Portfolio Managers' Quarterly

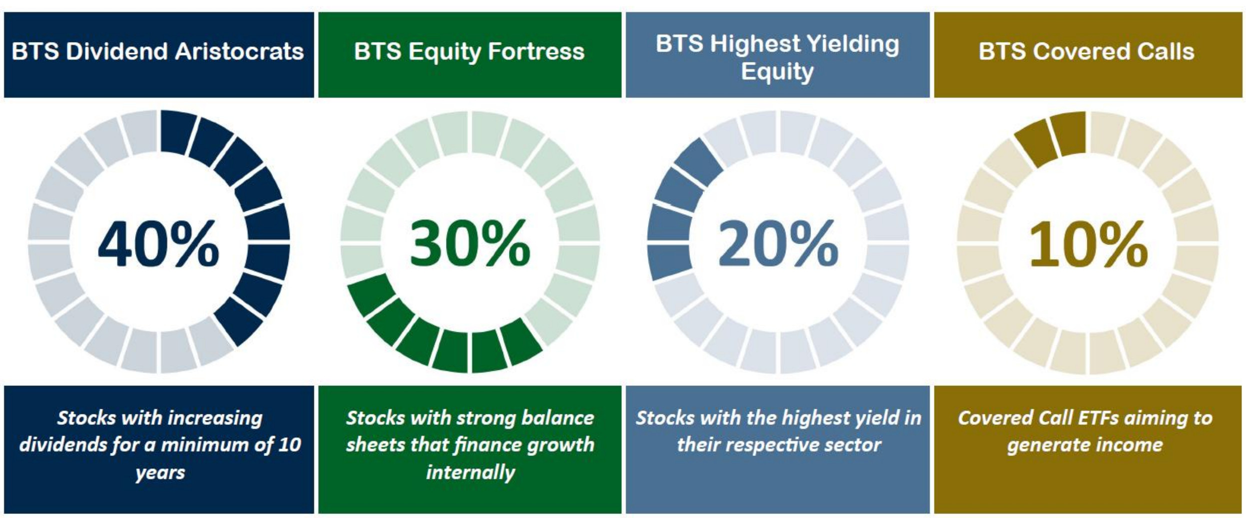
Q3 2024: The Launch of the BTS Enhanced Equity Income Fund & 2nd Half Outlook

Dear Fellow Investor,

BTS is excited to announce the launch of our newest offering, the BTS Enhanced Equity Income Fund. Over the past three years, BTS heavily invested in research and development for an equity income solution rooted in our core investment philosophies of capital preservation and risk management.

The BTS Enhanced Equity Income Fund aims to diversify across three strategies that select individual equities based on overarching characteristics: BTS Dividend Aristocrats, BTS Equity Fortress, and BTS Highest Yielding Equity. Individual equities are allocated to across a broad range of the economy's sectors, making use of fundamental analysis and quantitative metrics to determine allocations in the context of each sector's historical metrics.

The last strategy of the fund, BTS Covered Calls, aims to boost the dividend yield of the Fund by allocating to Covered Call ETFs.



<u>Why Value Now</u>

BTS believes the launch of this Fund addresses a growing concern in the market, namely that market capitalization weighted indices are becoming too overweighted to mega-cap growth stocks, such as the Magnificent 7.[1] As this subset of stocks grow, they take up more and more of a market capitalization index and begin to contribute a substantial amount to the overall return of such an index. Subsequent investments that track the index or invest in a similar manner are also exposed to the risk that these market capitalization over-weights may result in sustained losses if growth-centric investments lose favor.

Over the past 6 rolling months, from January to the end of June 2024, the S&P 500 Index returned 15.29% and the S&P 500 Value Index returned 5.79%, which is an underperformance of 9.50% for the value index.

Since 2000, when the S&P 500 Value Index has underperformed the S&P 500 Index by more than 5% over any 6-month rolling time period, the S&P 500 Value Index on average returned 13.79% over the next 6-month period. Over the same periods, the S&P 500 Index returned 12.55% on average but with a standard deviation that was 12.32% higher.

Index	Average 6-Month Future Return after 5% Underperformance of Value over Previous 6 Months	Standard Deviation of Returns
S&P 500 Index	12.55%	12.16%
S&P 500 Value Index	13.79%	10.83%

Data Source: S&P Global, Internal Analysis using Monthly Returns.
An investment cannot be made directly in an Index.
Past Performance is No Guarantee of Future Results.

BTS believes a rotation into value has begun and will increase into the 2nd half of 2024 and into 2025. We argue that value investing will offer higher returns with lower volatility as the longer-term growth cycle unfolds. BTS thinks growth valuations will return to realistic levels because lower interest rates have largely been priced into the market. The risk of a slowing economy will pressure extended growth stock valuations, but value stocks may hold up well to the risks of volatility and drawdown due to their relative valuations to growth stocks.

	YTD	1 Year	3 Year	5 Year	10 Year	Since Inception
S&P 500 Index	15.29%	24.56%	10.01%	15.05%	12.86%	10.49%
S&P 500 Value Index	5.79%	15.29%	9.59%	11.89%	9.89%	9.25%

Source: Morningstar. An investment cannot be made directly in an Index.
S&P 500 Index inception: 9/11/1989; S&P 500 Value Index inception: 1/3/1994
*Past Performance is No Guarantee of Future Results.**

2nd Half Outlook

Inflation based on the Consumer Price Index (CPI) fell for the first time since May 2020. Lower inflation, along with a weaker jobs market and lower consumer spending, has increased the probability that the Federal Reserve (the "Fed") will cut interest rates later this year at the September FOMC meeting.[2] Although the futures market suggests lower rates in September, BTS cautions that the economic cycle has been misleading over the past few years. The Fed admitted to an underestimation of inflation followed by interest rate increases after higher prices took hold in 2022.[3]

More recently, in the 2nd half of 2023, the Fed signaled three interest rate cuts, citing the progress on inflation.[4] However, the easing cycle became questionable when inflation increased unexpectedly into the first and second quarters of 2024, and the Fed changed its stance to only one interest rate cut in 2024.[5]

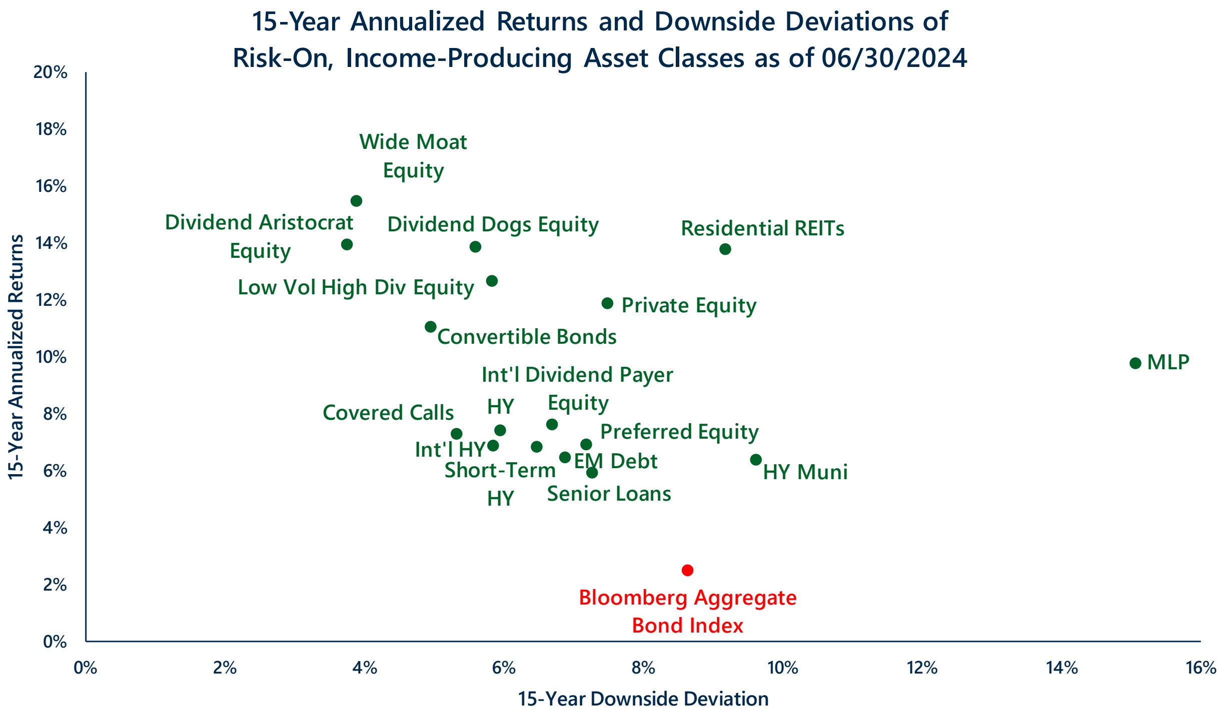
Therefore, the policy direction of the data driven Fed are contingent on economic strength that will be realized through new data points in GDP growth, employment stability, and inflation later this year, all of which can change quickly and affect the course of the easing cycle. Markets may also infer that policy will be influenced by politics due to this year's presidential election in November which may also increase volatility.

However, a weaker job's market and slower GDP growth, with lower inflation, would suggest the beginning of a cycle of interest rate reductions. The stock market, against recession risk, would likely support value against growth if volatility reemerges during the cycle due to heightened recession risk. Assets with extended valuations tend to decline faster during recessionary environments than those with stable earnings as investors discount the loss of earnings potentials in growth investments.

Leverage Income Producing Assets

BTS holds the view that lower rates would support leveraged income producing asset classes, such as real estate, high yield bonds, leveraged loans, among others, which are not weighted in the Bloomberg Aggregate Bond Index (the "Agg").[6] Due to this heightened potential for a sustained trend of dovish monetary policy, we believe our BTS Managed Income Fund is well positioned to continue to benefit with its emphasis on income producing asset classes that diversify beyond those found in the Agg.

When investors think of income producing asset classes beyond the Agg, they typically assume these assets produce greater returns with greater risk. However, when comparing the 15-year downside deviation of various income producing assets and the Agg against the S&P 500, these asset classes may reduce risk and offer strong annualized returns.



Source: Morningstar. Downside Deviation calculated against the S&P 500 Index.
An investment cannot be made directly in an Index.
Past Performance is No Guarantee of Future Results

These dynamics have benefited the BTS Managed Income Fund this year as interest rates remained volatile in the first half of the year. The BTS Managed Income I Shares have returned 1.67% YTD compared to the Agg's return of -0.71%.

BTS Managed Income Returns as of 06/30/2024

	YTD	1 Year	3 Year	5 Year	Since Inception (12/31/18)
Class A (BTSAX)	1.54%	4.53%	-2.64%	0.42%	0.79%
Class A (BTSAX) (Max. 5% Load)	-2.31%	0.61%	-3.86%	-0.61%	-0.15%
Class C (BTSCX)	1.06%	3.72%	-3.41%	-0.14%	0.28%
Class I (BTSIX)	1.67%	4.81%	-2.42%	0.58%	0.93%
Class R (BTSRX)	1.43%	4.29%	-2.90%	0.24%	0.62%
Bloomberg US Aggregate Index	-0.71%	2.63%	-3.02%	-0.23%	0.87%

The performance data quoted here represents past performance. Current performance may be lower or higher than the performance quoted above. Investment return and principal value will fluctuate, so that the shares, when redeemed may be worth more or less than their original cost. Past performance is no guarantee of future results. A Fund's performance, especially for very short periods of time, should not be the sole factor in making your investment decision. For performance information current to the most recent month-end, please call toll-free 1-877-287-9820.

Total Annual Operating Expenses:
Class A: 2.68%; Class C: 3.43%; Class I: 2.43%; Class R: 2.93%
Total Annual Operating Expenses After Fee Waiver and/or Expense Reimbursement:
Class A: 2.07%; Class C: 2.82%; Class I: 1.82%; Class R: 2.32%
The Advisor has contractually agreed to waive fees and to make payments to limit fund expenses, until at least April 30th 2025, so that the total annual operating expenses (exclusive of certain fees or expenses) do not exceed 1.75%, 2.50%, 1.50%, and 2.00% of average daily net assets attributable to Class A, Class C, Class I , and Class R shares respectively.

With interest rates often more volatile in the short and medium-term, markets that are sensitive to credit conditions have the potential to discount economic realities further in the future. This has largely been the case as treasuries and other government backed debt remain volatile, whereas credit sensitive securities have seen strong intermediate price trends because they have forecasted lower rates 12-18 months into the future. BTS sees economic weakness being the only major disrupter of these credit markets. With lower rates, markets may continue to discount further gains as long as GDP growth remains positive.

However, the risk remains of a disruption or externality to the current economic trajectory that results in negative economic growth, or, even worse, the possibility of inflation reemerging. Both the BTS Tactical Fixed Income Fund and BTS Managed Income Fund aim to offer downside protection in the event of such a disruption or externality. We believe BTS Tactical Fixed Income's ability to participate in flight to quality trades in treasuries from possible economic disruptions and its ability to allocate 100% to cash when both credit and duration market are declining offers a hedge if economic volatility increases again.

Conclusion

BTS believes that the risk of recession is the variable that may disrupt the positive trend in credit markets, such as high yield debt and other leveraged income producing asset classes. For now, a soft landing and long-term outlook for lower interest rates should continue to support credit markets as long as GDP growth remains positive. As discussed, fluctuations in economic data points have made the Fed's job difficult and increased volatility in treasury bonds and other government-backed debt. However, high yield bonds and other credit instruments tend to have lower duration and discount recession only when slowdowns become entrenched, which leads to widespread defaults.

Therefore, BTS can take advantage of sustained market movements that lend themselves to trend following in leveraged markets. Higher volatility has been a disruption to trend following models in recent years. Historically, volatility has been relatively low and manageable. The current allocation to high yield reflects the historically low volatility environment that in our opinion works well for trend following, especially if a reversal were to take place.

The risk of recession has increased at a time when inflation may still reemerge and be hard for the Fed to control. Downside risk management in our BTS Tactical Fixed Income and BTS Managed Income Funds remain important investments aspects of these strategies to approach the risks of the bond market. BTS believes that model adjustments during the recent years of volatility in high yield bonds will facilitate attractive returns for both strategies.

Our BTS Tactical Fixed Income Fund has the versatility to invest in flights to quality during recession risk wherein government bonds may experience gains due to fearful investment sentiment. Moreover, when credit and duration are both trending negatively, as they did in 2022, our goal is to hedge risk and invest in money market instruments.

Thank you for investing with BTS. We are committed to a risk management approach that maximizes growth potential in both the stock and the bond markets in order to bring lower drawdown and higher returns to our clients.

Sincerely,

Vilis Pasts
Matthew Pasts, CMT
Isaac Braley
Henry Pasts
Co-Portfolio Managers

CITATIONS

[1] What are the Magnificent Seven?

[2] Monthly US consumer prices post first drop in four years as inflation subsides

[3] The Federal Reserve's responses to the post-Covid period of high inflation

[4] Fed Keeps Interest Rate Unchanged at 22-Year High But Signals Cuts Next Year (2024)

[5] June 2024 Fed Meeting: Fed maintains current policy rate and sees only one rate cut in 2024

[6] Bloomberg US Aggregate Index

IMPORTANT RISK INFORMATION

Investing, including investing in mutual funds, involves risk, including possible loss of principal. There is no assurance that any strategy will achieve its investment objective. The value of fixed income securities will fluctuate with changes in interest rates. Defaults by fixed income issuers could also harm performance. Lower quality bonds known as “high yield” or “junk” bonds, present greater risk than bonds of higher quality, including an increased risk of default. An economic downturn or period of rising interest rates could adversely affect the market for these bonds and reduce the Portfolio Manager’s ability to sell its bonds. The use of leverage within a strategy will indirectly cause additional expenses and could potentially magnify the gains or losses. Diversification does not ensure a profit or guarantee against loss.

Standard Deviation of returns measures the average a return series deviates from its mean. It is often used as a measure of risk. When a fund has a high standard deviation, the predicted range of performance implies greater volatility.

Drawdown is the peak-to-trough decline during a specific record period of an investment, fund or commodity. A drawdown is usually quoted as the percentage between the peak and the trough. Drawdown helps determine an investment’s financial risk.

The U.S. CPI Month-over-Month Percent Change (Seasonally Adjusted) is the Consumer Price Index for All Urban Consumers (CPI-U) and is a monthly measure of the average change over time in the prices paid by consumers for a market basket of consumer goods and services. The CPI-U is based on the spending patterns of urban consumers. Index data are available for the U.S. City Average (or national average), for various geographic areas (regions and metropolitan areas), for national population size classes of urban areas, and for cross-classifications of regions and size classes. Individual indexes are available for more than 200 items (e.g., apples, men's shirts, airline fares), and over 120 different combinations of items (e.g., fruits and vegetables, food at home, food and beverages, and All items).

The S&P 500 Index includes 500 leading companies in leading industries of the US economy and is a proxy for the total stock market.

The S&P 500 Value Index measures constituents from the S&P 500 that are classified as value stocks based on three facts: the ratios of book value, earnings, and sales to price.

Bloomberg US Aggregate Bond Index (Bloomberg Agg Bond) - An index used by bond funds as a benchmark to measure their relative performance. The index includes government securities, mortgage-backed securities, asset-backed securities and corporate securities to simulate the universe of bonds in the market. The maturities of the bonds in the index are more than one year.

15-Year Annualized Return is the annualized 15-year return from 06/30/2009 to 06/30/2024.

15-Year Downside Deviation is a measurement of dispersion below an average, expressing how widely the returns of an investment under-perform the benchmark (the S&P 500 Index) over a certain period of time and how close to the mean they are. It is used as a risk measure of volatility: the closer to the mean, the lower the volatility, meaning the returns are very close to the mean. Calculated using monthly returns over the trailing 15-year period from 06/30/2009 to 06/30/2024.

Short-Term HY is the ICE BofA 0-5 Year US High Yield Constrained Index that tracks the performance of short-term US dollar denominated below investment grade corporate debt publicly issued in the US domestic market.

Senior Loans is the Morningstar LSTA US Leveraged Loan Index and is a market-value weighted index designed to measure the performance of the US leveraged loan market.

EM Debt is the Bloomberg Emerging Markets Hard Currency Aggregate Index and is a flagship hard currency Emerging Markets debt benchmark that includes USD-denominated debt from sovereign, quasi-sovereign, and corporate EM issuers.

Int'l HY is the Bloomberg Global High Yield Index and is a multi-currency flagship measure of the global high yield debt market. The index represents the union of the US High Yield, the Pan-European High Yield, and Emerging Markets (EM) Hard Currency High Yield Indices. The high yield and emerging markets sub-components are mutually exclusive.

HY is the Bloomberg US Corporate High Yield Bond Index measuring the USD-denominated, high yield, fixed-rate corporate bond market. Securities are classified as high yield if the middle rating of Moody's, Fitch and S&P is Ba1/BB+/BB+ or below. Bonds from issuers with an emerging markets country of risk, based on Bloomberg EM country definition, are excluded.

HY Muni is the Bloomberg Municipal Bond 10 Year (8-12) TR Index Unhedged USD and covers the USD-denominated long-term tax exempt bond market. The index has four main sectors: state and local general obligation bonds, revenue bonds, insured bonds and prerefunded bonds.

Low Vol High Div Equity is the S&P 500 Low Volatility High Dividend Index and is made up of 50 stocks from S&P 500 that offer high dividend yields. The index is designed to provide exposure to high yield stocks in the US while meeting stability and diversification requirements.

Dividend Dogs Equity is the S-Network Sector Dividend Dogs Index and is a portfolio of fifty stocks derived from the S&P 500 Index. The SDOGX methodology selects the five stocks in each of the ten GICS sectors that make up the S&P 500 which offer the highest dividend yields as of the last trading day of November.

Dividend Aristocrats Equity is the S&P 500 Dividend Aristocrats index and is designed to measure the performance of S&P 500 index constituents that have followed a policy of consistently increasing dividends every year for at least 25 consecutive years.

Int’l Dividend Payer Equity is the Dow Jones Global Select Dividend and aims to represent the stock performance of 100 leading dividend-paying companies worldwide.

MLP is the Alerian MLP Infrastructure Index and is a composite of energy infrastructure Master Limited Partnerships (MLPs). The capped, float-adjusted and capitalization-weighted index is disseminated real-time on a price-return basis (AMZI) and on a total-return basis (AMZIX).

Wide Moat Equity is the Morningstar® Wide Moat Focus Index and provides exposure to companies with Morningstar® Economic Moat™ Ratings of wide that are trading at the lowest current market price/fair value ratios. Moat ratings and fair value estimates are determined through independent research conducted by the Morningstar Equity Research team.

Residential REITs is the MSCI US REIT Index and is a total-return index comprising the most actively traded real estate investment trusts. MSCI commenced calculation of the index on 6/20/05. Prior to that, AMEX began calculation with a base level of 200 from 12/30/94. Sub-industries began on 5/1/06 as the result of 2006 Annual GICS review.

Covered Calls is the CBOE S&P 500 BuyWrite Index (BXM) and is a benchmark index designed to track the performance of a hypothetical buy-write strategy on the S&P 500 Index.

Convertible Bonds is the Bloomberg US Convertibles Composite Total Return Unhedged USD.

BTS Enhanced Equity Income Fund consists of 4 sub-strategies, BTS Dividend Aristocrats, Equity Fortress, Highest Yielding Equity, and Covered Calls.

BTS Dividend Aristocrats selects two stocks from each of nine of the eleven Global Industry Classification Standard (GICS) sectors from the 1500 largest domestic equities for a total of 18 security selections. Equities are considered based on their ability to have increased year-over-year dividend payments for the past 10-15 years or longer. Equities that meet this filter are run through a proprietary securities selection algorithm, utilizing fundamental ratios and proprietary return-based quantitative metrics, to determine the two equity selections for each sector. Then, the Adviser’s proprietary model analyzes the fundamental ratios and proprietary return-based quantitative metrics of each sector to determine the sector’s outperformance. The sector with the highest outperformance is over-weighted, and the bottom two sectors are eliminated. The allocation weight that would have gone to the bottom two sectors is allocated to the top sector. The Adviser may increase the number of holdings or change the weightings within any of the selected sectors in the BTS Dividend Aristocrats strategy in light of a particular stock’s liquidity and trading volume. Stocks selected may overlap with those selected in the “BTS Equity Fortress” and “BTS Highest Yielding Equity” sub-strategies.

BTS Equity Fortress selects two stocks from each of nine of the eleven Global Industry Classification Standard (GICS) sectors from the 1500 largest domestic equities for a total of 18 stocks. Equities are considered based on the ability to finance internal revenue and asset growth without taking on excess debt as determined by the Adviser’s proprietary model. Equities that meet this filter are run through a proprietary securities selection algorithm, utilizing fundamental ratios and proprietary return-based quantitative metrics, to determine the two equity selections for each sector. Then, the Adviser’s proprietary model analyzes the fundamental ratios and proprietary return-based quantitative metrics of each sector to determine the sector's outperformance. The sector with the highest outperformance is over-weighted, and the bottom two sectors are eliminated. The allocation weight that would have gone to the bottom two sectors on an equal weight basis is allocated to the top sector. The Adviser may increase the number of holdings or change the weightings within any of the selected sectors in the BTS Equity Fortress strategy in light of a particular stock's liquidity and trading volume.

BTS Highest Yielding Equity selects two stocks from each of nine of the eleven Global Industry Classification Standard (GICS) sectors from the 1500 largest domestic equities for a total of 18 stocks. Equities are considered based on having the highest dividend yield in their respective sector. Equities that meet this filter are run through a proprietary securities selection algorithm, utilizing fundamental ratios and proprietary return-based quantitative metrics, to determine the two equity selections for each sector. Then, the Adviser's proprietary model analyzes the fundamental ratios and proprietary return-based quantitative metrics of each sector to determine the sector's outperformance. The sector with the highest outperformance is over-weighted, and the bottom two sectors are eliminated. The allocation weight that would have gone to the bottom two sectors on an equal weight basis is allocated to the top sector. The Adviser may increase the number of holdings or change the weightings within any of the selected sectors in the BTS Highest Yielding Equity strategy in light of a particular stock's liquidity and trading volume. Stocks selected may overlap with those selected in the "BTS Dividend Aristocrats" and "BTS Equity Fortress" sub-strategies.

Covered Call refers to a financial transaction in which the investor selling call options owns an equivalent amount of the underlying security. To execute this, an investor who holds a long position in an asset then writes (sells) call options on the same asset to generate an income stream. The investor's long position in the asset is the cover because it means the seller can deliver the shares if the buyer of the call option chooses to exercise.

BTS Covered Calls - The Fund will invest up to 10% of its assets in exchange traded funds (ETFs) that pursue a covered call strategy. Covered call ETFs invest in a portfolio of equity securities and also write, or sell, call options on their equity exposure in order to generate income from the premiums received from writing call options.

**Index returns are for illustrative purposes only and should not be construed as BTS model performance or performance achieved by any BTS client. More specifically, any reference to index returns during isolated or defined periods in time is for reference only and is not meant to imply index returns are indicative of actual returns achieved in client portfolios. Investors cannot invest directly in an index, and index returns do not reflect management fees, custodial fees or brokerage commissions, which vary depending upon the custodian chosen.*

Source: ***Morningstar and Bloomberg (for index returns)***

PAST PERFORMANCE IS NO GUARANTEE OF FUTURE RESULTS.

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