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800-999-0887
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# THOMPSON BOND FUND® - THOPX

**SEPTEMBER 30, 2024**

## Investment Objective

The Thompson Bond Fund seeks a higher level of current income while preserving capital.

## Investment Philosophy

A bondholder is generally rewarded with yield for the risk that either prevailing market rates change prior to a bond's maturity or that the bond defaults. We believe in taking these risks only when we believe shareholders are adequately compensated. To that end, based on current conditions we rotate the fund's holdings between longer and shorter maturity bonds, as well as between the sectors of the market such as government, corporate and agency debt. In addition, the portfolio is structured to maintain at least a minimum credit quality and maximum duration at all times. We attempt to maximize the portfolio's yield relative to these constraints.

## Fund Facts

Fund Inception: February 10, 1992
Dividend Frequency: Quarterly
Sales Charge: None
Distribution (12b-1) Fees: None
Redemption Fees: None
Minimum Opening Investment: $250
Minimum Subsequent Investment: $50

★★★★★

**Overall Morningstar Rating™**
**Among 522 Short Term Bond Funds**
**as of 9/30/24**

(Derived from a weighted average of the fund's three-, five-, and ten-year risk-adjusted return measures).

## Asset Allocation

| | |
|---|---|
| Corporate Bonds | 64.72% |
| Commercial Mortgage-Backed Securities | 14.25% |
| Asset-Backed Securities | 13.56% |
| U.S. Government Agency Mortgage-Backed Securities | 2.76% |
| U.S. Government & Agency Securities | 2.43% |
| U.S. Treasury Bills | 2.07% |
| Cash & Cash Equivalents | 0.17% |
| Taxable Municipal Bonds | 0.02% |
| Residential Mortgage-Backed Securities | 0.01% |
| Convertible Bonds | 0.01% |
| | 100.00% |

**Investment-Grade Quality**
**Short-Term Maturity**

Average Annual Total Returns 09/30/24

| | 1 Year | 3 Year | 5 Year | 10 Year |
|---|---|---|---|---|
| Thompson Bond Fund | 14.10% | 2.86% | 2.81% | 3.04% |
| Bloomberg U.S. Gov't/Credit 1-5 Year Index | 8.10% | 0.94% | 1.54% | 1.78% |
| Bloomberg U.S. Credit 1-5 Year Index | 9.39% | 1.50% | 2.12% | 2.36% |

| Expense Ratios | |
|---|---|
| Expense Ratio | 0.75% |

| Additional Portfolio Characteristics - As of 9/30/24 | |
|---|---|
| 30-Day SEC Yield | 5.82% |

*Performance data quoted represents past performance: past performance does not guarantee future results. The investment returns 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 800-999-0887 or visiting www.thompsonim.com. Investment performance reflects fee waivers in effect. In the absence of such waivers, the returns would be reduced. The performance information reflected in the table above does not reflect the deduction of taxes that a shareholder would pay on fund distributions or the redemption of fund shares.*

The Bloomberg U.S. Government/Credit 1-5 Year Index is a market value weighted performance index which includes virtually every major U.S. government and investment-grade rated corporate bond with 1-5 years remaining until maturity. The Bloomberg U.S. Credit 1-5 Year Index is a market value weighted performance index which includes virtually every major investment-grade rated corporate bond with 1-5 years remaining until maturity that serves as a supplementary benchmark. You cannot invest directly in an index. Bloomberg® is a trademark and service mark of Bloomberg Finance L.P.

SEC Yield is a standardized yield computed by dividing the net investment income per share earned during the 30-day period prior to quarter-end and was created to allow for fairer comparisons among bond funds.

***Mutual fund investing involves risk, principal loss is possible. Investments in debt securities typically decrease in value when interest rates rise. The risk is usually greater for longer-term debt securities. Investments in asset-backed and mortgage-backed securities include additional risks that investors should be aware of such as credit risk, prepayment risk, possible illiquidity and default, as well as increased susceptibility to adverse economic developments. Investments in bonds of foreign issuers involve greater volatility, political and economic risks, and differences in accounting methods. Investment by the Fund in lower-rated and non-rated securities presents a greater risk of loss to principal and interest than higher-rated securities. Results include the reinvestment of all dividends and capital gains distributions.***

While the fund is no-load, management and other expenses still apply.

*Quasar Distributors, LLC distributor.*

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## Portfolio Statistics

| | |
|---|---|
| Fund Assets: | $1.44 billion |
| Net Asset Value: | $10.38 |
| Duration | 1.85 |
| Number of Holdings | 412 |

## Portfolio Concentration

| | |
|---|---|
| AAA | 0.20% |
| AA | 7.53% |
| A | 13.23% |
| BBB | 60.23% |
| BB & Below | 16.93% |
| Not Rated | 1.72% |
| Cash | 0.16% |
| Grand Total | 100.00% |

Ratings provided by Standard & Poor's, Moody's, and Fitch. When ratings are available from multiple rating agencies, a conservative methodology is to be adopted: For cases where there are three distinct ratings available, use the middle-quality rating (dropping the highest and lowest ratings); if two different ratings are available, use the lower rating; if only one agency rates a holding, then use that rating. For certain securities that are not rated by any of these three agencies, credit ratings from other agencies may be used. For cases where there is not a rating available from any agency, the holding is classified as Not Rated. Ratings are measured on a scale that generally ranges from AAA (highest) to D (lowest). Each security in the Fund is assigned the highest credit quality rating provided by a nationally recognized statistical rating organization (e.g. S&P, Moody's, Fitch) to determine compliance with the quality requirements stated in its Prospectus.

## Largest Bond Holdings

| Issuer | % of Net Assets |
|---|---|
| U.S. Treasury | 3.77% |
| Lincoln National | 2.94% |
| JPMBB Commercial Mortgage Securities Trust | 1.92% |
| Labrador Aviation Finance | 1.82% |
| Morgan Stanley BAML Trust | 1.68% |
| Wells Fargo Commercial Mortgage Trust | 1.68% |
| Coinstar Funding | 1.61% |
| Ginnie Mae | 1.60% |
| COMM Mortgage Trust | 1.55% |
| WFRBS Commercial Mortgage Trust | 1.43% |

Portfolio holdings and sector allocation are subject to change and are not a recommendation to buy or sell any security.

## Portfolio Management Team

**James T. Evans, CFA**
Mr. Evans, Chief Investment Officer, graduated summa cum laude from Macalester College with a B.A. degree in Economics and Computer Science. He also earned an M.B.A. in Finance and Accounting and an M.S. in Finance from the University of Wisconsin-Madison.

**Jason L. Stephens, CFA**
Mr. Stephens, Chief Executive Officer, received a B.S. in English and Communication Arts, an M.A. in Arts Administration and an M.S. in Finance, each from the University of Wisconsin-Madison.

## Distribution Payments

| Dates | Income | Short-Term Capital Gain | Long-Term Capital Gain |
|---|---|---|---|
| 9/24/2024 | 0.1400 | — | — |
| 6/25/2024 | 0.1400 | — | — |
| 3/27/2024 | 0.1400 | — | — |
| 12/21/2023 | 0.1484 | — | — |

*The Morningstar Rating™ for funds, or "star rating", is calculated for managed products (including mutual funds, variable annuity and variable life subaccounts, exchange-traded funds, closed-end funds, and separate accounts) with at least a three-year history. Exchange-traded funds and open-ended mutual funds are considered a single population for comparative purposes. It is calculated based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a managed product's monthly excess performance, placing more emphasis on downward variations and rewarding consistent performance. The top 10% of products in each product category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars, and the bottom 10% receive 1 star. The Overall Morningstar Rating for a managed product is derived from a weighted average of the performance figures associated with its three-, five-, and 10-year (if applicable) Morningstar Rating metrics. The weights are: 100% three-year rating for 36-59 months of total returns, 60% five-year rating/40% three-year rating for 60-119 months of total returns, and 50% 10-year rating/30% five-year rating/20% three-year rating for 120 or more months of total returns. While the 10-year overall star rating formula seems to give the most weight to the 10-year period, the most recent three-year period actually has the greatest impact because it is included in all three rating periods. The Thompson Bond Fund was rated against the following numbers of U.S.-domiciled Short-term Bond funds over the following time periods: 522 funds in the last three years, 486 funds in the last five years, and 366 funds in the last ten years for the period ending 9/30/24. With respect to these Short-term Bond funds, Thompson Bond Fund received a Morningstar Rating of 5, 4, and 5 stars for the three-, five- and ten-year periods. ©2024 Morningstar, Inc. All Rights Reserved. The information contained herein: (1) is proprietary to Morningstar; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information.* ***Past performance is no guarantee of future results.***

**Credit quality breakdown: Investment Grade Above BBB 11.74%, Investment Grade BBB Rated 31.58%, Below Investment Grade 6.35%, Unrated 50.17%. Investment grade refers to a bond with a credit rating of BBB- or higher by Standard and Poor's. Ratings are based on the corporate bond model. Additional information regarding the ratings of securities held in the Fund's portfolio, including information pertaining to securities that have not been rated by Standard & Poor's but have been rated by another Nationally Recognized Statistical Credit Rating Organization, is available in the Portfolio Concentration table above. The higher the rating the more likely the bond will pay back par/100 cents on the dollar. Below investment grade refers to a security that is rated below investment grade. These securities are seen as having higher default risk or other adverse credit events, but have typically paid higher yields than better quality bonds. They are less likely to pay back 100 cents on the dollar.**

Compared to a portfolio that is more evenly allocated between government and corporate bonds, a portfolio that is heavily allocated to corporate bonds may provide higher returns, but is also subject to greater levels of credit and liquidity, risk and to greater price fluctuations.

**Duration:** 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.

**Yield:** The income earned from a bond, which takes into account the sum of the interest payment, the redemption value at the bond's maturity, and the initial purchase price of the bond.

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***SEPTEMBER 30, 2024***

## Performance

The Bond Fund produced a total return of 3.24% for the quarter ended September 30, 2024, as compared to its benchmark, the Bloomberg U.S. Government/Credit 1-5 Year Index, which returned 3.50% and as compared to the Bloomberg U.S. Credit 1-5 Year Index, which returned 3.71%. This brings the year-to-date return of the Fund to 9.99% versus 4.50% and 5.23% for its benchmark and the Bloomberg U.S. Credit 1-5 Year Index, respectively.

## Management Commentary

The third quarter was another rewarding one for shareholders, as the total return of the Fund in 2024 is now just below 10%. During the quarter, bonds in general were aided by a decline in average yields across the Treasury curve, as investors priced in the rate-cutting cycle that the Federal Reserve eventually began in September. As of early October, the market expects two more 25 basis point cuts in the fourth quarter, and a terminal Fed Funds rate somewhere near 3.25% by the end of 2025. Money market yields should eventually converge near this rate too. If this expectation proves to be correct, we believe the Fund is well positioned to provide competitive returns against either intermediate term or money market funds given its 5.82% 30-day SEC yield as of 9/30/24.

Assuming market expectations are correct, the Treasury curve will soon be upwardly sloping throughout the curve for the first time since July 2022. This has important implications as to what maturity bonds we believe offer the best risk/reward tradeoff for shareholders. In a typical upward sloping curve, there is a point somewhere between the 1- and 7-year maturity range where the curve is the steepest. Beyond this range the curve is usually somewhat flatter going out to longer maturity 10- and 30-year bonds. By creating a ladder of bonds within this 1-7 year range the Fund's holdings can benefit from "riding down the curve". All else equal, each year a bond in such a curve environment typically returns both its coupon and a bit from relative price appreciation to reflect the fact that the bond now has one year less until maturity. This ladder strategy was a key facet behind the Fund's performance during the 2010-2019 time period, and one we look forward to implementing again.

Importantly, we believe the benefits of a rate-cutting cycle are already fully reflected in the 10-year Treasury yield. Since 1982, the 10-year Treasury has typically traded at least 1% higher than the 3-month Treasury, with exceptions generally associated with the onset of a recession. To the degree that the current environment appears to be more in line with a soft-landing scenario, we believe the spread between these two maturities will be at least 1% once the Federal Reserve is done cutting rates to the expected 3.25% range. This suggests a 10-year yield of 4.25% or more by late 2025. This is a higher rate than where the 10-year traded at the end of the third quarter of 2024, suggesting investors in intermediate bonds could face a negative headwind from rising rates. And without the benefit of falling rates, we believe the 30-day SEC yield of the fund of 5.82% is more than enough to be competitive with longer maturity strategies.

At the beginning of 2024 we wrote that as portfolio managers we thought the Fund's opportunity set was as attractive as it had ever been during our 15-year management tenure. Nearly 10% later, we still feel the Fund is an attractive holding that offers competitive returns versus alternatives. We look forward to finishing the year strong and to a prosperous 2025.

***Before you invest in the Funds, please refer to the prospectus for important information about the investment company, including investment objectives, risks, charges and expenses. You may also obtain a hard copy of the prospectus by calling 1-800-999-0887. The prospectus should be read carefully before you invest or send money.***

*Opinions expressed are subject to change, are not guaranteed and should not be considered investment advice.*

*The federal government guarantees interest payments from government securities while corporate bond interest payments carry no such guarantee. Government securities, if held to maturity, guarantee the timely payment of principal and interest.*

*Ratings provided by Standard & Poor's, Moody's, and Fitch. When ratings are available from multiple rating agencies, a conservative methodology is to be adopted: For cases where there are three distinct ratings available, use the middle-quality rating (dropping the highest and lowest ratings); if two different ratings are available, use the lower rating; if only one agency rates a holding, then use that rating. For certain securities that are not rated by any of these three agencies, credit ratings from other agencies may be used. For cases where there is not a rating available from any agency, the holding is classified as Not Rated. Ratings are measured on a scale that generally ranges from AAA (highest) to D (lowest). Each security in the Fund is assigned the highest credit quality rating provided by a nationally recognized statistical rating organization (e.g. S&P, Moody's, Fitch) to determine compliance with the quality requirements stated in its Prospectus.*

*Credit Ratings are provided by Standard & Poor's, who assign a rating based on their analysis of the issuer's creditworthiness. The highest rating given is AAA and the lowest is C.*

*The purpose of Moody's ratings is to provide investors with a simple system of gradation by which relative creditworthiness of securities may be noted. Gradations of creditworthiness are indicated by rating symbols, with each symbol representing a group in which the credit characteristics are broadly the same. The highest rating assigned by Moody's is AAA and the lowest is C.*

**Basis Points:** A unit that is equal to 1/100th of 1%, and is used to denote the change in a financial instrument. The basis point is commonly used for calculating changes in interest rates, equity indexes and the yield of a fixed-income security.

**SEC Yield:** A standardized yield computed by dividing the net investment income per share earned during the 30-day period prior to quarter-end and was created to allow for fairer comparisons among bond funds.

**Yield:** The income earned from a bond, which takes into account the sum of the interest payment, the redemption value at the bond's maturity, and the initial purchase price of the bond.

**Yield Curve:** A line that plots the interest rates, at a set point in time, of bonds having equal credit quality but differing maturity dates.

**Past performance is not a guarantee of future results.**

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