MERIDIAN SMALL CAP GROWTH FUND
SECOND QUARTER 2019

MARKET SUMMARY

U.S. stock markets ended the quarter with gains thanks to a strong rally in June that helped stocks rebound from a May sell-off. Expectations that the Federal Reserve will cut interest rates as well as optimism about U.S.-China trade negotiations helped to support the market's gains.

According to the Russell family of indices, large-cap stocks outperformed mid- and small-cap stocks during the period. From a style perspective, growth stocks outperformed value across the market-cap spectrum.

FUND PERFORMANCE

The Meridian Small Cap Growth Fund (the "Fund") returned -2.60% (net) during the quarter, underperforming its benchmark, the Russell 2000 Growth Index, which returned 2.75%.

The hallmark of our investment strategy is that we prioritize the management of risk over the opportunity for return. Our goal is to build an all-weather portfolio that can perform in a variety of market conditions. During the second quarter, the number of days in which the index dropped 2% or more totaled only three, which is well below historical averages. Although the recent period of low volatility provided us with fewer opportunities to position the Fund for outperformance in a rising market, we are pleased to report that we delivered on our downside mitigation goal during these days.

The Fund's underperformance can be attributed to market dynamics that were not supportive of our style of investing. Most notable was the outperformance of higher-momentum, larger market cap stocks, which continue to trade at unjustifiably high levels. Instead, we continue to focus on more valuation sensitive, high quality growth companies at the smaller end of the capitalization range that meet our strict investment criteria.

At the sector level, pressuring relative results was negative stock selection within the information technology and consumer discretionary sectors, while select holdings in the healthcare and industrials sectors aided returns.

BOTTOM THREE DETRACTORS

The three largest detractors from the Fund's performance during the quarter were **2U, Inc. (TWOU)**, **Sally Beauty Holdings, Inc. (SBH)**, and **PlayAGS, Inc. (AGS)**.

2U, Inc. (TWOU) is an educational technology firm that partners with leading nonprofit colleges and universities to offer online degree programs. Among the many things that initially attracted us to 2U are its first-mover advantage with marquee university partners, long-term contracts, growing pipeline and improving EBITDA margins. Although the company reported strong quarterly financial results, its stock pulled back after management reduced full-year revenue guidance in anticipation of a decline in enrollment for its five largest programs. Management attributes the slowdown

TOP 10 HOLDINGS (% OF PORTFOLIO)

Holding[1] *(subject to change)*	**Weighting**
LogMeIn, Inc.	2.80%
Skechers USA, Inc.	2.80%
Clean Harbors, Inc.	2.43%
Heritage-Crystal Clean, Inc.	2.36%
Grand Canyon Education, Inc.	2.21%
Sally Beauty Holdings, Inc.	1.85%
Carbonite, Inc.	1.79%
TriNet Group, Inc.	1.76%
Kirby Corp.	1.70%
John Bean Technologies Corp.	1.69%

to more selective admissions trends among university partners, as well as timing of new program launches. We believe 2U will overcome these setbacks and are encouraged to see that the majority of its programs are growing at a rate of 20% or more. Another positive for 2U is its recent acquisition of Trilogy Education Services, which will expand its service offering and addressable market. Given our positive long-term outlook for the company, we used the downturn in the stock as an opportunity to increase our position size.

Sally Beauty Holdings, Inc. (SBH) is a specialty distributor and retailer of beauty products to salons and consumers worldwide with a history of consistent earnings growth. The company operates through two segments: Sally Beauty Supply and Beauty Systems Group ("BSG"). Sally Beauty Supply is a domestic and international chain of retail stores catering to both salon professionals and retail customers. BSG is a full-service beauty supply distributor that sells professional brands directly to salons and salon professionals through its own sales force and professional-only stores. The beauty retailer's stock tumbled after Amazon.com launched its online store for beauty professionals, which investors perceive as a competitive threat to BSG. We think the market's concerns are overblown. Currently, less than 5% of professional beauty sales take place online, so we do not think it is likely that professional brands will shift their focus to online distribution. We believe Sally Beauty can maintain its leadership position in this space, as more than half of its revenues are generated through sales of its own private-label brands and exclusive relationships with leading third-party brands. Furthermore, our research suggests that the company is on the cusp of being rewarded by a number of initiatives it has put in

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place, including an improved mobile website and enhanced loyalty program. We used share price weakness as an opportunity to add to our position during the quarter.

PlayAGS, Inc. (AGS) is a designer and supplier of slot machines and other gaming hardware for the gaming industry. Among the many things we like about PlayAGS are its seasoned management team, extensive gaming hardware design experience, and the recurring revenue generated through the gaming devices it sells to customers. Since going public in early 2018, PlayAGS has consistently outpaced consensus expectations which has created elevated expectations. After reporting an inline quarter, the overall market reaction was more muted given past results. Given PlayAGS's steady order growth and low market share, we believe it is in the early stages of growth and that investors with confidence and patience we will be rewarded. We consequently added to our position in the stock.

TOP THREE CONTRIBUTORS

The three largest contributors to the Fund's performance during the quarter were **John Bean Technologies Corp. (JBT)**, **Chimerix, Inc. (CMRX)**, and **Kodiak Sciences, Inc. (KOD)**.

John Bean Technologies Corp. (JBT) is a leading provider of food processing and aero-tech equipment. We like the company for its healthy recurring parts and service business, which provides a strong foundation for profit generation and growth. Additionally, because the food processing industry is fragmented, we feel John Bean has the potential to benefit from further industry consolidation and market share gains. In April, the company reported better-than-expected quarterly earnings driven by strong order growth, particularly within its AeroTech business. After several years of underinvestment, airlines, airfreight, and ground handling companies are upgrading aging equipment and technology. Further lifting the stock was management's announcement that it had raised full-year earnings guidance. Although we trimmed our position, we believe a new operating system and lean operating initiative recently implemented by management will result in further margin expansion.

Chimerix, Inc. (CMRX) is a biopharmaceutical company focused on the development of treatments for life-threatening diseases. Our initial investment in this company was driven by our confidence in the market opportunity for its lead compound brincidofovir, an investigational antivirus drug developed to treat adenovirus infections in pediatric patients who have received stem cell transplants. During the quarter, the stock gained on news of a new management team with a strong track record and the potential for brincidofovir in smallpox. Although investors reacted positively to this development, we reduced our position in the stock after the company announced it had ceased clinical trials for brincidofovir for adenovirus infections as a result of slower-than-expected enrollment. This change in direction invalidated our original investment thesis, prompting us to resize our position and reevaluate our outlook for Chimerix.

Kodiak Sciences, Inc. (KOD) is a biopharmaceutical company focused on the development of therapeutics to treat ophthalmic diseases. We established a position in the stock based on our optimism for KSI-301, an investigational drug developed for the treatment of wet AMD, diabetic macular edema, and retinal vein occlusion. Although similar therapies are available, studies indicate that KSI-301 is equally effective yet requires only three intravitreal injections (into the eye) versus six, which is the current standard of care. With a serviceable available market of $4 billion, we see significant revenue opportunity for KSI-301 and therefore remain confident in our investment in Kodiak. However, as a means of managing portfolio risk, we trimmed our position as the stock appreciated.

OUTLOOK

Despite pockets of weakness, including slower U.S. auto sales, a decline in agricultural producer sentiment, and lower construction spending, the U.S. economy remains in expansion mode and is now the longest economic recovery on record. With each passing day, we believe we are nearing the end of this cycle. We are particularly watchful of U.S.-China trade negotiations and Federal Reserve monetary policy, which undoubtedly will influence the direction of the economy.

Although we monitor the economy, our investment decisions are guided by fundamental company-level research, rather than macroeconomic developments. This bottom-up approach has resulted in a portfolio of high-quality investments in businesses with predictable and enduring revenue streams, improving margins, strong competitive advantages, and large addressable markets that we believe have the ability to create value for shareholders over the long-term.

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FUND TOTAL PERFORMANCE *(As of 6/30/2019)*

Share Class[2]	Ticker	Gross Expense Ratio	Net Expense Ratio	Inception Date	3 Month	1 Year	3 Year[4]	5 Year[4]	Since Inception[4,5]
Class A Shares – No Load	MSGAX	1.46%	1.46%	12/16/13	-2.65%	-1.76%	15.63%	10.25%	12.23%
Class A Shares – With Load	MSGAX	1.46%	1.46%	12/16/13	-8.27%	-7.39%	13.36%	8.95%	11.04%
Class C Shares	MSGCX	2.20%	2.20%	7/01/15	-2.78%	-2.45%	14.81%	9.47%	11.44%
Investor Class Shares	MISGX	1.21%	1.21%	12/16/13	-2.67%	-1.56%	15.91%	10.54%	12.53%
Legacy Class Shares	MSGGX	1.18%	1.20%	12/16/13	-2.60%	-1.49%	15.95%	10.60%	12.59%
Russell 2000 Growth Index[3]	-	-	-	-	2.75%	-0.49%	14.69%	8.62%	9.01%

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[1]Listed holdings are presented to illustrate examples of the securities the Fund has bought and do not represent all of the Fund's holdings or future investments. Information about the Fund's holdings should not be considered investment advice. There is no guarantee that the Fund will continue to hold any one particular security or stay invested in any one particular sector. Holdings are subject to change at any time and are as of the date shown above.

[2]Share classes are closed to new investors.

[3]The Fund's Index, the Russell 2000® Growth Index, measures the performance of the small-cap growth segment of the U.S. equity universe. It includes those Russell 2000 Index companies with higher price-to-value ratios and higher forecasted growth values. One cannot invest directly into an index.

[4]Performance is annualized.

[5]Since inception returns are calculated using the Fund's Legacy class inception date of 12/16/2013.

A Class: Prior to 7/01/2015, the A Class was named Advisor Class. The historical performance shown for periods prior to inception on 12/16/2013 was calculated using historical Legacy class performance as adjusted for estimated class specific expenses, for distribution, shareholder servicing and sub-transfer agency fees, without consideration to any expense limitation or waivers. The annual gross expense ratio is 1.46% as of 10/31/2018. The net expense ratio is 1.46% as of 10/31/2018. If the class had been offered prior to 12/16/2013, the actual performance and expenses may have differed from the amounts shown. Performance shown for class A shares with load includes the Fund's maximum sales charge of 5.75%. C Class: The historical performance shown for periods prior to inception on 7/01/2015 was calculated using historical Legacy class performance as adjusted for estimated class specific expenses, for distribution, shareholder servicing and sub-transfer agency fees, without consideration to any expense limitation or waivers. The annual gross expense ratio is 2.20% as of 10/31/2018. The net expense ratio is 2.20% as of 10/31/2018. If the class had been offered prior to 7/01/2015, the actual performance and expenses may have differed from the amounts shown. Investor Class: The historical performance shown for periods prior to inception on 12/16/2013 was calculated using historical Legacy class performance as adjusted for estimated class specific expenses for shareholder servicing and sub-transfer agency fees without consideration to any expense limitation or waivers. The annual gross expense ratio is 1.21% as of 10/31/2018. The annual net expense ratio is 1.21% as of 10/31/2018. Legacy Class: The annual gross expense ratio is 1.18% as of 10/31/2018. The annual net expense ratio is 1.20% after a recoupment of 0.02% is added to the overall gross expense ratio as of 10/31/2018. Legacy class shares of the Fund are no longer available for purchase by new investors, except under certain limited circumstances which are described in the Statement of Additional Information.

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Investors should consider the investment objective and policies, risk considerations, charges and ongoing expenses of an investment carefully before investing. The prospectus contains this and other information relevant to an investment in the fund. Please read the prospectus carefully before you invest or send money. To obtain a prospectus, please contact your investment representative or access the website at meridianfund.com.

Principal Investment Risks

There are risks involved with any investment. The principal risks associated with an investment in the Fund, which could adversely affect its net asset value, yield and return, are set forth below. Please see the section "Further Information About Principal Risks" in the Prospectus for a more detailed discussion of these risks and other factors you should carefully consider before deciding to invest in the Fund. *An investment in the Fund may lose money and is not a deposit of a bank or insured or guaranteed by the Federal Deposit Insurance Corporation or any other governmental agency.* **Investment Strategy Risk:** The Investment Adviser uses the Fund's principal investment strategies and other investment strategies to seek to achieve the Fund's investment objective of long-term growth of capital. There is no assurance that the Investment Adviser's investment strategies or securities selection method will achieve that investment objective. **Equity Securities Risk:** Equity securities fluctuate in price and value in response to many factors including historical and prospective earnings of the issuer and its financial condition, the value of its assets, general economic conditions, interest rates, investors' perceptions and market liquidity. **Market Risk:** The value of the Fund's investments will fluctuate in response to the activities of individual companies and general stock market and economic conditions. As a result, the value of your investment in the Fund may be more or less than your purchase price. **Growth Securities Risk:** Because growth securities typically trade at a higher multiple of earnings than other types of securities, the market values of growth securities may be more sensitive to changes in current or expected earnings than the market values of other types of securities. In addition, growth securities, at times, may not perform as well as value securities or the stock market in general, and may be out of favor with investors for varying periods of time. **Small Company Risk:** Generally, the smaller the capitalization of a company, the greater the risk associated with an investment in the company. The stock prices of small capitalization and newer companies tend to fluctuate more than those of larger capitalized and/or more established companies and generally have a smaller market for their shares than do large capitalization companies. **Foreign Securities Risk:** Investments in foreign securities may be subject to more risks than those associated with U.S. investments, including currency fluctuations, political and economic instability and differences in accounting, auditing and financial reporting standards. Foreign securities may be less liquid than domestic securities so that the Fund may, at times, be unable to sell foreign securities at desirable times or prices. In addition, emerging market securities involve greater risk and more volatility than those of companies in more developed markets. Significant levels of foreign taxes are also a risk related to foreign investments. **Glossary: Amortization:** Gradually writing off the initial cost of an intangible asset. **Earnings Per Share:** A company's profit divided by its number of common shares outstanding. **EBITDA:** Earnings before interest, taxes, depreciation & amortization. **Free Cash Flow:** A measure of a company's financial performance, calculated as operating cash flow minus capital expenditures. **Price to Earnings:** A valuation ratio of current share price compared to its per-share operating earnings over the previous four quarters.

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