AXS MERGER FUND

Institutional Class (I): GAKIX Investor Class (A): GAKAX

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Quarterly Performance Overview

KELLNER Capital

The Kellner Merger Fund (GAKIX) returned +0.19% for the first quarter of 2021. The Fund held 36 positions at the end of March with 12 deals completing successfully, including:

- Morgan Stanley's $9.5 billion transaction with Eaton Vance Corp.
- Cisco Systems' $4.3 billion buyout of Acacia Communications Inc.
- The Allstate Corp.'s $3.7 billion transaction with National General Holdings Corp.
- Alphabet Inc's $1.5 billion deal with Fitbit Inc.

While the Fund's performance oscillated during the quarter, positive performance was driven by a couple of competitive situations.

Coherent | II-VI Inc.

First, laser maker Coherent Inc. was subject to a four-way bidding war involving Lumentum Holdings Inc., MKS Instruments Inc. and II-VI Inc. The bidding lasted eight rounds with II-VI winning with its $7.1 billion cash and stock offer. Two of the bidders brought in private equity investors, showing their willingness to get involved in competitive situations with II-VI soliciting Bain Capital to help them carry the day.

Cubic Corp. | Evergreen

The Fund also saw an increase in the price for U.S. defense electronics maker Cubic Corp. In February, a consortium led by Veritas Capital and Evergreen Coast Capital Corp., a subsidiary of Elliott Management Corp, announced they would buy Cubic for $70 per share in cash, or $2.8 billion. In late March, Singapore Technologies Engineering (STE) made an unsolicited offer of $76 per share. Evergreen then raised its offer to $72 per share, below the competing bid, knowing the certainty of getting regulatory approval and the shorter time until close made its offer more attractive. STE then raised its bid to $78 per share forcing Evergreen to raise to $75, which was accepted by Cubic's board, causing STE to drop out. We expect the Evergreen deal to close in the second quarter.

We are encouraged by the return of competitive bidding, which has been missing in recent years, as it tends to provide lucrative opportunities.

Fund Performance as of 3/31/2021

			ANNUALIZED RATES OF RETURN			
(%)	Q1 2021	YTD	1 YEAR	3 YEAR	5 YEAR	SINCE INCEPTION
Institutional Class (I shares)	0.19	0.19	5.44	2.33	1.56	2.62
Investor Class (A shares)	0.10	0.10	5.07	2.06	1.31	2.30

The inception date for the Fund is 6/29/2012. Total annual fund operating expense are 2.18% for Class I shares and 2.43% for Class A shares. The Advisor has contractually agreed to waive its fees and/or pay for operating expenses of the Fund to ensure that total annual fund operating expenses do not exceed 1.50% and 1.75% of the average daily net assets of Class I and Investor Class shares of the Fund, respectively, through at least January 22, 2023.

The performance data quoted represents past performance and is no guarantee of future results. 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. For the most recent month-end performance, please call 833.AXS.ALTS or visit the Fund's website at www.axsinvestments.com.

DEAL ACTIVITY

Deal activity continued its torrent pace climbing to a record $1.1 trillion, up 93% from a year ago and marking the third consecutive quarter over $1 trillion. This is the best start to a year since 1980. While there have not been any deals greater than $50 billion announced since mid-2019, deals above $5 billion increased 133% from last year. This breadth shows the underlying strength of the M&A cycle as mega deals are not skewing overall deal volumes.

Once again, the U.S. led the way with $644 billion in announcements, up 160% from the first quarter of 2020. The largest deal for the quarter was Canadian Pacific Railway's $24.7 billion deal for Kansas City Southern. Other notable deals included Roger Communications Inc.'s $15.6 billion agreement with Shaw Communications and Teledyne Technologies $7.3 billion purchase of FLIR Systems Inc. Healthcare continued to consolidate with several deals announced in the space. United Health Group Inc. will buy Change Healthcare Inc. for $7.8 billion, Jazz Pharmaceuticals Plc agreed to purchase GW Pharmaceuticals Plc for $6.8 billion and Cantel Medical Group agreed to be bought by Steris Plc for $3.4 billion. In Europe, deal volume rose by 24.5% to $227 billion. Below are the top deals as of 3/31/2021.

Private equity deals continued to be strong with volumes up 116% to $250.6 billion. There were several large transactions announced including:

- Apollo Global Management Inc.'s $7.2 billion buyout of Athene Holdings Ltd.
- Stone Point Capital's $6.2 billion increased bid for CoreLogic Inc.
- Starwood Capital and Blackstone Group's $3.4 billion offer for Extended Stay America Inc., and
- Apollo's $3.1 billion buyout of The Michaels Cos. Inc.

We continue to believe that private equity will be a robust source of deal volume for the foreseeable future.

TOP 10 DEALS[1] (Target | Acquirer)	**% of Portfolio**
1. IHS Markit Ltd | S&P Global Inc.	12.14%
2. Willis Towers Watson Plc | Aon Plc	10.30%
3. RealPage Inc. | Thoma Bravo LP	7.31%
4. Varian Medical Systems Inc. | Siemens Healthineers AG	6.61%
5. Slack Technologies Inc. | Salesforce.com Inc.	5.13%
6. CIT Group Inc. | First Citizens BancShares Inc.	4.76%
7. Alexion Pharmaceuticals Inc. | AstraZeneca	4.74%
8. TCF Financial Corp. | Huntington Bancshares Inc.	4.46%
9. Maxim Integrated Products Inc. | Analog Devices Inc.	4.11%
10. Xilinx Inc. | Advanced Micro Devices Inc.	3.72%
Total Portfolio %	**63.28%**

[1]*Subject to change at any time.*

OUTLOOK

Over the last several quarters, and particularly in the first quarter, we have seen money flowing out of merger arbitrage and into **Special Purpose Acquisition Companies (SPACs)**. Merger arb investors have invested in SPACs in the past as these types of securities historically traded at a discount to their IPO price of $10. After two years, if a deal had not been announced and voted on, SPAC investors would receive their $10 that had been held in a trust account. It was a rate of return trade based on how long was left until the two years was up, with possible upside if the sponsors did a deal. However, that is not what has been happening this time around. As has been widely reported, SPAC volume is at record levels with multiple offerings being announced daily. U.S. SPAC volume was up 3,000% year-over-year in the first quarter. This is not a typo. Most of these offerings are trading at immediate premiums to the IPO providing initial investors a quick gain that they can either realize or hold onto for the announcement of a deal.

In addition, private companies are circumventing traditional IPOs and using SPACs as a quicker, less onerous way to go public. This is causing massive moves in some SPACs as it can be the equivalent of buying an IPO before it publicly trades. This is different than the way SPACs were historically used in a merger arbitrage portfolio. Buying them above $10 now exposes the investor to market risk and potential losses if there is no deal announced.

We bring this up in relation to our portfolio as it has had an impact on how merger arbitrage spreads have traded. Many players in our strategy have eschewed traditional merger spreads for the potential riches of the SPAC market. This has caused many managers to divert capital to SPACs, causing merger arb spreads to trade at much wider levels than we have seen historically, especially in a near zero interest rate environment. It is most evident in larger transactions where there is not enough dedicated merger arbitrage money to control the spread. We look at this as a positive development in our strategy and hope that the SPAC euphoria continues. However, inevitably, we believe SPAC returns will revert to historical norms as more money floods in and valuations of increasingly less seasoned companies get bid up.

From a relative perspective, the outperformance of SPACs can be frustrating. That said, as a merger arbitrage fund, our investors understand that we take on deal risk and seek to eliminate market risk. **It is our focus on pure play merger arb that has kept us in business for 40 years.** The SPAC boom has provided our business with welcome volatility and wider spreads. As a result, the portfolio is more invested than it has been in some time as we take advantage of the opportunity set. Between money moving into SPACs, the volatility seen in late February and the uncertainty around the new administration's antitrust teams, we are finding many opportunities. With much of the portfolio set to close over the next few months and strong deal activity, we are optimistic about the path forward.

Commentary provided by Kellner Capital, who serves as the Sub-Adviser for AXS Merger Fund and is not affiliated with AXS Investments.

DEFINITIONS OF TERMS

Special Purpose Acquisition Company (SPAC): A company with no commercial operations that is formed strictly to raise capital through an initial public offering (IPO) for the purpose of acquiring an existing company. SPACs are highly speculative investments that carry considerable risks to investors.

IMPORTANT RISK DISCLOSURE

Mutual funds involve risk including possible loss of principal. There is no assurance that the Fund will achieve its investment objective.

Investments in companies that are the subject of a publicly announced transaction carry the risk that the proposed or expected transaction may not be completed or may be completed on less favorable terms than originally expected, which may lower the Fund's performance. Investments in foreign securities involve greater volatility and political, economic and currency risks and difference in accounting methods. Investments in small and medium sized companies involve additional risks such as limited liquidity or greater volatility. Derivatives involve special risks including correlation, counterparty, liquidity, operational, accounting and tax risks. These risks, in certain cases, may be greater than the risks presented by more traditional investments. The Fund may make short sales of securities, which involves the risk that losses may exceed the original amount invested. The 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 the Fund, and money borrowed will be subject to interest costs. The Fund is non-diversified, meaning it may concentrate its assets in fewer individual holdings than a diversified fund. Therefore, the Fund is more exposed to individual stock volatility than a diversified fund.

Market Turbulence Resulting from COVID-19. The outbreak of COVID-19 has negatively affected the worldwide economy, individual countries, individual companies and the market in general. The future impact of COVID-19 is currently unknown, and it may exacerbate other risks that apply to the Fund.

Investors should carefully consider the investment objectives, risks, charges and expenses of AXS Merger Fund. This and other important information about the Fund is contained in the Prospectus, which can be obtained by calling 833.AXS.ALTS (833.297.2587). The Prospectus should be read carefully before investing.

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