



## 2016 Year-End Fund Commentary

## Performance Summary

	Q4	YTD	1 Year	Annualized	
				3 Years	Since Inception*
<b>RMDFX</b>	0.35%	1.36%	1.36%	TBD	1.39%
<b>HFRI Fund of Funds Composite Index</b>	0.83%	0.48%	0.48%	TBD	-0.03%

\* The Fund's inception date is 12/14/2015.

*The performance data quoted represents past performance and is not a guarantee of future results. 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 may be lower or higher than the performance information quoted. To obtain performance information current to the most recent month-end, please call 1.877.997.9971.*

**Gross Expense Ratio 1.15%**

## Performance Discussion

The Fund returned 1.36% for the year, outperforming its benchmark, the HFRI Fund of Funds Composite Index, which returned 0.48%. Importantly, the Fund outperformed fixed income indices in the last quarter of the year as interest rates spiked in anticipation of higher growth (and inflation) from expected policy changes from the incoming Trump administration. In the fourth quarter, the Fund returned 0.35%, far outpacing broad fixed income indices such as the Bloomberg Barclays U.S. Aggregate Bond Index by 3.33%.

Volatility was generally low during the year, except for the first weeks of the year and around major political events; specifically the Brexit referendum in June and the U.S. election in November. U.S. equity markets, as measured by the S&P 500 Index, continued their outperformance in 2016 versus international markets, as measured by the MSCI ACWI Ex USA Index, earning an additional 7.46% in return, a trend that has been largely intact for much of the past 6 years. Core Diversifiers, global asset allocation strategies that invest across the full risk spectrum, benefited from strong equity markets and returned roughly 6% for the year. Conversely, Alternative Diversifiers, investments in strategies with return patterns less sensitive to movements in traditional markets, provided an approximate return of -1.3% for the year. The performance of the Alternative Diversifiers was pulled down by our position in managed futures funds (i.e. trend following funds) and the timing of building out certain positions as the Fund absorbed new capital flows.

## Fund Construction

## Two strategies were added to the Fund over the course of the year:

- The Vanguard Market Neutral Fund

The fund has an impressive long term record of providing returns that are less correlated to equity and bond markets.

The fund buys stocks that are expected to appreciate and sells stocks that are expected to decline. Overall the fund is market (and sector) neutral and expects to generate returns in excess of a risk-free (e.g., U.S. Treasuries) asset.

- GMO SGM Major Markets Fund (GMO Major Markets)

The fund uses a model that combines sentiment indicators, such as momentum and trends, with a valuation overlay that trims or eliminates exposures once they become "expensive."

The GMO Major Markets does not use explicit or implicit leverage.

The absence of leverage, together with the valuation overlay reduces volatility, while still maintaining a less correlated return pattern.

**Achieve more.**

### Fund Construction (continued)

#### Three funds were terminated in the Fund over the past twelve months.

- AQR Managed Futures Strategy Fund
- Natixis ASG Managed Futures Strategy Fund
- Vanguard Limited-Term Tax Exempt Fund

The two managed futures funds were terminated as we elected to consolidate those positions within the GMO Major Markets strategy and better manage volatility. The Vanguard Limited-Term Tax Exempt Fund was originally intended to help mitigate the risk of the managed futures funds. With the migration of the managed futures positions to GMO Major Markets, we exited the Vanguard Limited-Term Tax Exempt Fund.

#### The allocation to Core Diversifiers increased to 60% by year end.

- The Core Diversifiers managers dynamically adjust their asset allocations as the investment opportunity changes. As these managers increased their holdings of less correlated strategies (e.g., merger arbitrage, relative value, cash/U.S. treasuries) over the year and became more defensive, we felt comfortable shifting our allocation as we did not see a material change in our underlying exposures.

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### **Please consider the Fund's investment objectives, risks, charges and expenses carefully before investing. The prospectus that contains this and other information about the Fund is available by calling 1.877.997.9971 and should be read carefully prior to investing.**

An investment in the Fund is subject to risks, and you could lose money on your investment in the Fund. There is no guarantee that the Fund will achieve its investment objective. The cost of investing in a fund of funds may be higher than other mutual funds as the Fund will bear not only its own direct expenses but also a portion of expenses of the underlying funds. The Fund's performance is tied to the performance of the underlying funds which means that if one or more of the underlying funds fails to meet its objective, then the performance of the Fund may be adversely impacted.

The Fund's asset allocation percentages are made across a broad range of investment strategies which may expose investors to increased risks.

This may include investing significant portions of assets in certain asset classes and industries within certain economic sectors which may be unfavorably affected by the same economic or market events.

The Fund may invest in derivatives which can be highly volatile, illiquid, and difficult to value. The use of derivatives and leverage could accelerate losses to the Fund. There is a possibility that derivatives may not perform as intended which can reduce the opportunity for gain or result in losses by offsetting positive returns in other securities the Fund owns.

The Fund is exposed to the principal risks of the underlying funds in which it invests. These risks include alternative strategies risk, commodity risk, counterparty risk, credit risk, derivatives risk, floating rate loss risk, foreign securities and currencies risk, liquidity risk, market risk, REIT and real estate risk, short sale risk, and small and mid-cap company risk. Further information about these and other risks may be found in the prospectus.

The HFRI Fund of Funds Composite Index is an uninvestable, unmanaged index that is an equal weighted index of over 800 constituent hedge fund of funds that invest over a broad range of strategies.

The Bloomberg Barclays U.S. Aggregate Bond Index is an uninvestable, unmanaged, broad fixed income, market-value-weighted index generally representative of investment grade fixed-rate debt issues, including government, corporate, asset-backed, and mortgage-backed securities with maturities of at least one year.

The MSCI ACWI ex USA Index captures large and mid cap representation across 22 of 23 Developed Markets countries (excluding the US) and 23 Emerging Markets countries.

As of December 31, 2016, Vanguard Market Neutral Fund and GMO SGM Major Markets Fund represented 7.43% and 7.32% of the Fund's total investments. Other securities mentioned were not held in the Fund as of 12/31/2016. Portfolio composition will change due to ongoing management of the Fund. References to specific securities should not be construed as recommendations by the Fund, its adviser or distributor.

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