,255,911 and \$11,252,789, respectively.

American Trust Allegiance Fund

NOTES TO FINANCIAL STATEMENTS at February 28, 2018, Continued

NOTE 6 – LINE OF CREDIT

The Fund has a credit line in the amount of \$575,000. This line of credit is intended to provide short-term financing, if necessary, subject to certain restrictions, in connection with shareholder redemptions. The credit facility is with the Fund's custodian, U.S. Bank N.A. During the year ended February 28, 2018, the Fund did not draw upon the line of credit.

NOTE 7 – INCOME TAXES AND DISTRIBUTIONS TO SHAREHOLDERS

Net investment income/(loss) and net realized gains/(losses) differ for financial statement and tax purposes due to differing treatments of wash sales and late-year losses.

The tax character of distributions paid during the year ended February 28, 2018 and the year ended February 28, 2017 was as follows:

	<u>February 28, 2018</u>	<u>February 28, 2017</u>
Long-term capital gains	\$577,147	\$466,614

As of February 28, 2018, the components of accumulated earnings/(losses) on a tax basis were as follows:

Cost of investments (a)	<u>\$19,793,394</u>
Gross tax unrealized appreciation	6,970,233
Gross tax unrealized depreciation	<u>(469,905)</u>
Net tax unrealized appreciation (a)	<u>6,500,328</u>
Undistributed ordinary income	—
Undistributed long-term capital gain	<u>1,019,670</u>
Total distributable earnings	<u>1,019,670</u>
Other accumulated gains/(losses)	<u>(56,142)</u>
Total accumulated earnings/(losses)	<u>\$ 7,463,856</u>

- (a) The difference between the book-basis and tax-basis net unrealized appreciation and cost is attributed primarily to wash sales and return of capital adjustments.

At February 28, 2018, the Fund deferred, on a tax basis, late year losses of \$56,142.

American Trust Allegiance Fund

NOTES TO FINANCIAL STATEMENTS at February 28, 2018, Continued

NOTE 8 – PRINCIPAL RISKS

Below is a summary of some, but not all, of the principal risks of investing in the Fund, each of which may adversely affect the Fund's net asset value and total return. The Fund's most recent prospectus provides further descriptions of the Fund's investment objective, principal investment strategies and principal risks.

- *Socially Responsible Investing Policy Risk.* The Fund's portfolio is subject to socially responsible investment criteria. As a result, the Fund may pass up opportunities to buy certain securities when it is otherwise advantageous to do so, or may sell securities for social reasons when it is otherwise disadvantageous to do so.
- *Small- and Medium-Sized Company Risk.* Securities of companies with smaller market capitalizations tend to be more volatile and less liquid than larger market capitalization stocks.
- *Large-Sized Companies Risk.* Larger, more established companies may be unable to respond quickly to new competitive challenges like changes in consumer tastes or innovative smaller competitors. In addition, large-cap companies are sometimes unable to attain the high growth rates of successful, smaller companies, especially during extended periods of economic expansion.
- *Foreign Securities Risk.* Foreign securities can be more volatile than domestic (U.S.) securities. Securities markets of other countries are generally smaller than U.S. securities markets. Many foreign securities may also be less liquid than U.S. securities, which could affect the Fund's investments. In addition, investments made in foreign currencies may be subject to the risk of currency devaluation or exchange rate risk.
- *Emerging Markets Risk.* Investing in securities of issuers located in emerging markets poses greater risk of social, political and economic instability, which could affect the Fund's investments. Emerging market countries may have smaller securities markets and therefore less liquidity and greater price volatility than more developed markets.
- *Sector Emphasis Risk.* The securities of companies in the same or related businesses, if comprising a significant portion of the Fund's portfolio, could react in some circumstances negatively to market conditions, interest rates and economic, regulatory or financial developments and adversely affect the value of the portfolio to a greater extent than if such business comprised a lesser portion of the Fund's portfolio.

American Trust Allegiance Fund

NOTES TO FINANCIAL STATEMENTS at February 28, 2018, Continued

NOTE 9 – REPORT OF THE TRUST’S SPECIAL SHAREHOLDER MEETING (Unaudited)

A Special Meeting of Shareholders (the “Meeting”) took place on March 3, 2017, to elect one new Trustee to the Board and to ratify the prior appointment of two current Trustees of the Board.

All Trust shareholders of record, in the aggregate across all Funds of the Trust, were entitled to attend or submit proxies. As of the applicable record date, the Trust had 315,776,916 shares outstanding. The results of the voting for each proposal were as follows:

Proposal No. 1. Election of One New Trustee

<u>Nominee</u>	<u>For Votes</u>	<u>Votes Withheld</u>
David G. Mertens	206,896,354	1,556,814

Proposal No. 2. Ratification of the Prior Appointment of Two Current Trustees of the Board

<u>Current Trustee</u>	<u>For Votes</u>	<u>Votes Withheld</u>
Gail S. Duree	205,321,820	3,131,348
Raymond B. Woolson	206,321,270	2,131,897

Effective **March 3, 2017**, the Board of Trustees of Advisors Series Trust consists of the following individuals:

Gail S. Duree, <i>Independent Trustee</i>	Joe D. Redwine, <i>Interested Trustee</i>
David G. Mertens, <i>Independent Trustee</i>	George T. Wofford, <i>Independent Trustee</i>
George J. Rebhan, <i>Independent Trustee</i>	Raymond B. Woolson, <i>Independent Trustee</i>

Effective **March 13, 2017**, following Mr. Wofford’s resignation, the Board of Trustees of Advisors Series Trust consists of the following individuals:

Gail S. Duree, <i>Independent Trustee</i>	Joe D. Redwine, <i>Interested Trustee</i>
David G. Mertens, <i>Independent Trustee</i>	Raymond B. Woolson, <i>Independent Trustee</i>
George J. Rebhan, <i>Independent Trustee</i>	

American Trust Allegiance Fund

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

**To the Board of Trustees of
Advisors Series Trust and Shareholders of
The American Trust Allegiance Fund**

Opinion on the Financial Statements

We have audited the accompanying statement of assets and liabilities of The American Trust Allegiance Fund (the "Fund"), a series of Advisors Series Trust, including the schedule of investments, as of February 28, 2018, the related statement of operations for the year then ended, the statements of changes in net assets for each of the two years in the period then ended, and financial highlights for each of the five years in the period then ended, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Fund as of February 28, 2018, the results of its operations for the year then ended, the changes in its net assets for each of the two years in the period then ended, and the financial highlights for each of the five years in the period then ended, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements are the responsibility of the Fund's management. Our responsibility is to express an opinion on the Fund's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Fund in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB. We have served as the Fund's auditor since 2003.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Fund is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. Our procedures included confirmation of securities owned as of February 28, 2018 by correspondence with the custodian and brokers; when replies were not received from brokers, we performed other auditing procedures. We believe that our audits provide a reasonable basis for our opinion.

TAIT, WELLER & BAKER LLP

**Philadelphia, Pennsylvania
April 30, 2018**

American Trust Allegiance Fund

NOTICE TO SHAREHOLDERS at February 28, 2018 (Unaudited)

For the year ended February 28, 2018, the Fund designated \$577,147 as long-term capital gains for purposes of the dividends paid deduction.

For the year ended February 28, 2018, certain dividends paid by the Fund may be subject to a maximum tax rate of 15%, as provided by the Jobs and Growth Tax Relief Reconciliation Act of 2003. The percentage of dividends declared from net investment income designated as qualified dividend income was 0.00%.

For corporate shareholders in the Fund, the percent of ordinary income distributions qualifying for the corporate dividends received deduction for the year ended February 28, 2018 was 0.00%.

The percentage of taxable ordinary income distributions that are designated as short-term capital gain distributions under Internal Revenue Sections 871(k)(2)(C) for the Fund was 0.00%.

The percentage of taxable ordinary income distributions that are designated as interest related dividends under Internal Revenue Sections 871(k)(1)(C) for the Fund was 0.00%.

How to Obtain a Copy of the Fund's Proxy Voting Policies

A description of the policies and procedures that the Fund uses to determine how to vote proxies relating to portfolio securities is available without charge, upon request, by calling 1-800-385-7003 or on the SEC's website at <http://www.sec.gov>.

How to Obtain a Copy of the Fund's Proxy Voting Records for the 12-Month Period Ended June 30

Information regarding how the Fund voted proxies relating to portfolio securities during the most recent 12-month period ended June 30 is available without charge, upon request, by calling 1-800-385-7003. Furthermore, you can obtain the Fund's proxy voting records on the SEC's website at <http://www.sec.gov>.

Quarterly Filings on Form N-Q

The Fund files its complete schedule of portfolio holdings with the SEC for the first and third quarters of each fiscal year on Form N-Q. The Fund's Form N-Q is available on the SEC's website at <http://www.sec.gov>. The Fund's Form N-Q may be reviewed and copied at the SEC's Public Reference Room in Washington, DC and information on the operation of the Public Reference Room may be obtained by calling 1-202-551-8090. Information included in the Fund's Form N-Q is also available by calling 1-800-385-7003.

American Trust Allegiance Fund

INFORMATION ABOUT TRUSTEES AND OFFICERS (Unaudited)

This chart provides information about the Trustees and Officers who oversee the Fund. Officers elected by the Trustees manage the day-to-day operations of the Fund and execute policies formulated by the Trustees.

<u>Name, Address and Age</u>	<u>Position Held with the Trust</u>	<u>Term of Office and Length of Time Served</u>	<u>Principal Occupation During Past Five Years</u>	<u>Number of Portfolios in Fund Overseen by Trustee⁽²⁾</u>	<u>Other Directorships Held During Past Five Years⁽³⁾</u>
Independent Trustees⁽¹⁾					
Gail S. Duree (age 71) 615 E. Michigan Street Milwaukee, WI 53202	Trustee	Indefinite term; since March 2014.	Director, Alpha Gamma Delta Housing Corporation (collegiate housing management) (2012 to present); Trustee and Chair (2000 to 2012), New Covenant Mutual Funds (1999 to 2012); Director and Board Member, Alpha Gamma Delta Foundation (philanthropic organization) (2005 to 2011).	1	Trustee, Advisors Series Trust (for series not affiliated with the Fund); Independent Trustee from 1999 to 2012, New Covenant Mutual Funds (an open-end investment company with 4 portfolios).
David G. Mertens (age 57) 615 E. Michigan Street Milwaukee, WI 53202	Trustee	Indefinite term*; since March 2017.	Retired; formerly Managing Director and Vice President, Jensen Investment Management, Inc. (a privately-held investment advisory firm) (2002 to 2017).	1	Trustee, Advisors Series Trust (for series not affiliated with the Fund).

American Trust Allegiance Fund

INFORMATION ABOUT TRUSTEES AND OFFICERS (Unaudited), Continued

Name, Address and Age	Position Held with the Trust	Term of Office and Length of Time Served	Principal Occupation During Past Five Years	Number of Portfolios in Fund Complex Overseen by Trustee ⁽²⁾	Other Directorships Held During Past Five Years ⁽³⁾
George J. Rebhan (age 83) 615 E. Michigan Street Milwaukee, WI 53202	Chairman of the Board and Trustee	Indefinite term; since May 2002.	Retired; formerly President, Hotchkis and Wiley Funds (mutual funds) (1985 to 1993).	1	Trustee, Advisors Series Trust (for series not affiliated with the Fund); Independent Trustee from 1999 to 2009, E*TRADE Funds.
Joe D. Redwine ⁽⁴⁾ (age 70) 615 E. Michigan Street Milwaukee, WI 53202	Trustee	Indefinite term; since January 2018.	Retired; formerly President, CEO, U.S. Bancorp Fund Services, LLC (May 1991 to July 2017); formerly Manager, U.S. Bancorp Fund Services, LLC (1998 to July 2017).	1	Trustee, Advisors Series Trust (for series not affiliated with the Fund).

American Trust Allegiance Fund

INFORMATION ABOUT TRUSTEES AND OFFICERS (Unaudited), Continued

Name, Address and Age	Position Held with the Trust	Term of Office and Length of Time Served	Principal Occupation During Past Five Years	Number of Portfolios in Fund Complex Overseen by Trustee ⁽²⁾	Other Directorships Held During Past Five Years ⁽³⁾
Raymond B. Woolson (age 59) 615 E. Michigan Street Milwaukee, WI 53202	Trustee	Indefinite term*; since January 2016.	President, Apogee Group, Inc. (financial consulting firm) (1998 to present).	1	Trustee, Advisors Series Trust (for series not affiliated with the Fund); Independent Trustee, DoubleLine Funds Trust (an open-end investment company with 15 portfolios), DoubleLine Opportunistic Credit Fund and DoubleLine Income Solutions Fund, from 2010 to present; Independent Trustee, DoubleLine Equity Funds from 2010 to 2016.

American Trust Allegiance Fund

INFORMATION ABOUT TRUSTEES AND OFFICERS (Unaudited), Continued

<u>Name, Address and Age</u>	<u>Position Held with the Trust</u>	<u>Term of Office and Length of Time Served</u>	<u>Principal Occupation During Past Five Years</u>
Officers			
Douglas G. Hess (age 50) 615 E. Michigan Street Milwaukee, WI 53202	President, Chief Executive Officer and Principal Executive Officer	Indefinite term; since June 2003.	Senior Vice President, Compliance and Administration, U.S. Bancorp Fund Services, LLC (March 1997 to present).
Cheryl L. King (age 56) 615 E. Michigan Street Milwaukee, WI 53202	Treasurer and Principal Financial Officer	Indefinite term; since December 2007.	Vice President, Compliance and Administration, U.S. Bancorp Fund Services, LLC (October 1998 to present).
Kevin J. Hayden (age 46) 615 E. Michigan Street Milwaukee, WI 53202	Assistant Treasurer	Indefinite term; since September 2013.	Assistant Vice President, Compliance and Administration, U.S. Bancorp Fund Services, LLC (June 2005 to present).
Michael L. Ceccato (age 60) 615 E. Michigan Street Milwaukee, WI 53202	Vice President, Chief Compliance Officer and AML Officer	Indefinite term; since September 2009.	Senior Vice President, U.S. Bancorp Fund Services, LLC and Vice President, U.S. Bank N.A. (February 2008 to present).

American Trust Allegiance Fund

INFORMATION ABOUT TRUSTEES AND OFFICERS (Unaudited), Continued

<u>Name, Address and Age</u>	<u>Position Held with the Trust</u>	<u>Term of Office and Length of Time Served</u>	<u>Principal Occupation During Past Five Years</u>
Emily R. Enslow, Esq. (age 31) 615 E. Michigan Street Milwaukee, WI 53202	Secretary	Indefinite term; since December 2017.	Vice President, U.S. Bancorp Fund Services, LLC (July 2013 to present); Proxy Voting Coordinator and Class Action Administrator, Artisan Partners Limited Partnership (September 2012 to July 2013).

* Under the Trust's Agreement and Declaration of Trust, a Trustee serves during the continued lifetime of the Trust until he/she dies, resigns, is declared bankrupt or incompetent by a court of appropriate jurisdiction, or is removed, or, if sooner, until the election and qualification of his/her successor. In addition, the Trustees have designated a mandatory retirement age of 75, such that each Trustee first elected or appointed to the Board after December 1, 2015, serving as such on the date he or she reaches the age of 75, shall submit his or her resignation not later than the last day of the calendar year in which his or her 75th birthday occurs.

- (1) The Trustees of the Trust who are not "interested persons" of the Trust as defined under the 1940 Act ("Independent Trustees").
- (2) As of February 28, 2018, the Trust was comprised of 41 active portfolios managed by unaffiliated investment advisers. The term "Fund Complex" applies only to the Fund. The Fund does not hold itself out as related to any other series within the Trust for investment purposes, nor does it share the same investment adviser with any other series.
- (3) "Other Directorships Held" includes only directorships of companies required to register or file reports with the SEC under the Securities Exchange Act of 1934, as amended, (that is, "public companies") or other investment companies registered under the 1940 Act.
- (4) Mr. Redwine became an Independent Trustee on January 1, 2018. Previously he was an Interested Trustee.

The Statement of Additional Information includes additional information about the Fund's Trustees and Officers and is available, without charge, upon request by calling 1-800-385-7003.

American Trust Allegiance Fund

APPROVAL OF INVESTMENT ADVISORY AGREEMENT (Unaudited)

At a meeting held on December 6-7, 2017, the Board (which is comprised of five persons, four of whom are Independent Trustees as defined under the Investment Company Act of 1940, as amended), considered and approved, for another annual term, the continuance of the investment advisory agreement (the "Advisory Agreement") between Advisors Series Trust (the "Trust") and American Trust Investment Advisors, LLC (the "Advisor") on behalf of the American Trust Allegiance Fund (the "Fund"). At this meeting, and at a prior meeting held on October 17-18, 2017, the Board received and reviewed substantial information regarding the Fund, the Advisor and the services provided by the Advisor to the Fund under the Advisory Agreement. This information, together with the information provided to the Board throughout the course of the year, formed the primary (but not exclusive) basis for the Board's determinations. Below is a summary of the factors considered by the Board and the conclusions that formed the basis for the Board's approval of the continuance of the Advisory Agreement:

1. **THE NATURE, EXTENT AND QUALITY OF THE SERVICES PROVIDED AND TO BE PROVIDED BY THE ADVISOR UNDER THE ADVISORY AGREEMENT.** The Board considered the nature, extent and quality of the Advisor's overall services provided to the Fund as well as its responsibilities in all aspects of day-to-day investment management of the Fund. The Board considered the qualifications, experience and responsibilities of the portfolio managers, as well as the responsibilities of other key personnel of the Advisor involved in the day-to-day activities of the Fund. The Board also considered the resources and compliance structure of the Advisor, including information regarding its compliance program, its chief compliance officer and the Advisor's compliance record, as well as the Advisor's cybersecurity program and business continuity plan. The Board also considered the prior relationship between the Advisor and the Trust, as well as the Board's knowledge of the Advisor's operations, and noted that during the course of the prior year they had met with the Advisor in person to discuss the Fund's performance and investment outlook as well as various marketing and compliance topics, including the Advisor's risk management process. The Board concluded that the Advisor had the quality and depth of personnel, resources, investment methods and compliance policies and procedures essential to performing its duties under the Advisory Agreement and that the nature, overall quality and extent of such management services are satisfactory.
2. **THE FUND'S HISTORICAL PERFORMANCE AND THE OVERALL PERFORMANCE OF THE ADVISOR.** In assessing the quality of the portfolio management delivered by the Advisor, the Board reviewed the short-term and

American Trust Allegiance Fund

APPROVAL OF INVESTMENT ADVISORY AGREEMENT (Unaudited), Continued

long-term performance of the Fund as of June 30, 2017 on both an absolute basis, and in comparison to its peer funds utilizing Lipper and Morningstar classifications and an appropriate securities benchmark. While the Board considered both short-term and long-term performance, it placed greater emphasis on longer term performance. The Board also took into account that the Fund's track record is measured as of a specific date, and that track records can vary as of different measurement dates. Therefore, in reviewing the Fund's underperformance, the Trustees also considered the broader perspective of the Fund's performance over varying time periods, the market conditions experienced during the periods under review, as well as the outlook for the Fund going forward in light of expected market conditions. When reviewing performance against the comparative peer group universe, the Board took into account that the investment objective and strategies of the Fund, as well as its level of risk tolerance, may differ significantly from funds in the peer universe. The Trustees also discussed with the Advisor and considered that certain periods of underperformance may be transitory while other periods of underperformance may be reflective of broader issues that may warrant consideration of corrective action. The Board therefore took into account the Advisor's views as to the reasons for the Fund's relative performance against peers and benchmark over various time periods and its future outlook for the Fund. In considering the Fund's performance, the Trustees placed greater emphasis on performance against peers as opposed to the unmanaged benchmark index.

The Board noted that the Fund's performance, with regard to its Lipper comparative universe, was above its peer group median for the one-year period and below its peer group median for the three-year, five-year and ten-year periods.

The Board noted that the Fund's performance, with regard to its Morningstar comparative universe, was above its peer group median for the one-year period and below its peer group median for the three-year, five-year and ten-year periods.

The Board recognized that the Fund's investments are subject to socially-responsible investment criteria as set forth in its prospectus that are generally stricter than that employed by many of the funds in its comparative peer group universe and that shareholders investing in the Fund accept and desire a fund employing such criteria, even if it may impact performance to a greater extent than other socially responsible funds.

American Trust Allegiance Fund

APPROVAL OF INVESTMENT ADVISORY AGREEMENT (Unaudited), Continued

The Board reviewed the performance of the Fund against a broad-based securities market benchmark. The Board noted that the Advisor stated it does not manage any other accounts similarly to the Fund.

3. THE COSTS OF THE SERVICES TO BE PROVIDED BY THE ADVISOR AND THE STRUCTURE OF THE ADVISOR'S FEE UNDER THE ADVISORY AGREEMENT. In considering the advisory fee and total fees and expenses of the Fund, the Board reviewed comparisons to the peer funds, as well as all expense waivers and reimbursements. The Board noted that the Advisor represented it does not manage any other accounts with a similar strategy, but the Board did consider the fees charged by the Advisor to its separate account clients who invest the equity portion of their separately managed accounts in the Fund and considered the Advisor's description of the services it provides to separate account holders for that separate account fee.

The Board noted that the Advisor had contractually agreed to maintain an annual expense ratio for the Fund of 1.45% (the "Expense Cap"). The Board noted that the Fund's total expense ratio after waiver was above the peer group median and average, and that when the Fund's peer group was adjusted to include only funds with similar asset sizes, the Fund's total expense ratio after waiver was above the peer group median and below the average. The Board also noted that the contractual advisory fee was above the peer group median and average and also above the peer group median and average when the Fund's peer group was adjusted to include only funds with similar asset sizes. The Board further considered that after advisory fee waivers and the payment of Fund expenses necessary to maintain the Expense Cap, the net advisory fees received by the Advisor from the Fund during the most recent fiscal period were below the peer group median and average.

The Board determined that it would continue to monitor the appropriateness of the advisory fee for the Fund and concluded that, at this time, the fee to be paid to the Advisor was fair and reasonable.

4. ECONOMIES OF SCALE. The Board also considered whether economies of scale were being realized by the Advisor that should be shared with shareholders. The Board further noted that the Advisor has contractually agreed to reduce its advisory fees or reimburse Fund expenses so that the Fund does not exceed the specified Expense Cap. The Board noted that at current asset levels it did not appear that there were additional significant economies of scale being realized by the Advisor and concluded that it would continue to monitor economies of scale in the future as

American Trust Allegiance Fund

APPROVAL OF INVESTMENT ADVISORY AGREEMENT (Unaudited), Continued

circumstances changed and assuming asset levels continued to increase. The Board also took into account the Advisor's significant marketing efforts to increase Fund assets.

5. THE PROFITS TO BE REALIZED BY THE ADVISOR AND ITS AFFILIATES FROM THEIR RELATIONSHIP WITH THE FUND. The Board reviewed the Advisor's financial information and took into account both the direct benefits and the indirect benefits to the Advisor from advising the Fund. The Board noted that the Advisor maintained a modest balance sheet. The Board considered the profitability to the Advisor from its relationship with the Fund and considered any additional benefits derived by the Advisor from its relationship with the Fund, including the receipt of additional separate account management fees from certain separately managed accounts that are also invested in the Fund. The Board considered that the overall amount of this additional separate account fee was minimal and that the fee was for different services than those provided by the Advisor to the Fund. The Board also considered that the Fund does not charge Rule 12b-1 fees or utilize "soft dollars." After such review, the Board determined that the profitability to the Advisor with respect to the Advisory Agreement was not excessive, and that the Advisor had maintained adequate profit levels to support the services it provides to the Fund.

No single factor was determinative of the Board's decision to approve the continuance of the Advisory Agreement for the Fund, but rather the Board based its determination on the total combination of information available to them. Based on a consideration of all the factors in their totality, the Board determined that the advisory arrangement with the Advisor, including the advisory fees, was fair and reasonable. The Board therefore determined that the continuance of the Advisory Agreement for the Fund would be in the best interest of the Fund and its shareholders.

American Trust Allegiance Fund

HOUSEHOLDING

In an effort to decrease costs, the Fund intends to reduce the number of duplicate prospectuses, annual and semi-annual reports, proxy statements and other similar documents you receive by sending only one copy of each to those addresses shared by two or more accounts and to shareholders the Transfer Agent reasonably believes are from the same family or household. Once implemented, if you would like to discontinue householding for your accounts, please call toll-free at 1-800-385-7003 to request individual copies of these documents. Once the Transfer Agent receives notice to stop householding, the Transfer Agent will begin sending individual copies thirty days after receiving your request. This policy does not apply to account statements.

American Trust Allegiance Fund

PRIVACY NOTICE

The Fund collects non-public information about you from the following sources:

- Information we receive about you on applications or other forms;
- Information you give us orally; and/or
- Information about your transactions with us or others.

We do not disclose any non-public personal information about our customers or former customers without the customer's authorization, except as permitted by law or in response to inquiries from governmental authorities. We may share information with affiliated and unaffiliated third parties with whom we have contracts for servicing the Fund. We will provide unaffiliated third parties with only the information necessary to carry out their assigned responsibilities. We maintain physical, electronic and procedural safeguards to guard your non-public personal information and require third parties to treat your personal information with the same high degree of confidentiality.

In the event that you hold shares of the Fund through a financial intermediary, including, but not limited to, a broker-dealer, bank, or trust company, the privacy policy of your financial intermediary would govern how your non-public personal information would be shared by those entities with unaffiliated third parties.

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This report is intended for shareholders of the Fund and may not be used as sales literature unless preceded or accompanied by a current prospectus. For a current prospectus please call 1-800-385-7003.