OUR HEDGE FUND EXPERTS SPEAK THEIR MINDS:

HOP ON THE SUPERCYCLE!

SILVERPEPPER COMMODITY STRATEGIES GLOBAL MACRO FUND

2Q 2022

SilverPepper

HOP ON THE SUPERCYCLE. IT'S RIGHT IN FRONT OF YOU.

We had strong returns in 2020 and 2021. And in the first half of 2022, commodity markets continued to surge higher. Indeed, for the first six months of the year alone, the SilverPepper Commodity Strategies Global Macro Fund (SPCIX) posted a gain of 13.12%.

And compare those results with the other investments in your portfolio. In the same first half of 2022, the S&P 500 lost one-fifth of its value, dropping -19.98%. And investors who engaged in a "flight to safety" with bonds, found the ground dropping out from under them, with the Bloomberg U.S. Aggregate Bond Index falling a whopping -10.62%.

SILVERPEPPER COMMODITY STRATEGIES GLOBAL MACRO FUND INSTITUTIONAL MONTHLY RETURNS (%)

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YEAR
2013											0.10	0.00	0.10
2014	-0.30	0.00	0.50	0.00	0.10	0.70	-0.69	0.00	-1.59	-0.61	-1.43	-3.41	-6.59
2015	-0.43	-1.72	-1.42	1.11	-0.11	0.33	-2.52	-0.67	-1.13	-0.23	-0.57	0.00	-7.17
2016	-0.46	-0.23	1.51	0.69	-1.48	3.00	-0.22	-1.57	1.17	0.45	0.78	1.11	5.30
2017	0.33	-1.31	-1.66	-1.69	-2.06	-0.70	1.99	0.81	0.80	1.25	-0.67	0.86	-2.12
2018	2.35	-3.29	-1.13	1.72	2.25	-3.74	-1.83	-1.28	0.35	-1.65	2.03	-4.11	-8.30
2019	5.41	0.98	-0.85	-1.59	-1.61	1.39	-0.99	-2.38	0.90	1.53	-2.13	3.94	4.34
2020	-6.79	-2.91	-5.46	-0.72	2.03	0.71	6.22	6.13	-4.27	-1.18	6.76	4.60	3.95
2021	1.07	5.52	-4.68	9.46	3.20	0.93	1.84	-0.20	4.23	2.42	-3.87	1.32	22.50
2022	8.30	3.89	8.98	2.16	0.86	-10.48							13.12
												One-Year Return as of 06/30/2022	19.55
												Five-Year Annualized Return as of 06/30/2022	7.70
												Total Annualized Return Since Inception, (11/1/2013)	2.45

The returns represent past performance. Past performance does not guarantee future results. Investment returns and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than the performance data quoted. Call 855-554-5540 for current to the most recent month-end performance. Total, gross, annual-operating expenses are 2.12% for the Institutional class, and 2.15% for the Advisor class shares. SilverPepper LLC has contractually agreed to waive its fees and/or pay for expenses to ensure that total fund operating expenses (excluding, any applicable taxes, leverage interest, brokerage commissions, dividend and interest expenses on short sales, acquired fund fees and expenses (as determined in accordance with Form N-1A), incurred in connection with any merger or reorganization, or any extraordinary expenses such as litigation expenses, do not exceed 1.99% and 2.24% of the average daily net assets of the Institutional class and Advisor class respectively. This agreement is in effect until October 31, 2031. Inception dates for both share classes is October 31, 2013. Performance and risk measures greater than one year are annualized.

Since its inception more than eight years ago, our Fund continues to handily outpace its benchmark, the Bloomberg Commodity TR Index (BCOM), by 2.51% per year — with 25% less volatility than the index.* That's an attractive risk-adjusted result.

Diversification is a "Free Lunch"

One of our investors recently said, "If everything in your portfolio is up, it's probably a pretty clear sign that you're not diversified." After negative returns in commodity markets from 2013 to 2018, many investors simply abandoned commodities. Indeed, commodities have become the missing piece of almost every investor's asset-allocation pie chart. Investors reasoned: why bother with diversification, when "stocks only go up"?

Noble Prize Winner Harry Markowitz declared that, in investing, diversification is the only "free lunch." Harry's "free lunch" is the improvement in both portfolio returns, and risk, that come from holding a portfolio of assets, each of which move independently of one another. Because diversification is driven by correlations, adding low-correlation commodities to a portfolio can deliver better overall returns — with lower risk to investors.

Given the Fund's negative correlation to bonds (-0.23) and low correlation to stocks (0.40) ever since the Fund's inception, it makes sense to consider a long-term allocation to commodities. Investors who held commodities in the first half of the year experienced this "free lunch" diversification benefit, that comes from combining different asset classes, so that some zig when others zag. With stock and bond markets crashing, the positive and uncorrelated returns of commodities have been a welcome addition to our investors' portfolios.

Parts of the SuperCycle

Commodities are a diverse group. Oil responds to different factors than do coffee or wheat. Each of the 23 commodities in our Index has its own supply and demand characteristics, which push prices higher and lower. And even though an index of commodity prices moved strongly higher for the first half of the year, it wasn't a straight line up. Many individual commodity prices were lower, like copper, cattle, and silver. In fact, in the last few weeks of June, the prices of some commodities nosedived. But despite the recent downturn (it's actually just created more opportunity for the Fund), we continue to believe that the Bull Commodity SuperCycle story is intact — that most commodity prices have the potential to move higher for many years to come. Why is this our view? Here's why:

#1. Inflation is rampant. Energy, clothing, housing, cars, chocolate milk — you name it, prices are up. Indeed, the most recent Consumer Price Index was 9.1% higher in June 2022 than a year earlier, accelerating from May's 8.6% inflation level. During a European Financial Forum, Federal Reserve Chairman Jerome Powell told listeners "I think we now understand how little we understand about inflation." Really, Jerome?! The Fed has two jobs, and maintaining price stability (keeping inflation at or below your target rate) is one of them. Since the 2008 crash, the Fed has kept rates low, near zero at times, and since the COVID Lockdowns alone, the U.S. money supply is up more than 40%. That's a lot of money out there, chasing goods and services. The fact that the Fed Chair acts baffled, makes me think inflation will stick with us for a while. And once started, inflation becomes difficult to subdue. Expectations of inflation develop a momentum of their own. How? If everyone expects inflation, it becomes a self-fulfilling prophecy, as everyone tries to stay in front of price increases, by raising their own prices, or demanding higher wages. For example, as an employer, just try rolling back wage increases. Those price levels are with us to stay.

But while inflation is bad for us as consumers, it's pretty good for commodity investors. And going back to my free lunch comments, both Goldman Sachs and Vanguard have been outspoken on the positive inflation benefits that commodities produce. Their research finds "a 1% rise in unexpected inflation, would produce a 7% to 9% rise in commodities."[1] That research shows, in an inflationary environment like now, the power of commodities in a portfolio.

#2. Undersupply. For the past 8 years or so, commodity producers have been shedding capacity, reducing inventory. With capacity down, commodity producers have struggled to catch up with the demand surge that arrived on the back of synchronized monetary and fiscal stimulus. Normally, higher prices would signal producers to go out and produce more. But in many commodity sectors, suppliers are experiencing a shortage of capital. That capital is needed to boost a meaningful supply response. Underinvestment continues to be noticeable in energy markets, in particular. Why? Government regulations and proponents of ESG (Environmental, Social and Governance) investing have made it difficult for producers to respond with more supply. Policy makers and ESG advocates are determined to choke off investment capital to fossil fuels, because their green-energy priorities trump low energy prices. As a result, even with high prices, many producers are reluctant to make the big capital investments necessary to grow supply. Why make a big capital investment, CEOs ponder, if we are going to be regulated out of business? Therefore, we continue to think that commodity prices can continue to run higher, given current supply and demand imbalances, and the lack of investment.

#3. The U.S. Dollar. The U.S. Dollar is the world's reserve currency — the primary currency for trading commodities, and transacting business across the globe. Today, about 88% of daily foreign currency transactions involve the dollar. But, after years of big U.S. deficits, ballooning total debt levels, and other reserve-currency alternatives, like the Euro, Yuan, and crypto (which is more of a risk asset than a currency these days), all these factors may threaten the dollar's continued dominance. Another threat arises from the fact that Russia has been selling its oil and gas to India and China and Europe in currencies other than the standard U.S. Petrodollar. Now, the U.S. Dollar Index measures the value of the dollar against a basket of world currencies. The index was established with a base of 100. So, if the dollar index is less than 100, the dollar's value has declined, relative to that currency basket and vice versa. In the first half of the year, and contrary to my portfolio positioning during most of the year, the dollar actually strengthened from 97 to 108. Yet, even in the face of a rising dollar, commodity prices increased. It's hard for me to believe the rally continues over the long term. In fact, we see the possibility of the U.S. falling into the low 80s. That would be close to a 25% decline from today's level. If we get a falling dollar, which will make commodities cheaper for international buyers, **it would be an additional boost to commodities going forward.**

Putting Money to Work

We entered the year with a bullish outlook for commodities, and our portfolio positioning reflected our outlook. In January, we had 140% investment exposure. 119% was exposure to a diverse array of commodities, with the bulk of the remaining exposure to currencies. In currencies, we were short the U.S. dollar against other commodity and trade-related currencies. That provided further bullish exposure to commodities. Our investment exposure remained consistent throughout much of the first half of the year, but as investors began to abandon risk assets, on the heels of the Fed's tightening, we reduced our total investment exposure as well. In fact, in June, all but two commodities declined in price. Therefore, we ended the year at 105% gross exposure to investments. The portfolio composition of the Fund was 91% commodities, with a 4% short position in West Texas Intermediate Crude Oil, and a 9% short dollar position. We believe much of the pullback in June was not based on the fundamentals of supply and demand, but was instead a broader "risk-off" move for the markets. The pullback was steep, especially in industrial metals, but it did not alter our fundamental thesis on commodities. Indeed, as active value managers, we see the dip as an opportunity to put money to work.

Natural Gas — The Transition Fuel That Leads to Profits

The most profitable position in the portfolio for the first half of the year was natural gas, contributing more than 60% of the Fund's net profits. We ended the first half of the year with 9% of assets invested in natural gas, which is about benchmark weight. However, throughout the quarter, the Fund's position was as large as 20% of Fund assets, reflecting our keen interest in the importance of this particular fossil fuel.

We are all in favor of green energy, but as someone who is intimately involved in energy markets, it's hard to shy away from the importance of natural gas. It's reliable, affordable, and the greenest of fossil fuels. We firmly believe that natural gas is an important and long-serving transition fuel, and that we need more of it. The market is undersupplied, and the increase in natural gas from about $4 per billion cubic feet (Bcf) at the beginning of the year, to about $6.60 Bcf at the end of June, is a clear sign of demand exceeding supply.

Our position in natural gas is unique among our peers. We have structured our position to reflect our views of the market. We think capital is needed to grow supply. But, as I mentioned, capital is hard to come by, given the hostility to fossil fuels. Hence, we think, to assure future supply for gas consumers, like power plants, prices will have to be bid up. That's the only incentive likely to get producers to make the investment in future supply. As a result, we have purchased natural gas futures contracts for every month through 2024. Instead of simply buying the front-month natural gas futures contract, like an index fund does, we think this is a smart and differentiated way to invest, allowing us to structure our position to match our long-term thesis.

Natural gas did take a tumble in June, falling from about $9 Bcf, down to current levels of $6 Bcf. Why the decline in American natural gas futures, while the Russia-Ukraine war has caused European natural gas futures to skyrocket? The American decline was the result of a fire at an important LNG (Liquid Natural Gas) facility in Quintana, Texas. The Freemont plant normally takes natural gas, strips out the water, propane, and butane, and then cools the gas to minus 162 degrees centigrade. This turns the gas into a clear and colorless liquid, and shrinks its volume by 600 times, so it can be more easily shipped. The plant accounts for about 20% of U.S. LNG. With this plant down, unable to liquify, suddenly there was an oversupply of natural gas in the U.S., causing prices to drop. Yet, LNG remains in high demand in Europe, as they try to wean off their dependency on Russian gas. On top of that, the amount of gas in storage is well below 5-year averages. That can leave consumers exposed to price increases in extreme hot or cold weather. Once the Fremont plant resumes production, we think it is in the realm of possibility that natural gas could rise to as much $12 to $15 per Bcf.

Gold Was Not Golden

Gold was our largest position at the end of the first half, accounting for about 14% of the portfolio's assets. But, it was a money loser for the period, losing nearly 1.9% for the half, worse than the BCOM, which lost just 0.10% on its gold holdings. Out of all of the commodities, gold is typically the most responsive to moves in inflation because it is viewed as a hard asset that should, at least, hold or increase in value, when inflation erodes the value of our paper dollars.

However, even though we got the inflation we were looking for, we didn't get any sustained rise in gold prices. Instead, we got the Fed jawboning that "fighting inflation is their #1 goal," as they kicked Fed rates 50 basis points higher at their May 4th meeting. So, what happened? Investors bypassed gold, a hard asset, and instead bought the U.S. dollar, a paper asset. Because the U.S. has been more aggressive in turning off the easy money spigots than other nations, the U.S. Dollar Index rallied, trading at parity with the Euro, and breaking 135 with the Japanese Yen. In contrast, gold started the year at about $1,900 per ounce, rallied in late March to slightly above $2,000, while the Fed was sitting on its hands. And then, after the Fed rate hike, gold fell to $1,800 at the end of June. The rise in interest rates really proved to be a big headwind for gold, which does not pay an interest rate to holders. We are now breaking new lows on gold for the year, down into the $1,700s. If it falls into our undervalued zone of around $1,680 per ounce, we will use option positions, and also buy gold again outright.

Walking the Fields, We See Gains in Some Grains

I've been spending the bulk of my time at our Research and Development Center in southeastern Minnesota, right in the heart of the midwestern corn belt. And it's up here, doing research, that you see the daily interplay of factors, ranging from inflation to government policy, on agricultural and energy commodities.

Ethanol prices have risen this year, boosted by the Biden Administration's mandate to blend more of the biofuel into gasoline. For example, there's the Poet Biofuels plant, near our Center, that produces 46 million gallons of ethanol a year.

I see the trucks lined up at the plant, offloading corn in order to run the plant at capacity. Indeed, U.S. ethanol production has been above 1 million barrels a day since May. This in turn is creating some additional demand for corn, which rose in price by about 12% since the beginning of the year and contributed about 6% of our profits. The price rise for corn also stems from rising input costs, like fertilizer. Furthermore, lots of cold and wet weather delayed planting in the spring, so prices are rising on concerns about the future health of this year's crop.

Right now, here in Preston, Minnesota, the crops look pretty good. Yet, having just done an inspection of fields throughout the Midwest over the last week, things are inconsistent. Some areas look great. We went into our fields and dug down, and found good soil moisture in the upper six inches, and even down a couple of feet. That deep moisture bodes well for our crop. However, other areas of the Midwest are drier than normal. Although the moisture and heat over the past three weeks have improved conditions for both corn and soybeans, both crops are way behind the blockbuster year we had in 2019. Back then, we were already tasseling on corn, and beans were already podding. Right now, we are still one to two weeks away on this year's crop. The next two to three weeks will determine corn yields, and August will be when we determine what we are going to get out of the bean fields. In response to this, we are planning on the price of corn and beans to go sideways for the next couple of weeks. From where I sit, however, right now I think beans are more at risk than corn from the supply side, with weather playing a key role over the next couple of weeks.

At the end of June, we had a nice price correction for corn. With input costs up for fertilizer, and from the extra demand from ethanol, we think we are at fair value on corn, for delivery from September to December, in this $5.90 range. However, we do think global demand will be stronger than expected, so we will be buying on dips in corn prices for the new crop (September/October delivery) and will probably go overweight on soybeans.

Finally, we like what we are seeing in wheat. Wheat fell nearly 20% in the month of June, dropping all the way down to pre-Russian-invasion prices. In my mind, the selloff was another technical, "risk-off" move, rather than the result of changing supply and demand dynamics. Not only does the Ukraine-Russia War continue to create chaos around wheat production and market access, but we are at the lowest stocks-to-use ratio (a measure of how much supply is left over after the crop is brought in) in a decade. Given the dicey outlook in Russia and Ukraine, along with the volatility that I expect will ensue, I anticipate owning a core wheat position, supplemented with the purchase of calls on wheat futures contracts, to provide additional exposure to rising prices.

Looking at the World Through a Commodities Lens

Commodities feed us. They act as an input to economic growth. They alter the price of goods and services, push governments to impose caps and subsidies, tempt countries to adjust exchange rates, serve as a substitute for paper assets, and can even cause the overthrow of governments, like in Sri Lanka. We see this interchange every day, everywhere. And we remain committed to sorting through this daily and fascinating interplay to uncover those commodities that present the best risk/return tradeoff for you, our investors — especially at what could be the beginning of a decade-long, Commodities Bull SuperCycle. Thank you for your trust in us.

Yours,

Renee Haugerud

Portfolio Manager

Investors should carefully consider the Fund's investment objectives, risks, charges and expenses. Please see the prospectus for a complete discussion of the risks of investing in this Fund. To obtain a prospectus, please call 855-554-5540 or visit silverpepperfunds.com. The prospectus should be read carefully before investing.

All investing involves risk including the possible loss of principal. There can be no assurance that the Fund will achieve its investment objective. The Fund's specific risks include futures/commodities risk, derivatives risk, Subsidiary risk, high-fee risk, tax risk, foreign investment risk and non-diversification risk. Futures contracts may fluctuate significantly and unpredictably over short time periods and commodities are subject to disruptions and distortions, causing loss of principal. All these risks may increase costs, volatility and lower performance. See the prospectus for a complete discussion of investing in this Fund.

As of June 30, 2022, the notional exposure of futures and/or options in Natural Gas, 9.35%; Currencies, 9.13%, Gold, 14.00%; Corn,3.68%; Soybeans, 2.98%; Wheat, 4.77% of the SilverPepper Commodity Strategies Global Macro Fund's total net assets. Portfolio holdings are subject to change without notice and are not intended as a recommendation.

The Bloomberg Commodity TR Index: As of December 2022, this widely used Index is made up of 23 exchange traded futures contracts on physical commodities which are weighted within the Index to account for economic significance and market liquidity.

Definition: A basis point is equal to 1/100th of 1 percent, such that 100 basis points are equal to 1 percentage point.

Consumer Price Index: An index measuring the change in the cost of typical wage-earner purchases of goods and services expressed as a percentage of the cost of these same goods and services in some base period.

*Standard Deviation is a statistical measure of risk that measures the volatility of returns around a mean, or average return. In general, the higher the standard deviation, the greater the volatility of returns. If a portfolio had a mean (average return) of 10% and a standard deviation of 2%, you would expect the portfolio's return to fall within 6% and 14%, 95% of the time. The SilverPepper Commodity Strategies Global Macro Fund's standard deviation since inception is 10.44, or approximately 25% lower than the Bloomberg Commodity Index's standard deviation of 14.47.

Option: A contract that provides the opportunity to buy or sell assets at an agreed price on or before a particular date.

1. Vanguard, "The Potency of Commodities."

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INDEX RETURNS AS OF 06/30/22	1 YR	3 YR	5 YR	Since Inception
S&P 500 TR	-10.62%	10.60%	11.31%	11.39%
Bloomberg Commodity Index TR	24.27%	14.34%	8.39%	-0.06%
Bloomberg US Agg Bond TR	-10.29%	-0.93%	0.88%	1.70%