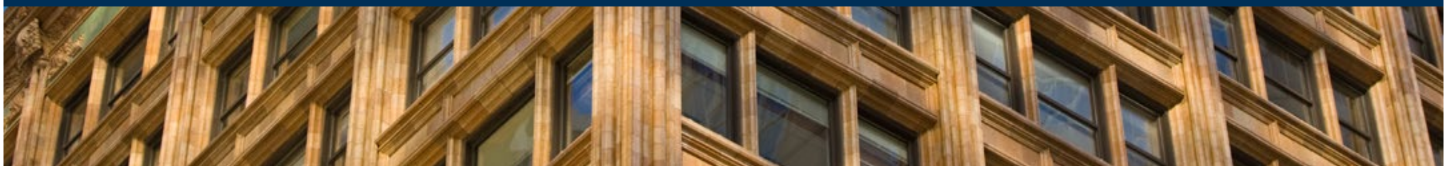
PT Asset Management, LLC

Performance Trust Strategic Bond Fund

1Q 2018 | COMMENTARY

PTIAX 866.792.9606 www.ptam.com



Fund Performance

For the first quarter of 2018, the Performance Trust Strategic Bond Fund ("PTIAX" or the "Fund") returned -0.01%, outperforming both the Bloomberg Barclays U.S. Aggregate Bond Index's (the "Index") return of -1.46%, and the Morningstar Multisector Bond Category's return of -0.53%. During the quarter, interest rates rose sharply, with the 5-year and 10-year Treasury yields rising 34 and 31 basis points, respectively. Historically structured credit has been our preferred way to play defense if interest rates rise. This quarter was no exception, with the Fund's non-agency residential mortgage backed securities (RMBS) and commercial mortgage backed securities (CMBS) being the strongest drivers of performance for the Fund. We attribute our relative outperformance of both the Index and our peer group to our large structured credit allocation.

RETURNS (%) (as of 3/31/2018)

	3-Month	1-Year	3-Year	5-Year	Since Inception
PTIAX (Inception Date: 9/1/2010)	-0.01	5.17	4.52	4.48	6.53
BbgBarc Aggregate Bond Index	-1.46	1.20	1.20	1.82	2.59
Morningstar Multisector Bond Category Average	-0.53	3.43	3.10	2.93	4.36

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 by visiting www.ptam.com or by calling (866) 792-9606. The expense ratio is 0.77.

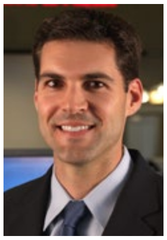
Portfolio Review and Positioning

PORTFOLIO COMPOSITION (%)

	12/31/17	3/31/18	Change
Tax-Exempt Municipal	20.47	17.49	-2.98
Non-Agency RMBS	39.75	37.26	-2.49
U.S. Treasuries	1.65	3.76	2.11
Taxable Municipal	15.83	17.50	1.67
Corporates	3.24	4.44	1.20
CMBS	16.73	17.66	0.93
Cash	1.67	1.28	-0.39
CLOs	0.66	0.60	-0.06

Mike Plaiss, CFA

Senior Portfolio Manager



Anthony Harris

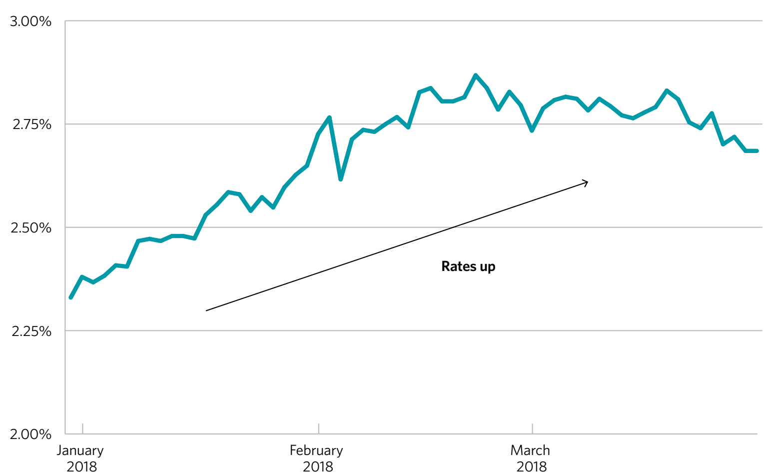
Senior Portfolio Manager

Increased Exposure to Taxable Muni's and Corporates for Portfolio's "Interest Rate Offense"

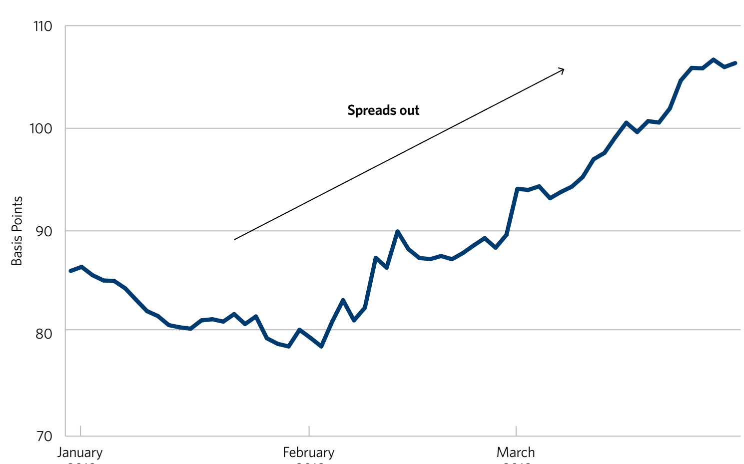
The Fund's municipal bond allocation has historically served as the Fund's offense in a rates-down environment. Over the quarter, interest rates rose, and consequently the total return on our municipal bond allocation was negative. Despite this drag on total return, we still find municipal bonds attractive, particularly taxable municipal bonds. Within the taxable municipal bond allocation, which we increased during the quarter, we have come in the curve a bit with many bonds poised in the still reasonably steep 5-7 year range. We believe that municipal bonds generally have less credit risk and are priced inefficiently, thus providing better total return potential.

Over the quarter, we also increased our allocation to corporate bonds, and anticipate continuing this trend if spreads remain wide. We are currently targeting an allocation as high as 10%. A properly diversified bond portfolio can be thought of as a combination of credit and interest rate risk, and the success of that portfolio will, over time, largely depend on how efficiently the manager takes those risks and understands the relative value between them. As little as a few months ago, we felt that investment grade corporates were a poor risk/reward relative to municipals, but things have changed quickly. Corporate bond spreads have widened while interest rates have increased, which is unusual. Typically, when interest rates increase, spreads narrow. Rising rates and wider spreads have made high grade corporates more attractive than they have been in years. We believe the spread widening is largely technical in nature, and does not necessarily represent increased fundamental credit risk. In the wake of recent tax reform, demand for high grade corporate bonds has waned. Cash that was parked overseas, often in high grade corporates, has been brought back to the U.S. and presumably been put to more productive use.

TREASURY RATES (7-YEAR) January-March 2018



CORPORATE SPREADS (7-YEAR, ALL SECTORS) January-March 2018



Sources: Bloomberg

The Fund's "Interest Rate Defense" Allocation to Structured Credit Performed Well in Rising Rate Environment

As mentioned earlier, our "interest rate defense" structured credit allocation was the strongest driver of performance for the Fund over the quarter. The strongest performing sector was the non-agency RMBS allocation, followed by CMBS. While we still like the non-agency RMBS space, we have found that bonds have not been priced as attractively as in recent years, and spreads are narrowing. Over the quarter, some of the Fund's non-agency RMBS allocation was allowed to roll off to make room for CMBS we like as well, or perhaps even a little better.

CMBS are an asset class where spreads have remained attractive, and shorter duration CMBS has continued to remain attractive. CMBS interest only bonds (IO's), in particular, have some unique features that have worked to the benefit of the bond holder. First, the underlying borrowers are typically either forbidden to prepay prior to their scheduled repayment window or are subject to yield maintenance fees, a portion of which is typically paid to the IO tranche. This reduces prepayment risk. Second, while they price off of the longer end of the curve, this is merely a pricing convention. The bonds have a real-world duration closer to four years, which we regard as an ideal place to be. During the quarter, we also increased our allocation to seasoned principal and interest paying CMBS, primarily in the A and AA-rated part of the capital structure. We viewed the spreads and total return potential of these bonds to be particularly attractive. Looking forward, we plan to maintain a strong allocation to CMBS.

What Differentiates PTAM?

DISTINCTIVE APPROACH TO FIXED INCOME INVESTING

EXPERTISE IN COMPLEX STRUCTURES

STRONG LONG TERM RESULTS IN VARIOUS MARKET ENVIRONMENTS

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.