

# COMMENTARY

## Performance Highlights

- **PTIMX returned +1.63% in the fourth quarter of 2018**, while the Bloomberg Barclays Municipal Bond Index (the Index) returned +1.69% and the Morningstar Municipal National Intermediate Bond Category returned +1.19%
- We feel **the key to the success of Shape Management® is allowing time to elapse**, because as the investment horizon extends, other forms of return (spread tightening, rolling the yield curve, income collection) come into play, resulting in potentially stronger longer term performance.

### TOP 3 CONTRIBUTORS TO ABSOLUTE PERFORMANCE

- Supportive market environment
  - Decreasing interest rates
  - Flight to quality to municipal bonds after a volatile quarter
- Exposure to long bonds
- Carry from exposure to high yield bonds

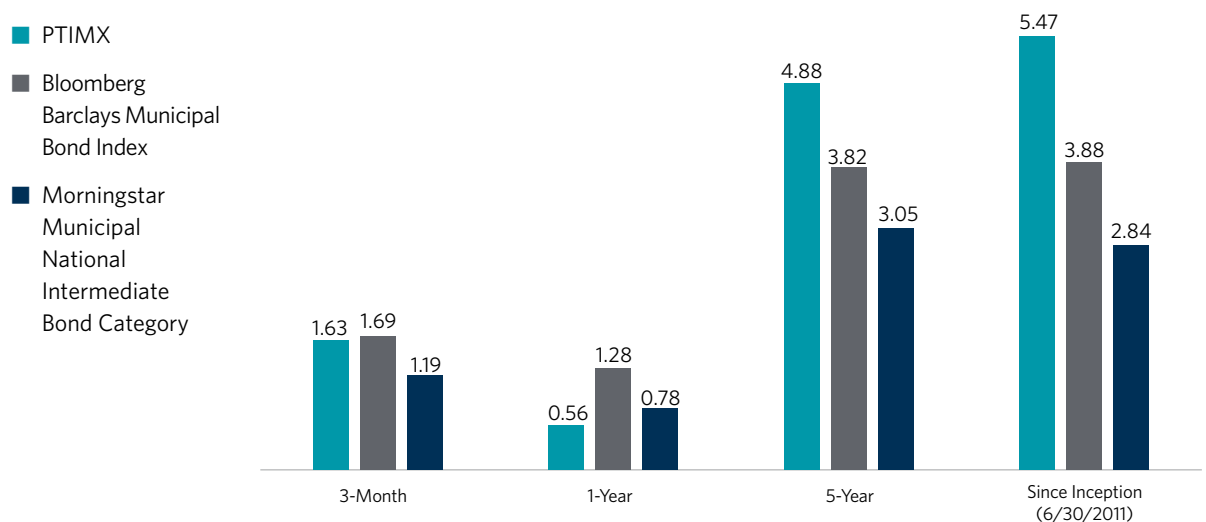
### BOTTOM 3 CONTRIBUTORS TO ABSOLUTE PERFORMANCE

- The Fund maintains a barbell yield curve position to help manage interest rate risk. Over the quarter, the front end of the yield curve benefited less from falling rates as a result of its low duration, and the long end of the yield curve appreciated by less than the intermediate portions of the yield curve. Lack of exposure to the intermediate portion of the yield curve detracted from performance.
- Municipal bond funds suffered from 12 consecutive weeks of outflows which capped the potential for price appreciation.

## A HISTORY OF OUTPERFORMANCE

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

**Total Returns (%)** As of December 31, 2018



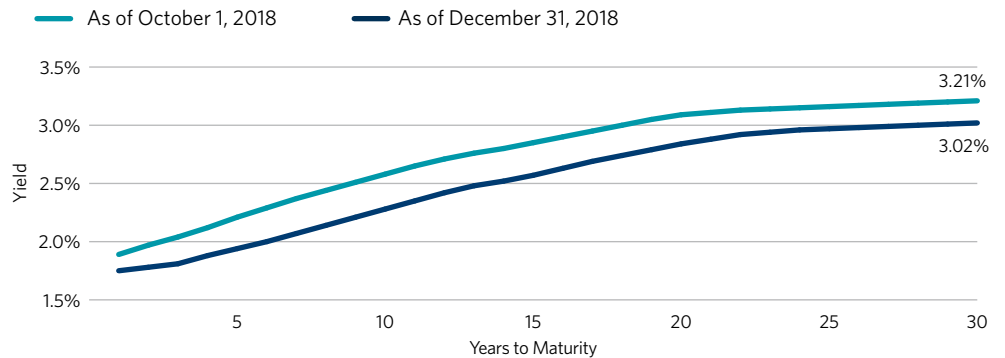
Returns quoted represents past performance which does not guarantee future results. The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than original cost. Current performance may be lower or higher than the performance quoted. Returns current to the most recent month-end may be obtained at [www.ptam.com](http://www.ptam.com) or by calling (866) 792-9606. Returns over one year are annualized. Expense ratios: gross 0.60%, net 0.55%. A portion of the fees of the Funds were waived during the period. Without such waivers, the results would have been lower. PTAM has contractually agreed to waive its fees and/or pay for operating expenses of the Fund to ensure that total annual fund operating expenses (excluding acquired fund fees and expenses, interest, taxes, dividends and interest expenses on short positions, brokerage commissions and extraordinary expenses such as litigation expenses) do not exceed 0.55% of the average daily net assets of the Fund. This agreement is effective until 12/29/2019. There can be no guarantee that any investment strategy will be successful. All investing involves risk, including the potential loss of principal. The fund may experience negative performance.

## Market Review

### Municipal Bond Rates/Yield Curve

Municipal bond rates fell by 0.30% to 0.19% between 10 and 30 year maturities, respectively, leading to a steeper yield curve over the period.

### MUNICIPAL BOND YIELD CURVES

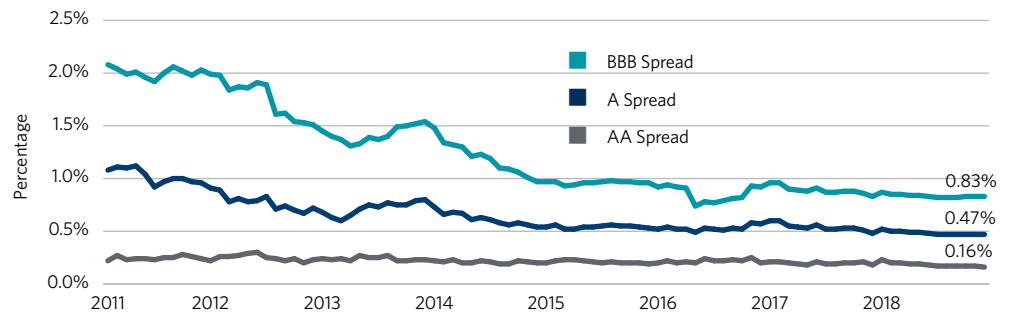


Source: TM3

### Municipal Bond Credit Spreads

Credit spreads remained relatively stable and compressed.

### MUNICIPAL BOND CREDIT SPREADS As of December 31, 2018

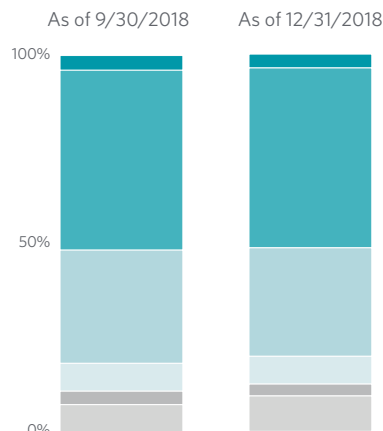


Source: Municipal Market Data

## Portfolio Strategy and Positioning

- Shape Management®, PTAM's proprietary investment process, is agnostic to movements in interest rates, and instead seeks to invest in the most attractive total return opportunities. As mentioned above, we believe the key to the success of Shape Management® is allowing time to elapse.
- We have found barbell total return shapes in the currently flat yield curve environment (despite steepening this quarter, the yield curve remains historically flat) has provided the best risk/reward trade off.
- We believe long end credit spreads are tight by historical standards. We take a conservative approach: trading off higher carry today for the potential to outperform if credit spreads gap out. Additionally, having a concentration in higher grade bonds will act as the Fund's liquidity to buy riskier bonds when spreads widen.
- Over the quarter, the Fund's overall positioning remained consistent, and we continued to execute on the strategies mentioned above.

### CREDIT QUALITY EXPOSURE



	As of 9/30/2018	As of 12/31/2018
AAA	3.9%	3.6%
AA	47.1%	46.6%
A	29.7%	28.1%
BBB	7.3%	7.2%
BB	3.5%	3.1%
Not Rated	7.3%	9.2%

## Portfolio Outlook

- We continue to believe the best total return options are found by combining higher-yielding, shorter paper with high-grade, longer-dated paper.
- The Fund is positioned to potentially take advantage of the New Year technical tailwinds, which include rolling the yield curve and lower new issue supply.

## 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 Municipal Bond Index** is a market value weighted index of investment grade municipal bonds with maturities of one year or more. It is not possible to invest in an index.

### INVESTMENT CONSIDERATIONS

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.

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. Debt or fixed income securities such as those held by the fund, are subject to market risk, credit risk, interest rate risk, call risk, tax risk, and income risk. The Fund may also invest in 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 PTIMX (I-Shares) 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.