FIRST QUARTER 2022

Short Term Bond Fund Commentary

March 31, 2022

MARKET REVIEW

Coming into the year 2022, there were certainly many risks looming on the horizon—chief among them were inflation and whether Russia would invade Ukraine. The Federal Reserve (Fed) was most certainly going to embark on a tightening of monetary policy, but the bigger concern was the possibility that it was already woefully behind the curve on inflation. At the beginning of the year, the eurodollar futures market was pricing in four 25-basis-point (bps) hikes for 2022. With a litany of Fed speakers suggesting that hikes of 50 bps could be in play at some Federal Open Market Committee Meetings (FOMC) this year, the market soon began pricing in a Fed Funds target of 2% by year end. When the FOMC finally met on March 16, it announced its hawkish stance on inflation by raising rates by 25 bps and its intention to announce a plan for shrinking its nearly $9 trillion balance sheet at its May meeting. In addition to reading the tea leaves on the Fed, the markets also had to contend with the Russian invasion of Ukraine on February 24 and the unprecedented sanctions levied against Russia by the West. Indeed, Russia and its banks were effectively banned from financial transactions with most of the world. This sent commodity prices skyrocketing as Russia and its allies are some of the largest energy exporters and key producers of metals, fertilizers, and other agricultural commodities.

With the Fed potentially behind the curve on inflation before the Russian invasion and additional inflationary impulses caused by commodity supply disruptions, the capital markets reacted accordingly. The best performing asset class during the quarter was commodities with the S&P Goldman Sachs Commodity Index® returning 29.05%. Those inflationary pressures, along with a Fed that will have to play catch-up on fighting inflation, were the catalyst behind the Bloomberg U.S. Aggregate Bond Index's worst ever start to a year with a total return of -5.93%. As investors repriced risk during the quarter due to these crosscurrents, the large cap Russell 1000® Index was at one point down 13.11% from peak to trough but managed to end the quarter at -5.14%. Growth stocks as represented by the Russell 1000 Growth Index underperformed with a -9.05% return, while the Russell 1000 Value Index ended the quarter with just a -0.75% return.

Investors are now faced with whether the Fed will be able to engineer a soft landing for the U.S. economy as it fights inflation in earnest for the first time in 40 years. Typically, an inverted yield curve is a good predictor of a recession. The slightly inverted 2s/10s yield spread of -0.06 bps could be signaling that the Fed is so far behind the curve on inflation that its only option will be to tighten aggressively until it sends the economy into recession. If this is the case, then equity and fixed income markets will need to price more risk into their respective markets.

PORTFOLIO REVIEW

The Red Cedar Short Term Bond Fund (Class I) returned -2.33% for the quarter ended March 31, 2022, 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 -2.49% during the same period.

Outperformance was led by the duration underweight relative to the benchmark. The yield curve aggressively flattened as interest rates on short maturity bonds rose dramatically while yields on long maturities fell. This was driven by market perception that the Federal Reserve (Fed) is ready and willing to hike interest rates into restrictive territory to slow inflation.

The market reacted to the numerous headwinds during the period in traditional "risk-off" fashion. The Bloomberg U.S. Corporate 1–3 Year Index spread widened 17 basis points (bps) to end the quarter at +59. As a result, the allocation and selection effects to corporate bonds detracted from results due to the relative overweight in the sector.

While spreads on asset-backed securities (ABS), commercial mortgage-backed securities (CMBS), and residential mortgage-backed securities (RMBS) were more stable than corporate bonds, they still posted negative excess returns. Therefore, the allocation effect to securitized products was also a drag on performance.

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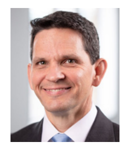
FUND INFORMATION

Benchmark	Bloomberg 1-3 Yr U.S. Gov/Credit
Ticker (Class I)	RCSTX
Expense Ratio (Gross/Net)*	0.70%/0.45%
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 February 28, 2023, 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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Adjustments to the portfolio early in the quarter, prior to the Ukraine invasion, were made for risk reduction and enhanced results. Corporate, ABS, and CMBS bonds were sold in favor of U.S. Treasuries, which outperformed all other sectors on an excess return basis for the period.

STRATEGY POSITION & OUTLOOK

With inflation at a level not seen in decades, the Fed is set to embark on a hiking cycle far more aggressive than any in recent memory. The first rate increase commenced on March 16, and financial conditions eased in the days immediately following the announcement. Clearly the Fed has its work cut out for it. While multiple 50-bps hikes have priced into the treasury curve, the reduction of liquidity they foretell isn't priced into credit spreads.

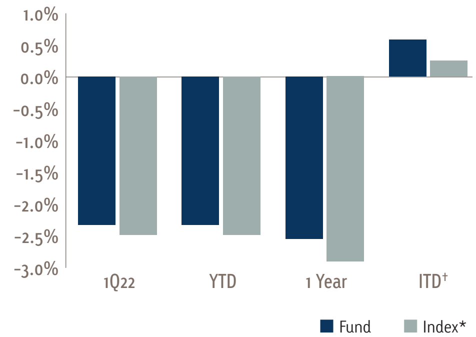
The strategy has adopted a more defensive posture by taking less interest rate risk than the benchmark and reduced spread duration. The team expects the Fed to pursue tighter financial conditions even at the expense of growth. The primary lever used by the Fed is likely to be the Federal Funds rate, at least in the initial stages of the tightening campaign. Therefore, the front end of the yield curve will likely press higher.

The Fed will soon begin to drain liquidity from the system by shrinking its balance sheet. The team believes that this will ultimately further weigh on credit spreads. The corporate bond allocation has been reduced through sales of higher beta credits. ABS bonds with a weighted average life beyond three years were also sold.

Proceeds from the sales were placed into U.S. Treasury bonds and agency CMBS due to their explicit government backing and therefore lower spread volatility. In addition, the allocation to legacy RMBS was increased. The sector was targeted for its high credit enhancement levels and floating rate coupons, which provide benefits in a rising interest rate environment.

Exposure to single-asset, single-borrower (SASB) CMBS was reduced. The sector is likely to experience high levels of issuance that will weigh on credit spreads and cause further underperformance. Also, floating rate coupons cause increased financial strain to borrowers as their cost of funds rises along with interest rates.

PERFORMANCE



	Fund	Index*
1Q22	-2.33%	-2.49%
YTD	-2.33%	-2.49%
1 Year	-2.55%	-2.91%
ITD†	0.58%	0.25%

†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 12/31/2021.

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.

RED CEDAR
MUTUAL FUNDS

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