December | 2017

CHARTWELL INVESTMENT PARTNERS

BERIX

Berwyn Income Fund Annual Letter

2017 Highlights

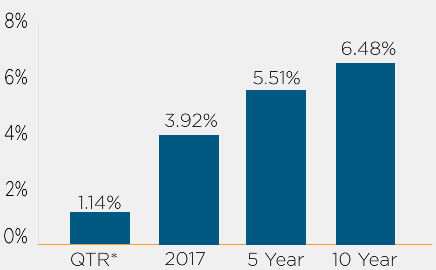
- The Q4 distribution of $0.0637 per share (up from $0.0315 in Q4 2016) was paid from net investment income. The Fund paid a long-term capital gain distribution of $0.4437 per share.

- BERIX outperformed both the FTSE BIG Bond Index up 0.39% and the ICE BoAML High Yield Master II Index, up 0.41%*, during Q4. The fund trailed the Lipper Income Index, which gained 2.28%*, its only referenced index with an equity component.

- For 2017, BERIX's gain of 3.92% outpaced the FTSE BIG Bond Index return of 3.60%. However, underperformed the ICE BoAML High Yield Master II Index, which gained 7.48% and the Lipper Income Index, which gained 10.25%.

BERIX Performance

As of 12.31.2017



Quarterly returns not annualized.

The performance data quoted represents past performance, and is no guarantee of future results. 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 the original cost. Current performance may be lower or higher than the performance data cited. Current month end data is available at www.berwynfunds.com. Gross expense ratio of 0.71%. Net exepense ratio of 0.68% as Chartwell Investment Partners, LLC has contractually agreed to waive its fees and/or pay operating expenses until July 17, 2019.

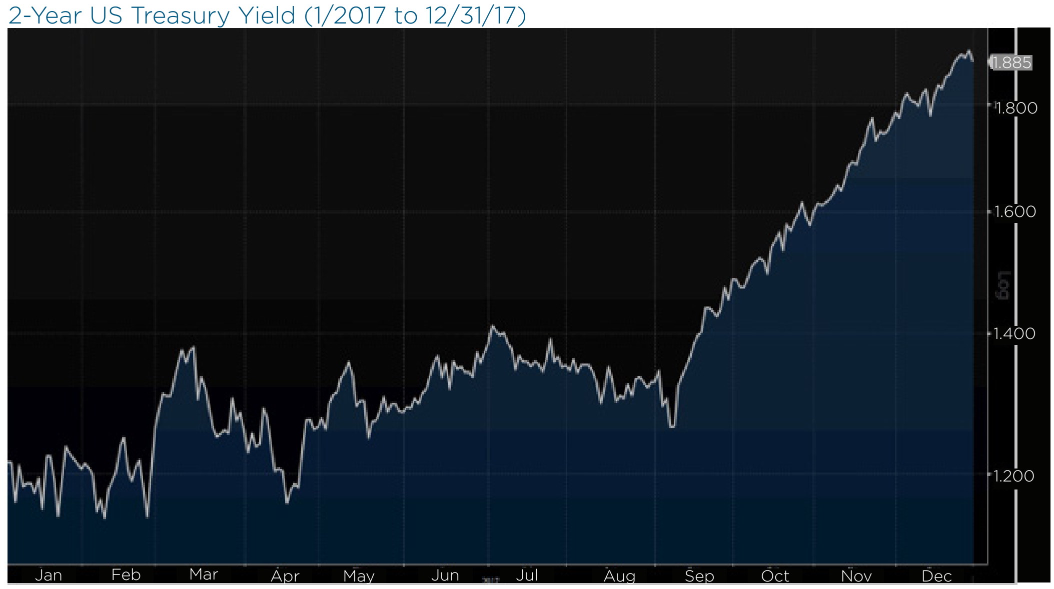
Dear Berwyn Income Fund Shareholder:

2017 was the year of the all-time highs. The S&P 500, the Dow Jones Industrial Average, the Russell 2000, the FTSE Broad Investment-Grade (BIG) Bond and the ICE Bank of America Merrill Lynch (BofAML) High Yield Master II Indexes each hit all-time high price levels. The equity markets rallied on the optimism of a boost to corporate earnings growth through tax cuts and low rates. Within the fixed income markets, corporate credit spreads grinded back to 2007 lows. Meanwhile interest rates on the long end of the U.S. Treasury curve stayed stubbornly low even as the Fed raised interest rates causing a spike in short term bond yields and a much flatter yield curve. Looking ahead to 2018, it will be interesting to see which of these unusually highly correlated markets – equity and long government bond – turn out to be correct. Looking back at history, if we do achieve solid GDP growth, longer term interest rates could rise. Conversely, if economic growth stumbles, equity market valuations could see a pullback.

We believe that 2017 was a year that greatly benefitted most shareholders and bondholders alike. It was the best of times for asset owners, but it was among the worst of times for those investors seeking sustainable, low risk income. Across the globe, real rates of return (government bond rates minus inflation) are still negative in many countries. With high bond prices, low absolute rates and steadily declining corporate credit spreads, the bond market today is as expensive as it's been at any point in recent memory. Interest rate risk (as measured by duration) is at or near all-time highs and investors are simply not getting paid to take risk with bonds. With high yield corporate rates also reaching lows, traditional bond holders could be left with little yield and a lot of potential risk. In the dividend yield equity market, many stock valuations are also approaching or exceeding all-time highs. For current price levels to be maintained, we believe companies will need to produce higher levels of earnings.

From our view of risk and reward, the bar is high across most of BERIX's investable universe. The one area that did become attractive was the rise in short term bond yields.

2-Year US Treasury Yield (1/2017 to 12/31/17)



Source: Bloomberg

Past performance does not guarantee future results.

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Short term corporate bonds have been yielding roughly 2% or more, and in our estimation, may currently be a viable way to generate sustainable yield with reasonable risk. Using the 2-year U.S. Treasury bond as an example, we can earn nearly 2% in yield for a duration of roughly two years. Seeking the higher yield offered by a 30-year Treasury bond does not make much sense in this context. The 30-year Treasury bond closed 2017 offering a 2.75% yield. But to invest in these 'long bonds' an investor would need to assume 20 years in duration risk. We contend that garnering a potential 2% yield (or 73% of the 30-year rate) is much more attractive given that we are assuming a small fraction of the duration risk of the 30-year Treasury bond (only 10% of the duration risk).

A significant portion of BERIX's cash had shifted to short-term corporate bonds throughout 2017. This positioning may be boring at present, but if interest rates do rise in the future, the price declines experienced in the fund could be much less than a portfolio with higher levels of duration risk.

Performance

The fund was positioned conservatively throughout 2017, consistent with the prior year. Similarly to 2016, the fund held its share of significant equity outperformers. Seven securities returned over 40% – Nintendo (1.4%)[2], HollyFrontier (0.0%), Sony (0.2%), American Eagle Outfitters (0.7%), PC-Tel (0.7%), Landauer (0.0%), and Carlsberg (0.8%). Encouragingly, the top performers were a mix of longer term holdings and newer positions in the fund. The equity portfolio as a whole returned nearly 12% for the year.

Unlike 2016, we also had our share of detractors. We have previously written about several of these during the year with the most significant underperformers being Viacom (0.7%), Mattel (0.8%), and Xperi (1.2%). Collectively, these three securities negatively impacted fund performance by approximately 150 bps[3] in 2017. To close the year there were some positive developments in Viacom and Xperi. Viacom has been showing signs of fundamental operating improvements while subscriber losses have moderated. Xperi was able to reach a global settlement with Broadcom, avoiding costly arbitration. This improved sentiment was reflected in significant stock price appreciation off the lows during the fourth quarter. Additional significant equity detractors included Fluor (0.0%), GameStop (0.3%), LSI Industries (0.7%), Pitney Bowes (1.1%), and Superior Industries (0.7%).

The fund did have a few solid contributors in the fixed income portfolio, with convertible securities of FelCor Lodging (now RLJ Lodging, 0.9%), Chesapeake (1.2%), and Sucampo Pharmaceuticals (0.7%), all posting double-digit returns. Additionally, several longer dated bonds in the fund provided meaningful positive contributions.

With much of the fixed income portfolio invested in short-term corporate bonds it helps to create an attractive total return floor (recently approximately 2%) but limits price upside. Between the short-term bond allocation and the fund's cash position this conservative stance acted as a drag on performance with all of our investable markets posting positive returns. The fund also held a few fixed income detractors, all convertible securities, with Stericycle (1.3%), Depomed (0.0%) and Aceto (0.0) declining by over 5%.

Asset Allocation

At year-end, the fund held roughly 19% of its assets in common stocks, 11% in convertible and preferred securities, 64% in non-convertible corporate and preferred securities, and 6% in cash. We did initiate positions in 13 new equity securities during the year – American Eagle Outfitters (AEO), Hugo Boss (BOSSY), Devon Energy (DVN), Ericsson (ERIC), FelCor Lodging (FCH), Fluor (FLR), HollyFrontier (HFC), International Business Machines (IBM), Intel (INTC), Gold Resources (GORO), Macy's (M), Nokia (NOK), Viacom (VIAB) – but complete sales and reductions in weightings of existing holdings left the portfolio's common stock weighting unchanged compared to the end of 2016. Generally speaking, valuation levels in equities remain extended, and the risk side of the equation relative to return of many potential new investment candidates, in our opinion, does not warrant increasing equity exposure at this time. However, if any area of our equity investable universe does offer opportunity going forward – past examples include ADRs in 2016 and a couple of retailers this past year – we will thoroughly review each security and evaluate the risk/reward potential at that time.

Top 10 Holdings

As of 12.31.2017

Holding		% of Investments[1]
Edwards Lifesciences	2.88%	due 10.15.18 2.5
HP Enterprise Co.	2.85%	due 10.05.18 2.5
Maxim Intergrated Prods.	2.50%	due 11.15.18 2.4
Republic Services Inc.	3.80%	due 05.15.18 2.4
Apple Inc.	3.85%	due 05.04.43 2.4
Constellation Brands Inc.	3.88%	due 11.15.19 2.1
Best Buy Inc.	5.00%	due 08.01.18 2.1
Kraft Heinz Foods Co.	2.00%	due 07.02.18 2.1
Nuance Comm. CVB	2.75%	due 11.01.31 2.0
Allegiant Travel Co.	5.50%	due 07.15.19 1.9

CVB = Convertible Bond

Source: Chartwell

Holdings are subject to change at any time. The most current available data regarding portfolio holdings can be found on our website, www.chartwellip.com.

[1]Percentage based on net assets as of close of business

[2]The numbers in parentheses following each company mentioned reflect the percentage of the fund's net assets comprised of such securities as of 12.31.2017.

[3]A basis point or bp represents a unit equal to 1/100th of 1% and denotes the amount of change in the equity indexes.

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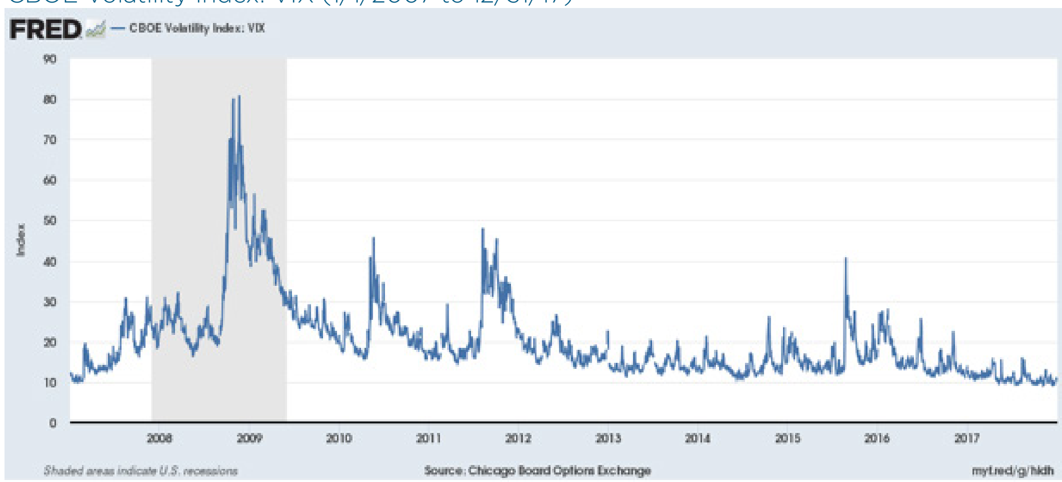
The ancient Latin scribe Publilius Syrus is credited with writing, "anyone can hold the helm when the sea is calm." In the current environment, which can be very simply summed as historically non-volatile, one could classify the sea as historically calm. At year end, the S&P 500 Index had not had more than a 3% drawdown in over 13 months, the longest run in history. Additionally, the S&P posted a positive total return every month in 2017, the first perfect year in history. On the Dow Jones Industrial Average, over 95% of trading days in 2017 had an intraday range less than 1%, the least volatile year in history. This low volatility environment can also be seen graphically, illustrated below with the CBOE SPX Volatility Index. In early December the VIX made a new historical low, looking back to the inception of the index in 1990. At the time of this writing, the VIX has again dropped below 10.

CBOE Volatility Index: VIX (1/1/2007 to 12/31/17)



These statistics and observations are important because they have an impact on the portfolio's positioning. Throughout the years of our management of the Berwyn Income Fund, we have attempted to be opportunistic during times of displacement and distress. Therefore, transaction activity has tended to be high during volatile times and low during times of peace. In tranquil periods, the fund's cash and cash alternative positions have traditionally increased while we patiently waited for the next opportunity.

It should not come as a surprise given the fund's positioning especially when looking at the fixed income portfolio. Some may call it bland and defensive, but we are comfortable with underweight allocations in both high-yield and longer-dated securities. Portfolio duration is currently just under 2.5 years, and we would welcome an increase in longer rates. Our high-yield allocation continues to sit at the low end of its historical range, and we would also welcome any credit spread widening event. It may seem strange to see the management team of a predominantly fixed income fund write this way, but with our contrarian philosophy we tend to think differently than most. Disorder tends to create opportunity.

In the meantime, one area of the fixed income market where we have added value is in short-term corporate bonds. As the Federal Reserve has hiked rates over the past two years (from essentially 0%) it has made good sense to us to invest in the short end. Throughout the year, it was not uncommon to achieve over 2% yields in 12 to 18 month investment-grade corporate bonds from household names like Best Buy (2.1%), Newell Brands (1.2%), and Starbucks (0.9%). Nearly 40% of the total fund matures by the end of 2018. Adding cash to that total puts our short-term liquidity position at approximately 45%. The benefits of pursuing this strategy are twofold: first, strive to preserve capital while achieving a sustainable 2% yield; and second, it allows the fund to remain highly liquid which could provide flexibility in the event volatility does rear its head.

We understand we are "giving up" some yield by not extending in duration or going lower in credit quality. Our investment strategy is not simply to invest in the highest yielding debt securities or clip coupons. We approach every single investment idea from a total return perspective. Unfortunately, when we research many of the investment candidates that are produced by our screening process, we see downside potential that exceeds the potential upside. Until that ratio changes, we would expect to continue to give up some yield in the short term for the potential of better total return opportunities in the long term.

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Conclusion

As shareholders ourselves, we are conscious of what we would want to hear from the management team of a fund we own. We believe in our investment philosophy and process and intend to stick with the strategy that has worked very well over the long-term. Therefore, the conservative positioning of the fund is likely to persist until an area of our investable markets offers reasonable investment opportunity. We believe strongly in being patient in the short-term if we do not see much value relative to risk in any segment of our investable universe. We believe patience to be one of our competitive advantages. We avoided many areas of excess exuberance over the years by attempting to act rationally in heated markets, and will hold cash and short-term bonds until risk and reward line up more attractively.

The Berwyn Income Fund ended the year with more than $1.6 billion in assets under management, slightly lower than one year ago. Fund flows were moderately negative in the second half of 2017.

In closing, we appreciate the responsibility of managing your money and hope to continually reward your trust in the years ahead.

Most sincerely,

George J. Cipolloni III
Senior Portfolio Manager

Mark J. Saylor
Senior Portfolio Manager

The views in this report were those of the Fund Manager at the time of writing this report and may not reflect the views of the Manager on the date this report is first published or anytime thereafter. These views are intended to assist shareholders of the Fund in understanding their investments in the Fund and do not constitute investment advice.

The Fund acquired the assets and liabilities of the Berwyn Income Fund (the "IMST Predecessor Fund"), a series of Investment Managers Series Trust, on July 17, 2017. The IMST Predecessor Fund acquired the assets and liabilities of the Berwyn Income Fund (the "Berwyn Funds Predecessor Fund," and together with the IMST Predecessor Fund, the "Predecessor Funds"), a series of The Berwyn Funds, on April 29, 2016. As a result of the reorganizations, the Fund is the accounting successor of the Predecessor Funds. Performance results shown refl ect the performance of the IMST Predecessor Fund for the period from April 29, 2016 through July 17, 2017, and the performance of the Berwyn Funds Predecessor Fund for the period prior to April 29, 2016. The Predecessor Funds' past performance is not necessarily an indication of how the Fund will perform in the future.

Current and future portfolio holdings are subject to change and risk.

Nothing in this letter should be construed, and is not intended to be construed, as advice on buying or selling any individual security.

Mutual fund investing involves risk, including the potential loss of principal.

The Fund invests in both fixed income and equity securities. Its investments in fixed-income securities are subject to such risks as: interest rate risk; call risk; default risk; high-yield (junk bond) risk; and unrated bond risk. The Fund also invests in equity securities which carry the potential for unpredictable drops in value and periods of lackluster performance.

An investor should consider the investment objectives, risks, and charges and expenses of the Fund carefully before investing. The Fund's prospectus contains this and other information about the Fund and should be read before investing. The Fund's prospectus may be obtained by downloading it from the Fund's web site (www. berwynfunds.com) or by calling 1-888-995-5505.

One cannot invest directly in an index.

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Definitions

American Depository Receipts (ADRs) are stocks that trade in the U.S. but represent a specified number of shares in a foreign corporation.

Financial Times Stock Exchange (FTSE) Citigroup Broad Investment -Grade (BIG) Bond Index is a broad bond index measuring the performance of the U.S. investment grade bond market, from short to long-dated maturities.

InterContinental Exchange (ICE) Bank of America Merrill Lynch (BaAML) High Yield Master II Index is an index of all sectors of the non-investment grade bond market.

Lipper Income Funds Index consists of a small number of the largest mutual funds in a particular category as tracked by Lipper Inc.

S&P 500 Index is an index of 505 stocks issued by 500 large companies with market capitalizations of at least $6.1 billion. It is seen as a leading indicator of U.S. equities and a reflection of the performance of the large-cap universe.

Dow Jones Industrial Average (DJIA)consists of 30 large-cap blue chip companies that are, for the most part, household names. The only sector that is not represented by the company in the DJIA is the utilities sector.

CBOE SPX Volatility is constructed using the implied volatilities of a wide range of S&P 500 index options. This volatility is meant to be forward looking, is calculated from both calls and puts, and is a widely used measure of market risk, often referred to as the "investor fear gauge."

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Chartwell Investment Partners LLC, is an investment management firm dedicated solely to the investment advisory business. Chartwell's philosophy is to rely on proprietary, bottom-up research to find high-quality investments across its various product offerings.

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