INVESTMENT COMMENTARY

Positive market momentum from the prior two quarters accelerated in the second quarter of 2023, albeit with historically narrow breadth. Investor sentiment improved and recession concerns dissipated, as the Fed introduced a "skip" into their monetary vernacular, as Chairman Powell explained the Fed's decision to seemingly postpone an eleventh rate hike in as many FOMC meetings, while anticipating another one or two additional rate hikes in 2023. Near term fiscal uncertainty was alleviated, as Congress passed and President Biden signed the Fiscal Responsibility Act, an agreement to lift the federal debt ceiling until 2025. Banking pressures also eased with no new U.S. regional bank failures during the quarter that weren't already on the radar from the previous quarter. The FOMC met twice during the second quarter and raised the Fed Funds rate by 25 basis points during the May meeting, increasing the target funds rate to 5.00 to 5.25%. The June FOMC statement highlighted; "Recent indicators suggest that economic activity has continued to expand at a modest pace. Job gains have been robust in recent months, and the unemployment rate has remained low. Inflation remains elevated. The U.S. banking system is sound and resilient. Tighter credit conditions for households and businesses are likely to weigh on economic activity, hiring, and inflation. The extent of these effects remains uncertain. The Committee remains highly attentive to inflation risks." U.S. Real Gross Domestic Product (GDP) while on the decline, increased at an annual rate of +2.0% during the first quarter of 2023. Inflation, as measured by the U.S. Consumer Price Index (CPI), rose by 4.0% for the twelve-month period ending May 2023. This is down sharply from 6.0% for the twelve-month period ending February 2023 but still well above the Fed's 2% long run inflation target. The Bureau of Labor Statistics (BLS) reported the unemployment rate continued to increase slightly in May to 3.7%, while the U6 measure of total unemployed declined to 6.7%, well below its 10.3% historical average. The Conference Board Consumer Confidence Index ended June at 109.7, up sharply from 104.2 in March, but back to where it finished the year in 2022.

The S&P 500 officially entered bull market territory on June 8th, having risen by over 20% since its October 2022 lows and returning +8.74% in the 2nd quarter. The tech-heavy NASDAQ 100 generated even higher returns with a +15.39% second quarter return. The Bloomberg U.S. Aggregate Index delivered a negative return for the quarter of -0.84%, given an increase in interest rates across the curve. The yields of 1-year, 2-year, 5-year and 10-year U.S. Treasuries increased by 80, 87, 58 and 37 basis points, respectively. The yield curve inversion between 2- and 10-year Treasuries nearly doubled and ended the quarter at 106 basis points.

PIA remains confident the U.S. is heading for an economic slowdown. However, the PIA Investment Strategy Group (ISG) remains split regarding the magnitude and timing of a recession. We believe inflationary pressures, rather than cyclical U.S. economic weakness, will be the primary driver of our expected outcomes of either a shallow recession or a "growth recession". In addition to virtually every economic indicator pointing to an inevitable recession, we also need to calibrate the domestic economic impact of the ongoing war in Ukraine and the inflationary costs of alternative energy, global "re-shoring", and the impact of global diversification away from China. The Conference Board Index of Leading Economic Indicators has declined fourteen consecutive months and roughly 8% year over year, which is the largest pre-recession decline since the late 1960's. The inversion of the 3-month to 10-year Treasury yield curve has flawlessly predicted future recessions with a 100% historical correlation, and this yield curve has been inverted since late October 2022. The ISM Purchasing Managers Index (PMI), a key measure of strength in the manufacturing sector, contracted for the seventh consecutive month in May and remains below the key 50% level. Anecdotally, ten of the last thirteen rate hike cycles have resulted in recession. Yet, arguably the greatest economic challenge may prove to be global monetary policy, as several G7 central banks have continued to hike rates to definitively quash inflation.

Interestingly, despite ten consecutive Fed rate hikes and rates 5.25% higher over the past year, roughly $90 billion in monthly quantitative tightening (QT) resulting in the greatest contraction in money supply in several decades, and a recent banking scare and seemingly imminent additional bank capital requirements, the economy continues to perform above expectations. However, we anticipate this economic trajectory changing as these policies work their way into the system along with additional factors, such as BEA analysis indicating that the pending end to the student loan forbearance program will reduce consumer spending by approximately $38 billion annually, near-negative population growth and a broken immigration policy, increasing credit and liquidity concerns in segments of commercial real estate (CRE), and rising personal debt

levels and depleted household savings. We believe tighter lending standards and reduced availability of capital are the natural outcome of increased banking regulation and capital requirements, a key tenet supporting our economic outlook characterized by a return to single-digit corporate profits, reduced inflation below wage growth levels, a modest increase in unemployment, and moderation in consumer consumption. We anticipate the recent and long overdue service-sector wage improvements will remain sticky and supported by leisure industry productivity gains. Conversely, we anticipate asset values gradually returning to normal levels, i.e., historically normalized P/E multiples and a return to net positive real bond yields. When the Fed has done everything it can to normalize inflation, we expect structural inflation to remain in the 2.5-3% range due to additional producer cost layers associated with food and energy issues, on-going transition to alternative energy, and trending away from globalization to re-shoring. We believe the Fed will need to hold the Fed funds terminal rate near 5% for an extended period to get inflation sufficiently down to/below the 3% level. This level implies a paradigm shift for businesses that have been operating on 1-2% capital, and households that have operated as net spenders. Lastly, we believe our outlook is reasonably optimistic but could quickly turn more negative due to geo-political events including, but not limited to, political inefficacy or conditions in the Ukraine-Russia region. Historically, event risks have created flights to quality leading to bond market rallies. However, either of these scenarios could lead to global destabilization coupled with higher interest rates.

The fund is currently positioned with a shorter duration relative to the benchmark and an overweight in corporate credit. The industrial and financial credits in the fund provide incremental risk-adjusted yield and offer attractive compensation for their sector volatility and the utility credits provide additional portfolio diversification with low sector volatility. The fund's allocation to floating rate securities will benefit from any future increases in the Federal Funds Rate by the Federal Reserve. We believe the asset-backed and commercial mortgage-backed securities in the fund offer value on a risk-adjusted basis.

PIA Investment Strategy Group

Pacific Income Advisers is an investment management firm registered with the U.S. Securities and Exchange Commission under the Investment Advisers Act of 1940. PIA manages a variety of fixed income and equity assets for primarily United States clients. The information contained herein is based on internal research derived from various sources and does not purport to be statements of all material facts relating to the securities mentioned. Fund holdings and/or sector allocations are subject to change at any time and are not recommendations to buy or sell any security. Opinions expressed are subject to change, are not intended to be a forecast of future events, a guarantee of future results, nor investment advice.

The fund's investment objectives, risks, charges and expenses must be considered carefully before investing. The statutory and summary prospectus contains this and other important information about the investment company, and it may be obtained by calling 800-251-1970 or visiting www.PIAMutualFunds.com. Read it carefully before investing.

Mutual Fund investing involves risk. Principal loss is possible. Investments in debt securities typically decrease in value when interest rates rise. This risk is usually greater for longer-term debt securities. Investments in Asset Backed and Mortgage Backed Securities include additional risks that investors should be aware of such as credit risk, prepayment risk, possible illiquidity and default, as well as increased susceptibility to adverse economic developments. The Fund may invest in derivatives, which may involve risks greater than the risks presented by more traditional investments. The risk of owning an ETF or mutual fund generally reflects the risks of owning the underlying securities that the ETF or mutual fund holds. It will also bear additional expenses, including operating expenses, brokerage costs and the potential duplication of management fees. These risks are fully disclosed in the Prospectus.

Gross Domestic Product (GDP) is the total monetary or market value of all the finished goods and services produced within a country's borders in a specific time period. As a broad measure of overall domestic production, it functions as a comprehensive scorecard of the country's economic health.

Consumer Price Index (CPI) is a measure that examines the weighted average of prices of a basket of consumer goods and services, such as transportation, food, and medical care. It is calculated by taking price changes for each item in the predetermined basket of goods and averaging them.

Consumer Confidence Index (CCI) is a survey, administered by The Conference Board, that measures how optimistic or pessimistic consumers are regarding their expected financial situation.

The Bureau of Labor Statistics (BLS) is a federal agency that collects and disseminates various data about the U.S. economy and labor market.

The Conference Board (CB) is a not-for-profit research organization that distributes vital economic information to its peer-to-peer business members.

The Federal Open Market Committee (FOMC) is the branch of the Federal Reserve System (FRS) that determines the direction of monetary policy specifically by directing open market operations (OMOs).

Monetary - consists of the actions of a central bank, currency board or other regulatory committee that determine the size and rate of growth of the money supply, which in turn affects interest rates.

Basis point (bp)- A unit that is equal to 1/100th of 1%, and is used to denote the change in a financial instrument.

Yield - The income return on an investment. This refers to the interest or dividends received from a security and is usually expressed annually as a percentage based on the investment's cost.

Duration - A commonly used measure of the potential volatility of the price of a debt security, or the aggregate market value of a portfolio of debt securities, prior to maturity. Securities with a longer duration generally have more volatile prices than securities of comparable quality with a shorter duration.

Benchmark - The ICE BofAML 1-Year US Treasury Note Index is comprised of a single issue purchased at the beginning of the month and held for a full month. At the end of the month that issue is sold and rolled into a newly selected issue. The issue selected at each month-end rebalancing is the outstanding Treasury note that matures closest to, but not beyond, one year from the rebalancing date. To qualify for selection, an issue must have settled on or before the month-end rebalancing date. You cannot invest directly in an index.

Quantitative tightening (QT) (or quantitative hardening) is a contractionary monetary policy applied by a central bank to decrease the amount of liquidity within the economy.

S&P 500 Index – The S&P 500 index includes 500 leading companies in leading industries of the U.S. economy. The S&P 500 is designed to be a leading indicator of U.S. equities and is meant to reflect the risk/return characteristics of the large cap universe. You can not invest directly in an index.

The NASDAQ-100 Index is a modified capitalization-weighted index of the 100 largest and most active non-financial domestic and international issues listed on the NASDAQ. No security can have more than a 24% weighting. The index was developed with a base value of 125 as of February1, 1985. Prior to December 21, 1998 the Nasdaq 100 was a cap-weighted index. You can not invest directly in an index.

The Bloomberg U.S. Aggregate Bond Index represents securities that are SEC-registered, taxable and dollar denominated. The index covers the U.S. investment grade fixed rate bond market, with index components for government and corporate securities, mortgage pass-through securities and asset-backed securities. These major sectors are subdivided into more specific indices that are calculated and reported on a regular basis. You cannot invest directly in an index.

The Purchasing Managers' Index (PMI) is an index of the prevailing direction of economic trends in the manufacturing and service sectors.

The U-6 (Unemployment) rate measures the percentage of the U.S. labor force that is unemployed, plus those who are underemployed, marginally attached to the workforce, and have given up looking for work.

The Group of Seven (G7) is an intergovernmental political forum consisting of Canada, France, Germany, Italy, Japan, the United Kingdom and the United States; additionally, the European Union (EU) is a "non-enumerated member".

An inverted yield curve shows that long-term interest rates are less than short-term interest rates.

The Bureau of Economic Analysis (BEA) promotes a better understanding of the U.S. economy by providing the most timely, relevant, and accurate economic accounts data in an objective and cost-effective manner.

The Conference Board Leading Economic Index is an American economic leading indicator intended to forecast future economic activity.

Price-to-Earnings (P/E) Multiple - It is used to compare a company's market value (price) with its earnings.

Past performance is not a guarantee of future results.

The PIA Funds are distributed by Quasar Distributors, LLC

Pacific Income Advisers

2321 Rosecrans Avenue Suite 1260 El Segundo California 90245

telephone 310. 255. 4453 facsimile 310. 434. 0100

www.pacificincome.com