



Day Hagan/Ned Davis Research

- Smart Sector® with Catastrophic Stop ★★★★★
- Smart Sector® Fixed Income
- Smart Sector® International

Day Hagan/Ned Davis Research

- **Smart Sector: Global Balanced Portfolios**

Presented By:

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Don Hagan, CFA, Day Hagan Asset Management



Smart Sector® Solutions

Are you looking to augment your core equity, core international, and fixed-income holdings?

Seeking additional risk management layers for your portfolio through objective, quantitative modeling from one of the most respected independent research firms in the world?

Do you want Ned Davis Research's 43 years of evolution and ~30 strategists and analysts powering the decisions for each of the portfolios?

The Smart Sector strategies are founded upon the Ned Davis Research philosophy, process, and discipline honed over four decades.

We invest based on a multi-factor, unemotional, weight of the evidence approach.

Can be implemented individually or as balanced portfolios:

- U.S. Equity/Fixed Income
- U.S. Equity/International Equity/Fixed Income

Smart Sector: Powered by Ned Davis Research

Ned Davis Research (NDR): 43 Years of Evolution

- Founded in 1980 by Ned Davis, NDR is a global provider of independent investment research using the weight of the evidence and a 360-degree approach to build up to market insights.
- **~30 strategists and analysts committed to developing, evaluating, and monitoring financial market indicators.**
- U.S. sector coverage, which reviews the macro, fundamental, technical, and behavioral drivers within and across the sectors. The team monitors the indicators and recommends model enhancements to the Index Committee. Furthermore, this team regularly reviews the information as it writes about the sectors each week.
- NDR's Index Committee meets at least once per quarter to review its core strategies, including the Smart Sector strategy.
- Offices and distribution in Florida, New York, London, Hong Kong, Montreal, Singapore, and Sydney.

Ned Davis Research-Powered Smart Sector® Strategies:

Smart Sector® with Catastrophic Stop ★★★★★

U.S. Equity

- **Overweight/underweights the 11 major U.S. equity sectors** based on Ned Davis Research's proprietary sector modeling.
- Utilizes sector-specific composites of fundamental, economic, technical, and behavioral indicators to determine each sector's probability of outperformance.
- Incorporates NDR Catastrophic Stop Model as a risk overlay, raising cash when risks are deemed excessive.

Smart Sector® Fixed Income

Global Fixed Income

- **Overweight/underweights among 8 fixed income sectors** based on NDR's proprietary modeling.
- Sectors include U.S. Long-Term Treasury, U.S. Investment Grade Corporate, U.S. Mortgage-Backed Securities, International IG Bonds, TIPS, U.S. High-Yield, Emerging Market Bonds, U.S. Floating Rate Notes, and Short-Duration Treasury.
- Evaluates macroeconomic, behavioral, credit, currency, and technical indicators to determine relative attractiveness.
- Uses NDR Catastrophic Stop as risk overlay.

Smart Sector® International (ex-U.S.)

International Equity (ex-U.S.)

- **Overweight/underweight largest non-U.S. equity markets** using fundamental, economic, technical, and behavioral indicators (8 positions).
- Seeks to **explore opportunities in smaller markets** using a technical ranking system (6 positions).
- Combines three NDR quantitative investment strategies: NDR Core International, NDR Explore International, and NDR Catastrophic Stop.
- Uses NDR Catastrophic Stop as risk overlay.

Ned Davis Research Smart Sector Models: Process and Discipline

Each model typically has two major components:

Internal Composite (50% of Overall Score)

Made up of Price-Related Indicators

- Trend
- Momentum
- Relative Strength
- Overbought/Oversold
- Deviation from Trend
- Moving Averages
- Breadth
- Volatility

Indicator Examples

External Composite (50% of Overall Score)

Made up of Non-Price-Related Indicators

- Fundamentals
- Sentiment / Behavioral
- Supply / Demand
- Measures of Economic Activity
- Fixed Income trends
- Credit Stress
- Currency
- Economic Liquidity

Ned Davis Research Philosophy:

“Fundamentals tell us how the markets should be acting, while technicals reveal how the markets are acting. Truly insightful and timely ideas demand a balance between the two disciplines.”



NDR Catastrophic Stop Model

Risk On / Risk Off:

Recognizing the importance of:

77 versus 23



Ned Davis Research Catastrophic Stop Model

Risk Management

- The Catastrophic Stop model monitors **the market's technical and fundamental health along with economic and behavior-based indicators.**
- The Catastrophic Stop is designed to increase cash holdings (i.e., reduce exposure) when **a large, diverse group of long-term market indicators conclusively turns negative.**

NDR Catastrophic Stop Model

See the Signals.™

When the Model turns decisively bearish, reduce risk.

External Indicators

- Sentiment
- Credit Environment
- Leadership
- Economic
- Interest rates

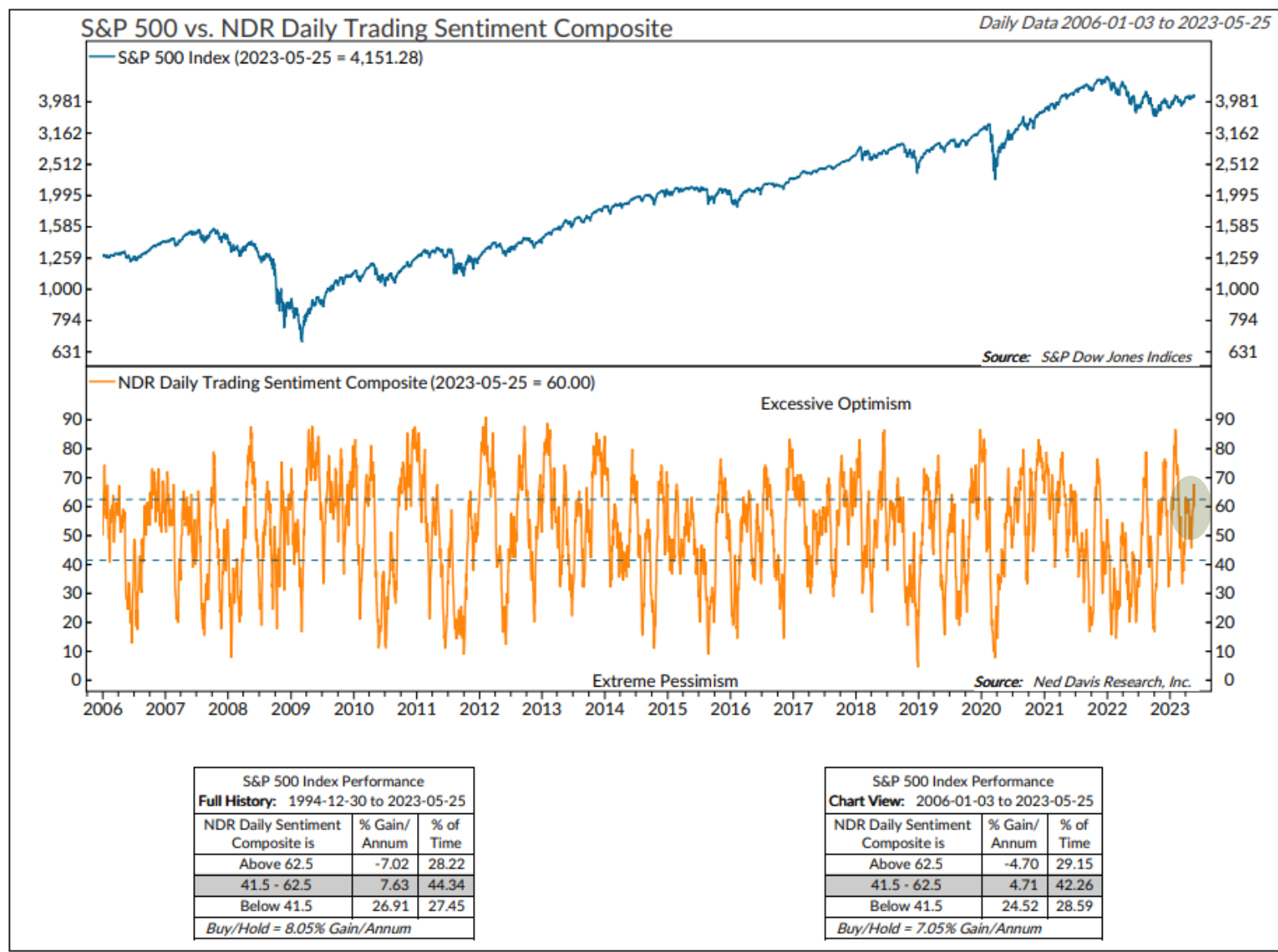
Internal Indicators

- Trend (Short-Term)
- Trend (Intermediate-Term)
- Breadth
- Supply and Demand
- Overbought/Oversold

Composite = A group of indicators combined into an aggregate model. The composite model's final reading is based on the weight of the evidence. Composites shown for illustrative purposes.

Indicators subject to change.

Catastrophic Stop:
Sentiment: Beware of the Crowd at Extremes

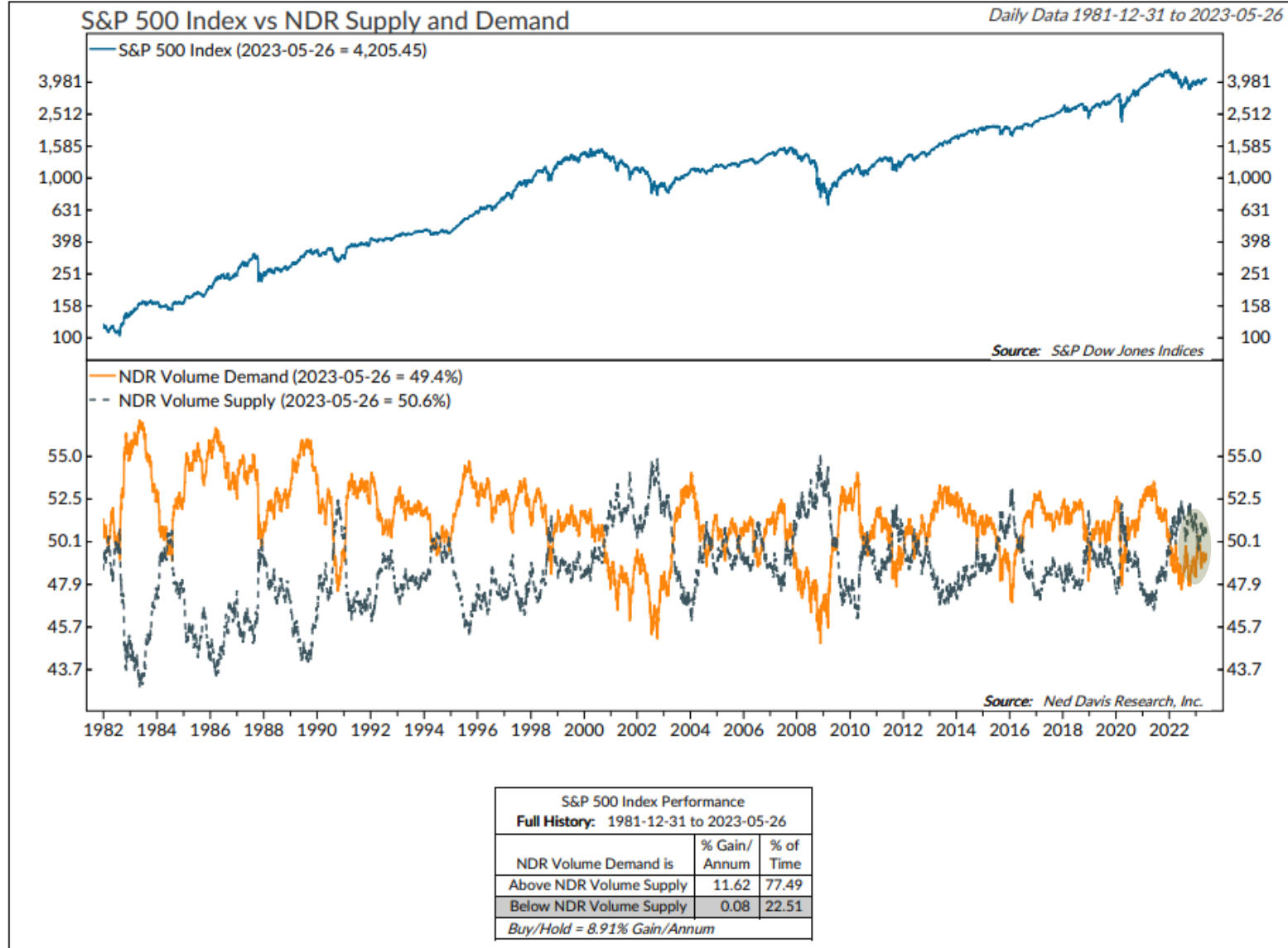


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Catastrophic Stop: Supply / Demand

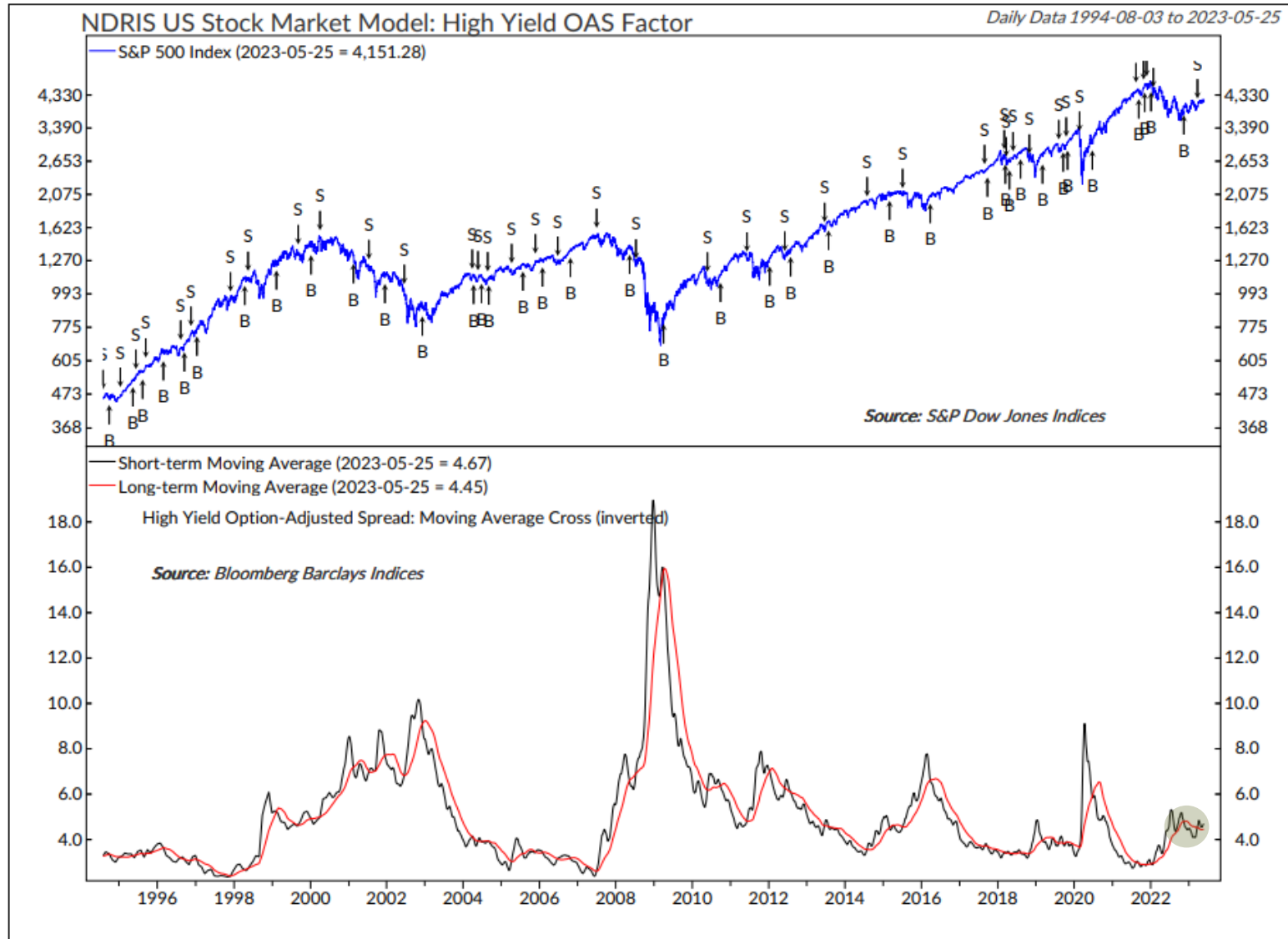


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Catastrophic Stop: Credit Markets

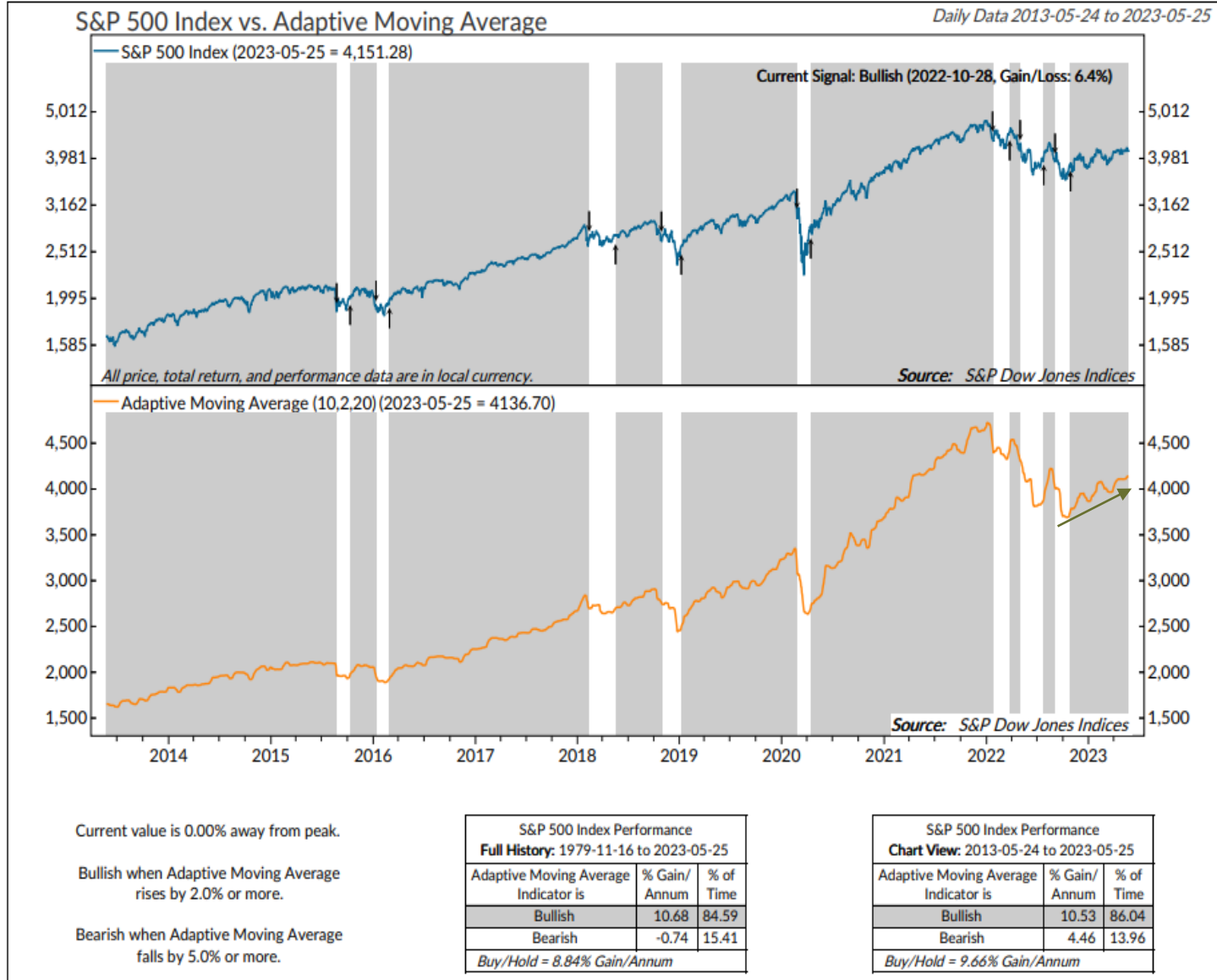


Customized version of NDRIS_USSMM.RPT externalSigs_NDRIS



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Catastrophic Stop: Don't Fight the Trend



Current value is 0.00% away from peak.

Bullish when Adaptive Moving Average rises by 2.0% or more.

Bearish when Adaptive Moving Average falls by 5.0% or more.

S&P 500 Index Performance		
Full History: 1979-11-16 to 2023-05-25		
Adaptive Moving Average Indicator is	% Gain/Annum	% of Time
Bullish	10.68	84.59
Bearish	-0.74	15.41
Buy/Hold = 8.84% Gain/Annum		

S&P 500 Index Performance		
Chart View: 2013-05-24 to 2023-05-25		
Adaptive Moving Average Indicator is	% Gain/Annum	% of Time
Bullish	10.53	86.04
Bearish	4.46	13.96
Buy/Hold = 9.66% Gain/Annum		

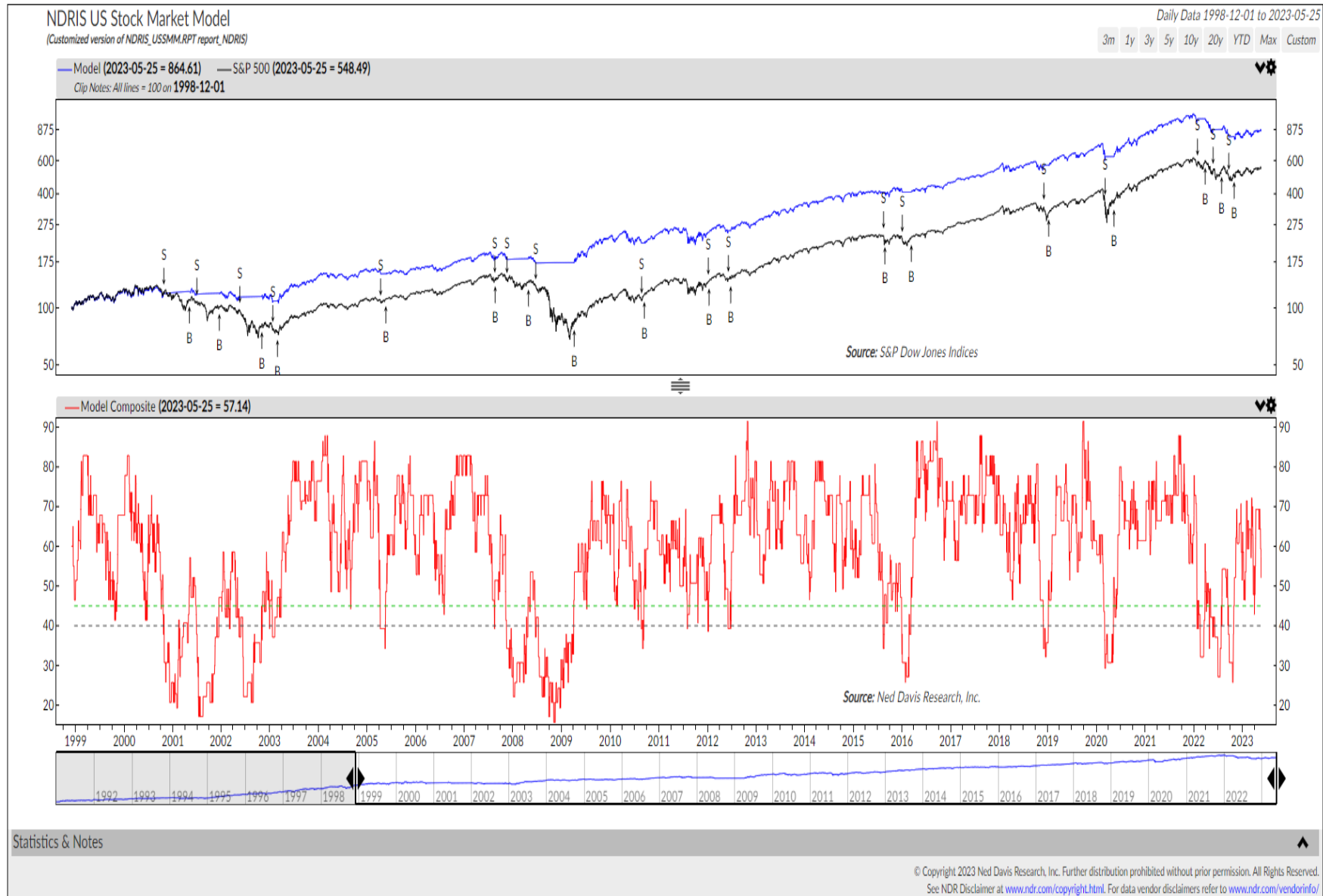
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NDR Catastrophic Stop

Quantitatively,
Unemotionally
Manage Risk



When Market Risks Subside, Put Money Back to Work Quickly

- As soon as the Catastrophic Sell Stop model moves back to levels indicating risks have subsided, the strategy immediately moves back to a fully invested equity allocation.
- ***It is important to note that since 1929, 50% of bull market returns have been made in the first third of the bull market.***
- While emotion can cause hesitation to get back in after a major decline, the use of a diversified, time-tested, model-based process provides support for the unemotional reinvestment of funds back to a fully invested portfolio.

How the Catastrophic Stop Model works for each strategy

Smart Sector® with Catastrophic Stop ★★★★★

U.S. Equity

Catastrophic Stop Sell Signal:

- **All holdings are reduced by up to 50% until the model reverses back to a buy signal.**
- On the buy signal, allocation moved back to a fully invested position.

Smart Sector® Fixed Income

Global Fixed Income

Catastrophic Stop Sell Signal:

- **Fixed-income sectors with a high correlation to equities are reduced by 50%.**
- These sectors include High Yield, Emerging Market Bond, U.S. Investment Grade Corporates, and Floating Rate Notes.
- On the buy signal, allocations moved back to previously recommended positions.

Smart Sector® International (ex-U.S.)

International Equity (ex-U.S.)

Catastrophic Stop Sell Signal:

- **All holdings are reduced by up to 50% until the model reverses back to a buy signal.**
- On the buy signal, allocation moved back to a fully invested position.

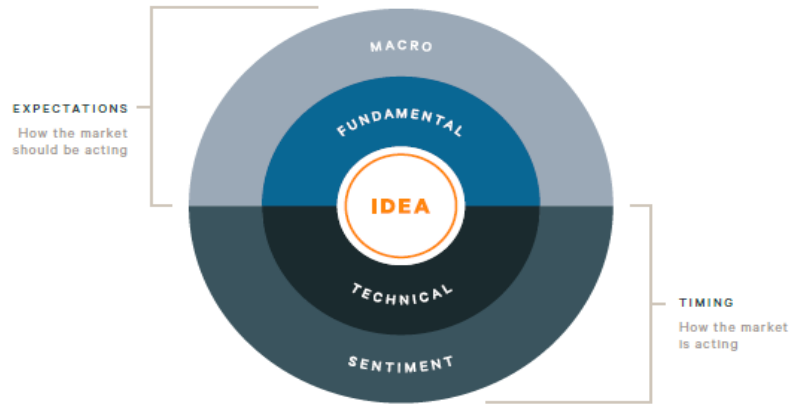
Smart Sector® with Catastrophic Stop

Asset Class: U.S. Equity
Benchmark: S&P 500 Total Return



Smart Sector® with Catastrophic Stop

What is the risk profile of the equity market?



Catastrophic Stop Model (daily)

How much equity exposure?



Lower expected risk = full equity exposure



Higher expected risk = 50% equity exposure; 50% cash

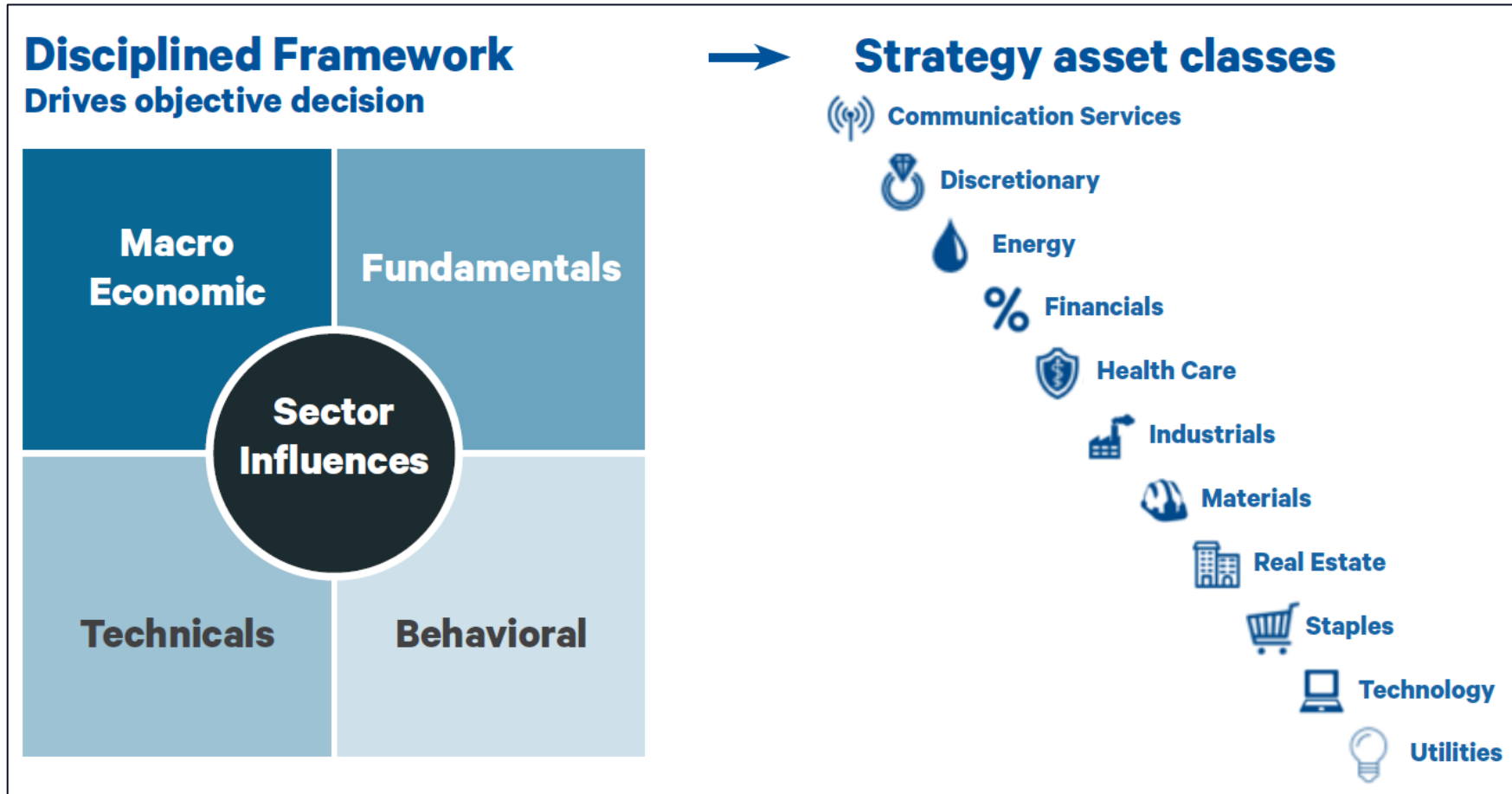
U.S. Sector Model (monthly)

Where to allocate within equities?



EQUITY SECTORS ARE DIVERSE AND RESPOND TO DIFFERENT FACTORS:

All models and indicators are sector-specific



Targeted Weightings:

Ned Davis Research Quantitative Models

Energy Sector:

External Indicators

- Crude Futures Crowd Sentiment
- Crude Oil Days of Supply
- Energy Sector Median Valuation
- Total World Rig Count
- Crude Oil Spot Prices
- U.S. Dollar Trade Weighted Index

Internal Indicators

- Relative Price Momentum
- Relative Price Overbought/Oversold
- Energy Sector Rolling Volatility
- Sector Breadth
- Energy Sector Moving Average Crossover

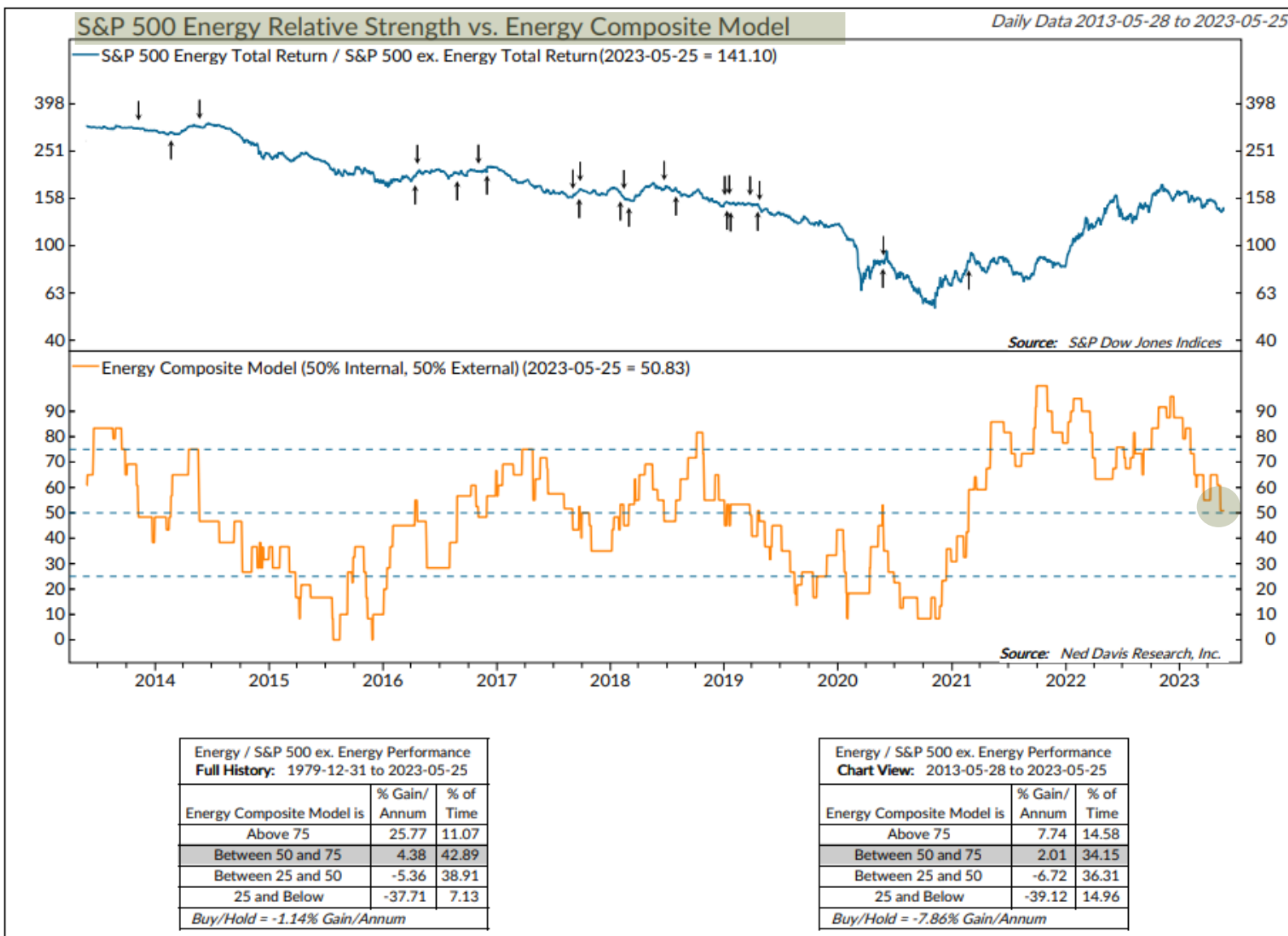
(Indicators subject to change)



Energy Sector

Each NDR sector model is unique and has been time-tested throughout many different market environments.

Indicators are continuously updated and revised to reflect new information.



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Targeted Weightings:

Ned Davis Research Quantitative Models

Technology Sector:

External Indicators

- Median Valuation
- Market-Based Inflation Expectations
- Relative Short Interest Ratio
- Earnings Revision Breadth
- Emerging Asia Equity Trend

Internal Indicators

- Relative Price Moving Average Crossover
- Relative Price Momentum
- Relative Price Overbought/Oversold (short)
- Relative Price Overbought/Oversold (intermediate)
- Technology Sector Volatility

(Indicators subject to change)

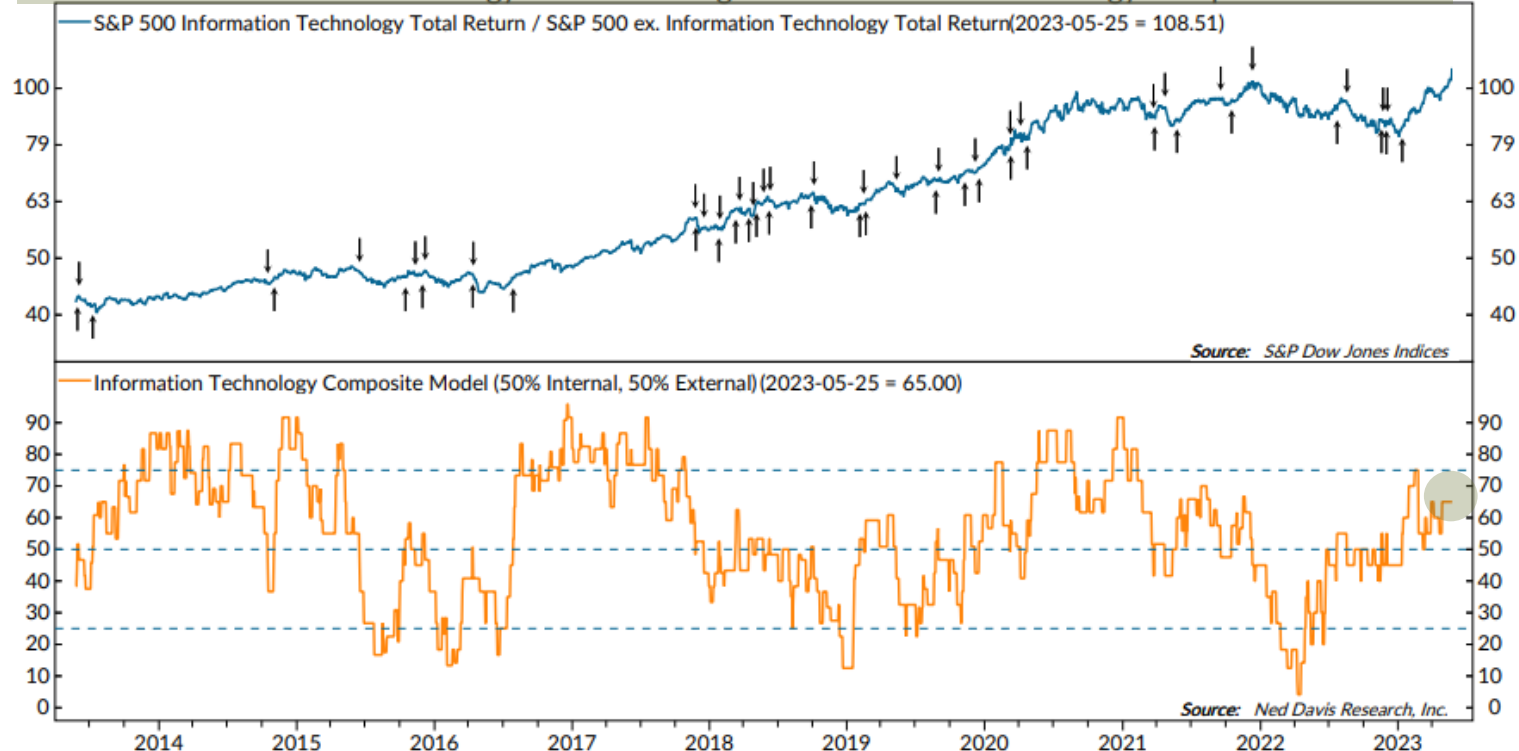


Technology Sector

Each NDR sector model is unique and has been time-tested throughout many different market environments.

Indicators are continuously updated and revised to reflect new information.

S&P 500 Information Technology Relative Strength vs. Information Technology Composite Model



Information Technology / S&P 500 ex. Information Technology Performance		
Full History: 1979-12-31 to 2023-05-25		
Information Technology Composite Model is	% Gain/Annum	% of Time
Above 75	18.94	14.86
Between 50 and 75	6.35	42.14
Between 25 and 50	-7.82	33.42
25 and Below	-17.22	9.59
Buy/Hold = 0.64% Gain/Annum		

Information Technology / S&P 500 ex. Information Technology Performance		
Chart View: 2013-05-28 to 2023-05-25		
Information Technology Composite Model is	% Gain/Annum	% of Time
Above 75	10.78	18.88
Between 50 and 75	21.38	41.85
Between 25 and 50	-1.37	31.98
25 and Below	-0.79*	7.29
Buy/Hold = 9.99% Gain/Annum		
* Cases less than one year are not annualized		

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Smart Sector with Catastrophic Stop

Current Outlook:

Catastrophic Stop: Buy Signal

<u>Sector</u>	<u>Outlook</u>
Communication Services	Neutral
Consumer Discretionary	Underweight
Consumer Staples	Neutral
Energy	Overweight
Financials	Neutral
Health Care	Overweight
Industrials	Neutral
Information Technology	Neutral
Materials	Neutral
Real Estate	Underweight
Utilities	Overweight

Relative to S&P 500 sector weightings. As of 5-29-2023.

Smart Sector® Fixed Income

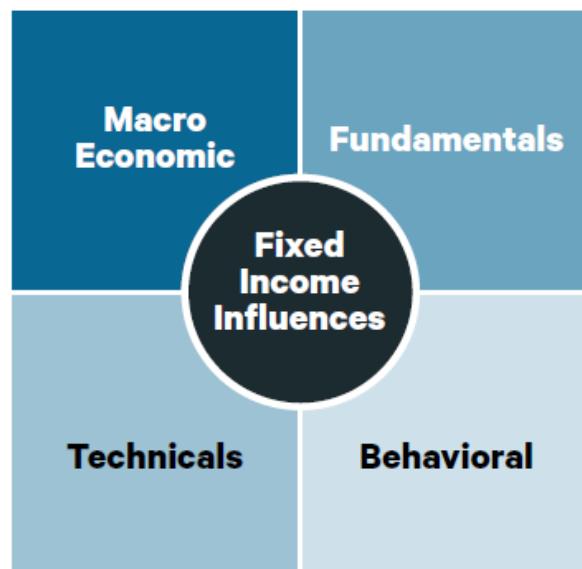
Asset Class: Fixed Income
Benchmark: Core U.S. Aggregate
Bond Index



Smart Sector® Fixed Income

Allocate according to NDR
Fixed Income Allocation
Model each month

Disciplined Framework Drives objective decision

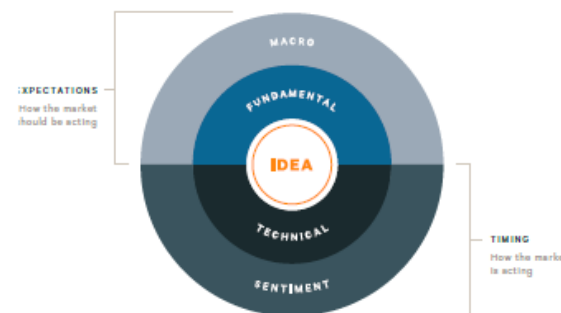


Overweight sectors and
geographies with tailwinds

- ▶ U.S. Treasurys
- ▶ TIPS
- ▶ MBS
- ▶ International Treasurys

- ▶ Floating Rate Notes
- ▶ U.S. Investment Grade
- ▶ U.S. High Yield
- ▶ Emerging Markets

Manage risk every day using
the NDR Catastrophic
Stop Model



Raise cash from higher risk
areas when risks elevated



Low expected risk;
stay fully invested



High expected risk;
reduce exposure to
higher risk areas by 50%

Targeted Weightings: Ned Davis Research Quantitative Models

Credit Sector Indicators

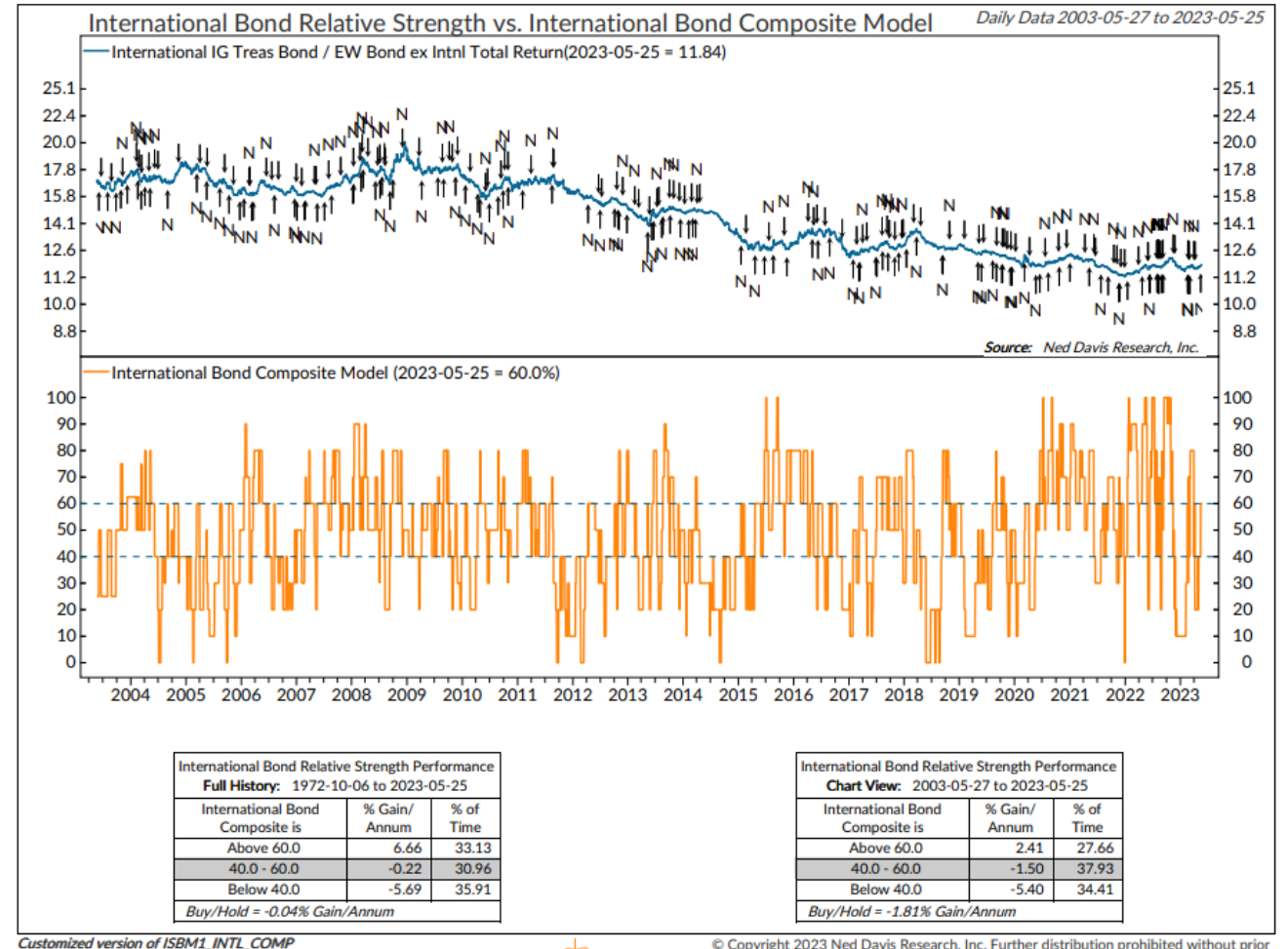
External Indicators

- Currency relative strength trends
- Volatility (Fixed Income / Equity)
- Credit spreads / Credit Default Swaps
- Inflation (Trends / Expectations)
- Commodity trends

Internal Indicators

- Short-Term, IT, and Long-Term trends
- Moving average crossovers
- Momentum / Relative Strength
- Mean Reversion
- Breadth
- Overbought / Oversold

(Indicators subject to change)



Customized version of ISBM1_INTL_COMP



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Smart Sector Fixed Income

Current Outlook:

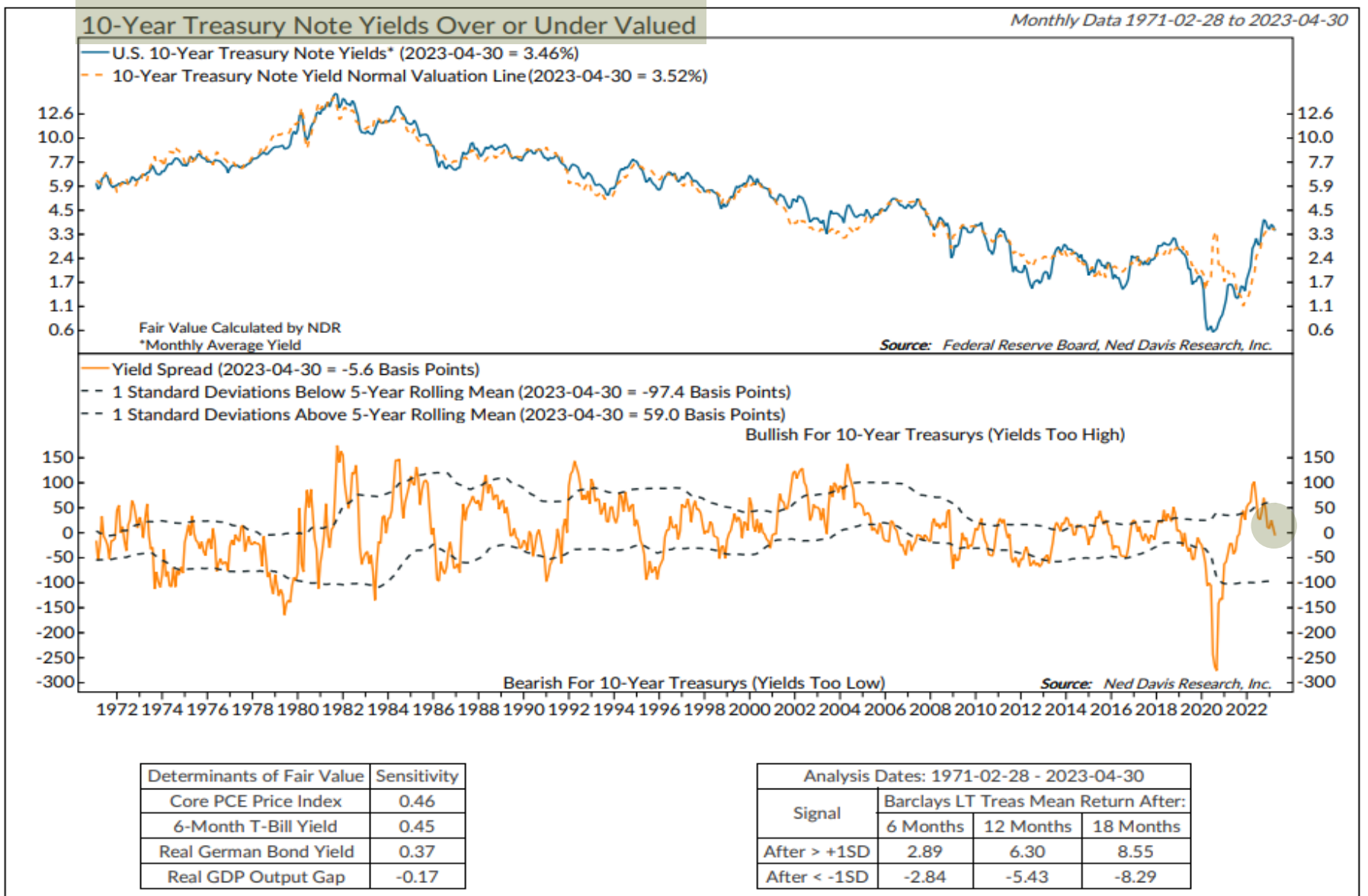
Catastrophic Stop: Buy Signal

<u>Sector</u>	<u>Outlook*</u>
U.S. Long-Term Treasury	Neutral
U.S. Investment Grade Corporate	Neutral
U.S. TIPS	Underweight
U.S. High Yield Bonds	Underweight
U.S. Mortgage-Backed Securities	Neutral
U.S. Floating Rate Notes	Underweight
International Treasury and IG Bonds	Neutral
Emerging Market Bonds	Underweight
Cash/T-Bills	Overweight

Relative to an equally-weighted portfolio. As of 5-29-2023.

Smart Sector Fixed Income:

Normal Valuation



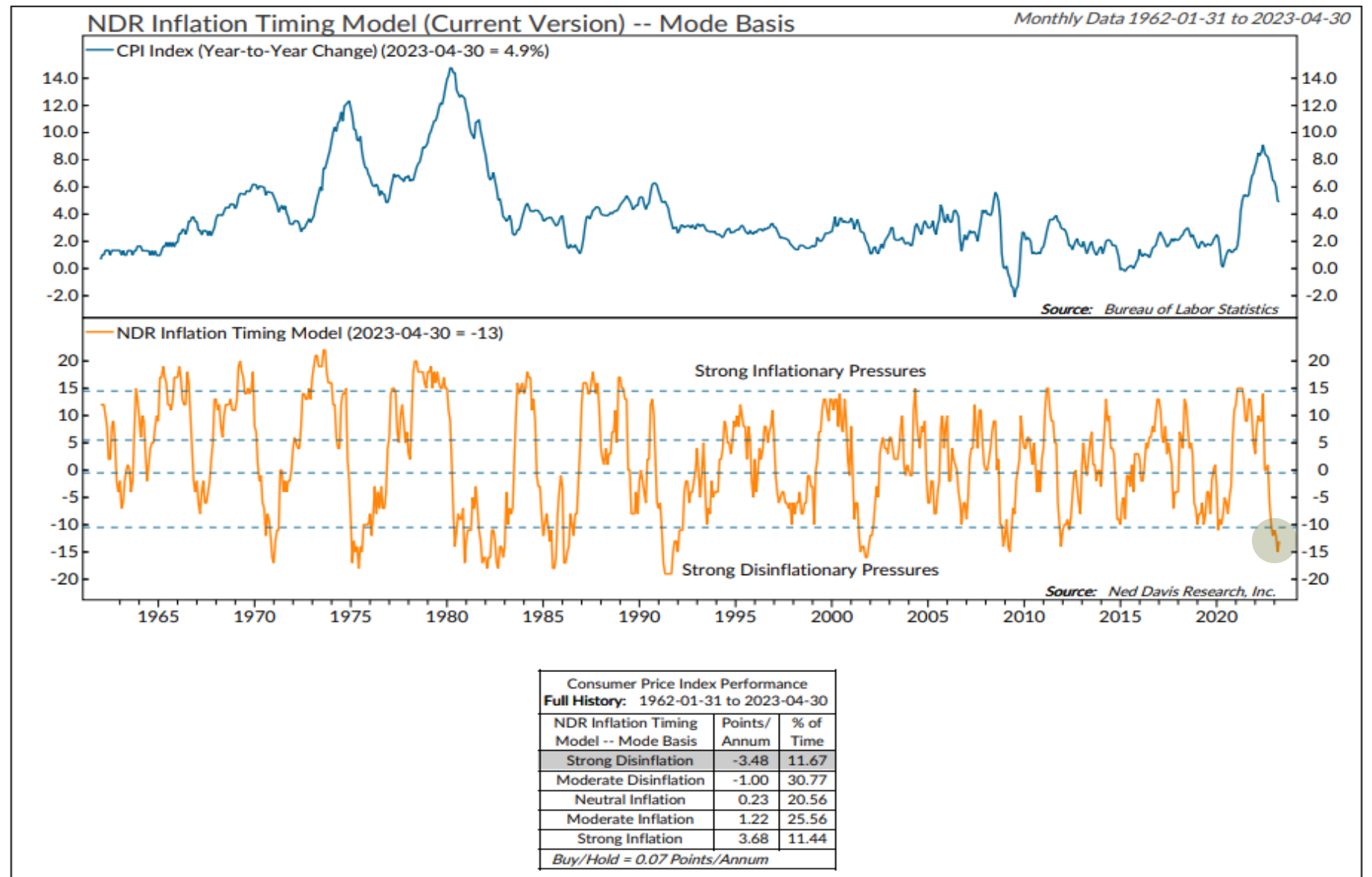
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Smart Sector Fixed Income:

Inflation has
peaked.



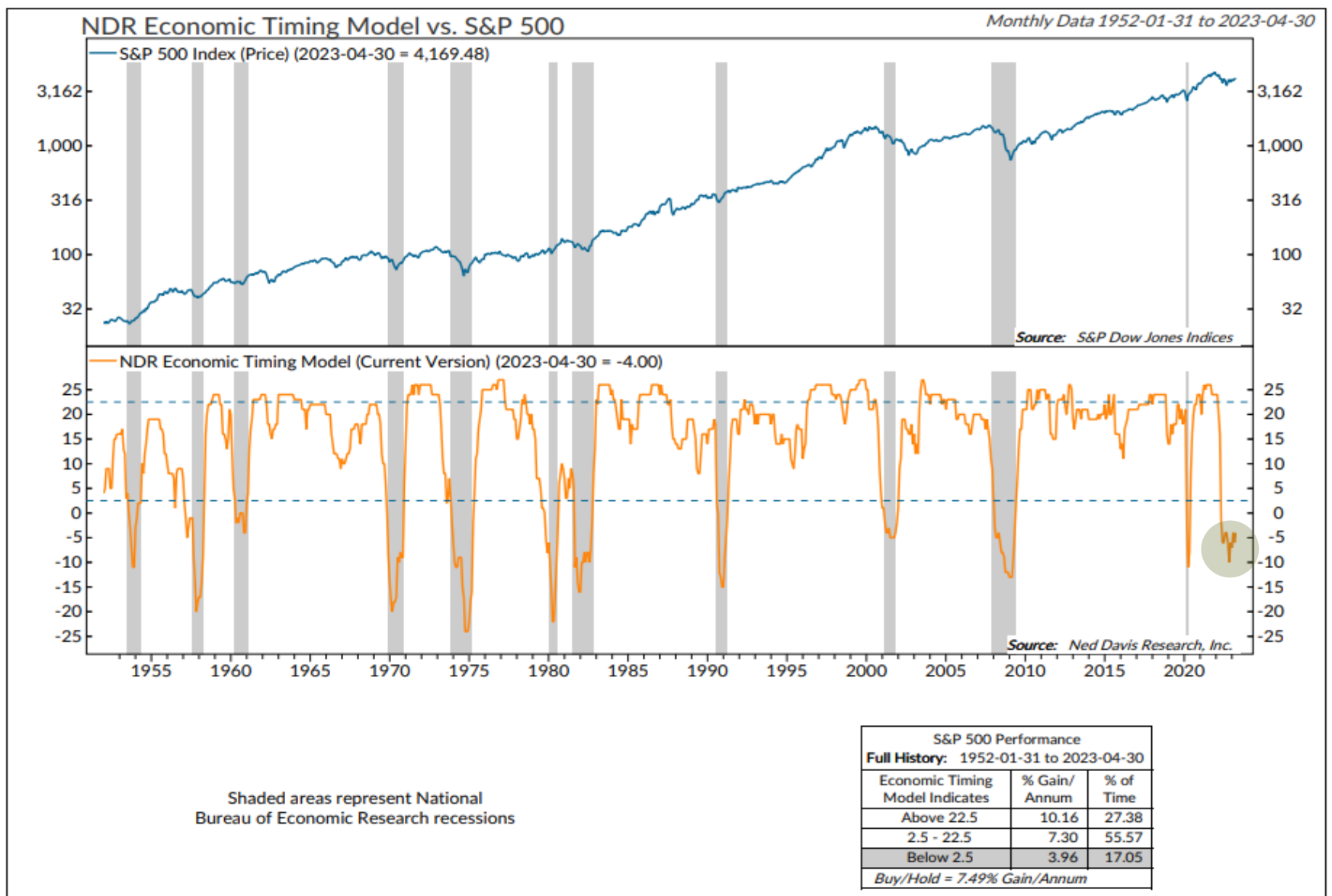
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Smart Sector Fixed Income:

Economic growth indicators reached the same levels seen during the pandemic lows.



S1030



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Smart Sector® International (ex.-U.S.)

Asset Class: Global Equity
Benchmark: ACWI ex-U.S. Index



Smart Sector® International

Explore Markets



Explore markets are shaded.

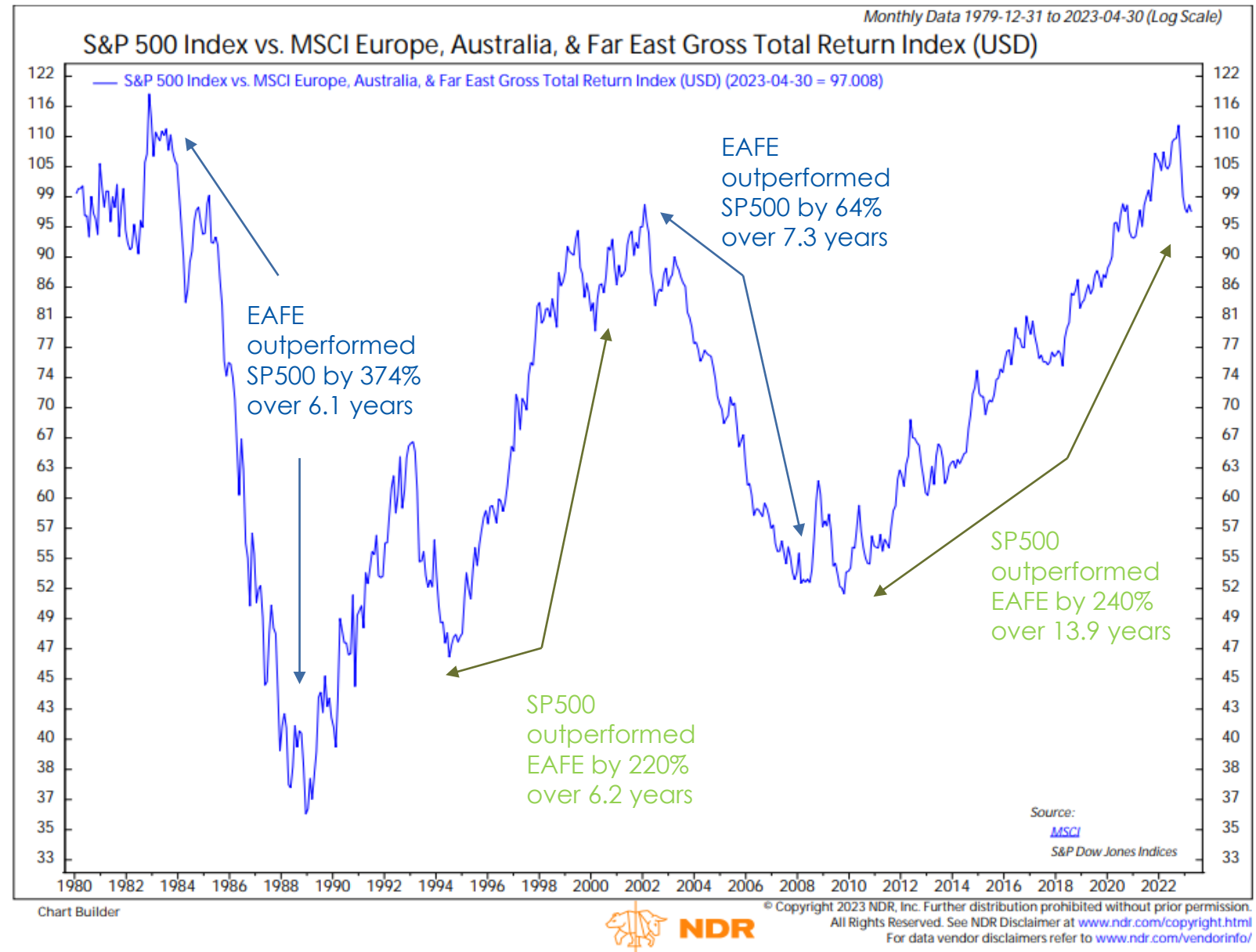
Select ~5 from more than 20 smaller markets in the ACWI ex-U.S. Index



Allocate across 8 of the largest markets in the ACWI ex-U.S. Index

The Importance of Global Allocation:

U.S. versus International equity performance differentials can last a long time. Investors need a disciplined process to make decisions around global allocation.



Smart Sector International: A Core and Explore Approach

Core:

- Approximately 65% of the Smart Sector International portfolio is allocated to the top 8 holdings.
- The fund begins by overweighting and underweighting the largest non-U.S. equity markets based on Ned Davis Research's proprietary models.
- Each of the models utilize market-specific, weight-of-the-evidence composites of fundamental, economic, technical, and behavioral indicators to determine each area's probability of outperforming the ACWI ex. U.S. Markets are weighted accordingly relative to benchmark weightings.
- Weightings are determined using Black-Litterman framework, which seeks to minimize volatility and enhance returns.

ACWX Benchmark Allocation

Japan	14.28
United Kingdom	9.81
China	9.05
Canada	8.22
France	6.96
Switzerland	6.47
Australia	5.09
Germany	4.62
Taiwan	4.32
India	4.10
Korea (South)	3.35
Netherlands	2.58
Sweden	2.11
Hong Kong	1.90
Denmark	1.70
Brazil	1.55
Spain	1.48
Italy	1.38
Saudi Arabia	1.37
South Africa	1.02
Cash and/or Derivatives	0.63
Other	7.99

Smart Sector International: A Core and Explore Approach

Explore:

- Approximately 35% of the Smart Sector International portfolio is allocated to Explore opportunities.
- To select smaller markets, the fund uses a multi-factor technical ranking system to choose the top markets. The markets with the highest rankings split the non-Core model allocation equally.

Explore Opportunities

Brazil
Chile
Hong Kong
India
Israel
Italy
Malaysia
Mexico
Netherlands
New Zealand
Peru
Philippines
Poland
Singapore
South Africa
South Korea
Spain
Sweden
Taiwan
Thailand
Turkey
South Africa

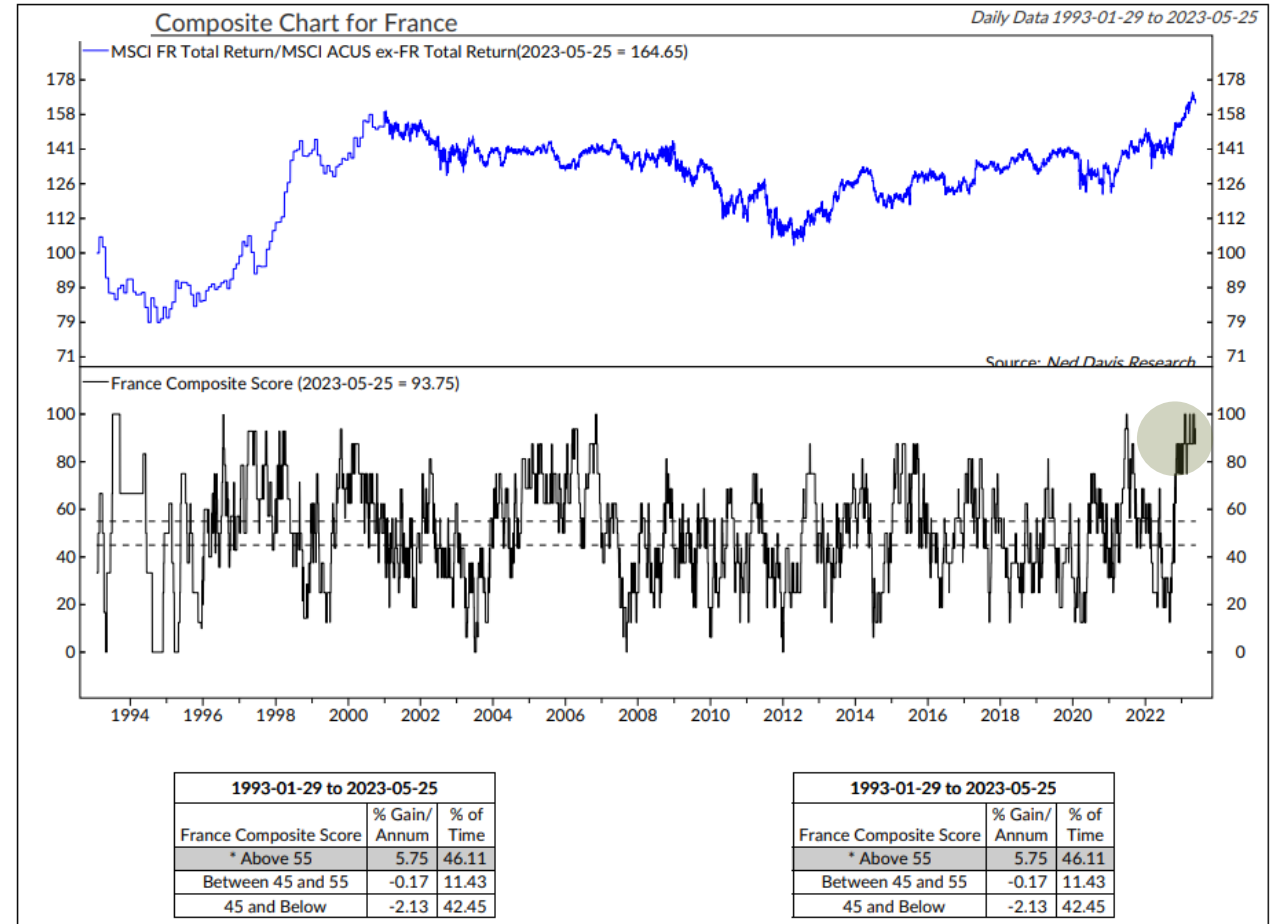
Targeted Weightings: Ned Davis Research Quantitative Models

France

International Indicators

- Trend / Moving Average
- Breadth
- Deviation from Trend
- NDR Global Market Rank Score
- Mean Reversion
- Leading Economic Indicators
- Relative Valuations
- Fund Flows
- Return-on-Equity (ROE) relative strength
- Earnings Yield
- Long-Term Earnings-per-Share Growth

(Indicators subject to change)



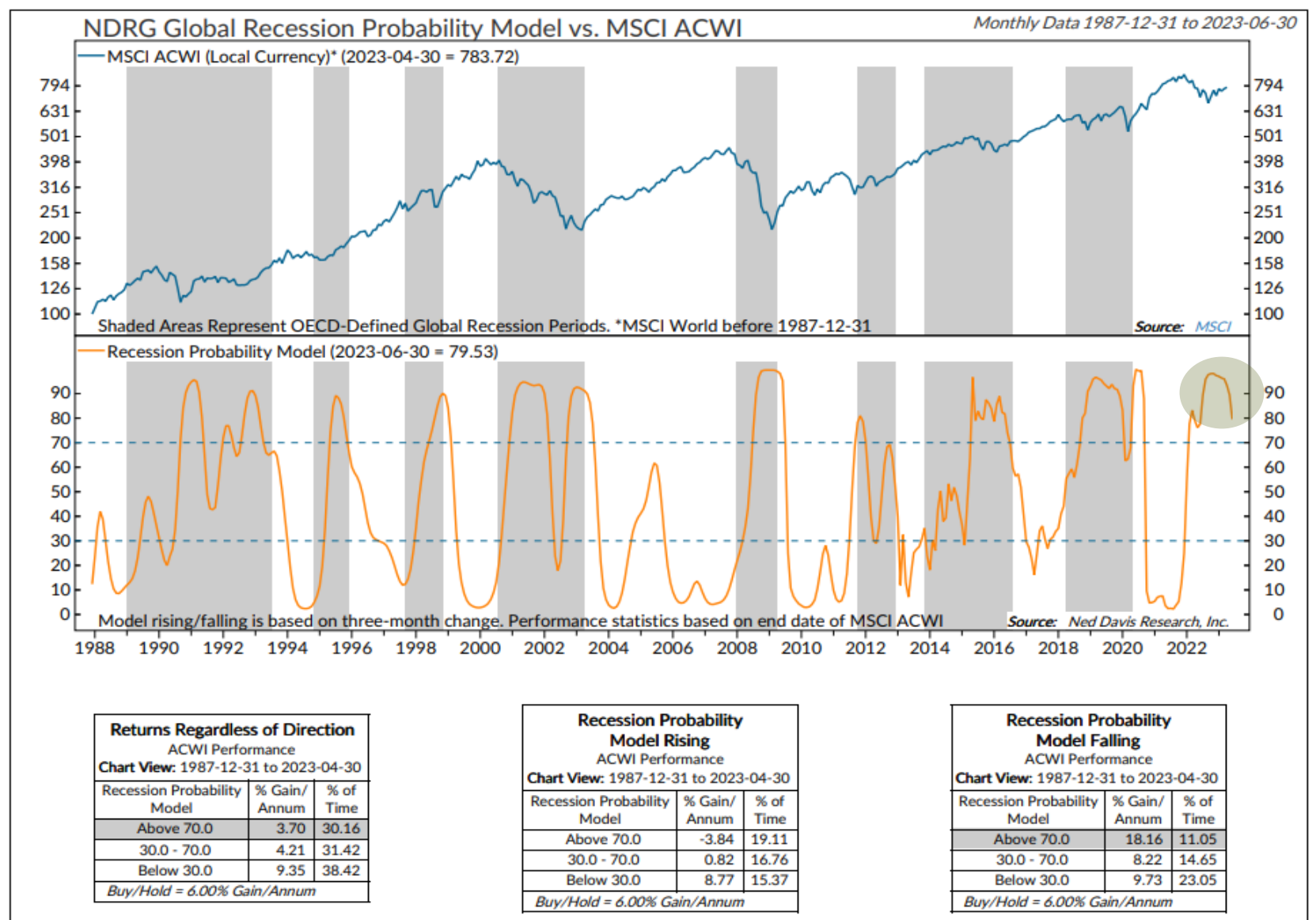
Customized version of SSKU_CORE_REPORT.RPT



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Smart Sector International ex-U.S.:

NDR Global Recession Probability Model



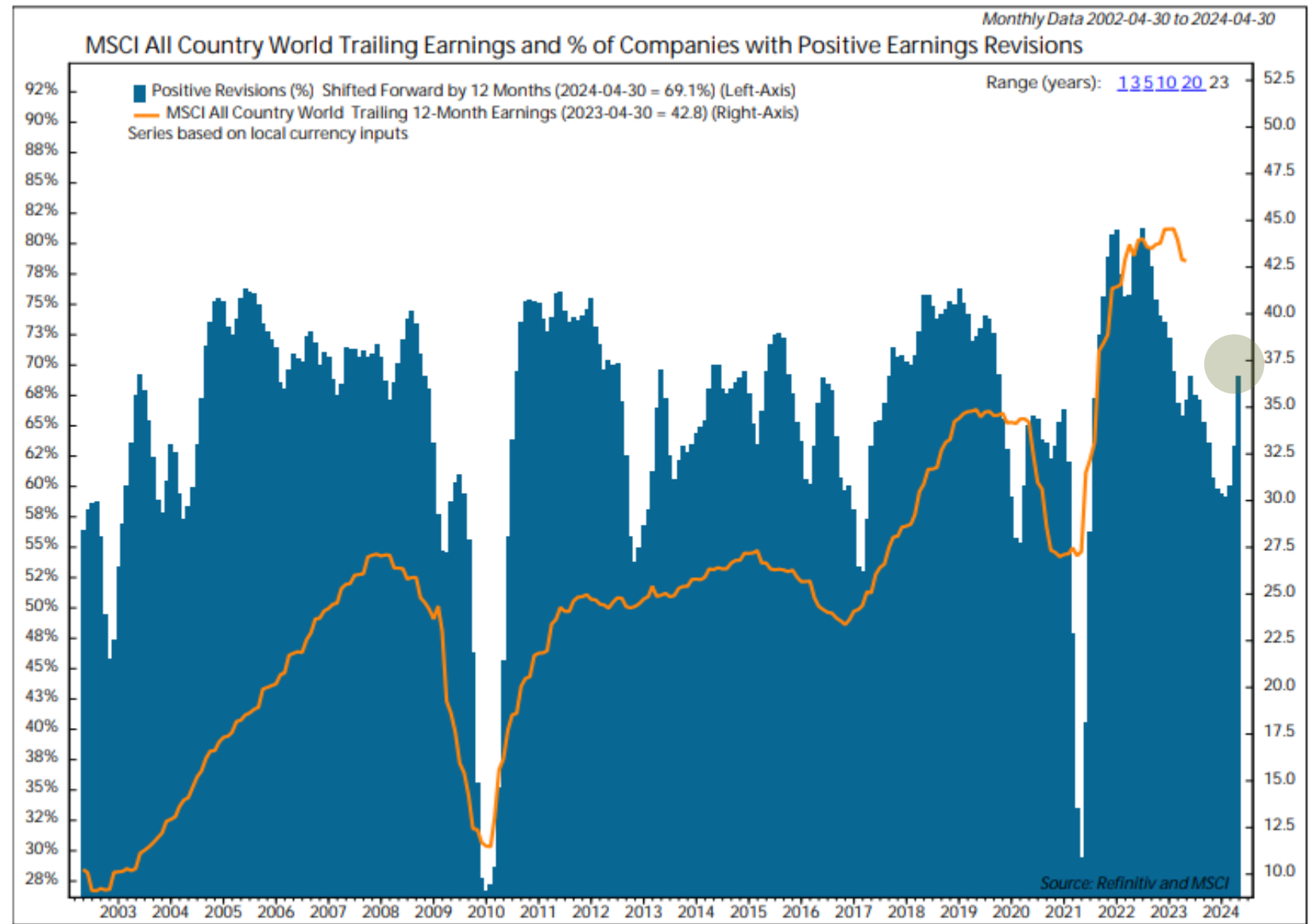
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Smart Sector International ex-U.S.:

Fundamentals



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Smart Sector

Global Balanced Portfolios

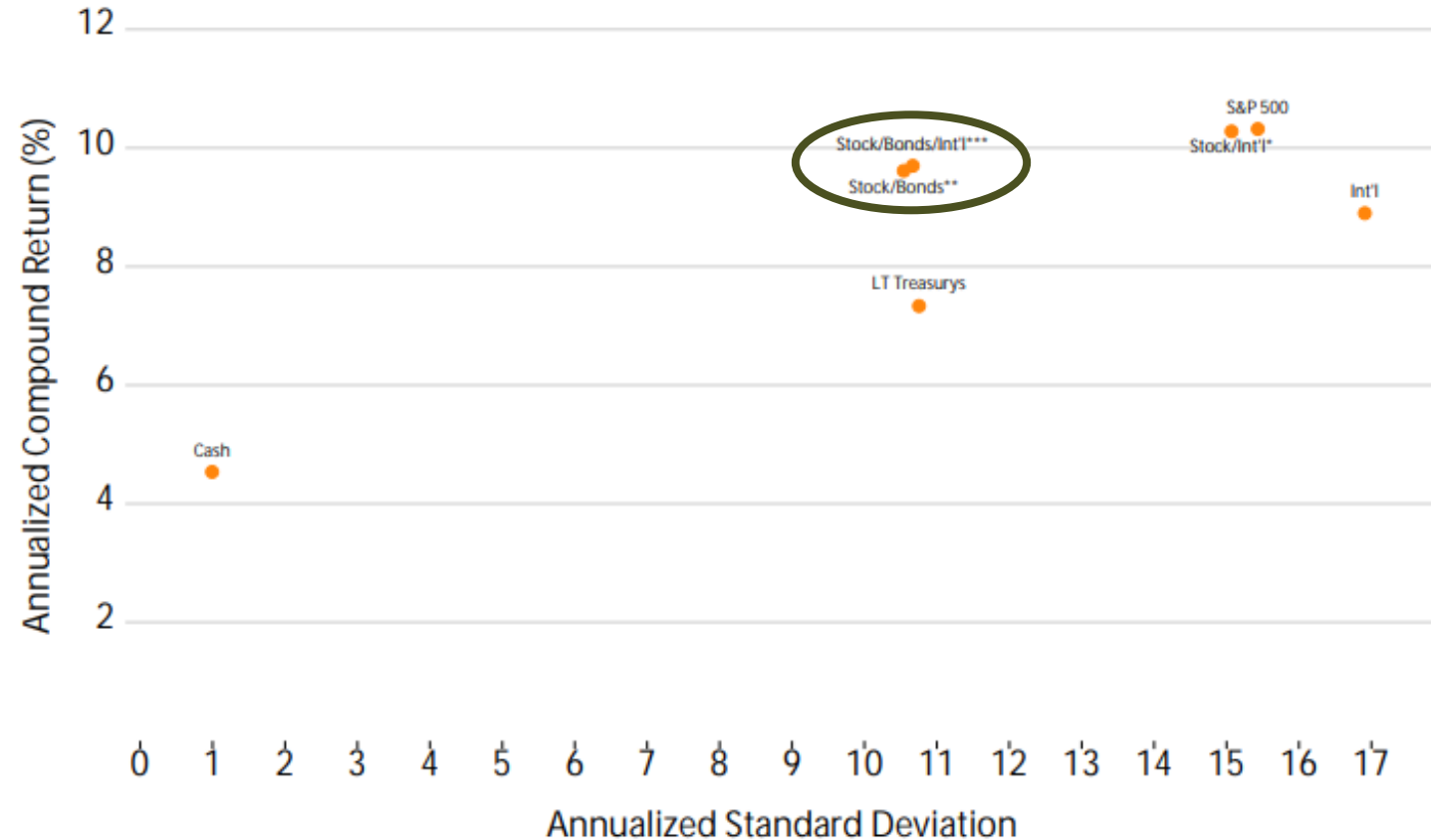
- U.S. Equity
- Fixed Income
- International Equity



Including International:

Combining U.S. equity, non-U.S. equity, and fixed income has produced a favorable return/risk profile.

Risk/return of adding International stocks



● Risk/Return Profile: 12/1969-12/2022

- * 90/10 Portfolio
- ** 60/40 Portfolio
- *** 55/35/10 Portfolio

Stocks are represented by S&P 500 Total Return Index. Bonds are represented by Barclays U.S. Long-Term Treasury Bond Total Return Index. Cash is represented by 3-month U.S. Treasury Bill total return. International stocks are represented by MSCI World ex. U.S. Total Return Index, priced in U.S. dollars.
Sources: S&P Dow Jones Indices, MSCI, Ned Davis Research, Inc.

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SAMPLE – FOR EDUCATIONAL PURPOSES ONLY

Name	Period ending 2023-05-25										Period ending 2023-04-28			
	Month-to-Date Return (%)	Month-to-Date Return NET(%)	Year-to-Date Return (%)	Year-to-Date Return NET(%)	3-Month Return (%)	3-Month Return NET(%)	12-Month Return (%)	12-Month Return NET(%)	3-Year Return (%)	3-Year Return NET(%)	5-Year Return (%)	5-Year Return NET(%)	10-Year Return (%)	10-Year Return NET(%)
54% U.S. Equity/36% International Equity/10% Fixed Income	-1.64	-1.7	7.31	6.97	2.03	1.83	4.92	4.09	13.08	12.18	9.25	8.38	10.5	9.62
48% U.S. Equity/32% International Equity/20% Fixed Income	-1.67	-1.73	6.64	6.3	1.8	1.6	4.18	3.35	11.4	10.51	8.44	7.58	9.67	8.8
42% U.S. Equity/28% International Equity/30% Fixed Income	-1.7	-1.76	5.97	5.64	1.57	1.37	3.43	2.62	9.73	8.86	7.63	6.77	8.82	7.96
36% U.S. Equity/24% International Equity/40% Fixed Income	-1.74	-1.8	5.31	4.97	1.34	1.14	2.69	1.87	8.07	7.21	6.79	5.94	7.97	7.11
30% U.S. Equity/20% International Equity/50% Fixed Income	-1.77	-1.83	4.64	4.31	1.11	0.91	1.94	1.13	6.42	5.57	5.95	5.1	7.1	6.25
24% U.S. Equity/16% International Equity/60% Fixed Income	-1.8	-1.86	3.98	3.65	0.88	0.68	1.19	0.39	4.78	3.94	5.09	4.25	6.23	5.38
18% U.S. Equity/12% International Equity/70% Fixed Income	-1.83	-1.89	3.32	2.99	0.65	0.45	0.43	-0.36	3.14	2.32	4.22	3.39	5.35	4.51
12% U.S. Equity/8% International Equity/80% Fixed Income	-1.87	-1.93	2.66	2.33	0.41	0.22	-0.32	-1.11	1.52	0.71	3.33	2.51	4.46	3.63

Performance periods greater than 1 year show annualized returns.

<https://tinyurl.com/NDR-SSBP>

•**Report:** Smart Sector® Balanced Portfolios

•**Run Date:** 2023-05-26

•**Data updated through:** 2023-05-25

•**Monthly return data updated through:** 2023-04-28

•**Source:** Ned Davis Research, Inc.

•Day Hagan Asset Management advises on the following strategies: Smart Sector® with Catastrophic Stop (U.S. Equity), Smart Sector® International (ex-U.S.), and Smart Sector® Fixed Income.

•NDR serves as the Signal Provider. 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.

•This report uses indices for the performance testing in order to extend the model histories and therefore should be considered hypothetical.

•The net columns in this report assume the deduction of an 0.80% annual fee.

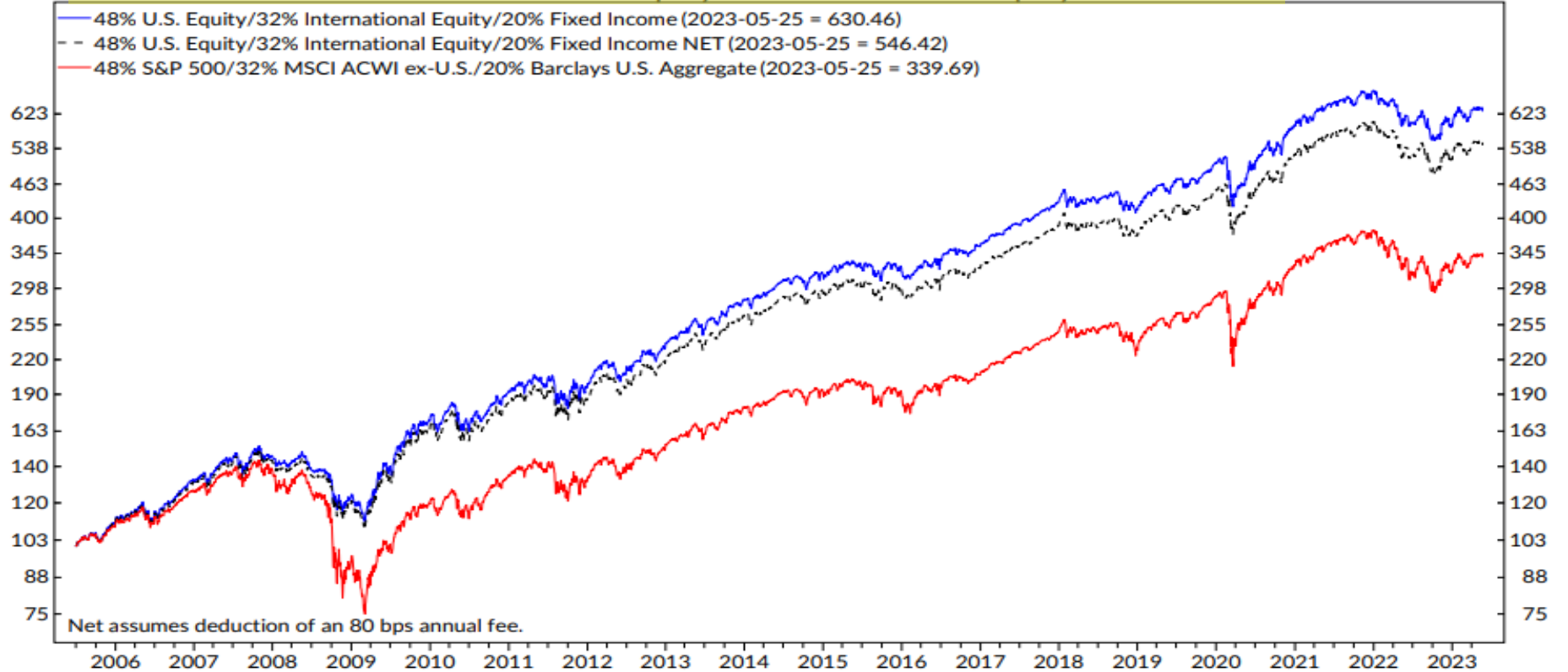
•Past performance does not guarantee future results. No current or prospective client should assume the future performance of any specific investment or strategy will be profitable or equal to past performance levels.

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.

Smart Sector Global Balanced: 48% U.S. Equity/32% International Equity/20% Fixed Income



Title	Gain/Annum	Std Dev	Downside Dev	Beta	Sharpe	Upside Capture	Downside Capture	Max Drawdown
Strategy - Gross	10.83	10.53	7.45	0.81	0.91	100.08	75.7	-27.6% (2007-10-31..2009-03-10)
Strategy - Net	9.94	10.53	7.47	0.81	0.83	97.27	77.66	-28.4% (2007-10-31..2009-03-10)
Benchmark	7.07	13.23	9.58	1.0	0.44			-48.0% (2007-10-31..2009-03-10)

Source: MSCI, Ned Davis Research, Inc., S&P Dow Jones Indices

SMARTSECTOR_AA_48_32_20



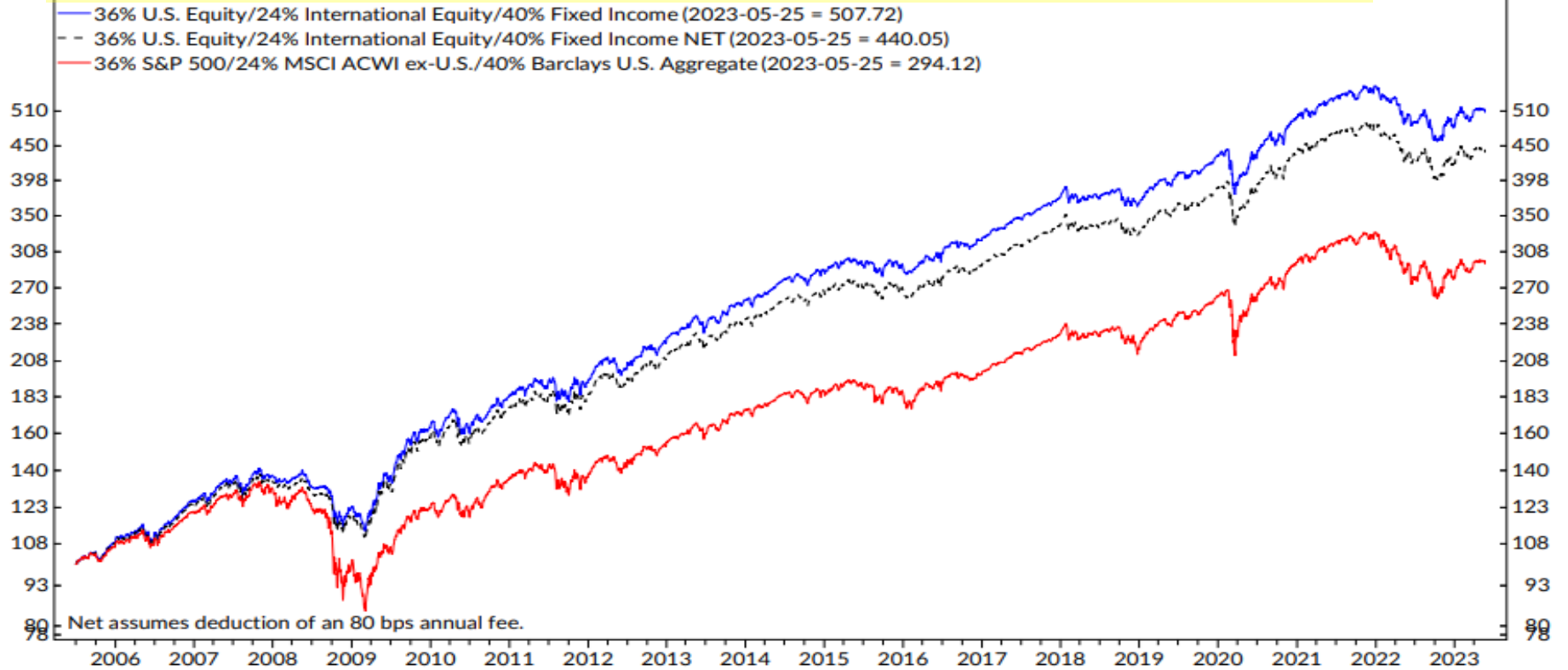
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**Smart Sector
Global
Balanced
Portfolio:
Growth 80/20**

**SAMPLE – FOR
EDUCATIONAL
PURPOSES
ONLY**

<https://tinyurl.com/NDR-SSBP>

Smart Sector Global Balanced: 36% U.S. Equity/24% International Equity/40% Fixed Income



Title	Gain/Annum	Std Dev	Downside Dev	Beta	Sharpe	Upside Capture	Downside Capture	Max Drawdown
Strategy - Gross	9.49	7.92	5.56	0.83	1.04	103.73	75.94	-20.6% (2007-10-31..2009-03-10)
Strategy - Net	8.62	7.92	5.58	0.83	0.93	100.19	78.57	-21.5% (2007-10-31..2009-03-10)
Benchmark	6.21	9.79	7.06	1.0	0.51			-37.3% (2007-10-31..2009-03-10)

Source: MSCI, Ned Davis Research, Inc., S&P Dow Jones Indices

SMARTSECTOR_AA_36_24_40



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**Smart Sector
Global
Balanced
Portfolio:
Moderate 60/40**

**SAMPLE – FOR
EDUCATIONAL
PURPOSES ONLY**

<https://tinyurl.com/NDR-SSBP>

SEE THE SIGNALS™

All proprietary modeling and signals provided by **NED DAVIS RESEARCH (NDR)**

1. Single-ticket solutions for utilizing NDR's model-based strategies, Catastrophic Stop, and research
2. Introduces strategy diversification – each strategy is a multi-indicator strategy based on the weight of the evidence, not a single indicator
3. For advisors seeking a more risk-managed approach for their core S&P 500 equity exposure, fixed income, and international holdings
4. Seeks to efficiently manage capital gains distributions through in-kind transactions

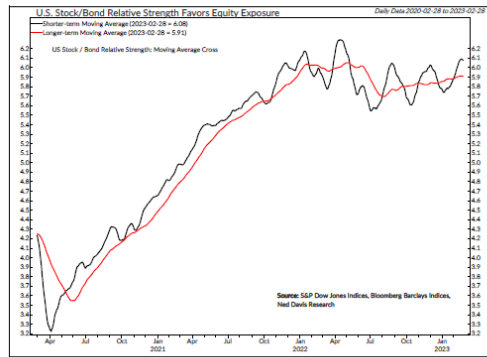
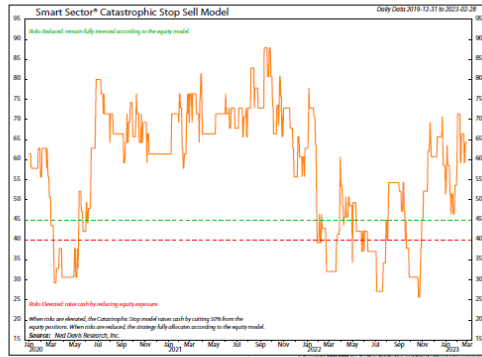
Monthly Updates, Trade Notifications

Smart Sector® Strategy

MARCH 2023

Catastrophic Stop Update

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



Stronger breadth and relative strength drove the model improvement. On February 2, a breadth thrust signal (10-day advances vs. 10-day declines) flashed bullish and the stock/bond relative strength's short-term moving average rose above its long-term moving average (chart left). In terms of external influences, improvement in short-term stock market sentiment was offset by deterioration in high yield and Emerging Market bond breadth.

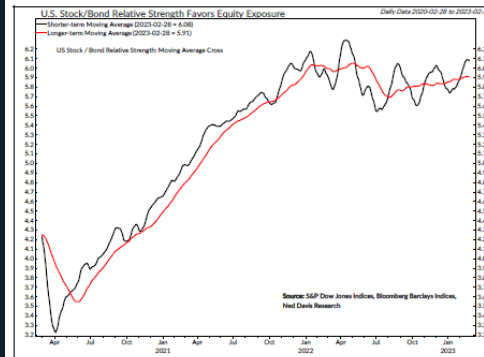
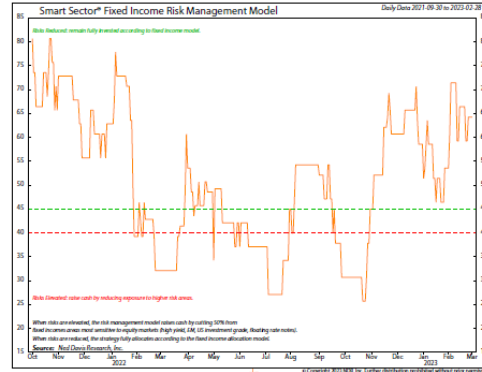
If stock volume demand outpaces supply and global shipping rates improve, then it could indicate the rally could be sustained. Conversely, if the stock market weakens in the near-term and investors return to fears of a recession, the stock market rally could be short-lived.

Smart Sector® Fixed Income Strategy

MARCH 2023

Risk Management Update

The risk management model (chart right) seeks to reduce exposure to fixed income sectors most sensitive to equity drawdowns. The risk management model improved from last month and entered March recommending full model exposure to areas most sensitive to equity markets: US, High Yield, Emerging Markets, US, Investment Grade, and Floating Rate Notes.



Stronger breadth and relative strength drove the model improvement. On February 2, a breadth thrust signal (10-day advances vs. 10-day declines) flashed bullish and the stock/bond relative strength's short-term moving average rose above its long-term moving average (chart left). In terms of external influences, improvement in short-term stock market sentiment was offset by deterioration in high yield and Emerging Market bond breadth.

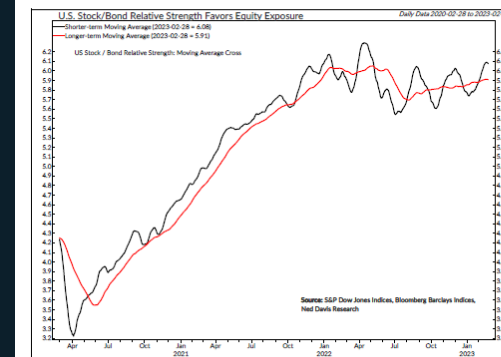
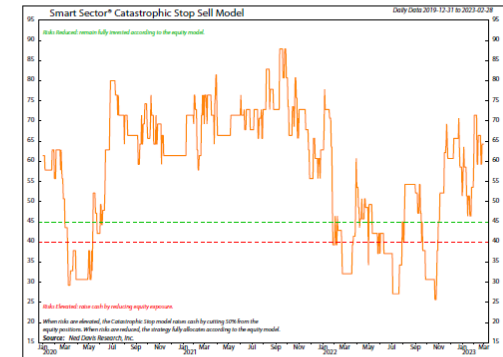
For now, the weight-of-evidence recommends a fully invested allocation to fixed income sectors according to the model.

Smart Sector® International Strategy

MARCH 2023

Catastrophic Stop Update

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



Stronger breadth and relative strength drove the model improvement. On February 2, a breadth thrust signal (10-day advances vs. 10-day declines) flashed bullish and the stock/bond relative strength's short-term moving average rose above its long-term moving average (chart left). In terms of external influences, improvement in short-term stock market sentiment was offset by deterioration in high yield and Emerging Market bond breadth.

If stock volume demand outpaces supply and global shipping rates improve, then it could indicate the rally could be sustained. Conversely, if the stock market weakens in the near-term and investors return to fears of a recession, the stock market rally could be short-lived.

Smart Sector with Catastrophic Stop

100% invested until the weight of the evidence turns overwhelmingly bearish

Recognizing the importance of 77 versus 23

See the Signals.

For more information:

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Sarasota, FL 34236

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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.

The S&P 500 Total Return is an unmanaged, capitalization-weighted index of stocks representing U.S. domestic broad market performance.

This strategy is designed to reduce market exposure when the indicators suggest a high risk of a market collapse, but these indicators are not guaranteed to be accurate, creating the risk that the investor will miss out on gains if the indicators predict a market decline when in fact the market continues to increase.

Disclosures - Continued

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.

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Disclosures - Continued

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

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Disclosures - Continued

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Other fees and expenses, are not reflected in these projected performance results or other expense. Had the results reflected these costs, the hypothetical projected performance would have been lower.

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