# BRADDOCK MULTI-STRATEGY INCOME FUND

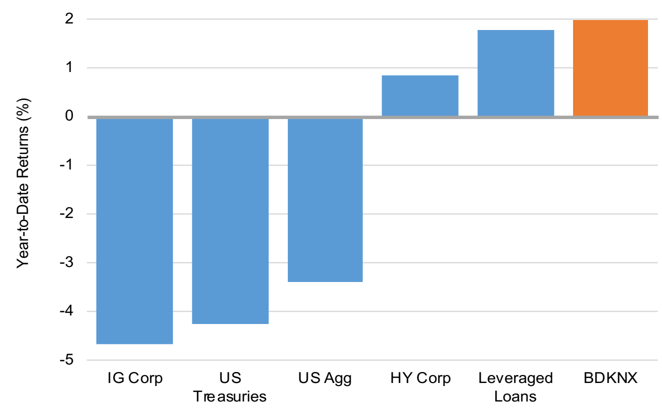
BDKAX • BDKCX• BDKNX

## FIRST QUARTER 2021 COMMENTARY

For the first quarter of 2021, the Fund's Institutional Share Class was up +1.98% and outperformed the Bloomberg Barclays Aggregate Bond Index by 535 basis points. The Fund's relative value was demonstrated in the first quarter, and Braddock believes the Fund's strategy is attractive on both a relative and absolute basis in the post-pandemic recovering economy. As Covid-19 economic restrictions have been gradually lifted, we have seen significant increases in employment, job openings, and air travel. With the high efficacy of the vaccines, economic forecasts have been revised higher and volatility in the financial markets increased due to future inflation concerns and sector rotation. While economic growth is overall a positive for Americans, over time, those positive fundamentals could lead to further interest rate increases. That reduces the ability for traditional fixed income products to meet investors' fixed income return targets. Braddock believes the Fund's Modern Residential Mortgage-Backed Securities (RMBS)[1] and floating rate strategy provides fixed income investors a tactically managed fund that may mitigate this primary challenge facing traditional fixed income products.

In the fixed income markets, U.S. Treasuries repriced first on inflation worries and second on expectations of economic growth and its effect on "real yields." As the yield curve steepened higher and earlier than forecasted during the quarter, traditional fixed income products faltered. The Bloomberg Barclays Aggregate Bond index declined -3.37%.

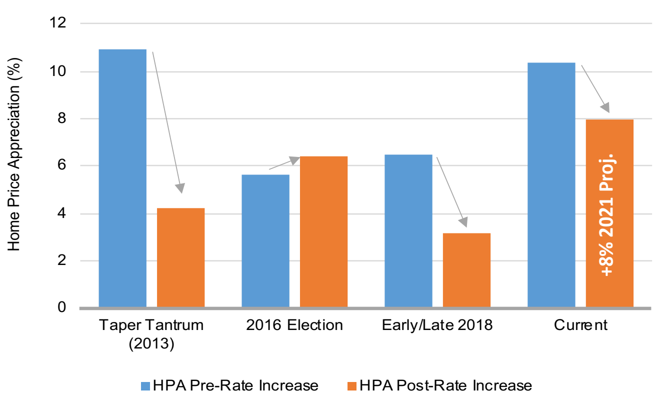
**Traditional Fixed-Rate Bonds have Underperformed YTD[3]**




The Fund's focus on Modern RMBS and floating rate bonds were a strength in this environment. The Fund's 65% allocation to floating rate bonds mitigated a portion of the negative mark to market impact that rising rates has had on fixed rate bonds.

The U.S. housing and mortgage industries continued to benefit from positive fundamentals. Home prices were up 10.4%[2] year-over-year, mortgage underwriting standards have tightened, and the government extended aid to COVID-19 affected borrowers. Forbearance for conventional mortgages was extended by six months and the Consumer Finance Protection Bureau is attempting to extend the foreclosure moratorium through 2021 year-end for all distressed mortgage borrowers. These characteristics allow distressed borrowers needed time to strengthen their financial condition and lower their probability of default, which in turn, lowers the credit risk in the Fund's RMBS holdings. Of note, the Fund's percentage of distressed borrowers is low due to the strategy's preference for bonds backed by quality borrowers: high average FICO scores of 746 and low average Loan-to-Value ratio of 67%.

**HPA Remained Positive Through Previous Hiking Cycles[4]**




Braddock will closely monitor fundamental conditions, but we forecast the supply shortage of single-family homes continuing for several years. Significant demand from Millennials and low housing inventories are expected to keep home appreciation positive in all but the most expensive communities (for example, areas of San Francisco, Los Angeles and New York City). It is important to note that increasing mortgage rates do not typically lead to negative home price appreciation (HPA), but rather lowers the rate of HPA.

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[1] Modern RMBS are credit sensitive RMBS issued after 2008.

[2] CoreLogic. As of 2/28/2021.

[3] As of 3/31/2021. IG Corp is the Bloomberg Barclays Corporate index, US Treasuries is the Bloomberg Barclays US Treasuries index, US Agg is the Bloomberg Barclays US Aggregate index, HY Corp is the Bloomberg Barclays High Yield Corporate index, Leveraged Loans is the S&P/LSTA Leveraged Loan index, BDKNX is the Fund's Institutional Share Class.

[4] S&P Case-Shiller, Citi, Braddock Financial. Citi projects 8% Home Price Appreciation (HPA) in 2021 following recent mortgage rate increases. As of 3/15/2021.

## FUND ATTRIBUTION & COMPOSITION

The Fund's Institutional Share Class delivered a positive return of +1.98% during the first quarter of 2021. The Fund's ability to capture value across the Modern RMBS and Asset-Backed Securities (ABS) sectors relative to comparable rated corporate bonds combined with its targeted low interest rate duration (1.1 years as of 3/31/2021) contributed to the Fund's first quarter outperformance. RMBS generated +1.26%, ABS gained +0.49%, Multifamily Commercial Mortgage-Backed Securities (CMBS) added +0.24%, and Collateralized Loan Obligations (CLOs) were essentially flat. During the first quarter, the Fund increased its exposure to floating rate bonds from 56% to 65%.

In efforts to target higher floating rate exposure, the Fund maintained a fairly constant RMBS allocation of 69% throughout the quarter. During the first two months of the quarter, the Fund added attractive relative value new issue Modern RMBS opportunities. These new issue participations were diversified across Credit Risk Transfer (CRT), Mortgage Insurance CRT, Non-performing Loan (NPL), Single Family Rental (SFR), and Jumbo-A sub-sectors. The Fund had three NPL bonds redeemed over the period, as the issuers exercised the call option to improve their cost of capital. Despite some credit spread softening during March (except in SFR), the RMBS sector overall delivered strong positive returns over the quarter. The Modern RMBS sectors performed well due to the floating rate nature of the bonds and the further reduction in credit risk of the securities. High voluntary prepayment rates (borrowers refinancing into a new mortgage) and increased borrower home equity were primary drivers of this risk reduction.

The Fund's Consumer ABS allocation was tactically lowered from 22% to 16%. The Fund's ABS positions experienced significant credit spread tightening and/or credit rating upgrades attributable to better-than-expected credit performance, structural loss protection coverage levels, and strong technical factors. During the quarter, the Fund sold a portion of these outperforming fixed rate bonds from the auto and consumer loan ABS holdings, while executing a rotation into floating rate and higher yielding Modern RMBS and CLO opportunities.

The Multifamily CMBS allocation increased slightly from 5% to 6%. Fund purchases focused on Investment grade, Multifamily CMBS backed by supportive collateral metrics (such as underwritten Loan-to-Value ratios of 69% and 1.5x debt service coverage ratios). The Multifamily CMBS performance was primarily driven by the Fund's exposure to Fannie Mae's Multifamily credit sensitive bonds. These bonds repriced to premium levels during January as institutional grade apartments continued to see strong rent collections and demand for multifamily credit sensitive bonds was met with very little secondary supply in the market.

The Fund selectively re-entered the CLO market and finished the quarter with a 4% investment grade allocation. Braddock believes that CLO bonds currently present strong relative value compared to similar-rated corporate bonds. In addition, CLOs can offer discount pricing and floating rate coupons providing upside potential within an economic growth and reflation environment. The CLO market continued to dominate the structured credit landscape with record quarterly supply.

## OUTLOOK

The first quarter of 2021 may likely be considered the beginning of the recovery from COVID-19 for many U.S. citizens and businesses. Over time, continued positive economic fundamentals could lead to further interest rate pressure. Braddock believes the Fund's Modern RMBS and floating rate strategy provides investors a tactically managed fund that may mitigate the interest rate risk inherent in longer, fixed rate fixed income products. Additionally, the underlying credit exposure for many of the Fund's RMBS and CLO positions may benefit should economic growth and inflation boost real asset values and corporate earnings.

## PERFORMANCE AS OF 3/31/21

| | Q1 2021 | YTD | 1 Year | 3 Year | 5 Year | 10 Year | Ann ITD* |
|---|---|---|---|---|---|---|---|
| BDKNX | 1.98% | 1.98% | 48.45% | -7.12% | -1.65% | 3.50% | 5.52% |
| BDKAX | 1.91% | 1.91% | 48.09% | -7.34% | -1.88% | 3.25% | 5.26% |
| BDKAX w/Load | -2.44% | -2.44% | 41.69% | -8.69% | -3.05% | 2.64% | 4.73% |
| BDKCX | 1.73% | 1.73% | 46.89% | -8.02% | 2.61% | 2.48% | 4.47% |
| Bloomberg Barclays Aggregate Bond Index | -3.37% | -3.37% | 0.71% | 4.65% | 3.10% | 3.44% | 3.74% |
| ICE BOFA ML US High Yield Index | 0.81% | 0.81% | 23.15% | 6.51% | 7.90% | 6.30% | 8.24% |

***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 3/31/21

| | SEC Yield | Unsubsidized Yield |
|---|---|---|
| BDKNX | 3.63% | 3.66% |
| BDKAX | 3.23% | 3.25% |
| BDKCX | 2.62% | 2.65% |

***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.

**Basis points:** one hundredth of one percent, used chiefly in expressing differences of interest rates. **Debt to Service Coverage Ratio:** a measure of the cash flow available to pay current debt obligations. **Duration:** measures a portfolio's sensitivity to changes in interest rates. Generally, the longer the effective duration, the greater the price change relative to interest rate movements. **FICO Score:** A measure of consumer credit quality that typically ranges from 300-850. Higher scores indicate more creditworthy borrowers. **Investment grade:** is a rating that signifies a bond that presents a relatively low risk of default. **Jumbo-A:** refers to prime mortgages that typically exceed the maximum Federal Housing Finance Agency (FHFA) conforming loan limit. **Loan-to-Value (LTV) 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. **Mark to market:** is a measure of the value of an asset as determined by current market conditions. **Yield curve:** is a line that plots yields (interest rates) of bonds having equal credit quality but differing maturity dates. The slope of the yield curve gives an idea of future interest rate changes and economic activity.

**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. **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. **Bloomberg Barclays US Corporate Bond Index** measures the investment grade, fixed-rate, taxable corporate bond market. It includes USD denominated securities publicly issued by US and non-US industrial, utility and financial issuers. **Bloomberg Barclays US Treasury Index** measures U.S. dollar-denominated, fixed-rate, nominal debt issued by the US Treasury. Treasury bills are excluded by the maturity constraint. Bloomberg Barclays US Corporate Bond Index measures the investment grade, fixed-rate, taxable corporate bond market. It includes USD-denominated securities publicly issued by US and non-US industrial, utility and financial issuers. **The S&P/LSTA Leveraged Loan Index** is a market value-weighted index designed to measure the performance of the U.S. leveraged loan market based upon market weightings, spreads and interest payments. **One cannot invest directly in an index.**

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All investments involve risk. Principal loss is possible. Unlike the asset class represented by Corporate Investment Grade composed of investment grade corporate bonds, Corporate High Yield may include non-investment grade bonds (commonly referred to as "junk bonds"), thus increasing the risks of this asset class. Treasury notes are guaranteed by the U.S. government and thus they are considered to be safer than other asset classes.