Diversifying Sources of Risk in a Fixed Income Portfolio

OVERVIEW

- **Challenge:**
  Given the level of interest rates and the uncertainty around the direction of rates, diversifying sources of risk in a portfolio is critically important.

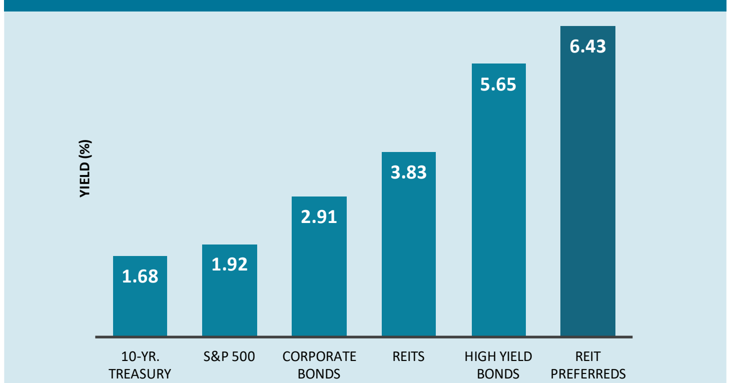
- **Observation:**
  REIT preferred securities, with their historically competitive returns, low correlation to other fixed income investments, strong risk metrics, and performance during equity and fixed income drawdowns, may be a good solution to address this challenge.

REIT Preferred Performance

YIELDS

Relative to other income alternatives, the yield for REIT preferreds have compared favorably, with a 78 basis point difference over high yield bonds and a 352 basis point difference over corporate bonds.

Yield *as of 9/30/19*



RETURNS

REIT preferred securities have delivered competitive returns over the long-term compared to the broader universe of fixed-income securities.

Annualized Returns *as of 9/30/19*

	1-year	3-year	5-year	10-year
REIT Preferreds	10.46%	5.36%	6.58%	9.29%
High Yield Bonds	6.36%	6.07%	5.37%	7.94%
Corporate Bonds	13.00%	4.50%	4.72%	5.56%
Barclays Agg.	10.30%	2.92%	3.38%	3.75%

Past performance does not guarantee future results.

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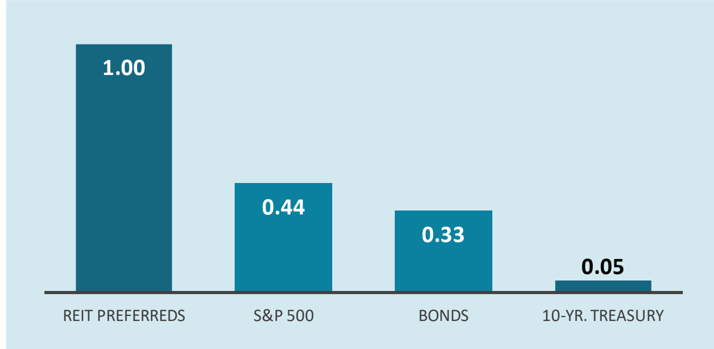
REIT Preferred Risk Metrics

CORRELATION

REIT preferred securities have historically exhibited a low correlation to equities and bonds. This can help provide for added diversification and may play a critical role in helping to reduce risk in a portfolio.

Correlation *as of 9/30/19*



Data represents correlation from 1/31/00 to 9/30/19.

STANDARD DEVIATION

In terms of volatility, REIT preferreds have been competitive with other major asset classes.

Standard Deviation *as of 9/30/19*

	1-year	5-year	10-year
REIT Preferreds	6.77%	5.18%	6.13%
All Preferred Shares	6.52%	5.45%	6.20%
High Yield Bonds	4.60%	4.93%	6.05%
U.S. Investment Grade Bonds	4.31%	4.08%	4.12%

INTEREST RATE RISK

REIT preferreds offer attractive relative value. As noted, high yield bonds have a tighter spread to its average compared to REIT preferred securities.

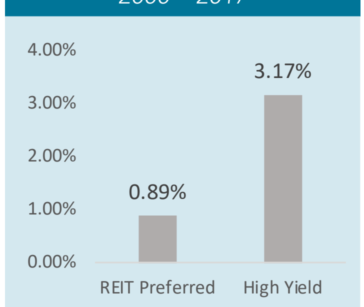
**Pre-Financial Crisis (1/31/00 – 6/30/07)*
*** Post-Financial Crisis (12/31/09 – 9/30/19)*

	REIT Preferreds	High Yield Bonds
9/30/19 Yield	6.43%	5.65%
9/30/19 Spread	**475**	**397**
Historical Spread		
*Pre-Financial Crisis**	365	517
*Post-Financial Crisis***	462	484
Weighted Avg. Spread	**412**	**501**
Variance to Average	**63**	**-104**

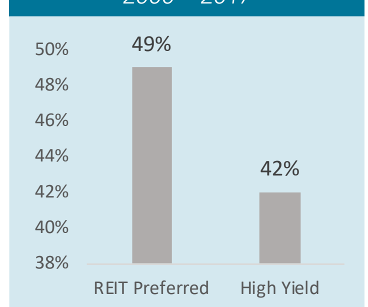
DEFAULTS

Credit losses associated with REIT preferred securities have historically been lower relative to high yield investments with a better recovery rate.

Avg. Annual Default Rate
2000 – 2017



Average Recovery Rate
2000 – 2017

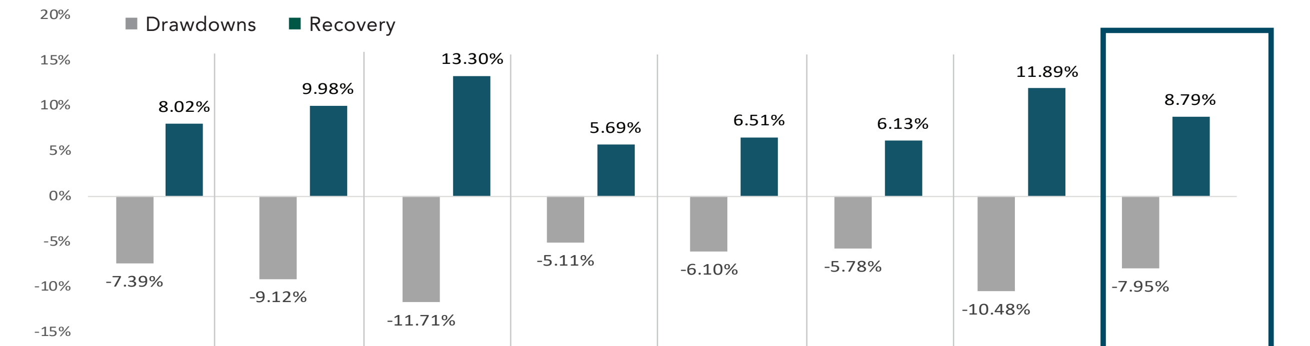


Past performance does not guarantee future results.

REIT Preferred Drawdown Comparison

REIT Preferred Drawdowns of 5% or greater

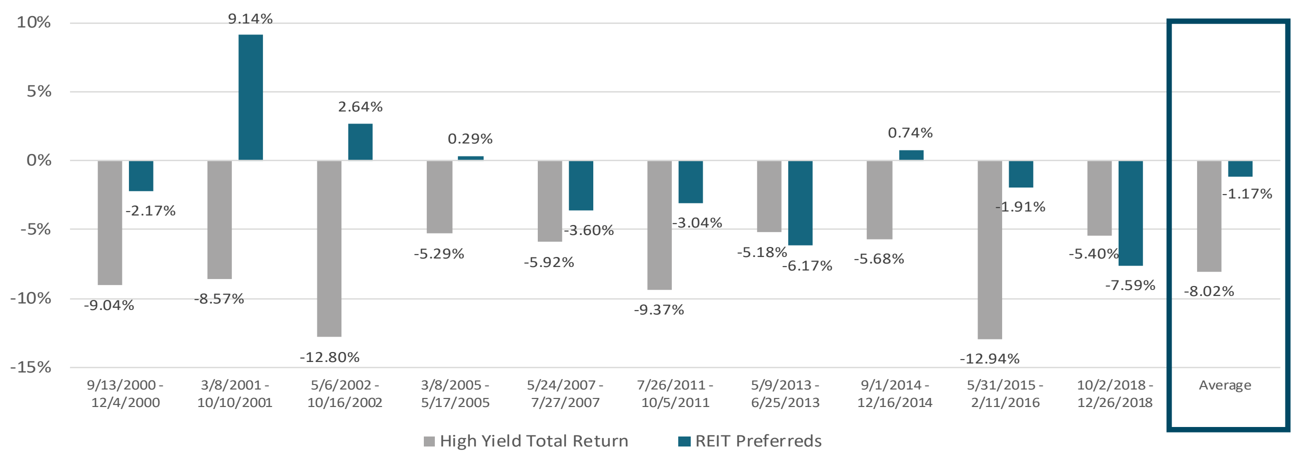
- Since 2000, there have been seven REIT preferred sell-offs of 5% or greater, averaging -7.9%.
- The sell-offs averaged 55 days and the average recovery took 117 days.



Start: 4/1/04	*Start:* 7/17/11	*Start:* 5/12/13	*Start:* 1/05/16	*Start:* 10/23/16	*Start:* 12/29/17	*Start:* 8/31/18	**AVERAGE**
Trough: 5/11/04	*Trough:* 8/08/11	*Trough:* 8/19/13	*Trough:* 2/11/16	*Trough:* 11/14/16	*Trough:* 2/14/18	*Trough:* 12/24/18	*# Days Sell-Off:* 55
# Days Recovery: 106	# Days Recovery: 95	# Days Recovery: 252	# Days Recovery: 29	# Days Recovery: 136	# Days Recovery: 139	# Days Recovery: 63	*# Days Recovery:* 117

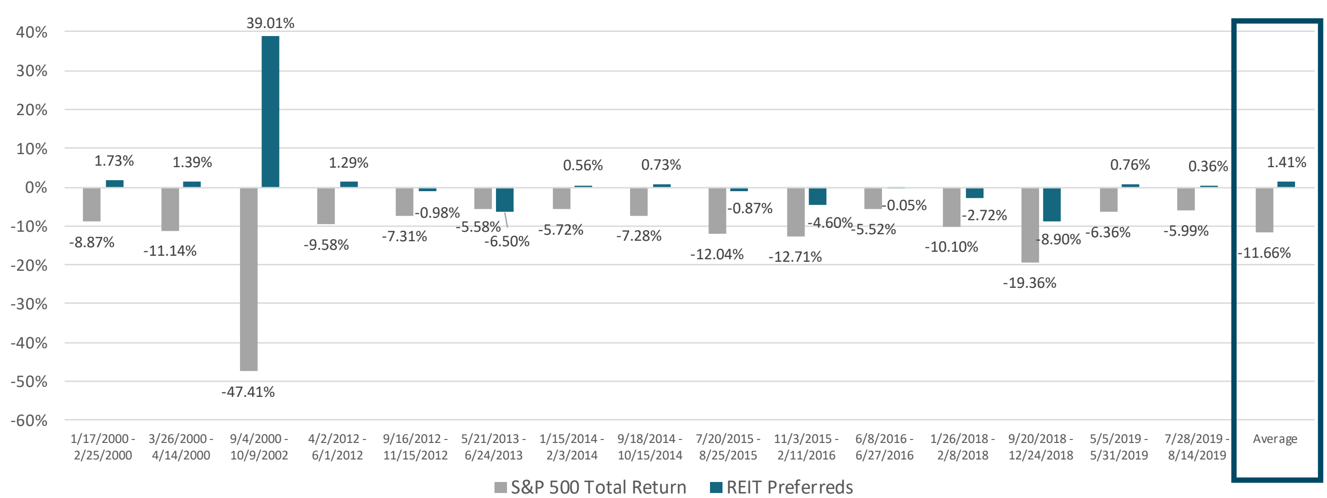
Performance of REIT Preferreds when US High Yield Bond Market declines 5% or more

- Since 2000, there have been ten periods when the high yield bond market has declined by more than 5%.
- During those periods, REIT preferreds outperformed by an average of 6.85%.



Performance of REIT Preferreds when S&P 500 declines 5% or more

- Since 2000, there have been fifteen periods when the S&P 500 has declined by more than 5%.
- During those periods, REIT preferreds have outperformed by an average of 13.07%.



Data is for the period 1/3/2000 - 9/30/2019 (excludes financial crisis from 7/1/08 - 12/31/09). Past performance does not guarantee future results.

Source: Bloomberg. Data as of 9/30/19. Returns are for illustrative purposes only. **Past performance is not a guarantee of future results. Index performance is not illustrative of fund performance. Diversification does not assure a profit or protect against a loss in a declining market. One cannot invest directly in an index.**

INDICES USED:
REIT Preferreds – Wells Fargo Hybrid & Preferred Securities REIT Index. Inception date of the index is 1/3/2000.
All Preferred Stocks – Wells Fargo Hybrid & Preferred Securities Aggregate Index.
Bonds - Bloomberg Barclays Aggregate Bond Index.
Barclays Agg. - Bloomberg Barclays Aggregate Bond Index.
S&P 500 – S&P 500 Total Return Index.
High Yield Bonds – Bloomberg Barclays US Corporate High Yield Total Return Index. Inception date of the index is 9/30/1983.
U.S. Investment Grade Bonds – Bloomberg Barclays US Corporate Total Return Index.
10-Yr U.S. Treasury – Bloomberg Barclays US Government 10 Year Term Index Total Return.
10-Yr U.S. Treasury Yield – US Treasury Yield Curve Rate T Note Constant Maturity 10 Year.
Corporate Bonds – Bloomberg Barclays US Corporate Bond Index.
REITs – MSCI U.S. REIT Index.

The fund's investment objectives, risks, charges and expenses must be considered carefully before investing. The statutory and summary prospectuses contain this and other important information about the investment company, and may be obtained by calling 925.253.1300 or by visiting www.orindafunds.com. Read carefully before investing.

Mutual fund investing involves risk. Principal loss is possible. A fund making short sales of securities involves the risk that losses in securities may exceed the original amount invested. A 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 a 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 a fund in lower-rated and non-rated securities presents a greater risk of loss to principal and interest than higher-rated securities. A 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 a 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 a 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. A fund may be 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.

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