

13D Activist Fund

A Qualitatively Analyzed Portfolio of Activism

July 16, 2020

Class I YTD Net Return: -9.34%

Russell 2500 YTD: -11.05%

AUM: \$192 million

In the second quarter of 2020, the I shares (DDDIX) returned 29.98%, net of fees and expenses (versus 26.57% for the Russell 2500). That is after a first quarter where the I shares returned -30.25%, net of fees and expenses (versus -29.72% for the Russell 2500). Clearly, both quarters were driven by news regarding COVID developments and neither quarter accurately reflects our portfolio or my ability as a portfolio manager. There is an old saying in Major League Baseball that every team is going to win 54 games and every team is going to lose 54 games, it is what you do with the other 54 games that matters. For long only funds like ours, it seems like the next two quarters are “the other 54 games.” We feel very good about our portfolio going into the second half of the year.

We believe growth’s dominance over value is reaching a crescendo. While midcap growth stocks have been outperforming value stocks over the past five years by an average of 8.82% per year (Russell Midcap Growth Index up 11.6% per year versus 3.32% for the Russell Midcap Value Index as of 6/30/20), that outperformance has increased immensely through the pandemic. For the first two quarters of the year, the Russell Midcap Growth Index is up 4.16% versus the Russell Midcap Value Index being down 18.09% during the same time. That is a 22.25% outperformance during a six-month period. We believe that gap will tighten significantly over the next two quarters.

The total return for the 13D Activist Fund, net of fees and expenses, for the period ending June 30, 2020 are:

| as of 6/30/20 | Since Inception* | 3 Month | YTD | 1 Year | 3 Year | 5 Year | Inception Cumulative* | |
|-------------------------------|------------------|-------------|-------------|-------------|-------------|-------------|-----------------------|-------------|
| 13D Activist Fund I | 11.48% | 29.98% | -9.34% | -0.83% | 3.50% | 4.96% | 151.49% | |
| Russell 2500 TR | 10.71% | 26.57% | -11.05% | -4.70% | 4.08% | 5.41% | 137.57% | |
| Lipper Percentile Rank | 10th | N/A | N/A | 10th | 23rd | 20th | 10th | |
| Position / Mid Cap Core Group | 19/ 200 | N/A | N/A | 32/ 336 | 70/ 311 | 50/ 255 | 19/ 200 | |
| | | | | | | | | |
| | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
| 13D Activist Fund I | 21.27% | 36.58% | 15.46% | -10.92% | 19.57% | 23.78% | -13.47% | 27.15% |
| Russell 2500 TR | 17.88% | 36.80% | 7.07% | -2.90% | 17.59% | 16.81% | -10.00% | 27.77% |

* Inception Date is December 28, 2011

Please remember that past performance may not be indicative and is no guarantee of future results. The fund performance data quoted here represents past performance. Current performance may be lower or higher than the performance data quoted above. Investment return and principal value will fluctuate, so that shares, when redeemed, may be worth more or less than their original cost. Fund performance, especially for very short periods of time, should not be the sole factor in making your investment decisions. There is neither a front end load nor a deferred sales charge for the 13D Activist Fund I Class Shares. The A Class shares are subject to a maximum front end load of 5.75%. Shares held for less than 30 days of both classes are subject to a 2.00% redemption fee. The total operating expense ratio (including indirect expenses such as the costs of investing in underlying funds), as stated in the fee table in the Fund’s prospectus, which can be obtained on the web at www.13DActivistFund.com or by calling 1-877-413-3228, is 1.51% for I Class, 1.76% for A Class and 2.51% for C Class. For most recent month end information, please visit www.13DActivistFund.com or call toll-free 1-877-413-3228.

Moreover, the Fund had a very good second quarter despite the inability of activists to really push their activist agendas during the height of the COVID pandemic. Assuming the crisis weakens and the market continues to become desensitized to the pandemic, activists will be able to be more forceful with management, and we expect to see much more activist activity in the second half of the year than the first. However, we continue to believe that catalysts like M&A and other strategic changes will be harder to implement in a social distancing and telecommuting environment and some of those catalysts will be pushed off towards the end of the year and the beginning of next year.

During the second quarter, we did not exit any positions and added two new investments – Perspecta, Inc. (PRSP) and Pearson plc (PSO).¹ PRSP is a position of JANA Partners, who is a very experienced activist investor with, more importantly, experience with this business from a predecessor company, Computer Sciences Corp. In 2015, JANA filed a 13D on Computer Sciences Corp. successfully advocating it in 2016 to split into two businesses, commercial and governmental. The government business was renamed CSRA Inc. which was sold to General Dynamics Corp. in 2018 in a deal valued at approximately \$9.7 billion. The commercial business was merged into Hewlett Packard creating DXC Technology Co., which was spun-off from HP and merged with two companies owned by private equity firm Veritas Capital, which created Perspecta in 2018. The common link to these transactions is Mike Lawrie, the former CEO of Computer Sciences and DXC and the Chairman of Perspecta. Lawrie is in our Hall of Fame of CEO's who create shareholder value. He is a tremendous operator, but thinks like an activist when it comes to shareholder value. He is a former partner of ValueAct Capital. When he was CEO of ValueAct portfolio company Misys plc, he spun off the Allscripts business and merged it with Eclipsys and later sold Misys to private equity, creating significant value for the shareholders. JANA not only knows him from Computer Sciences, but also from Siebel Systems where Lawrie was CEO when JANA took an activist position and from Juniper, where JANA had an activist position when Lawrie was lead independent director. While Lawrie will be resigning as Chairman of Perspecta at the Annual Meeting in August, his fingerprints are all over the strategic blueprint, he owns more than \$6 million of common stock and would not likely be leaving if he did not think his work was done, or close to done here. This is a consolidating industry where scale is a huge asset in attracting clients. Moreover, Perspecta has a contract mix that would be very synergistic with strategic investors because they have fixed price contracts, rather than cost plus, so any cost savings from a merger would not have to be shared with the government clients and an acquirer could get the full value of Perspecta's contracts. If that is not enough, there are several more signs pointing to a sale of the Company: (i) the Company recently reached its two year anniversary of its spinoff, allowing it to be sold without negative tax consequences – recall CSRA was sold right after its two year anniversary of its spinoff, (ii) the Company recently lost its navy contract that was up for bid sending its stock price down precipitously, but also removing a major financial uncertainty that precluded a potential acquirer from valuing the Company – recall CSRA was sold shortly after its NSA contract was resolved, (iii) Veritas owns 14% of the Company in one of its older vintage funds and (iv) now an activist is involved which, for better or worse, puts the Company in play. Perspecta trades at approximately 8.5 times EBITDA while similar companies, including CSRA, have been sold for approximately 11.5 times EBITDA. That would make a sale in the high 20s to low 30s entirely reasonable here.

Pearson (PSO) is a Cevian position. Cevian is an experienced European activist investor and a long-term (5 year+), hands-on owner of European listed companies. Cevian's strategy is to help its companies become better and more

¹ As of 6/30/2020, the Fund's Top Ten Equity Holdings & Weightings are: PAPA JOHN'S INTERNATIONAL (5.40%); TRINITY INDUSTRIES INC (5.03%); BOX INC. (4.99%); ERICSSON (4.99%); CHENIERE ENERGY INC (4.95%); CALLAWAY GOLF CO (4.76%); NORTONLIFELOCK INC (4.47%); ABB LTD (4.38%); GREEN DOT CORP (4.34%) and HAIN CELESTIAL GROUP (4.29%).

sustainable over the long term, and to earn its return through an increase in the real long-term value of the company. Cevian generally looks for board representation in portfolio companies and tries to work constructively with management, having never resorted to a proxy fight. Presently, Cevian's professionals serve on the boards of ten portfolio companies in seven different countries. It has a concentrated portfolio of 10-15 companies and with one or more of the following characteristics: (i) strong market positions and good long-term fundamentals; (ii) may be facing short-term challenges, cyclical headwinds or have history of underperforming their peer groups; (iii) significant scope for improving the company's competitiveness and performance through operational, strategic, structural, financial and governance changes; and (iv) underappreciated, undervalued and out-of-favor with the market. Pearson is a UK-based learning company. The Company delivers learning through providing a range of educational products and services to institutions, governments, professional bodies and individual learners. The Company provides content, assessment and digital services to schools, colleges and universities, as well as professional and vocational education to learners to help increase their skills and employability prospects. This is Cevian's seventh investment in a UK Company having previously invested in: RSA (2013 to current), Vesuvius (2012 to current), Old Mutual (2008-2014), Wolseley (2010-2014), Cookson (2011-2012) and Alent (2012-2015). Its UK investment group is led by Lord Myners who joined Cevian as a Partner in 2011. Myners was the Financial Services Secretary in the UK's finance ministry during the Labour Government of Gordon Brown from October 2008 until May 2010. He also served on the Prime Minister's National Economic Council and now sits as a crossbencher in the House of Lords. Notably, Myners was also formerly the chairman of the Guardian Media Group, publisher of The Guardian and The Observer newspapers. Cevian has been following Pearson closely for several years. They believe that the Company has a collection of leading businesses in attractive markets, but several of these businesses have yet to deliver on their full potential. Their analysis concludes that Pearson should outperform its competitors, and produce attractive, growing and predictable returns. This will require first-rate decision-making and robust execution. This will require a CEO with a clear track-record of shareholder-value creation, and the Company's current CEO, John Fallon, announced last year that he will be retiring in 2020. The Company is presently searching for his replacement and you can be sure that Cevian will want to actively work with the Board to select the new CEO and help the company to realize its full potential. CEO succession is one of the most important things a Board does and one of the most potentially value creating events for shareholders. It is a major lever for activists in helping to create shareholder value and we expect that Cevian will inject itself into this process, preferably from a board level.

I ended the Q1 investor letter saying that I truly believe this is the best time in many years to invest in small/mid cap value stocks with catalysts. The second quarter was certainly evidence of that and we believe it is just the beginning. Small cap stocks have outperformed large caps for several years following recessions (see Exhibit 1 attached) and shareholder activism has historically outperformed the Russell 2500 after market sell-offs (see Exhibit 2 attached). As we said one quarter ago, we still believe that this is an excellent time to invest in small/mid cap value stocks, particularly ones with change agents and activist catalysts. Thank you very much for your support. We hope you are all staying safe and your families remain healthy.



Ken Squire

EXHIBIT 1

(This is a study completed by our research affiliate 13D Monitor, and is meant to provide additional context of an analysis of Schedule 13D filings. It is not indicative of any 13D Management Fund's performance. Please see below for methodology)

Small Cap Value After Corrections*

Returns From the Bottom of Bear Markets Since 1926

| | Average | | | From October 2002 | |
|-------------|-----------|-----------------|-------------|-------------------|-----------------|
| | Large Cap | Small Cap Value | | Large Cap | Small Cap Value |
| One Year | 38.2% | 70.7% | One Year | 24.4% | 42.2% |
| Three Years | 18.6% | 29.5% | Three Years | 16.7% | 30.1% |
| Five Years | 15.9% | 25.0% | Five Years | 15.5% | 21.7% |

| | Median | | | From April 2009 | |
|-------------|-----------|-----------------|-------------|-----------------|-----------------|
| | Large Cap | Small Cap Value | | Large Cap | Small Cap Value |
| One Year | 31.2% | 42.1% | One Year | 49.8% | 88.5% |
| Three Years | 19.0% | 29.4% | Three Years | 23.4% | 29.0% |
| Five Years | 16.4% | 25.0% | Five Years | 21.2% | 27.4% |

LEGEND

Large Cap: S&P 500
Small Cap Value: Fama French SCV

S&P 500 and Fama French Small Cap Value

3 and 5 year numbers are annualized

S&P 500 and Fama French Small Cap Value

3 and 5 year numbers are annualized

*Source <https://awealthofcommonsense.com/2020/04/what-happened-to-small-cap-value/>

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EXHIBIT 2

Activist Opportunity Not Obituary

13D Situations vs. Russell 2500 TR

| Year | Pre Sell-Off | | Sell-Off | | Post Sell-Off | | Delta |
|----------------|--------------|--------------|----------------|----------------|---------------|---------------|--------------|
| | 13D | R2500 | 13D | R2500 | 13D | R2500 | |
| 2009 | 11.09% | -3.68% | -21.87% | -24.93% | 145.48% | 82.79% | 62.69% |
| 2010 | 16.90% | 17.65% | -17.57% | -18.27% | 25.28% | 29.97% | -4.69% |
| 2011 | 10.12% | 7.07% | -22.30% | -22.39% | 23.47% | 13.86% | 9.61% |
| 2012 | 15.41% | 11.93% | -7.28% | -10.35% | 10.96% | 15.65% | -4.69% |
| 2014 | 5.06% | 3.69% | -8.71% | -8.63% | 13.05% | 11.44% | 1.61% |
| 2015/16 | 1.72% | 4.64% | -24.16% | -20.76% | 38.88% | 33.50% | 5.38% |
| 2018/2019 | 2.45% | 10.46% | -22.00% | -24.61% | 26.42% | 33.79% | -7.37% |
| 2020 | 0.87% | 2.67% | -44.92% | -41.32% | 62.59% | 49.79% | 12.80% |
| Average | 7.95% | 6.80% | -21.10% | -21.41% | 43.27% | 33.85% | 9.42% |

This chart details the results of a study performed by 13D Monitor, the research affiliate of 13D Management LLC. 13D Monitor looked at how positions performed in 13D filings made by top activist hedge fund managers over the course of ten years during stock market corrections when large selloffs of U.S. equities took place (pre sell-off, during sell-off, and post sell-off). Please note the "13D" in the Chart refers to positions filed in Schedule 13D filings and R2500 references the performance of the Russell 2500 TR Index. These figures are not indicative of any performance of the 13D Activist Fund, or any vehicle managed by 13D Management LLC or its affiliates. The Russell 2500 Index is a broad index, featuring 2,500 stocks that cover the small- and mid-cap market capitalizations. The Russell 2500 is a market cap-weighted index that includes the smallest 2,500 companies covered in the Russell 3000 universe of United States-based listed equities. The Index is completely reconstituted annually to ensure larger stocks do not distort the performance and characteristics of the market. You cannot invest directly into an index. Sources: Refinitiv and 13D Monitor

The Lipper Mid-Cap Core Funds Peer Group have been presented as investment strategies with similar investment styles. Lipper rankings are based on total return of a fund's stated share class, are historical and do not represent future results. Historical performance results for investment indices and/or categories have been provided for general comparison purposes only, and generally do not reflect the deduction of transaction and/or custodial charges, the deduction of an investment management fee, nor the impact of taxes, the incurrence of which would have the effect of decreasing historical performance results. It should not be assumed that your account holdings correspond directly to any comparative indices. Past performance may not be indicative of future results and does not reflect the impact of taxes on non-qualified accounts. The data herein is not guaranteed. You cannot invest directly in an index.

The S&P 500 Index is an unmanaged composite of 500-large capitalization companies. This index is widely used by professional investors as a performance benchmark for large-cap stocks. The **Russell 2500** Index is a broad index, featuring 2,500 stocks that cover the small- and mid-cap market capitalizations. The S&P 500 Index is an unmanaged composite of 500-large capitalization companies. This index is widely used by professional investors as a performance benchmark for large-cap stocks. The Russell 3000 Growth Index is a market capitalization weighted index based on the Russell 3000 index. The Russell 3000 Growth Index includes companies that display signs of above average growth. The index is used to provide a gauge of the performance of growth stocks in the United States. Russell 3000 Value Index is a market-capitalization weighted equity index maintained by the Russell Investment Group and based on the Russell 3000 Index, which measures how U.S. stocks in the equity value segment perform. Included in the Russell 3000 Value Index are stocks from the Russell 3000 Index with lower price-to-book ratios and lower expected growth rates. The Russell 1000 Index is an index of approximately 1,000 of the largest companies in the U.S. equity market. The Russell 1000 is a subset of the Russell 3000 Index. It represents the top companies by market capitalization. The Russell 1000 typically comprises approximately 90% of the total market capitalization of all listed U.S. stocks. It is considered a bellwether index for large-cap investing. The Russell 2500 Index is a broad index, featuring 2,500 stocks that cover the small- and mid-cap market capitalizations. The Russell 2500 is a market cap-weighted index that includes the smallest 2,500 companies covered in the Russell 3000 universe of United States-based listed equities. The Russell Midcap Index is a market capitalization weighted index comprised of 800 publicly traded U.S. companies with market caps of between \$2 and \$10 billion. The 800 companies in the Russell Midcap Index are the same 800 of the 1,000 companies that comprise Russell 1000 Index. The Russell 1000 Index is a compilation of the largest 1,000 publicly traded U.S. companies. The average Russell Midcap Index member has a market cap of \$8 billion to \$10 billion, with a median value of \$4 billion to \$5 billion. The index is reconstituted annually so that stocks that have outgrown the index can be removed and new entries can be added. The Russell 2500 is a market cap-weighted index that includes the smallest 2,500 companies covered in the Russell 3000 universe of United States-based listed equities. The Russell Midcap Index is a market capitalization weighted index comprised of 800 publicly traded U.S. companies with market caps of between \$2 and \$10 billion. The 800 companies in the Russell Midcap Index are the same 800 of the 1,000 companies that comprise Russell 1000 Index. The Russell 1000 Index is a compilation of the largest 1,000 publicly traded U.S. companies. The average Russell Midcap Index member has a market

cap of \$8 billion to \$10 billion, with a median value of \$4 billion to \$5 billion. The index is reconstituted annually so that stocks that have outgrown the index can be removed and new entries can be added.

Mutual Fund investing involves risk including loss of principal. Overall stock market risks will affect the value of individual instruments in which the Fund invests. Factors such as economic growth, market conditions, interest rate levels, and political events affect the U.S. securities markets. When the value of the Fund's investments goes down, your investment in the Fund decreases in value and you could lose money. The Fund is a non-diversified investment company, which makes the value of the Fund's shares more susceptible to certain risks than shares of a diversified investment company. The Fund has a greater potential to realize losses upon the occurrence of adverse events affecting a particular issuer. The value of small or medium capitalization company stocks may be subject to more abrupt or erratic market movements than those of larger, more established companies or the market averages in general. An investor should also consider the Fund's investment objective, charges, expenses, and risk carefully before investing.

Before investing, please read the Fund's prospectus and shareholder reports to learn about its investment strategy and potential risks. This and other information about the Fund is contained in the Fund's prospectus, which can be obtained on the web at www.13DActivistFund.com or by calling 1-877-413-3228. Please read the prospectus carefully before investing. The 13D Activist Fund is distributed by Foreside Financial Services, LLC.

The views expressed in this update are as of the date of this letter. These views and any portfolio holdings discussed in this update are subject to change at any time based on market or other conditions. The Fund disclaims any duty to update these views, which may not be relied upon as investment advice. In addition, references to specific companies' securities should not be regarded as investment recommendations or indicative of the Fund's portfolio as a whole.