THIRD QUARTER 2021

Short Term Bond Fund Commentary

RED CEDAR MUTUAL FUNDS

September 30, 2021

MARKET REVIEW

3Q21 was an underwhelming quarter in the capital markets with equities drifting somewhat aimlessly during the summer months and bond yields just slightly changed from the prior quarter end. That's not to say it wasn't interesting getting from point A to point B as the S&P 500® hit an all-time high during September before retreating and eking out a positive 0.6% return for the quarter. For its part, the U.S .Treasury (UST) curve bull flattened during the first half of the quarter before reversing course and ending up virtually unchanged. The 10-year UST yield finished just 2 basis points higher than the previous quarter at 1.49%.

There were a few catalysts for this price action during the quarter, including the Federal Reserve's (Fed) confusing messaging regarding monetary policy, supply chain and inflation issues, and China's crackdown on the private sector. By the July 28 Federal Open Market Committee Meeting, the Fed was able to re-assure markets that tapering does not mean rate hikes. Indeed, if the Fed begins tapering its asset purchases late this year, they would in all likelihood not be finished until late 2022. This would put the first rate hike on the table no earlier than late 2022. This easier-for-longer stance caused the yield curve to re-steepen as the quarter wore on. The resignation of two hawkish Federal Reserve Bank presidents over their controversial personal investment trading while setting Fed policy further emboldened the easier-for-longer narrative as new appointees would undoubtedly tilt dovish. All other things equal, these would be positive developments for equity markets.

On the inflation front, the Fed has been preaching the transitory nature of inflation for over a year now, but broad U.S. inflation indices are running between 4% and 5.5% year-over-year. Additionally, commodity prices globally continue to rise with the S&P Goldman Sachs Commodity Index posting a hefty 36.2% increase YTD. If these inflation measures do not turn out to be transitory, then fixed income yields will have to adjust upward.

As we enter the 4th quarter, the debt ceiling, government shutdowns, and stimulus bills all seem poised to create drama in the markets. For now, the government has enough funding to remain open through December 3. However, unless the debt ceiling is raised by October 18, the US could default on some of its Treasury obligations. Despite the theatrics in Washington DC, we expect these issues to be resolved allowing market participants to focus on easy monetary policy, fiscal stimulus, and corporate earnings—all of which could provide additional runway for equity market returns and be challenging for fixed income.

PORTFOLIO REVIEW

The Fund returned 0.11% for the quarter ended September 30, 2021, as calculated by the net asset value with all distributions reinvested. The Fund's benchmark, the Bloomberg 1-3 Year U.S. Government/Credit Index, returned 0.09% during the same period.

Commercial mortgage-backed securities (CMBS) were the primary driver of relative performance led by tranches that pay interest-only (IO) on deals backed by multi-family properties. The bonds benefitted from prepayment protection in the form of defeasance, which required the borrowers to match their projected loan payments with U.S. Treasury securities upon refinancing. This greatly improved the profile of the securities and increased their value.

Interest rates increased during the quarter led by intermediate maturity bonds. This part of the yield curve tends to be most sensitive to monetary policy changes by the Federal Reserve. The strategy was positioned defensively for rate increases and this was additive to performance.

Cash was a slight drag on performance. Investors were hungry for yield in the low interest rate environment. As a result, most bond prices went higher during the period. Any amount of cash greater than zero was a detractor.

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FUND INFORMATION

Benchmark	Bloomberg 1-3 Yr U.S. Gov/Credit
Ticker (Class I)	RCSTX
Expense Ratio (Gross/Net)*	0.72%/0.46%
Inception	11/15/19

PORTFOLIO MANAGEMENT TEAM

Jason M. Schwartz, CFA
Senior Portfolio Manager
Industry start date: 2004
Joined Red Cedar: 2018

Michael J. Martin, CFA
Senior Portfolio Manager
Industry start date: 1994
Joined Red Cedar: 2018

Patricia S. Younker
Senior Portfolio Manager
Industry start date: 1987
Joined Red Cedar: 2018

John L. Cassady III, CFA
Chief Investment Officer
Industry start date: 1987
Joined Red Cedar: 2018

INVESTMENT PHILOSOPHY

"We seek income producing opportunities while preserving capital by focusing on securities that have demonstrated superior risk-adjusted returns over time."
—Jason Schwartz

*Red Cedar Investment Management, LLC (the "Adviser") has contractually agreed to reduce the Management Fee and reimburse Other Expenses until October 2, 2022, to the extent necessary to limit Total Annual Fund Operating Expenses to an amount not exceeding 0.45% of the Fund's average daily net assets.

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While the underweight to U.S. Treasuries was positive for relative performance, the decision to increase the overall exposure detracted from results. The strategy was positioned more defensively due to uncertainty regarding Federal reserve policy and their pivot to a more hawkish tone.

STRATEGY POSITION & OUTLOOK

Going forward, the makeup of the Federal Reserve is likely to shift in a far more dovish direction when the Biden administration fills the vacant board seats. In addition, risk assets generally continue to perform well even after the first interest rate hike of the cycle. Taken together, the investment team believes that credit continues to have runway for outperformance. The wildcard remains inflation and whether it causes the Fed to act in a more aggressive fashion than currently anticipated.

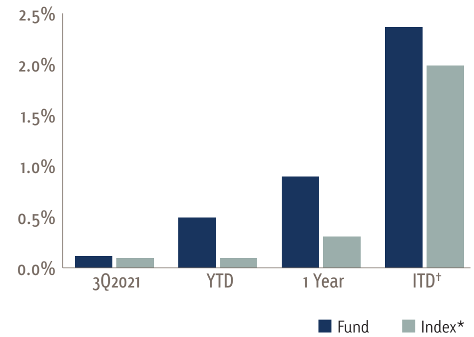
The U.S. Treasury bond allocation was reduced in favor of securities better positioned to outperform in an investor friendly monetary policy environment.

The allocation to CMBS was increased. Specifically, the investment team favors single asset single borrower (SASB) deals with floating rate coupons. The property fundamentals and performance of the deals has been strong while the spreads remain attractive to comparable sectors.

Corporate bonds were purchased in both the new issue and secondary markets. The former can provide additional yield when corporations need to borrow large sums of money at one time. The secondary market allows for unique trading opportunities. For example, the strategy purchased a T-Mobile corporate bond, which was recently upgraded from high yield. Additional upgrades could cause outperformance as more market participants are attracted to the investment grade rating.

The overall duration of the portfolio relative to the benchmark was decreased as clarity regarding the intentions of the Federal Reserve improved. The team believes that short maturity yields of one to three years will increase in anticipation of Fed rate hikes.

PERFORMANCE



	Fund	Index*
3Q2021	0.11%	0.09%
YTD	0.49%	0.09%
1 Year	0.89%	0.30%
ITD†	2.36%	1.98%

†Inception Date 11/15/2019
*Bloomberg 1-3 Yr U.S. Gov/Credit Index

Performance data quoted reflect past performance and are no guarantee of future results. Current performance may be lower or higher than the performance data quoted. The investment return and principal value of an investment will fluctuate, so that shares, when redeemed, may be worth more or less than their original cost. Investors may obtain performance data current to the most recent month-end by calling 888-626-8575.

DISCLOSURES

*All end of year index data noted is as of 9/30/2021.

Effective Duration is the change in the value of a fixed income security that will result from a 1% change in market interest rates, taking into account anticipated cash flow fluctuations from mortgage prepayments, puts, adjustable coupons, and potential call dates. Duration is expressed as a number of years, and generally, the larger a duration, the greater the interest-rate risk or reward for a portfolio's underlying bond prices. Where applicable, securities, such as common or preferred stock, convertible bonds and convertible preferred stock, ETFs and ADRs, and CPI swaps and related futures, are excluded from these calculations. Nominal yield is the coupon rate on a bond calculated by dividing all annual interest payments by the face value.

Performance data quoted reflect past performance and are no guarantee of future results. The investment return and principal value of an investment in the Fund will fluctuate so that shares, on any given day or when redeemed, may be worth more or less than their original cost.

Important Risk Information

The Fund may invest in mortgage- and asset-backed securities which may be subject to prepayment risk and thus may be more sensitive to interest rate changes than other types of debt securities. The Fund may also invest in U.S. dollar denominated securities issued by foreign issuers which involve additional risks including political and economic instability, differences in financial reporting standards and less regulated securities markets. While the U.S. government has historically provided financial support to various U.S. government-sponsored agencies, no assurance can be given that it will do so in the future if it is not obligated by law. All investments carry risk, including loss of principal. In a rising interest rate environment, the value of fixed-income securities generally decline and conversely, in a falling interest rate environment, the value of fixed income securities generally increase. Indices are unmanaged and direct investment is not possible.

Due to the active management of the Fund by the Advisor, the Fund could underperform its benchmark index and/or other funds with similar investment objectives and strategies.

Mutual fund investing involves risk, including the possible loss of principal.

Before you invest in the Fund, please refer to the prospectus for important information about the investment company, including investment objectives, risks, charges and expenses. You may also obtain a hard copy of the prospectus by calling 888-626-2575. The prospectus should be read carefully before you invest or send money.

Red Cedar Investment Management, LLC ("Red Cedar") is the adviser to Red Cedar Funds, which are distributed by Ultimus Fund Distributors, LLC (Member FINRA). Ultimus Fund Distributors, LLC and Red Cedar Investment Management, LLC are separate and unaffiliated.

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