Performance Highlights

- PTIAX returned +2.86% for the second quarter of 2019, while the Bloomberg Barclays Aggregate Bond Index (the benchmark) returned +3.08%, and the Morningstar Multisector Bond Category (Morningstar category average) returned 2.62%.

- Outperformance relative to the Morningstar category average can likely be attributed to the category’s larger exposure to high yield corporate bonds. While investment grade corporates and U.S. Treasury securities performed extremely well during the quarter, high yield corporates lagged somewhat after performing well in Q1. PTIAX’s exposure to high yield corporate bonds is negligible.

- Slight underperformance relative to the benchmark can be attributed to the benchmark’s higher relative interest rate sensitivity and exposure to investment grade corporates (which was one of the top performing fixed income sectors over the quarter). The benchmark is largely made up of bonds with very little credit risk, thus, price movements can largely be attributed to changes in interest rates. During the quarter, interest rates (using 10 year US Treasury as a proxy) fell approximately 41 basis points (basis points).

A HISTORY OF OUTPERFORMANCE

Our investment process, Shape Management®, prioritizes long-term potential outperformance over short-term wins.

Total Returns (%) As of June 30, 2019

- PTIAX
- Bloomberg Barclays Aggregate Bond Index
- Morningstar Multisector Bond Category

Performance data quoted represents past performance which does not guarantee future results. The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than original cost. Current performance may be lower or higher than the performance quoted. Performance data current to the most recent month-end may be obtained at www.ptam.com or by calling (866) 792-9606. Returns over one year are annualized. The expense ratio is 0.83.

1: P&I (principal and interest), CMBS (commercial mortgage backed securities), IO (interest only), RMBS (residential mortgage backed securities) ABS (asset backed securities)
Market Review

Interest Rates/Yield Curve
- The unusual yield curve inversion continued and became even more pronounced during the quarter. The yield on 3 month Treasury Bills has been considerably higher than the yield on 10 year Treasury Notes.
- Inflation persistently below the Fed’s target, softening economic data domestically and abroad, and uncertainty surrounding trade wars have all been cited as catalysts for the recent Treasury rally.

Credit Spreads
- Credit spreads were quite volatile during the quarter, widening in May in response to weakening economic data and the US government’s announcement of tariffs on Mexico. In June, spreads snapped back after the US agreed to delay tariffs on Mexico and the Fed delivered a dovish message at their June meeting that hinted at future rate cuts.
- Despite the wild ride, IG corporate spreads were able to rally somewhat. High yield corporate and structured credit spreads were largely unchanged, and tax exempt municipal bonds softened somewhat.

Portfolio Strategy and Positioning
- We focus on building a well-diversified core bond fund that we believe will generate strong returns in multiple market environments. Our investment process, Shape Management, digs deeper into future return and risk outcomes than superficial traditional metrics like yield and duration.
  - Interest Rate Defense Sectors: Non-Agency RMBS, CMBS (other), CLOs, ABS
  - Interest Rate Offense Sectors: Taxable Municipals, Tax-Exempt Municipals, P&I AAA CMBS, IG Corporates, U.S. Treasuries
  - Low Credit Risk Sectors: Taxable Municipals, Tax-Exempt Municipals, IG Corporates, U.S. Treasuries
- During the quarter, we significantly reduced our exposure to tax-exempt municipal bonds as they richened to the most expensive levels we have seen post-credit crisis relative to Treasuries.

The categories above summarize how the PTAM investment team believes that these sectors currently function within the Strategic Bond Fund. Allocations are subject to change at anytime. There can be no guarantee that any strategy, risk management or diversification will be successful. All investing involves risk, including potential loss of principal. *Majority, but not all of the IG corporate holdings in the Strategic Bond Fund have low credit risk.
As we reduced our tax-exempt municipal exposure, we primarily added to other Interest Rate Offense sectors, including taxable munis, investment grade corporates, and P&I AAA CMBS within the agency guaranteed CMBS sector.

As interest rates continued to fall and with the yield curve inversion intensifying, we continued to add ABS, which are less sensitive to interest rates.

In the near term, we expect that we will continue adding bonds to the portfolio that price off of the very short end of the yield curve. Given its current shape, the front end of the curve can no longer be ignored. This will likely come in the form of shorter term ABS, CMBS, and RMBS which we believe are less sensitive to interest rates.

We also anticipate that we will continue marginally increasing durations of the taxable municipal, investment grade corporate, and P&I AAA CMBS allocations while continuing to reduce our exposure to tax-exempt municipals.

These plans may change depending on market conditions, but currently we believe that bonds in the belly of the yield curve have simply become much less attractive.

**Portfolio Outlook**

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**WHAT DIFFERENTIATES PTAM?**

**DISTINCTIVE APPROACH TO FIXED INCOME INVESTING**

We look beyond traditional metrics, and apply a dynamic approach by evaluating the future total return of securities over various interest rate scenarios.

**EXPERTISE IN COMPLEX STRUCTURES**

Our team uncovers compelling opportunities by applying a bottom up approach that exploits pricing and structural inefficiencies.

**STRONG LONG TERM RESULTS IN VARIOUS MARKET ENVIRONMENTS**

Our objective is simple: to provide excess return for investors over time regardless of interest rate movements.

**GLOSSARY**

**Bloomberg Barclays U.S. Aggregate Bond Index** represents securities that are taxable and USD denominated. The index covers the U.S. investment grade fixed rate bond market, with index components for government and corporate securities, mortgage pass through securities, and asset-backed securities. These major sectors are subdivided into more specific indices that are calculated and reported on a regular basis. It is not possible to invest in an index.

The credit quality of the securities in a portfolio is assigned by a nationally recognized statistical rating organization (NRSRO) such as Standard & Poor’s, Moody’s, or Fitch, as an indication of an issuer’s creditworthiness. Ratings range from ‘AAA’ (highest) to ‘D’ (lowest). Bonds rated ‘BBB’ or above are considered investment grade. Credit ratings ‘BB’ and below are lower-rated securities. High yielding, non-investment-grade bonds involve higher risks than investment-grade bonds. Adverse conditions may affect the issuer’s ability to pay interest and principal on these securities.

**INVESTMENT CONSIDERATIONS**

Mutual fund investing involves risk; principal loss is possible. Investments in debt securities typically decrease in value when interest rates rise. This risk is usually greater for longer-term debt securities. Investments in lower rated and non-rated securities present a greater risk of loss to principal and interest than higher-rated securities. Investments in asset-backed and mortgage-backed securities include additional risks that investors should be aware of such as credit risk, prepayment risk, possible illiquidity and default, as well as increased susceptibility to adverse economic developments. The Fund may invest in Real Estate Investment Trusts which involve additional risks such as declines in the value of real estate and increased susceptibility to adverse economic or regulatory developments. Derivatives involve investment exposure that may exceed the original cost and a small investment in derivatives could have a large potential impact on the performance of the Fund. Options and swap positions held in the Fund may be illiquid and the Fund manager may have difficulty closing out a position. The Fund may also invest in equities, including common and preferred stock, as a non-principal investment strategy and exchange-traded funds (“ETFs”). ETFs are subject to additional risks that do not apply to conventional mutual funds, including the risks that the market price of an ETF’s shares may trade at a discount to its net asset value, an active secondary trading market may not develop or be maintained, or trading may be halted by the exchange in which they trade, which may impact the Fund’s ability to sell its shares.

While PTIAX (Class I) is no-load, management fees and other expenses still apply. Please refer to the prospectus for further details.

**The Fund’s investment objectives, risks, charges and expenses must be considered carefully before investing. The summary and statutory prospectuses contain this and other important information about the investment company, and may be obtained by calling 1.877.738.9095. Read carefully before investing.**

PT Asset Management, LLC (“PTAM”) is the advisor to the PTAM Funds, which are distributed by Foreside Fund Services, LLC (“Foreside”). PTAM and Foreside are not affiliated.