RONDURE GLOBAL ADVISORS

4Q21 Fund Commentary

Operation, Physics, Frontier, Old Economy, New Economy, and Stillness

"It takes a very steady hand."
Operation by Milton Bradley (Commercial, 1981)

Operation

My cousins and I used to sit around my grandparents' house during the Christmas holidays playing board games. One of our favorites was the game Operation, which consists of an operating table with a comic picture of a patient with a large red lightbulb for his nose. There are a number of holes in the board with fictional, funny parts that you have to remove from the patient with an electrified tweezers. For instance, you might get called on to remove the Charlie Horse, Broken Heart, or Funny Bone, and if you miss the part and the metal tweezers clicks the metal side of the board, a loud buzzer shook the board and the red nose of "Cavity Sam," your patient, lit up, illuminating your failure as a surgeon.

The Operation commercials of the 1970s and 1980s are legendary. The saying, "it takes a very steady hand," reverberated around the family dinner table and went well beyond playing the game, itself, becoming ubiquitous for anything that was going to need lots of finessing. I'm afraid the US Federal Reserve has unnecessarily put itself in a predicament, where the removal of ridiculously easy money is going to be like pulling pieces out of the Operation game table.

How did the Federal Reserve Support the U.S. Economy and Financial Markets during Covid?

The US Federal Reserve supported the market by easing monetary policy. They really did three things. First, they cut the target for the federal funds rate. Basically, this is a tool that is aimed at supporting spending by lowering the cost of borrowing for households and businesses—interest rates went down, which caused a massive bump in demand from real estate to used cars to buy-now, pay-later spending. The interest rate reduction also pumped money into stock markets and asset classes of all kinds (along with the Fiscal Stimulus or support checks many received during Covid).

The second tool they used was forward guidance, which simplistically is like taking something that should be a secret and telling everyone that money is going to stay free for the foreseeable future until employment improves (~~except a few of their own Federal Reserve members who seem to have gotten the secret in advance~~). This measure essentially makes borrowing money sustainably cheap (until it isn't). Borrowers and stock market players use the foreseeably cheap money to buy stuff and bid up assets again.

The other big tool is Quantitative Easing (QE). This process basically creates false liquidity. It is pretty simple. The US financial markets have created a bunch of bonds and assets at very low interest rates that most real market participants (people) don't want to actually own because of low interest rates, but the government and the nation need low interest rates because we have a lot of debt. If the cost of debt goes up, the country risks going broke. In addition, if the cost of debt goes up, the government does not have access to money to prop up the economy through spending projects. So the Federal Reserve steps in and buys assets like Treasury securities and government-guaranteed mortgage-backed securities to bolster those asset prices and conversely, drive down interest rates. The result is artificially low rates that drive incredible demand for assets—yet again. Houses go up. Markets go up. NFTs[1] go up, and so forth.

Summing it all up, all you have to do is look at real estate prices to see what happened here. The Federal Reserve drove up demand for assets by driving down the cost of borrowing, and all that stuff bought with low interest rates was floating over on boats from China, Asia, and elsewhere, where demand outstripped supply, and prices went up.

This was all necessary aid at first, including government driven fiscal stimulus for an economic patient that needed shocking when Covid first struck, thereby shutting down many engines of global growth, but price movements and incredible speculation should have ended this long ago. We believe pockets of the market are as crazy or as speculative as the late 1990s technology bubble.

Is inflation transitory or not? I will still bet on transitory (just with a long transition period), as the base effect for inflation gets tougher and tougher as the year goes on, meaning that inflation just has a tougher comparison once you hit April 2022 (oil prices cratered from April to the summer of 2021, and inflation is a year-over-year metric), so the law of large numbers should kick in slowing inflation, but frankly, semantics aside on transitory or not transitory, I don't think it matters. What does matter is that anyone with a shopping cart, a commuter bill for gas, a tuition bill, a need to hire an employee or to rent or buy shelter knows that the price increases are ridiculous and could have been massaged down a lot better by slowing all of the above easy money policies sooner. There was no need to press on the gas this long (~~except Jerome Powell was waiting on his nomination for a second term, and after that mysteriously inflation was no longer transitory~~), so here we are in a jam with a need to cleanse the system of excess in an environment where inflation is likely to slow mid-year, and inflation, itself, should be slowing demand and the economy. Fiscal stimulus is not what it used to be either. It is going to take one heck of a surgeon at the helm to not create a negative feedback loop for the economy.

[1] NFT: Non-Fungible Token is a cryptographic asset on a blockchain with unique identifications code that distinguish the asset from another. They are most often designed or created to represent real-world items such as artwork or real estate.

Physics (Feedback Loops and the Wealth Effect)

Feedback occurs when outputs in a system are routed back as inputs as part of a chain of cause-and-effect, forming a circuit or a loop. This law of physics has its parallel in economics, known as the "wealth effect." The "wealth effect" is the simple notion that as households get richer from gains in stocks, houses, NFTs, or bitcoins (even if it is paper wealth), they will spend more money. Many believe the longer this goes the more it also trickles down to those in need, but the truth is those in need don't own a lot of assets and by the time the "wealth effect" trickles down to higher wages for "necessary" workers all the things they need have gone up in price a lot more than their wages.

The way a feedback loop works in economics is simple. The Central Banks lower interest rates, which lowers the cost of assets for buying anything from houses to stocks. Stocks and house prices and all assets go up, driving consumption, which drives borrowing for more assets and more consumption, and consumption built on low interest rates and debt builds an illusion of prosperity. Debt and GDP[2] go up but typically not in lock step. The problem with debt in a feedback loop is it pulls forward future demand. It is Wimpy's problem in Popeye when he always states that, "I'd gladly pay you Tuesday for a hamburger today." The US and many developed nations have sold (or bought) a lot of hamburgers with the promise of a future payment that depends on keeping the feedback loop going. It isn't an economy built on wealth (savings); it is an economy based on looking prosperous and rich and keeping that illusion in motion, because the consequences of the loop breaking is dire—default.

But, essentially what the US Central Bank has been doing is trying to drive a positive feedback loop. Positive feedback loops are sources of growth, explosion, erosion, but can also cause a collapse in the system, because the system moves so far away from equilibrium. Equilibrium in our case today is where should inflation really be? What should the true cost of money or debt be? If you just look at real estate prices, I haven't seen anything this hot since the bubble of 2007 and 2008, and if you look at pockets of the asset markets, I haven't seen anything this hot since 1999 and 2000. I would say we are far removed from equilibrium at present—no matter how you define it.

Nick Padgett at Frontaura Capital puts it succinctly in his December letter (*Frontaura Global Frontier Fund Monthly Comment 2021 12*). "The US Federal Reserve, meanwhile, continues to buy billions of dollars of mortgages monthly (despite housing prices up 19% year-over-year), thinks it might do a couple of token rate increases next year, and intends positive real interest rates to return only after 2024. At -7% (rounded), the US is vying with Turkey, Serbia, and Bulgaria for the second most negative real rates in the world, admittedly better than Angola at -10%. In contrast, in our 16 countries

[2] GDP: Gross Domestic Product is a measure of a country's domestic production, can be interpreted as a measure of a country's economic health, and can be calculated as the total market value of all the finished goods and services produced in a specific time period.

with a currency independent of the dollar or euro, half have positive real interest rates." In other words, most of the emerging and frontier world is sacrificing the hamburger today (growth) for currency stability tomorrow. Welcome to the frontier (with a huge benefit in the US from a reserve currency though)!

The lagged tightening cycle (or easy money) in the US is why--when asked the common question how will emerging markets hold in during a rate hike cycle--we say most emerging markets have been more conservative than the US in managing their economies. The hot money is in the US markets, and we are seeing that in the pull back of late, as emerging markets outperform the US markets—against conventional wisdom. This was also the case in the correction during the 4th quarter of 2018—the perceptually "risky assets" in emerging and frontier markets provided better downside cover because many never got as hot as US assets in the upcycle. The US is stoking growth. It may still hang in better than the emerging markets though. China tightened last year and is already cutting rates this year. Could this mean we are in a period like the post-GFC (global financial crisis) period, where Chinese assets might actually outperform? Time will tell.

Of course, since Nick's letter in December, the Federal Reserve has gotten more aggressive in removing the punchbowl, but given the state of dis-equilibrium and in a salute to the old investor saying, "Don't Fight the Fed," we are going to proceed with caution in many markets as the Central Bank tries to unwind the current feedback loop—negative also feeds on negative as rates rise and stocks have been a huge beneficiary of this feedback loop. "Don't Fight the Fed."
One place we are likely to be aggressive is in buying Chinese companies, as the People's Bank of China (PBoC or Chinese Central Bank) fires up stimulus again. We believe there are some very good, reasonably priced companies in China now, and you have a macro environment where China is trying to reignite its own positive feedback loop. "Don't Fight the Chinese Fed either."

Bottom-Up Process

This is one of the toughest landscapes I've ever been in for generalizations about stocks and markets, so I think it is easiest to talk about how we think about stock-positioning at Rondure in this environment. We think about taking positions in stocks based on our bottom-up assessment of Quality, Value, Growth, and Momentum (QVG/M) of each security with the unifying force for all of our stocks being a belief in owning high quality companies.

We view quality in two ways. The first is through a quantitative lens. We look for low to no debt on company balance sheets, steady or durable earnings growth, good returns on capital, and a history of deploying capital in value-added ways through reinvestment, dividends, or buybacks. We also look for a sustainable competitive advantage or a moat. Finally, we look to see if the company has any

ESG (Environmental, Social, or Governance) risk factors or opportunities that impact our decision, including alignment with the Paris Agreement.[3]

Before becoming a portfolio company, in addition to quality and ESG, we assess valuation (or expected return) and the potential for long duration growth. We use fundamental momentum simply to assess whether we could be overpaying for a stock or stuck in a value trap.

We tend to do best when quality growth companies are trading at a reasonable price. We refer to this as GARP (growth-at-a-reasonable price) or QARP (quality-at-a-reasonable price). We tend to suffer when value without quality or momentum without quality is in favor. Unfortunately, we have been in this environment since Covid hit in 2020, and even with the correction unfolding now, we still believe the market is vacillating from risk-on to risk-on—from expensive technology or what I would call thematic, technical momentum (M) to deep value inflation plays (classic low P/E or P/B value stocks). In Rondure terms, both of these categories of stocks are 1-legged stools. They lack quality—not universally as there are always a few good names—but generally speaking, even with the recent market correction, it is still a risk-on landscape, where the market is simply rotating, and in our opinion, rotating to very late cycle stocks.

Let me give examples of the different stock buckets and where we are fishing today:

1. Quality Value. (Old Economy that will survive). This is in China, Japan, and Southeast Asia, for example. China, as we all know, has taken a heavy-handed approach to Covid and in regulating companies it deemed dangerous to the stability of the country. The stock market in China had a bad year in 2021, but a number of good stocks have gotten thrown out with the bathwater. This is an exceptionally good hunting ground for us. Japan has also taken a strict approach to Covid opening, which has negatively impacted the economy and many stocks. We view this as transitory and also see this as a place to look for quality bargains. Southeast Asia is in the same spot as Japan. Covid has taken a bite out of the economy, and these markets have some opportunities. There are also stocks that have just been too boring for a risk-on (growth at any price market) or a risk-on (inflation trade) environment. Boring is also a good place to harvest ideas.

2. Quality Growth. (New Economy that may grow long term). This is India. India has an exceptionally long duration growth story. It is an economy whose time is now. It also has great companies based on our process. The risk is that it might be slightly over-valued in the

[3] Rondure Prospectus dated 8/31/2021, pg. 2,3, and 7: "The Adviser uses a process of quantitative screening of the financial trends and health of each company in its investment universe followed by 'bottom up' fundamental analysis to identify high quality companies that it believes can provide sustainable returns and also to assess when it is time to sell a holding. The Advisor seeks to evaluate each company's long-term potential and sustainability, which includes understanding its approach to environmental, social and governance issues.

short run after a bold 2021. However, we view the long run opportunity as very good, and it is a large market, so there are always pockets of the market out of favor.

3. Quality Growth. (New Economy that has fundamentals). Anything with growth listed in the US, Japan, Europe, or other low interest rate countries. This pocket of the market simply got too expensive because the Central Banks suppressed opportunity cost or borrowing costs for too long, pushing people into stocks at any price. This is one of the buckets of stocks that is correcting now. We still think it is too early, but we are excited. When Quality Growth drops into the reasonable price category, this is an ideal time for us to strike. It is happening. We are waiting. Sectors of opportunity in this environment include healthcare and technology.

4. Momentum (Speculation or New Economy on steroids). This is all the things that don't have earnings and cash flow. Enough said. We don't own it, but we suffered on a relative basis from not owning it with heavy retail participation in the markets during the last few years. We have seen a technology-like bubble (1999-2000) unfolding. The Covid stimulus elongated the melt up in these stocks, but it is now popping. This has been happening for a few quarters, and the pin prick to speculation has been a global phenomenon.

5. Value (Classic Low P/E, P/B or Old Economy that is likely still doomed from ESG or secular trends). This is the hot risk-on trade today. The trade is in banks and in commodity stocks like Oil. This is a classic late cycle play on inflation. The problem is that Covid has been amplifying the cycle—an age of acceleration. In the short run, commodities still have an easy base, but starting in April, the base effect gets tough. We think the law of large numbers or comparisons will start to creep up on these stocks that play on inflation and the rate of growth or change in commodity prices will slow, slowing earnings growth. That is why people still say there is a transitory element to inflation. Even if it isn't transitory, it should signal a painful peak. Banks, on the other hand, have a different problem. In hindsight, we didn't own enough last year. It is hard to find good, plain vanilla banks in our universe that have a secular story. There are exceptions, particularly in emerging and frontier markets where there is still a structural penetration story beyond a cyclical yield recovery story, but by and large these stocks are tough to find. When I look at the developed world, this play on banks with "asset sensitivity" will run into issues faster than I think most people think. Why? Because in a world of low rates, high wealth concentration, and rate hungry people, any tick up in CD (certificates of deposit) rates is going to cause investors to move their money into higher-yielding bank vehicles, effectively hitting bank margins. My parents and their friends watch two things—birds and CD rates, and they will move fast for fear of missing higher rates. I think all it will take is a few hikes or markets reflecting a few hikes for this to start to play out. I think the inflation push in the market will be a first half event.

The Art of Stillness

Pico Iyer stated, “In an age of constant movement, nothing is more urgent than sitting still” (*The Art of Stillness*). Practicing patience is true in stocks right now and always in the game of Operation. You pick your spots and move carefully. Unfortunately, the Federal Reserve has backed itself into a corner where no movement isn’t a likely option. The positive feedback loop has reached a point of system instability—inflation—that could have been prevented. Now, we shall see if they will be able to cautiously unwind the “wealth effect.”

We are entering this period with reasonable levels of cash to buy names that are falling in this market. We are also more defensively positioned, which still isn’t perfect for this environment as the market is still swinging from momentum to value, but we believe that the conditions causing these swings will peak as the year goes on—the base impact is just too strong. Regardless, we will monitor all securities from the bottom up and according to our process, and with that said, we are teeing up a number of companies to buy. We love this type of market. We know it might mean some downward movements in all of our investments, but it is exciting in terms of long-term positioning. It is a market where we can proceed with caution, be still when necessary, and surgically attack the names we love and don’t own as they fall.

Rondure New World Fund

We were worried about losing ground to the index in the 4th quarter, but we wrapped up a decent year with a solid quarter.

The MSCI EM Index has a heavy-tilt to names that have been hit hard by regulation in China, such as Alibaba Group Holdings. If you believe the numbers, these types of names have become cheap. However, we are worried that the line is blurred (or even erased) between the state and the private sector, especially in mega-caps, putting heavily-regulated Chinese stocks in the too hard bucket.

What we do like in China is companies that have been tossed out on the broad sell-off, especially in spaces that we believe will be supported by the government. China wants to foster an environment of competition and innovation, and we view this as a favorable set up for many small to medium companies. We are looking for what we call stocks of the future in China. By this we mean two things. First, we want to own companies where there is national pride around the brand or the technology. In this case, we believe the local Chinese company is likely to take share from the foreign multi-national player in the market. The other space we want to own is companies positioned to take advantage of future technologies, especially in environmental technology.

The world can’t go green without China. Beijing has been winning the race in clean technology. According to Sarah Ladislaw and Nikos Tsafos, in 2019, China built over 70 percent of the world’s solar photovoltaics, and their share in electric vehicles is even greater. The country holds almost three-fourths of the world's manufacturing capacity for lithium ion battery cells, and Beijing controls an even greater share of the supply chain before the final assembly (https://foreignpolicy.com, *Beijing is Winning the Clean Energy Race, 2020/10/02).* Surprisingly, a number of these great future stocks in environmental technology got hit with the markets. We are picking our spots, and we are also finding new names in these forward-looking areas for the long haul.

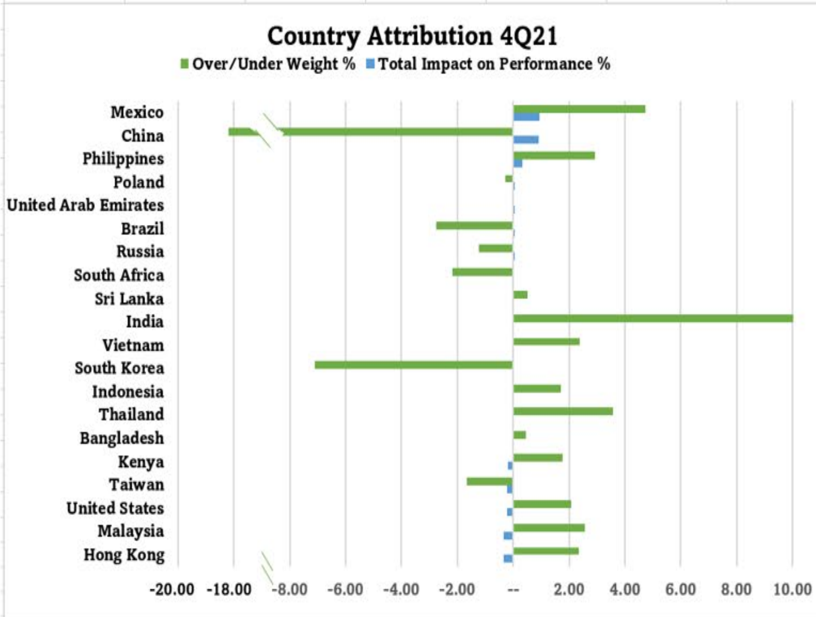
The reasons for our outperformance this year are pretty simple. We were underweight China, which was under-pressure most of the year from increased regulation, monetary tightening, and extreme Covid-19 lock downs. All of these things are slowing the real economy. We also had better stock-picks than the index in China. We were overweight India, where we love the long-term growth stories and the breadth of quality opportunities. India was a strong performer last year. The dark horse for us for the year was our overweight Mexico, where we had many Covid recovery plays in a market that was also strong. The biggest theme to some of our weak spots last year were either countries or sectors that rallied with commodities. We exited these places and stocks too early.

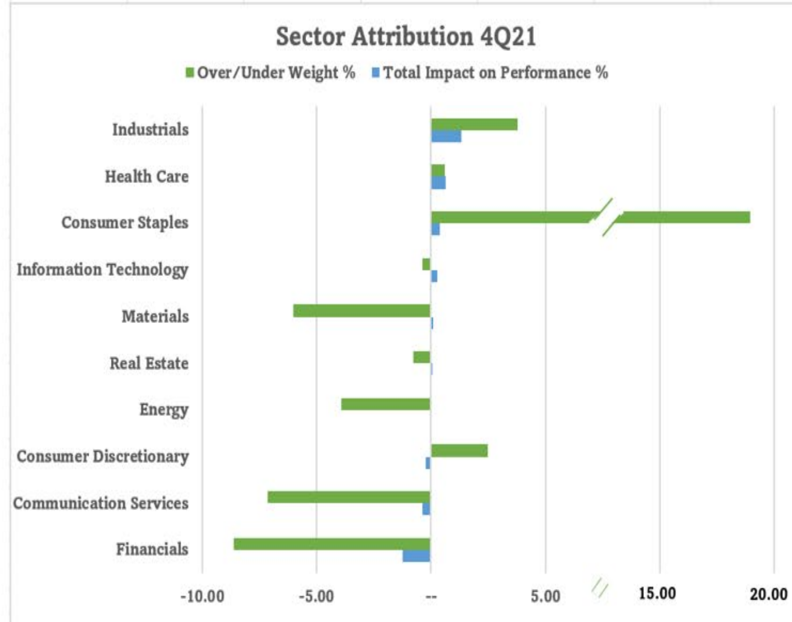
As stated above, we aren't making any big changes at the moment. We believe the market is still moving from risk-on to risk-on. Instead, we are just patiently waiting for our spots in high quality companies as they correct to values we deem attractive for compounding.

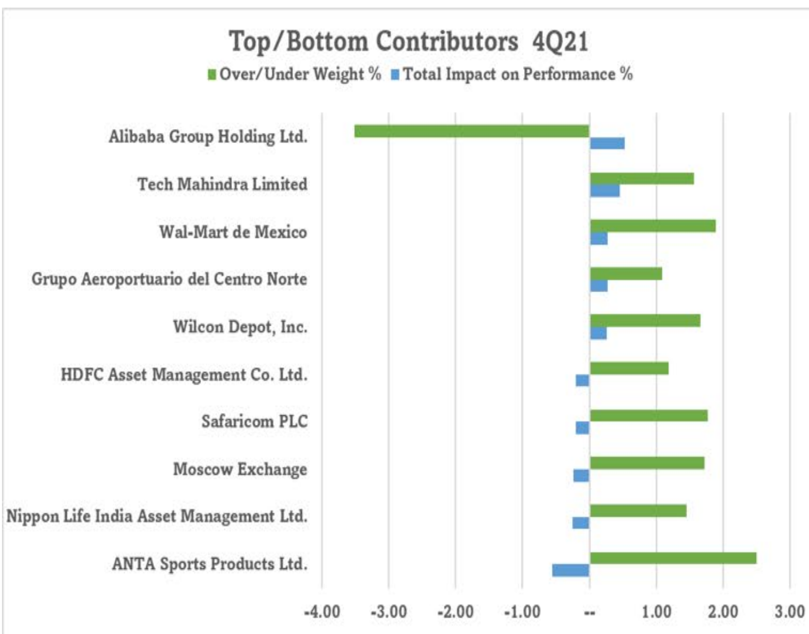
Rondure Overseas Fund

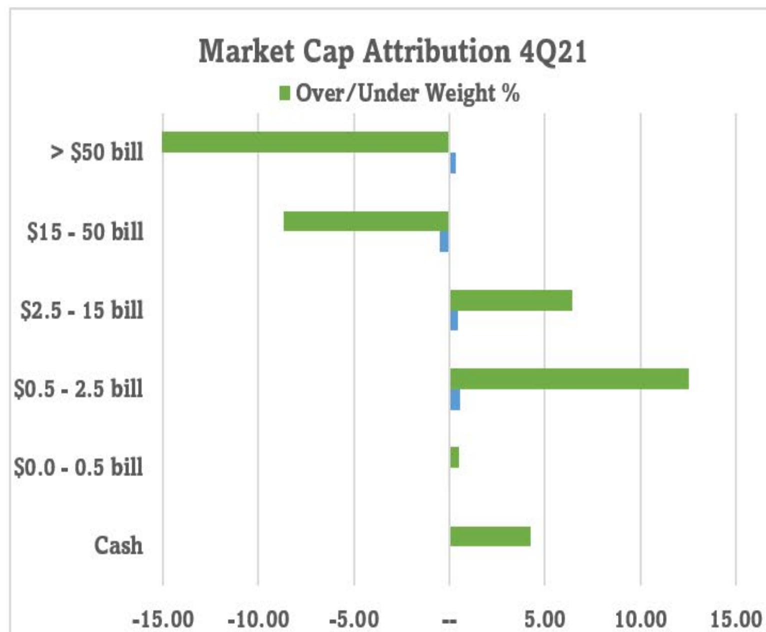
As for Overseas, we are surprised we did as well as we did relative to the MSCI EAFE Index, given the rotation to value and inflation plays during the year. The EAFE Index is an Old Economy index with a heavy concentration in financials and with the largest component of those financials being banks in primarily low to negative interest rate countries. We believe negative to low rates makes for a very hard structural growth story for banks and have been under-invested here. We also sold our energy stocks too early in Overseas. We managed to make up for all of this with very good stock-picking in healthcare, communication services, real estate, and utilities, and on a country-basis our overweight to an outperforming Canada with good stock picks, and our underweight to Japan, where the market has been weak due to Covid-19 lock downs, propelled the fourth quarter outperformance. We are searching for ideas in Japan, where we believe many high-quality names are getting reasonable again, but we are being selective, surgical in adjusting our allocations.

NEW WORLD ATTRIBUTION DASHBOARD 4Q21

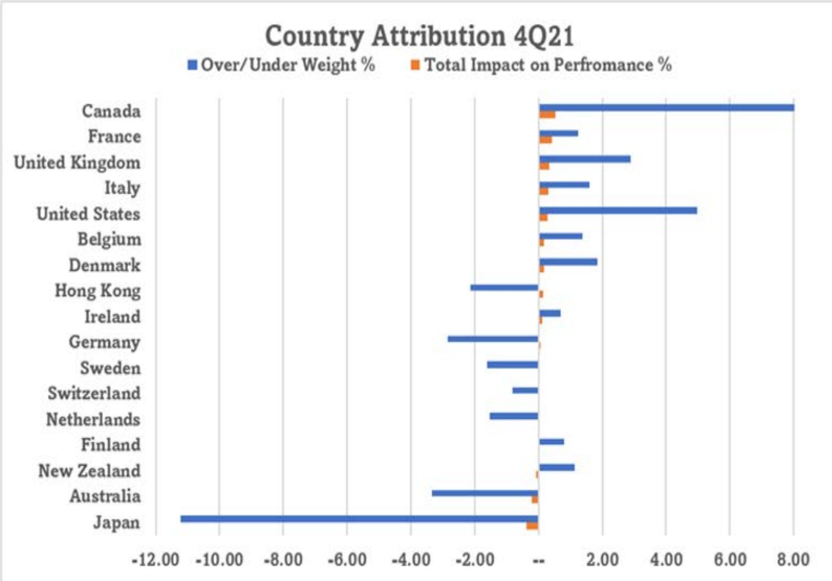


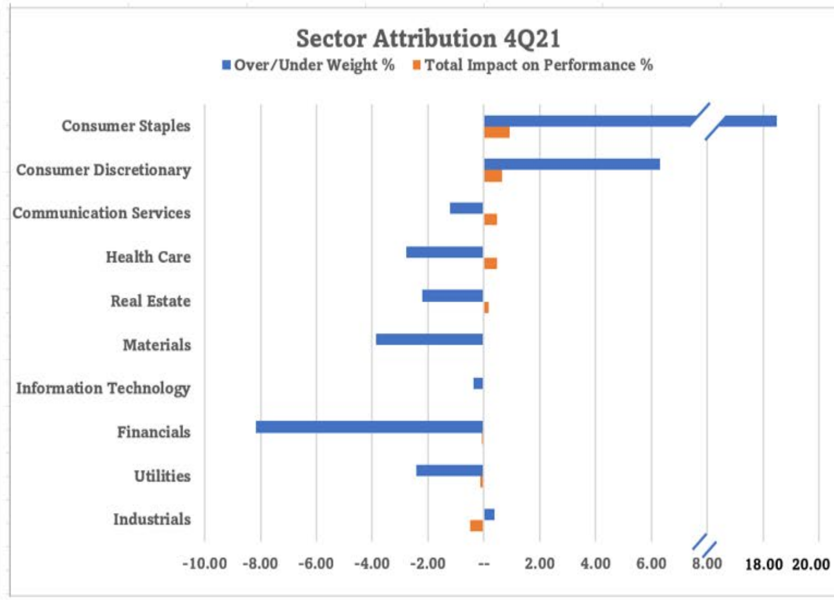


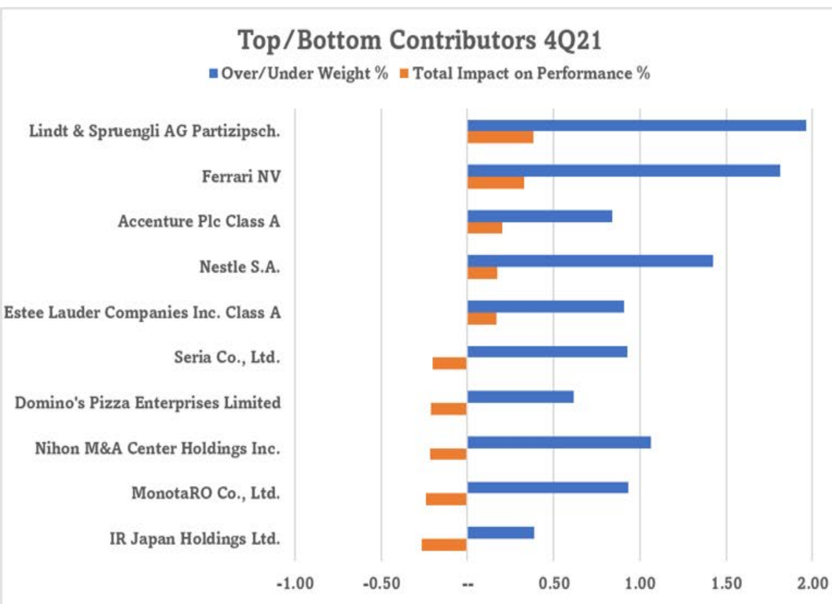


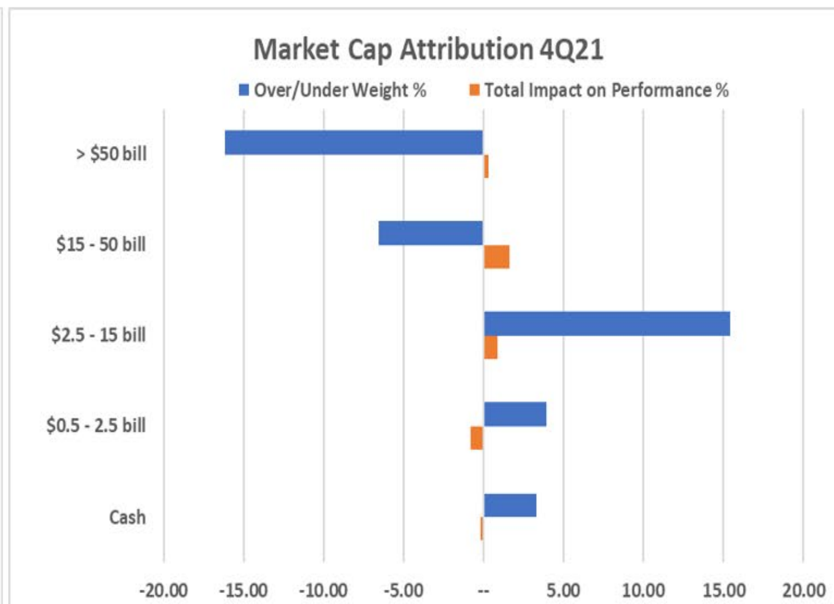


OVERSEAS ATTRIBUTION DASHBOARD 4Q21









Rondure Funds Performance as of 12/31/21

Rondure New World Fund	QTR	YTD	1 Year	3 Year	Since Inception
Institutional	-0.12%	3.91%	3.91%	13.25%	7.85%
Investor	-0.30%	3.59%	3.59%	12.95%	7.57%
MSCI Emerging Markets Total Return USD[4]	-1.24%	-2.22%	-2.22%	11.32%	7.93%

Rondure Overseas Fund	QTR	YTD	1 Year	3 Year	Since Inception
Institutional	4.76%	12.24%	12.24%	14.62%	10.34%
Investor	4.67%	12.00%	12.00%	14.36%	10.08%
MSCI EAFE TR USD[5]	2.74%	11.77%	11.77%	14.08%	8.48%

Data shows past performance, which is not indicative of future performance. Current performance may be lower or higher than the data quoted. To obtain the most recent performance data available, please visit www.rondureglobal.com. The Advisor may absorb certain Fund expenses, without which total return would have been lower. Investment returns and principal value will fluctuate and shares, when redeemed, may be worth more or less than their original cost.

Rondure New World Fund (RNWOX/RNWIX) - Inception date of 05/01/2017.
Expense ratios as of prospectus dated 08/31/2021 are:
RNWOX: 1.63% Gross / 1.35% Net, RNWIX: 1.32% Gross / 1.10% Net

Rondure Overseas Fund (ROSOX/ROSIX) - Inception date of 05/01/201
Expense ratios as of prospectus dated 08/31/2021 are:
ROSOX: 2.01% Gross / 1.10% Net, ROSIX: 1.70% Gross / 0.85% Net

The Advisor has contractually agreed to waive and/or reimburse fees or expenses through at least August 31, 2022.

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4 *The MSCI Emerging Markets Total Return USD Index is an unmanaged total return index, reported in U.S. Dollars, based on share prices and reinvested dividends of approximately 1,383 companies from 26 emerging market countries. You cannot invest directly in an index.*

5 *The MSCI EAFE Total Return USD Index is an unmanaged total return index, reported in U.S. dollars, based on share prices and reinvested net dividends of approximately 900 companies from 21 developed market countries excluding the US and Canada. You cannot invest directly in an index.*

An investor should consider investment objectives, risks, charges and expenses carefully before investing. Visit www.rondureglobal.com to obtain a Rondure Funds Prospectus, which contain this and other information, or call 1.855.775.3337. Read the prospectus carefully before investing.

See the prospectus for additional information regarding Fund expenses. Rondure Funds will deduct a 2.00% redemption proceeds fee on Fund shares held 60 days or less. Performance data does not reflect the deduction of this redemption fee or taxes, which if reflected, would reduce the performance quoted. For more complete information including charges, risks and expenses, read the prospectus carefully.

The objective of all Rondure Funds is long-term growth of capital.

RISKS: Investing in foreign securities entails special risks, such as currency fluctuations and political uncertainties, which are described in more detail in the prospectus. Investments in emerging and frontier markets are subject to the same risks as other foreign securities and may be subject to greater risks than investments in foreign countries with more established economies and securities markets. Diversification does not eliminate the risk of experiencing investment loses.

New World Top Ten Holdings as of 11/30/21

Company	% of Net Assets[6]	Country	Sector
Taiwan Semiconductor Manufacturing Co., Ltd.	5.2%	Taiwan	Technology
Samsung Electronics Co., Ltd.	3.7%	South Korea	Technology
Tata Consultancy Services, Ltd.	3.2%	India	Technology
Li Ning Co., Ltd.	2.9%	China/Hong Kong	Consumer
ANTA Sports Products, Ltd.	2.8%	China/Hong Kong	Consumer
HDFC Bank, Ltd.	2.7%	India	Financials
Hong Kong Exchanges & Clearing, Ltd.	2.2%	China/Hong Kong	Financials
HCL Technologies, Ltd.	2.1%	India	Technology
JD.com, Inc.	2.1%	China/Hong Kong	Consumer
LONGi Green Energy Technology Co., Ltd.	2.0%	China/Hong Kong	Technology

Overseas Top Ten Holdings as of 12/31/21

[6] *Portfolio holdings are subject to change at any time. References to specific securities should not be construed as recommendations by the Fund or its Advisor. Current and future holdings are subject to risk.*

Company	% of Net Assets	Country	Sector
Nestle SA	3.7%	Switzerland	Consumer
Diageo PLC	2.4%	Britain	Consumer
Ferrari NV	2.1%	Italy	Consumer
Chocoladefabriken Lindt & Spruengli AG	2.1%	Switzerland	Consumer
adidas AG	1.9%	Germany	Consumer
B&M European Value Retail SA	1.7%	Britain	Consumer
Puma SE	1.6%	Germany	Consumer
Coca-Cola HBC AG	1.6%	Switzerland	Consumer
Oriental Land Co., Ltd.	1.6%	Japan	Consumer
Pernod Ricard SA	1.6%	France	Consumer

Yield *is the percent return a company can give back to its shareholders for investing in the security.*
Moat or economic moat *is a term coined by Warren Buffett. It is used to describe the competitive advantage a company may have over another company in the same industry.*
Bps *is an abbreviation for basis points, which are a unit of measurement that equals one hundredth of one percent or 0.01%.*

RON000404 Exp. 04/30/2022