November 2019

Selling Stock Options for Additional Yield

Since May 2019, there have been multiple jumps in equity market volatility due to macro-economic news like Brexit, US Federal Reserve interest rate cuts, US-China trade deal updates, etc. Some investors see these increases in volatility as a cue to reduce their stock exposure while other investors are prepared to increase their exposure if stock prices get cheap enough.

Preserver has been reducing overall equity exposure since Q3-2018, but to take advantage of market volatility, we are also using an option writing strategy which allows us to collect option premium, while adjusting our existing equity positions. The option writing strategy is based on selling both call options and put options. Here is a brief explanation of Preserver's approach:

- By selling a call option on a stock, Preserver agrees to sell a certain number of shares to another investor on a future date at a higher predetermined price in exchange for an upfront premium from that investor.
- By selling a put option on a stock, Preserver agrees to purchase a certain number of shares from another investor on a future date at a lower predetermined price in exchange for an upfront premium from that investor.

(See graphic on page 2)

9127490-UNI-11/4/2019

Mick Clowers joined Preserver in February 2018. He works with the Chief Investment Officer and Operational Due Diligence team to conduct investment research on new and existing investments. Prior to joining Preserver, Mick served as a Portfolio Manager (2011-2017) and the Director of Portfolio Management (2017-2018) at Legacy Wealth Management. He graduated from the University of Memphis with a B.B.A. in Finance. He obtained his Certified Financial Planner certification in 2014. He is also a CFA charterholder.

Disclosure: Yield quoted above is based on gross premium. Options prices can diverge from the prices of their underlying instruments. Options prices are affected by such factors as current and anticipated short-term interest rates, changes in volatility of the underlying instrument and the time remaining until expiration of the contract, which may not affect security prices the same way. Imperfect or no correlation also may result from differing levels of demand in the options markets and the securities markets, from structural differences in how options and securities are traded, and from the imposition of daily price fluctuation limits or trading halts.

We typically trade one-month options that expire after quarterly earnings announcements since individual stock volatility is higher around earnings announcements. There is a minimum target annualized yield of 10% for each option trade.

The option overlay program is implemented on current stock positions (we are not speculating on unfamiliar stocks) and is flexible enough to allow custom constraints and sizing for each stock. The investment process always begins with reviewing our current positions and noting how strongly we feel about adding or reducing exposure to each one. There may be stocks we are more willing to sell at higher prices and others we are willing to buy at lower prices, and we account for these preferences in setting a target "Delta" for each stock. Delta measures the change in the price of the option in response to the change in the price of the stock (think correlation). In application, there can be many different options available for a given stock, and by selecting a specific Delta, we can immediately locate the option that is most likely to provide us with the returns we want while complying with our risk constraints. By using a predetermined Delta approach and focusing our activity on stocks we already own, there is no pressure for us to transact unless the terms and premium income of the option are attractive.

Preserver has sold 24 options in our Preserver Alternative Opportunities Fund (PAOIX) from January 2019 to September 2019, with 5 options sold in Q3-2019 generating an average annualized premium yield of 13.86%. The majority of options have not been exercised against us, allowing us to earn capital appreciation and dividend income from our stock positions while generating additional premium income from the options.

Side of Transaction	Call Option	Put Option
Buyer	The right to purchase stock; pays premium to Seller for "right"	The right to sell stock; pays premium to Seller for "right"
Seller	*The obligation to sell the stock if the Buyer exercises his/her right to buy; receives premium from Buyer*	*The obligation to buy the stock if the Buyer exercises his/her right to sell; receives premium from Buyer*

PERFORMANCE

Net returns as of September 30, 2019	3Q 2019	YTD 2019	1 Year	3 Years	Since Inception (annualized)
Preserver Alternative Opportunities Fund	0.17%	13.94%	1.56%	5.87%	6.94%
Wilshire Liquid Alternative Index	0.41%	5.06%	1.15%	1.85%	2.66%

Inception date is March 1, 2016. Periods greater than 1 year are annualized.

Performance data quoted above 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 of the fund may be lower or higher than the performance quoted. Performance data current to the most recent month end can be obtained by calling 1-844-838-2119.

The fund's unsubsidized 30-day SEC yield is 1.33%, and the subsidized 30-day SEC yield is 1.70%.

The gross expense ratio for PAOIX is 1.83%, and the net expense ratio is 1.53%

The contractual expense ratio is 1.35%. The adviser has contractually agreed to waive its management fee and/or reimburse expenses so that total annual operating expenses (including interest, taxes, brokerage fees and commissions, other extraordinary expenses not incurred in the ordinary course of the fund's business, dividend expenses on short sales, and indirect expenses such as acquired fund fees and expenses) do not exceed 1.35% of the fund's average daily net assets through 12/31/20.

Investors should carefully consider a fund's investment objectives, risks, charges and expenses before investing. This and other important information is contained in the fund's prospectus, which should be read carefully before investing. To obtain a fund prospectus, call 1-844-838-2119. The fund is distributed by Unified Financial Securities, LLC.

Investing involves risk, including loss of principal. There is no guarantee that this, or any, investing strategy will succeed. The use of options involves investment techniques and risks that are different from those associated with traditional securities. When the Fund sells (writes) a covered call option, the Fund assumes the risk of a decline in the market value of the security covering the option and foregoes, during the life of the option, the opportunity to profit from an increase in the market value of the underlying security above the exercise price of the option. When the Fund sells (writes) a put option, the Fund assumes the risk of a decline in the market price of the underlying security below the exercise price of the option. If the Fund sells a put option, it may be required to buy the underlying security at a price higher than its market value.