

FUNDS & PERSONAL FINANCE

White Oak Select Growth Mutual Fund Outperforms By Thinking Outside The Box

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INVESTOR'S BUSINESS DAILY

Looking for one of the top mutual funds? Managers of \$379 million White Oak Select Growth Fund^{WOGSX} try hard to think outside the Wall Street box. And that's led their fund to outperformance.

The fund was recently named an IBD Best Mutual Funds 2019 Awards winner.

IBD's fourth annual awards went to stock funds and bond funds that beat their benchmark indexes over the past one, three, five and 10 years as of Dec. 31. For Select Growth, that meant topping the S&P 500 in those four periods.

It accomplished that rare four-way feat in not one but three categories: U.S. diversified stock funds, blend funds and large-cap funds. In the case of blend funds, just three funds — merely 1% of eligible funds — made it to the winner's circle.

Top Mutual Funds: Staying Among The Leaders

The fund has stayed among the top mutual funds so far this year. Through Tuesday's close, Select Growth was up 17.30% vs. 15.92% for its large-cap blend peers tracked by Morningstar Inc. and 16.66% for the S&P 500.

Robert Stimpson, who co-manages the fund along with James Oelschlager and Jeffrey Travis, describes how the management trio seeks unique investment opportunities to remain among the top mutual funds.

Thinking outside the box is a key.

"We put time and effort into remaining as independent as possible," Stimpson said. "We don't meet companies. We don't want to be influenced by the market spin that companies put out. We don't talk to many sell-side analysts (third-party analysts who work for outside brokerages or research firms). We're in Akron, Ohio, away from New York, Boston and West Coast money centers. We want to avoid groupthink. We have an eye on behavioral aspects of investing."

Best Ideas Lead To Membership Among Top Mutual Funds

Reflecting their approach, the portfolio is concentrated, with little turnover. It held just 26 stocks as of March 31. Its annual turnover rate was a modest 14%.

"The fund is a best-ideas fund," Stimpson said. "We're the furthest thing from an index fund. We concentrate on our best ideas. We pick stocks for the long run. And we'll own those three to five years, but many are in the portfolio five to 10 years."

And the managers commit to their best ideas whether those are growth or value stocks. "We don't look for growth or value stocks," Stimpson said. "We look for good stocks, attractive long-term investments, although we are growth tilted."

With that outlook, the fund aims to avoid overpaying for stocks. "We are a GARP-y strategy," Stimpson said, referring to the growth-at-a-reasonable-price approach.

White Oak Select Growth



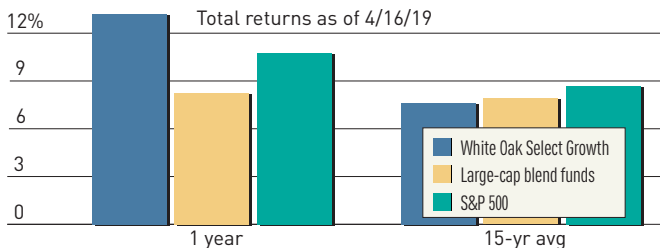
Robert Stimpson

■ Load: None
■ Expenses: 0.93%
■ Symbol: WOGSX

Total returns as of 4/16/19
2018: -0.56% 3-yr. avg.: 17.09%
YTD: 17.30% 5-yr. avg.: 12.90%
10-yr. avg.: 15.44%

Sector weightings as of 3/31/19

	% of stock assets	% of S&P 500
Cyclical	36.11%	
Basic materials	0.00	2.46%
Consumer cyclical	13.32	11.90
Financial services	22.79	15.40
Real estate	0.00	2.50
Economically sensitive	40.66	
Communication services	0.00	3.56
Energy	0.00	5.43
Industrials	0.00	10.23
Technology	40.66	22.94
Defensive	23.22	
Consumer defensive	3.31	7.77
Health care	19.91	14.49
Utilities	0.00	3.33



Source: Morningstar Inc.

Top Mutual Funds: Taking A Blend Approach

Holding both growth- and value-oriented stocks gives the fund a shot at participating in a rising market, while controlling its downside risk. "That's been part of our long-term success," Stimpson said. "It's also why we tilt toward large-cap blue chip stocks now. That segment of the market has been in favor for the past 10 years. It's a byproduct of the subprime (lending) correction (after the financial crisis)."

Stimpson expects investors to continue to favor stocks like that in the foreseeable future. "Those are the companies

that can (afford to) return capital to shareholders in the form of dividends and stock buybacks," he said. "The ratio of the amount of capital that companies pay as dividends is still historically low, so it's not at levels where return of capital will slow."

KLA Tencor Testing Equipment

KLA Tencor^{KLAC} was a top-10 holding as of March 31. Share price is up 36% this year and up 11% over the past 52 weeks. The stock's dividend yield is 2.4%.

KLA Tencor sells equipment for testing semiconductors to assure that they function

at their intended speeds and satisfy other specifications. “There is an entire industry of yield management, testing and equipment that KLA falls into that helps keep manufacturing of semiconductors up to high-quality, high-yield standards,” Stimpson said.

With a price-earnings ratio around 14, Stimpson says the stock’s valuation remains attractive. And demand for testing equipment will rise as demand for semiconductors themselves climbs, he says. “Long-term demand is not going away,” he said. “There will be demand for making sure the next generation of chips are the quality and yield that the industry requires.”

Alphabet Dominates Online Advertising

Google parent **Alphabet**^{GOOGL} is another top-10 holding. Share

price is up 19% this year and up 15% over the past 52 weeks.

“The pros to this stock are that it dominates the online advertising space,” Stimpson said. “It has few competitors in online search. It’s a play on digital advertising dollars and how people are going to spend money to attract customers.”

It has other strengths. “It has a suite of services that keep people associated, whether it’s the Chrome browser, Google docs or Gmail. So it’s more than a search company. Those other services help the user experience, which attracts advertisers as well.”

Stimpson added, “The risks for Alphabet are regulatory issues centering around users’ privacy.”

Facebook Faces Regulatory Threats

So far, those regulatory

threats to Google and **Facebook**^{FB} remain mere threats, Stimpson says.

With regard to Facebook, he said, “Most people argue that Facebook needs to do a better job managing users’ privacy and the user experience. But Facebook continues to post results that are impressive. Until the backlash from users forces it to change its ways, I don’t see the risks as a threat.”

Stimpson adds that over the past year, the volume of advertising on Facebook seems to have roughly tripled. That shows that the marketplace is not punishing Facebook for how it monetizes its users’ data.

If anything, Facebook is getting stronger, he says. “Facebook doesn’t have a competitor with the size or scope of user eyeballs that

Facebook has. And it doesn’t have any competitors that have made savvy acquisitions like Instagram.”

Artificial Intelligence Market

Stimpson also continues to like **Xilinx**^{XLNX}, at least to a point. Xilinx’s computer chips are in demand for **artificial intelligence**^{AI} and 5G wireless communications applications. “They’re in a good spot to let other companies deploy their chips in new and innovative ways,” Stimpson said.

But he cautions, “The stock is getting expensive. With a (current) price-to-earnings ratio around 44 and a price-to-sales ratio around 12 (as of the end of the quarter), we are trimming. We still like the company, but relative to other opportunities it is kind of expensive.”

Mutual fund investing involves risk, including the possible loss of principal. The value of the Fund's investments will vary from day to day in response to the activities of individual companies and general market and economic conditions. Due to the limited number of underlying investments, the Fund is more susceptible to the price movements of any one holding and thus may be more volatile than a more broadly diversified portfolio.

To determine if this Fund is an appropriate investment for you, carefully consider the Fund's investment objectives, risk factors and charges and expenses before investing. This and other information can be found in the Fund's prospectus which may be obtained by calling 1-888-462-5386. Please read the prospectus carefully before investing.

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White Oak Select Growth (WOGSX) seeks long-term capital growth by concentrating investments in large-cap stocks the manager believes are underappreciated by the market. **Expense Ratio: 0.93%** Strategy: The Fund invests primarily in common stocks of U.S. companies that the Adviser believes possess prospects for growth that are under-appreciated by the market. The Adviser invests with a long-term focus and seeks to keep the Fund's portfolio turnover to a minimum relative to its peers. Risks: The Fund's share price will fluctuate. You could lose money on your investment in the Fund and the Fund could also return less than other investments. The Fund is subject to principal risks including equity securities risk, foreign securities risk, investment focus risk, large cap risk, management risk, and market risk.

You cannot directly invest in an index.

The S&P 500 Index is a commonly recognized market capitalization weighted index of 500 widely held equity securities, designed to measure broad U.S. equity performance.

Morningstar, Inc. categorizes White Oak Select Growth Fund as a U.S. Large Blend Equity Fund. Pin Oak ranked #167 out of 1,412 funds on a 1-year basis, #13 out of 1,218 funds on a 3-year basis, #16 out of 1,081 on a 5-year basis, #47 out of 810 on a 10-year basis, and #373 out of 547 on a 15-year basis. Rankings based on 03/31/2019 performance.

Top Ten Holdings as of 03/31/2019 include Alphabet, Inc. – Classes A&C, Amazon.com, Inc., Cisco Systems, Inc., Xilinx, Inc., Amgen, Inc., KLA-Tencor Corp., The Charles Schwab Corp., Pfizer Inc., US Bancorp, Lowe's Cos. Inc. The top ten holdings are subject to change.

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Fund Performance as of March 31, 2019

	Annualized				
	Quarter	1 Year	3 Year	5 Year	10 Year
White Oak Select Growth Fund	13.40	10.16	16.46	11.60	16.27
S&P 500 Index	13.65	9.50	13.51	10.91	15.92

The 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 and current performance may be lower or higher than the performance quoted. For performance data current to the most recent month end, please call 1-888-462-5386.