THIRD QUARTER 2020

Short Term Bond Fund Commentary

September 30, 2020

MARKET REVIEW

The data coming out on the economy during the third quarter was bad, but not as bad as many had expected earlier in the year. The government estimate of second quarter GDP growth, at negative 31.7% annualized, confirmed an economy-wide collapse led by services. The expectation of a strong bounce in the third and fourth quarter GDP data continues to be the consensus view of the markets, but the fact is, by the end of the year, the economy will probably have contracted between 5 to 7 percent. As troubling as that level of economic contraction is, it probably could have been worse. The labor data shows signs of a strong recovery with continuing unemployment claims at 11 million today, down from 17 million at the end of June.

The U.S. economy is recovering more quickly than many other developed economies around the globe, save China. In the wake of the COVID-19 pandemic, policy makers quickly mobilized U.S. fiscal policy to provide income replacement to those unable to work and businesses unable to operate. Fiscal policy currently accounts for 9.9% of GDP in FY 2020 and 2.4% of GDP in FY 2021. Monetary policy has also been hyper-accommodative as well, as the Fed quickly cut rates to effectively zero and promised easy policy until at least 2023.

The fixed income markets saw interest rates virtually unchanged during the third quarter of 2020. The Fed's liquidity injections and rate cuts quickly calmed the fixed income markets. For the third quarter, the yield on a 2-year Treasury note fell 3 basis points (bps) to 13 bps, while the 10-year Treasury note's yield increased 2 bps to 68 bps. Spreads in the investment grade and structured credit market also ground tighter during the quarter, helping the Bloomberg Barclays U.S. Aggregate Bond Index post a return of 0.62% for the period. The most notable aspect of the fixed income market, in our estimation, has been the massive increase in investment grade (IG) debt issuance that the market has absorbed so far in 2020. Supported by the Fed's liquidity programs and investors' demand for yield, IG issuers through the end of September have issued a stunning $1.6 trillion in new debt, eclipsing handily the previous yearly record of $1.35 trillion set in 2017, with three months yet to go in 2020.

The equity markets powered higher again in the third quarter, led by massive outperformance of the mega-cap tech names yet again. The NASDAQ pushed to new highs during the quarter, with a return of 11.2%, bringing its full year return to over 25%. The S&P also had a strong quarter, up 8.9%, bringing its YTD performance up to 5.6%. You could still find ways to lose money in the first nine months of 2020, particularly if you went down in market capitalization. The Russell 2000® Index was down 8.7% and the S&P 600 Small Cap was down 15.2% year to date.

PORTFOLIO REVIEW

The Fund returned 0.62% for the quarter ended September 30, 2020, as calculated by the net asset value (NAV) with all distributions reinvested. The Fund's benchmark, the Bloomberg Barclays 1-3 Year U.S. Government/Credit Index, returned 0.23% during the same period.

A recovery in commercial mortgage-backed securities (CMBS) prices was the dominant driver of performance during the period. As ground zero for the COVID-19-related shutdowns, bonds backed by hotel, retail and office properties lagged in the initial stages of the risk-on environment. When monetary and fiscal policy combined to ease market strains, the AAA portion of the CMBS market rebounded quickly.

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FUND INFORMATION

Benchmark	Bloomberg Barclays 1-3 Yr U.S. Gov/Credit
Ticker (Class I)	RCSTX
Inception	11/15/19

PORTFOLIO MANAGEMENT TEAM

Jason M. Schwartz, CFA
Senior Portfolio Manager
16 years of investment experience

Michael J. Martin, CFA
Senior Portfolio Manager
26 years of investment experience

Patricia S. Younker
Senior Portfolio Manager
32 years of investment experience

John L. Cassady III, CFA
Chief Investment Officer
30 years of investment experience

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

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Residential mortgage-backed securities (RMBS) outperformed as U.S. housing proved to be resilient, while many other sectors of the economy either retrenched or stagnated.

The Fund benefited further from a reflation in asset values of IG corporate bonds. Fed support drove early returns as the sector was the first to recover from the initial COVID-19 lockdown due to a liquidity driven rally. As the economy continued to reopen during the period, consumer cyclical issuers like Marriott International and Daimler Finance led the way as economic prospects improved.

STRATEGY POSITION & OUTLOOK

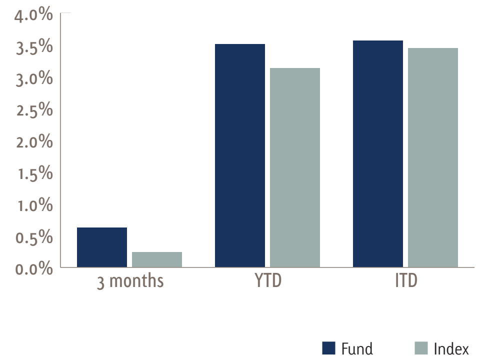
The investment team expects risk assets to continue their outperformance due to policymakers' determination to flood the system with liquidity. In contrast to previous recoveries like the Great Financial Crisis of 2008-2009, the current episode will have the benefit of significant fiscal stimulus as an added tailwind.

The Fund continued to aggressively sell positions when price targets were reached, and further upside was limited. Auto asset-backed securities were sold and reinvested into RMBS. The team believes that house price appreciation will continue as the millennial generation hastens the decision to purchase a home as a result of the pandemic. With an undersupply of homes available, prices will remain supported.

The allocation to IG corporate bonds was increased. Issuers were eager to borrow at low levels of absolute rates and offered attractive concessions to investors. The Fund added credit exposure primarily through the new issue market.

The Fund purchased Treasury inflation-protected securities (TIPS) to take advantage of depressed inflation expectations. The team believes that a combination of monetary and fiscal stimulus, while not likely to cause inflation immediately, has the potential drive consumer prices higher in the coming years.

PERFORMANCE



	Fund	Index
3 Months	0.62%	0.23%
YTD	3.50%	3.12%
ITD	3.56%	3.44%

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

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. Investors may obtain performance data current to the most recent month-end by calling 888-626-8575.

Red Cedar Investment Management, LLC has contractually agreed to reduce the Management Fee and reimburse Other Expenses until November 1, 2021, 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.

DISCLOSURES

Investment results assume all distributions are reinvested and reflect applicable fees and expenses. Performance data quoted reflect past performance and are no guarantee of future results. Current performance may be higher or lower than the performance quoted. 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.

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 Sub-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

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