Cantor Fitzgerald Large Cap Focused Fund

4Q 2023 MARKET COMMENTARY

December 31, 2023

Institutional Class: FICHX | Class A: FICGX
Class R6: FICIX

Market Review

Beginning in late October, global equity markets reversed a three-month decline in dramatic fashion with the MSCI ACWI Index rising almost 15% over the last two months of the year. The Russell 1000 Growth Index increased almost 16% for the two months resulting in a full quarter gain of 14.2%. The rally in equity markets was fueled by a striking drop in interest rates as the yield on the 10-year US Treasury fell from 5.0% to 3.9% from late October through year-end. Small cap stocks outpaced large cap stocks in the risk-on market rally although the Magnificent-7 (Apple, Microsoft, Amazon, NVIDIA, Alphabet, Tesla, Meta, a.k.a. Mag-7) were not as dominant in this period with the group gaining just over 13% for the quarter. An adage in financial markets is that “it’s a market of stocks, not a stock market.” Whether the valuation of any of the Mag-7 is defensible will largely depend on their ability to grow their earnings at or above current expectations over the coming years. Should the companies successfully deliver on their earnings expectation the companies have a fair likelihood of continuing to deliver attractive stock returns, but at their current valuation at more than a 40% premium to the average stock, investors have far less margin of safety and any misstep in revenue or earnings growth is likely to be met with a swift and painful re-setting of the stock price. This also means that passive, cap-weighted strategies, could struggle versus strategies with more room to diverge from the concentrated mega-cap exposures in the large cap indices.

The effects of the policy led boom-bust inflationary cycle of the past four years are waning as the disinflationary process is in effect on a global basis. Accordingly, Central Bank policy rates have peaked and a pivot toward policy easing in 2024 seems likely. Whether inflation in the U.S. can reach the Federal Reserve’s 2% target without at least a mild recession is yet to be seen. But Europe, Japan and China are all clearly in a recessionary cycle which is helping to slow the pace of inflation in the U.S. The U.S. labor market remains tight but has been coming into better balance over the last few months mostly through reduced demand.

Within the Fund

For the quarter ended December 31, 2023, the Cantor Fitzgerald Large Cap Focused Fund Institutional Class shares net of fee return of 11.3% trailed the Fund’s benchmark, the Russell 1000 Growth Index which posted a return of 14.2%.

The Fund’s holdings within the Consumer Staples and Communications Services sectors contributed positively to relative performance, while the Fund’s positioning in the Information Technology and Energy sectors had the most negative effect on performance. Both security selection and sector allocation provided negative relative performance in almost equal parts. The Fund’s underweight exposure to the Information Technology sector, one of the better performing sectors in the benchmark, and overweight exposure to Energy, the only sector in both the Fund and the benchmark with negative returns for the quarter, together caused over 0.7% of negative relative performance from sector allocation alone.

The **Consumer Staples** sector delivered the best relative performance with the Fund’s holdings returning 19.0% compared to a 10.2% return in the benchmark sector.

- **Costco Wholesale Corp.,** (3.2% of net assets) this membership warehouse shopping club was a large contributor for the period as earnings outpaced expectations by almost 5%. Shares gained 19.8% during the quarter.

Within the Fund (cont'd)

The Fund holdings in the **Communications Services** sector delivered better relative performance with a 12.9% return while in the benchmark the sector returned 11.3%.

- **Electronic Arts Inc.,** (2.2% of net assets) the video game developer contributed the most to the Fund's return in the sector for the period. The company reported quarterly earnings that were better than analysts' expectations by more than 45% on a revenue beat of almost 3%. Investors rewarded shares with a return of 13.8%.

On the negative side, the Fund's positioning in the **Information Technology** and **Energy** sectors caused most of the lagging performance.

The Fund's holdings in the **Information Technology** sector returned 16.3% during the period, compared to a benchmark sector return of 17.8%. While **Fortinet** was the Fund position in the sector with the worst relative performance, 0.3% of relative underperformance was caused by allocation as the Fund's 33.3% weight in the sector was below the 43.3% weight in the benchmark. **Microsoft** (4.8% of net assets) was a significant cause of this result with an 11.9% weight in the benchmark while posting a 19.2% return for the period. In total, the sector caused over 0.7% of relative underperformance for the quarter.

- **Fortinet, Inc.**, (0% of net assets at 12/31/2023) the networking security company delivered quarterly earnings that beat expectations by 14%. However, after experiencing the first decline in product revenue in a decade, the company announced it will transition its sales strategy towards more popular cloud-based security solutions. This change led to a price drop of 11.9% before the shares were sold.

In the **Energy** sector, the Fund's holdings posted a quarterly return of –9.2%, worse than the –2.2% sector return in the index. Also, as it was the only sector with negative performance in the benchmark, the Fund's more than 2.5% overweight versus the benchmark's 0.5% weight provided an additional 0.4% of negative relative performance from sector allocation. In total, the sector caused almost 0.7% of relative underperformance for the period.

- **Exxon Mobil Corp.**, (1.5% of net assets) one of the largest petroleum companies in the world, struggled with declining commodity prices during the quarter. Brent Crude prices dropped more than 17% for the period, causing shares of the company to decline14.2% for almost 0.6% of relative underperformance.

Outlook

Inflation has been receding and the U.S. economy continues a path toward normalization while generally outpacing expectations. One of the main reasons why the U.S. avoided a recession in 2023 was consumers continued to spend despite rising prices, of course a strong labor market aided this spending in no small degree. But signs of some slowing and re-balancing of the labor market are showing and the resilient consumer spending of the past few years is not likely to be repeated in 2024. There is still a reasonable chance the U.S. avoids a recession while Europe, Japan and China are not so lucky. Global Central Banks are now clearly shifting toward a rate-cutting stance, and this is becoming fully reflected in equity and bond market prices. As in any environment, a multitude of risks remain to the global economy and financial markets. The most obvious risks appear to be interest rates remaining "too high for too long" and mounting geopolitical risks in Europe, Middle East and Asia. The rise in risks is taking place at a time when governments are constrained in their ability to respond to any calamities with fiscal stimulus as debt dynamics are far less attractive than at any point since the Global Financial Crisis. The shift from growth to contraction can happen quite swiftly. Since WWII real GDP in the quarter prior to the U.S. economy entering recession has averaged 3.5% with a median of 2.6%. The two negative quarters of real GDP to start 2022 followed a 7.0% real GDP print in 4Q'21. Despite the many and varied risks, it is still our base case that if any recession arises it will be very mild, and the Fed will respond with a more aggressive rate cut policy than is currently expected. U.S. consumer balance sheets are still reasonably healthy, although in a weakening trend. Corporate balance sheets are in good standing as well. These tail winds along with an environment of high-single digit to low double-digit corporate earnings growth present a fairly attractive set up for financial markets as we enter 2024.

Top Ten Equity Holdings (%)

HOLDING	% OF NET ASSETS
Microsoft Corp.	4.8%
Apple Inc.	4.2%
KLA Corp.	3.4%
Parker-Hannifin Corp.	3.4%
Costco Wholesale Corp.	3.2%

HOLDING	% OF NET ASSETS
AutoZone Inc.	3.0%
Adobe Inc.	2.9%
Workday Inc.	2.9%
Alphabet Inc.	2.9%
Booking Holdings Inc.	2.9%

Annualized Total Returns (As of 12/31/2023)

	4Q 2023	YTD	1 YEAR	3 YEARS	5 YEARS	10 YEARS	SINCE INCEPTION	INCEPTION
Institutional Class	11.25	29.19	29.19	10.72	16.81	12.99	14.25	04/01/2013
Class A (at NAV)	11.16	28.68	28.68	10.41	16.46	12.62	N/A	10/25/2000
Class A (at Offer)	4.80	21.22	21.22	8.25	15.09	11.95	N/A	10/25/2000
Class R6	11.19	29.07	29.07	10.80	16.87	13.05	14.34	04/01/2013
Morningstar Category	13.83	36.74	36.74	4.68	15.74	12.03	N/A	
S&P 500	11.69	26.29	26.29	10.00	15.69	12.03	13.02	
Russell 1000 Growth	14.16	42.68	42.68	8.86	19.50	14.86	15.86	

The performance quoted represents past performance and does not guarantee future results. Investment return and principal value of an investment will fluctuate so that shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than the performance quoted. Performance data for all share classes current to the most recent month end may be obtained by calling (833) 764-2266 or visiting https://growthequityfund.cantorassetmanagement.com/.

Total returns may reflect waivers and/or expense reimbursements by the Fund Advisor and/or distributor for some or all periods shown. Performance would have been lower without such waivers and reimbursements. Performance at NAV assumes that no front-end sales charge applied or the investment was not redeemed. Performance at offer assumes that a front-end sales charge applied to the extent applicable.

EXPENSE RATIOS	NET	GROSS
Institutional Class	0.86%	1.02%
Class A	1.17%	1.35%
Class R6	0.79%	0.94%

In the interest of limiting expenses of the Fund, the Fund Advisor has entered into an Expense Limitation Agreement with the Trust, pursuant to which the Fund Advisor has agreed to waive or reduce its management fees and to assume other expenses of the Fund in an amount that limits the Total Annual Operating Expenses of the Fund but inclusive of to not more than 1.17%, 0.86% and 0.79% of the average daily net assets of the Class A, Institutional Class, and Class R6 shares of the Fund, respectively. This contractual arrangement is in effect until January 31, 2025, unless terminated by the Board of Trustees of the Fund at any time. Defined terms not defined herein are given the meaning ascribed to them in the prospectus. Please see the prospectus for additional information.

Investors should consider the investment objectives, risks, and charges and expenses of the Fund(s) before investing. The prospectus contains this and other information about the Fund and should be read carefully before investing. The prospectus may be obtained at (833) 764-2266 or visiting https://largecapfocusedfund.cantorassetmanagement.com/.

Important Risk Information

Investing involves risk, including loss of principal. There is no guarantee that any investment strategy will achieve its objectives, generate profits or avoid losses. The Fund will be subject to the following principal risks: market risk, growth stock risk, limited number of securities risk, sector risk, company size risk, liquidity risk, active management and selection risk, COVID-19 risk, and cybersecurity risk.

Definitions

Holdings is a count of all Fund holdings excluding any cash or cash equivalents held by the Fund.

The **S&P 500** and **Russell 1000 Growth Indices** are unmanaged indices of the shares of large U.S. corporations. All index performance includes capital appreciation and reinvested dividends and is presented gross of fees.

The Fund is distributed by Ultimus Fund Distributors, LLC,
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Not a Deposit	May Lose Value	No Bank Guarantee
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17830813-UFD 01/29/2024

Current Publication Date: 2/1/2024