Cedar Ridge Partners

Q&A: Cedar Ridge Unconstrained Credit Fund

Institutional: CRUMX / Investor: CRUPX

June 30, 2018

Overall Morningstar Rating

★★★★★ / ★★★★

(Institutional / Investor)

Overall and 3-year rating based on risk adjusted returns against 37 Morningstar Long-Short Credit Funds as of 6/30/2018. The Overall Rating is derived from a weighted average of performance figures associated with its 3-, 5-, and 10-year (if applicable) Morningstar Rating metrics.

Portfolio Management

Alan Hart, CIO
34 Years of Investment Experience

Jeffrey Rosenkranz, Co-CIO
21 Years of Investment Experience

David Falk, Portfolio Manager
34 Years of Investment Experience

Guy Benstead, Portfolio Manager
34 Years of Investment Experience

Fund Facts

Dividend:	Quarterly
AUM:	$72.2M
Inception:	12/12/13
Number of Holdings:	111
Modified Duration:	3.21

About Cedar Ridge Partners

Founded in 2004, Cedar Ridge Partners is an investment manager focused on the domestic credit markets. Collectively, the team has over 120 years of credit structuring, investment and analysis experience and manages various long/short credit strategies.

The portfolio managers recently provided their insight into managing a Fund with a flexible mandate focused on total return. Its opportunistic approach to find relative value in primarily U.S. high-yield and investment grade municipal and corporate bonds has brought about strong results in a challenging fixed income environment.

1. Fixed income investments continued to be weak in the second quarter of 2018 yet the Fund posted a positive return. What drove the Fund's performance?

While the Bloomberg Barclays US Aggregate Bond Index lost 16 basis points over the second quarter, the Fund gained 333 basis points as of June 30, 2018. More impressively, on a year-to-date basis, the Fund has added more than 500 basis points of excess return over the Index. Longer term, for the three-year period the Fund has outperformed the Index by more than 240 basis point annually.

We believe the Fund's flexible investment approach has been key to navigating the difficult fixed income market. While the Fund's long municipal and corporate positions were positive contributors to total return in the second quarter of 2018, the short positions in investment grade corporate bonds and Treasuries were additional factors driving the Fund's outperformance over the Index. As part of our goal to invest in what we believe to be the best income and appreciation opportunities, we often take short positions in Treasury obligations to reduce interest rate sensitivity. By doing so, we can focus our attention primarily on credit concerns on specific issues rather than the direction of interest rates.

2. Would you please discuss your thought process on the Fund's short positions in corporate bonds?

We believe the U.S. is at the tail end of the economic cycle and many companies have found it more challenging to drive organic revenue and earnings growth. To achieve these strategic objectives and drive their stock price, many companies have been engaging in either mergers or acquisitions, increasing their dividends or buying back shares of their stock. To finance these activities, many companies have issued investment grade debt and have been willing to jeopardize their credit rating to capitalize on the continued low cost of debt. As rates continue to rise, we believe the potential excessive leverage in the investment grade bond market could face challenges, offering ample short opportunities for the Fund.

3. Where are you finding total return opportunities in the municipal bond market?

Our focus has been to attempt to generate attractive income and appreciation with a diversified portfolio of primarily revenue bonds we believe are undervalued and represent a total return opportunity. Currently, we are focused on select issues in widely held sectors and subsectors in which we have extensive

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experience and trading capabilities, including essential services revenue bonds, financing for corporate-backed municipal bonds and tobacco settlement bonds. Over the second quarter of 2018, we participated in several refinancings of outstanding tobacco revenue debt that have experienced strong demand from buyers who need to replace the retired debt.

In terms of 2018 municipal issuance volume, more bonds are expected to mature or be refunded than those issued. The projected gross issuance for 2018 currently stands at $335 billion—the lowest since 2015—with the net new issuance estimated at negative $125 billion. Additionally, the universe of callable bonds is much smaller in 2018 compared to that in 2017.

However, demand remains healthy as municipal bonds continue to be an attractive tax-advantaged investment. As a result of the Fund's sizable municipal holdings, historically, a significant percentage of the Fund's income distributions have been exempt from Federal taxes.

Performance *as of June 30, 2018*

	YTD	1 Year	3 Year	Since Inception (12/12/13)*
Institutional – CRUMX	3.63%	2.45%	4.42%	4.65%
Investor – CRUPX	3.48	2.28	4.16	4.41
Bloomberg Barclays US Aggregate Bond Index	-1.62	-0.40	1.72	2.38
Morningstar Long-Short Credit Cat. Avg.	-0.10	1.20	2.12	-
Morningstar Category Rank - CRUMX*	-	25%	8%	-
Morningstar Category Rank - CRUPX*	-	32%	12%	-
# of Funds in Category	-	47	37	-

**Based on total return.*

Quoted performance is historical and does not guarantee future results. Current performance may be lower or higher. Call 855-550-5090 for the most recent month-end returns. Investment return and principal value will fluctuate so that shares, when redeemed, may be worth more or less than their original cost. Quoted performance is total return. Returns would have been lower without an expense limitation agreement in effect.

Annual Fund operating expenses, as a percentage of the value of your investment, as of the prospectus dated 3/1/18, were 4.38% and 4.63% (4.18% and 4.43%, respectively, after waiver/reimbursement) for Institutional Class and Investor Class shares, respectively.

The Fund's advisor has contractually agreed to waive its fees and/or pay for operating expenses of the Fund to ensure that total annual fund operating expenses (excluding any taxes, leverage interest, brokerage commissions, dividend and interest expenses on short sales, acquired fund fees and expenses (as determined in accordance with Form N-1A), expenses incurred in connection with any merger or reorganization, and extraordinary expenses such as litigation expenses) do not exceed 1.39% and 1.64% of the average daily net assets of Institutional Class and Investor Class shares of the Fund, respectively. This agreement is in effect until 2/28/19, and it may be terminated before that date only by the Trust's Board of Trustees. The Fund's advisor is permitted to seek reimbursement from the Fund, subject to certain limitations, of fees waived or payments made to the Fund for a period of three years from the date of the waiver or payment.

Consider the investment objectives, risks, charges, and expenses of the Cedar Ridge Unconstrained Credit Fund carefully before investing. Read it carefully before investing. To obtain a prospectus please call toll free at 1-855-550-5090.

Mutual fund investing involves risk, including possible loss of principal. Credit-related instruments typically decrease in value when interest rates increase. Concentration in a small number of issuers increases the risk that one issuer could have a large adverse impact on the Fund's return. Borrowing and frequent trading could increase the Fund's operating expenses. High-yield bonds involve greater risk of default, and may be more volatile and less liquid, than investment grade securities. Subordinated and unsecured loans may be disproportionately affected by default and downgrade. Foreign investments may be adversely affected by currency fluctuations, lower liquidity, lax regulation, and political instability. Derivatives can be highly illiquid and difficult to unwind. The Fund's short positions may equal up to 100% of the Fund's net asset value. Short sales theoretically involve unlimited loss potential since the market price of securities sold short may continuously increase.

Morningstar rankings are based on total return, including the reinvestment of dividends and capital gains but do not include sales charges for the periods indicated. Mutual funds are assigned a rank within a universe of funds, relative to a peer group and similar in investment objective as determined by Morningstar. The lower the number rank, the better the fund performed compared to other funds in the classification group. Morningstar also calculates a percentile measure for each fund ranging from 1% (best) to 100% (worst). The Morningstar Rating™ for funds, or "star rating," is calculated for managed products (including mutual funds, variable annuity and variable life subaccounts, exchange-traded funds, closed-end funds, and separate accounts) with at least a three-year history. Exchange traded funds and open-ended mutual funds are considered a single population for comparative purposes. It is calculated based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a managed product's monthly excess performance, placing more emphasis on downward variations and rewarding consistent performance. The top 10% of products in each product category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars, and the bottom 10% receive 1 star. The Overall Morningstar Rating for a managed product is derived from a weighted average of the performance figures associated with its three-, five-, and 10-year (if applicable) Morningstar Rating metrics. The weights are: 100% three-year rating for 36-59 months of total returns, 60% five-year rating/40% three-year rating for 60-119 months of total returns, and 50% 10-year rating/30% five-year rating/20% three-year rating for 120 or more months of total returns. While the 10-year overall star rating formula seems to give the most weight to the 10-year period, the most recent three-year period actually has the greatest impact because it is included in all three rating periods. The information contained herein: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. Past performance is no guarantee of future results.