



**TACTICAL**  
FUND ADVISORS

# 4Q COMMENTARY 2023

[www.tfafunds.com](http://www.tfafunds.com)  
513.987.4458

# **TFA Tactical Income Fund**

## **Class I: TFAZX | Class A: TFALX**

### **Sub-Advisor Commentaries**

Heritage Capital Advisors, LLC

Synergy Asset Management, LLC

# Performance

## TFA Tactical Income Fund (Fund Inception 06/10/2019)

### Performance

	2020	2021	2022	YTD	1mo.	3mo.	6mo.	1yr.	3yr.	Since Inception (Annualized)
TFA Tactical Income I	2.99%	5.82%	-9.94%	-0.20%	3.29%	4.81%	1.22%	-0.20%	-1.66%	0.52%
Bloomberg Aggregate Bond Treasury TR USD**	8.00%	-14.50%	-11.07	5.53%	3.83%	6.82%	3.37%	5.53%	-3.31%	0.15%
US Fund Nontraditional Bond*	3.29%	1.53%	-6.38%	6.81%	2.18%	4.09%	4.24%	6.81%	0.51%	1.65%

Class I: TFALX has a gross expense ratio of 2.44%

**Performance Disclosure:** The performance data quoted here represents past performance, pulled on 12/31/2023. Current performance may be lower or higher than the performance data quoted above. Investment return and principal value will fluctuate, so that shares, when redeemed, may be worth more or less than their original cost. Since Inception performance is annualized. Past performance is no guarantee of future results. For performance data current to the most recent month end, please call 833-974-3787 or visit our website, [www.tfafunds.com](http://www.tfafunds.com)

**\*\* Benchmark Disclosure:** Economic factors, market condition and investment strategies will affect the performance of any portfolio and there are no assurances that this strategy will match or outperform any particular benchmark. There also cannot be any assurance that any risk control and drawdown objectives can be met relative to the benchmark. Morningstar Multistrategy portfolios offer investors exposure to two or more alternative investment strategies, as defined by Morningstar's alternative category classifications, through either a single-manager or multi-manager approach. Funds in this category typically have a majority of their assets exposed to alternative strategies, but at a minimum, alternatives must comprise greater than 30% of the strategy's gross exposure. The category includes funds with static allocations to alternative strategies as well as those that tactically adjust their exposure to different alternative strategies and asset classes. Multistrategy funds typically aim to have low to modest sensitivity to traditional market indexes, although that may not be the case for strategies with lower alternatives allocations.

# **TFA Tactical Growth Allocat Fund**

## **Class I: TFAFX | Class A: TFAEX**

### **Sub-Advisor Commentaries**

Heritage Capital Advisors, LLC

Howard Capital Management, LLC

Synergy Asset Management, LLC

# Performance

## Tactical Growth Allocation Fund (Fund Inception 06/10/2019)

### Performance

	2020	2021	2022	YTD	1mo.	3mo.	6mo.	1yr.	3yr.	Since Inception (Annualized)
Tactical Growth Allocation I	7.87%	16.18%	-24.14%	11.00%	-4.57%	-3.13%	4.91%	11.67%	2.04%	2.15%
Wilshire Liquid Alternative TR USD	6.73%	16.02%	-24.36%	2.39%	-0.74%	-0.20%	1.17%	4.00%	1.90%	1.65%
US Fund Multistrategy	1.42%	6.72%	-3.00%	4.55%	0.27%	1.47%	3.48%	7.13%	4.10%	2.88%

Class I: TFAEX has a gross expense ratio of 2.37%

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# **TFA Quantitative Fund (TFAQX)**

## **Sub-Advisor Commentary**

Heritage Capital Advisors, LLC

Howard Capital Management, LLC

# Performance

## TFA Quantitative Fund (Fund Inception 05/18/2020)

### Performance

	5/18/2020 - 12/31/2020	2021	2022	YTD	1mo.	3mo.	6mo.	1yr.	3yr.	Since Inception (Annualized)
TFA Quantitative I	18.13%	11.02%	-25.15%	23.25%	4.49%	8.47%	3.66%	23.25%	0.80%	5.41%
S&P 500 TR USD**	14.99%	28.17%	-18.11%	26.29%	4.54%	11.69%	8.04%	26.29%	10.00%	16.00%
US Fund Long-Short Equity*	28.51%	12.55%	-8.35%	9.94%	3.05%	5.98%	4.80%	9.94%	4.28%	7.73%

TFAQX has a gross expense ratio of 2.59%

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# TFA AlphaGen Growth Fund (TFAGX)

**Sub-Advisor Commentary**

Heritage Capital Advisors, LLC





# Performance

## TFA AlphaGen Growth Fund (Fund Inception 08/23/2021)

### Performance

	8/23/2021-12/31/2021	2022	YTD	1mo.	3mo.	6mo.	1yr.	3yr.	Since Inception (Annualized)
TFA AlphaGen Growth I	1.80%	-21.36%	18.50%	5.02%	9.37%	5.50%	18.50%	-	-2.21%
S&P Target Risk Growth Index**	3.13%	-19.02%	15.38%	4.51%	9.30%	5.67%	15.38%	2.88%	-0.12%
US Fund Aggressive Allocation*	2.00%	-15.27%	17.30%	5.46%	10.52%	6.90%	17.30%	3.90%	-0.69%

T FAGX has a gross expense ratio of 2.19%

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## Quarter in Review

In Q4 2023, financial markets saw notable gains, with major indices such as the Nasdaq Composite gaining +13.56%, the Dow Jones Industrial Average gaining +12.48%, and the S&P 500 gaining +11.24%. The bond market experienced a turnaround, surging by +5.54% in the quarter, and November marked a historic month with the Barclays Aggregate Bond Index recording its best monthly performance since 1997. Stocks had a positive quarter, but the S&P 500 failed to break through all-time highs.

## Portfolio Enhancements/Changes

As always, Heritage strategies continued to algorithmically shift during the quarter. However, there were no material changes to the portfolio approach. To review, Heritage employs multiple methodologies, multiple strategies, multiple managers, and multiple time frames. It is our belief that such an approach represents a more modern method of portfolio design and diversification.

## Looking Forward

Looking ahead, it is our view that stocks remain in a bull cycle. Our reasons to remain optimistic include: The economy remains solid. The labor market is strong. The consumer continues to show resilience. Inflation is trending lower. The Fed's rate hiking cycle is almost over. And earnings are projected to grow by double digits – to record highs. As such, our models tell us to remain seated on the Bull train, at least for now.

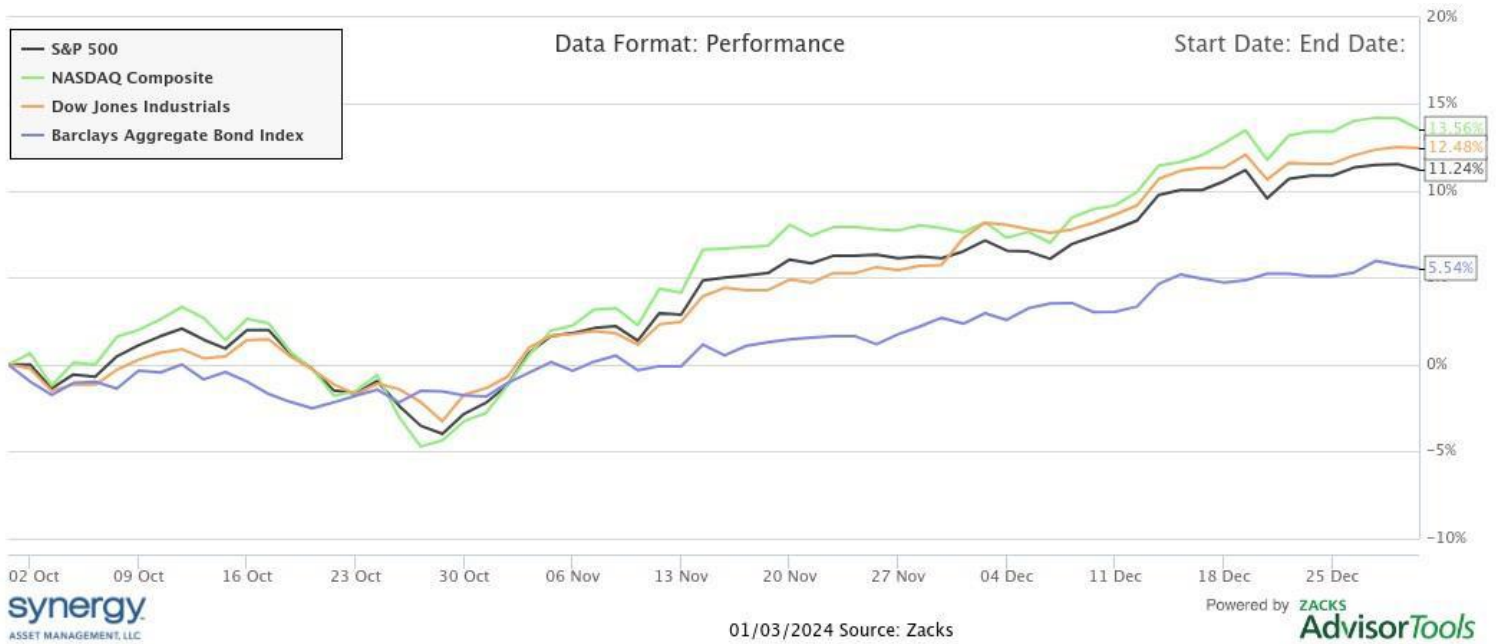
However, should the fundamental backdrop change in any meaningful way, it is important to remember that our models are designed to reduce exposure to market risk and attempt to preserve capital during negative market environments.

The views and opinions expressed herein are those of Heritage Capital Research and are subject to change without notice. The data and information provided is derived from sources deemed to be reliable but we cannot guarantee its accuracy. Investing in securities is subject to risk including the possible loss of principals.



### Quarter in Review

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Much of this recently positive performance across both stocks and bonds came as a result of a more dovish Federal Reserve, lighter than expected inflation, and a robust labor market. Notably in this quarter, the December FOMC meeting revealed that the Fed is openly discussing a rate cut, something that certainly contributed to the rally in equities and fixed income. Alongside a more dovish Fed, inflation continued to come down with the most recent CPI print in November demonstrating a 3.1% annual inflation rate. Coincidentally the labor market has remained quite strong, with weekly initial claims data hovering near the 200,000 mark and the November unemployment rate at just 3.7%. Overall, Q4 began with a more bearish outlook, with the market falling throughout October, but then gained bullishness through strong labor market data, lighter than expected inflation, and a Federal Reserve that has officially begun the conversation of rate cuts.

### Attribution from Individual Equity Sleeve (Top Five)

Name	Weight	Return	Contribution
Microsoft Corp	7.64	19.34	1.53
Amazon.com Inc	5.56	19.52	0.99
Intercontinental Exchange Inc	5.13	17.14	0.91
Meta Platforms Inc Class A	5.10	17.90	0.88
ResMed Inc	4.94	16.71	0.85

### Attribution from Asset Allocation Sleeve (Top Five)

Name	Weight	Return	Contribution
Communication Services Sel Sect SPDR®ETF	8.54	11.59	2.61
iShares US Home Construction ETF	3.62	18.97	2.11
iShares MSCI Global Gold Miners ETF	6.33	10.08	1.72
Invesco S&P 500® Quality ETF	8.43	7.53	1.69
VanEck Semiconductor ETF	3.68	10.01	1.15

### Portfolio Enhancements/Changes

Our investment approach throughout the fourth quarter remained largely the same, but was a bit more risk-on, as we saw opportunities for returns in the bullish market, following October's pullback. Inflation and the Federal Reserve were two vital catalysts in our process of forming views on the market, and as those factors shifted to be more positive, we similarly felt more bullish on the market. As always, we will continue to investigate and inform our approach through the lenses of inflation, interest rates, the Federal Reserve, corporate earnings, and geopolitical events, alongside perspectives of macroeconomic, fundamental, and technical factors as well.

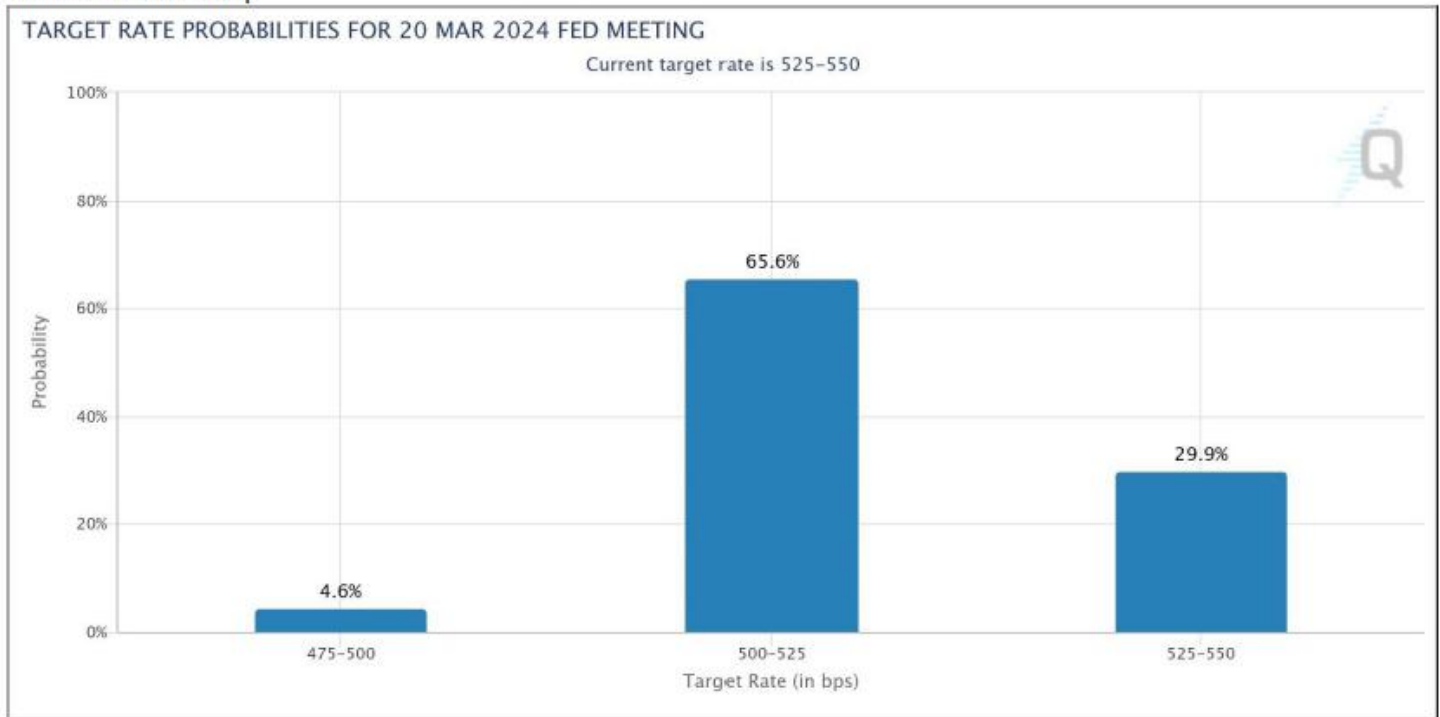
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## Looking Forward

Looking forward, we recognize a few risks that exist if realities do not meet the market's expectations. Specifically, an unforeseen increase in inflation could pose challenges for the market, the Fed, and the economy. The ongoing conflict in the Middle East may also pose challenges, both as a geopolitical risk to markets as well as an inflationary pressure if the conflict causes adverse impacts on oil prices. A sudden shut down or conflict in the Red Sea has the potential to cause a spike in energy prices very quickly, which would subsequently drive-up headline inflation as well.

Another critical factor for sustaining market optimism is whether expectations align with reality regarding potential Fed rate cuts. Presently, the market is anticipating a 70.2% probability (as of Jan. 5th, source: CME Group) of a cut by the March FOMC meeting. However, the Fed may not adopt such an aggressive stance. The upcoming Feb. 1st FOMC meeting will be crucial to our perspective on this risk, as we expect the Fed will provide additional insights into their stance and potential timeline. Additionally, by that time, another month of CPI and PCE inflation numbers will have been posted, giving them more data to inform their monetary policy decision and tone moving forward.

Source: CME Group



Beta is a measure of the volatility—or systematic risk—of a security or portfolio compared to the market as a whole. Beta is used in the capital asset pricing model (CAPM), which describes the relationship between systematic risk and expected return for assets (usually stocks).

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## Important Disclosures

An investment in the Fund is subject to investment risks, including the possible loss of the principal amount invested. There can be no assurance that the Fund will be successful in meeting its objectives. The risks associated with the Fund, detailed in the Prospectus, include the risks of investing in global stock and bond markets due to changes in currency exchange rates and unstable political, social, and economic conditions. The value of a security may decline due to general market conditions which are not specifically related to a particular company, such as real or perceived adverse economic conditions, changes in the general outlook for corporate earnings, changes in interest or currency rates or adverse investor sentiment generally. The value of a security may also decline due to factors which affect a particular industry or industries, such as labor shortages or increased production costs and competitive conditions within an industry. During a general downturn in the securities markets, multiple asset classes may decline in value simultaneously. Equity securities generally have greater price volatility than fixed income securities. Investments in securities issued by smaller capitalization companies (including micro cap, small cap and mid cap) involve greater risk than investments in large capitalization companies. The value of securities issued by smaller capitalization companies may go up or down, sometimes rapidly and unpredictably, due to narrower markets and more limited managerial and financial resources than large cap companies. The Fund's investments in smaller capitalization companies may increase the volatility of the Fund's portfolio.

The fund is distributed by Matrix 360 Distributors, LLC, member FINRA/SIPC. There is no affiliation between Matrix 360 Distributors, LLC and Tactical Fund Advisors, LLC.

Tactical Fund Advisors, LLC, located at 11726 Seven Gables Rd, Symmes Township, Cincinnati, OH 45249, is an investment adviser registered with the Securities and Exchange Commission (SEC). Registration with the SEC as an investment adviser should not be construed to imply that the SEC has approved or endorsed qualifications or the services Tactical Fund Advisors, LLC offers, or that its personnel possess a particular level of skill, expertise or training. Additional information about Tactical Fund Advisors is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## Risk Disclosures

Mutual Funds involve risk including the possible loss of principal. The Fund is new and has a limited history of operations. Therefore, limited performance information is presented for the Fund at this time.

The value of a specific security can be more volatile than the market as a whole, and can perform differently from the value of the market as a whole. The portfolio manager's judgments about the attractiveness, value and potential appreciation of particular stocks or other securities in which the Fund invests may prove to be incorrect and there is no guarantee that the portfolio manager's judgment will produce the desired results. Overall market risks may also affect the value of the Fund. Under certain market conditions the Fund may have significant investments in cash or cash equivalents.

**Management Risk** The portfolio managers' judgments about the attractiveness, value and potential appreciation of particular stocks or other securities in which the Fund invests or sells short may prove to be incorrect and there is no guarantee that the portfolio managers' judgment will produce the desired results. Additionally, the Adviser's judgments about the potential performance of the sub advisers may also prove incorrect and may not produce the desired results.

**Model Risk** Like all quantitative analysis, the sub advisers' investment models carry a risk that the mathematical models used might be based on one or more incorrect assumptions. Rapidly changing and unforeseen market dynamics could also lead to a decrease in short term effectiveness of the sub advisers' mathematical models. No assurance can be given that the Fund will be successful under all or any market conditions.

**Options Risk** There are risks associated with the sale and purchase of call and put options. As a seller ( of a put option, the Fund will tend to lose money if the value of the reference index or security falls below the strike price. As the seller ( of a call option, the Fund will tend to lose money if the value of the reference index or security rises above the strike price. As the buyer of a put or call option, the Fund risks losing the entire premium invested if the value of the reference index or security is below (above) the call (put) strike at maturity.

**Portfolio Turnover Risk** A higher portfolio turnover may result in higher transactional and brokerage costs associated with the turnover which may reduce the Fund's return, unless the securities traded can be bought and sold without corresponding commission costs. Active trading of securities may also increase the Fund's realized capital gains or losses, which may affect the taxes you pay as a Fund shareholder.

**Short Position Risk** The Fund may also take short positions, including shares of an ETF. A " short position is, in effect, similar to a sale in which the Fund sells a security it does not own but, has borrowed in anticipation that the market price of the security will decline. The Fund must replace a short security position by purchasing it at the market price at the time of replacement. Therefore, the potential loss on a " short position is unlimited.

***Carefully consider the Fund's investment objectives, risks and expenses carefully before investing. This and other information can be found in the Fund's prospectus, and if available, summary prospectus, which may be obtained by calling 833-974-3787 by visiting [www.tfafunds.com](http://www.tfafunds.com). Read the prospectus carefully before investing. Investing involves risk, including possible loss of capital.***