March 31, 2017

Semi-Annual Shareholder Letter

Dear Shareholder:

Following the astonishing-to-most outcome of the Presidential election in November 2016, capital initially rushed into the shares of cyclical companies perceived to be the biggest beneficiaries of President-elect Trump's proposals to grow U.S. jobs, lower tax rates and slash regulations. As we typically own higher-quality growth companies, your Fund's performance lagged the market during the post-election Trump Rally.

The broader market and the Fund have gotten off to a strong start during the first quarter of 2017, spurred on by a new cohort of leaders. During three months ended March 31, 2017, the Fund's Class A, C, and I shares generated cumulative total returns, without sales charges, of 11.19%, 11.01%, and 11.24%, respectively, compared to the cumulative 8.91% total return of the Russell 1000 Growth Index. Breaking stride with the late-2016 pattern, the leaders in early 2017 have been growth companies in the Technology, Health Care and Consumer Discretionary sectors. Energy companies have recently slumped along with a pullback in oil prices, and the commodity-heavy Materials sector has also lagged the broader market.

The Fund's results from the trailing six month period are less favorable, given our portfolio's underperformance during the first several weeks following the Presidential election. For the six months ended March 31, 2017, the Fund's Class A, C, and I shares generated cumulative total returns, without sales charges, of 8.20%, 7.76%, and 8.29%, respectively, compared to the cumulative 10.01% return of the Russell 1000 Growth Index.

The Fund's biggest single performance contributor during the most-recent quarter was Activision (ATVI, 4.8% of the Fund), one of the world's largest videogame publishers. A core holding in our portfolio since 2013, ATVI shares had weakened into year-end 2016, primarily over concerns about weak sales results of one of the company's key game titles. In early February, the company's management announced surprisingly strong fourth quarter earnings results and shared a favorable forward outlook. This announcement assuaged investor worries, helping ATVI gallop to a double-digit gain for the first quarter. We continue to like the stock, as we see multiple growth catalysts ahead and we see the stock's valuation as undemanding.

Albemarle (ALB, 3.5% of the Fund) has also been a top performer for us, delivering a large double-digit return for the quarter as well. A position in our portfolio since early 2016, ALB is one of the world's biggest miners of lithium. Lithium has a variety of industrial uses, but most importantly it is an essential ingredient in lithium-ion batteries. The proliferation of battery-powered mobile devices and electric vehicles are causing the demand for lithium to skyrocket, a trend that we do not see moderating anytime soon. To put this in perspective, worldwide lithium production in 2015 was approximately 37,000 metric tons. Tesla alone will need 8,000 tons for its electric vehicles by 2020, and total projected demand for lithium could be as high as 800,000 tons by 2040. If this projection is even close to being correct, the world is going to need a lot more lithium over the next couple of decades.

President Trump's ambitious policy agenda is now butting up against the harsh reality of partisan politics in Washington. Crafting and passing transformative legislation is – and always has been - a messy business, even when a single party controls both houses of Congress and the Oval Office. Although the President chose to attack healthcare reform first, it turned out his bill was not able to garner enough votes to ensure passage through Congress. Now that his plans to "repeal and replace" the Affordable Care Act have gone back to the drawing

board, Trump has decided to pivot to restructuring corporate and individual tax rates. We expect that these negotiations on tax reform will be contentious, and that they will likely drag on into the fall of 2017. In our opinion, the main investment takeaway from all of this is that the Trump Administration's policy changes will take more time to execute than many investors expected (hoped) before Inauguration Day.

Stocks are not cheap, but this has been the case for several years. The S&P 500 has returned almost 37% over the past three years, despite the fact that corporate earnings are roughly flat over that time span. This means that multiple expansion, rather than actual earnings growth, has been the key driver of stock price appreciation since early 2014. In fact, corporate earnings have actually been contracting for most of the past few years. After peaking at $114.51 in September 2014, S&P 500 operating earnings slumped all the way to $98.17 in June 2016. Happily, last summer appears to have marked the bottom of the so-called "earnings recession," and profits have improved over the last two quarters. December 2016 operating earnings came in at $106.26, a 5.8% year-over-year increase and the first year-over-year gain in quarterly earnings since March 2015. Analysts expect further good earnings news in the just-completed first quarter of 2017. Consensus estimates currently call for operating earnings to increase 13% year-over-year. Let's hope the analysts are correct. We do not see a lot of room left for multiple expansion, and we doubt that big policy changes are forthcoming in the near team. If we are right on either or both of those counts, the onus will be on earnings to drive continuation of the bull market in 2017.

We believe our Fund's portfolio is well-positioned for an earnings-focused market backdrop. Our investment process results in a focused but diversified portfolio of companies with strong earnings and revenue growth attributes. Our single favorite area of the market remains the Information Technology sector. Tech companies are driving profitable innovation and disruption across the entire economy, valuations remain reasonable, and the growth outlook in many tech-related industries is accelerating. Also, as we discussed during our last quarterly update, we have indeed added materially to our Health Care sector exposure via a select group of innovative biotechnology-related companies. Biotech stocks experienced a terrible bear market between the summer of 2015 and late 2016, but their fundamental outlooks have continued to improve. With a number of important drug approvals on tap over the next several months and rising merger & acquisition activity, we think the group provides investors with multiple paths to generate alpha.

All of us at JAG wish you a happy, healthy, and prosperous spring and summer.

Best regards,

Norm Dan F.

Norman B. Conley III
Portfolio Manager

Daniel J. Ferry, Jr.
Portfolio Manager

*The S&P 500® Index is an unmanaged composite of 500 large capitalization companies. This index is widely used by professional investors as a performance benchmark for large-cap stocks. You cannot invest directly in an index and unmanaged index returns do not reflect any fees, expenses or sales charges.