# The Tactical "Clearinghouse" Concept
# The Key is Flexibility.

The key to the "clearinghouse" concept is flexibility. In short, the approach affords the funds the ability to adjust allocations to strategists, managers and/or signal providers (who may not be eligible to be subadvisors due to their business models) without changing the prospectus. The approach is designed to stay true to the fund tactical objectives while allowing adjustments to strategy use over time.

As far as the "IP" behind the review/selection of the strategists, we follow a consistent approach to the funds. Our primary objective is to create diversification by strategy, manager, and time frame in order to deliver consistency of returns over time.

Strategies are selected based on the needs of each fund. We strive to keep a group of strategies working together designed to compete with the fund's benchmarks/Morningstar categories. We seek strategies that employ differing methodologies in order to avoid the "singular failure" problem that accompanies single manager funds.

In developing the fund allocations, we start with a "core" strategy, designed to compete directly with the benchmark/category. For example, in the Tactical Income Fund, we selected Folio Beyond (Yung Lim) to compete with Barclays Aggregate Bond, is the fund's primary benchmark and the Morningstar Non-Traditional Bond Category. We then selected bond sector rotation strategies, which are relative strength-based approaches designed to identify and participate in the leading sectors in the fixed income market. In addition, mean-reversion, econometric-based selection, hedging, and directional strategies are employed.

In selecting and reviewing strategy allocation we focus on each strategy's ability to deliver alpha, the strategy's volatility, upside and downside capture, as well as the correlation to the market and other strategies within the fund. We then monitor performance on a daily basis as well as portfolio statistics for each strategy monthly.

**Intellectual property (IP)** refers to **creations of the mind**, such as inventions; literary and artistic works; designs; and symbols, names, and images used in commerce.

**Mean reversion** - financial term for the assumption that an asset's price will tend to converge to the average price over time. Using mean reversion as a timing strategy involves both the identification of the trading range for a security and the computation of the average price using quantitative methods.

**Econometrics** - the use of statistical methods using quantitative data to develop theories or test existing hypotheses in economics or finance.

**Alpha is a term used in investing to** describe an investment strategy's ability to **beat the market, or it's edge. Alpha is thus also often** referred to as excess return or abnormal rate of return, which refers to the idea that markets are efficient, and so there is no way to systematically earn returns that exceed the broad market as a whole.

# TFAZX

We have designed an adaptive combination of multiple managers and strategies with the goal of more consistent outcomes. Our unique quantitatively-driven investment strategies build on a core of diversified bond ETFs, layering on blends of multiple econometric, trend-following, and mean-reversion approaches.

Econometric approaches weigh in on national economic health, matching the most historically favorable holdings to the current economic cycle. Trend following strategies work on the principal that recent trends will continue into the near future, while mean-reversion strategies utilize the concept of prices being overbought or oversold. Many of the funds sub-strategies may also use levered or inverse ETFs to potentially enhance performance in differing market environments, including those that may otherwise be fundamentally unfavorable to fixed income. All traded approaches may invest in the full spectrum of credit and duration ETFs, making the overall fund a go-anywhere tactical income approach.

Allocations among the sub-strategies may further be dynamically adjusted according to their cross-correlation, relative trend and volatility characteristics using a proprietary mechanism, permitting the concentration of strategies to further adapt to evolving markets. Finally, within the boundaries provided by Morningstar and the Morningstar Non-Traditional Bond Category, a maximum 15% allocation to hedged equity exposures is provided with the goal of further enhancing total fund returns while still targeting reduced downside risk and non-correlation appropriate to the fund category.

Designed to seek steady fixed income-focused returns featuring capital protective overlays and reduced interest rate correlation without the inherent risks of a singular manager approach.

# TFAUX

As the name implies, TFA Moderate Allocation fund is an active, tactically risk-managed fund utilizing a 50-70% equity allocation and 30-50% fixed income. Recognizing that its allocation funds required additional separation in terms of performance and potential target audience, Tactical Fund Advisors' Moderate Allocation Fund was reconstituted in September 2021 to enhance its focus on greater capital gains potential. While continuing to employ multiple managers and multiple strategies, the central focus of the fund is now to outpace the comparative benchmarks using a quantitatively driven rotation methodology that allows the fund to invest in any combination of sectors or asset classes.

We believe this modernized diversification approach provides the best potential to achieve the portfolio's risk and return objectives. A capital protective algorithm is also used to potentially minimize loss in a market downturn by moving investments towards significant cash or cash equivalent positions. TFA added Howard Capital Management as a new sub-advisor to the fund. They manage 85% of fund assets and have performed quite well since their addition last September 1.

# TFAFX

The TFA Growth Allocation fund is an active, tactically risk-managed fund utilizing a 70-90% equity allocation and 10-30% fixed income. Recognizing the allocation funds required additional separation in terms of performance and potential target audience, Tactical Fund Advisors' Growth Allocation Fund was also reconstituted in September 2021 to focus on greater capital gains potential. While continuing to employ multiple managers and multiple strategies, TFA added a 25% allocation to Howard Capital Management as a new sub-advisor to the fund specifically focused on alpha generation.

# TFAGX

In the process of an extensive review of Morningstar's top Tactical Allocation Funds, TFA found that even the best funds frequently move off and on the Morningstar leader-board. We attribute this phenomenon largely to singular strategies tied to specific investing approaches moving in and out of favor with changing market conditions.

In response, we have designed an adaptive combination of multiple managers and strategies with the goal of more consistent outcomes. Our unique quantitatively-driven investment strategies build on a strategic aggressive core portfolio reflecting an approximate 85/15 stocks versus bonds mix, layering on multiple stock selection, index trend-following, and index mean-reversion approaches.

Trend following strategies work on the principal that recent trends will continue into the near future, whereas mean-reversion strategies utilize the concepts of price being overbought or oversold. Many of the sub-strategies may also use levered or inverse ETFs to potentially enhance performance in differing market environments.

Allocations among the sub-strategies may further be dynamically adjusted according to their cross-correlation, relative trend, and volatility characteristics using a proprietary mechanism, permitting the concentration of strategies to further adapt to evolving markets.

Designed to seek steady, growth-oriented returns featuring capital protective overlays and reduced market correlation without the inherent risks of a singular manager approach.

# Summary

The four TFA Tactical mutual funds mentioned above are multi-manager funds. The two remaining TFA funds, TFA Multidimensional Tactical Fund (TFADX), and TFA Quantitative Fund (TFAQX) are currently single manger tactical funds. These two funds do not utilize the clearinghouse strategy but could add additional subadvisors.

**An investor should consider the Tactical funds' investment objectives, risks, charges, and expenses carefully before investing. This and other information about the Tactical funds are contained in the funds' prospectus, which can be obtained by calling 1-866-987-0915 or by visiting www.tfafunds.com. Please read the prospectus carefully before investing. The funds are distributed by Matrix 360 Distributors, LLC a FINRA/SIPC member. Tactical fund Advisors, LLC is not affiliated with Matrix 360 Distributors, LLC This is not a solicitation to offer investment advice or services in any state where to do so would be unlawful.**

Important Risk Information

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

Diversification does not ensure profit or prevent losses. This is an actively managed dynamic portfolio. There is no guarantee that any investment (or this investment) will achieve its objectives, goals, generate positive returns, or avoid losses.There is no guarantee that managers will be able to avoid future market losses by going risk off to cash. In addition, holding cash may carry the risk that a manager will not be invested during periods of positive market performance.
Morningstar Star Rating © 2021 Morningstar. All Rights Reserved. The Morningstar RatingTM 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 Morningstar Rating does not include any adjustment for sales loads. 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.

IETFs are investment companies whose shares are bought and sold on a securities exchange. Most ETFs are passively-managed, meaning they invest in a portfolio of securities designed to track a particular market segment or index. ETFs, like mutual funds, have expenses associated with their operation, including advisory fees. Such ETF expenses may make owning shares of the ETF more costly than owning the underlying securities directly. ETFs are managed by professionals and provide the investor with diversification, cost and tax efficiency, liquidity, marginability, are useful for hedging, can go long and 11 short, and some provide quarterly dividends. Additionally, some ETFs are unit investment trusts, which are unmanaged portfolios overseen by trustees. ETFs generally have two markets. The primary market is where institutions swap "creation units" in block-multiples of 50,000 shares for in-kind securities and cash in the form of dividends. The secondary market is where individual investors can trade as little as a single share during trading hours on the exchange. This is different from open-ended mutual funds that are traded after hours once the NAV is calculated. The risks of owning shares of a passively-managed ETF generally reflect the risks of owning the underlying securities the ETF is designed to track, although lack of liquidity in an ETF could result in its value being more volatile than the underlying portfolio of securities. There is a risk that an ETF in which a Fund invests may terminate due to extraordinary events that may cause any of the service providers to the ETFs, such as the trustee or sponsor, to close or otherwise fail to perform their obligations to the ETF. Also, because the ETFs in which a Fund intends to principally invest may be granted licenses by agreement to use the indices as a basis for determining their compositions and/or otherwise to use certain trade names, the ETFs may terminate if such license agreements are terminated. In addition, an ETF may terminate if its entire net asset value falls below a certain amount. Although a Fund believes that, in the event of the termination of an underlying ETF, it will be able to invest instead in shares of an alternate ETF tracking the same market index or another market index with the same general market, there is no guarantee that shares of an alternate ETF would be available for investment at that time. To the extent a Fund invests in a sector product, the Fund is subject to the risks associated with that sector. The Funds may invest in ETFs and other investment companies that invest directly in equity and fixed income securities, commodities, options, and other asset classes. By investing in ETFs and other investment companies, the Fund's will be exposed to the risks associated with these other asset classes. Leveraged ETFs contain all the risks that non-leveraged ETFs present. Additionally, to the extent the Fund invests in ETFs that achieve leveraged exposure to their underlying indexes using derivative instruments, the Fund will indirectly be subject to leverage risk, described below. Leveraged inverse ETFs seek to provide investment results that match a negative multiple of the performance of an underlying index. To the extent that a Fund invests in inverse ETFs (including leveraged inverse ETFs), the Fund will indirectly be subject to the risk that the performance of such ETF will fall as the performance of that ETF's benchmark rises. Leveraged, inverse and leveraged inverse ETFs often "reset" daily, meaning that they are designed to achieve their stated objectives daily. Because of compounding, their performance over longer periods of time can differ significantly from the performance (or inverse of the performance) of their underlying index or benchmark during the same period of time. These investment vehicles may be extremely volatile and can potentially expose an Underlying TFA Fund to complete loss of its investment.