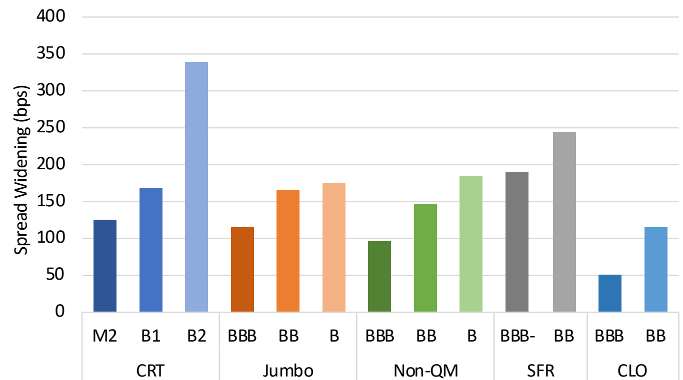
BRADDOCK MULTI-STRATEGY INCOME FUND

FIRST QUARTER 2022 COMMENTARY

Global financial markets repriced during the first quarter of 2022. A growing U.S. economy backed by strong corporate and consumer fundamentals could not offset investor concerns on inflation, a more hawkish Fed and the recent geopolitical events. All major asset classes, except commodities, produced negative returns in the first quarter as bonds, credit markets and equities all experienced selling pressure. 10-year U.S. Treasury bonds fell 6.64%, producing its worst quarter for total returns since 1980, while investment grade corporates (Bloomberg US Corporate Index) lost 7.65% and the S&P 500 declined almost 5%.[1]

The Braddock Multi-Strategy Income Fund (the "Fund") Institutional Share class was not immune and posted a -4.00% return for the first quarter, which compares to -5.93% for the Bloomberg Aggregate Bond Index and a -4.53% return for the ICE BofAML U.S. Cash Pay High Yield Index. While we are never pleased to report a negative return for a period, Braddock's strategy of maintaining a high percentage of floating-rate bonds and keeping the Fund's duration short accounted for the Fund's out performance relative to the indexes by 1.93% and 0.53% respectively.



The Fund experienced heightened credit spread volatility as fixed income mutual funds saw significant outflows that weighed on their demand for bonds at a time when supply from bond issuance across Modern Residential Mortgage-Backed Securities (RMBS), Asset backed Securities (ABS) and Commercial-Backed Mortgage Securities (CMBS) was particularly heavy. Collateralized Loan Obligations (CLO) also faced similar pressures but to a lesser degree.

Looking forward, we believe the Fund's floating-rate bond strategy remains well positioned to capitalize on the removal of Covid-19 monetary accommodations, and may benefit more so if the Federal Reserve is forced to hike the Fed Fund's rate higher than the market is currently pricing into forward interest rates. The Fund's March distribution yield was 4.17% (SEC 30 Day Yield 3.8%, Unsubsidized SEC 30 Day Yield 3.74%) and with the market anticipating nine additional Fed Funds hikes for the remainder of 2022, the Fund's bonds could see their average coupon rate rise over 160 basis points by year end.

The combination of higher interest rates and the Fund's discounted average bond price of $94.55 as of the end of the quarter has increased the Fund's Yield-to-Maturity (YTM) to 7.76%, the highest YTM in the history of the Fund outside of the Pandemic-affected spring months of 2020. Unlike the significant uncertainty of Spring 2020, today's known positive housing and mortgage fundamentals significantly reduce the mortgage credit risk within the Fund's RMBS positions.

HOUSING FUNDAMENTALS: VERY DIFFERENT THAN THE HOUSING CRISIS

With near record-low numbers of existing homes for sale, U.S. home prices continued their positive trend in early 2022.[2] Clear Capital's Home Data Index showed prices up 3.9% during the quarter, with 20.3% year-over-year growth.[3] This recent acceleration of home prices is significant since the first quarter tends to be a slower season for U.S. housing markets.

Housing affordability has become more challenging amid the rise in mortgage rates to 4.67% and the continued increase in home prices.[4] However, affordability at current mortgage rates is roughly in line with the 1990-2007 average and homebuyer demand remains strong with Redfin reporting a record high 68.6% of offers faced bidding wars.[5] Reduced affordability will likely slow today's

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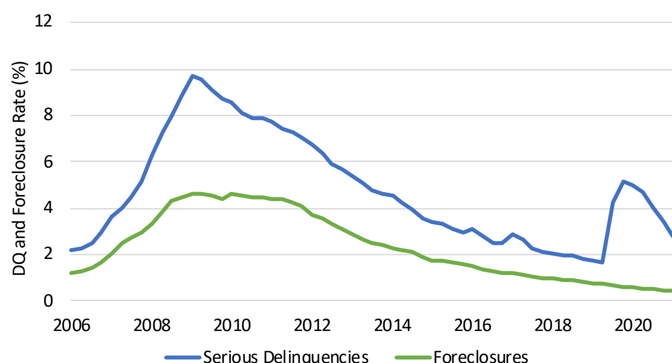
[1] Bloomberg, S&P. As of 3/31/2022
[2] National Association of Realtors. As of 3/18/2022
[3] Clear Capital. As of 3/31/2022
[4] Freddie Mac. As of 3/31/2022
[5] National Association of Realtors, Freddie Mac, Redfin. As of 3/31/2022

high-teens rate of home price appreciation throughout 2022, and we expect price growth to return to the traditional 3-5% annual range in 2023. Importantly, we forecast low mortgage defaults over the next several years due to the significant demand for housing, limited housing inventory, and the high credit quality and strong equity position of current mortgage borrowers.



It is important to understand that the risk of a home price decline on a national scale is highly correlated to excess housing inventory. In the housing crisis, there were 3 to 4 million existing homes for sale which was significantly above the historical norm of 1.5 to 2 million and substantially higher than today's 870,000 units.[6] It will take a significant amount of time to increase housing supply from 2022's historically low levels. Homebuilder completion rates over the next 12 to 24 months will continue to be constrained by a shortage of labor, materials, and buildable lots. The other traditional source of home supply would come from defaulting borrowers or demographic trends. However, today's mortgage borrowers have strong balance sheets, ample job opportunities and significant home equity. The foreclosure rate of 0.46% is at a 40-year low and delinquency rates continue to decline.[7] The supply-demand imbalance is compounded by demographic trends, as Millennials are in their prime home buying age and Baby Boomers are staying in the homes longer than previous generations.

ATTRIBUTION & COMPOSITION

The Fund's Institutional Share Class returned -4.00% for the first quarter. Within the portfolio, RMBS was down -3.59%, Multifamily CMBS posted -0.16%, ABS and CLOs each printed -0.08%. The Fund outperformed the Bloomberg Aggregate Bond index by 193 basis points and the ICE BofAML U.S. Cash Pay High Yield by 53 basis points. Fixed income total returns were negative for the first quarter with Investment Grade Corporates and US Treasuries delivering the worst total returns. Securitized credit benefited from a greater prevalence of floating rate coupons, which outperformed their fixed rate cohorts.

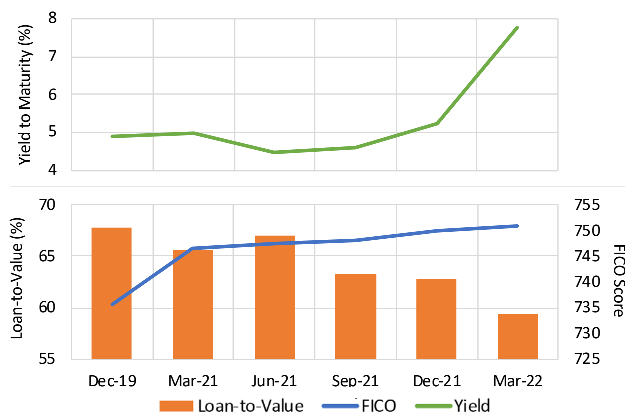
Going into the quarter's heightened volatility, Braddock positioned the portfolio to mitigate the effects of higher interest rates and the potential for wider credit spreads. The Fund increased the percentage of floating rate securities, maintained a higher share of Investment Grade and Cash assets, and kept exposure to bonds where we have a strong conviction in the cash flows from well underwritten assets supported by positive U.S. consumer and housing fundamentals.

The Fund's RMBS allocation ended the quarter at 70%. During the quarter, RMBS credit spreads came under pressure due to negative supply technicals and investor expectations around average life extension. 2021 issuance was a post-crisis, record setting year for many RMBS sectors. RMBS issuance remained elevated in the first quarter of 2022 at $51 billion and is on pace to match 2021's level of over $200 billion.[8] Despite the weakness in RMBS credit spreads, elevated home values and constructive borrower credit performance has led to continued rating agency upgrades. During the quarter, the Modern RMBS sector experienced 517 bond upgrades across Credit Risk Transfer (CRT), Prime Jumbo 2.0, and Non-Qualified Mortgage Bonds.[9]

The Fund's Consumer ABS allocation increased slightly to 14%. ABS credit spreads widened throughout the quarter, but investors were more concerned with primary market supply than the inflationary impacts on consumer credit and savings. The period's new issue volume clipped along at $70 billion, an increase of 9.5% over the prior year's quarter and represented the busiest first quarter since 2007. The fixed rate ABS sector total return finished down -2.6%.[10] However, the Fund's ABS positions performed better given a focus on higher carry bonds and higher quality borrowers in the Prime Auto and Solar ABS sectors.

[6] National Association of Realtors. As of 3/31/2022
[7] Mortgage Bankers Association. As of 2/10/2022
[8] Bank of America. As of 3/31/2022
[9] Bank of America, Fitch, Moody's, S&P, DBRS, KBRA. As of 3/31/2022
[10] Bank of America. As of 3/31/2022

The Fund's allocation to BBB-rated CLOs increased to 11%. The CLO market started the year on a strong note with buyers searching for floating rate product. The Leverage Loan and CLO markets seemed to be the last asset classes to take a negative turn in late February and into March when faster Fed rate hike sentiment and geopolitical concerns pushed the risk-off tone further. Due to less technical pressures, these markets were not as negatively impacted and recovered meaningfully toward the end of the quarter. The Loan market ended the period effectively flat and BBB-CLOs were down only -0.4%[11].



The Multifamily CMBS allocation remained at 5% with exposure primarily tied to BBB- rated risk of Commercial Real Estate (CRE) CLOs. General demand for multifamily housing and the increase in transitional, value-add projects with lease-up strategies brought many specialized real estate companies to the securitization market for financing. CRE CLO new issue reached over $15 billion for the first quarter, an increase of about 70% over the $9 billion issued during the same period in 2021[12]. This added paper, combined with wider benchmark CMBS conduit pricing, weighed on credit spreads.

OUTLOOK

Today's investors and bond managers should investigate if the post-pandemic global economy has caused structural changes that will end the 30-year downward trend in global interest rates. Braddock believes its core strategy of floating rate bonds backed by RMBS, CLOs and Multifamily CMBS provides investors an attractive compliment or alternative to corporate, floating rate loan funds. We believe an investment today is tactical, as securitized credit spreads have widened more than corporate credit in 2022 and technical supply pressures, discussed previously, will fade as higher mortgage rates reduce future bond supply. The opportunity is also strategic as increasing home values and strong consumer credit performance continue to reduce credit risk. The mortgages backing the Fund's RMBS holdings have an average age of 45 months and the homeowners have built significant equity, which reduces foreclosure risk[13]. It is also likely that the demand for homeownership will remain elevated due to both demographic trends and the "work from home" economy. We do not see these fundamentals reversing and therefore believe the recent repricing of the structured credit has created attractive relative and absolute value.

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[11] Bank of America. As of 3/31/2022
[12] JP Morgan. As of 3/31/2022
[13] Braddock Financial. As of 3/31/2022

PERFORMANCE AS OF 3/31/22

	Q1 2022	YTD	1 Year	3 Year	5 Year	10 Year	Ann ITD*
BDKNX	-4.00%	-4.00%	-0.49%	-8.57%	-3.37%	3.22%	5.03%
BDKAX	-4.20%	-4.20%	-0.89%	-8.85%	-3.62%	2.95%	4.76%
BDKAX w/Load	-8.22%	-8.22%	-5.09%	-10.14%	-4.46%	2.34%	4.28%
BDKCX	-4.25%	-4.25%	-1.51%	-9.49%	-4.32%	2.19%	3.99%
Bloomberg Aggregate Bond Index	-5.93%	-5.93%	-4.15%	1.69%	2.14%	2.24%	3.10%
ICE BOFA ML US High Yield Index	-4.53%	-4.53%	-0.28%	4.38%	4.55%	5.68%	7.54%

Performance data quoted represents past performance and is no guarantee of future results. 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. Total return figures include the reinvestment of dividends and capital gains. The gross and net operating expense ratio for the Class A, C, and Institutional Shares are 1.78%, 2.53%, and 1.53%, 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, 2022. Without the contractual agreement, performance would have been lower. 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 3/31/22

	SEC Yield	Unsubsidized Yield
BDKNX	3.79%	3.74%
BDKAX	3.39%	3.34%
BDKCX	2.79%	2.73%

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: 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: **COVID-19 Related Market Events:** The outbreak of COVID-19 has caused major disruptions to 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. **Market Risk:** the market price of a security may decline, sometimes rapidly or unpredictably, due to general market conditions that are not specifically related to a particular issuer, company, or asset class. **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. **Fixed income/ interest rate:** Generally, fixed income securities decrease in value if interest rates rise, and increase in value if interest rates fall. **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. **Mortgage-backed securities:** subject to prepayment risk, "extension risk" (repaid more slowly), credit risk, liquidity, and default risks. **Management and Strategy:** the evaluation and selection of the Fund's investments depend on the judgment of the Fund's Sub-Advisor about the quality, relative yield, value or market trends affecting a particular security, industry, sector or region, which may prove to be incorrect. **Credit Risk:** If an issuer or guarantor of a debt security held by the Fund or a counterparty to a financial contract with the Fund defaults or is downgraded or is perceived

to be less creditworthy, the value of the Fund's portfolio will typically decline. The Fund's securities are generally not guaranteed by any governmental agency. **Sector Focus:** focus may present more risks than if broadly diversified. **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. **ETF Risk**: Investing in an ETF will provide the Fund with exposure to the securities comprising the index on which the ETF is based and will expose the Fund to risks similar to those of investing directly in those securities.

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.

Basis points: one hundredth of one percent, used chiefly in expressing differences of in¬terest rates. **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. **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. **Modern RMBS:** credit sensitive RMBS issued after 2008. **Non-Qualified Mortgage bonds (Non-QM)** are securities that came to market in 2016 as a vehicle to finance mortgages to credit worthy borrowers who fall outside the criteria for a "Qualified or Conforming Mortgage." **Prime Jumbo 2.0:** RMBS backed by mortgages to prime borrowers issued post-2008. Prime or "A" borrowers are generally among the best tier of borrowers, with high credit scores and/or significant financial resources. The mortgages may exceed the conforming balance limits established by Fannie Mae and Freddie Mac. **Yield to Maturity:** Rate of return anticipated on an instrument if it is held until the maturity date, expressed as an annual rate. The calculation takes into account market price, time to maturity, and coupon interest rate. It assumes that all coupons are reinvested at the same rate. This is not reflective of Fund yield. **Credit Spreads** are the difference between the quoted rates of return on two different investments, usually of different credit qualities but similar maturities. **Distribution Yield** is a measurement of cash flow paid by an exchange-traded fund, real estate investment trust, or another type of income-paying vehicle. **Bond ratings** are grades given to bonds that indicate their credit quality as determined by private independent rating services such as Standard & Poor's, Moody's and Fitch. These firms evaluate a bond issuer's financial strength, or its ability to pay a bond's principal and interest in a timely fashion. Ratings are expressed as letters ranging from `AAA', which is the highest grade, to `D', which is the lowest grade.

Bloomberg 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. **One cannot invest directly in an index.**

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