

# GREENSPRING FUNDS

Dear Fellow Shareholders,

January 2023

During the fourth quarter of 2022, the fixed income markets remained extremely sensitive to data points regarding the strength of the economy, inflation and employment levels, along with corresponding Federal Reserve (the “Fed”) commentary. As it was throughout 2022, volatility was significant, as investors continued to weigh the efficacy of tightening monetary policy to fight inflation against the potential risks of recession. Treasury bonds rallied (with yields falling) in November, and high-yield bond prices also rose, as inflation data came in lower than expected. Some investors began anticipating an end to the Fed’s interest rate hiking cycle and a possible “pivot” to cutting rates later in 2023. However, much like the third quarter, Chairman Powell threw cold water on this narrative near the end of the quarter, particularly at the December Fed meeting when the Federal Open Market Committee (“FOMC”) hiked the Federal Funds rate another 50 basis points, bringing the year’s total increase to 425 basis points, and significantly raised its stated expectation for the peak Federal Funds rate for the third consecutive meeting. In response to another clear message from the Fed indicating that rates would remain “higher-for-longer”, fixed income markets sold off into the end of the year. However, given the gains seen in October and November, the fourth quarter ended in the black, helping to offset some of the pain experienced by the broader fixed income markets during the year.

The Greenspring Income Opportunities Fund (“GRIOX” or the “Fund”) also had a strong fourth quarter, posting a 3.21% gain, while the Fund’s benchmark (the ICE BofA 1-3 Year BB US Cash Pay High Yield Index) gained 2.71%. For the full year 2022, GRIOX ended with a modest decline of 0.73%, while the benchmark declined 3.07%. Our disciplined focus on short-duration bonds and security-specific credit analysis proved quite beneficial, allowing GRIOX to vastly outperform the broader fixed income market, which suffered tremendous losses during the year as reflected by the Bloomberg US Aggregate Bond Index (-13.01%) and the Bloomberg US Corporate High Yield Bond Index (-11.19%).

A key element of our investment process is identifying securities with near-term catalysts for early redemption, or securities that we believe to be prime targets for a redemption at some point before maturity, and acquiring the

## Greenspring Income Opportunities Fund Performance for the Periods Ended December 31, 2022

Quarter	3.21%
Year to Date	-0.73%
Since inception on 12/15/21*	-0.70%
Expense Ratio**	0.85%
30-Day SEC Yield (unsubsidized)	5.77%

\* annualized.

\*\* The net expense ratio is 0.86%, as stated in the Fund’s Prospectus dated January 31, 2023. The Fund’s investment adviser has contractually agreed to waive a portion of its fees and reimburse certain expenses for the Fund to limit the total annual fund operating expenses (excluding taxes, Rule 12b-1 fees, shareholder servicing fees, extraordinary expenses, brokerage commissions, interest and acquired fund fees and expenses) to 0.75% through December 15, 2024. Absent advisory fee reductions and expense reimbursements, the expense ratio (gross) would be 1.14% for the Fund’s current fiscal year. The net expense ratio is applicable to investors.

*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 of the Fund may be lower or higher than the performance quoted. Performance data current to the most recent month end may be obtained by calling 1-800-366-3863 or by visiting [www.greenspringfunds.com](http://www.greenspringfunds.com).*

bonds at attractive yields to these scenarios. Several of the biggest positive contributors to the Fund’s performance during 2022 benefitted from such redemptions by the issuing companies, including Change Healthcare, ChampionX Corp, and XPO Logistics. Another top contributor was the Fund’s position in Marriott Ownership Resorts 6.125% 1st Lien notes, which traded up 3.4% in December when the Company announced it would be redeeming the bonds in January of 2023.

Heading into the new year, we remain excited about the opportunities we see in the high yield fixed income market, which has returned to a more balanced risk-return environment. Absolute yields are at relatively high levels, particularly when compared to the last several years, and

Greenspring Income Opportunities Fund Top 10 Holdings	% of Net Assets as of 12/31/22
1. Stericycle, Inc. 5.375% 7/15/24(a)	1.2%
2. Aramark Services, Inc. 6.375% 5/1/25(a)	1.2%
3. Compass Minerals International, Inc. 4.875% 7/15/24(a)	1.2%
4. Prime Security Services 5.250% 4/15/24(a)	1.2%
5. Marriott Ownership Resorts, Inc. 6.125% 9/15/25(a)	1.2%
6. Arrow Bidco LLC 9.500% 3/15/24(a)	1.1%
7. Scientific Games International, Inc. 8.625% 7/1/25(a)	1.1%
8. Arconic Corp. 6.000% 5/15/25(a)	1.1%
9. Avient Corp. 5.750% 5/15/25(a)	1.1%
10. Axalta Coating Systems LLC 4.750% 6/15/27	1.1%

*(a) 144A Securities available only to qualified institutional buyers, issued by a publicly-traded entity or parent.*

*Fund holdings and sector allocations do not reflect last day of month securities transactions and are subject to change at any time and should not be considered a recommendation to buy or sell any security.*

corporate balance sheets remain generally healthy. We anticipate the Fed will continue to raise rates throughout the first half of 2023, but the push-pull between a firm labor market, sticky inflation and a possible recession creates

uncertainty, especially with respect to the longer-duration end of the yield curve. The market currently anticipates a more accommodative Fed in the back half of 2023, with rates being cut at the first sign of labor market weakness. We remain cautious on this outlook, as the Fed continues to guide to a higher “new normal” for interest rates, following a decade of mostly easy and accommodative monetary policy. Due to this uncertainty, we expect fixed income markets to continue to be volatile in 2023 and we are maintaining our focused investment discipline. By carefully selecting short-duration bonds of only those companies that, based on our analysis, exhibit strong fundamentals and an ability to absorb potential macro-economic related pressures, our process should continue to generate attractive risk-adjusted returns for GRIOX.

Respectfully,



Charles vK. Carlson, CFA  
Portfolio Manager



Michael J. Pulcinella  
Portfolio Manager



George A. Truppi, CFA  
Portfolio Manager

***Mutual fund investing involves risk. Principal loss is possible. Investments in debt securities are subject to credit, interest rate, call or prepayment, liquidity and extension risks. Investments in debt securities that are rated below investment grade present a greater risk of loss to principal and interest than higher-rated securities.***

Opinions expressed are subject to change, are not guaranteed and should not be considered recommendations to buy or sell any security. Fund holdings and/or sector allocations are subject to change at any time and are not recommendations to buy or sell any security. *Current and future portfolio holdings are subject to risk.*

ICE BofA 1-3 Year BB U.S. Cash Pay High Yield Index is a subset of ICE BofA U.S. Cash Pay High Yield Index including all securities with a remaining term to final maturity less than 3 years and rated BB1 through BB3, inclusive. The Bloomberg U.S. Aggregate Bond Index is a benchmark that measures the investment grade, U.S. dollar-denominated, fixed-rate taxable bond market and includes Treasuries, government-related and corporate securities, MBS, ABS, and CMBS. The Bloomberg U.S. Corporate High Yield Bond Index measures the USD-denominated, high yield, fixed-rate corporate bond market. Securities are classified as high yield if the middle rating of Moody's, Fitch and S&P is Ba1/BB+ or below. Bonds from issuers with an emerging markets country of risk, based on Bloomberg EM country definition, are excluded. Index returns reflect the reinvestment of dividends and capital gains, if any, but do not reflect brokerage commissions or other expenses of investing. It is not possible to invest directly in an index.

Duration is a commonly used measure of the potential volatility of the price of a debt security, or the aggregate market value of a portfolio of debt securities, prior to maturity. Securities with a longer duration generally have more volatile prices than securities of comparable quality with a shorter duration. A yield curve is a line that plots yields (interest rates) of bonds having equal credit quality, but differing maturity dates. The slope of the yield curve gives an idea of future interest rate changes and economic activity. Basis point is one hundredth of one percent.

**The Fund's investment objectives, risks, charges and expenses must be considered carefully before investing. The summary and statutory prospectuses contain this and other information about the Fund, and may be obtained by calling 1-800-366-3863 or visiting [www.greenspringfunds.com](http://www.greenspringfunds.com). Please read the Fund's Prospectus carefully before investing.**

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