Blue Current

BLUE CURRENT GLOBAL DIVIDEND

2021 – Q2 Quarterly Letter

Prepared by:

EDGE CAPITAL GROUP

Blue Current Global Dividend Fund
Ticker: BCGDX

June 30, 2021

Dear Investors:

The Blue Current Global Dividend Strategy returned +6.67% (net) during the second quarter of 2021, outperforming the primary benchmark (MSCI World High Dividend Yield Index) return of +4.14%. We remind investors that our strategy is not managed to any specific equity index, instead, we focus on identifying companies that may pay a stable and increasing dividend and potentially generate an attractive total return for our investors.

Performance	Q2-21	1 Year	3 Year	5 Year	Since Inception* Annualized
BCGDX (net)	6.67%	37.34%	11.58%	10.65%	7.91%
MSCI World High Dividend Yield Index (Net)	4.14%	27.24%	9.17%	8.72%	6.21%
MSCI World Index (Net)	7.74%	39.01%	14.96%	14.82%	10.45%

* Since inception: 9/18/2014

Expense Ratio*	BCGDX
Gross Expense Ratio	1.49%
Net Expense Ratio	1.00%

*Contractual agreement until April 30, 2022

Performance data quoted represents past performance; past performance 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 their original cost. Current performance of the Fund may be lower or higher than the performance quoted. The fund imposes a 2% redemption fee on shares held within 7 days after purchase. Performance data does reflect the redemption fee which, if reflected would reduce the performance quoted. Performance data current to the most recent month-end is available at 1-800-514-3583.

The advisor has entered into a contractual expense limitation agreement with the Fund that calls for the Advisor to reduce management fees and reimburse other expenses of the Fund, if necessary, to maintain Total Annual Fund Operating Expenses at 0.99% for Institutional Class Shares per annum. This agreement is in effect until April 30, 2022.

ARE YIELDS A HARBINGER OF THINGS TO COME?

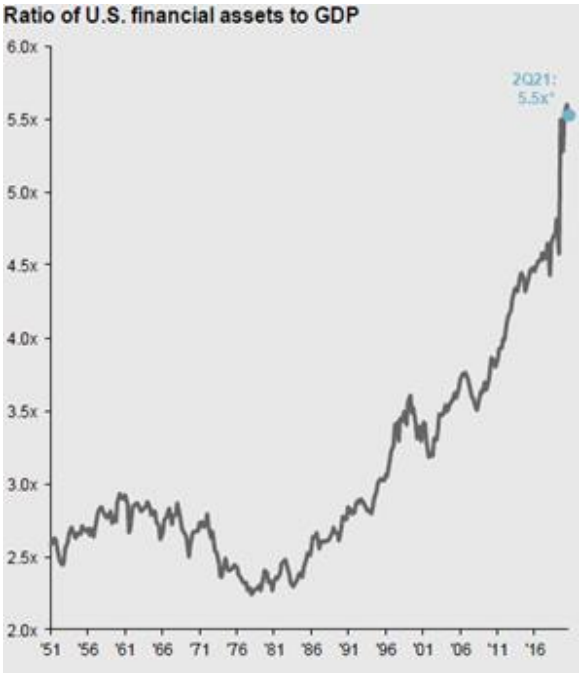
Since November 2020, the signposts have been simple to follow — global recovery, accelerating earnings growth, and higher interest rates — all of which underpinned a risk-on posture. Investors followed the narrative, resulting in many equity indices achieving all-time highs between May and June. We've been doing this long enough to know that "Goldilocks" backdrops are normally short-lived and can dissipate quickly as investors lean too far in. Over the past several months, the narrative has shifted somewhat for most asset classes, but especially for fixed income, as reference rates (the Treasury curve) are flattening, with the U.S.

10-year Treasury yield slipping from 1.75% to below 1.30%. The shift is eliciting concerns that perhaps the economic forecast is not as rosy as was once thought.

While declining yields should not be ignored, we also do not believe they are forecasting an ominous decline in long-term economic growth or stability. Rather, we believe that declining yields are somewhat reflective of near-term uncertainty related to the Delta variant of COVID-19 but largely reflect the sheer volume of liquidity that abounds in global markets. Between central bank policies and the corresponding wealth effect that accelerated last year, the financial system is awash with liquidity and dollars looking for a home. Sure, U.S. bonds may not offer the highest absolute yields, but what they do offer is safety of principal, high relative yields (especially compared with Europe), and a safe-haven for institutions looking to invest new capital or rebalance away from exceptional equity and private market returns. Inflows into bonds (and bond funds) have remained healthy and might be emblematic of the need for quality financial assets and not portend an economic collapse or deflation. The chart below highlights the point that in 2020 and continuing into 2021, the demand for U.S. assets surged to 5.5x the level of economic activity. We believe this represents multiple demand sources for U.S. financial assets including central banks, institutions, sovereigns, and individuals.

Despite declining bond yields, we continue to have confidence in the post-pandemic economic recovery. We ultimately believe yields will settle higher during the second half of the year as we push through the COVID-19 uncertainty, but the overall healthy demand for financial assets (should liquidity conditions remain favorable) may create a ceiling for bond yields and simultaneously keep broad equity valuations afloat over the next 12 to 18 months.

Surge in demand for U.S. assets of all types



Source: Source JP Morgan, *Includes U.S. financial assets held by rest of world and excludes rest of world assets held by U.S. entities

BLUE CURRENT PHILOSOPHY AND OBJECTIVES

The Blue Current investment team utilizes its expertise in growing cash flow to invest in what we believe is a niche universe of high-quality, dividend-paying companies with sustainable business models and dividend policies. The primary objectives are to invest in companies that we believe could distribute a stable and increasing dividend each quarter and to deliver attractive, long-term capital appreciation to investors.

The portfolio is concentrated and invests in 25 to 50 companies across developed markets that meet our stringent quality requirements. We focus on companies that we believe have a strong history of rewarding shareholders and have the financial ability to continue to increase the dividend over time. We also focus on the future earnings potential of each company and strive to purchase those businesses when they are trading at a discount to their true value.

PORTFOLIO COMMENTARY

Our decision to balance or barbell our exposures to companies that investors would label as “growth” with others categorized as “value” has not changed since late summer 2020. We believe this approach has helped the durability of the fund through the first six months of the year as we expected that investors would remain fickle in their preferences for defensive cash flows versus cyclical exposures. As a result of the intentional positioning, the price-to-earnings ratio of the fund is closer to the broad markets valuation, as opposed to the 2-to-3-point valuation discount that normally exists. As highlighted, we are taking profits from several positions with valuations that exceed our comfort levels. Cash is currently 6% of the fund — a level that we believe affords us some optionality for the second half of the year.

The top-performing position in the fund during the second quarter was Deutsche Post (+27%), a global freight company that has benefited from an increase in global activity and supply chain tightness. Despite the stock’s strong advance in 2021, the company’s 2022 price-to-earnings ratio stands at a very attractive 15x. Within the pharmaceutical sector, Novo Nordisk — one of the world’s leading pharmaceutical companies focused on diabetes and obesity solutions returned — 24% and was a top performer. AstraZeneca (+20%), Morgan Stanley (+19%), and LVMH (+18%) complete the top five performers during the quarter. Intel (-12%), Philips Healthcare (-11%), Caterpillar (-6%), Vodafone (-4%), and Abbott Laboratories (-3%) were detractors for the quarter.

In June, we initiated a position in Danone, the French consumer staples behemoth that has struggled to maintain product market share and deliver a clear and executable vision to its shareholders. In response to increasingly intense activist pressure, the company made several notable changes, including the addition of a new CEO, Antoine de Saint-Affrique, who will join the company in September after successful stints at Barry Callebaut and Unilever. Last week, the company further challenged the status- quo by pushing several long-standing directors off the board. Despite the company’s years of underperformance, the new management team will still have something to work with — several of the company’s organic and plant-based food brands continue to have a loyal and significant customer base, especially in Europe. Depending on the category, Danone trades at a 25-35% discount to its peers, leaving lots of upside should the new management team reinvigorate growth in this sleeping giant.

We also initiated a new position in RELX, a U.K.-based data analytics company with a strong presence in legal, scientific/technical, and medical research. While most of the company’s businesses performed well in a difficult 2020, RELX has exposure to exhibitions and live events that struggled during the pandemic but should return to growth in the years ahead. RELX may not be the obvious go-to for investors focused on

data-analytics but given its focus on the scientific and legal ecosystems, the company is a treasure trove of information on a wide variety of topics. We also like RELX because it's a technology company with a reasonable valuation that is not fundamentally exposed to the frothier pockets of the market. The company offers an attractive dividend yield that continues to increase.

We took steps during the quarter to increase the fund's dividend yield and lower the overall valuation by trimming the following positions: LVMH, Diageo, and Crown Castle. In these three examples, the valuation levels were more than 25% above long-term averages and the respective dividend yields had fallen to levels that we do not find as compelling as previous. The capital was deployed into both existing and new ideas. In addition, we took profits in two commodity-sensitive investments, CF Industries and Bunge, both of which are exposed to the durability of the agriculture markets. Our investment in both companies was shorter than we envisioned when we initiated the positions, but the steep rise in commodity prices over the course of 2021 elevated the stock prices to levels that we viewed as fully valued. Lastly, we took profits in Tokyo Electron, a semiconductor equipment company that specializes in the memory and flat-panel TV markets. Within seven months of our purchase, the share price appreciated nearly 60%, leaving little room for additional appreciation. We hope to revisit the company when its valuation is more aligned with its fundamentals.

Top 5 Contributors (Security / Contribution)*

- Deutsche Post: +65bps
- Microsoft: +60bps
- Morgan Stanley: +59bps
- American Express: +46bps
- LVMH: +45bps

Bottom 5 Contributors

- Philips Healthcare: -24bps
- Intel Corp: -19bps
- Caterpillar: -16bps
- Vodafone: -7bps
- Abbott Labs: -6bps

**Please contact Blue Current to obtain the calculation's methodology and a list of all holdings contributions to the overall performance during the period.*

INVESTMENT OUTLOOK

As we are nearing the mid-way point in the second quarter earnings season, we can share that corporate fundamentals are exceptional. Companies are benefitting from a surge in demand for nearly all things, while at the same time efficiencies created during 2020 are proving to be more sustainable than expected. The combination of strong revenue growth and controlled costs are driving operating margins to all-time highs for many companies — this is even true for companies that remain well below 2019 revenue levels. Aside from the income statements, balance sheets are stronger than ever. Companies refinanced and extended debt maturities, thereby reducing interest costs and improving nearly all credit metrics. With excess cash,

corporate buybacks and dividends are accelerating. We expect to deliver a solid dividend growth rate in 2021.

Even with more muted economic demand ahead, U.S. large caps should continue to demonstrate impressive growth for the foreseeable future. If we have confidence in earnings growth in 2022, the bigger (and more important) question is what valuation will investors pay for earnings over the next 12 – 18 months? After all, growth has likely peaked and all central banks are closer to retrieving the liquidity punch bowl than extending it. We are not smart enough to answer that question, but we can state with confidence that investors will likely assign a lower multiple to the near-term earnings stream than at present. We expect that returns over the next 2-3 years will be a function of rising earnings offset by steady multiple contraction.

With that in mind, we are taking active steps to reduce exposure to unsustainable multiples and reposition the capital to investments with a better balance of risk and return. If the liquidity party continues, these actions will likely create underperformance relative to broader benchmarks, a consequence that we accept in order to stay true to our mandate. If we are correct and valuation multiples revert to long-term averages, then we hope that these decisions will dampen the fund's future volatility.

Thank you for your interest in Blue Current.

For more information on our strategy, please visit www.bluecurrentfunds.com.

Sincerely,

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Disclosure and Risk Summary

The Letter to Shareholders seeks to describe some of the current opinions and views of the financial markets of Edge Capital Group (the "Adviser"). Although the Adviser believes it has a reasonable basis for any opinions or views expressed, actual results may differ, sometimes significantly so, from those expected or expressed. The securities held by the Fund that are discussed in the Letter to Shareholders were held during the period covered by this Report. They do not comprise the entire investment portfolio of the Fund, may be sold at any time and may no longer be held by the Fund. The opinions of the Adviser with respect to those securities may change at any time.

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Mutual fund investing involves risk. Principal loss is possible. Index returns reflect the reinvestment of dividends. An investor should consider the investment objectives, risks, charges and expenses of the Fund carefully before investing. The Fund's prospectus contains this and other important information. To obtain a copy of the Fund's prospectus please visit our website at www.bluecurrentfunds.com or call 1-800-514-3583 and a copy will be sent to you free of charge. Please read the prospectus carefully before you invest. The Blue Current Global Dividend Fund is distributed by Ultimus Fund Distributors, LLC.

Investment in the Fund is subject to investment risks, including, without limitation, market risk, management style risk, investment style risk, large cap risk, mid cap risk, small cap risk, foreign security risk, ETF risk, and new fund risk. For more information about the Fund, including the Fund's objectives, charges, expenses and risks (including more information about the risks listed above), please read the prospectus. The MSCI World Index Net is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed markets. You cannot invest directly in the index.

As of 6-30-2021, the holding percentages of the stocks mentioned in this commentary are as follows: DPW GR (2.81%), MSFT (4.27%), MS (3.58%), AXP (3.04%), MC FP (1.96%), PHG (0.98%), INTC (1.33%), CAT (2.60%), VOD (1.77%), ABT (1.88%), RELX (1.96%), DEO (2.47%), CCI (1.50%), CF (1.17%%), BN FP (2.59%), BG (0%), TOELY (0%).

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