



THIRD QUARTER 2020 COMMENTARY

While financial markets demonstrated a level of volatility in the third quarter, the overall price action was positive and reflects the success of governmental and Federal Reserve stimulus in creating a strong base from which the overall economy can continue its recovery. The institutional share class of the Braddock Multisector Income Fund (BDKNX) was up 3.95% in the third quarter which compares to the Barclays Aggregate bond index which generated a return of 0.62% and the High Yield index return of 4.72% for the same time period.¹

Recent, and perhaps continuing, short-term volatility related to the election and the timing of the potential passage of the CARES 2.0 act is forefront in our Fund management. Families and businesses are managing the constraints COVID-19 has put on our abilities to work and to enjoy quality leisure time. Third quarter GDP will be a historically high number (mid-30% median forecast²) but the pace of the recovery will slow thereafter as we all wait for a viable, and widely distributed, vaccine to kickstart a stronger stage of economic recovery. With 3.9mm jobs added during the quarter, the economy continues to demonstrate job growth³. Government stimulus, while more is needed, has contributed to an increase in the U.S. personal savings rate to 14.4%⁴ (up from 7.3% just one year ago). Citizens appear to have been cautious and used their CARES act stimulus wisely: 31% used funds received to pay debt, 27% applied it to savings, 27% went towards monthly living costs, and only 15% went towards spending.⁵

The housing and mortgage market is a bright spot in today's economy. Existing and new homes sales continue to increase and are at elevated levels not seen since 2006⁶. Home prices continue to grow and mortgage applications are being driven by high demand for both home purchases and mortgage refinances. The strength of these markets is being driven by supply & demand characteristics, mortgage affordability, and the importance of shelter in a pandemic afflicted world. Many of these characteristics are reducing credit risk to Residential Mortgage Backed Securities (RMBS). In addition to these conditions, the credit performance of Modern RMBS⁷ (also Consumer ABS) appears to be benefiting from the improved lending regulations and underwriting standards of the last decade.

Braddock believes Modern RMBS borrowers have credit characteristics that enable them to better weather this economic downturn. At loan origination, borrower assets, cash reserves and employment were verified and credit quality was high. For example, the borrowers backing the Fund's Modern RMBS holdings have an average FICO of 743 and have significant equity in their homes (69% updated LTV). This in direct contrast to the Housing Crisis of 2007-2009, where poor quality borrowers led to historically high levels of foreclosure sales and pushed down home prices by more than 25%. Today, the country is also experiencing historically low levels of existing housing inventory. The low level of inventory is supportive of home values. In fact, existing housing inventory for sale as a percentage of the country's total existing home supply has never been lower. 2020's home price appreciation (HPA) of 4.78% Case Schiller national rate, along with an average 1.5% 2021 HPA forecast⁸, should translate into fewer defaulted mortgage loans and higher recovery rates of any loans that do default.

¹ Performance quoted is for the Fund's Institutional share class (BDKNX). Bloomberg Barclays US Aggregate, ICE BofA Cash Pay High Yield. Source: Bank of America, Barclays, Bloomberg. As of 9/30/2020

² Bloomberg. As of 10/20/2020

³ Bureau of Labor Statistics. As of 9/30/2020

⁴ Bureau of Economic Analysis. As of 8/31/2020

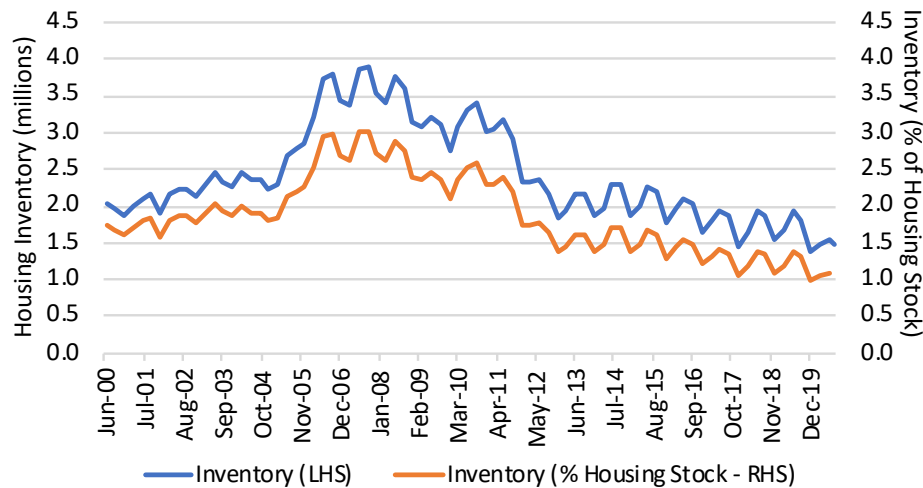
⁵ National Bureau of Economic Research. As of 10/7/2020

⁶ National Association of Realtors, US Census Bureau. As of 8/31/2020

⁷ Modern RMBS refers to credit sensitive RMBS issued after the financial crisis

⁸ Bank of America, Citi, JP Morgan, Morgan Stanley, Nomura, Wells Fargo. As of 9/25/2020

Housing Inventory near All-Time Lows



Source: National Association of Realtors, Census. As of 8/31/2020

Braddock's continuous research on the effects of COVID-19 on Modern RMBS and Consumer ABS has strengthened our conviction of the attractive nature of the Fund's current and future investments. Our post COVID-19 credit models indicate that the vast majority of newly issued and pre-liquidity crisis Modern RMBS and Consumer ABS bonds are credit secure bonds (meaning no loss of principal due to loan defaults). Recent research from industry researchers at JPMorgan, Bloomberg and others support this view of the fundamentals underlying those securities. As a result of these characteristics, market liquidity and credit spreads during the quarter have largely returned to traditional levels. We have been very pleased with investment opportunities in both the primary (new issue) and secondary securitized credit markets.

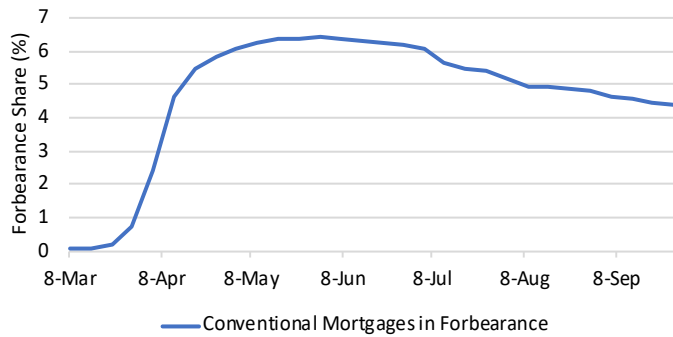
FUND COMPOSITION

With the Fund holding 37% of investment grade bonds, the Fund maintained its credit quality, which was strengthened in the 2nd quarter. The general composition over the quarter was fairly consistent: approximately 70% of the Fund is RMBS with CRT (Credit Risk Transfer) representing about 27% of the Fund's RMBS position or approximately 19% of the fund. The Fund's consumer ABS allocation increased slightly from 18% to 22%, while Agency Multifamily exposure was similar at 8% of the Fund.

The Fund's Modern RMBS purchases continued to focus on sectors with higher quality borrowers (RMBS backed by conforming and prime quality mortgages) and were sourced from both the secondary and new issue markets. Mortgage forbearance utilization is much lower in Modern RMBS's Prime and CRT sectors and these rates continued to fall throughout the quarter. As the CARES act provides six initial months of forbearance with an additional 6 months available to the borrower, if needed, we were pleased to see 40% of mortgage borrowers who had utilized forbearance are now reperforming, meaning they are again making their mortgage payments, before the completion of the initial six months⁹. The other highlight of the Fund's RMBS credit performance is very high mortgage prepayment rates. Prepayment rates are the percentage of individuals who refinance their mortgage and hence their existing loan is paid off in full and consequently eliminates any risk associated with that loan from the bond/trust. As the Fund's underlying mortgages have an average mortgage rate of 4.4%, it is not surprising to see these credit worthy borrowers choosing to refinance into mortgages with rates around 3% or lower! With annual prepayment rates in the 35-45% range, the Fund's positions are seeing a significant reduction in the amount of credit risk.

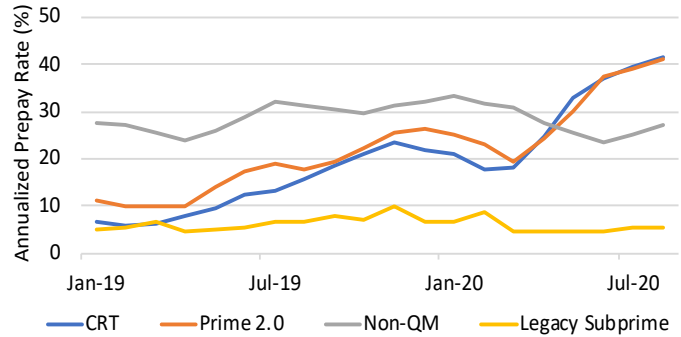
⁹ Black Knight. As of 9/22/2020

Improving Forbearances



Source: Mortgage Bankers Association. As of 9/27/2020

Fast Prepays in Modern RMBS



Source: Moody's Analytics. As of 8/25/2020

The increased ABS allocation focused on both consumer loan bonds with high levels of loss protection and solar loan ABS bonds, which are backed by the high-quality borrower we prefer. The Consumer Loan and Auto sectors continue to see borrower resiliency. Through the COVID related stimulus and reduced spending behavior, personal savings have been driven to an elevated level. With respect to borrowers that needed relief from COVID hardship, payment deferral/loan extensions programs have trended lower over the quarter and ended closer to normalized percentages. From discussions with various ABS servicers, loan impairments from these programs have now retraced 75% to 84% of the pre-COVID levels.¹⁰

FUND ATTRIBUTION

The Fund's Institutional Share Class was up 3.95% for the third quarter. Thorough research, tactical trading, and security selection across Modern RMBS and ABS sectors all contributed to the Fund's third quarter performance. RMBS produced +2.38%, ABS gained +1.39%, and Agency Multifamily CMBS added +0.15%.

The Fund has been active across a variety of Modern RMBS sectors that have benefited from high prepayments and declining forbearance and delinquency rates. RMBS performance was driven by the allocation to Credit Risk Transfer (CRT) transactions and Non-Performing & Reperforming (NPL/RPL). In addition to NPL/RPL bonds experiencing price appreciation, the Fund had five NPL/RPL bonds called at Par over the quarter. The price of these securities prior to their calls ranged from \$70.98 to \$88.22. As noted, the lowest mortgage rates in U.S. history are allowing a significant portion of high-quality borrowers that back CRT bonds to refinance at more attractive rates. CRT and Prime 2.0 bonds outperformed as the market reacted positively to the declining forbearance rates and the high prepayment rates that have reduced credit risk in these securities.

ABS performance was propelled by the Fund's allocation to the Solar loan sector. The sector provides loans to homeowners that represent borrowers of higher FICO credit quality and higher wage earners. This high priority loan payment translates to a much lower utility bill for the consumer. Solar ABS bonds experienced significant spread tightening over the quarter as ABS market participants recognized strong relative value supported by low delinquency rates and constructive prepayments from the sector.

Agency Multifamily CMBS continued to perform with prices on mezzanine bonds increasing from the low \$90s level to the mid \$90s area. Freddie Mac and Fannie Mae have experienced low delinquency rates, supportive rent collection, and lower forbearance utilization across their standard multifamily programs. As measured by the National Multifamily Housing Council, rent payments are only lower by less than a percentage point from the September 2019 collections rate of 95.5%.

¹⁰ Braddock Financial, dv01. As of 9/30/2020

CONCLUSION

We continue to evaluate the economic slowdown and increased unemployment caused by the pandemic and the impacts on the U.S. consumer, housing, and mortgage markets. We are carefully weighing the negative impacts and offsetting positive factors of the CARES Act and shifting prospects of additional stimulus. We are very pleased with the fundamental loan performance of the collateral underlying our bonds and excited about the investment opportunities in the Modern RMBS and Consumer ABS sectors. We will continue working to mitigate COVID-19 economic risks by focusing on bonds that combine structural benefits with collateral pools of high-quality borrower profiles.

PERFORMANCE AS OF 9/30/20

	Q3 2020	YTD	1 Year	3 Year	5 Year	10 Year	Ann ITD*
BDKNX	3.95%	-31.13%	-30.27%	-8.33%	-2.75%	3.68%	5.16%
BDKAX	3.88%	-31.19%	-30.38%	-8.52%	-2.98%	3.43%	4.91%
BDKAX w/Load	-0.55%	-34.11%	-33.34%	-9.83%	-4.13%	2.82%	4.35%
BDKCX	3.70%	-31.60%	-30.91%	-9.21%	-3.72%	2.65%	4.12%
Bloomberg Barclays Aggregate Bond Index	0.62%	6.79%	6.98%	5.24%	4.18%	3.64%	4.17%
ICE BOFA ML US High Yield Index	4.72%	-0.23%	2.35%	3.84%	6.61%	6.26%	7.94%

Performance data quoted represents past performance and is no guarantee of future results. Total return figures include the reinvestment of dividends and capital gains. Current performance may be lower or higher than the performance data quoted. Investment return and principal value will fluctuate so that an investor's shares, when redeemed, may be worth more or less than original cost. For the most recent month end performance, please call (800) 207-7108. Returns showing less than one year are cumulative. The gross and net operating expense ratio for the Class A, C, and Institutional Shares are 1.77%, 2.52%, and 1.52%, respectively. The contractual agreement between the Fund and the Advisor for fee waiver and/or paying for operating expenses is in effect until April 30, 2021. Performance results with load reflect the deduction for Class A Shares of the 4.25% maximum front end sales charge. Class C Shares are subject to a contingent deferred sales charge of 1.00% when redeemed within 12 months of purchase. Performance represented without the load would be lower if this charge was reflected. **Because of ongoing market volatility, Fund performance may be subject to substantial short term changes.** **ITD represents inception-to-date, 7/31/2009.

The Fund commenced investment operations on December 31, 2015, after the conversion of a limited partnership Account, Braddock Structured Opportunities Fund Series A, L.P., which commenced operations on 7/31/2009, (the "Predecessor Account"), into shares of the Fund's Institutional Class. Information portrayed in the performance table prior to December 31, 2015 is for the Predecessor Account. The Fund's objectives, policies, guidelines and restrictions are in all material respects equivalent to those of the Predecessor Account. The Predecessor Account was not registered under the Investment Company Act of 1940, as amended (the "1940 Act"), and therefore was not subject to certain restrictions imposed by the 1940 Act on registered investment companies and by the Internal Revenue Code of 1986 on regulated investment companies. If the Predecessor Account had been registered under the 1940 Act, the Predecessor Account's performance may have been adversely affected.

STANDARDIZED 30-DAY SEC YIELD – AS OF 9/30/20

	SEC Yield	Unsubsidized Yield
BDKNX	3.92%	3.98%
BDKAX	3.51%	3.57%
BDKCX	2.92%	2.98%

Subsidized 30-Day SEC Yield is based on a 30-day period ending on the last day of the previous month and is computed by dividing the net investment income per share earned during the period by the maximum offering price per share on the last day of the period. The subsidized yield is based on the net expenses of the Fund. The yield would be lower without the waivers in effect. Unsubsidized 30 Day SEC Yield is based on total expenses of the Fund.

This material must be preceded by or accompanied with a copy of the Fund's current [prospectus](#).

RISKS AND OTHER DISCLOSURES:

An investment in the Braddock Multi-Strategy Income Fund is subject to risk, including the possible loss of principal amount invested and including, but not limited to, the following risks: **Market Turbulence Resulting from COVID-19.** The outbreak of COVID-19 has negatively affected the worldwide economy, including the U.S. The future impact of COVID-19 is currently unknown, and it may exacerbate other risks that apply to the Fund. **Valuation:** From time to time, the Fund will need to fair-value portfolio securities at prices that differ from third party pricing inputs. This may affect purchase price or redemption proceeds for investors who purchase or redeem Fund shares on days when the Fund is pricing or holding fair-valued securities. Such pricing differences can be significant and can occur quickly during times of market volatility. **Mortgage-backed securities:** subject to prepayment risk, "extension risk" (repaid more slowly), credit risk, liquidity, and default risks. **Liquidity:** the Fund may not be able to sell some or all of the investments that it holds due to a lack of demand in the marketplace or it may only be able to sell those investments at a loss. Liquid investments may become illiquid or less liquid after purchase by the Fund, illiquid investments may be harder to value, especially in changing markets. **High Yield ("Junk") bond:** involve greater risk of default, downgrade, or price declines, can be more volatile and less liquid than investment-grade securities. **Sector Focus:** focus may present more risks than if broadly diversified. **Fixed income/interest rate:** Generally, fixed income securities decrease in value if interest rates rise, and increase in value if interest rates fall. **Real estate market:** property values may fall due to various economic factors. **Non-diversification:** focus in the securities of fewer issuers, which exposes the Fund to greater market risk than if its assets were diversified among a greater number of issuers. **Collateralized Loan Obligations:** subject to interest rate, credit, asset manager, legal, regulatory, limited recourse, liquidity, redemption, and reinvestment risks. **Repurchase agreement:** may be subject to market and credit risk. **Reverse repurchase agreement:** risks of leverage and counterparty risk. **Leverage:** The use of leverage may magnify the Fund's gains and losses and make the Fund more volatile. **LIBOR:** Many financial instruments use a floating rate based on the London Interbank Offered Rate ("LIBOR"), which is expected to expire by the end of 2021. Any effects of the transition away from LIBOR could result in losses. **Derivatives:** derivative instruments (e.g. short sells, options, futures) involve risks different from direct investment in the underlying assets, including possible losses in excess of amount invested or any gain in portfolio positions.

The Fund may not be suitable for all investors. We encourage you to consult with appropriate financial professionals before considering an investment in the Fund.

The views expressed in this material reflect those of the Fund's Sub-Advisor as of the date this is written and may not reflect its views on the date this material is first published or anytime thereafter. These views are intended to assist in understanding the Fund's investment methodology and do not constitute investment advice. This material may contain discussions about investments that may or may not be held by the Fund. All current and future holdings are subject to risk and to change.

The Bloomberg Barclays Aggregate Bond Index measures the investment grade, US dollar-denominated, fixed-rate taxable bond market. The index includes Treasuries, government-related and corporate securities, mortgage-backed securities, asset-backed securities and commercial mortgage-backed securities. The **ICE Bank of America Merrill Lynch U.S. Cash Pay U.S. High Yield Index** tracks the performance of US dollar denominated below investment grade corporate debt publicly issued in the US domestic market. **S&P 500 Index** measures the stock performance of 500 large companies listed on stock exchanges in the United States. One cannot invest directly in an index.

Deleveraging is the process or practice of reducing the level of one's debt by rapidly selling one's assets. **Loan-to-Value ratio** is an assessment of lending risk assessment that financial institutions and other lenders examine before approving a mortgage. Typically, assessments with high LTV ratios are higher risk. **FICO Score:** A measure of consumer credit quality that typically ranges from 300-850. Higher scores indicate more creditworthy borrowers.

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