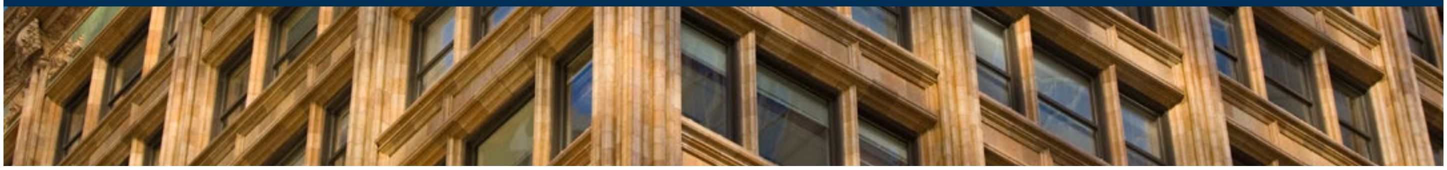
PT Asset Management, LLC
MUTUAL FUNDS

Performance Trust Strategic Bond Fund

3Q 2017 | COMMENTARY

PTIAX 866.792.9606 www.ptamfunds.com



Portfolio Review and Positioning

(as of September 30, 2017)

PORTFOLIO COMPOSITION

	6/30/2017	9/30/2017	Change
Non-Agency RMBS	46.53%	41.96%	-4.57%
Tax-Exempt Municipals	17.90%	19.77%	1.87%
Taxable Municipals	16.71%	19.39%	2.68%
CMBS	11.55%	12.25%	0.70%
Corporates	2.26%	2.54%	0.28%
U.S. Treasuries	2.11%	1.87%	-0.24%
CLOs	2.05%	1.13%	-0.92%
Cash	0.89%	1.09%	0.20%

The Team Increased Exposure to Municipal Bonds, which Serve as the Fund's Potential "Offense" in a Rates Down Environment

During the past quarter, we increased the Performance Trust Strategic Bond Fund's ("PTIAX" or the "Fund") allocation to both the tax-exempt and taxable municipal bond sectors, with an emphasis on taxable bonds. While many other multisector bond managers use investment grade corporates as their portfolio offense in a rates down environment, we prefer municipal bonds for several reasons. First, we have found that municipal bonds provide stronger relative cash flows if rates don't change. Second, municipal bonds have historically had less credit risk. Our team continues to find AA and A municipal bonds with similar total return characteristics to BBB or BB corporate bonds. Third, we find substantial pricing inefficiencies in the municipal bond market. Retail investors continue to represent nearly 50% of municipal bond ownership, and we believe significant opportunities exist for investors who are able to accurately price bonds with complex structures. Finally, we believe that investment grade corporate credit spreads currently offer limited reward.

Additionally, we find taxable bonds to be exceptionally attractive in the current market environment. We believe that they are less sensitive to interest rate movements, and due to increased investor demand, particularly among yield starved international investors, have performed exceptionally well. Over the quarter, taxable municipal bonds had a 2.1% return (Bloomberg Barclays Taxable Municipal Bond Index), outperforming the majority of other fixed income sectors, including high yield bonds (Bloomberg Barclays High Yield Bond Index returned 2.0%) and investment grade corporate bonds (Bloomberg Barclays U.S. Corporate Investment Grade Index returned 1.3%).

Credit Spreads, Particularly Corporate Spreads, Offered Little Upside

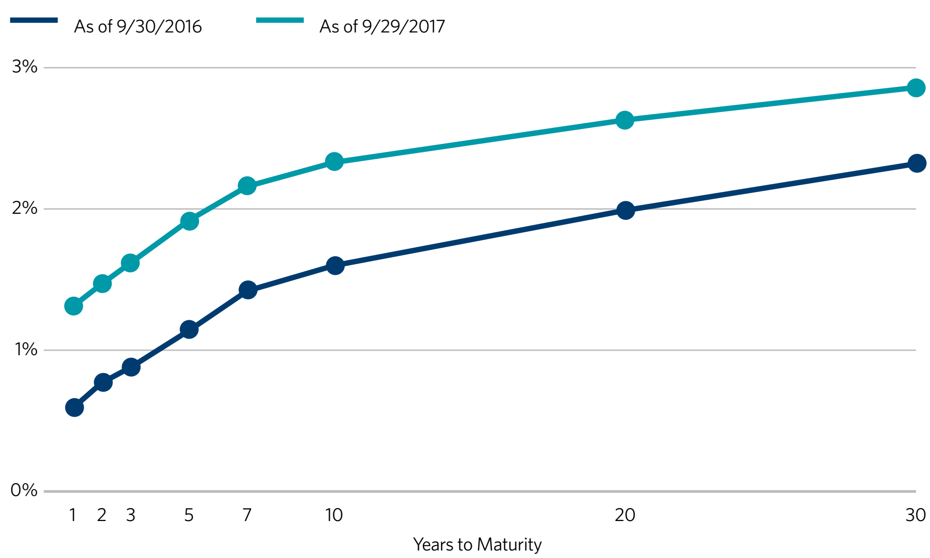
The incremental return offered by current spreads in the investment grade and high yield corporate sectors give us little appetite for these bonds other than on a case-by-case basis. As a result, our allocation to both of these sectors in aggregate is negligible at 3%. Much of the high yield corporate sector is subject to call features, and widespread premiums continue to mount. We believe the market is underestimating the price risk associated with these structures. This coupled with historically low spreads, and equity-like risk should the stock market correct, makes us very wary of any exposure to this sector. The corporate bond market is also dominated by institutional investors and is highly efficient in our view.

Structured Credit Provided Strong Performance and Exceptional Interest Rate Defense

Over the past year, PTIAX posted a return of 4.81% compared to 0.07% for the Bloomberg Barclays U.S. Aggregate Bond Index. It is particularly pleasing to report good bond fund returns in a rising interest rate environment. As interest rates rise, prices on most bonds will fall, creating a drag on returns that is often difficult to overcome. The chart below shows the U.S. Treasury yield curve over the past year. As can be seen, rates were up roughly 70 basis points (0.70%) across the curve.

INCREASE IN INTEREST RATES OVER THE PAST YEAR ACROSS THE YIELD CURVE WAS ROUGHLY 70 BASIS POINTS

U.S. TREASURY YIELDS



Source: www.treasury.gov

After the election in November, interest rates on longer dated Treasuries increased sharply. The rate on a 7-year Treasury, for example, increased 58 basis points during the month and the return on a 7-year Treasury during that month was roughly -3.50%. In comparison, the non-agency residential mortgage-backed securities (RMBS) in our portfolio were up roughly 0.47% in November, the collateralized loan obligations (CLOs) were up roughly 0.55% and the commercial mortgage-backed securities (CMBS) were down approximately 0.69%. It is precisely this lack of sensitivity to changes in interest rates that makes these asset classes so attractive.

The single biggest reason for our strong performance over the last year was our large allocation to structured credit, non-agency RMBS in particular. Structured credit has long been our preferred way to play defense. By that, we mean bonds that will perform relatively well if interest rates should rise. This quarter was no exception, with non-agency RMBS allocation being our largest allocation, and strongest driver of performance for the Fund.

Mike Plaiss, CFA

Senior Portfolio Manager

Anthony Harris

Senior Portfolio Manager

Fund Performance and Market Review

For the third quarter of 2017, PTIAX returned 1.50%, outperforming the Bloomberg Barclays U.S. Aggregate Bond Index's return of 0.85%. The fixed income market was quiet over the summer months, with very little change in Treasury yields, spreads, and the 10-year muni/Treasury ratio. As a total return bond fund, we seek to position ourselves in the most undervalued fixed-income securities we can find consistent with the need for proper diversification and liquidity. To identify such opportunities, we find total return analysis based on go-forward cash flows over roughly a three-year investment horizon in different interest rate environments to be more valuable than rate or market forecasting. We call this methodology Shape Management,® and we attribute our outperformance as compared to the Bloomberg Barclays U.S. Aggregate Bond Index largely to our methodology.

TOTAL RETURNS (as of 9/30/2017)

	1-Year	3-Year	5-Year	Since Inception	Expense Ratios
PTIAX (Inception Date: 9/1/2010)	4.81%	5.23%	5.01%	6.86%	0.82%
BbgBarc Aggregate Bond Index	0.07	2.71	2.06	2.93	

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.ptamfunds.com or by calling (866) 792-9606.

What Differentiates PTAM?

DISTINCTIVE APPROACH TO FIXED INCOME INVESTING

EXPERTISE IN COMPLEX STRUCTURES

STRONG LONG TERM RESULTS IN VARIOUS MARKET ENVIRONMENTS

GLOSSARY

Bloomberg Barclays High Yield Bond Index measures the USD-denominated, high yield, fixed-rate corporate bond market. Securities are classified as high yield if the middle rating of Moody's, Fitch and S&P is Ba1/BB+/BB+ or below. Bonds from issuers with an emerging markets country of risk, based on Barclays EM country definition, are excluded.

Bloomberg Barclays U.S. Aggregate Bond Index represents securities that are taxable and dollar 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.

Bloomberg Barclays U.S. Corporate Index is a broad based benchmark that measures the investment grade, fixed-rate, taxable, and corporate bond market.

Bloomberg Barclays U.S. Municipal Bond Index is a market value weighted index of investment grade municipal bonds with maturities of one year or more.

DISCLAIMER

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. Investments in asset-backed and mortgage-backed securities include additional risks that investors should be aware of such as credit risk, prepayment risk, possible illiquidity and default, as well as increased susceptibility to adverse economic developments. The Fund may invest in Real Estate Investment Trusts which involve additional risks such as declines in the value of real estate and increased susceptibility to adverse economic or regulatory developments. Derivatives involve investment exposure that may exceed the original cost and a small investment in derivatives could have a large potential impact on the performance of the Fund. Options and swap positions held in the Fund may be illiquid and the Fund manager may have difficulty closing out a position. The Fund may also invest in equities, including common and preferred stock, as a non-principal investment strategy and 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 the Fund 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. PTAM is registered to do business in the State of Colorado under the name PTAM and in the State of Florida under the name PTAM Performance Trust Asset Management, LLC.