



**Flexible Plan Investments, Ltd.**  
Your partner in active wealth management since 1981



*Some people seek out change.*

*Other people fear it.*

*Some people work for change,*

*Others to avoid it.*

*For some, change is constant.*

*For others, it is rare.*

*Change comes to all of us,*

*The reason to prepare.*

**A**s has probably been the case for all of you, change has been a significant part of my life. I was fortunate that when I attended college, times they were “a-changin.” The computer age was dawning. I was able to see the potential of combining traditional investment analysis with the powerful abilities of the PC.

A change was necessary. The type of analysis I wanted to do was too computational. It was too intensive to do by hand, and it was not easily repeatable.

Computers were the solution to my dilemma. They also supplied a discipline in execution that the findings

of the yet-to-be-discovered science of financial behaviorism would later show was so difficult for humans to achieve.

As the years rolled by, change continued. I finished at Michigan State and went off to the University of Michigan Law School. While attending and serving on a congressional staff, I started a hedge fund. I then practiced tax and securities law for 20 years, during which time investments lured me back, and Flexible Plan Investments (FPI) was formed.

FPI is all about change. Our motto, "Managing the non-traditional is our tradition," says it all.

We began as a market timer with a single system, thinking we had the holy grail. Today, we manage over 150 strategies and don't believe any is the sole solution for all market environments. Hence our emphasis on portfolios allocated among multiple methodologies.

Cars, telephones, television networks, breakfast cereals, or beverages—whatever industry you can name, they all change. Coke begets Tab, which turns into Diet Coke, and then New Coke appears, and now we have Coke Zero. We change—telephone, phone booth, long-distance, cell phone, smartphone. We evolve—abacus, slide rule, calculator, room-size computer, personal computer, spreadsheet, artificial intelligence. It doesn't matter the industry—it's change or die.

The 60% stock/40% bond portfolio and diversified modern theory portfolios have each flourished. But investment modes changed when the sky darkened and markets crashed in 1963, 1966, 1973, 1987, 2000, 2008, and 2020. New solutions emerged. Factor investing, smart beta, alternatives, liquid alternatives, and—yes—market timing all had their time in the sun. Yet the only enduring constant appears to be "change."

## Markets appear on the cusp of a significant change

Why do I address "change" in today's letter? I could answer that question with a simple, generic answer: "It's a new year, a time for New Year's resolutions that seek change."

But it is more than that. The ingredients for a change in the markets' menu are there. Everything that matters seems to be reversing its previously bullish direction:

- Inflation has been practically nonexistent for more than a decade. Now we're seeing 40-year records routinely broken with each monthly report of a rise in the consumer price index and producer price index.
- Interest rates are rising. We've been in a bond bull market for more than 30 years as interest rates moved lower. But the Federal Reserve is signaling that it's going to change the rules of the game this spring. Three to five interest rate hikes are forecast this year by various market seers.
- In the same vein, liquidity is going to take a hit as the Fed intends to stop buying bonds (in fact, it may start selling them), and the Biden administration appears to be abandoning its plans for trillions of dollars of new spending.
- Corporate earnings, which have been soaring in large part because of the present favorable environment, are slowing—and with them market price momentum in the equity markets.
- All of these actions are happening when valuations are high for stocks and bonds. Of course, valuations can always go higher (although, the S&P 500 begins the year with a price-to-earnings ratio in the 88th percentile of readings since 2010).

## It's time to prepare for change

As an active manager and a contrarian, I know those in the market already focus on these concerns. And I know that the market usually acts to fool most people most of the time. Experience has taught me that it is all in the timing. The overvalued markets can fly high for a long time, and bull markets last longer and are more frequent than bears.

The present market slide could be a pause in a longer-term move higher. We may see a mere 10% correction, or the bull market could resume.

But it is critical to be prepared for change with conditions like these. Being prepared is the number one piece of advice for those who need to adjust to change. The second piece of advice is that avoidance does not work.

One needs to take proactive steps to anticipate the effects of change. That means having coping strategies. Yes, these should include strategies that can address changes in the market environment. But it goes beyond the investment process and includes the adoption of coping mechanisms for the new financial landscape. It can require a change in approach and a change in expectations.

It also generally requires seeking professional help. Your financial adviser can help. And professional investment management can aid both you and your adviser.

## Testing the waters and adjusting expectations

Analysts in discussing change tend to talk about abrupt and sudden change, like in the pandemic collapse of 2020. But that was hardly a normal correction. After all, it was the fastest bear market ever. More often, bear markets begin with a loss of momentum and demonstrate weakness over time.

Lakes have recently frozen here in Southeast Michigan. I've been looking out my window at the first brave explorers of the newly frozen surface that backs up to my cottage.

Each moved cautiously at first, slowly testing. As each ventured out onto the ice, you could see them listening for that crackling sound that might indicate insufficient support. You knew they were watching for visible signs of a fissure that could spread or widen and send them into the frozen waters beneath the ice. It was a slow process for travelers, requiring patient testing before confidently moving off in the direction that each wanted to go.

In the same way, most market changes occur over considerable time. And, like those explorers first stepping upon a newly frozen lake, it can take time to recognize that a change is happening and longer still to determine if it is significant.

That is why nobody can precisely call market tops. And it is also why even market professionals take losses at the top as they wait for a new trend downward to establish itself. Acting too quickly does not respect the lasting power of a bull market. It can expose investors to the debilitating losses of whipsaw trading.

It also means investors have to adjust their expectations when market seasons are changing. Trending periods are the best of times. We have enjoyed the benefits of being invested over the last two years, when the trend has been primarily up.

With the market exploring a change in trend, investors need to expect to have to wait patiently during a reasonable testing time. It is a time when each strategy assesses whether the market is simply in a pause or, instead, heading on a course that will take it much lower.

Each strategy uses its own, time-tested approach culled from market history to determine the best course of action. The various methodologies will not all act at the same time. Some will ease into defensive positions, while others will stay the course. Some will be right and others wrong.

## Building an adaptable portfolio with multiple strategies

For that reason, we have found that a portfolio built on multiple strategies has had the best chance of getting market turns right for at least a portion of the assets under management.

Our Research department just completed a thought experiment. With rising inflation dominating the headlines, they used our Crash Test Analyzer tool to see which of our strategies performed best in such periods.

The results were telling. Seven of the 10 best-performing strategies were turnkey multi-strategy portfolios. All came from our QFC Fusion 2.0, QFC Multi-Strategy Core, and QFC Multi-Strategy Explore services.

These results suggest that if you are currently using a portfolio of single-strategy offerings, you should probably switch to one of the turnkey strategies if they are available to you. Rather than leaving you with the

task of hunting for the next winning strategy from the many available or trying to find the one with the best chance of dealing with a new market environment, a multi-strategy portfolio takes care of all the strategy selection decisions, allocations, and positioning for you.

## An investor wish list for dealing with change

If change is constant, why not have an investment strategy built to deal with the fact that markets are constantly changing?

Why not have different strategies for different market environments? Why not have systems that adapt to changing financial landscapes? Why not have portfolios made up of multiple, dynamic, risk-managed approaches too? And, while you're at it, why not have your portfolios reallocate automatically among the available strategies, adapting the portfolio to what is working in the markets at any given time?

After over 50 years of personal study and 40 years of FPI development, we have our answer to these questions. Our QFC turnkey strategies provide that answer.

These low-cost strategies provide three levels of risk management:

1. Dynamic risk management *within* the 12 Quantified Funds that we subadvise.
2. Actively managed strategies that exclusively utilize investment *between* these funds.
3. Computer-directed, dynamic allocation *among* those strategies to create true multi-strategy, suitability-based portfolios.

**Just as risk is always with us, change is always a constant. Be prepared.**

All the best, Jerry



A handwritten signature in dark ink that reads "Jerry C. Wagner".

Jerry C. Wagner  
President



## Important Disclosures

Flexible Plan provides free consultations to you to address (i) past results; (ii) any changes in your financial situation indicating a change in investment strategy; (iii) reasonable management restrictions or modifications; and (iv) your current investment objectives. These consultations are available upon request quarterly via telephone or in person at our offices.

Please remember to contact your primary investment professional and Flexible Plan Investments, Ltd., **in writing**, if there are any changes in your personal/financial situation or investment objectives or for the purpose of reviewing the ongoing suitability of your current investment strategy/program, or if you want to impose, add, or modify any reasonable restrictions to our investment advisory services. **Please Note:** Unless you advise, in writing, to the contrary, we will assume that there are no restrictions on our services, other than to manage the account in accordance with your current designated investment strategy/program.

**Investment Portfolio Rating:** The term "portfolio" refers to all of your accounts managed by FPI, regardless of number of strategies. The rating is based on your latest suitability questionnaire filed with us. If your account is a corporate or trust account or we have not received a suitability questionnaire from you, we utilize the historical fifteen-year standard deviation for your portfolio to determine your Rating. One of four categories is referenced: Conservative, Moderate, Growth or Aggressive. If the category referenced for you seems no longer appropriate, please contact our offices to fill out a new questionnaire.

**Volatility Barometer:** The S&P500 and NASDAQ Indexes, as well as the Investor Profile reference points, are the annualized monthly standard deviation of the percentage change of the total return of those Indexes and the total return net of your advisory fees based on our hypothetical research on a portfolio of FPI strategies held in the same dollar proportion as those held in your account(s) at the end of the quarter, respectively. The standard deviation is calculated for a rolling three-year period to the end of the quarter, regardless of the time you have been invested in the strategies. The standard deviation for the actual period of your portfolio may differ, as may its relationship to that of the S&P500 and NASDAQ Indexes. Standard Deviation is a statistical measurement of the variability of the return of a portfolio from the mean average. It is one measure of volatility. When a fund has a high Standard Deviation, the predicted range is wide, implying a greater volatility, and, therefore, a greater level of risk. Investors are cautioned, however, that in calculating risk, high positive returns are treated the same as high negative returns. Thus, strategies with above average returns often exhibit high Standard Deviation. See "Risk Considerations" in FPI's Brochure Form ADV, Part 2A.

**Risk Target:** Utilizing the same return stream described in the Volatility Barometer description, FPI determines on a monthly basis the greatest drawdown or loss, before advisory fees, that would have been achieved from a portfolio or index high point to a low point without an intervening new high. The maximum loss shown is for the period commencing at the latest start date of your portfolio's component strategies (in no event less than five years) to the present, regardless of the time you have been invested in the strategies. The loss for the actual period of your portfolio may differ, as may its relationship to that of the Indexes. Some strategies may actually target a higher risk and exposure to risk than the S&P 500. See strategy descriptions in FPI's Brochure Form ADV, Part 2A.

**Market Commentary:** Adjustments and allocations discussed as occurring within your portfolio are derived from the most significant percentage holdings and changes from the first pie chart to the last shown on the accompanying statement page. Cash or money market positions referenced are derived from our trade records and do not reflect those resulting from additions to or withdrawals from your account or strategies.

**OnTarget Monitor:** The black line denoting your portfolio account value is derived from the actual month-to-month percent change of your portfolio, after advisory fees. The quarter end account value reflects past fees paid, if deducted directly from your account(s). The scale of the chart is logarithmic so that all changes are represented proportionately. We base the time period on the investment time horizon provided in your suitability questionnaire response. For comparison purposes the period may have been rounded up to the next five-year period and the maximum period shown is twenty years. Twenty years is also the period used if no time horizon was provided. The green pathway reflects the result of hundreds of Monte Carlo simulations utilizing the monthly returns, net of your advisory fees based on our hypothetical research, for the period from the latest start date of your portfolio's component strategies (in no event less than five years) to the end of the quarter of a portfolio of strategies held in the same dollar proportion as those held in your account(s) at the end of the quarter. Based on these simulations, the upper-most line and targeted amount (represented with a blue field) was reached or exceeded in 20% of the simulation outcomes, the second line and target (the bottom line of the green field) was matched or bettered in 80% of the outcomes, while the lowest line (the top of the red field) was reached or exceeded in 90% of the outcomes. The circled target amount reflects the minimum value attained, after advisory fees, in 60% of the outcomes. A greater or lesser number of simulations may generate different results. The chart and the values utilized and set forth therein are for illustrative purposes only. **Additions, withdrawals, extension or maintenance of the Time Horizon or strategy changes within a quarter will cause the chart to be redrawn and/or new targets and outcomes established.**

The results of Monte Carlo analysis rely on many assumptions, such as expected returns, volatility, and correlation that cannot be forecast with certainty. Because Monte Carlo simulations create randomly generated scenarios, results will vary with each use over time. It is also impossible to foresee all possible situations, including some that may negatively impact a client's portfolio. Projections and other information generated by Monte Carlo simulations regarding the likelihood of investment incomes are hypothetical in nature and do not reflect actual investment results, and are not guarantees of future results. Despite the limitations, Monte Carlo analysis is still a very powerful tool to test the probability, though not the certainty, of investment success.

## NO GUARANTEE OF PROJECTED OUTCOME IS EXPRESSED OR IMPLIED

**Portfolio Returns Utilized:** Unless otherwise noted, the strategy returns utilized in creating the charts described above are HYPOTHETICAL returns drawn from our research reports. These results were achieved by means of retroactive application of a computer model and may not represent the results of actual trading. Annual returns are compounded monthly and are inclusive of the last full trading week of the year, but may not necessarily include the last trading day of the year. Research Report results are NOT represented as actual trading or client experience nor do they reflect the impact on decision making of economic or market factors experienced during actual management of funds. Where returns or risk of your portfolio are referenced the returns are your actual account's risk and return, gross of your advisory fees.

"Net of your advisory fees" means the advisory fees and Quantified Funds ("Affiliated Funds") credits reflected in your account in the first period shown on your OnTarget Monitor chart. Currently, your rate could be higher or lower as the value of your account changes. For example, under the FPI fee schedule as the assets under management increases, the fee rate can decrease. Other fees may apply, as well. All expenses are required to be disclosed in each investment's prospectus, available from your financial representative and the product provider. Various minimum-holding periods for each fund may be utilized to comply with trading restrictions. Fund or Advisor may change these periods. Actual investment performance of any trading strategy may frequently be materially different than the results shown. "Model Accounts," where referenced, reflect actual accounts. Accounts used are based on the account longevity and its activity. The returns of the Affiliated Funds, sub-advised by Flexible Plan, reflect the actual price changes. The Affiliated Fund returns, while believed representative of actual results, may not necessarily represent the actual experience of any client.

If single strategy account histories are unavailable, statistics applicable to such accounts are derived from the exchange history files of each strategy used. Actual buy-sell trading signals and pricing are used in conjunction with such files to create the applicable statistics for each model account. These exchange-history derived returns are believed representative of each strategy's actual results, but the results do not represent the actual experience of any client during the period. Therefore, these results may not reflect the impact that material economic and market factors might have had on the results. Nor do they reflect any problems of execution or pricing that may have been encountered in the actual implementation of the buy and sell signals shown in the exchange history files, the effect of which has not been determined, and may be indeterminable.

Enhancements have been made in our methodologies, which are believed to have had a positive effect on returns. The amount is not precisely quantifiable, but as actual price history is used, the effect of these enhancements is reflected. Continued development efforts may result in further changes.

Utilizing performance between selected dates may not be indicative of overall performance. Inquiry for total results is always advised. Return examples given will vary based upon their volatility as they relate to the indices shown. Other accounts, investments and indices may materially outperform or under perform. Various investments used may no longer be available due to the result of periodic review, consolidations and/or exchange conditions imposed.

Investment management fees vary based on underlying fund composition (QFC versus non QFC and mix of QFC strategies), aggregate assets in the Quantified Funds, platform where your account is managed, level of your assets under management at Flexible Plan, and the schedule of fees arranged with your advisor. Fees are prorated and charged not less frequently than quarterly in arrears. Use of the Affiliated Funds will generate an annual minimum credit of 0.55%. As a result, actual fees may vary. Unless otherwise noted, if after fee Fund returns are referenced, they will be no more than 2.25% before reductions or credits for the already mentioned factors. Otherwise the maximum fee is applied. When returns are shown from strategy inception, the maximum Strategic Solutions Establishment Fee of 1.2% has been deducted. All mutual fund fees and expenses are included to the extent they are reflected in net asset value and not offset against management fees. As tax rates vary, taxes have not been considered.

**Prior to August, 2013,** "Proprietary Funds" meant Evolution Managed Funds ("EMF") as to which Rafferty Asset Management, LLC served as investment adviser and Flexible Plan Investments served as sub-adviser to the EMF. The credit generated from 100% investment in EMF ranged between approximately forty-five (45) and sixty (60) basis points per annum.

**After August, 2013**, "Proprietary Funds" means the Quantified Funds and The Gold Bullion Strategy Fund (collectively 'sub-advised funds' or 'SAF') as to which Advisors Preferred LLC (see below) serves as investment adviser and Flexible Plan Investments serves as sub-adviser to the SAF.

**From August 2013 to the inception of the Quantified STF Fund on November 13, 2015**, fee credits were fifty (50) to sixty-five (65) basis points per annum.

**Following November 2015**, fee credits ranged from fifty (50) to ninety (90) basis points per annum dependent upon platform and fund.

**As of September 1, 2019**, under a new agreement, the Quantified Fee credits were increased to a range from (55) basis points to (105) basis points per annum dependent upon platform, funds, and aggregate QFC funds' AUM.

From and after January 1, 2020, Flexible Plan will waive its portion of the Advisory Fee, in excess of the Affiliated Funds Fee Credit, if within a single account, and during the period that any portion of the account is: (i) invested solely in QFC Strategies in amount greater than or equal to \$150,000 or (ii) invested solely in QFC Turnkey Strategies in an amount greater than or equal to \$100,000. As of April 1, 2021, in conjunction with a qualifying \$100,000/\$150,000 QFC account, any fee aggregated account with QFC holdings will also qualify for the applicable fee waiver for the portion of assets held within the QFC funds.

Advisors Preferred, LLC serves as the Quantified Funds Investment Adviser and Flexible Plan Investments, Ltd., serves as the sub-adviser. Read the Quantified Funds Prospectus and Flexible Plan Investments' Brochure Form ADV Part 2A and Part 3 (Form CRS) carefully before investing. You should carefully consider the investment objectives, risks and the charges and expenses of the Quantified Funds before investing. The Quantified Funds SAI and Prospectus contain information regarding the above considerations and more. You may obtain a Prospectus by calling Advisors Preferred LLC at (888) 572-8868 or writing Advisors Preferred, LLC 1445 Research Boulevard, Ste. 530, Rockville, MD 20850 or download the PDF from: [www.goldbullionstrategyfund.com](http://www.goldbullionstrategyfund.com) or [www.quantifiedfunds.com](http://www.quantifiedfunds.com).

Returns and portfolio values are provided for information purposes only and should not be used or construed as an indicator of future performance, an offer to sell, a solicitation of an offer to buy, or a recommendation for any security. Flexible Plan Investments, Ltd. cannot guarantee the suitability or potential value of any particular investment.

#### ADDITIONAL DISCLOSURES

**Because Flexible Plan strategies make use of publicly traded mutual funds and exchange traded funds, investors should consider carefully information contained in the prospectus of these investments, including investment objectives, risks, charges and expenses. You can request a prospectus from your financial advisor. Please read the prospectus carefully before investing. Investment value will fluctuate, and shares, when redeemed, may be worth more or less than the original cost.**

**Important Risks:** Flexible Plan's strategies are actively managed and their characteristics will vary among strategies. As a manager utilizing publicly traded mutual funds and exchange traded funds, the strategy is subject to the risks associated with the funds in which it invests. Mutual fund and exchange traded fund values fluctuate in price so the value of your investment can go down depending on market conditions. International investing involves risks, including risks related to foreign currency, limited liquidity, less government regulation, and the possibility of substantial volatility due to adverse political, economic or other developments. These risks are often heightened for investments in emerging/developing markets or smaller capital markets. The two main risks related to fixed income investing are interest-rate risk and credit risk. Typically, when interest rates rise, there is a corresponding decline in the market value of bonds. Credit risk refers to the possibility that the bond issuer will not be able to make principal and interest payments. Asset allocation strategies do not assure profit and do not protect against loss. Non-diversification of investments means that more assets are potentially invested in fewer securities than if investments were diversified, so risk is increased because each investment has a greater effect on performance and there may be more correlation of the fewer investments used. Investing in leveraged or inverse funds entail specific risks relating to liquidity, leverage and credit of the derivatives invested in by such funds, which may reduce returns and/or increase volatility.

Active investment management may involve more frequent buying and selling of assets. The majority of FPI's strategies utilize no load mutual funds with no transaction charge. Best efforts are employed to avoid short-term redemption charges, however, active managed strategies can still result in charges, especially when entering or exiting a strategy. Additionally, any commissioned investments will reflect the impact of more frequent buying and/or selling of assets. If investing within a non-tax-deferred investment, Investors should consider the tax consequences of moving positions more frequently. There is no guarantee that a diversified portfolio will enhance overall returns or outperform a non-diversified portfolio. Diversification cannot protect against all market risk.

Reference to popular market indexes are included to demonstrate the market environment during the period shown and are not intended as 'benchmarks.' Index returns are after dividends. Since Index dividends are posted after the end of each month, they are retroactively prorated on a daily basis (which tends to understate returns if the end date range is inclusive of the current partial month). The Dow Jones Corporate Bond Index includes fixed rate debt issues rated investment grade or higher by national rating services. Investments by bond funds utilized in generating the above returns may not be similarly rated. The investment program for the accounts included in the profiles includes trading and investment in securities in addition to those that may be included in the S&P 500. Such indexes may not be comparable to the identified investment strategies due to the differences between the indexes' and the strategies' objectives, diversification, represented industries, number and type of component investments, their volatility and the weight ascribed to them. No index is a directly tradable investment.

#### ASSET CLASS RISK CONSIDERATIONS

**US and Global Bonds:** All investments involve risk. Special risks associated with investing in bonds include fluctuations in interest rates, inflation, declining markets, duration, call and credit risk. Special risks are associated with foreign investing, including currency fluctuations, economic instability and political developments. Investments in developing markets involve heightened risks related to the same factors, in addition to those associated with these markets' smaller size and lesser liquidity. **Commodities:** Concentrating investments in natural resources industries can be affected significantly by events relating to those industries, such as variations in the commodities markets, weather, disease, embargoes, international, political and economic developments, the success of exploration projects, tax and other government regulations and other factors. **US and Global Real Estate:** Investments in Real Estate are subject to changes in economic conditions, credit risk and interest rate fluctuations. **Global Currencies:** Foreign currency exchange rates may fluctuate significantly over short periods of time. They generally are determined by supply and demand in the foreign exchange markets and relative merits of investments in different countries, actual or perceived changes in interest rates, and other complex factors. Currency exchange rates also can be affected unpredictably by intervention (or the failure to intervene) by U.S. or foreign governments or central banks, or by currency controls or political developments. **Long / Short Directional:** Portfolio may invest in derivative investments such as futures, contracts, options, swaps, and forward currency exchange contracts that may be illiquid or increase losses due to the use of leveraged positions. **US and Global Equities:** In addition to the foreign investment risks noted above, the principal risks associated with equities include market, portfolio management, and sector risks.

Historical performance information should not be relied upon as representative of investment performance of any strategy to the current date nor be extrapolated into expectations for the future. Inquiry for current results is advised.

**Privacy Notice:** The following notice is furnished to Clients and prospective Clients in compliance with SEC Regulation S-P:

Flexible Plan Investments, Ltd. collects nonpublic personal information about Client or prospective clients from the following sources: (1) information we receive from Client on applications, contracts or other forms; (2) information about Client account transactions with us or others; (3) personal data provided when using our websites.

We do not disclose any nonpublic personal information about Client to anyone, except to Client's agents or as permitted by law. (We may disclose information in order to cooperate with legal authorities or to protect our rights and interest). If Client decides to close accounts or otherwise become an inactive Client, we will adhere to the privacy policies and practices as described in this notice. Flexible Plan Investments, Ltd. restricts access to Client personal and account information to those employees who need to know that information to provide products or services to Client. Flexible Plan Investments, Ltd. maintains physical, electronic and procedural safeguards to guard Client nonpublic personal information. However, in this age where perfect cyber-security is impossible, Flexible Plan Investments, Ltd. cannot guarantee that the substantial safeguards taken will protect such information from all possible attempts to secure such information.

Flexible Plan Investments, Ltd. does not currently respond or otherwise take any action with regard to Do Not Track requests.

A copy of Brochure Form ADV Part 2A and Part 3 (Form CRS) are available upon request.

#### PAST PERFORMANCE DOES NOT GUARANTEE FUTURE RESULTS.

**Inherent in any investment is the potential for loss as well as profit. A list of all recommendations made within the immediately preceding twelve months is available upon written request. Information used and cited is from sources believed to be reliable but Flexible Plan cannot guarantee its accuracy.**