

QUARTERLY UPDATE – December 2023

INVESTMENT OBJECTIVE

Silk Invest New Horizons Frontier Fund is an open-end fund which seeks capital appreciation through investing in securities of issuers located in frontier markets or whose primary operations or principal trading markets are in frontier markets and depositary receipts of such issuers.

KEY HIGHLIGHTS

The Silk Invest New Horizons Frontier Fund (FSNHX) had a positive performance for the quarter and outperformed the main Frontier index in Q4 2023.

- The Fund delivered a positive return of 4.45% in Q4 2023
- The main reference MSCI Frontier Market index increased by 3.97% in the fourth quarter of 2023
- The MSCI Emerging Market Index increased by 7.86% net in the fourth quarter of 2023

The performance data quoted represents past performance. Past performance 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 may be lower or higher than the performance data quoted. Performance current to the most recent month end may be obtained by calling 888-825-2100.

In 2023, global financial markets defied pessimistic predictions. Stocks surged, and bonds rebounded from earlier substantial losses as concerns about a recession gave way to increasing confidence in the ability of US policymakers to achieve an economic soft landing.

Numerous significant stock indices posted substantial double-digit gains throughout the year, with a particularly robust rally in November and December. The decline in inflation during this period heightened traders' optimism, raising expectations of an interest rate cut in 2024.

GLOBAL ENVIRONMENT

US shares registered strong gains in the final quarter of the year, buoyed by expectations that interest rate cuts may be approaching. The S&P 500 index ended the year just short of its record high set in early 2022.

The real estate, information technology, financials, industrials, and consumer discretionary sectors notched notable gains for the quarter. Conversely, the energy sector declined, as oil prices slumped.

Eurozone shares experienced a robust performance in the last quarter of the year, driven by anticipations of no additional interest rate hikes. In Q4 2023, Eurozone GDP remained stable compared to the previous quarter (Q3 2023), while German GDP saw a decline of 0.3%. In contrast, US GDP exhibited growth of 0.8% during the same quarter, UK GDP fell by 0.3% compared with the previous quarter (Q3 2023). This was the second successive quarterly fall in GDP, following a 0.1% decline in Q3 2023.

PERFORMANCE REVIEW

The **Silk Invest New Horizons Frontier Fund (FSNHX Fund)** increased by 4.45%, net of fees, for the period from October 01, 2023, to December 31, 2023, compared to the 3.97% positive return by its main reference benchmark, the MSCI Frontier Markets Index TRN. On a monthly basis, the fund's returns decreased by - 4.96% in October, increased by 10.04% in November, and decreased by - 0.13% in December.

Egypt had the highest contribution to return at 2.52%, followed by Pakistan at 1.82%. The strongest contributors to performance were Access Holdings in Nigeria, United Bank for Africa in Nigeria, and IBNSINA Pharma in Egypt.

AFRICA

During the fourth quarter of 2023, a handful of African countries have stood out for their robust and consistently strong performance in the stock market.

The Nigerian stock market closed the year 2023 on a positive note, returning 45.90% despite the tight economic realities the country experienced in the year.

The All-Share Index of the Nigerian Exchange grew by 45.90%, closing the year at 74,773.77 points from 51,251.06 points it started the year with. The Market Capitalization grew to N40.918 trillion, which represents a growth of 46.58% from N27.915 trillion market capitalization at the beginning of year 2023.

The Nigerian Exchange Group has announced plans to partner with the Saudi Stock Exchange to promote dual listings. The collaboration between the exchanges will encourage cross-border access between the markets, creating deeper liquidity pools and increasing the diversity of investment products.

The Nigerian Exchange Group aims to leverage the opportunities in dual listing to attract more diverse international investors.

In the fourth quarter of 2023, the equities market in Kenya witnessed a substantial decline in trading activity, with turnover decreasing by 31.47% to KES 11.80 billion. This overall slowdown in Kenyan capital markets was attributed to high inflation and a weakened macroeconomic environment.

On the equities market, Q4 2023 recorded an equity turnover of KES 11.80 billion, marking a notable decrease from the KES 17.22 billion reported in Q3.2023. This confirms a 31.47% reduction in trading activities during the reviewed quarter.

Notably, inflation in Q4 2023 averaged at 6.77%, showing a decrease of 0.61 percentage points from the 9.39 % recorded during the same period in 2022.

The Egyptian Exchange (EGX) concluded its trading floor activities for the year 2023 on a positive note, achieving a market capitalization of EGP 1.7196 trillion.

The benchmark index, EGX 30, demonstrated a 0.82% increase, closing the year at 24,894.26 points. Throughout the year, the index set new records, reaching an all-time high of nearly 25 thousand points.

Despite these positive market indicators, Egypt continues to grapple with its most severe economic crisis since the 2011 revolution. The nation faces challenges such as a weakened currency, escalating inflation, and capital flight, all indicative of a deepening debt crisis.

Morocco's economic growth is forecast to reach 3.3% in Q4 2023, after hitting 2.8% in Q3 of the same year, as of the Morocco's Statistics and Forecasts Office (HCP). This performance was most likely due to the resilience of secondary industries in the face of an unfavorable international environment, and to the continued improvement in services.

MIDDLE EAST

The Gulf Cooperation Council (GCC) countries experienced overall gains, notably led by Bahrain (23.4%) and Saudi Arabia (15.0%), although Kuwait stood out with a 6.3% loss.

The DFM General Index concluded the year with a remarkable 22% increase compared to January 1, 2023. Positive trends were observed across various sectors, reflecting successful diversification efforts aimed at reducing reliance on oil and fostering growth in non-oil sectors.

Bahrain's All Share Index closed the year 4% higher, demonstrating stability in an exchange that typically experiences lower trading volumes compared to others in the region.

The Qatar Stock Market (QE General) faced declines of up to 15% in 2023 as economic growth normalized post the 2022 FIFA World Cup boom. Despite substantial declines in Q4, the bourse ended the year on a relatively steady note.

The decline in oil and natural gas prices since September 2023 contributed to other GCC indices closing the year with decreases ranging from 6% to 8% compared to January 1, 2023.

ASIA

In December, the VN-Index (VNI) sustained its upward momentum despite notable foreign outflows. Following a robust surge of 6.4% in November, the VNI continued its positive trend in the first half of December, posting a 3.1% increase from December 1 to 12. However, foreign selling pressure led to a temporary retreat, with foreign investors net selling approximately USD 470 million over 20 consecutive trading sessions from November 29 to December 26. Despite these challenges, the VNI staged a recovery and closed the month at 1,129.9, marking a 3.3% gain in December. Over the entire year of 2023, the VNI recorded a significant increase of 12.2%, a notable improvement compared to the -32.8% decline in 2022.

As reported by the General Statistics Office of Vietnam (GSO), the country's GDP witnessed a substantial 6.7% year-on-year growth in Q4 2023, marking the highest Q4 growth since 2019. This performance contributed to an overall GDP growth rate of 5.0% for the entire year of 2023. While this figure aligns with our earlier 2023 GDP growth forecast, it falls short of the Government's target of 6.5%.

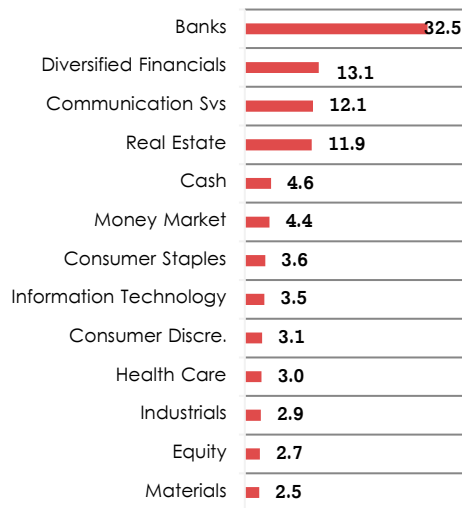
In December 2023, Bangladesh's annual inflation rate saw a marginal easing to 9.4% from the previous month's 9.5%, marking the lowest reading since April of the preceding year. The escalating cost of living has become a focal point of economic concern. This inflationary trend is, in part, a consequence of global economic uncertainties, particularly the ongoing repercussions of the war in Ukraine. The country is further strained by a persisting dollar crisis, coupled with declines in exports, inward remittances, and investment.

Providing a crucial economic lifeline, the International Monetary Fund (IMF) granted approval in December 2023 to disburse \$681 million to Bangladesh as the second tranche of a \$4.7 billion loan package, offering much-needed relief for the South Asian nation.

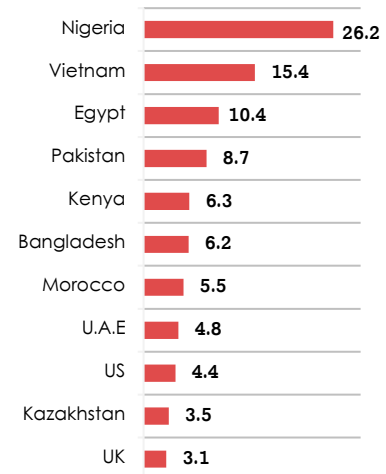
In the fourth quarter, the stock exchange in Pakistan distinguished itself as one of the top-performing bourses in the region, following the staff-level agreement reached between Pakistan and the International Monetary Fund (IMF) in November 2023 on the first review of a \$3 billion stand-by arrangement. Pending approval from the IMF's executive board, this review granted the Pakistani government access to approximately \$700 million in funding.

The robust performance of the stock market played a pivotal role in bolstering investor confidence, particularly amidst the government's ongoing economic reform initiatives aligned with the IMF loan program. This positive trajectory also contributed to a reduction in economic uncertainties. The benchmark index of the Pakistan Stock Exchange, the KSE 100, witnessed an impressive surge of over 35% in the fourth quarter of 2023, closing at 62,451.04.

SECTORS (% WEIGHT) as of 31.12.2023



GEOGRAPHIC (% WEIGHT) as of 31.12.2023



PORTFOLIO POSITIONING & ACTIVITY

The Fund is diversified across frontier markets but maintains an overweight exposure to Africa, with the largest allocation in our portfolio to Nigeria, at 26%, followed by Vietnam in Asia at 15%.

PORTFOLIO OUTLOOK AND STRATEGY

The Frontier region compared to more developed markets has a younger working age population and is less saddled by debt. Labor costs are also significantly lower, offering great investment conditions for both corporate and institutional investors and providing a solid investment return potential. The macro-economic environment is key to managing the higher risks involved in frontier market investing. The fund seeks to identify economies that are implementing structural reforms and, within those countries, select fundamentally strong companies.

The outlook differs by country and many face challenges in the mid-term due to higher commodity prices as well as the continued crisis in Eastern Europe. Commodity exporting countries as well as economies like Vietnam and Bangladesh should perform well due to their higher growth outlooks and lower levels of debt. The high volatility seen in markets is expected to persist due to the two conflicting scenarios of high inflation and a global recession. The portfolio companies still show solid fundamentals as evidenced by recent earnings releases and remain resilient with attractive valuations.

In the longer term, we expect a strong rebound in growth for both emerging and frontier markets, we also expect strong growth prospects from mobile payments which were recently launched in Nigeria and hence the strong performance witnessed in Nigerian listed telecoms.

Higher inflation is expected to affect growth stocks more than it will value stocks. Value stocks constitute a larger proportion of frontier markets stocks. Therefore, we expect that these value stocks may perform better in the periods of higher inflation. The Silk Invest New Horizons Frontier Fund seeks to offer access to companies with attractive valuations that are among others selected for their positive earnings outlook in their respective markets.

Note: On June 9th, 2018, Silk Invest became the Adviser for the FSNHX after having been the sub-adviser since its May 25th, 2016 inception.

As of December 31, 2023, the annualized returns for the institutional shares (FSNHX) are as follows: 1-year period: 1.23%, 3-year period: -0.26%, 5-year period: 1.85% since inception: 0.22%.

The performance data quoted represents past performance. Past performance 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 may be lower or higher than the performance data quoted. Performance current to the most recent month end may be obtained by calling 888-825-2100.

The Fund's gross expense ratio (FSNHX) is 3.07%, while net expense ratio is limited to 2.05% due to a contractual agreement in place until October 31, 2024.

You can find the Fund's holdings by clicking on this link: [Fund Holdings as of 31 December 2023](#)

Current and future portfolio holdings are subject to risk. Holdings are subject to change. The Fund's investment objectives, risks, charges, and expenses must be considered carefully before investing. The prospectus contains this and other important information about the Fund, and it may be obtained by calling 888-825-2100. The Silk Invest New Horizons Frontier Fund is distributed by Ultimus Fund Distributors, LLC.

Investing involves risk, including loss of principal. Investments in securities of foreign companies involve additional risks, including less liquidity, currency-rate fluctuation, political and economic instability and differences in financial reporting standards and securities market regulation. Investments in frontier markets can involve risks in addition to and greater than those generally associated with investing in more developed foreign markets. Frontier market countries generally have smaller economies or less developed capital markets than traditional emerging markets and, as a result, the risks of investing in emerging markets countries are magnified in frontier market countries. Frontier market economies can be subject to greater social, economic, regulatory, and political uncertainties, including the repatriation of investment income, and return of capital on the proceeds of sales of securities by foreign investors. Emerging market countries may have relatively unstable governments, weaker economies and less developed legal systems with fewer securities holder rights. Emerging market economies may be based on only a few industries and security issuers may be more susceptible to economic weakness and more likely to default. Emerging market securities also tend to be less liquid.

The MSCI Frontier Markets Index captures large- and mid-cap representation across 28 Frontier Markets (FM) countries. The index includes 99 constituents, covering about 85% of the free float-adjusted market capitalization in each country.

The MSCI Emerging Markets Index captures large- and mid-cap representation across 24 Emerging Markets (EM) countries. With more than 1,382 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country.

The MSCI GCC (Gulf Countries Combined) Index captures large- and mid-cap representation across 6 GCC countries. The index includes 72 constituents, covering about 85% of the free float-adjusted market capitalization in each country.

The Standard and Poor's 500, or simply the S&P 500, is a stock market index tracking the stock performance of 500 large companies listed on stock exchanges in the United States.

The NGX's All Share Index (ASI) tracks the general market movement of all listed equities on Nigerian Exchange, including those listed on the Growth Board, regardless of capitalization.

The Nairobi Securities Exchange Ltd All Share Index (NSE ASI), is a market cap weighted index consisting of all the securities on the NSE.

The MASI Moroccan All Shares Index, is a stock index that tracks the performance of all companies listed in the Casablanca Stock Exchange located at Casablanca, Morocco. It is one of the two main indexes at the stock exchange, the other being the MADEX.

The Egypt Stock market EGX 30 Index (EGX30) includes the top 30 companies in terms of liquidity and activity. EGX 30 Index is weighted by market capitalization and adjusted by the free float.

The Vietnam Stock (VN) Index is a capitalization-weighted index of all the companies listed on the Ho Chi Minh City Stock Exchange.

The Karachi Stock Exchange 100 index, commonly known as the KSE 100 index, is the main stock index that is used as a benchmark to compare prices on the Pakistani Stock Exchange over the course of a certain period of time.

The Dow Jones Industrial Average, Dow Jones, or simply the Dow, is a stock market index of 30 prominent companies listed on stock exchanges in the United States.

The Dubai Financial Market (DFM) is a stock exchange located in Dubai, United Arab Emirates. It was founded on 26 March 2000.

The Bahrain All Share Index (BAX) is a stock market index which tracks the performance of large companies based in Bahrain.

The Muscat Stock Exchange (MSX30) is a stock market index that tracks the performance of the 30 most liquid companies listed on the Muscat Securities Market.

The Abu Dhabi Securities Exchange (ADX) is a stock exchange based in Abu Dhabi, United Arab Emirates. More than 40 financial services providers act as market participants on the ADX, on which more than 60 companies are listed.

The QE General Index is a major stock market index which tracks the performance of the 20 most liquid companies traded on the Qatar Exchange.

Control number 17924224-UFD-02262024