SILVERPEPPER COMMODITY STRATEGIES GLOBAL MACRO FUND

4Q 2022

OUR HEDGE FUND EXPERTS SPEAK THEIR MINDS:

A BRIGHT SPOT ABOVE THE SHIPWRECKS

A BRIGHT SPOT IN YOUR PORTFOLIO

If everything in your portfolio is down, it's probably a sure sign you aren't diversified.

If anything, 2022 laid bare that most investors weren't diversified at all. In fact, of the 250 largest mutual funds[1] in America, all 250 were down. But not your SilverPepper Funds. We are pleased to report the SilverPepper Commodity Strategies Global Macro Fund (SPCIX) produced a positive return of 3.13% for the one-year period ending December 31, 2022, providing a bright spot for our investors' portfolios.

Compare our results to those of the S&P 500, which suffered a loss of -18.11% for the year. And bonds, which most folks view as the ballast of their portfolios, dropped -13.01%, as measured by the Bloomberg Aggregate Bond Index. As a result, even the tried-and-true 60/40 portfolio was a significant disappointment. That's right, 60/40 failed — SilverPepper prevailed.

In a year when Russian armor rolled into Ukraine, and inflation raged in response to both the war and increased government spending, most commodities rallied. It was a good environment for the asset class, albeit volatile, with many commodities making new highs throughout the year, but with many ending up where they began the year, or lower.

Even though we generated positive returns in this fruitful environment, I am disappointed we didn't capture more of the upside for our investors. The Fund's index, the Bloomberg Commodity TR Index, returned 16.09% for the year, which outpaced the Fund's return. I hate not winning each and every year, but I should point out a couple of things about this recent underperformance. First, significant under- or out-performance is not unusual. There have been a number of years where the Fund's performance has deviated from the benchmark by significant amounts.

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 most recent month-end performance.

SilverPepper

For example, in 2015, we outperformed by 17 percentage points. The large dispersions of returns in a single calendar year are an expression of how we are markedly different than our Index. Indeed, it's important to remember that to outperform the Index, you must look different than the Index. And we do look different, all the time. Within our Morningstar category, Commodities Broad Basket, we are also an outlier. The category is filled with "closet indexers." More than 50% of our category peers have a beta of .98 or higher to their index — meaning they largely mimic their index. And it also shows they have little desire to either under- or outperform. In contrast, we are trying to outperform, and trying to do so with less risk — both less volatility, and less loss of capital.

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	1.38	1.89	-8.44	-2.36	4.38	-5.41	3.13

One-Year Return as of 12/31/2022	3.13
Five-Year Annualized Return as of 12/31/2022	4.57
Total Annualized Return Since Inception, (11/1/2013)	1.28

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Our portfolio constantly differs from the Index, because of our Fingernails-in-the-Dirt research. Our research, which is centered on going out into the corn, coffee, or oil fields to conduct research, directly impacts how we structure the portfolio. We structure the portfolio by favoring, or overweighting, those specific commodities that we believe offer us the best risk and reward tradeoff. Second, we think long term, and we believe you should too. Especially if you are considering commodities as a long-term component of your asset-allocation plan. Our long-term vision has paid off. Since our Fund's inception more than nine years ago, we have delivered better returns than our Index, with less risk. Better returns with less risk is every active manager's goal. It's textbook investing, and few achieve it. So, I am proud we have.

A Perfect Storm

For the past three years, we have been an advocate of a Commodities Supercycle. I was recently invited to speak on a panel at the United Nations to discuss commodities, trade, and food security. During my remarks, I emphasized the primary reason it's a perfect storm for commodities is, quite simply, insufficient supply. We are at low levels of inventory for most commodities, and we see several impediments to creating new supply. For many reasons, ranging from economic to regulatory, we are seeing the consequences of a lack of investment in raw materials. For instance, we haven't built a new refinery in the U.S. since the 1970s. Not one meat-packing plant has been built for the past 10 years. Land is being left fallow, synthetic fertilizers have been outlawed in some countries, like Sri Lanka, and genetically-modified seeds have been under attack for a decade. Moreover, because of the tectonic shift, or tug-of-war, between fossil fuels and the industrial metals needed for green energy, the lack of supply becomes even more problematic. Just consider that it takes about 7 to 10 years in the U.S. to secure a mining permit (it can be less in big-mining countries like Canada and Australia), and then longer to start producing. Lots of copper and nickel will need to be mined to meet green energy demand, like future electric-vehicle demand. This supply issue will only be exacerbated by other factors that are speeding up the shift away from fossil fuels, such as California's legislation prohibiting gasoline powered cars, beginning in 2035, and with Europe's desire to quickly wean itself off of Russian gas for green alternatives A.S.A.P. For these reasons, I see little reason why supply pressures would ease soon. And, therefore, I continue to believe we can ride the Supercycle for many years to come.

As a result of this viewpoint, the portfolio continues to be positioned to benefit from a rise in most, but not all, commodities. At the end for the fourth quarter, we had 134% gross exposure to investments. We had about 120% gross exposure to commodities, which consisted of a small, short-position in WTI Crude oil. We also had about 10% of assets in commodity- and trade-related currencies, seeking to profit from weakness in the U.S. dollar. Therefore, if our 10,000-foot macro-view of the Commodity Supercycle is correct, we are positioned to benefit.

Gas Is Good

Somewhere along the way, cheap and abundant natural gas got a bum rap. It's been a boom for global-energy sufficiency, reduced pollution, and provided inexpensive electricity. Yet, some consumers have become hostile to it. Although there are improvements to be made in methane recapture and with controls on fracking, I can tell you that the world needs natural gas.

Natural gas was, for the most part, our largest position throughout the year, and it was our most profitable position for the year. Natural gas is reliable, affordable and the greenest of fossil fuels. We need a transition fuel to handle peak demand in the winter and summer months, which solar and wind aren't capable of at this point. We are confident that with an increasing number of liquid natural gas (LNG) export plants coming online, and volatile weather and temperatures continuing, natural gas demand will likely increase for years to come. For 2022, natural gas added nearly 600 basis points in outperformance relative to the index. But, in the fourth quarter it cost us. We held a 19% position in natural gas at the end of the year, about twice the size of the index weighting. In early 2022, the market, particularly Europe, faced significant supply concerns, given their dependency on Russian gas. In the race to secure fuel, Europe began stockpiling gas throughout the year, driving prices up to $9 per billion cubic feet (Bcf). We made good money on our position during the year, but, as we got into mid-December, mild weather plus conservation efforts in Europe caused natural gas prices to rapidly tumble, to about $4.50 at year end. However, we believe the market has over-reacted, and we are positioning ourselves for the rebound.

Our position in natural gas continues to be unique. We have structured our position to reflect our views of the market. In general, we think capital is needed to grow supply. Yet, despite higher prices, rig count growth is sluggish. Production out of existing wells, in places like the Permian Basin, is declining on a per-well basis. Costs of production are increasing, and capital expenditures are down about 2/3rds from its 2013 peak.

In addition, investment capital is hard to come by, given the hostility to fossil fuels. Hence, we think, future prices will need to rise, to bring more production online, to meet growing demand for both natural gas, and LNG. As a result, we have purchased natural gas futures contracts for every month throughout 2023 and 2024. Instead of simply buying the front-month natural gas futures contract, like an index fund does, we are structuring our position to match our long-term thesis. In general, our current thinking is that natural gas, right now, in these winter months, is both fundamentally and technically undervalued. So, we own the winter months, but we have very small underweight positions. In contrast, we see the sweet spot as the summer-month futures-contracts for 2023 and 2024. We believe we are starting to see a seasonal structural shift in natural gas demand, with peak usage moving from winter (as a result of milder winters), to peak demand use in summer. We think this is likely as natural gas is the only fuel that can handle peak summer demand, whereas solar, wind, and oil can't respond to peak demand pressures in summer.

Finally, LNG exports are set to grow further. Germany just built an LNG plant in the North Sea port of Wilhelmshaven, to help cope with their energy needs. Another demand uptick will come in early summer, from the reopening of the Freemont LNG facility in Texas, which has historically accounted for 20% of U.S. LNG capacity. Therefore, I can't rule out some late winter spikes in demand, but the cheaper summer- month contracts in 2023 and 2024 are where we see the best risk and reward payoffs.

We Saw Relative Value In Oil

Another energy position that was quite different from our Index was our oil position. The Bloomberg Commodity Index holds both Brent Crude oil (oil produced in the North Sea and largely reflective of European supply and demand) and WTI Crude (West Texas Intermediate Crude oil, which is delivered to Cushing, Oklahoma). In total, both Brent and WTI account for about 14.5% of the holdings of the Index. Now, during the course of the year we have seen WTI prices rise. WTI rose from $79 per barrel at the beginning of the year, peaked at around $130, and then closed out the year at about $80 per barrel. And, during the course of the year, Brent was largely tracking WTI.

As we are apt to do, we put on a position that reflected our viewpoint, which I would describe as a relative-value trade. We overweighted Brent, holding 16.5% at the end of quarter, and had a negative, or short position of -2.13% in WTI. So, although our net exposure was about 14.5% in total, which is equal to the index weight, we believed Brent was positioned to outperform WTI. Why?

Well, we see, probably like you do, that Europe has lots of geopolitical risks and supply concerns when it comes to energy. We felt Brent should trade at a premium to WTI. And, furthermore, we thought WTI should trend lower, given our steady release of about a million barrels a day from the Strategic Petroleum Reserves, as well as the increasing odds of a U.S. recession. We made money on this position, as the premium for Brent grew from about $2 to around $6 at the end of the fourth quarter.

Currently, we are watching the re-opening of China for clues about crude oil demand. For us, it's pretty binary. If China reopens, it will underpin growth and demand, globally. This could be accentuated by Biden's need to begin refilling the Strategic Oil Reserve. This could run prices up into the $90s. If, however, China stays sluggish, as Covid runs its course and new Covid infections take off, we could be right back down to $70.

Therefore, I think we will have long, or bullish bias, as we move deeper into 2023. But we will probably hold some put options, to hedge against China backsliding into a low-growth environment.

Just Pour Me A Cup Of Joe

Finally, coffee. Coffee has, of late, been a source of disappointment for us. Coffee was our fourth largest position at the end of the year. We allocated about 9% to Arabica coffee, and another 1.5% to Robusta coffee. Coffee prices recently sold off to a multi-month low. But I must say, I have really liked the risk and reward tradeoff of the position. We had the position up to about 18% of the portfolio in the third quarter. Our thinking was, we'd have 2% downside, and 10% upside, if our viewpoint of the market held up. But, things just didn't materialize.

Our thinking was that persistent drought and frost would upset supply. And it has, but coffee prices recently sold off to a multi-month low to $1.42 per pound. The selloff stemmed from one large coffee trade-house, releasing its first crop estimate for 2023/24. It showed that Brazil (the largest global producer), had the potential to produce 76 million bags of beans. However, as other trade-houses conduct their own analysis, new crop estimates are starting to converge near 67 million bags. Moreover, it's looking more and more like the grade of coffee beans being brought to market is substandard. And that certified stocks (those that meet futures-trading specifications) are unlikely to hit 900,000 bags. From what we see, coffee prices have bottomed. Between now and when the new crop of beans hit the market (August), we still see the potential for prices to move to $2 to $2.20 per pound.

The Point Is, That We Aren't Like Stocks And Bonds. That's True Diversification.

Over the past seven or eight years, investors have politely thumbed their nose at commodities. With low interest rates supporting paper assets, investors have been fixated on stocks (remember TINA — "There Is No Alternative" to stocks?). And they turned a blind eye to the looming problem with their bond funds — that interest rates had nowhere to go but up. And when they did, their bond funds would drop significantly. In 2022, that's exactly what happened.

Noble Prize Winner Harry Markowitz declared that, in investing, diversification is the only "free lunch." What Professor Markowitz meant, was that by combining low correlation assets, investors have the potential to both improve portfolio returns, and lower risk. The trick is to hold a portfolio of assets, each of which move independently of one another. That's the free lunch — better returns, lower risk.

Because diversification is driven by correlations, adding low-correlation commodities to a portfolio has the potential to deliver better overall returns — with lower risk to investors. The SilverPepper Commodity Strategies Global Macro Fund, since its inception, offers low correlation to stocks (0.43), and even lower correlation to bonds (0.03). So it just makes sense to consider a long-term allocation to commodities. Investors who held commodities throughout 2022 experienced this "free lunch," that comes from owning different asset classes. Commodities can zig, when other assets zag. With stock and bond markets crashing, the positive and uncorrelated performance of commodities have been a welcome addition to our investors' portfolios.

Thank you for being an investor. We hope you will continue to ride the Commodities Supercycle with us, while benefitting from SilverPepper's True Diversification.

Warm regards,

Renee Haugerud

Portfolio Manager

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Performance as of 12.31.22 (Annualized Returns)			
Inception Date: 10.31.13	1 Year	5 Year	Since Inception
SilverPepper Commodity Strategies Global Macro Fund Inst	3.13%	4.67%	1.28%
Bloomberg Commodity TR USD	16.09%	6.44%	-0.27%

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.

1. "The Wall Street Journal, Mutual Funds, Top 250 mutual-fund listings, Data provided by Lipper, December 31, 2022." The 250 largest funds listed are long-only equity and bond funds and, as a cohort, are highly correlated to stock and bond markets. In contrast, our Funds are less dependent on the returns of the stock and bond market because they have strongly differentiated investment strategies, such as merger arbitrage, commodities global macro, and currencies, and they also have the ability to invest either long and short in securities. Hence, we use the 250 largest funds to express how our Funds are different and may be an appropriate source of diversification for investors' portfolios.

As of December 31, 2022, the notional exposure of futures and/or options in Natural Gas, 18.92%; Currencies, 9.45%, Brent Crude Oil, 16.53%, WTI Crude Oil, -2.13%, Coffee, 9,10%, London Coffee, 1.66% 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.

Beta is the measure of a fund's sensitivity to market movements, typically as compared to the S&P 500 Index. By definition, the beta of the market is 1.00. Accordingly, a fund with a 1.10 beta is expected to perform 10% better than the Index in up markets and 10% worse in down markets.

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.

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