

Active Insights Podcast – North Square’s Multi Strategy Approach - A Simple Solution to Achieve a Well-Diversified Portfolio

Diane Merritt:

Welcome to North Square Investments Active Insights podcast. North Square Investments is dedicated to bringing differentiated active investment strategies to financial advisors and investors through our multi-boutique asset management platform. Today, Mark Goodwin, Chief Executive Officer of North Square Investments will discuss CS McKee's strategies for tactical asset allocation. Brad Thompson, Portfolio Manager and Director of Multi-Asset Class Solutions with CS McKee, will provide us with his insights and outlook for the market. CS McKee is a partner firm in the North Square platform.

Mark and Brad, we look forward to your discussion.

Mark Goodwin:

Thanks Diane. As you mentioned, at North Square we seek out best-in-class active managers for our platform and our partners at CS McKee have strong and, we believe, timely capabilities in providing risk managed, alternative strategies.

Brad, you and your team manage three distinct strategies for us with a common thread of managing risk and volatility and more recently you have become the portfolio manager for the North Square Multi-Strategy Fund, ticker PORYX. Can you tell us what your core philosophy is for building tactical asset allocation portfolios?

Brad Thompson:

Well, Mark, the core investment philosophy that applies to really all of our tactical strategies is risk management and how we approach risk management is what differentiates each of those tactical strategies.

Mark Goodwin:

Brad, today I'd like to focus on the Multi-Strategy Fund, which we view as a best-of-breed strategy, focusing on total return over the long term while reducing risk in changing markets. The Multi-Strategy Fund blends different investment approaches and asset classes, primarily from among North Square's family of partner firms. Now I know you were a former baseball player and I know a great baseball team has players with different but complementary skills. In a similar way, how do you evaluate the different investment objectives on our platform and blend them together to work towards the fund's objective?

Brad Thompson:

Mark, I like your baseball analogy and it's a great one to describe the Multi-Strategy Fund approach. We don't want to have a team of just power hitters or just infielders. We look for strong position players that are very good at what they specialize in to fill out the entire lineup. But instead of ball players, we're looking for solid small cap investment managers or large cap value and growth managers, as well as international and fixed income managers that have an abundance of experience. Then we look to allocate the assets among those specialists to achieve the diversification and risk/return profile that we're looking for. So going back to your baseball analogy, we're trying to build an all-star team.

Mark Goodwin:

As you consider building the portfolio, how do you determine the allocation among the various strategies and how often are you evaluating this allocation?

Brad Thompson:

Well, the allocation is constructed with the Fund's benchmark in mind. So that's our starting place. We want to maintain a similar equity to fixed income allocation and general risk profile as the benchmark. Then we apply our risk management overlay to determine where we will tilt away from the benchmark. Here the goal is to blend an awareness of the risk contributions each fund within the portfolio would provide to the overall allocation and combine that with our current views on the economy and the financial markets. We do this on an as needed basis, but this is not a high turnover portfolio. We usually evaluate and rebalance quarterly, but sometimes our allocations can be very long. If there is a long-term structural change in the markets, we want to adjust the allocation to be best positioned. And it is important to understand here that in this Fund we are focused on long term thematic market shifts.

Mark Goodwin:

What would you say are the key factors that might lead you to make significant changes to the allocation of the portfolio?

Brad Thompson:

Manager style shift would be one where it would cause us to make a change very quickly. So if you think about it, we are in effect hiring managers to do what they have historically done very well. So when we're conducting our ongoing due diligence on the managers, we evaluate if they are doing what we hired them to do. If they're not, we will make a change. Other things that might cause us to change our allocation would be long term market shifts or structural changes in the market that might result in a tilt toward value or growth or possibly international or domestic allocation shifts. Structural changes in the relative performance of emerging markets over the past 25 to 30 years is a good example of that. There are periods of time during that period where you clearly would want to be invested in emerging markets and other periods when you definitely would not. But I use that as an extreme example of what may cause an allocation shift within the Multi Strategy Fund.

Mark Goodwin:

Brad, the fund itself sits in the Morningstar 85% equity allocation strategy within the tactical allocation arena, target risk arena. Can you talk about when you'd consider adding strategies outside of the North Square platform and in those cases, what types of exposure you'd be looking to add to help diversify the portfolio?

Brad Thompson:

Yes, sure, Mark. Here we're really looking to add diversification and strengthen management and asset classes or styles that might not be adequately represented in the North Square family of funds and managers. So we're looking to fill the gaps with other strong managers or possibly just to gain passive access to an asset class that we need in order to achieve our diversification goals. For instance, if we had a gap in large cap value, as an example, we may go access that outside of the family.

Mark Goodwin:

Brad, looking more broadly at the economy and the markets, we have reasonable, or some might say high economic growth with some strains showing in the supply chain that have been challenging and equity markets, as a result, have been volatile. Inflation has been the big backdrop causing some concerns and the Fed clearly seems to be on track to be somewhat less accommodative. Where do you see the economic environment currently? And what is your expectation from markets over the course of 2022?

Brad Thompson:

Well, Mark, we are in a unique environment. The Fed is not only going to have to be less accommodative, they are going to have to actively taper to keep inflation under control. And they're caught between a rock and a hard place. The most recent CPI print illustrates the inflationary pressures within the economy and also shows us how bad the Fed missed the mark in calling inflation transitory. We spent the past 13 to 14 years with the Fed adding to its balance sheet, keeping rates extremely low, thus providing a backstop for equities and bonds. That will not be the case going forward. So I think 2022 will be a transition year as markets determine what the expected impact of Fed tapering will be. But we may actually be in the early stages of a thematic shift, but of course be wiser in the fullness of time.

Mark Goodwin:

Brad, how is this view reflected in the way you are positioned in the Multi Strategy Fund today?

Brad Thompson:

Mark, it is reflected in our diversification and we like the range of diversification we currently have in the portfolio. But as markets transition, we may likely make additional allocation tilts as needed in the remainder of the year. Much of that will depend on what the market's reaction will be. And we will be watching closely.

Mark Goodwin:

Brad, this fund is really active management of a portfolio of high quality, actively managed strategies. How do you see the Multi Strategy Fund being best positioned in the portfolio of an individual investor? And what benefits do you expect it to provide?

Brad Thompson:

Mark, I think this Fund could be well suited for smaller accounts as a well-rounded broad allocation for investors looking for a simple solution to achieve a well-diversified portfolio, really for any investor, because it's a portfolio of best-in-class asset managers. Many investors don't have the time to conduct the needed due diligence to find and continually monitor high quality specialist managers to construct that well-diversified portfolio with the risk/return characteristics that they desire and the Multi Strategy Fund is designed to do that for the investor to make it easy for them. And like we talked about earlier, it's a simple way to gain access to a diversified group of all-star players within the investment landscape to fill out the entire lineup.

Mark Goodwin:

Brad, I think you said it well. And North Square's DNA is really focused around bringing together best-in-class active managers and this fund is an excellent example of how we showcase bringing those together in an all-star team. Again, Brad, thank you for joining me today. It's been a great discussion as always.

Brad Thompson:

Thank you, Mark. It's always a pleasure.

Thank you for tuning in to our North Square Active Insights podcast. For more information on North Square Investments, our partners and investment solutions, please visit our website at www.northsquareinvest.com.

Nothing contained in this communication constitutes tax, legal or investment advice. Investors must consult their tax advisor or legal counsel for advice and information concerning their particular situation. This podcast contains certain statements that may include forward-looking statements. Although CS McKee believes that the expectations reflected in these forward-looking statements are reasonable, they do involve assumptions, risks, and uncertainties, and these expectations may prove to be incorrect. Actual events could differ materially from those anticipated in these forward-looking statements as a result of a variety of factors. You should not place undue reliance on these forward-looking statements. This podcast reflects CS McKee's views and opinions as of the date herein, which are subject to change at any time based on market and other conditions. We disclaim any responsibility to update these views. These views should not be relied on as investment advice or an indication of trading intention.

Principal Risks of Investing: Risk is inherent in all investing, including an investment in the Fund. An investment in the Fund involves risk, including the following principal risks, among others: Bank Loan Risk, Convertible Securities Risk, Credit Risk, Currency Risk, Emerging Market Risk, Equity Risk, ETF and Mutual Funds Risk, Fixed Income Securities Risk, Foreign Investment Risk, Government-Sponsored Entities Risk,

Growth-Oriented Investment Strategies Risk, High Yield (“Junk”) Bond Risk, Inflation-Linked Securities Risk, Interest Rate Risk, IPO Risk, Large Cap Company Risk, Liquidity Risk, Management and Strategy Risk, Market Risk, Mortgage-Backed and Asset-Backed Securities Risk, Municipal Securities Risk, Preferred Stock Risk, Small and Mid Cap Company Risk, Value-Oriented Investment Strategies Risk, and Warrants and Rights Risk. Summary descriptions of these and other principal risks of investing in the Fund are set forth in the prospectus. Before you decide whether to invest in the Fund, carefully consider these risk factors and special considerations associated with investing in the Fund, which may cause investors to lose money. There can be no assurance that the Fund will achieve its investment objective. An investment in the Fund is not a deposit of the bank and is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Please see the Fund’s prospectus for additional risk disclosures.

On September 23, 2021, the North Square Fund Board approved a change in the investment sub-adviser of the North Square Multi Strategy Fund. On September 30, 2021 NSI Retail Advisors, LLC became sub-advisor to the North Square Multi Strategy Fund. The Fund has adopted the historical performance of the predecessor Fund, sub-advised by Oak Ridge Investments, LLC. The predecessor fund previously adopted the performance history of other predecessor funds, some of which had different investment strategies. Please see the Fund’s prospectus for additional detail.

Call 855-551-5521 or visit northsquareinvest.com for the most recent month-end performance results. Fund facts are as of 12/31/21 unless otherwise stated. Current performance may be lower or higher than the performance data quoted. The performance data quoted represents past performance, which 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.

Before investing you should carefully consider the Fund’s investment objectives, risks, charges and expenses. This and other in-forma-tion is in the prospectus, a copy of which may be obtained by calling 855-551-5521. Please read the prospectus carefully be-fore you invest.

North Square is an independent investment adviser registered under the Investment Advisers Act of 1940, as amended. Registration does not imply a certain level of skill or training. Information contained herein is as of 12/31/21 and derives from third-party sources believed to be reliable by the Adviser. However the accuracy and completeness cannot be guaranteed. The opinions contained herein are of North Square as of the date of this publication and are subject to change without notice.

Distributed by Compass Distributors, LLC.

Not FDIC Insured • May Lose Value • No Bank Guarantee