Unconstrained Fixed Income Strategy

Portfolio and Economic Commentary – 1st Quarter 2018

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Unconstrained Fixed Income Strategy Commentary

Based on our macroeconomic outlook over a three to five year period and our cyclical views from quarter to quarter, we employ top-down strategies that focus on yield curve positioning, volatility, and sector rotation. We then utilize bottom-up analysis to drive our security selection process and facilitate the identification of undervalued securities with the potential for above average income. We invest in securities that operate across diversified sectors in the fixed income markets of the United States, primarily those in U.S. dollar denominated high yield and investment grade bonds, including government securities, corporate bonds, and mortgage- and asset-backed. Sources of added value:

Credit Analysis - We emphasize independent analysis and do not rely on credit agencies.

Duration Risk - We avoid long, extreme duration shifts generally operating within a moderate duration range typically between two and four years.

High Income - Our research attempts to identify issues paying above average income.

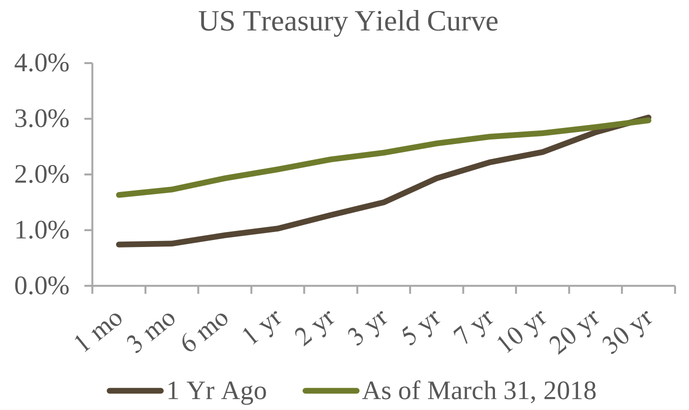
Risk Premium Management - We seek to attain an attractive yield/spread in relation to a five-year treasury within acceptable levels of portfolio risk.

Performance Commentary

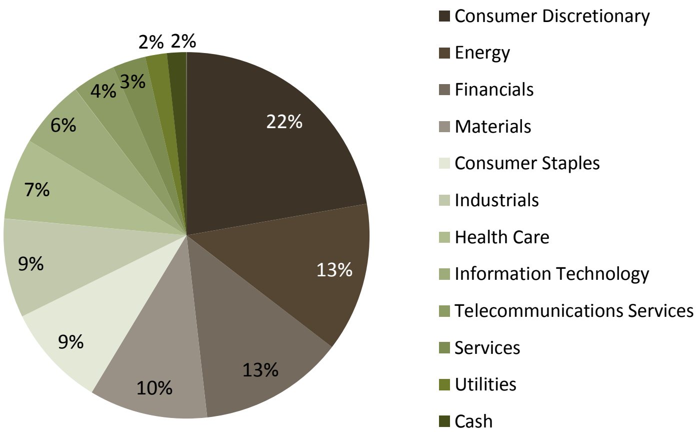
Market Overview

All major segments of the broad-based US fixed income market closed the first quarter of 2018 in negative territory with the Barclays US Aggregate Bond index generating a loss of -1.46%. Longer dated treasury bonds, the best performing fixed income segment in 2017, were the hardest hit in the quarter with the 30-year US Treasury declining -3.89% followed by a -2.39% loss for the 10-year. In the corporate bond market, higher quality investment grade issues lagged their lower rated high yield counterparts with the Barclays US Corporate Investment Grade and ICE Bank of America Merrill Lynch High Yield Total Return indices each declining -2.32% and -0.91% respectively for Q1 2018.

Yields across the Treasury curve rose to multi-year highs



Sector Allocation



Top Ten Holdings	Weight
Tempur Sealy	1.25%
AMC Entertainment	1.25%
Quad/Graphics	1.25%
Oppenheimer Holdings	1.23%
Infor	1.23%
Treehouse Foods	1.23%
Lifepoint Health	1.22%
Signet UK Finance	1.20%
American Axle & Manufacturing	1.20%
Avis Budget Car Rental	1.20%

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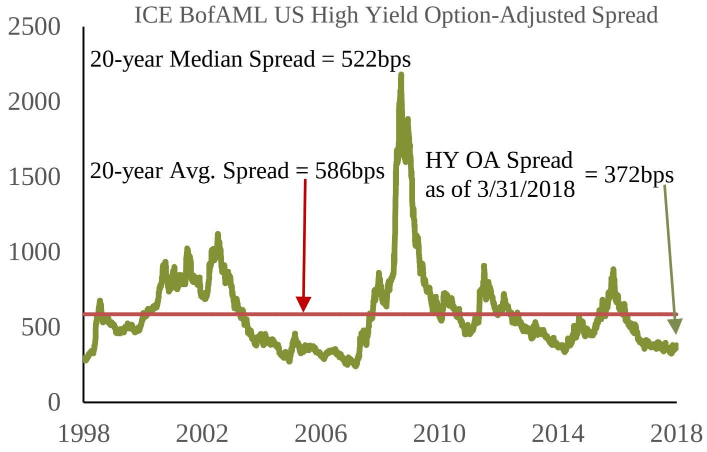
during the quarter as the curve continued to flatten with the differential between the 2-year and 10-year contracting from 51bps at the beginning of the year to 47bps by quarter end.

Aggregate credit spreads for both high yield and investment grade corporate bonds exhibited a modest degree of expansion during the quarter, with long-term averages remaining largely unchanged.



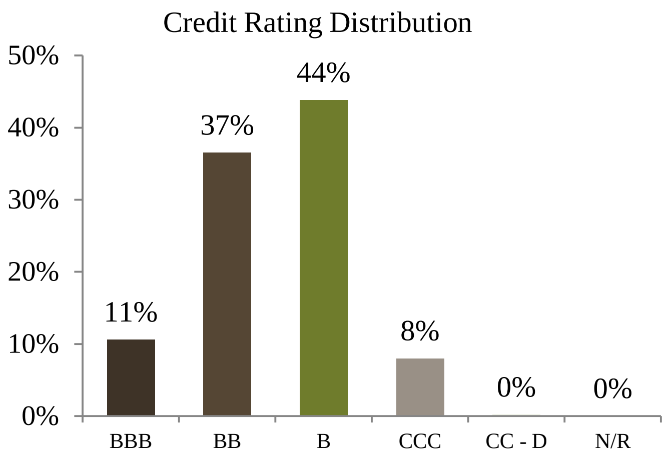
Performance Summary

The Unconstrained Fixed Income strategy produced exceptionally strong results for the first quarter of 2018 generating a gross return of +0.68%, outpacing both the Barclays US Aggregate Bond and the ICE Bank of America Merrill Lynch High Yield Total Return indices, which each ended the quarter down -1.46% and -0.91% respectively.

Strategy Characteristics

The strategy is heavily invested in the consumer discretionary, energy, and financial services sectors, with each accounting for approximately 22.1%, 13.1%, and 12.7% respectively of total strategy assets as measured by aggregate market value as of 03/31/2018. Exposure to the materials, consumer staples, and industrials sectors is also robust with each accounting for 10.4%, 9.0%, and 8.7% respectively. Despite the seemingly high degree of investment exposure to the aforementioned sectors, the strategy is always invested in an array of unaffiliated companies within each sector in order to provide broad diversification and help mitigate against issue specific credit risk.

Both the aggregate maturity and overall duration of the strategy remained largely unchanged over Q4 2017 levels, ending the quarter at 3.60 years and 3.07 respectively. The strategy's overall credit quality remained unchanged over the prior the quarter, and currently stands at 'B+'.



Strategy Outlook

Despite the widespread turmoil that reeled through the fixed income markets in the first three months of the year, corporate bond prices remain high. Call activity in the broader market and within the Unconstrained Fixed Income strategy continued unabated during the quarter, a trend we anticipate to persist throughout 2018 even as rates continue to rise. During the quarter we replaced a number of positions 'called in full' within the strategy with longer dated paper of the same issuing companies given improved fundamentals of said companies and favorable economic outlooks for their respective industries. We initiated a number of new positions during the quarter in companies operating across a broad array of industry sectors with credit ratings ranging from CCC+ to BB+; a trend which will mostly likely persist throughout 2018 as we currently do not favor one industry or credit segment over another at this time.

DISCLOSURES

This report includes candid statements and observations regarding investment strategies, individual securities, and economic and market conditions; however, there is no guarantee that these statements, opinions or forecasts will prove to be correct. These comments may also include the expression of opinions that are speculative in nature and should not be relied on as statements of fact. Altrius is committed to communicating with our investment partners as candidly as possible because we believe our investors benefit from understanding our investment philosophy and approach. Our views and opinions include "forward-looking statements" which may or may not be accurate over the long term. Forward-looking statements can be identified by words like "believe," "expect," "anticipate," or similar expressions. You should not place undue reliance on forward-looking statements, which are current as of the date of this report. We disclaim any obligation to update or alter any forward-looking statements, whether as a result of new information, future events or otherwise. While we believe we have a reasonable basis for our appraisals and we have confidence in our opinions, actual results may differ materially from those we anticipate.

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