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CHASE INVESTMENT COUNSEL CORPORATION

Market Commentary

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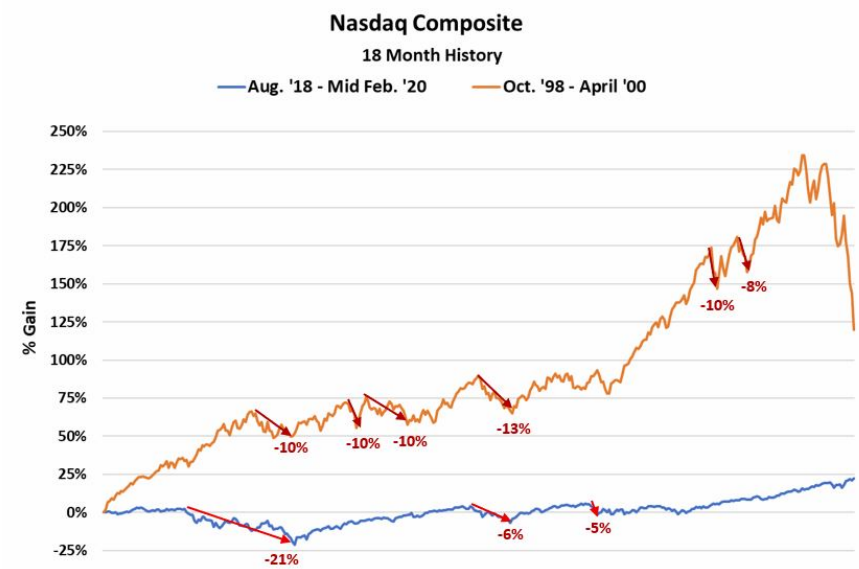
INTRODUCTION – Chase Investment Counsel Corporation uses a "bottom up" investment process combining fundamental analysis (the what) and technical indicators (the when) in making judgements about both market timing and stock selection. We focus on mitigating risk.

No one knows how long and how serious the coronavirus will prove to be. The most comparable health scare was the SARS virus in 2002-2003. That involved a significant decline followed by a complete recovery. If the coronavirus is going to be much worse, we should know by the end of February. We have one source that believes the Chinese authorities are still grossly under reporting the numbers, and because China and other poorer Asian countries have inadequate health facilities to handle a massive pandemic the numbers will ultimately be much higher than the stock market is anticipating. China is very important to world trade. A lengthy lock down will affect the demand for oil and many other commodities and disrupt numerous U.S. firms that rely on China for critical components. However, if the virus does significantly impact our economy, the Federal Reserve will likely reduce interest rates further. Meanwhile with 64% of S&P 500 Index companies reporting 4Q earnings, the blended earnings growth rate is +0.7%, significantly better than the December 31st 4Q estimates of –1.7% for the whole S&P 500. With Asian stock markets at much greater risk than ours, the U.S. may still be the most attractive place to invest. February is the weakest month in the seasonally favorable November-April six months so a short-term correction would be normal.

Many presumed negative economic factors simply don't correlate with equity prices. For instance, while consumer debt is at a record peak, with lower interest rates and higher consumer income, the payments to service consumer debt as a percent of disposable income has actually declined from 13% in 2008 to less than 10%, close to the lowest level since 1980. Similarly, the U.S. Manufacturing Purchasing Managers Index fell below 48 in December, the lowest in a decade, but as Stansberry's True Wealth Systems documents, going back 60 years similar instances have led to outperformance by the S&P 500. Subsequently, 6- and 12-month returns were 6.9% and 12.7% respectively compared to all other periods which averaged only 3.5% and 7.0%.

Since stock prices are determined by the forces of Supply and Demand, we pay particular attention to Lowry's Primary Trend Perspectives research, particularly their Operating Companies Only (OCO) indexes, which eliminates distortions by excluding preferred stocks and ADRs. At the February 6th recovery highs both the NYSE All-Issues and the OCO Advance-Decline Lines failed to confirm the new high of the S&P 500. The divergences were minor. The Large Cap OCO Advance-Decline Line actually confirmed that new high while both the OCO Mid and Small Cap indexes failed to do so while the S&P 400 Mid-Cap Index and the S&P 600 Small Cap Index Relative Strength Lines versus the S&P 500 remained in their long-term downtrends. Lowry's short-term Supply and Demand figures reversed to a short-term Sell signal by February 7th, but longer term still support a healthy major uptrend.

The adjacent chart compares the last 18 months of a typical major bull market (orange line) with the latest 18 months (blue line). We expect this bull market will continue its "melt up" similar to most others. In fact, Nasdaq tech stocks have definitely started. We believe large good quality Growth stocks, as opposed to Value stocks, offer the most potential. Large tech-oriented companies in Artificial Intelligence (AI) sectors as well as information and communication services, payment processing, health services and defense sectors should be among the best performers. Companies that cater to consumers, have high profit margins and require little need for additional investment capital to grow rapidly, should continue to offer the best returns, especially those with substantial trading liquidity to accommodate huge institutional momentum investors.



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Chase Investment Counsel Corporation is the oldest independent investment counsel firm domiciled in Virginia. We're not in the brokerage business, but act as portfolio managers and purchasing agents for our clients. As Barron's described us in 1972, we're located "Far from the Madding Crowd" in Charlottesville, Va. Besides Derwood Chase, we have an excellent "next generation" group of officers that average 49 years of age and over 18 years of experience. Three of our officers have MBAs, one is a CFA and two are CMTs. We recognize that markets are driven by company fundamentals as well as technical factors which reflect investor sentiment.

In addition to our own research, and that from several brokerage firms, we utilize over 40 independent research sources selected with the benefit of over 50 years experience. Our investment process was developed over more than 50 years and is rather unique in combining fundamental and technical analysis to mitigate risk and build diversified, high quality, reasonably priced growth oriented portfolios. We manage large, mid-cap, and all-cap equity oriented portfolios as well as balanced funds for individuals and trust clients (minimum normally $1 million) in 15 states. We also indirectly serve about 2,000 investors through our no-load, risk averse all-cap equity mutual fund. As a smaller firm, we have a particular advantage in managing portfolios since we don't need huge marketability to acquire or eliminate stock positions promptly without significantly affecting the market. We are not in the brokerage or banking business and do not have the conflicts of interest and the other priorities those businesses involve.

OUTSIDE DIRECTORS

Stuart F. Chase (1994), *Chairman, Chase Investment Counsel Corporation*
Edwin T. Burton (2004), *Visiting Professor of Economics at the University of Virginia.*
Robert J. King (2010), *Retired Investment Executive*
Luis Alvarez, Jr. (2013), *CEO, University of Virginia Law School Foundation*
Stephen K. Moore (2014), *Chief Economist, The Heritage Foundation*

The S&P 500® Index is a broad-based unmanaged index of 505 stocks, which is widely recognized as representative of the equity market in general.

The U.S. Manufacturing Purchasing Managers' Index (PMI) measures the activity level of purchasing managers in the manufacturing sector. A reading above 50 indicates expansion in the sector; below 50 indicates contraction. Traders watch these surveys closely as purchasing managers usually have early access to data about their company's performance, which can be a leading indicator of overall economic performance. A higher than expected reading should be taken as positive/bullish for the USD while a lower than expected reading should be taken as negative/bearish for the USD.

NYSE or the New York Stock Exchange is a stock exchange located in New York City that is considered the largest equities-based exchange in the world, based on the total market capitalization of its listed securities.

The New York Stock Exchange (NYSE) All-Issues Advance-Decline Line is the most widely known and used advance-decline line, which compiles the daily net advancing issues for the NYSE Composite. Using this indicator to evaluate the internal health of the stock market is straightforward.

Information from Lowry Research is used with the expressed written consent of Lowry Research Corporation.

Lowry's Primary Trend Perspective is weekly report published by Lowry's Research Corporation (www.lowryresearch.com).

Lowry's OCO indicators exclude all preferred issues, all real estate partnerships, all foreign issues and ADRs, and all closed-end stock and bond funds. The remaining issues are simply domestic common stocks listed on the New York Stock Exchange. Lowry's OCO Adv-Dec Line has provided a far more accurate measurement of the internal strength of the stock market, particularly at critical turning points.

An American depositary receipt (**ADR**) is a certificate issued by a U.S. bank that represents shares in foreign stock. **ADRs** trade on American stock exchanges. **ADRs** and their dividends are priced in U.S. dollars. **ADRs** represent an easy, liquid way for U.S. investors to own foreign stocks.

The S&P MidCap 400 Index, more commonly known as the S&P 400, is a stock market index from S&P Dow Jones Indices. The index serves as a barometer for the U.S. mid-cap equities sector and is the most widely followed mid-cap index.

The S&P 600 is an index of small-cap stocks managed by Standard and Poor's. It tracks a broad range of small-sized companies that meet specific liquidity and stability requirements. This is determined by specific metrics such as public float, market capitalization, and financial viability among a few other factors.

The Nasdaq Composite Index is the market capitalization-weighted index of over 3,300 common equities listed on the Nasdaq stock exchange.

You cannot invest directly in an index.

Investment performance reflects fee waivers in effect. In the absence of such waivers, total return would be reduced.

Index performance is not indicative of fund's performance.

Past performance does not guarantee future results. Current performance can be obtained by calling 888-861-7556.

The fund's investment objectives, risks, charges and expenses must be considered carefully before investing. The Statutory and Summary prospectuses (CHASX/CHAIX) contain this and other important information about the investment company, and may be obtained by calling (888) 861- 7556. Read carefully before investing.

Earnings growth is not representative of the fund's future performance.

The information on earnings growth is based on certain assumptions and historical data and is not a prediction of future results for the Fund or companies held in the Fund's portfolio. Past performance does not guarantee future results.

Earnings growth is the annual rate of growth of earnings from investments.

The opinions expressed are those of the listed authors and are subject to change, are not guaranteed and should not be considered recommendations to buy or sell any security.

Mutual fund investing involves risk. Principal loss is possible.

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