Smart Sector® Strategy

MAY 2021

U.S. Market Update

The S&P 500 Total Return Index grew by more than 5.33% last month. The market has risen for ten of the last thirteen months.

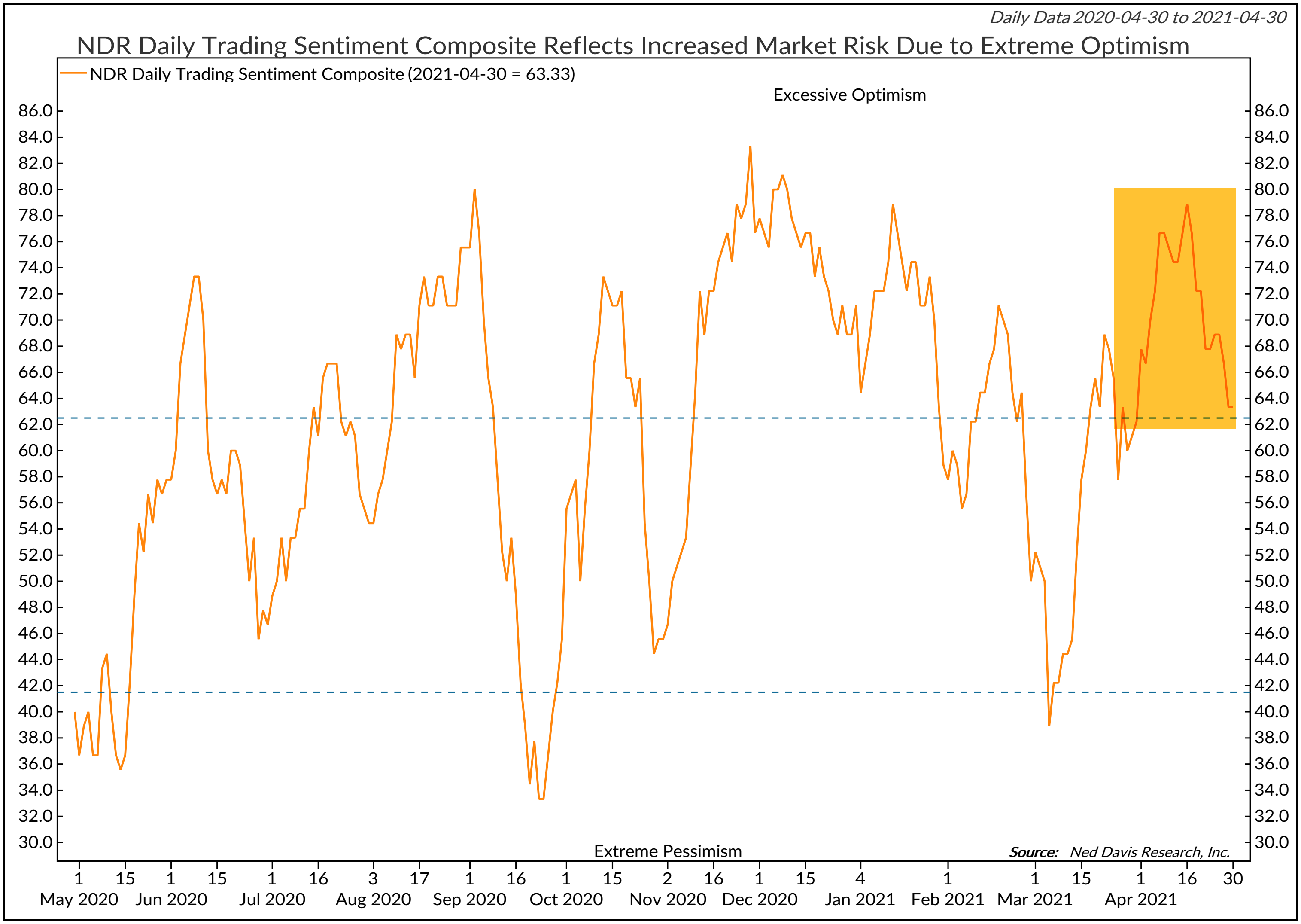
The Catastrophic Stop model continues to recommend a fully invested equity position.

At the start of the month, none of the technical (internal) indicators were bearish. Measures of global market breadth, U.S. stock participation, stock/bond relative strength, trend, and volume demand all reflect a favorable environment for stocks.

Three external (macro, fundamental, and behavioral) indicators were bearish at the end of April. The yield curve continues to suggest headwinds for the market. Also, defensive sector leadership reflects bearish positioning, as the combination of the Consumer Staples, Health Care, Utilities, and Telecommuncations Services trades above its long-term trend.

NDR's sentiment composite has returned to levels of extreme optimism (chart at bottom), indicating that investors have priced in a best-case scenario for the market.

For now, the weight of the evidence recommends that the Smart Sector™ strategy maintains a 100% equity allocation.



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Sector Performance Update

All eleven sectors produced positive returns last month. Real Estate (XLRE) was the top-performing sector during April, as it gained more than 830 basis points (bps). It was the best monthly return for XLRE in one year. XLRE has risen for six consecutive months.

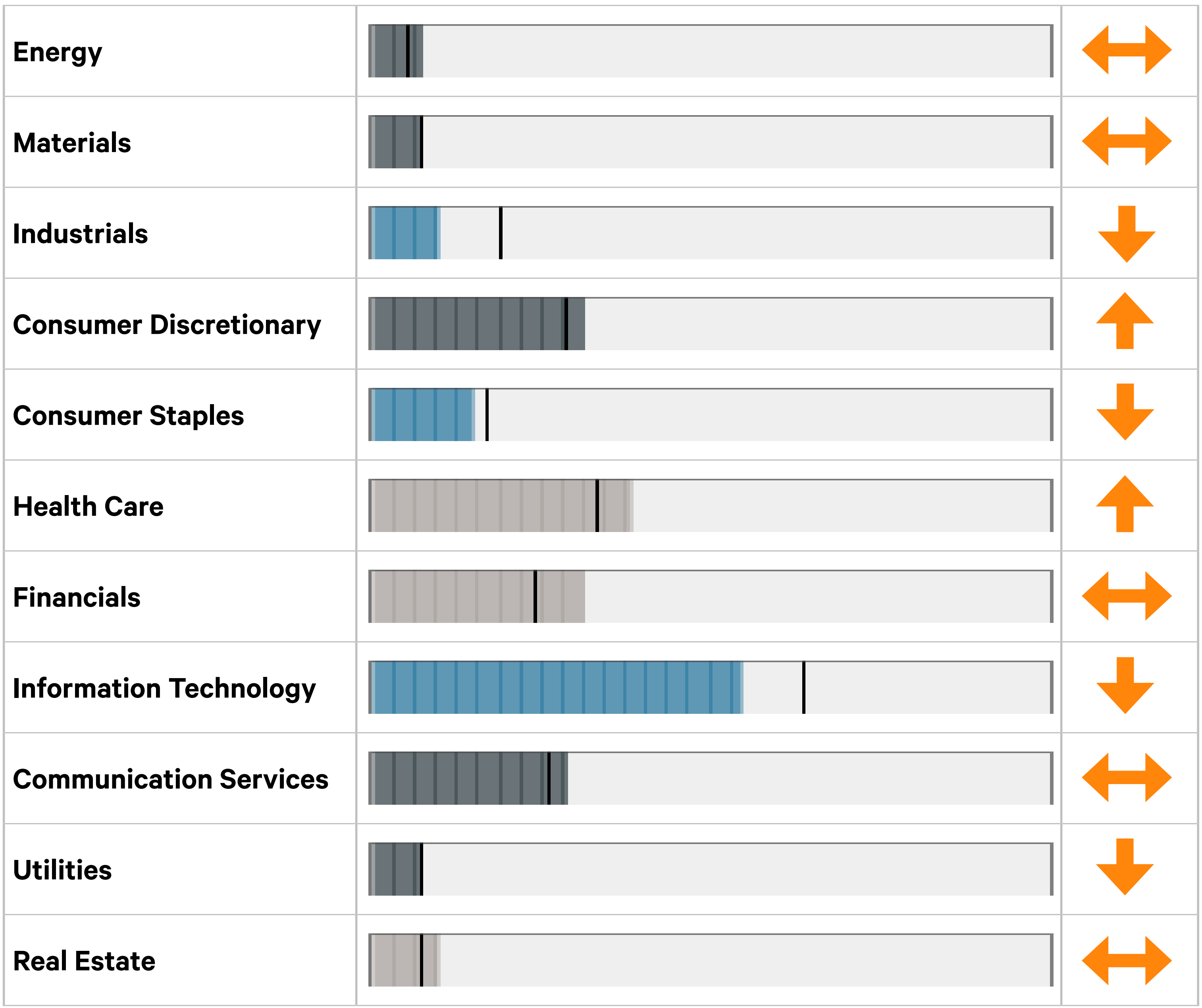
Communications Services (XLC), Consumer Discretionary (XLY), and Financials (XLF) all increased by more than 600 bps last month. All three sectors have risen for five of the last six months.

Materials (XLB) and Information Technology (XLK) both rose over 500 bps in April. XLB has gained more than 400 bps for three consecutive months. XLK had its best monthly return since December.

Utilities (XLU), Industrials (XLI), and Health Care (XLV) each gained over 350 bps last month. All three sectors have risen for at least five of the last eight months. XLI has gained more than 350 bps for three straight months.

Consumer Staples (XLP) and Energy (XLE) both increased by less than 200 bps. XLP has been the worst-performing sector over the first four months of this year. XLE has

Sector Allocation Summary



The vertical, black line represents the benchmark weight. The dark shading represents the sector's allocation. Shading significantly to the right (left) of the benchmark line represents an overweight (underweight) position. The direction of the arrow indicates whether the allocation increased, decreased, or remained approximately the same as the previous month.

risen for six straight months, but it was the sector's worst monthly return since October.

- The Financials sector's allocation rose by over 50 bps. The sector is more than 300 bps above benchmark. A Citi Economic Surprise indicator whipsawed back to a bullish reading. All but one of the sector's internal (price-based) indicators are bullish.

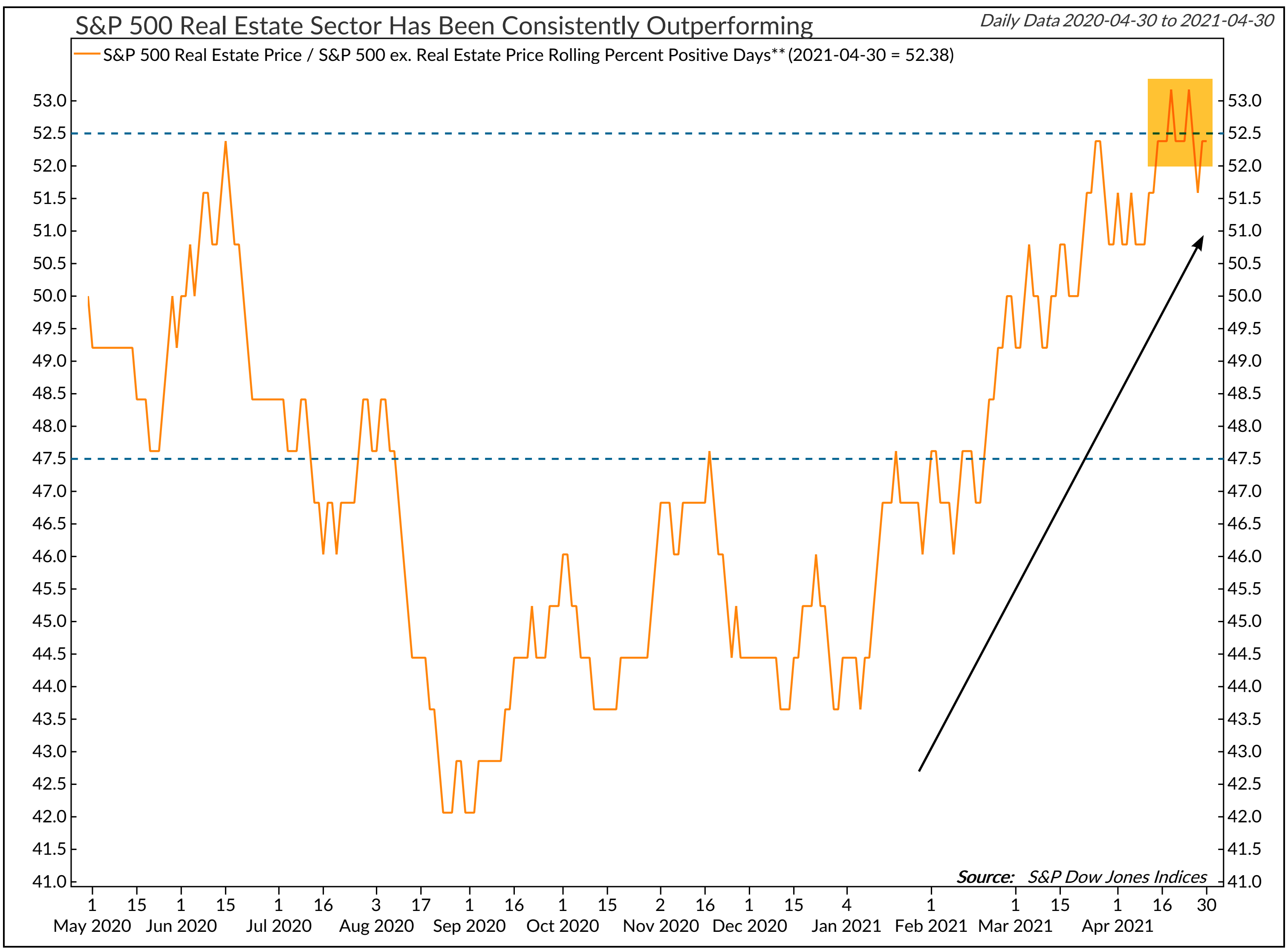
- The Health Care sector's allocation increased by over 300 bps to above benchmark weighting. Trend, price momentum, and breadth measures flashed new bullish signals. All of the sector's internals are bullish. Health Care new construction and option-adjusted spread measures produced new bearish readings, but they were partially offset by an earnings revisions indicator existing its bearish signal.

- The Real Estate sector's weighting improved to more than 100 bps higher than the benchmark. Industrial production construction supplies and return consistency (chart at bottom) measures produced new bullish readings. However, a trend indicator exited its bullish signal.

- The Consumer Discretionary sector's allocation increased by more than 300 bps to an above benchmark weighting. Housing starts, overbought/oversold, and trend indicators flipped from bearish to bullish. An intermediate-term trend measure produced a new bearish measure. Two-thirds of the sector's internals are bullish.

- The Communication Services sector's allocation remains less than 100 bps above benchmark allocation. An overbought/oversold measure exited its bullish reading, while a trend indicator flipped from bearish to bullish.

- The Energy sector's allocation slightly improved to less than 100 bps above the benchmark. A crude oil supply measure switched from bearish to bullish. Only one of the sector's external



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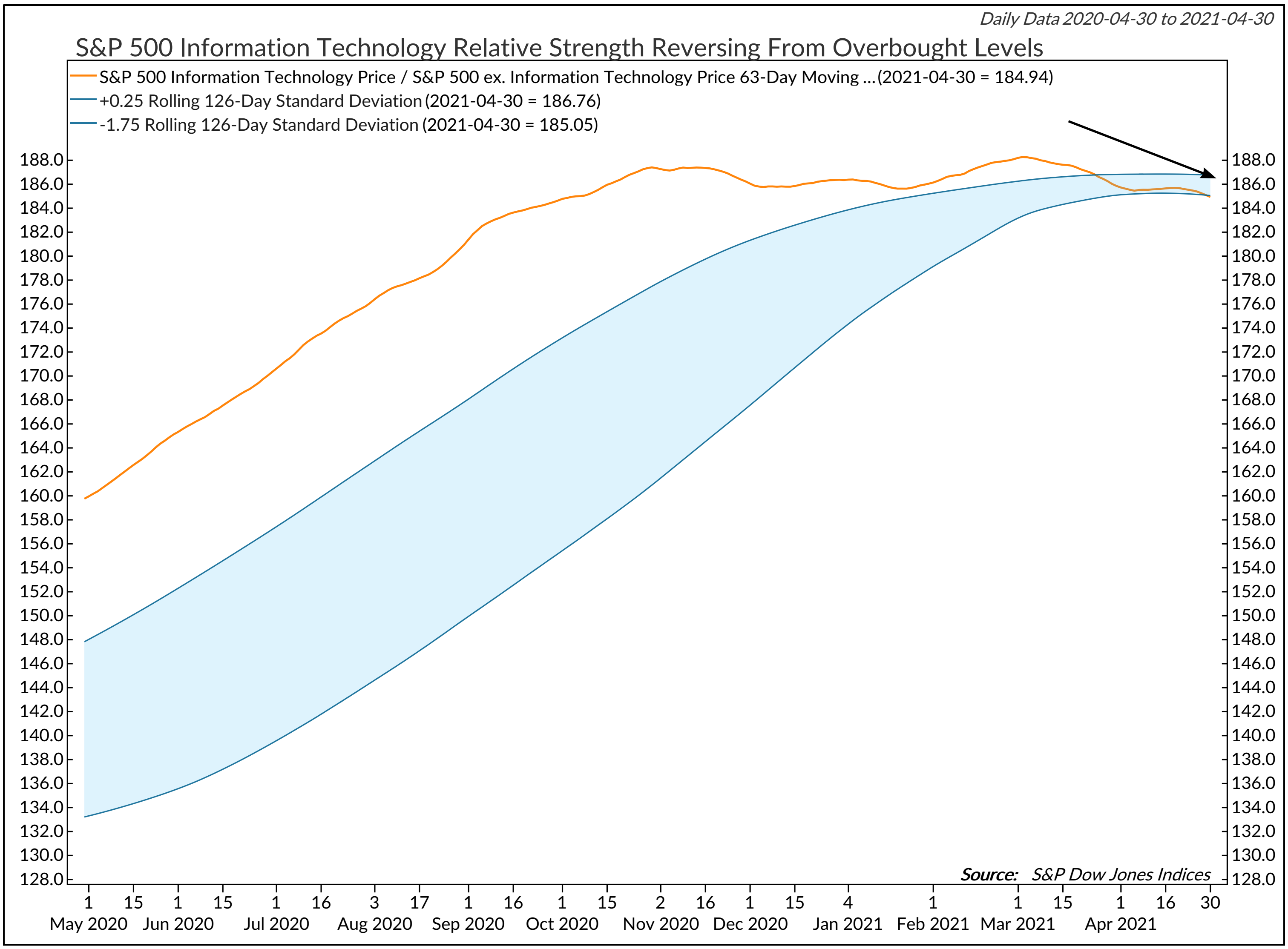
indicators is bearish.

- The Materials sector's allocation remains approximately 50 bps more than benchmark allocation. There were no indicator changes this month. More than half of the external indicators are bullish on the sector.
- The Utilities sector's weighting fell by over 100 bps. Trend, breadth, manufacturing, and capacity utilization measures generated new bearish readings. An overbought/oversold indicator exited it bullish reading. Relative trend, crude oil futures, and relative valuation indicators produced new bullish signals.
- The Consumer Staples sector's allocation dropped by over 100 bps to below benchmark weighting. Citi Economic Surprise and breadth indicators flashed new bearish readings. A price momentum measure produced a new bullish signal.
- The Information Technology sector's allocation fell to more than 400 bps below benchmark. An overbought/oversold indicator produced a new bearish signal (chart at bottom). All of the sector's internal indicators are bearish.
- Industrials' weighting fell by over 200 bps to more than 400 bps below benchmark allocation. A volatility indicator exited its bearish reading. However, two price momentum measures generated new bearish readings.



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Strategy description

- The Smart Sector® with Catastrophic Stop strategy combines two Ned Davis Research quantitative investment strategies: The NDR Sector Allocation and the NDR Catastrophic Stop.

The process is based on the weight of the evidence

- The fund begins by overweighting and underweighting the S&P 500 sectors based on Ned Davis Research's proprietary sector models.
- Each of the sector models utilize sector-specific, weight-of-the-evidence composites of fundamental, economic, technical, and behavioral indicators to determine each sector's probability of outperforming the S&P 500.
- Sectors are weighted accordingly relative to benchmark weightings.

When market risks become extraordinarily high — reduce your portfolio risk

- The model remains fully invested unless the Ned Davis Research Catastrophic Sell Stop (CSS) model is triggered, whereupon the equity-invested position is trimmed to 50%.
- The NDR Catastrophic Sell Stop model combines time-tested, objective indicators designed to identify periods of high risk for the broad U.S. equity market. The model uses price-based, breadth, deviation from trend, fundamental, economic, interest rate, behavioral and volatility-based indicator composites.

When market risks return to normal — put your money back to work

- When the NDR CSS model moves back to bullish levels, indicating lower risk, the strategy immediately moves back to fully invested.

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