Quarter 4, 2020

Mondrian International Government Fixed Income Fund

MPIFX

Mondrian INVESTMENT PARTNERS

Investment Objective

The investment objective of the Fund is to seek long-term total return consistent with its value-oriented investment approach.

Fund Strategy

Mondrian is an active, value-oriented defensive manager. We invest in international markets that offer high income in real (inflation-adjusted) terms, measured by a market's Prospective Real Yield (PRY).

We define PRY as the 10 year government bond yield minus Mondrian's inflation forecast.

Fund Overview

Initial Investment	$50,000
Inception Date	November 2, 2007
Total Net Assets	$25m
Ticker Symbol	MPIFX
CUSIP	36381Y306
NAV	$10.36
Net Expense Ratio	0.60%
Gross Expense Ratio	1.02%

Fund Performance

			Annualized Returns			
	Quarter	1 Year	3 Years	5 Years	10 Years	Since Inception
Mondrian Fund	4.85%	12.52%	5.92%	5.61%	1.54%	3.17%
FTSE non-US Dollar World Government Bond Index	4.82%	10.78%	4.63%	5.17%	1.88%	3.02%

Returns are annualized for periods over 1 year. Fund Inception November 2, 2007. The performance data quoted represents past performance. Past performance is no guarantee of 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 their original cost and current performance may be lower or higher than performance quoted. For performance data current to the most recent month end, please call 888-832-4386. NAV returns since inception of November 2, 2007 when the Fund was the Laudus Mondrian International Government Fixed Income Fund. The Fund was reorganized into the Mondrian International Government Fixed Income Fund on September 24, 2018. It continues to be managed in the same way.

Country Allocation

	Bond Exposure (%)	Currency Exposure (%)	FTSE WGBI Index (Non-US) (%)
Asia Pacific	**40.6**	**31.2**	**31.6**
Australia	3.0	0.0	3.5
Japan	35.4	28.9	26.9
Malaysia	2.2	2.2	0.6
Singapore	0.0	0.0	0.6
Americas	**5.0**	**5.1**	**3.6**
Canada	2.0	2.0	2.5
Mexico	3.0	3.0	1.0
USA	0.0	0.2	0.0
Europe	**53.8**	**63.7**	**64.2**
Eurozone	49.8	49.3	53.3
Denmark	0.0	0.0	0.7
Norway	0.0	2.1	0.3
Poland	0.0	2.0	0.8
Sweden	0.0	0.0	0.4
United Kingdom	3.9	10.2	8.8
Cash	**0.7**	**–**	**–**

Effective September 24, 2018, Mondrian Investment Partners Limited (the Advisor) has contractually agreed to waive fees and reimburse expenses to the extent necessary to keep Total Annual Fund Operating Expenses (excluding interest, taxes, brokerage commissions, acquired fund fees and expenses and non-routine expenses from exceeding 0.60% of the Fund's average daily net assets until February 28, 2021.

Bond funds are subject to increased loss of principal during periods of rising interest rates. As interest rates rise, bond prices usually fall. Foreign investing involves special risks such as currency fluctuations and political uncertainty. Diversification does not eliminate the risk of experiencing investment losses. There are risks associated with investing in foreign companies, such as volatile market conditions, economic and political instability, fluctuations in currency and exchange rates, and an increased risk of price volatility associated with less uniformity in accounting and reporting requirements. Investing in emerging markets accentuates these risks. Investments in emerging markets are more likely to experience political turmoil or rapid changes in market or economic conditions than more developed countries. The Fund is non-diversified and, as such, may invest a greater percentage of its assets in the securities of a single issuer, making the Fund more susceptible to risks associated with a single economic or political event. The use of derivatives instruments involves risks different from, or possibly greater than, the risk associated with investing directly in securities.

Statistical Information (3 year, as of December 31, 2020)

	Fund	FTSE non-USD World Gov. Bond Index
Sharpe ratio	0.69	0.47
Information ratio	0.97	0.00
Standard deviation	5.97%	6.08%
R-squared	95.88%	100%

Calculation information: All statistical information calculations are based on returns over the past 36 months for the Fund and the Index. Sharpe ratio is a measure of reward per unit of risk - the higher the Sharpe ratio, the better. It is a portfolio's excess return over the risk-free rate divided by the portfolio's standard deviation. The portfolio's excess return is its geometric mean return minus the geometric mean return of the risk-free instrument (by default, T- bills). Information ratio is a measure of the consistency of a portfolio manager's performance. It is calculated by taking the average excess return over the comparative index and dividing by the standard deviation of the excess returns. Standard deviation is a widely recognized measure of volatility of an investment portfolio, or how widely monthly returns vary from a portfolio's long-term average annual total return. R-squared indicates on a scale of 0 to 100 the percentage of a fund's performance that is explained by movements in its comparative index.

Top Ten Holdings

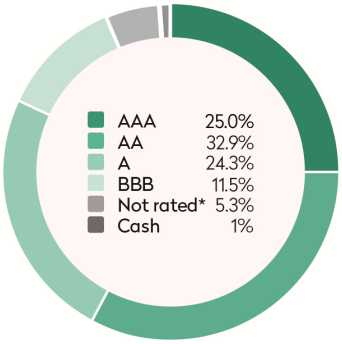
	Net Assets
Japan Govt 30yr 0.3% 20-Jun-46 (051)	5.1%
European Fin Stability 0.95% 14-Feb-28	4.8%
Kingdom of Belgium 1% 22-Jun-26	4.8%
Japan Govt 20yr 1.6% 20-Jun-30 (120)	4.7%
Japan Govt 20yr 0.2% 20-Jun-36 (157)	4.6%
KFW Intl Finance 2.05% 16-Feb-26	4.6%
Japan Govt 30yr 2.4% 20-Dec-34 (017)	4.5%
Asian Dev Bank 2.35% 21-Jun-27	4.5%
Euro Inv Bank 2.15% 18-Jan-27	4.4%
Republic of Austria 6.25% 15-Jul-27	4.4%
TOTAL	**46.4%**

Holdings are subject to change.

Fund Characteristics

	Fund	FTSE non-USD World Gov. Bond Index
Number of Securities	42	812
Portfolio Turnover (1 Year Trailing)	22.85%	—
Average Maturity	11.0 years	10.7 years
Average Duration	9.5 years	9.9 years

Credit Rating Distribution *



The credit quality breakdown depicts the credit quality ratings of the Fund's securities. All rated securities are rated by Nationally Recognized Statistical Rating Organizations (NRSRO) Standard & Poor's (S&P), Moody's and/or Fitch. We progress down the hierarchy S&P followed by Moody's followed by Fitch. When a security is not rated by any NRSRO, it is classified as 'Not Rated'. Ratings are measured on a scale that generally ranges from AAA (highest) to D (lowest).

* There are currently two Netherlands, two Italian and one Japanese government bonds that are not rated by any NRSRO, but the issuers of these securities (the governments of the Netherlands, Italy and Japan) are rated by all three NRSROs.

Investment Strategy

Our investment strategy is as follows:

Overweight Positions

- Malaysia and Mexico
- Norwegian krone and Polish zloty

Underweight Positions

- Eurozone (broadly neutral to Italy and underweight Spain)
- Underweight UK market

FTSE non-US Dollar World Government Bond Index: A market capitalization index that measures the total rate of return performance for the government bonds of 22 countries, excluding the U.S., with a remaining maturity of at least 1 year. U.S. Dollar Index is an index (or measure) of the value of the United States dollar relative to a basket of foreign currencies, often referred to as a basket of U.S. trade partners' currencies.
Prospective Real Yield is the return that you expect to get from an investment, adjusted for the effects of inflation.
Maturity of a bond will generally be determined using a portfolio security's final maturity date (date on which the final principal payment of a bond is scheduled to be paid); however, for securitized products, such as mortgage-backed securities and certain other asset-backed securities, maturity will be determined on an average life basis (weighted average time to receipt of all principal payments) by the investment adviser. Because pre-payment rates of individual mortgage pools vary widely, the average life of a particular pool cannot be predicted precisely. For securities with embedded demand features, such as puts or calls, either the demand date or the final maturity date will be used depending on interest rates, yields and other market conditions. The weighted average maturity (WAM) of a fund is dollar-weighted based upon the market value of a fund's securities at the time of the calculation. Duration is a measure of an individual bond's sensitivity to interest rates, expressed in years. Calculations of duration generally take into account the bond's yield, interest payments, maturity date and call features. Weighted Average Duration is a measure of the duration of all bonds in a fund's portfolio, also expressed in years, based on the market value weighted average duration of each bond in the portfolio. Standard Deviation - A measure of the volatility of returns. Beta - A measure of a fund's sensitivity to market movements.

Performance Review

Over the fourth quarter as a whole, the FTSE World Government ex-US Bond Index rose 4.8% in US dollar unhedged terms. In local currency terms the index rose 0.7%, with benchmark international currencies rising 4.1% on average against the US dollar. The strongest performing markets were Mexico (+15.1%), Sweden (+8.8%) and Norway (+7.7%). Currency was the main driver of outperformance in the case of all three markets. The weakest performing markets were Japan (+2.2%), Singapore (+3.6%) and Malaysia (+4.2%). Currency was the chief detractor in the case of all three markets.

The Mondrian International Government Fixed Income Fund slightly outperformed the benchmark index over the quarter, by 0.03%. An overweight position to Mexico added to performance, as did the modest overweight to the Norwegian krone. These positions were offset by the underweight to relatively strong Eurozone markets and to the euro. Over 2020 as a whole, the Fund outperformed the benchmark index by 1.57%, leaving it up 12.52% in overall terms over the year.

Investment Outlook

Although much of the world is now confronting the spread of more virulent strains of the coronavirus - and this worsens the short-term outlook for the global economy - there is now a broad consensus that mass vaccination programs will see an end to the global pandemic later in 2021 and, along with continued fiscal and monetary support, a move towards a durable economic recovery. In recognition of this, we lowered duration across our portfolios in November in order to mitigate the effect of any rise in long-term bond yields and steepening of yield curves and we are now targeting duration slightly below that of benchmarks. This recovery consensus has already supported a dramatic rally in risk assets. Investment grade corporate bond and other credit spreads have narrowed considerably from the extremely wide levels seen during the first wave of the pandemic when we added to credit on mandates able to do so. Given the fall in spreads, valuations are no longer attractive according to our Relative Value Indicators (RVIs) and in December we took profits on these positions, moving to a broadly neutral stance to credit on aggregate bond mandates and zero exposure to credit on sovereign mandates.

In the first acute phase of the pandemic, high quality global fixed income once again proved its worth by smoothing the volatility of risk assets, a role that is a defining feature of the asset class. When such periods of turmoil occur, a prudently managed global bond portfolio (which does not abandon the asset class's prized diversification characteristics by structurally overweighting higher yielding but higher risk portions of the asset class) will tend to outperform as investors seek to liquidate risk assets. Although nominal yields are low by historical standards, the critical diversification role played by fixed income in a balanced portfolio setting should endure. This role will always be important and is particularly so at the moment since the current consensus is not without risk. Although the economy will eventually recover, the pandemic has left both corporate and government balance sheets burdened by massively increased debt loads. Any setback to recovery could cause renewed bouts of risk aversion and sharp selloffs. Crises and volatility are, by their nature, both inevitable and unforeseeable. When they occur, global fixed income can help to bolster portfolios.

At the same time as providing these vital diversification characteristics, global fixed income benefits greatly from active management that creates the potential for return enhancement through the judicious exploitation of value opportunities. We see many such value opportunities at the moment. For instance, on global mandates, we continue to be underweight to the US dollar. Although it fell on average by over 4% in 2020 against developed market currencies on both a trade-weighted and global bond index-weighted basis, the US dollar remains meaningfully undervalued against a broad range of international currencies according to our Purchasing Power Parity (PPP) based currency valuations (see Quarterly Perspective). Those currencies in which we see the best value, and are hence overweight on global unhedged mandates, are the Norwegian krone, British pound sterling, Mexican peso, Polish zloty and Malaysian ringgit. In terms of bond markets, relative value is to be found in Japan, Mexico and Malaysia as a result of these countries' comparatively high Prospective Real Yields (PRYs). At the same time, European bond markets - including those of the UK and Eurozone - offer relatively poor value when compared to others since nominal yields there still fail to compensate adequately for prospective inflation according to our forecasts.

Mondrian
INVESTMENT PARTNERS

Mondrian Investment Partners Limited

Our Organization

Successful and Well-Managed

- Founded in 1990
- 30 years of stable, consistent leadership
- Over USD 58 billion* under management and advisement

Company Overview

Mondrian is an independent, employee-owned, global value-oriented manager with almost 30 years' experience in managing a range of equity and fixed income products for a variety of clients based around the World. During this period the business has been managed in a stable, successful fashion, and is controlled by an employee partnership. This ownership structure ensures alignment of interests with clients and reinforces the long-term approach to investment that Mondrian has used since the firm was founded in 1990. Prior to a management buyout in 2004, the business was affiliated with US-based Delaware Investments. Mondrian's value style products have had a track record of producing consistent, strong risk-adjusted performance in a variety of different market environments.

Independent, Employee-Owned

- Equity ownership plan designed to attract, retain and motivate highly skilled people
- Mondrian is employee owned
- Approximately half of employees are partners

People: Our Best Resource

The most important resource of any investment organization, and Mondrian in particular, is the investment team and staff. Mondrian's investment team has been working together for almost 30 years. We have a low turnover of professional staff, and a strong culture of client service and support.

Time-Tested Investment Philosophy and Process

- All products utilize an income-oriented value discipline
- Consistently applied since the company's founding in 1990
- In-depth global fundamental research

Philosophy

Mondrian follows a highly disciplined and repeatable process: it overweight markets that it believes will provide a high risk-adjusted real income stream. To do so, Mondrian calculates each market's Prospective Real Yield (PRY), factoring in its own inflation forecasts and analysis of sovereign credit risk.

This is overlaid with a separate assessment of relative currency valuations employing Mondrian's own real exchange rate analysis

Well-Resourced Team

- Highly experienced team of 58 investment professionals in London
- Low turnover of professional staff
- Strong culture of client service and support

* As of December 31, 2020, Mondrian has total assets under management of USD 54.9 billion. In addition, the firm also had USD 4.1 billion of model delivery assets under advisement.

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