

# WESTCORE MUNICIPAL OPPORTUNITIES FUND

FACT SHEET | September 30, 2017

## FUND INFORMATION

Class	Retail	Institutional
Ticker	WTTAX	WITAX
Cusip	957904394	957904386
Fund Inception	12/16/2016	12/16/2016
Strategy Inception	7/1/1991	

Also available in SMA and separate account vehicles offered by Denver Investments.

**NEW FUND RISK:** There can be no assurance that the Fund will grow to or maintain an economically viable size. There may be limited or no performance history for investors to evaluate.

Municipal bond fund income may be subject to state and local income taxes and the alternative minimum tax. Capital gains, if any, will be subject to capital gains tax.

Investments in municipal bonds are subject to interest rate risk, or the risk that the bonds will decline in value because of changes in market interest rates.

## PORTFOLIO MANAGEMENT

Kenneth A. Harris, CFA  
Nicholas J. Foley

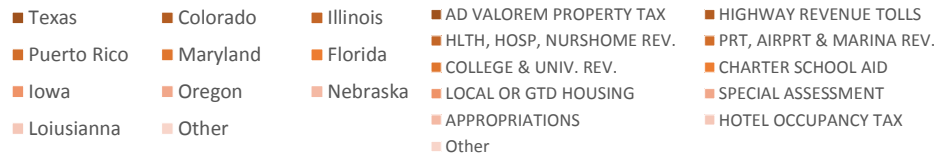
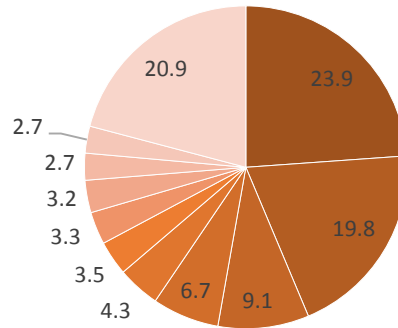
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### Top Ten Issuers<sup>2</sup> (%)

Central Texas Regional Mobility Authority	5.8
Commonwealth of Puerto Rico	5.6
LBJ Infrastructure Group LLC	5.0
Southern Illinois Healthcare Obligated Group	4.7
United Airlines Inc	4.2
Sterling Hills West Metropolitan District	3.8
Kaufman County Municipal Utility District No 11	3.7
University of Colorado	3.5
City of Coralville IA	3.3
Port of Morrow OR	3.2
<b>Total</b> (% of portfolio)	<b>42.8%</b>

<sup>2</sup>Percentages represent the Fund's aggregate holdings in the same corporate issuer and its affiliates. Top ten corporate credit exposures do not include any cash or cash equivalents and are subject to change. There are no guarantees that the Fund will continue to remain invested in any particular security or issuer and current and future holdings are subject to risk. For a complete list of holdings, please visit [www.westcore.com](http://www.westcore.com).

### State Distribution<sup>1</sup> (%)



As a percentage of total net assets. Top 10 states and revenue exposure may not be representative of the fund's current or future investments and may change at any time. Depository receipts are normally combined with the underlying security.

### Ratings Allocation<sup>3</sup> (%)

% of securities	Municipal Opportunities
AAA	5.3
AA	28.9
A	21.4
BBB	33.6
BB & Below	6.8
Not Rated	4.0

### Asset Allocation (%)

% of securities	Municipal Opportunities
Tax Exempt Bonds	80.5
Taxable Bonds	28.6
Treasuries	14.3
Investment Grade Corporates	0.0
High Yield Corporates	0.0
Taxable Municipal Bonds	14.3
Closed End Municipal Funds	0.0
Cash	-8.9

<sup>3</sup>The ratings allocation reflects the Standard & Poor's equivalent ratings category for the higher credit quality rating assigned by either Standard & Poor's or Moody's. Credit quality does not remove market risk.

### Portfolio Characteristics<sup>4</sup>

	Municipal Opportunities
Total Fund Assets (\$ Mil)	\$10.5
Total Strategy Assets (\$ Mil)	\$332.5
Effective Duration	6.3 years
Effective Maturity	13.7 years
Turnover (10 month trailing)	252.3%

## Performance (%)<sup>5, 6</sup>

Periods Ended 9/30/17 (%)	Annualized Returns						
	QTD	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception
Retail Class	1.66	6.65	—	—	—	—	8.25
Institutional Class	1.68	6.83	—	—	—	—	8.43
BBgBarc U.S. 1-15 Year Municipal Bond Index	0.93	4.17	—	—	—	—	4.91
Calendar Year (%)	2016*	2015	2014	2013	2012	2011	2010
Retail Class	1.50	—	—	—	—	—	—
Institutional Class	1.50	—	—	—	—	—	—
BBgBarc U.S. 1-15 Year Municipal Bond Index	0.70	—	—	—	—	—	—

\*2016 calendar year returns for the Fund and benchmark are for the period 12/16/2016 through 12/31/2016.

Retail Class 30-Day SEC Yield: With Fee/Expense Waivers: 2.82%; Without Fee/Expense Waivers: 1.21%

Institutional Class 30-Day SEC Yield: With Fee/Expense Waivers: 3.06%; Without Fee/Expense Waivers: 1.37%

Retail Class Annual Expense Ratio<sup>6</sup>: 19.19% Gross, 0.73% Net

Institutional Class Annual Expense Ratio<sup>6</sup>: 19.56% Gross, 0.69% Net

<sup>5</sup>Performance data quoted represents past performance and does not guarantee future results. Performance information for the institutional class shares prior to their inception is based on the performance of the retail class. Current performance may be lower or higher than the performance quoted. To obtain current performance as of the most recent month-end, visit [www.westcore.com](http://www.westcore.com). Average annual total returns reflect the reinvestment of dividends, capital gains distributions, all fee waivers and expense reimbursements. Without the fee waivers and expense reimbursements, total return figures would have been lower. Investment return and principal value will vary, and shares, when redeemed, may be worth more or less than their original cost. Westcore fund shares are not insured by the FDIC, the Federal Reserve Board or any other agency and are subject to investment risk.

<sup>6</sup>Denver Investments (the "Adviser") has contractually agreed to waive certain investment advisory and/or administration fees and/or to reimburse other expenses from April 30, 2017 until at least April 30, 2018. The first waiver/reimbursement applies so that the ratio of expenses to average net assets, as reported in the Fund's financial statements, will be no more than a fixed percentage for the Fund's Retail Class for such period. Please see the Fund's Prospectus for more information. The second waiver/reimbursement applies so that Fund level Other Expenses (as defined in the Fund's financial statements) for the Institutional Class will be in the same proportion as the Retail Class waivers/reimbursements. The third waiver/reimbursement applies so that the institutional class-specific Other Expenses are reimbursed. The Adviser has contractually agreed to waive/reimburse all of these class-specific Other Expenses, but only to the extent that the difference between the net Institutional Class and net Retail Class expense ratios, after applying the waiver/reimbursement, does not exceed 25 basis points. These agreements may not be terminated or modified prior to April 30, 2018 without the approval of the Board of Trustees.

## 30-Day SEC Tax-Adjusted Yields (%)<sup>7</sup>

■ 30-day SEC Tax-Adjusted Yield  
 ■ Retail class 30-Day SEC Yield with Expense Waivers



Tax Rate	28.0%	33.0%	38.8%	43.4%
30-day SEC Tax-Adjusted Yield	3.92	4.21	4.61	4.98
Retail class 30-Day SEC Yield with Expense Waivers	2.82	2.82	2.82	2.82

<sup>7</sup>Based on federal income tax rate above. Tax equivalent yields do not reflect tax credits, exemptions, and itemized deduction phaseouts or the impact of federal and/or state alternative minimum taxes. Tax-adjusted yields are for illustrative purposes as portfolio changes can shift the mix of taxable and tax exempt bonds, thereby effecting the after tax yields. The two highest tax brackets of 38.8% and 43.4% include a Medicare surtax of 3.8% imposed by the Patient Protection and Affordable Care Act of 2010. Please consult your tax advisor for further details.

## Maturity Distribution (%)

% of securities	Municipal Opportunities
0 - 1 year	-5.0
1 - 3 years	18.1
3 - 5 years	2.4
5 - 10 years	16.3
10 - 20 years	49.7
20+ years	18.5

## Duration Distribution (%)

% of securities	Municipal Opportunities
0 - 1 year	-7.4
1 - 3 years	32.0
3 - 4 years	10.1
4 - 6 years	12.6
6 - 8 years	14.5
8+ years	38.1

### Market Overview

The third quarter began with a strong rally in municipal markets, which led municipal yields to fall sharply in July. Yields then rose back to where they started and finished the quarter virtually unchanged. The initial rally was driven by continued strong flows into municipal bond funds and demand for yield. Toward the end of the quarter, the administration released its initial tax reform proposal, which was highly anticipated by the markets given municipal bonds' sensitivity to tax changes. Overall, the proposal, in our estimation, seemed benign in its potential effects to the municipal markets. The possible elimination of the alternative minimum tax (AMT) and the potential loss of state and local tax deductions appear to be the most meaningful implications to municipal markets.

**Rates and Valuation:** In the quarter, the 10-year AAA-rated municipal bond yield rose from 1.96% to 2.00%. Its low for the quarter was 1.76% and would likely have finished the quarter at that level if not for a small selloff in the final days of the quarter.

**Municipal Credit Events:** Hurricane Maria had a catastrophic effect on Puerto Rico, which, as a U.S. commonwealth is able to issue municipal debt that is tax-exempt in all 50 states. Prior to hurricane Maria, Puerto Rico was in default on its debt and in negotiations with debt holders. These negotiations were already going poorly for bondholders, as Puerto Rico's economy has not recovered from the Great Recession of 2008, and the island continues to face a population exodus. While Puerto Rico's bonds were highly popular as investors were attracted to their higher yields and tax-exempt status, we remained skeptical. Even as its credit situation was deteriorating in early 2014, Puerto Rico was issuing more debt, and had to increase the issuance to meet investor demand. As of first week of October, these bonds were trading at approximately 38 cents on the dollar and not making any coupon payments. The Westcore Municipal Opportunities Fund does not hold any uninsured Puerto Rico debt and we remain skeptical of recovery values. That being said, we have spent significant time trying to see if there are any "babies being thrown out with the bathwater." While we are currently not comfortable with any uninsured Puerto Rico bonds at any price, we do believe there may be an excellent opportunity to buy some of the bonds that are backed by what we believe to be the strongest insurer in the municipal market. As a refresher, if a municipal bond is insured and the issuer stops making payments, the insurer steps in and pays all principal and interest on those bonds. So, while we really have no interest in Puerto Rico's bonds right now, we believe we are able to buy a strong, well run, and sufficiently capitalized insurer at very attractive double tax-exempt yields.

### Fund Performance

The Westcore Municipal Opportunities Fund returned 1.66% for the quarter. This compares to a return of 0.93% for its benchmark, the Bloomberg Barclays U.S. 1-15 Year Municipal Bond Index.

### Outlook and Positioning

**Credit Positioning:** We remain optimistic about municipal bonds. Slow steady growth since the recession has made its way into municipal revenues. We continue to remain more bullish on revenue bonds and issuers that have limited exposure to long-term pension liabilities.

**Opportunistic Positioning:** We currently see value in short-duration taxable municipal bonds and have added holdings in this sector to the Fund. With shorter duration tax-exempt bonds currently priced high, we believe this is a potential opportunity to increase after tax yield.

**Duration:** The Fund's effective duration as of September 30, 2017 was 6.30 and its average maturity was 13.6 years. This is a longer effective duration and maturity than the benchmark.

### Past performance does not guarantee future results.

*The Manager Commentaries contain certain forward-looking statements about the factors that may affect the performance of the Funds in the future. These statements are based on Fund management's predictions and expectations concerning certain future events and their expected impact on the Funds, such as performance of the economy as a whole and of specific industry sectors, changes in the levels of interest rates, the impact of developing world events, and other factors that may influence the future performance of the Funds. Management believes these forward-looking statements to be reasonable, although they are inherently uncertain and difficult to predict. Actual events may cause adjustments in portfolio management strategies from those currently expected to be employed.*

Source for Bloomberg Barclays U.S. 1-15 Year Municipal Bond Index data, CMS Bond Edge.

The **Bloomberg Barclays U.S. 1-15 Year Municipal Bond Index** measures the performance of investment grade (Moody's Investor Services Aaa to Baa, Standard and Poor's Corporation AAA to BBB) general obligation and revenue bonds with maturities ranging from 1 to 17 years. It is a broad index that is representative of the tax-exempt bond market.

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#### DEFINITION OF TERMS

**Credit Quality:** The credit quality of the investments in the Fund's portfolio does not apply to the safety and stability of the Fund and are subject to change. Ratings are assigned by one or more Nationally Recognized Statistical Rating Organizations (NRSRO), such as Standard & Poor's, and typically range from AAA (highest) to D (lowest). When ratings from two NRSROs are available, the lowest rating is used. Bonds not rated by an NRSRO are included in the Not Rated category, which does not necessarily indicate low quality.

**Effective Maturity:** The date on which a bond, other debt or security is due to be repaid.

**Effective Duration:** A measure of price sensitivity resulting from changes in the yield of a bond.

**REIT:** A REIT is a real estate investment trust. REITs are securities that sell like a stock on a major exchange. REITs invest directly in real estate, either through properties or mortgages.

**Standard Deviation:** A statistical measure of the historical volatility of a fund.

#### BOND RATING CATEGORIES

**AAA:** An obligation rated "AAA" (Aaa) has the highest rating assigned by Standard & Poor's (Moody's). The obligor's capacity to meet its financial commitment on the obligation is extremely strong.

**AA:** An obligation rated "AA" (Aa) differs from the highest rated obligations only in small degree. The obligor's capacity to meet its financial commitment is very strong.

**A:** An obligation rated "A" (A) is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligations in higher-rated categories. However, the obligor's capacity to meet its financial commitment on the obligation is still strong.

**BBB:** An obligation rated "BBB" (Baa) exhibits adequate protection parameters. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitment on the obligation.

**Below BBB:** Obligations rated "BB" (Ba), "B" (B), "CCC" (Caa), "CC" (Ca) and "C" (C) are regarded as having significant speculative characteristics. "BB" (Ba) indicates the least degree of speculation and "C" (C) the highest. While such obligations will likely have some quality and protective characteristics, these may be outweighed by large uncertainties or major exposures to adverse conditions.

**Non-Rated:** These bonds are not rated.

#### FOR MORE INFORMATION ABOUT WESTCORE FUNDS, PLEASE CONTACT:

Westcore Funds | 1290 Broadway, Suite 1100 | Denver, Colorado 80203  
Individual Investors: 800.392.CORE (2673) | Financial Advisors: 800.734.WEST (9378) | [www.westcore.com](http://www.westcore.com)

**An investor should consider investment objectives, risks, charges and expenses of the Fund(s) carefully before investing. To obtain a prospectus, which contains this and other important information about the Fund(s), please call 800.392.CORE (2673) or visit [www.westcore.com](http://www.westcore.com). Please read the prospectus carefully before investing.**

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