LEADER CAPITAL

August | 2018

# Short Duration Bond Fund

Monthly Fund Card

| | |
|---|---|
| Category | **Short-Term Bond** |
| Dividend Frequency | **Monthly** |
| Fund Inception Date | **7/14/2005** |

| | | | |
|---|---|---|---|
| A Shares: | **LCAMX** | I Shares: | **LCCIX** |
| C Shares: | **LCMCX** | Inv Shares: | **LCCMX** |

**PORTFOLIO MANAGERS**

John Lekas
Ethan Lai

**FUND STATISTICS**

| | |
|---|---|
| Effective Duration | **1.01** |
| Current Yield | **3.57%** |
| Yield To Worst | **3.22%** |

Effective duration provides a measure of a fund's interest-rate sensitivity. The longer a fund's duration the more sensitive the fund is to shifts in interest rates. Current Yield and Yield to Worst of the underlying holdings of the fund do not account for any fees.

| RISK METRICS* | Fund** | Peers* |
|---|---|---|
| Sharpe Ratio | **1.56** | **(1.76)** |
| Sortino Ratio | **3.47** | **(1.35)** |
| Standard Deviation | **1.09** | **0.76** |
| Upside Capture Ratio | **76.23** | **41.22** |
| Downside Capture Ratio | **(37.33)** | **18.03** |

* All risk metrics above are measured on a 1 year basis and measured against the US Barclays Aggregate Bond Index.
** Institutional Share Class.
Peers are defined as the Fund's Morningstar Category.

**30-DAY SEC YIELDS**

| | | | |
|---|---|---|---|
| A Shares: | **2.43%** | I Shares: | **2.97%** |
| C Shares: | **1.98%** | Inv Shares: | **2.47%** |

The 30-Day SEC Yield is computed under an SEC standardized formula based on net income earned over the past 30 days.

**EXPENSE RATIOS**

| | | | |
|---|---|---|---|
| A Shares: | **1.57%** | I Shares: | **1.07%** |
| C Shares: | **2.07%** | Inv Shares: | **1.57%** |

Ratios listed are as of the 9/27/17 prospectus.

**Sharpe Ratio:** Average return earned in excess of the risk-free rate per unit of volatility or total risk. Subtracting the risk-free rate from the mean return, the performance associated with risk-taking activities can be isolated.
**Sortino Ratio:** Measures the risk-adjusted return of an investment asset, portfolio, or strategy. It is a modification of the Sharpe ratio but penalizes only those returns falling below a user-specified target or required rate of return, while the Sharpe ratio penalizes both upside and downside volatility equally.
**Standard Deviation** Known as historical volatility and is used by investors as a gauge for the amount of expected volatility.
**Upside Capture Ratio:** Statistical measure of an investment manager's overall performance in up-markets. The up-market capture ratio is used to evaluate how well an investment manager performed relative to an index during periods when that index has risen.
**Downside Capture Ratio:** Statistical measure of an investment manager's overall performance in down-markets. It is used to evaluate how well an investment manager performed relative to an index during periods when that index has dropped.

*An upside capture ratio over 100 indicates a fund has generally outperformed the benchmark during periods of positive returns for the benchmark. Meanwhile, a downside capture ratio of less than 100 indicates that a fund has lost less than its benchmark in periods when the benchmark has been in the red. A negative downside capture indicates the fund has gained when its benchmark has been in the red. All bond funds' ratios are calculated relative to the Barclays Capital U.S. Aggregate Bond Index.*

Leader Capital Corp

## A short duration bond fund that gives investors exposure across multiple fixed income sectors and a focus on low duration.

Launched in 2005, Leader Short Duration Bond Fund has focused on maximizing total return potential through the ups and downs of bond market cycles, while maintaining a low overall duration. The Fund holds a diversified portfolio of bonds across various fixed income sectors that is actively managed to maximize return and generate a high level of income.

**A Broader Opportunity Set:** The fund invests in a diversified portfolio of short duration, investment-grade, money market and other fixed income securities.

**Opportunistic Approach:** The Fund's experienced managers look for strategic entry points across asset classes and single securities.

**Higher Income Potential:** Access to a wider range of income opportunities means the fund may offer higher income potential than other short-term investments.

## Market & Fund Commentary

Equity markets continued marching higher with the S&P500 and Nasdaq Composite Index breaking the February highs; the general calm form July carried over into August. Trade headlines have seemed to calm down with some positive news coming out of NAFTA talks. Despite all the noise previously and continued headline on tariffs and trade wars, markets have moved by these with strong corporate earnings.

High Yield Credit spreads were flat over August from July. Investment Grade spreads widened slightly (+2.4bps). Treasuries yields retightened and continue to trade range bound. The treasury curve re-flattened as if the bond market did not believe the move in equity markets. For this reason, we see some risk (bond yields spiking, bond prices falling) if the economy continues to print strong numbers. We still favor floating rate bonds to take advantage of rising rates on the front end of the curve.

We continued making portfolio changes this month. We continued paring down our CLO Equity tranches; this allocation now rests at ~2% of the portfolio. We have added some exposure within BB rated CLO tranches that have high coupon rates and have high incentives to be called in at par as they exit their non-call periods. We look for non-call periods inside of 1 year to reduce risk. We have also continue to take advantage of yields within Agency Mortgage bonds and in particular adding towards Ginnie Mae. Our exposure to the fix to float (hybrid) space is unchanged from last month. We continue view the risk rewards in these bonds as attractive, have short durations and attractive floating rate yields if not called, and above average yields than investment grade corporates. Treasury yields tightened this month as a whole and we've seen some price appreciation across these bonds.

We continue to look for opportunities across asset classes. High yield corporates continue to trade at yields not worth the risk. Last month, we mentioned we were monitoring emerging markets and needed to see more stability; there continues to be more volatility and uncertainty surrounding EM. We have changed our view to avoid a sector that has fiscal and currency issues. The contagion effect is unknown, but seemingly dangerous. Adding duration could be on table as well. We continue to monitor inflation expectations and key technical levels on the 5-Year and 10-Year US Treasury yield for entry points.

### Definitions:

***S&P 500:*** *Standard and Poor's 500 Index is a capitalization-weighted index of 500 stocks. The index is designed to measure performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries.*

***Basis Point ("bps"):*** *one hundredth of one percent, used chiefly in expressing differences of interest rates*

***CLOs:*** *Collateralized loan obligations (CLOs) are a form of securitization where payments from multiple middle sized and large business loans are pooled together and passed on to different classes of owners in various tranches. A CLO is a type of collateralized debt obligation.*

## PORTFOLIO ALLOCATIONS*

| | |
|---|---|
| Investment Grade | **84.69%** |
| High Yield | **15.31%** |

## CREDIT QUALITY***

| | |
|---|---|
| Cash | **10.03%** |
| AAA | **47.73%** |
| AA | **9.62%** |
| A | **3.42%** |
| BBB | **13.89%** |
| BB | **11.48%** |
| B | **1.30%** |
| NR | **2.52%** |

***Portfolio characteristics represent 100% of the portfolio and will vary over time. Credit qualities are shown as a percentage of net assets. A bond rated BBB or higher is considered investment grade. This chart reflects the highest security rating provided by Standard & Poor's. Ratings and portfolio credit quality will vary over time.

## ASSET CLASS BREAKDOWN*

| | |
|---|---|
| Treasuries | **8.03%** |
| Corporate Bonds | **0.54%** |
| Floating Rate Bonds | **32.96%** |
| Agency Mortgages | **28.28%** |
| Convertibles | **6.13%** |
| Variable/Hybrids | **14.02%** |
| Cash | **10.03%** |

## DURATION BREAKDOWN**

| | |
|---|---|
| < 1 | **62.11%** |
| 1 - 3 | **23.38%** |
| 3 - 5 | **11.04%** |
| 5 - 7 | **2.88%** |
| 7- 10 | **0.59%** |
| 10+ | **0.00%** |

*This will change and the information provided should not be considered as a recommendation to purchase or sell a particular security. There is no assurance that the securities mentioned remain in the Fund's portfolio or that the securities sold have not been repurchased. Totals may not add up to 100% due to rounding.

**Holdings represent 100% of the portfolio and may vary over time.

| Average Annual Returns as of 08/31/2018 | YTD | 2Q18 | 1Y | 3Y | 5Y | 10Y | Inception |
|---|---|---|---|---|---|---|---|
| Institutional | 2.65% | 1.91% | 3.31% | 0.53% | 1.23% | | 3.81% |
| Investor | 2.22% | 1.70% | 2.83% | 0.12% | 0.65% | 2.19% | 2.39% |
| A Class | 2.11% | 1.71% | 2.70% | -0.01% | 0.53% | | 1.44% |
| C Class | 2.05% | 1.67% | 2.36% | -0.47% | 0.23% | | 0.97% |
| Morningstar Category Average[1] | 0.43% | 0.28% | 0.34% | 1.26% | 1.25% | 1.99% | |
| Benchmark[2] | 0.52% | 0.29% | 0.22% | 0.87% | 0.92% | 1.63% | |

[1] *Short Term Bond Category*

[2] *BofAML US Corp & Govt 1-3 Yr TR USD*

| With Sales Charge | YTD | 2Q18 | 1Y | 3Y | 5Y | 10Y | Inception |
|---|---|---|---|---|---|---|---|
| A Class | 0.53% | 0.23% | 1.12% | -0.52% | -0.19% | | 0.88% |
| C Class | 2.05% | 1.67% | 2.36% | -0.47% | 0.23% | | 0.97% |

*The share classes have different sales charges, fees and other features. Returns with sales charge reflect the deduction of current maximum initial sales charge of 1.5% for A shares and applicable contingent deferred sales charges (CDSC) for C shares of 1%.

Performance is annualized trailing returns as of 8/31/2018 for the Leader Short Duration Bond Fund for all Share Classes (ticker symbols: LCCIX, LCCMX, LCAMX & LCMCX); LCCIX & LCCMX are not subject to sales loads, however, LCAMX & LCMCX might be subject to a sales load. More information about fees and expense levels can be found in the Fund's prospectus.

**Past performance does not guarantee future results. The performance data quoted represents past performance and current returns may be lower or higher. Share prices and investment returns fluctuate and investor shares may be worth more or less than original cost upon redemption. To obtain performance as of the most recent month end, please call 1-800-269-8810**.

**Important Risks:** Bonds offer a relatively stable level of income, although bond prices will fluctuate providing the potential for principal gain or loss. Intermediate-term, higher quality bonds generally offer less risk than longer term bonds and a lower rate of return. Generally, a fund's fixed income securities will decrease in value if interest rates rise and vice versa.

Mortgage-backed investments involve risk of loss due to prepayments and, like any bond, due to default. Because the sensitivity of mortgage-related securities to changes in interest rates, a fund's performance may be more volatile than if it did not hold these securities.
Foreign Investments can be riskier than U.S. investments. Potential risks include currency risk that may result from unfavorable exchange rates, liquidity risk if decreased demand for a security makes it difficult to sell at a desired price, and risks that stem from substantially lower trading volume on foreign markets. These risks are generally greater for investments in emerging markets, which are also subject to greater price volatility, and custodial and regulatory risks.

**Current Yield** is the weighted average of the annual rate of return based on price. It is calculated by the coupon divided by the price. **Average Yield-to-Worst** is the weighted average of the percentage rate of return if the security is held to earliest call date/maturity/redemption.

The Bank of America Merrill Lynch 1-3 Year U.S. Corporate and Government Index tracks the performance of US dollar denominated investment grade debt publicly issued in the US domestic market, including US Treasury, US agency, foreign government, supranational and corporate securities with remaining term to final maturity less than 3 years. This is the Fund's benchmark. You cannot invest directly in an index.

**This material must be preceded or accompanied by a prospectus. An investor should consider the Fund's objectives, risks, charges and expenses carefully before investing or sending money. This and other important information can be found in the Fund's prospectus. For more information please call 800-269-8810. Please read the prospectus carefully before investing.**

Leader Capital Corp. serves as adviser to Leader Short Duration Bond Fund, distributed by Ceros Financial Services, Inc.
Member FINRA/SIPC. Leader Capital and Ceros are not affiliated.
LCSDB082018REV