The President's Letter

3RD QUARTER 2021

> From ghoulies and ghosties
> And long-leggedy beasties
> And things that go
> bump in the night,
> Good Lord, deliver us!
>
> *Traditional Scottish prayer*

Things that go bump in the night

It's almost Halloween, and we're still in the middle of a scary period in the stock market. September is known as the worst-performing month of the year. October is the most volatile. Could there be a better time to discuss what frightens investors most—the things that go bump in the night?

The phrase goes back to at least the 1800s, when you can imagine Celtic children kneeling by their beds, praying to keep the monsters away from their homes on the desolate moors. Today the expression is usually used to

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refer to unusual or frightening sounds you hear at night. More generally, the phrase conjures up flights of the imagination or the unexplained.

Financial news gives investors a fright

> *Hush little baby,*
> *Don't say a word,*
> *And never mind that*
> *Noise you heard*
> *It's just the beast under your bed*
> *In your closet,*
> *In your head!*
>
> — *"Enter Sandman," Metallica*

From my discussions with advisers and their clients, it seems that many have been alarmed by third-quarter news events, expert commentary, and the financial press. Despite stocks hitting new all-time highs in the first week of September, investors were already panicking as early as August, given some of the dire predictions.

For investors, there have been plenty of monsters causing bumps in the night that may make a peaceful sleep impossible. Visions of the delta variant, Afghanistan exit debacle, troubles at the borders, soaring taxes and spending, and runaway inflation sending prices sky-high torment us. Each can stir the mind to imagine all kinds of scary future scenarios.

Investor fears often stem from listening to the constant media screams and howls to which we subject ourselves. Trying to invest by following news events is often a road to ruin.

When I was one of the founders of a hedge fund back in the 1970s, my partners ran the fundamental side of the fund. I invested, instead, using a quantitative arbitrage methodology.

My fellow managers were very good at analyzing the likelihood of passing upcoming congressional legislation. Their strategy was to hedge their part of the portfolio to "take advantage" of the news of the expected passage or defeat when the legislation finally came to a vote.

Their strategy seemed logical. There would always be winners and losers in such an event. And they would buy the likely winners and short the probable losers.

Enter the real world. Rarely did the market cooperate. Like a poltergeist haunting a home, the company shares they bought and sold did the unexpected. They never seemed to behave as "logic" would dictate.

Shining a light in the dark

> *Things that go "bump" in the night*
> *Should not really give one a fright.*
> *It's the hole in each ear*
> *That lets in the fear,*
> *That, and the absence of light!*
>
> —*"Bump," Spike Milligan*

In his limerick "Bump," poet Spike Milligan suggests that fear is often outsized to the source of the noise. That certainly seems to be the case so far.

The current correction has generated barely any decline. At its worst, the deepest drawdown has been 5.5%, which occurred on October 4. Even our 2X leveraged strategies have not declined as much as 10%.

There certainly may be more to come. As I have often said, "Risk is always with us." But so far, this has been what I refer to as a "baby" bear (short, frequent, shallow market

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declines of less than 20%), as opposed to a "grizzly" bear market correction (rare, long, deep market declines of 20% or more). The former is just a distraction, while the latter is life-threatening.

Because of this distinction, our investment strategies seek to put up with the "baby" and avoid the "grizzly." In a perfect world, we would avoid both. But it's not a perfect world, and there is no ideal market-timing strategy. As a result, we choose to avoid the significant declines and not worry about distractions.

We have demonstrated that avoiding the full extent of the market's 55%–75% downturns and then participating in the ensuing market gains should be the focus for investors and their portfolios. Due to these major market declines, a buy-and-hold investor in the Dow Jones Industrial Average would have spent only 24% of their time since 1885 in net bullish territory—that is, above breakeven and moving to new heights (38% of the time since WWII).

While the limerick "Bump," like Metallica's "Enter Sandman," refers to letting the fear in through the "hole in each ear," it attributes fear to another source, as well. It's not just the noise but also "the absence of light" that lets our fear grow.

Applied to investor fear, I think this references two irrefutable facts. First, investing is a full-time job. Most investors do not have the time for the research and trading that professional investment organizations spend all of their time doing. They like to enjoy life, take vacations, and they want someone who can monitor and trade their portfolios if they become unavailable in other ways.

Second, I think investors acting without a plan are investing in the dark. Lying alone in bed at night or sitting in the darkness can give rise to imaginary fears. But so can investing without a plan. Successful investors know when and why they are buying, and, most importantly, they know before they buy what will cause them to sell.

What's your goal? Chasing performance or creating wealth?

When investors worry about a 5% or 10% decline, you have to wonder, "What is their goal in investing?" Are they chasing short-term performance? Do they think it's realistic to expect to buy every dip and sell at every minor top? Or, is their goal to create wealth?

To create wealth, you have to invest in suitable investments but learn to endure the small dips. Trying to sell the small dips usually leads to whipsaws, as the general trend of the market is up. In addition, when you sell, you have to know what will cause you to buy in again. Otherwise, you get left behind and lose valuable investment opportunities for growth.

I think we are in such a time. But if we are not, our investment strategies are designed to become increasingly defensive if this baby grows up to be a grizzly.

What's next?

As many believed, the bears had everything going for them in the third quarter. All of the news was negative. We were in the part of the year that historically is the market's weakest.

In response to these market bumps in the night, stocks and just about every other asset class fell. Investor optimism from the spring vanished, and pessimism took its place.

Yet stocks fell only 5.5%. And, as was noted in an article on the Merriam-Webster website, "One consolation is that things that go bump in the night don't stay long—they make a sound, or two, or three, and leave."

The scary period will likely persist a little bit longer until Halloween trick-or-treaters have cleared the streets. But in a matter of days, the seasonally weak period for stocks will be over.

The Federal Reserve is still pumping out dollars, despite Chairman Powell's talk of tightening in December, which

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means more liquidity for the financial markets. Between now and December 3, an infrastructure bill with even more trillions of dollars of spending is likely to pass, and Congress will once again kick the debt-ceiling can further down the road.

These actions are indeed likely to spur inflation further. But that is also likely to create a once-in-a-generation opportunity in commodities and other alternative investments. We continue to maintain our subadvised gold fund, The Gold Bullion Strategy Fund (QGLDX), and have recently added pure commodity strategies to our subadvised Quantified Alternative Investment Fund (QALTX). And it's good to remember that stocks are attractive investments because they provide investors with some of the best inflation protection.

Today's culture is different from the one in which I grew up. It seems to me that it has become less logical. People appear more fearful. Emotions are always running in high gear. What hasn't changed is that investors and people generally want more certainty, but life is uncertain.

Having a disciplined plan with an investment professional is the best recipe for financial success. Employing quantified, risk-managed strategies in your plan can help quiet the demons that keep you awake at night.

We will never totally quiet today's major demon, COVID. With the help of all the medical miracles delivered in the last few years, we have to learn to live with it. It needs to become just one of those things that goes bump in the night.

We hear these sorts of things all of the time now. The bumps we have always heard in the night follow us like ghosts into the daylight hours, as well. Yet, as the Allstars' song "Things Go Bump in the Night" reminds us while Scooby-Doo ventures once more into yet another haunted house,

You cannot run. And you cannot hide.
Yeah, you gotta face it, baby.
Things go bump in the night.
Wherever you run. And wherever you hide.
Yeah, you gotta face it, baby
Things go bump, bump, bump in the night!

Have a happy and healthy Halloween!

All the best, Jerry

Jerry C. Wagner
President

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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 or 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 publically 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 publically 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.

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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.

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

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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.

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