RIVER CANYON

RCTIX Quarterly Investment Report | Q2 2022

Overall Morningstar Rating™

★★★★★

Based on risk-adjusted returns out of 280 funds as of June 30, 2022.

REFINITIV LIPPER FUND AWARDS
2022 WINNER UNITED STATES

Category	Multisector Bond
1-Year % Rank	10th Percentile *Out of 341 funds*
3-Year % Rank	8th Percentile *Out of 280 funds*
5-Year % Rank	1st Percentile *Out of 248 funds*
Criteria	Risk-Adjusted Return

Performance | Quarter-End

As of June 30, 2022.

	RCTIX (net)	BAG
QTD	-2.85%	-4.69%
1-Year (Ann.)	-4.12%	-10.29%
3-Year (Ann.)	2.61%	-0.93%
5-Year (Ann.)	4.45%	0.88%
SI (Ann.)	4.87%	1.32%

Characteristics | Quarter-End

	RCTIX	BAG
Duration (Years)	2.39	6.44
SEC Yield (Sub)*	6.16%	3.72%
SEC Yield (Unsub)*	6.01%	-
Floating Rate	38%	-
Annualized Volatility	4.59%	3.72%
Sharpe Ratio	0.89	0.14

The performance data quoted herein represents past performance and is not a guarantee of future results. Investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than the performance data quoted. For the most recent month-end performance, please call 800-245-0371.

Contributors & Detractors | Quarter-End

Legend
◀▶ -0.10% to 0.10%   ▲ > 0.10%   ▼ < -0.10%

Quarter	Portfolio Sector
◀▶	US Treasury
◀▶	CMBS
◀▶	ABS
▼	RMBS - Non-Agency
▼	CLO
▼	Municipal
▼	RMBS - Agency
▼	Corporate

Notable Observations

Cash :
The fund's cash position mitigated the drawdown experienced across most all fixed income sectors. These drawdowns are offering some compelling entry points, and as a result we have been deploying some of our cash. We expect continued fundamental deterioration so we are being opportunistic, adding short-duration, defensive securities with real total return potential.

Corporate:
Corporate securities detracted this quarter as increased recession fears weighed on the asset class. While we were early in our entry for these positions, we are happy with our security selection and believe they will ultimately provide an attractive total return irrespective of the path of the economy or interest rates.

RMBS:
Inverse IOs were detractors in the quarter. Inflation fears caused the market to price SOFR above 3% out to 2037, adversely impacting the price of these securities. We think this is unrealistic and expect more acute recession fears and/or an alleviation of inflationary expectations to reprice these securities higher in the future.

About the Fund

RCTIX

With $622.6 million in AUM as of Q2 2022, the Fund is an actively managed, diversified portfolio of structured credit and other fixed income instruments. The Fund strives to achieve high relative and risk-adjusted returns compared to the Bloomberg US Aggregate Bond Index (BAG).

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Contribution to Quarterly Gross Returns

Portfolio Sector	Ending Allocation	Starting Allocation	Change in Allocation	Gross Return Contribution
US Treasury	12%	36%	-24%	0.02%
CMBS	16%	19%	-3%	-0.09%
ABS	15%	5%	10%	-0.10%
RMBS - Non-Agency	15%	6%	9%	-0.15%
CLO	5%	3%	2%	-0.16%
Municipal	6%	4%	2%	-0.22%
RMBS - Agency	1%	1%	0%	-0.82%
Corporate	26%	1%	25%	-1.18%
Cash	4%	25%	-21%	0.00%

***The 30-Day SEC Yield represents net investment income earned by the Fund over the 30-Day period ended 6/30/2022, expressed as an annual percentage rate based on the Fund's share price at the end of the 30-Day period. The 30-Day unsubsidized SEC Yield does not reflect any fee waivers/reimbursements/limits in effect.**

River Canyon Fund Management LLC (the "Adviser") has contractually agreed to waive fees and reimburse expenses to the extent that Total Annual Fund Operating Expenses (excluding brokerage costs, interest, taxes, dividend expense on short positions, litigation and indemnification expenses, expenses associated with investments in underlying investment companies, and extraordinary expenses) exceed 0.65% until January 28, 2023. The current gross expense ratio is 0.89% and the net expense ratio is 0.67% as of 6/30/2022.

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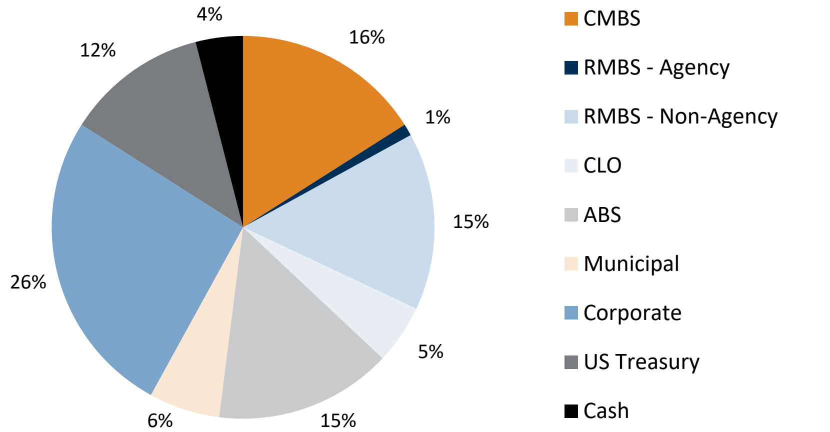
Allocation by Credit Quality | Quarter-End

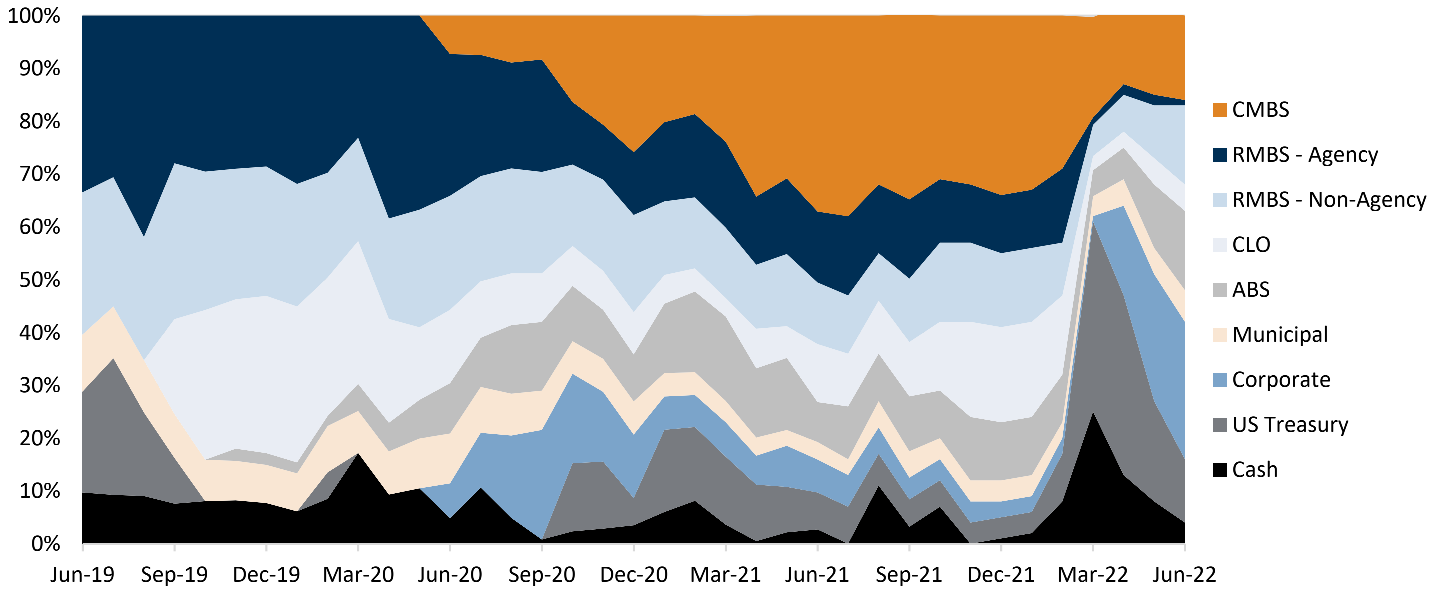
	Current Quarter	Change vs Prior Quarter
Agency	5%	+1%
AAA	17%	-45%
AA	1%	+1%
A	7%	+4%
BBB	4%	+1%
BB	7%	+7%
B	12%	+12%
CCC	5%	+5%
CC	1%	0%
C	4%	+1%
Not Rated	37%	+13%

Credit quality ratings reflect the credit quality of the underlying securities in the Fund's portfolio and not that of the Fund itself. Quality ratings are subject to change. Moody's assigns a rating of Aaa as the highest to C as the lowest credit quality rating. S&P assigns a rating of AAA as the highest to D as the lowest credit quality rating.

Allocation by Sector | Quarter-End



Trailing 3 Year Sector Allocation



Important Information

The Fund's benchmarks for performance comparison purposes are the Bloomberg U.S. Aggregate Bond Index. The Bloomberg U.S. Aggregate Bond Index is an unmanaged index that measures the investment grade, US dollar-denominated, fixed-rate taxable bond market. The index includes Treasuries, government-related and corporate securities, mortgage pass-through securities, and asset-backed securities. The index returns reflect the theoretical reinvestment of dividends on securities in the index. The impact of any transaction costs and the deduction associated with a mutual fund, such as investment management and administration fees, are not reflected in the index calculations. It is not possible to invest directly in an index.

PRINCIPAL INVESTMENT RISKS

It is important to note that the Fund is not guaranteed by the U.S. Government. Fixed income investments involve interest rate risk, issuer credit risk and risk of default, and price volatility risk. Funds investing in bonds can lose their value as interest rates rise, and investors participating in such Funds can suffer a partial or total loss of their principal. The Fund invests in asset backed and mortgaged backed securities which may be more volatile than other fixed income securities and influenced by the housing markets or markets from which the collateral is drawn. For a more complete list of fund risks, please see the Prospectus.

Investors should consider the investment objectives, risks, charges and expenses carefully before investing. For a prospectus or summary prospectus with this and other information about the Fund, please call (800) 245-0371 or visit our website at www.rivercanyonfunds.com. Read the prospectus or summary prospectus carefully before investing.

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Commentary & Outlook

- **The Fed tightening is having an impact on asset prices, economic activity, and in turn inflation expectations.** In 1H22 asset prices experienced material if not record drawdowns. The Nasdaq was -29.5%, the S&P was -20.6% for (worst since 1970), Bitcoin -65%, Bloomberg HY Corporate Index -14.2%, IG Corporate Index -16.3%, and the 10Y treasury -11.7%. The value of household assets declined in excess of $2.5TN. Growth-sensitive industrial metals are off more than 20% from the highs. Inflation-adjusted money stock growth has declined from a peak of 21% above trend to 14% above trend. As a result, inflation expectations have come down. 5Y TIPS spreads, a proxy for inflation expectations, have tightened over 100bps from a wide of 370bps in March to around 260bps today.
- **Looking forward, credit markets are pricing a slowing of the economy and increasing (50%+) odds of a recession in by the end of 2023**. The OAS (credit spread) on the Bloomberg HY Corporate Index sits at 569bps (up from a near-record tight of 268bps in 2021 and 283bps to start the year). This compares to modest drawdowns to 660bps in 2015 (China slowdown, Oil) and 526bps in 2018 (CB rate tightening), and more extreme drawdowns to 996bps in 2002 (Tech bubble), 1660bps in 2008 (GFC), 807bps in 2011 (Eurozone debt crisis), and 880bps in 2020 (COVID). The Bloomberg Corporate IG OAS stands at 169bps (up from a record tight of 87bps in 2021 and 100bps to start the year). This compares to 205bps in 2016 and 172bps in 2018, and 260bps in 2020.
- **The market is pricing a peak Fed Funds rate of ~3.5% by early-mid 2023. Our base case is for continued credit spread volatility and widening as economic fundamentals deteriorate and inflation remains above Fed targets, and we anticipate a high likelihood of a mild recession by the end of next year. That being said, we think for now the consumer remains in good shape.** The market is currently pricing another seven 25bp hikes to a Fed Funds rate of ~3.5% by February 2023. The combination of tightening-induced demand destruction and supply chain easing over that time is likely to slow the pace of inflation. While we've seen some of the immediate impacts of tightening in bringing down elastic goods and some commodity prices, things like supply chains, wages, rents and many service prices are stickier and will take more time. Similarly, while we see evidence of consumer deterioration, on the whole balance sheets are still in decent shape and labor markets remain tight. In short, it will take some time for the Fed tightening to work its way through the system. Both households and corporations have some buffers to weather hits to income and demand in the near-term and the labor market should remain relatively tight in the near term.
- **Pockets of structured credit remain dislocated and offer compelling total return opportunities**. We continue to find attractive bonds in the senior and mezzanine tranches of the capital structure. Fears about an impending recession and the impact of inflation as well as the shock of higher mortgages rates have weighed on the structured credit markets. We think some caution around consumer credit is warranted and are focused on bonds that would be resilient in a recession. There is still much to like within consumer credit. Households have spent 15 years de-levering and the reduction in debt service burdens is even more dramatic as homeowners locked in all-time low mortgage rates. Consumers still have a considerable excess cash accumulated during the pandemic and are sitting on a record level of home equity. The composition of debt is conservative as the vast majority of mortgages are fixed rate. Higher mortgage rates are likely to cause the housing market to decelerate but we think solid fundamentals will limit the downside in home prices.
- **In the context of our views outlined above, we see opportunities in high-quality 1-2Y WAL fixed-rate Structured Credit securities, favor modest exposure to short-duration corporate securities, and are adding Consumer ABS we think are pricing overly draconian outcomes. We maintain an elevated level of cash (~16%), balancing the fact that market positioning is very defensive and sentiment is poor (healthy things) but we haven't had the kind of liquidity event or full pricing of a recession that would suggest a bottom.** We have been adding to Fixed-Rate IG-rated Senior Structured Credit with 1-2Y WAL yielding 5-7%. We think these are defensive, lock in market expectations of rate hikes which could come down with a recession, and have short duration should the Fed need to hike more aggressively. We think HY Corporate Securities with 8-11% yields and short-duration (3-5Y) offer compelling value for total returns even if there is some near-term mark-to-market volatility. And finally we are adding to Consumer ABS across the cap stack (Senior Tranches in the 5-6% context and short-duration Equity with potential returns of 20%+).

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Important Information

Sharpe Ratio: A measurement of the portfolio's outperformance per unit of the portfolio's volatility.
Duration: A measurement of the portfolio's bonds' sensitivity to interest rate changes. "Duration" represents Effective Duration for RCTIX and Modified Adjusted Duration for the Index.
Option Adjusted Spread(OAS): Measures the difference in yield between a bond with an embedded option, such as RMBS or callable bonds, with the yield on Treasuries.
Tranche: A portion of a pool of securities.
CMBS: Commercial Mortgage-Backed Securities
RMBS: Residential Mortgage-Backed Securities
CLO: Collateralized Loan Obligation
ABS: Asset Backed Securities
AUM: Assets Under Management

IMPORTANT LIPPER FUND AWARDS DISCLOSURES

The Lipper Fund Awards are based on the Lipper Leader for Consistent Return rating, which is a risk-adjusted performance measure calculated over 36, 60 and 120 months. The fund with the highest Lipper Leader for Consistent Return (Effective Return) value in each eligible classification wins the Lipper Fund Award. For more information, see lipperfundawards.com. Although Lipper makes reasonable efforts to ensure the accuracy and reliability of the data contained herein, the accuracy is not guaranteed by Lipper.

IMPORTANT MORNINGSTAR DISCLOSURES

Morningstar Rating™ as of 30 June 2022 for the Inst. series; other classes may have different performance characteristics. The River Canyon Total Return Bond Fund was rated against the following numbers of Short-Term Bond funds over the following time periods: Overall 5 Stars (280 funds rated); 3 Yrs. 5 Stars (280 funds rated); 5 Yrs. 5 Stars (248 funds rated). Past performance is no guarantee of future results. 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. Morningstar rankings are based on a fund's average annual total return relative to all funds in the same Morningstar category. Fund performance used within the rankings, reflects certain fee waivers, without which, returns and Morningstar rankings would have been lower. Morningstar's percentile ranking is based on the highest (or most favorable) rank of 1 and the lowest (or least favorable) percentile rank of 100.

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