

## 2020 YEAR IN REVIEW

The Standpoint Multi-Asset Fund (the “Fund”) utilizes an “all-weather” strategy to invest in global commodities, currencies, equities, and fixed income. Our process was designed to balance risk/reward in varied economic environments including inflation, deflation, stagflation, and growth. Our thesis is that trend/macro themes can be a source of increased diversification and returns, particularly in challenging economic conditions. We believe the Fund is a potential risk-mitigation and return-enhancement solution for investors that seek less reliance on traditional equity and fixed income investments.

## PERFORMANCE

The Fund (institutional share class) was +16.3% from January 1st, 2020 to December 31st, 2020. The Fund’s benchmark (MSCI World Index & BAML 3-Month Index) was +8.6% over the same period. The worst decline for the Fund occurred from February 12th to March 18th and measured -9.3%. The Fund’s benchmark experienced a worst decline of -17.0%.



2020 was a great test case for Standpoint’s views on multi-asset diversification. The first quarter included the fastest 30% equity market decline in recorded history and extremely volatile moves in global currencies, fixed income, and commodity markets. Such moves drive home the point that markets will at times become hostile with no clear warning.

It feels like we experienced a full market cycle in just the last 12 months, complete with the fastest bear market in history, nonstop political risk, geo-political tensions, a global pandemic, social unrest, and unprecedented monetary and fiscal policy experiments. We could not ask for a more challenging environment to launch a new mutual fund!

During the first half of the year the Fund benefited by identifying the developing bear market in global energy markets. In late January we initiated short positions in markets such as crude oil, natural gas, gasoline, and heating oil. These, and other short positions, became very profitable when stock markets began to price in the impact of the COVID19 pandemic. In our experience, major stock market declines usually correspond with one or more significant supply/demand imbalances that lead to macro-trends in non-equity markets. In early 2020 the imbalances developed in the energy markets. Next time they could emerge in the metals, currencies, or agricultural markets.

Another important macro theme was the subsequent emergence of the “reflation trade” resulting from economic policy responses to the COVID19 outbreak. In the second half of the year we benefitted from dedicated long positions in U.S. and foreign equities, long positions in agricultural markets such as soybeans and corn, and metals like copper and aluminum.

The Fund also benefitted from long positions in U.S. government bonds in 2020. However, it is important to note that we do not hold dedicated long positions in bonds. Instead, bond exposures are considered as opportunistic macro themes just like commodities and currencies. This is especially relevant today, as virtually all global investment grade bonds currently offer yields that are significantly below the rate of inflation. We think bonds are unlikely to have positive real returns in the foreseeable future.

## COVID19

The partners at Standpoint have always maintained a distributed working capability, with the flexibility to work remotely when necessary. We can comfortably perform our duties even during extended lockdowns.

The COVID19 crisis has been a significant test for alternative investment strategies. Once again, investors are reminded that diversification can disappear when needed most. The partners at Standpoint have conducted extensive research into the diversification benefits of alternative investments and strategies for over 20 years. It is our strong opinion that many alternatives should not be relied upon for meaningful diversification in hostile equity market conditions. We have repeatedly observed that most alternatives have declined with equities in stressed economic conditions and have often underperformed during a subsequent recovery. We believe an “all-weather” approach that capitalizes on thematic macro-trends in global commodities, currencies, and bonds has the characteristics that investors seek from an alternative investment.

## LOOKING FORWARD

Having the flexibility to participate in global commodity and currency themes may be more important today than at any other point in our careers. Equity valuations are arguably very rich by historical standards. Investment grade bonds are almost universally forcing investors to accept negative real yields. Many traditional investment axioms are facing a test for which they are unprepared. We built the “all-weather” portfolio to potentially deal with this eventuality.

In our experience, new decades often usher in some form of a paradigm shift that takes years for market participants to adjust to. The 1980s were very different from the 1970s. The 2000s were nothing like the 1990s. No one needs to be reminded that the 2010s were not like the 2000s. Perhaps 10 years from now, the rear-view mirror will show a decade of rising commodity prices, soaring interest rates, and debased fiat currencies. In other words, could the 2020s be a lot different from the 2010s? We believe the answer is likely to be yes, and we are prepared.

*-Eric and the Standpoint Team*

## IMPORTANT RISK INFORMATION

**Performance data shown represents past performance and is not a guarantee of future results. Investment return and principal value 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. To obtain the most recent month end performance information please call (866) 738-1128. BLNDX gross expense ratio is 1.93% and the net expense ratio after fee waivers contractual through 2/28/21 is 1.24%.**

Investing involves risk, including loss of principal. There is no guarantee that the fund will achieve its investment objective. Diversification does not guarantee a profit or protect against loss.

For the period since the fund's inception on 12/30/19 to 12/31/20, the Fund (BLNDX) returned 16.31% and the Fund's primary benchmark (50% MSCI World/50% ICE BAML 3-month T-Bill) returned 8.44%. The 1-year return for BLNDX as of 12/31/2020 is 16.31%, and 8.58% for the Fund's primary benchmark.

Investing in underlying investment companies, including money market funds and ETFs, exposes the Fund to the investment performance (positive or negative) and risks of the investment companies. ETFs are subject to additional risks, including the risk that an ETF's shares may trade at a market price that is above or below its NAV. The Fund will indirectly bear a portion of the fees and expenses of the underlying fund in which it invests, which are in addition to the Fund's own direct fees and expenses.

The fund will invest a percentage of its assets in derivatives, such as futures and commodities. The use of such derivatives and the resulting high portfolio turnover may expose the Fund to additional risks that it would not be subject to if it invested directly in the securities and commodities underlying those derivatives. The Fund may experience losses that exceed those experienced by funds that do not use futures contracts. The successful use of futures contracts draws upon the Adviser's skill and experience with respect to such instruments and are subject to special risk considerations. The primary risks associated with the use of futures contracts are (a) the imperfect correlation between the change in market value of the instruments held by the Fund and the price of the forward or futures contract; (b) possible lack of a liquid secondary market for a forward or futures contract and the resulting inability to close a forward or futures contract when desired; (c) losses caused by unanticipated market movements, which are potentially unlimited; (d) the Adviser's inability to predict correctly the direction of securities prices, interest rates, currency exchange rates and other economic factors; (e) the possibility that the counterparty will default in the performance of its obligations; and (f) if the Fund has insufficient cash, it may have to sell securities from its portfolio to meet daily variation margin requirements, and the Fund may have to sell securities at a time when it may be disadvantageous to do so.

Investments in international markets present special risks including currency fluctuation, the potential for diplomatic and political instability, regulatory and liquidity risks, foreign taxation and differences in auditing and other financial standards.

**Investors should carefully consider the investment objectives, risks, and charges and expenses of the Fund before investing. The prospectus contains this and other information about the Fund, and it should be read carefully before investing. Investors may obtain a copy of the prospectus by calling (866) 738-1128 or at [standpointfunds.com](http://standpointfunds.com).**

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