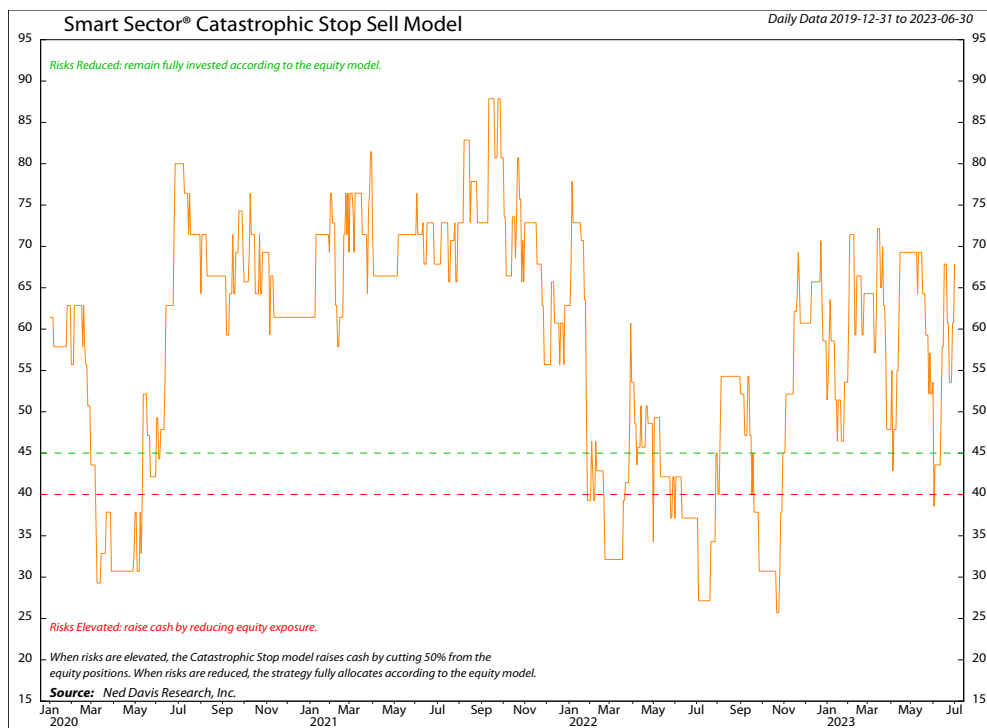


JULY 2023

Catastrophic Stop Update

The NDR Catastrophic Stop Sell model combines time-tested, objective indicators designed to identify high risk periods for the equity market. The model (chart right) improved from last month and entered July with a fully invested equity allocation recommendation.



© Copyright 2023 NDR, Inc. Further distribution prohibited without prior permission.
All Rights Reserved. See NDR Disclaimer at www.ndr.com/copyright.html
For data vendor disclaimers refer to www.ndr.com/vendorinfo/



Customized version of NDRIS_USSMM.RPT InternalSigs_NDRIS



© Copyright 2023 Ned Davis Research, Inc. Further distribution prohibited without prior permission. All Rights Reserved. See NDR Disclaimer at www.ndr.com/copyright.html.
For data vendor disclaimers refer to www.ndr.com/vendorinfo/

The model improvement was driven by two internal (price-based) measures that moved bullish during the month—stronger global stock market breadth and stock volume demand outpacing supply (chart left). While external influences such as trade and market sentiment moved bearish during the month, it was partly offset by a bullish reading from high-yield and emerging market bond breadth. Some of these indicators will need to improve if the stock market rally is going to continue deep into the second half of the year.

U.S. Market Update

The S&P 500 gained for a fourth month in a row, closing out the second quarter with an impressive return of over 6.5%. Breadth improved significantly—all 11 S&P 500 sectors registered positive returns in the month of June. Performance was led by cyclical sectors—Consumer Discretionary, Industrials, and Materials—all three posted double-digit returns (chart below).

This has been the most lopsided start to a bull market on record. Technology was responsible for over half of the initial 20% gain from the October low, the highest contribution for a single sector on record. Adding in the contributions from Consumer

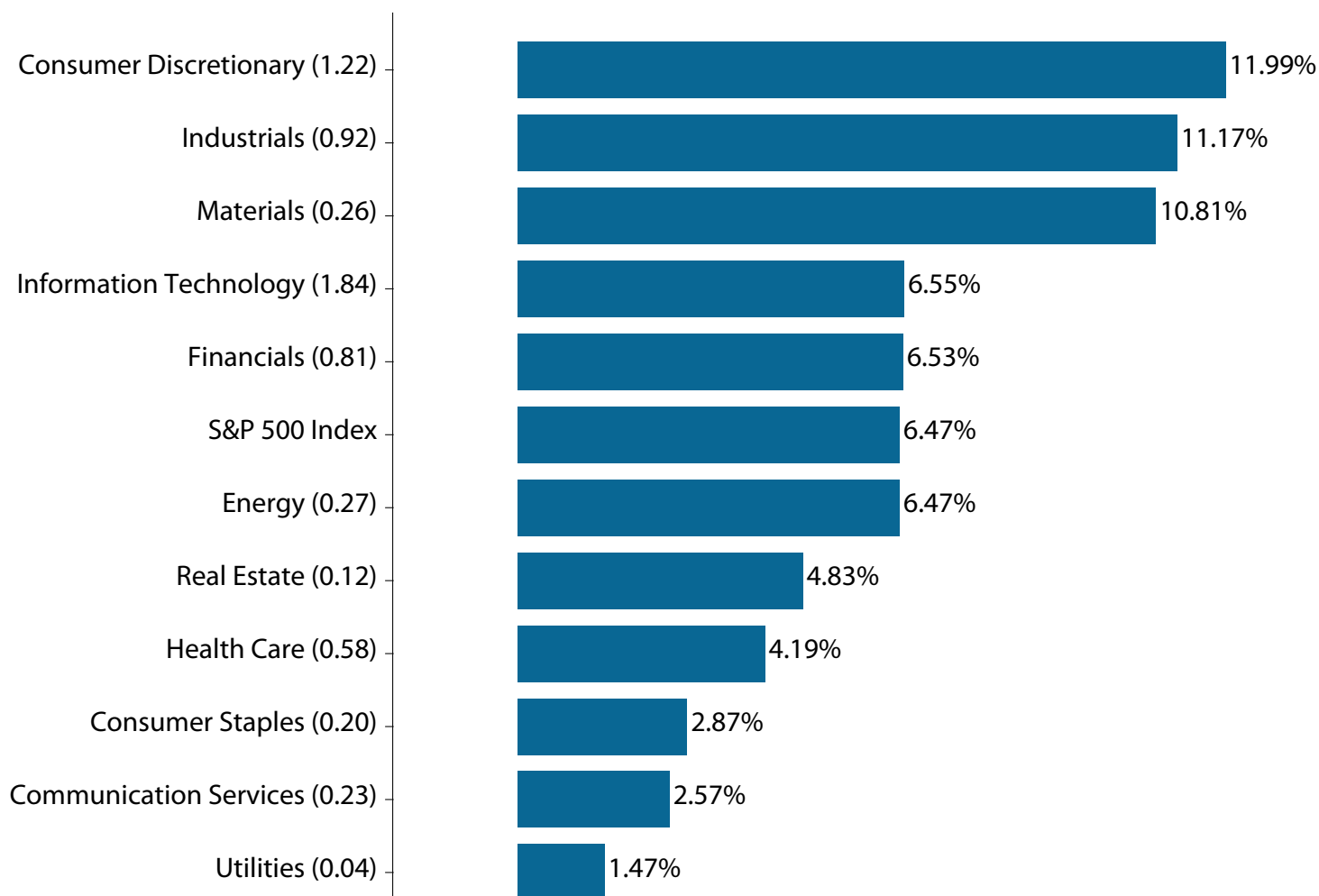
Discretionary and Communication Services, the three Growth sectors combined to make up nearly three-quarters of the gains from the bottom. The recent breadth improvement has not been accompanied by a decisive rotation in leadership, at least not yet.

The broad sector trends that began at the beginning of the year remain intact, with cyclical Growth sectors outperforming cyclical Value sectors, cyclical Value sectors outperforming defensive sectors, and cyclical Growth sectors outperforming defensive sectors. Several factors, including a continued slowdown in growth and

inflation, rising levels of optimism, Fed policy, and valuations could contribute to a leadership rotation in the 2H.

The sector model began to shift toward a mix of cyclical and defensive leadership during the month. Entering July, the sector model is overweight cyclical sectors such as Information Technology, Consumer Discretionary, and Industrials, as well as defensive sectors like Health Care and Utilities. Energy, Communication Services, and Real Estate moved to marketweight. Materials, Financials, and Consumer Staples remain underweight.

S&P 500 GICS Sector Monthly Performance (05/31/2023 - 06/30/2023)



Number in parenthesis after sector name indicates % point contribution to S&P 500 return

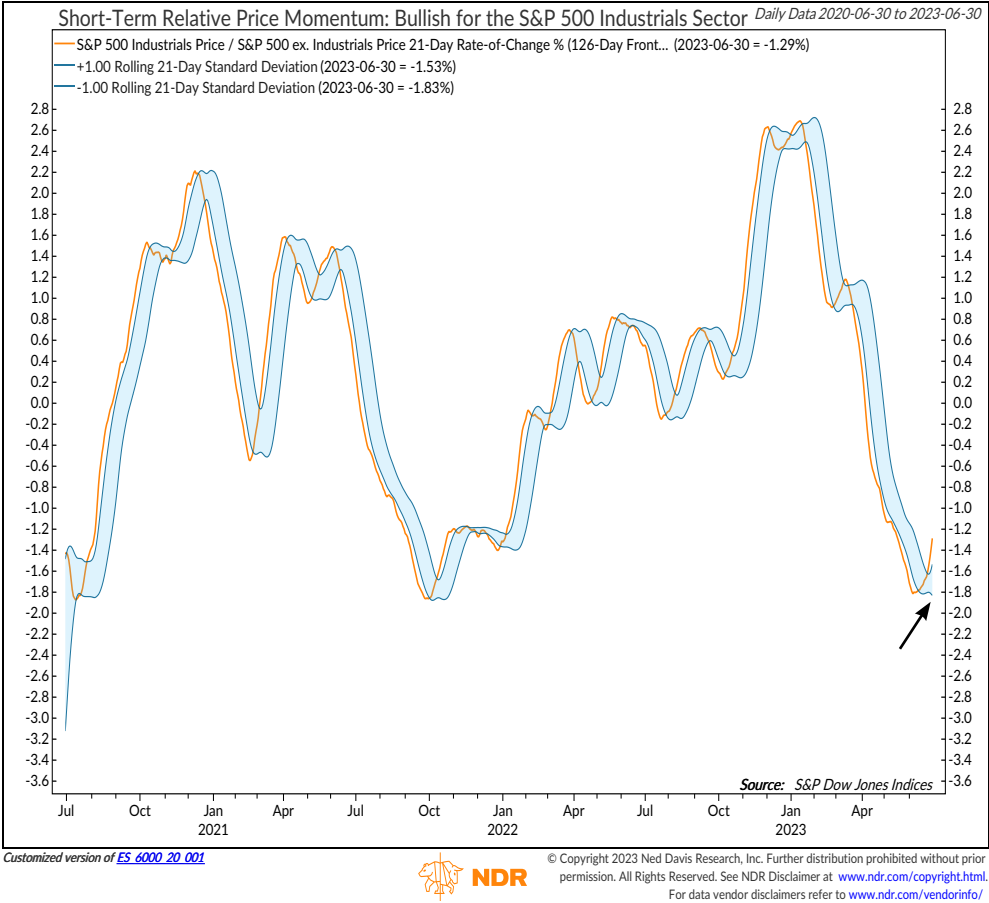
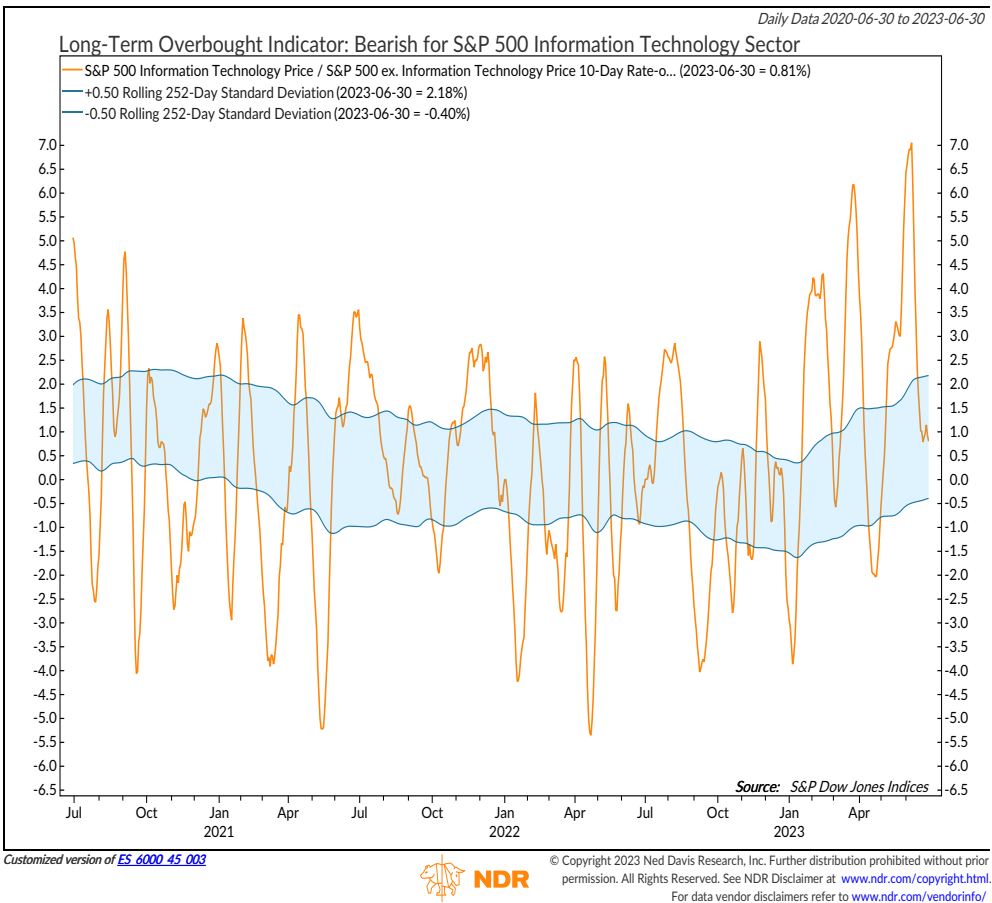
Source: S&P Dow Jones Indices

BA552J



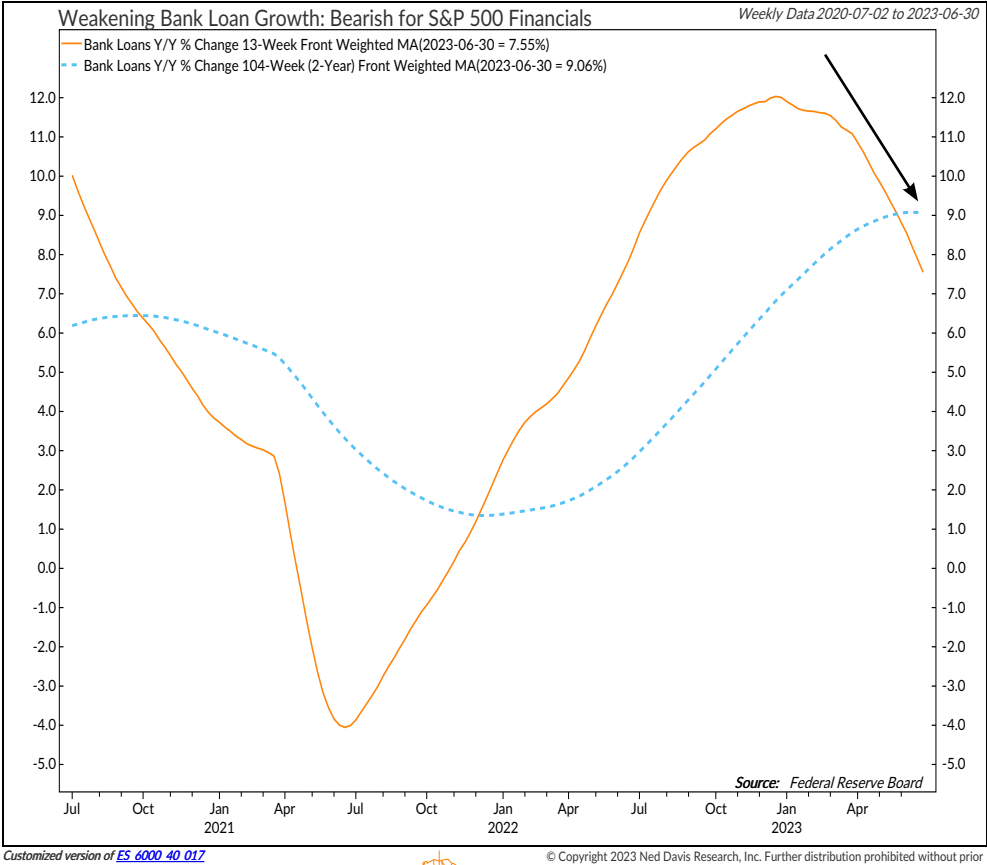
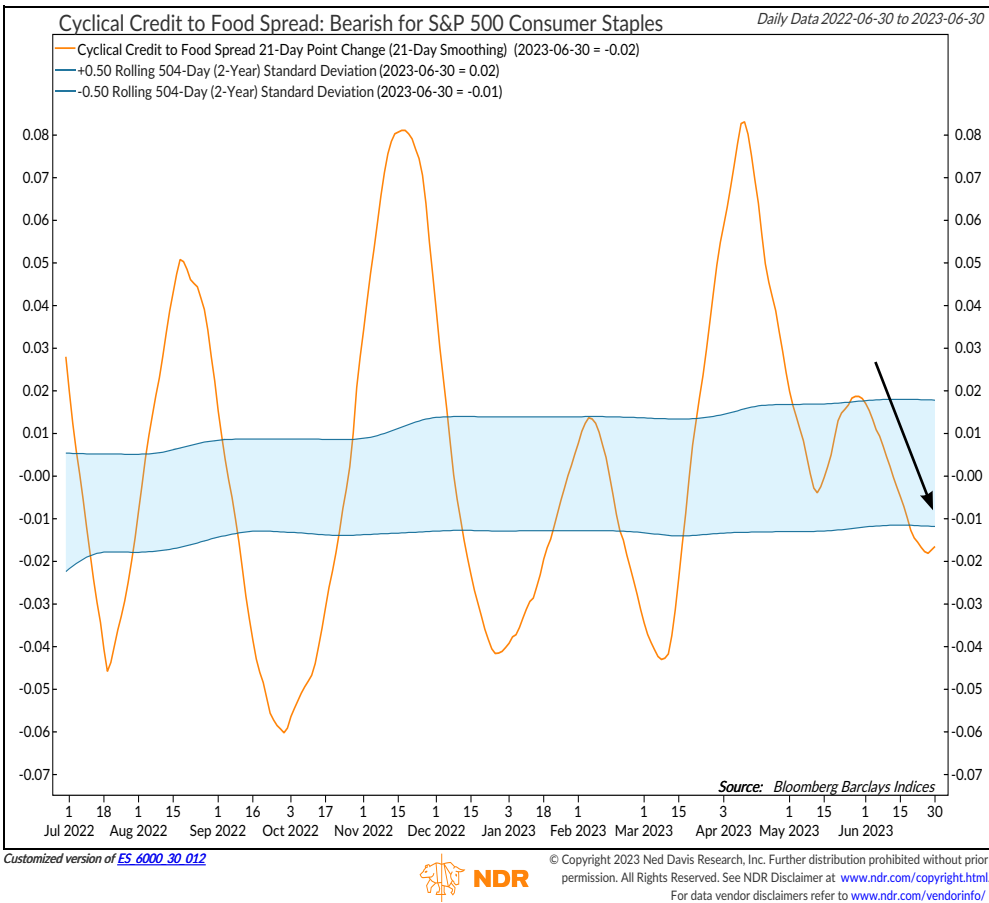
© Copyright 2023 NDR, Inc. Further distribution prohibited without prior permission. All Rights Reserved. See NDR Disclaimer at www.ndr.com/copyright.html For data vendor disclaimers refer to www.ndr.com/vendorinfo/

Allocation to the Information Technology sector dropped over 300 basis points in June but it remains the largest overweight position. After being the best performing sector in May, Tech gains moderated in June and were more in line with benchmark returns. Three of the five external (macro-based) indicators—sales yield, inflation expectations, and earnings revision breadth—continue to be bearish. The only change for the month in the sector’s five internal (price-based) indicators was an overbought/oversold indicator which moved bearish (chart right).



Allocation to the Industrials sector rose in June, moving it from a marketweight to an overweight position. On a fundamental basis, there were no changes in the month—valuation remains mixed; oil prices, industrial production, and the U.S. dollar remain bullish; and commodity prices and consumer confidence remain bearish. Two of the six technical measures moved bullish for the sector, including short-term relative price momentum (chart left).

Consumer Staples' allocation dropped over 250 basis points in June and is now the largest underweight position. The sector was up over 2.5% in June but underperformed the S&P 500 benchmark. On a fundamental basis, credit conditions and economic surprises remain bullish for the sector. However, the majority of external measures are bearish—cyclical credit to food spread moved bearish in June (chart right). This was confirmed by further weakening technicals, as a relative price trend measure moved bearish during the month.



The Financials sector's allocation rose in June but remains at an underweight position. On a fundamental basis, the majority of external indicators are now bearish, with weakening bank loan growth joining several other indicators during the month of June (chart left). This was partly offset by the sector's price trend and lower volatility, both of which moved bullish in June.

Summary

The sector model shifted toward mixed leadership during the month. Entering July, the sector model is overweight Information Technology, Consumer Discretionary, Industrials, Health Care, and Utilities. Energy, Communication Services, and Real Estate moved to marketweight. Materials, Financials, and Consumer Staples remain underweight. The sector model uses sector-specific indicators to determine opportunities and identify risks in an objective, weight-of-the-evidence approach.

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.

For more information, please contact:

Day Hagan Asset Management

1000 S. Tamiami Trl

Sarasota, FL 34236

Toll Free: (800) 594-7930

Office Phone: (941) 330-1702

Website: <https://dayhagan.com/> or <https://dhfunds.com/>

Ned Davis Research Disclaimer:

The data and analysis contained within are provided "as is" and without warranty of any kind, either express or implied. The information is based on data believed to be reliable, but it is not guaranteed. NDR DISCLAIMS ANY AND ALL EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY, SUITABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE. All performance measures do not reflect tax consequences, execution, commissions, and other trading costs, and as such investors should consult their tax advisors before making investment decisions, as well as realize that the past performance and results of the model are not a guarantee of future results. The Smart Sector® Strategy is not intended to be the primary basis for investment decisions and the usage of the model does not address the suitability of any particular investment for any particular investor.

Using any graph, chart, formula, model, or other device to assist in deciding which securities to trade or when to trade them presents many difficulties and their effectiveness has significant limitations, including that prior patterns may not repeat themselves continuously or on any particular occasion. In addition, market participants using such devices can impact the market in a way that changes the effectiveness of such devices. NDR believes no individual graph, chart, formula, model, or other device should be used as the sole basis for any investment decision and suggests that all market participants consider differing viewpoints and use a weight of the evidence approach that fits their investment needs.

DISCLOSURES

Past performance does not guarantee future results. No current or prospective client should assume future performance of any specific investment or strategy will be profitable or equal to past performance levels. All investment strategies have the potential for profit or loss. Changes in investment strategies, contributions or withdrawals and economic conditions may materially alter the performance of your portfolio. Different types of investments involve varying degrees of risk, and there can be no assurance that any specific investment or strategy will be suitable or profitable for a client's portfolio. Historical performance results for investment indexes and/or categories generally do not reflect the deduction of transaction and/or custodial charges or the deduction of an investment management fee, the incurrence of which would have the effect of decreasing historical performance results. There can be no assurances that a portfolio will match or outperform any particular benchmark.

Day Hagan Asset Management is registered as an investment adviser with the United States Securities and Exchange Commission. SEC registration does not constitute an endorsement of the firm by the Commission nor does it indicate that the adviser has attained a particular level of skill or ability.

References to "NDR" throughout refer to Ned Davis Research, Inc. Clients engaging in this strategy will be advised by Day Hagan and will not have a contractual relationship with NDR. Day Hagan purchases signals from NDR, and Day Hagan is responsible for executing transactions on behalf of its clients and has discretion in how to implement the strategy.

NDR is a registered as an investment adviser with the Securities and Exchange Commission (SEC). NDR serves as the Signal Provider in connection with this strategy. The information provided here has not been approved or verified by the SEC or by any state or other authority. Additional information about NDR also is available on the SEC's website at <https://www.adviserinfo.sec.gov/>. This material is provided for informational purposes only and is not intended as an offer or solicitation with respect to the purchase or sale of any security or other financial instrument or to participate in any trading strategy. NDR's strategies, including the model discussed in this publication, are intended to be used only by sophisticated investment professionals.

There may be a potential tax implication with a rebalancing strategy. Re-balancing involves selling some positions and buying others, and this activity results in realized gains and losses for the positions that are sold. The performance calculations do not reflect the impact that paying taxes would have, and for taxable accounts, any taxable gains would reduce the performance on an after-tax basis. This reduction could be material to the overall performance of an actual trading account. NDR does not provide legal, tax or accounting advice. Please consult your tax advisor in connection with this material, before implementing such a strategy, and prior to any withdrawals that you make from your portfolio.

There is no guarantee that any investment strategy will achieve its objectives, generate dividends or avoid losses.

© 2023 Ned Davis Research, Inc. | © 2023 Day Hagan Asset Management, LLC