ORINDA INCOME OPPORTUNITIES FUND

2Q 2019 Performance Commentary

EXECUTIVE SUMMARY

- The Fund returned 0.65% for the quarter, bringing the year-to-date return to 14.26% with a distribution rate of 6.72%.
- Given the widening dividend yield spread to the 10-year Treasury, REIT preferreds appear reasonably attractive on an absolute and relative basis.
- Slowing global growth has the Fed ready to begin cutting rates, which could benefit the REIT preferred market.
- If economic data soften over the coming months, we will further reduce exposure or exit these positions with the weakest balance sheets/earnings outlooks within the portfolio.

MUTUAL FUND REVIEW

2nd Quarter Performance Review

As the pace of returns slowed some in the second quarter from the torrid pace of the first, capital markets nonetheless enjoyed a stellar opening half of 2019. Concerns have begun to weigh on markets, however, slowing global growth and the inverted U.S. Treasury yield curve in all probability have the Fed ready to begin cutting rates, as discussed further in the Market Review section below. The Fund posted a second quarter total return of 0.65%, bringing the total year-to-date to 14.26% versus the Bloomberg Barclays U.S. Aggregate Bond Index, which returned 3.08% for the quarter and 6.11% thus far this year.

Portfolio Composition

75% Average Net Fixed Income Exposure

Key sectoral contributors to performance during the first quarter were mortgage, residential, and specialized REITs, contributing 0.67%, 0.18%, and 0.17%, respectively to gross performance. Diversified and retail REITs were modest detractors, contributing -0.10% and -0.07% to gross performance. At quarter-end, the strip yield on our fixed income positions was 7.39%.

18% Average Net REIT Common Stock/Equity Exposure

During a relatively flat quarter for our equity positions there were no significant sectoral contributors to performance. Mortgage, specialized, and residential REITs were the largest contributors for the period, each contributing 0.07% to gross performance. Oil and gas, the only down sector, contributed -0.07% to gross performance. Hedging positions, however, did hurt performance contributing -.36% to gross performance. At quarter-end, the yield on our equity positions was 8.66%.

FUND PERFORMANCE

as of 6/30/19	Qtr	YTD	Annualized One Year	Annualized Three Year	Annualized Five Year	Annualized Since Incept. (6/28/13)
PERFORMANCE AT NAV without sales charge						
A share	0.65%	14.26%	5.15%	4.57%	2.99%	3.91%
I share	0.72%	14.45%	5.50%	4.90%	3.30%	4.23%
D share	0.46%	13.88%	4.41%	3.83%	2.31%	3.37% (9/27/13)
Bloomberg Barclays Cap. U.S. Aggregate Bond Index	3.08%	6.11%	7.87%	2.31%	2.95%	3.18%
PERFORMANCE AT MAXIMUM OFFERING PRICE includes maximum sales charge						
A share	-4.39%	8.55%	-0.11%	2.80%	1.94%	3.02%

DISTRIBUTION RATE

Total Annual Fund Operating Expenses *(what an investor will pay as of 12/31/18):* A share 2.10%; I share 1.95%; D share 2.95%. Until December 31, 2019, Orinda Asset Management, LLC (the "Adviser") has agreed to waive its fees to the extent necessary to maintain annualized expense ratios for the Class I, Class A and Class D shareholders of average daily net assets of 1.40%, 1.70%, and 2.40%, respectively (excluding acquired fund fees and expenses, short sale dividend expenses, brokerage commissions, extraordinary items, interest and taxes). There can be no assurance that the Adviser will continue such waiver for the Fund after December 31, 2019. For more detailed review of fund expenses, please refer to the prospectus by visiting www.orindafunds.com. **Performance data quoted represents past performance and 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. Performance data current to the most recent month end may be obtained by calling 1-877-903-1313 or visiting www.orindafunds.com. Performance data shown at MOP (Maximum Offering Price) reflects the Class A maximum sales charge of 5.00%. Performance data shown at NAV does not reflect the deduction of the sales load. If reflected, the load would reduce the performance quoted. Investment performance reflects fee waivers in effect. In the absence of such waivers total return would be reduced.**

Distribution Rate for class A share. Distribution rate is calculated by dividing the regular distribution paid for the quarter (annualized at a quarterly rate) by the NAV at 6/30/19. The 30-Day SEC Yield is based on a 30-day period and is computed by dividing the net investment income per share earned during the period by the maximum offering price per share on the last day of the period.

Portfolio Positioning

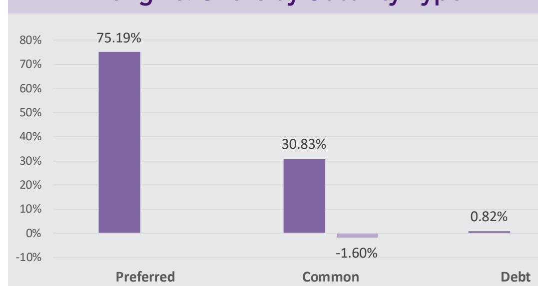
Net exposure of 105% remained relatively constant at the end of the quarter versus the beginning. The tables below summarize the quarter-end exposure and display exposure statistics by security type.

Portfolio Positioning	2Q19
Average Net Exposure	93%
Number of Positions	186
Fixed Income Yield*	7.39%

** Weighted average strip yield at quarter end.*

Gross Exposure	108.44%
Preferred	75.19%
Common	30.83%
Debt	0.82%
Short	-1.60%
Net Exposure	**105.23%**

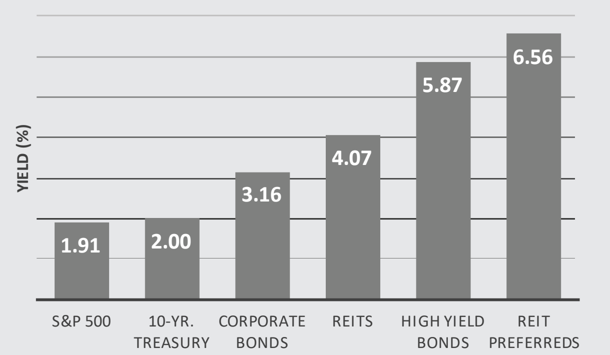
Long vs. Short by Security Type



REIT PREFERRED MARKET REVIEW

REIT preferreds have long been an area of focus for the Fund. Among other attributes, they can offer high yields and attractive spreads relative to other asset classes. As shown below, this continued to be the case at quarter-end.

Dividend Yield Comparison *as of 6/30/19*



Dividend Yield Spread

	REIT Preferred Stock	High Yield Bonds
6/30/19 Yield	6.56%	5.87%
6/30/19 Spread	**456**	**387**
Historical Spread		
*Pre-Financial Crisis**	365	517
*Post-Financial Crisis***	462	487
Weighted Avg. Spread	**411**	**503**
Variance to Average	**45**	**-116**

*For the period 1/31/2000 to 6/30/2007, which represents the period prior to the onset of the financial crisis. **12/31/09 – 6/30/19. ***Past performance is not a guarantee of future results.*** Please see disclosures on last page.

Absolute Value Considerations: Reasonable

REIT preferred spreads – the main gauge of absolute value – widened 34 basis points (bps) during the quarter as the spread to the 10-year Treasury increased from 422 bps to 456 bps. This compares favorably to a pre- and post-crisis average of 411 bps, as shown in the “Dividend Yield Spread” table above.

The portfolio’s fixed income holdings averaged to a 529 basis point spread at quarter-end, which we view as especially attractive.

Relative Value Considerations: Attractive

As the chart shows above, REIT preferreds offer a competitive yield and higher relative “cushion” to rising rates than high yield investments, which are currently priced tighter than their historical average by 116 bps.

REIT preferreds can also compare favorably when it comes to credit risk. With memories of the financial crisis still fresh, credit concerns remain front and center for many investors. Given their negligible history of credit defaults and losses, REIT preferreds can offer considerably lower credit risk relative to high yield bond investments.

OVERALL MARKET REVIEW

The first half of 2019 marked one of the broadest, strongest rallies across nearly all asset classes in a decade. Markets brushed off trade fears, a weakening dollar, and a flash crisis in the Persian Gulf to cheer the anticipated return of easy money. At the same time as equities are establishing new highs, economic fundamentals are telling a different story. Consistently soft inflation data, a slowdown in company earnings and guidance, and weakening manufacturing Purchasing Managers' Index numbers (with the Euro area and Japan already in contraction) signaled a slowdown in global growth. Headline US GDP numbers remain above 3%, but after stripping out government spending, trade, and inventories, domestic income growth looked tepid at 1%. Perhaps spooked by threats of tariffs on Mexico over a migrant crisis, or the sudden ban (partially reversed) on domestic sales to a Chinese telecom giant, business capital expenditure is slowing.

The employment picture looks marginally better as the June payrolls number exceeded its forecast and reversed several months of anemic jobs growth. It’s unlikely this will stay the Fed’s hand, however, as a look under the hood at wages and hours revealed a less perky labor market than the top-line 3.7% unemployment rate suggests. With core Personal Consumption Expenditure (PCE) running 1.6% year-over-year, we expect a 25 bps cut in July, likely followed by another in September.

The Fed Funds futures market went from pricing barely one rate cut through year-end to implying the Fed would have to slash its benchmark rate by 100 bps before Christmas. The yield curve that had flirted with inversion in the early months of 2019 made no mistake about it this time. In June, the 3-month Treasury bill yielded 25 bps more than the 10-year note, the most negative spread since 2007. More importantly, the yield curve has stayed inverted for three months, an indicator that has predicted each of the last seven recession with no false positives, according to Campbell Harvey of Duke University.

In Europe, over half of Eurozone government bonds have negative yields. More than €1 trillion of corporate debt is similarly below zero. Mario Draghi, the outgoing European Central Bank (ECB) President hinted in June at a new round of stimulus. Central banks, including the Fed which has been discussing a new “symmetric” interpretation of its inflation target (which would imply more tolerance for overshoots) seem eager not to repeat the mistake of the Bank of Japan in the early nineties, or indeed that of the ECB under Jean-Claude Trichet who hiked rates in 2008, of responding too slowly to a turn in the economic weather. This is understandable; rates are too close to the zero-lower bound for comfort and government debt ratios are much higher than in 2007. There is little policy space for recession fighting, so the monetary authorities are determined to get out ahead.

So what does this mean for investors? Should we embrace the Quantitative Easing-driven “bad news is good news” trade that predominated in 2011? We don’t think so. The time for riding the monetary stallion is when valuations are low, policy is at a turning point, and risk appetite is low. That point was in early January of this year. Since January 3, option-adjusted spreads on U.S. BB-rated corporate debt have fallen from 371 bps to 235 bps (on July 1st). On December 21st, 2018 the forward earnings multiple for the S&P 500 was 14.83; on July 10, 2019 it was 18.01. Not 1999 expensive, but not cheap either.

We believe there is an argument for prudent risk taking in this environment, but it is not the argument Fed-infatuated markets are currently making. When the central bank slashes rates, it boosts risk assets by financial repression of savers, by lowering corporate borrowing costs, and by reducing discount rates used to support equity valuations. But equity valuations depend as much on perceived earnings growth as on discount rates; in a recessionary backdrop, earnings forecasts will continue to come down. On the fixed income side, corporate debt bulls have defended the record high share of BBB-bonds by claiming issuers would de-lever organically. JPMorgan wrote recently that, even excluding commodity companies, corporate issuers’ EBITDA (Earnings Before Interest, Taxes, Depreciation, and Amortization) fell 1% year-over-year in the first quarter. Interest coverage during that period declined from 4.78x to 4.56x. When you’re staring down the barrel of an inverted yield curve is not the most auspicious time to see credit metrics deteriorating.

CONCLUSION

Despite the size and breadth of returns so far in 2019, it has been a cautious, defensive rally, not an outright risk rally. New bull markets don’t usually begin this way. So while the rate forecast is decidedly lower, seemingly giving income investors the “all clear”, the fundamental story is murky, which suggests we must check our work carefully and continue to focus on the credit risk/reward tradeoffs in the portfolio.

We have already lowered individual issuer exposure risk by reducing positions and consequently increasing our issuer diversification. We have also either exited or reduced exposure to companies with the weakest balance sheets/earnings outlooks. If economic data soften over the coming months, we will further reduce exposure or exit these positions with the weakest balance sheets/earnings outlooks within the portfolio.

Past performance is not a guarantee of future results.

Bonds – Bloomberg Barclays Capital U.S. Aggregate Bond Index.

Dividend Yield Comparison: Source: Bloomberg. Data represents current yields as of 6/30/19. 10-Yr. Treasury – US Treasury Yield Curve Rate T Note Constant Maturity 10 Year (H15T10Y); S&P 500 – S&P 500 Total Return Index; Corporate Bonds – Bloomberg Barclays U.S. Corporate Bond Index; High Yield Bonds – Bloomberg Barclays U.S. Corporate High Yield Bond Index; REITs – MSCI U.S. REIT Index; REIT Preferred Stock – Wells Fargo Hybrid & Preferred Securities REIT Index.

Dividend Yield Spread: The Spread is the Option Adjusted Spread (OAS) as calculated by Merrill Lynch for High Yield Bonds. The REIT Preferred Spread is the yield spread to the 10-year Treasury. Source: Bloomberg. Data represents current yields as of 6/30/19. High Yield Bonds – Bloomberg Barclays U.S. Corporate High Yield Bond Index; REIT Preferred Stock – Wells Fargo Hybrid & Preferred Securities REIT Index. For illustrative purposes only. Yields for the various asset class indices have material differences including investment objectives, liquidity, safety, guarantees of insurance, fluctuation of principal or return and tax features. Fixed income yields represented by yield-to-worst, equity yields by current dividend yield.

Definitions: The S&P 500 Total Return Index is an unmanaged non-investable index, with no defined investment objective, of common stocks designed to measure performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries. The index includes the reinvestment of dividends. **The Bloomberg Barclays Capital U.S. Aggregate Bond Index** is an unmanaged, market capitalization-weighted index, comprised predominantly of U.S. traded investment grade bonds with maturities of one year or more. The index includes Treasury securities, Government agency bonds, mortgage-backed bonds, and corporate bonds. The index is representative of intermediate duration US investment grade debt securities. **The Bloomberg Barclays U.S. Corporate Bond Index** measures the investment grade, fixed-rate, taxable corporate bond market. It includes USD denominated securities publicly issued by US and non-US industrial, utility and financial issuers. **The Bloomberg Barclays U.S. Corporate High Yield Bond Index** measures the USD-denominated, high yield, fixed-rate corporate bond market. Securities are classified as high yield if the middle rating of Moody's, Fitch and S&P is Ba1/BB+/BB+ or below. Bonds from issuers with an emerging markets country of risk, based on Barclays EM country definition, are excluded. **The US Treasury Yield Curve Rate T Note Constant Maturity 10 Year** relates the yield on a security to its time to maturity, is based on the closing market bid yields on actively traded Treasury securities in the over-the-counter market. These market yields are calculated from composites of quotations obtained by the Federal Reserve Bank of New York. **The MSCI U.S. REIT Index** broadly and fairly represents the equity REIT opportunity set with proper investability screens to ensure that the index is investable and replicable. The index represents approximately 85% of the US REIT universe. **The Wells Fargo Hybrid & Preferred Securities REIT Index** is designed to track the performance of preferred securities issued in the US market by Real Estate Investment Trusts. The index is composed exclusively of preferred shares and depositary shares (collectively, the "Preferred Securities"). **Strip Yield** is a measure of the non-collateralized, independent return of a bond after all the monetary incentives and features have been removed. It measures the return on only the debt portion of a bond.

Fund holdings and/or sector allocations are subject to change at any time and are not recommendations to buy or sell any security.

Top 10 Holdings as of 6/30/19: Blackstone Mortgage Trust = 2.58%; Apollo Commercial RE = 2.27%; Vereit Inc. = 2.10%; Starwood Property Trust = 1.81%; New Residential Invest Corp = 1.71%; RLJ Lodging Trust = 1.68%; Buckeye Partners LP = 1.64%; Energy Transfer Operating = 1.60%; Iron Mountain Inc. = 1.57%; Colony Capital Inc. = 1.55%.

Must be preceded or accompanied by a prospectus.

Mutual fund investing involves risk. Principal loss is possible. The fund can make short sales of securities, which involves the risk that losses in securities may exceed the original amount invested. The fund may use leverage which may exaggerate the effect of any increase or decrease in the value of portfolio securities or the Net Asset Value of the fund, and money borrowed will be subject to interest costs. Investments in smaller and medium companies involve greater risks such as limited liquidity and greater volatility. Investments in foreign securities involve greater volatility and political, economic and currency risks and differences in accounting methods. These risks are greater for emerging markets. Investments in debt securities typically decrease in value when interest rates rise. This risk is usually greater for longer-term debt securities. Investment by the Fund in lower-rated and non-rated securities presents a greater risk of loss to principal and interest than higher-rated securities. The Fund may use certain types of investment derivatives such as futures, forwards, and swaps. Derivatives involve risks different from, and in certain cases, greater than the risks presented by more traditional investments. 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. To the extent that a Master Limited Partnership's (MLP's) interests are all in a particular industry, the MLP will be negatively impacted by economic events adversely impacting that industry. The risks of investing in an MLP are generally those involved in investing in a partnership as opposed to a corporation. Exchange Traded Funds (ETFs) are typically open-end investment companies that are bought and sold on a national securities exchange. When the Fund invests in an ETF, it will bear additional expenses based on its pro rata share of the ETF's operating expenses, including the potential duplication of management fees. The risk of owning an ETF generally reflects the risks of owning the underlying securities it holds. Rule 144A securities carry the risk that the trading market may not continue and the Fund might be unable to dispose of these securities promptly or at reasonable prices and might thereby experience difficulty satisfying redemption requirements. The risk exists that the market value of Initial Public Offering (IPO) shares will fluctuate considerably due to factors such as the absence of a prior public market, unseasoned trading, and the small number of shares available for trading and limited information about the issuer. The purchase of IPO shares may involve high transaction costs. IPO shares are subject to market risk and liquidity risk. The Fund is non-diversified, which means that there is no restriction on how much the Fund may invest in the securities of an issuer under the 1940 Act. Some of the risks involved in investing in Real Estate Investment Trusts (REITs) include a general decline in the value of real estate, fluctuations in rental income, changes in interest rates, increases in property taxes, increased operating costs, overbuilding, changes in zoning laws, and changes in consumer demand for real estate.

Opinions expressed as those of the Fund are subject to change, are not guaranteed, and should not be considered investment advice.
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