Performance Trust Municipal Bond Fund

Q4

COMMENTARY | 12.31.2023 | CLASS I: **PTIMX** CLASS A: **PTRMX**

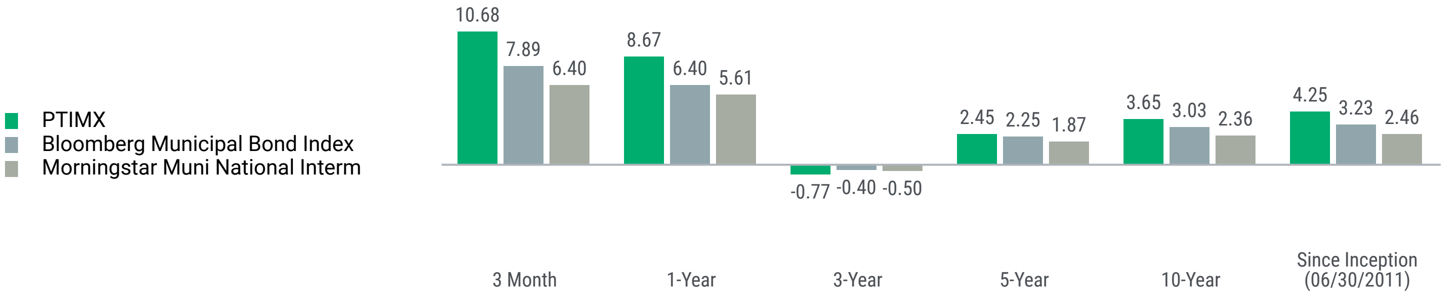
Performance

PTIMX returned 10.68% for the fourth quarter of 2023, while the Bloomberg Municipal Bond Index returned 7.89%, and the Morningstar Muni National Interm (Morningstar category average) returned 6.40%.

Outperformance relative to the Index and the Morningstar category average can generally be attributed to the Fund's higher allocation to bonds that carry more call-protection and price off a longer part of the yield curve making the Fund a little more responsive to movements in interest rates.

A History of Outperformance

Total Returns (%)
As of December 31, 2023



Portfolio Strategy and Positioning

During the fourth quarter, the 10-year municipal yield (all municipal bond yields quoted are sourced from the MMD AAA scale) decreased 117 basis points (bps), while yields on the 15-year and 25-year fell 117 bps and 97 bps. The 10, 15, and 25-year municipal yields ended the fourth quarter at 2.28, 2.77 and 3.33 percent respectively.

Given the fourth quarter decrease in yields was mostly a parallel move, the shape of the municipal bond benchmark yield curve looks the same as it did for much of 2023. The 10-year municipal yield of 2.28% is only 3 bps more than the 7-year municipal yield. Our Shape Management® process reveals that the lack of slope in the municipal bond benchmark yield curve from 5 to 10-years lowers (or eliminates) the total return potential derived from curve roll for bonds positioned in this part of the curve.

Additionally, as of the end of the fourth quarter of 2023, the municipal bond benchmark yield curve from 5 to 10-years provides a lower level of total return potential from income. At 2.28%, the 10-year municipal yield was only 58.8% of that of the 10-year U.S. Treasury yield of 3.88%. Applying the federal top marginal tax rate of 37% in addition to the 3.80% Medicare tax on net investment income the taxable equivalent yield that results for the 10-year is 3.85% ((2.28%/(1 – 40.8%)). This is lower than the yield on the 10-year U.S. Treasury of 3.88% as of the end of the fourth quarter.

Lower income combined with little to no return potential from curve roll results in an unattractive Shape for bonds positioned in the 5 to 10-year part of the municipal bond benchmark yield curve. As practitioners of Shape Management® actively managing a smaller and nimble Fund, bonds positioned in the 5 to 10-year part of the curve represented less than 2% of the Fund as of the end of the fourth quarter of 2023. In other words, we have largely eliminated them.

The 15-year municipal yield of 2.77% offers a 49 bp income return advantage relative to the 10-year yield of 2.28%. Additionally, the 15-year municipal yield is 34 bps greater than the 12-year municipal yield. The 34 bps of yield curve roll in the 15-year part of the curve remains near the highest since the second half of 2013. We continue to apply Shape Management® to identify opportunities that efficiently capture the attractive potential roll return for bonds positioned in this part of the curve. This means owning bonds with more call-protection presently so that they will still have adequate call protection as they roll down the curve in the future.

Approximately 56% of the bonds in the Fund have 11 to 20-year maturities with 35% of maturities focused in the attractive 13 to 17-year part of the curve.

The attractive tax-exempt opportunities as of the end of the third quarter of 2023 carried into the month of October. We used this environment in October to exit some of our 5% and 5.25% coupons in the 20 to 25-year part of the curve as the prices of the bonds approached par and added bonds with 5.5% and greater coupons, primarily in the market for new issues where we improved our call-protection and purchase yield.

At the end of the fourth quarter of 2023, bonds with coupons of 5.5% and greater have reached 32% of the Fund.

We do not base our investment decisions on interest rate predictions. What we do know is interest rates can go up, go down, or remain unchanged, time will pass, and the go forward Shapes of bonds change as time passes and interest rates change. The last two years have experienced a historic change in interest rates along with significant interest rate volatility. With Shape Management® guiding our investment decisions, we have been quite active over the last couple of years positioning the Fund in an attractive combination of go forward Shapes by improving the coupon, call-protection, and yield curve positioning of the Fund.

This activity resulted in other positives for the Fund. First, during 2023, the Fund distributed $0.86 of dividends compared to $0.58 and $0.59 in 2022 and 2021 respectively. Secondly, according to Morningstar, the "Potential Capital Gains Exposure" for the Fund as of December 31, 2023 was -16%. Unlike the temperature in Chicago in January, minus 16 for this metric is a good thing.

Glossary

Basis Points (BPS) refers to a common unit of measure for interest rates and other percentages in finance. One basis point is equal to 1/100th of 1%, or 0.01%, or 0.0001. **Bloomberg Municipal Bond Index** is a market value weighted index of interest grade municipal bonds with maturities of one year or more. It is not possible to invest in an index. **Call Protection** is a provision of some bonds that prohibits the issuer from buying it back for a specific period of time. **Coupon** is the interest rate that an issuer promises to pay over the life of a debt security, such as a bond, expressed as a percentage of face value. **Credit Spread** is the difference in yield between a U.S. Treasury bond and another debt security of the same maturity but different credit quality. **Duration** is a measure of the sensitivity of the price of a bond or other debt instrument to a change in interest rates. **Extension Risk** is the risk that borrowers will defer prepayments due to market conditions.

Rolling the yield curve is a strategy in which the investor sells seasoned bonds at a premium prior to maturity date. **Thomson Reuters Municipal Market Data (MMD) AAA Curve** is a proprietary yield curve that provides the offer-side of "AAA" rated state general obligation bonds, as determined by the MMD analyst team. The "AAA" scale (MMD Scale), is published by Municipal Market Data every day at 3:00 p.m. eastern standard time with earlier indications of market movement provided throughout the trading day. The MMD AAA curve represents the MMD analyst team's opinion of AAA valuation, based on institutional block size ($2 million+) market activity in both the primary and secondary municipal bond market. In the interest of transparency, MMD publishes extensive yield curve assumptions relating to various structural criteria which are used in filtering market information for the purpose of benchmark yield curve creation. MMD yield curves are available on a subscription basis from Thomson Reuters TM3.

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 ETFs 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.

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