Perspectives

Morris Capital Advisors, LLC

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The Rocky Road to Parity

The NFL, in their quest for total sports dominance, decided many years ago to pursue the goal of parity among league members, giving rise to the saying "On any given Sunday any team in the NFL can beat any other team". The idea was to improve competitiveness, reduce "dynasties", and make every game matter. But parity means something very different for the long-suffering fans of the Philadelphia Eagles and the (adjective deleted) fans of the New England Patriots. The Eagles have been to the Super Bowl only twice (unsuccessfully) since their championship in 1960, while the Patriots have been to the big game 5 times over the past 15 years, winning 4 of them.

The slide in the value of the Euro vs. the US dollar from a high of 1.40 to a recent 1.05 has also prompted talk about "parity" between the two currencies. The Euro has generally traded at a substantial premium to the dollar since 2008 as the Fed pushed interest rates to near zero and pumped liquidity into our banking system through the outright purchase of government and mortgage-backed securities. While many of these measures were intended to stimulate the US economy, they also led to expansion of the money supply and a decline in the value of the dollar.

Now the tables are reversed. The central banks of the Eurozone and Japan have implemented quantitative easing policies modeled after the Fed's program. Japan has initiated several rounds of massive liquidity injections in an attempt to stimulate their moribund economy and induce some inflation. The European Central Bank is doing the same, albeit through a variety of funding vehicles, as they negotiate among their various member nations to build support. The financial engineering by the central banks in both of these major economic regions has not had much impact on economic growth or inflation to this point, while contributing to persistently low or negative interest rates and sharp declines in their currencies.

The rise in the value of the dollar against the Euro, Yen, and other major currencies presents challenges for our Federal Reserve. The Fed sparked the initial rise in the dollar when they "tapered" their quantitative easing liquidity injections and began to prepare the markets for an increase in interest rates. While they managed to avoid major domestic market disruptions, the magnitude of the dollar rally may force the Fed to delay or extend the timetable for interest rate hikes and we may already see this shift in recent comments from Fed governors.

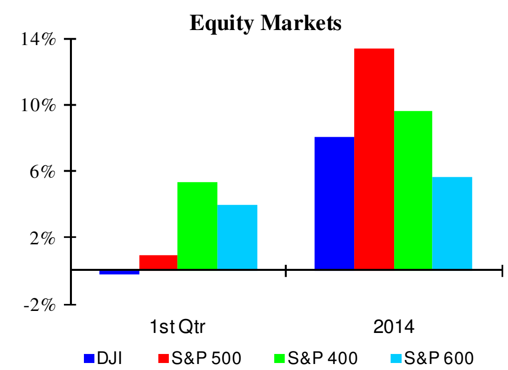
The magnitude of the dollar rally will also impact US corporations and investors. Companies will confront increased global competition as currency shifts make exports more expensive and gives foreign competitors a relative cost advantage. Corporate revenues and earnings earned overseas will suffer from unfavorable currency translation, generating fewer dollars. The combination of increased competition and unfavorable currency translation put pressure on domestic equity valuations as companies report lower revenue and earnings growth and/or reduce revenue and earnings guidance when they announce results. Several companies have already pre-announced revenue and earnings shortfalls, or revised guidance, and we may see more as the quarterly earnings cycle gets underway.

As I noted in my opening, the move to parity can create clear winners and losers but it can come at the cost of greater uncertainty and a slimmer margin for error. As the margin between economic winners and losers becomes more narrow, macro forecasting becomes much more difficult. Few were able to accurately forecast the rapid move of the Euro from 1.40 to 1.05, and it will be all the more difficult to predict the nature and timing of the next move. The task is even more difficult now as central bankers attempt to exert ever-increasing influence on our financial markets.

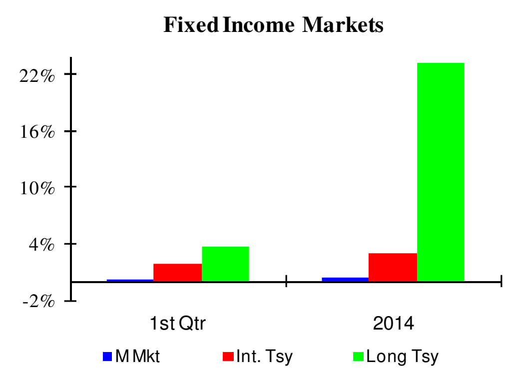
While we consistently focus our investment decision making using a "bottom up" analysis of individual company fundamentals, the recent currency shift fits nicely with two of our current investment themes. The first is an emphasis on companies with strong domestic operations. We believe that our economy will continue to perform well on a relative basis, even given the recent dollar strength. The second theme is a focus on companies that can generate unit growth through superior products and services, expanding industries, or operating efficiencies. We believe that expanding unit growth will always benefit the bottom line and can accelerate profit growth in the right pricing environment. Our analytical process continues to seek companies with a strong and growing revenue and earnings stream, operations that generate substantial free cash flow, and reasonable debt levels that reduce the risk of adverse consequences when external factors change. Our approach may not specifically incorporate the impact of currency shifts, but should help us to remain invested in companies that are well positioned to compete on the global economic field.

Sincerely,
Daniel A. Morris

Investment Markets



Stocks rose during the first quarter generating positive returns in most major indices. Labor markets remained surprisingly strong despite a slowdown in energy-related employment, severe weather in the Northeast, and drought in the West. The negative impact from a strong dollar on earnings of multinational companies was offset by the positive impact of a sharp decline in energy costs. Concern about a Fed policy shift to increase interest rates added to the uncertainty. Broad market indices like the S&P 500 ended the quarter with only modest gains, while growth stocks outperformed value stocks, and small cap stocks bested their larger company brethren.



Yields on long-term US Treasury Bonds fell during the first quarter. Yields plummeted to levels last seen in 2013, reflecting a torrent of foreign buying of appreciating dollar-based assets. Yields then corrected sharply higher, as better-than-expected employment data raised fears that the Fed might seek to boost rates as early as June. Subsequent commentary by monetary policy authorities calmed those fears, suggesting that a rate increase may not be imminent, and when rates do begin to rise the increase may be shallow. Longer maturity bonds outperformed shorter bonds, and the yield curve flattened further.

Portfolio Review and Performance

During the 1st Quarter of 2015, the Large-Cap Core portfolio was helped by strong performance from Skyworks Solutions, Amerisource Bergen, Valero Energy, Walt Disney Company, and Anthem, Inc. Skyworks Solutions is a producer of analog semiconductors for the automotive, broadband, cellular, and energy industries. The stock rose steadily throughout the quarter after the company reported revenue and earnings above expectations, and raised guidance for the next quarter. AmerisourceBergen, a provider of pharmacy distribution services to healthcare providers, also rose steadily throughout the quarter. The company reported revenue and earnings above expectations, and also raised revenue and earnings guidance for the next fiscal year. Valero Energy, a refiner of oil based products, reported earnings well above expectations. The company also continued to outline plans to increase growth at Valero Energy Partners, the master limited partnership created by the spinoff of Valero's energy transmission infrastructure. The shares of Walt Disney jumped when the company reported revenue and earnings above expectations, with strong year-over-year revenue growth. The shares of Anthem rose steadily throughout the quarter, extending a rally that stretches back through all of last year. Anthem is a health-care provider and independent licensee of the Independent Blue Cross and Blue Shield Association.

Notable laggards during the 1st Quarter of 2015 include SanDisk Corporation, Discover Financial Services, Microsoft Corporation, National Oilwell Varco, and Applied Materials. The shares of SanDisk suffered sharp declines when the company reduced earnings guidance early in the quarter, and again later in the quarter. The first announcement in January was attributed primarily to supply constraints, and results were expected to improve, but late in the quarter the company reduced guidance again due to product qualification delays and lower pricing in some areas of the business. The shares of Discover Financial Services declined early in the quarter when the company reported revenue and earnings that missed expectations, and a decline in revenues compared to the previous year. The loan portfolio grew, but an accounting charge related to the elimination of the credit card rewards forfeiture reserve more than offset the higher net income. The shares of Microsoft declined after the company reported revenue and earnings in line with expectations. The stock had rallied for much of last year and investors were disappointed that the operating results did not extend the trend of exceeding expectations. The shares of National Oilwell Varco extended the decline that started in the middle of last year as oil prices continued to fall. The company provides oil exploration services and equipment, a sector that has contracted sharply as oil prices declined. Applied Materials, provides equipment and services used in the production of semiconductors. The shares reacted well early in the quarter when the company reported operating results in line with expectations, but fell late in the quarter on concerns of a slowdown as some of their semiconductor producing customers reduced expectations for their end user demand.

During the quarter we reduced our position in Amerisource Bergen to take profits, and sold Agilent Technologies and Norfolk Southern. The weighting of AmerisourceBergen had grown significantly in the portfolio, while operating results for both Agilent Technologies and Norfolk Southern began to show signs of a slowdown. We used the proceeds to buy CVS Health, Mohawk Industries, and Mallinckrodt PLC. CVS is a retail pharmacy and pharmacy benefits manager. Mohawk Industries is a flooring manufacturer, while Mallinckrodt is a global specialty pharmaceutical manufacturer of both generic and branded pharmaceuticals.

Net Composite Investment Performance
As of 3/31/2015

	Core Portfolio	Lipper LC Core Funds	S&P 500 Index
1st Quarter	**3.34 %**	0.82 %	0.96 %
1-Year	**10.08 %**	10.27 %	12.75 %
3-Year Annualized	**16.13 %**	15.19 %	16.02 %
5-Year Annualized	**13.88 %**	12.94 %	14.40 %
10-Year Annualized	**8.26 %**	7.34 %	7.98 %
Annual since Incept. 12/31/1992	**8.14 %**	7.50 %	9.38 %

Performance quoted represents past performance which is no guarantee of future results. Current performance may be lower or higher than what is stated. Investment return and principal value will vary with market conditions. At redemption investment value may be more or less than the original cost.

The S&P 500 Index is an unmanaged index compiled by Standard & Poor's. It includes reinvestment of dividends.

The Lipper Large-Cap Core Index is an unmanaged index compiled by Lipper Analytical. It includes mutual funds holding large company stocks managed with a blend of growth and value.

One cannot invest in an index.

KEY MEASURES
3/31/2015

	Core Portfolio	Russell 1000 Index
Average Yield	**1.62 %**	1.93 %
PE on Expected Earnings	**17.16 x**	19.32 x
Expected Growth Rate	**11.01 %**	13.56 %
PEG Ratio	**1.56 x**	1.42 x
Debt to Capital	**35.17 %**	38.30 %
Price to Book	**23.87 x**	2.86 x

Computed from the weighted average of the underlying securities and are not a measure of future performance.

Average Yield: Annual dividends divided by the purchase price, excluding capital gains.

PE on Expected Earnings: Stock price divided by expected earnings-per-share over the next 12 months.

Expected Growth Rate: Compounded annual rate of growth of expected earnings over the next 3-5 years.

PEG Ratio: Ratio of price/earnings to growth that may indicate a stock's potential value. Lower PEG generally means that stock is more undervalued.

Debt to Capital: Debt divided by total capital . An insight into financial strength; a higher ration than the industry average may show weaker financial strength.

Price to Book: Ratio of a stock's capitalization to its book value; compares the market's valuation of a company to that indicated on the company's financial statements. Generally the lower the ration, the "less risky" the investment.

Composites include all fully discretionary separate accounts over $100,000 and all commingled accounts over $500,000 managed by Morris Capital Advisors, LLC. for a full quarter. Portfolios are invested solely in US securities. Returns are net total return including dividends, interest, realized and unrealized capital gains and losses, reduced by all costs and advisory fees. Morris Capital Advisors claims compliance with the Global Investment Performance Standards (GIPS) and has prepared and presented this report in compliance with the GIPS standards. Morris Capital Advisors has not been independently verified. Additional information regarding the firm's policies and procedures for calculating and reporting performance results is available upon request.

Portfolio Review and Performance

During the 1st Quarter of 2015 the Large-Cap Growth portfolio was helped by strong performance from Constellation Brands, Harman International, Apple, Inc., Cognizant Tech Solutions, and Dollar Tree, Inc. The shares of Constellation Brands, a beer and wine distributor, rallied throughout the quarter after the company reported revenue and earnings above expectations. Constellation also raised guidance for the fiscal year. Harmon International manufactures audio systems for the consumer and automotive industry. The shares jumped early in the quarter after the company reported revenue and earnings above expectations, and raised guidance for the fiscal year. The shares of Apple also rose early in the quarter when the company reported revenue and earnings above expectations, and higher gross margins. The results were due, in part, to iPhone shipments that were well ahead of expectations. The shares of Cognizant Tech Solutions also rose throughout the quarter after the company reported revenue and earnings above expectations, and raised guidance for the fiscal year. The company provides information and technology consulting services for companies on a contractual basis. The shares of Dollar Tree also rose after reporting revenue and earnings above expectations, despite lowering guidance due to expected acquisition integration expenses. Investors focused instead on strong same-store sales and the pending acquisition of Family Dollar at an attractive valuation.

Weak holdings during the 1st Quarter of 2015 include Precision CastParts, Michael Kors, LKQ Corporation, Microsoft Corporation, and AbbVie, Inc. The shares of Precision CastParts fell early in the quarter when the company reported revenue and earnings in line with expectations, but reduced guidance for the fiscal year. The company supplies components to the aerospace industry and also has exposure to the energy exploration industry. They are experiencing the same slowdown as other companies in those industry segments. The shares of Michael Kors continued the decline that started in the middle of last year. The company beat earnings expectations, but missed revenue growth targets and also lowered expectations for the next quarter. The share decline reflected investor concern that the company will continue to experience slowing revenue growth and margin pressure. The shares of LKQ, a parts supplier to the automotive repair industry, fell sharply when the company reported earnings below expectations, and significantly reduced earnings guidance for the fiscal year despite the expectation of organic revenue growth. The shares of Microsoft declined after the company reported revenue and earnings in line with expectations. The stock had rallied for much of last year and investors were disappointed that the operating results did not extend the trend of exceeding expectations. The shares of AbbVie, a research based pharmaceutical company, declined during the quarter despite reporting strong operating results. The company announced revenue and earnings above expectations, and reaffirmed guidance. The shares suffered additional weakness late in the quarter when the company announced disappointing results from a phase 3 study for their Hepatitis C treatment in Japan, and declined again when the company announced the acquisition of Pharmacyclics in a cash and stock deal for the company which specializes in treatments for the oncology market.

During the quarter we reduced our holdings in Southwest Airlines, and Constellation Brands to take profits, and sold DirectTV Group. The Southwest and Constellation positions had grown too large due to appreciation, creating a concentration risk above acceptable tolerances. We sold DirectTV to monetize the appreciation in the stock when ATT made an offer to buy the company in a cash and stock deal. We used the proceeds to purchase Whirlpool Corporation, an appliance manufacturer, Royal Caribbean Cruises, a leisure company, and ON Semiconductor Corporation, a manufacturer of semiconductors used in power management applications.

Net Composite Investment Performance
As of 3/31/2015

	Growth Portfolio	Lipper LC Growth Funds	Russell 1000 Growth Index
1st Quarter	**3.56 %**	3.42 %	3.83 %
1-Year	**16.16 %**	14.36 %	16.07 %
3-Year Annualized	**17.42 %**	15.14 %	16.33 %
5-Year Annualized	**16.01 %**	13.88 %	15.62 %
10-Year Annualized	**8.99 %**	8.21 %	9.35 %
Annual since Incept. 6/30/93	**12.73 %**	6.47 %	8.86 %

Performance quoted represents past performance which is no guarantee of future results. Current performance may be lower or higher than what is stated. Investment return and principal value will vary with market conditions. At redemption investment value may be more or less than the original cost.
The Russell 1000 Growth Index is an unmanaged index compiled by Russell Analytics. It includes reinvestment of dividends.
The Lipper Large-Cap Core Index is an unmanaged index compiled by Lipper Analytical. It includes mutual funds holding large company stocks managed for growth.
One cannot invest in an index.

KEY MEASURES
3/31/2015

	Growth Portfolio	Russell 1000 Growth Index
Average Yield	**0.88 %**	1.51 %
PE on Expected Earnings	**16.86 x**	21.77 x
Expected Growth Rate	**15.44 %**	17.43 %
PEG Ratio	**1.09 x**	1.25 %
Debt to Capital	**28.75 %**	39.50 %
Price to Book	**5.78 x**	5.55 x

Computed from the weighted average of the underlying securities and are not a measure of future performance.
Average Yield: Annual dividends divided by the purchase price, excluding capital gains.
PE on Expected Earnings: Stock price divided by expected earnings-per-share over the next 12 months.
Expected Growth Rate: Compounded annual rate of growth of expected earnings over the next 3-5 years.
PEG Ratio: Ratio of price/earnings to growth that may indicate a stock's potential value. Lower PEG generally means that stock is more undervalued.
Debt to Capital: Debt divided by total capital . An insight into financial strength; a higher ration than the industry average may show weaker financial strength.
Price to Book: Ratio of a stock's capitalization to its book value; compares the market's valuation of a company to that indicated on the company's financial statements. Generally the lower the ration, the "less risky" the investment.

Composites include all fully discretionary separate accounts over $100,000 and all commingled accounts over $500,000 managed by Morris Capital Advisors, LLC. for a full quarter. Portfolios are invested solely in US securities. Returns are net total return including dividends, interest, realized and unrealized capital gains and losses, reduced by all costs and advisory fees. Morris Capital Advisors claims compliance with the Global Investment Performance Standards (GIPS) and has prepared and presented this report in compliance with the GIPS standards. Morris Capital Advisors has not been independently verified. Additional information regarding the firm's policies and procedures for calculating and reporting performance results is available upon request.

Portfolio Review and Performance

During the 1st Quarter of 2015 the Small-Cap Growth strategy was helped by gains in Centene Corporation, Lannett, Inc., Molina Healthcare, Barrett Business Services, and Gentherm, Inc. Three of these top performers are in the health care sector, and two of them are direct beneficiaries of higher health care spending. Centene provides programs and services to government sponsored healthcare programs. During the quarter the company reported revenue and earnings above expectations, declared a 2 for 1 stock split, and announced two acquisitions. Lannett manufactures pharmaceutical products for drug wholesalers and pharmaceutical distributors. The company raised revenue and earnings guidance early in the quarter and later announced results that exceeded the raised guidance. Molina Healthcare provides medicaid-related services to families and individuals. The stock jumped after the company reported a substantial increase in revenues compared to the prior year. The shares continued to rise after the company provided additional earnings guidance later in the quarter. Barrett Business Services rebounded after poor performance in the previous quarter. Barrett provides business management systems for small and mid-sized companies. During the quarter the company reported revenue and earnings above expectations and substantial growth compared to the previous year. The company also reaffirmed strong revenue and earnings expectations for the coming fiscal year. Gentherm provides thermal control systems, primarily for the automotive industry. The company reported revenue and earnings above expectations, and provided revenue and earnings guidance indicating continued year-over-year growth.

The portfolio was constrained during the 1st Quarter of 2015 by poor performance from Tennant Company, Universal Truckload Services, Triumph Group, Encore Capital Group, and Medifast, Inc. The shares of Tennant declined throughout the quarter. The company reported revenue and earnings above expectations, but reduced guidance for the coming year. The shares of Universal Truckload Services declined early in the quarter after the company reduced revenue and earnings and then announced results that were below the reduced expectations. Triumph Group manufactures and repairs components for the aerospace industry. The shares declined after the company reported revenue and earnings below expectations. The decline in the shares reflects the earnings disappointment and general weakness in companies that supply the aerospace industry. Encore Capital provides debt recovery services for consumer and property receivables. The shares fell early in the quarter on concerns about greater regulatory restrictions, and then fell again later in the quarter despite reporting revenue and earnings above expectations. Medifast is a supplier of distributor of weight management and health management diet products. The company reported revenue and earnings below expectations, and also reduced guidance for the next quarter and fiscal year.

During the quarter we reduced our position in Centene Corp. to take profits, and tendered Cubist Pharmaceuticals as part of a buyout offer from Merck. We also sold Chart Industries, Genesco, Pegasystems, Reliance Steel, and Tennant. We used the proceeds from these transactions to add Air Methods, Echo Global Logistics, Greenbrier, KVH Industries, Sketchers USA, and Xcerra Corporation to the portfolio.

Net Composite Investment Performance
As of 3/31/2015

	Small-Cap Portfolio	Lipper SC Growth Funds	Russell 2000 Growth Index
1st Quarter	**8.40 %**	3.64 %	6.63 %
1-Year	**11.58 %**	6.35 %	12.06 %
3-Year Annualized	**14.14 %**	14.36 %	17.74 %
5-Year Annualized	**12.80 %**	14.20 %	16.57 %
10-Year Annualized	**6.07 %**	8.30 %	10.01 %
Annual since Incept. 4/30/01	**7.76 %**	6.40 %	7.49 %

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KEY MEASURES
3/31/2015

	Small-Cap Portfolio	Russell 2000 Growth Index
Average Yield	**0.90 %**	0.63 %
PE on Expected Earnings	**19.10 x**	27.11 x
Expected Growth Rate	**14.73 %**	18.74 %
PEG Ratio	**1.30 x**	1.45 x
Debt to Capital	**22.23 %**	26.08 %
Price to Book	**3.52 x**	4.35 x

Computed from the weighted average of the underlying securities and are not a measure of future performance.

Average Yield: Annual dividends divided by the purchase price, excluding capital gains.

PE on Expected Earnings: Stock price divided by expected earnings-per-share over the next 12 months.

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