



Dear Fellow Shareholders:

I stepped into the role of Chief Investment Officer at Pacific Financial Group in December 2022, amid one of the worst calendar years for market performance after a remarkable year in 2021. Only cash, gold, and other real assets finished positive in 2022. Overall, as I look back on the past one year ending April 30, 2023, many events have occurred in terms of geopolitical, inflation, and monetary policy that impacted markets. Thankfully, we have turned the corner on a challenging year for markets as the fourth quarter of 2022 and the first quarter of 2023 recovered some of the adverse market performance that affected many investors.

Three risks altered US and global markets. Geopolitical risk remained at the forefront as countries took sides following the Russia-Ukraine invasion. The US played its familiar role in reuniting other nations and supporting the people of Ukraine. The Ukraine invasion continued to put upward pressures on inflation globally, particularly in the energy and commodities sectors. Secondly, inflation peaked at over 9% year-over-year, measured by the US Consumer Price Index in June 2022. Fortunately, since mid-2022, inflation has been on a downward trajectory toward the Fed's target of 2%. Lastly, monetary policy was another focal point during most of 2022 and continuing into 2023. The current interest rate hiking cycle is one of the swiftest and largest, averaging 35.7 basis points per month. Although US inflation is not near the Fed's long-term target, monetary policy has played a role in cooling down the overheated economy post-COVID.

Rapid interest rate hikes are not without consequences, triggering the US regional banking crisis and the acquisition of one of Europe's largest financial institutions. However, regulations have tightened on US banks' capital requirements since the Great Financial Crisis. The result of increased regulations contained the regional bank crisis and ultimately did not reverberate throughout the financial institutions. Conversely, despite the macroeconomic risks, the US consumer remained relatively healthy and resilient. The US dollar also remained strong relative to other major international currencies partially due to the higher interest rates relative to other countries. Additionally, elevated fear of recession increased investors' demand for US dollars as the world's reserve currency.

Nevertheless, market performance over the past year ending April 30, 2023, was mixed across asset classes. Real assets and inflation-hedging asset classes lost momentum in the latter half of 2022 into 2023 as inflation cooled and supply normalized – particularly in the energy sector. In equities, the magnitude and level of the interest rate hikes negatively affected US large capitalization growth equities during most of 2022. Growth equity style makes up a significant portion of the US equity markets. The PFG strategies that had exposures to US large capitalization growth style equities were unfavorably affected relative to their benchmarks due to the style rotation supporting US large capitalization value equities for the majority of 2022. Some of PFG's multi-asset and equity strategies that are diversified or tactical across style, market capitalization, and regions were able to balance the out-of-favor performers. In particular, PFG Fidelity Institutional AM® Equity Sector Strategy outperformed relative to its benchmark. The strategy overweighted sectors such as energy and utilities at opportune moments in 2022 and tilted into technology at the beginning of 2023. For some of PFG's strategies with higher exposure to the Eurozone and emerging markets, the relative outperformance of ex-US developed and emerging market equities served as a counterbalance against US equities' underperformance. Overall, PFG's more tactical strategies took advantage of opportunities in value equities and non-US equities to offset some performance detractors.

Most of 2022 also panned out to be a challenging year for fixed income, and all major fixed income indices finished negative for the calendar year. For PFG's fiscal year ending April 2023, losses were regained by US High Yield, US Corporate bonds, and Global Bonds. The negative performance in fixed income affected many US investors in a 60/40 equity-fixed income portfolio, ending the calendar year 2022 with double-digit losses. A diversified equity-fixed income portfolio did not provide safety against a weak equity environment. Since the negative performance in 2022 was widespread across many asset classes, PFG's fixed income strategies were negative alongside their respective benchmarks. As a result, PFG's multi-



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asset and fixed-income strategies faced headwinds due to their exposure to fixed income. However, some of PFG's more tactical multi-asset or fixed-income strategies re-positioned the exposures to shorter duration and cash equivalents to capture outperformance relative to equities and other fixed income sectors. Nevertheless, so far during 2023, all of PFG strategies have recovered some of their losses year to date ending April 2023.

Looking into 2023 and beyond, market performance in the first quarter ending April 2023 was generally positive, except for commodities, agriculture, and oil. Even though we experienced a year where many asset classes ended negative in 2022, what investors should keep in mind is that, on average, drawdowns can be a healthy correction of overvalued markets. Historically since 1980, markets have had a positive year following a negative year—except for 2001. Markets are difficult to time and our belief at PFG is to stay invested through painful times. Furthermore, during the last decade, the US was fighting in the opposite direction of inflation – aiming to push inflation to the 2% target from an average of 1.7% inflation year-over-year. Interest rates may be higher for longer to bring inflation back to the Fed's target. Yet, in the first quarter of 2023, the monetary tightening environment has not negatively affected companies, labor markets, or the US consumer. We are now in a different environment than in the prior decade when money was inexpensive as interest rates were extremely low. The previous environment supported growth style equities, small and mid-capitalization equities, and economic growth. As the saying goes, what goes up must come down, and market cycles ebb and flow. With that in mind, we believe investments can also adapt suitably to a changed market regime.

Looking ahead, we remain optimistic about the resilience of the US economy and the importance of cumulative growth of investments for long-term investors. We believe the partnership and institutional caliber of our strategist research partners will continue to identify pockets of opportunity during times of volatility. PFG remains committed to our shareholders and clients by diligently managing our strategies in an ever-changing market environment to provide appropriate diversification and investments to mitigate idiosyncratic risks.

Thank you for your continued trust in the Pacific Financial Group.

Sincerely,

Judith Cheng, CFA, CAIA
Chief Investment Officer
Pacific Financial Group, LLC
April 30, 2023

Before investing you should carefully consider the investment objectives, risks, shares, and expenses of the Pacific Financial Group family of funds (referred to as PFG Strategies). This and other important information about the Funds/PFG Strategies are contained in the prospectus; to obtain a prospectus please call 1-888-451-TPFG. The prospectus should be read carefully before investing. Mutual Funds Involve Risk Including Possible Loss of Principal. Past performance is no guarantee of future results. Investment return and principal value will vary. Investors' shares when redeemed may be worth more or less than the original cost. Returns do not reflect the deduction of taxes a shareholder would pay on distributions or redemption of Fund shares.

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