

The Modern Capital team believes that short-term event-driven investor behavior creates opportunities in out-of-favor sectors. This belief — the underpinning of the firm's investment philosophy — is based on decades of first-hand experience of the trading team.

WE BELIEVE...

- Strong reactive or anticipatory behavior causes prices to climb or decline beyond the risk profile, creating a value-oriented opportunity.
- Markets respond to events, signaling a return to historically normal pricing.
- Pricing inefficiency narrows, presenting an attractive exit point.



AND THEREFORE, SEEK TO...

- Buy securities that are trading at levels that represent a discount to their historic net asset value (NAV) or multiple.
- Purchase securities that are mispriced due to short-term negative events or presence in out-of-favor sectors.
- Sell securities in sectors that have appreciated ahead of their historical means.
- Invest in closed-end funds that provide dividend payouts during the holding period.



The Modern Capital Tactical Opportunities Fund aims to identify and capitalize on temporary pricing inefficiencies that commonly occur in the securities markets, particularly in closed-end funds, which possess unique characteristics and often react differently than conventional securities to market events.

INVESTMENT RATIONALE

- Seeks to provide quarterly cash distributions to shareholders without abandoning capital appreciation.
- Provide exposure to both equity and fixed income asset classes.
- Utilize Cash as a tactical asset class without limitations.
- Invests opportunistically to capitalize on potential inefficiencies in the CEF market.
- Can respond quickly to changes in market dynamics with a flexible structure.
- Invests in professionally managed CEFs in addition to ETFs, ADRs, Debt & Equity instruments.
- Manages asset allocation tactically to ensure fund health and attempt to maximize cash distributions for shareholders.
- Can potentially generate additional alpha through changes in CEF pricing to NAV.



INVESTMENT PROCESS

1 SOURCING AND EVALUATION

A broad scope of market factors are considered, and may vary from time to time, depending upon the portfolio's current composition. The team seeks to:

- Establish a general market outlook.
- Evaluate and constantly monitor all closed-end fund market segments.
- Assess the capital markets, geo-political and macroeconomic environments.
- Identify closed-end fund classifications that display significant pricing inefficiencies.

2 RESEARCH & ANALYSIS

Once a thesis is established, the in-house research team evaluates targeted ideas, based on the critical characteristics, including:

- Liquidity
- Underlying securities
- Historical performance
- Fund management
- Gap between share price and NAV
- Source of discount
- Leverage percentage
- Expenses/fees
- Tax considerations
- Dividends & Dividend date
- Comparables with ETFs and open-end funds

3 TRADING & EXECUTION

The team trades across all sectors and market capitalizations

- Portfolio typically contains 40 to 80 total long positions in CEFs, ETFs, ADRs and Equity & debt instruments.
- Average time horizon is less than one year.
- Actively managed with an average of about 300 trades per month
- Utilize cash as a tactical allocation.
- CIO controls final decisions regarding significant position changes and/or portfolio rebalancing
- Tactical trading ensures optimal positioning, attractive entry and exit points and seeks to take advantage of market volatility.

4 PORTFOLIO MONITORING

The portfolio team convenes for a formal discussion to:

- Challenge research assumptions
- Assess the thesis through the filter of the firm's daily and longer-view trading strategies.
- Amplify returns by daily trading against core positions.

CLOSED END FUND (CEF) MARKETPLACE

MCTDX is an open-end fund of funds that invests primarily in closed-end funds (CEF) with 40-80% of the portfolio. Modern Capital also invest in ETFs, ADRs, Equity & Debt Instruments and cash for the remaining balance.

When considering the CEF Marketplace: There are approximately 500 CEFs in existence (with a total market cap that ranges between \$200 - \$300 billion).

- There are approximately 300 fixed income CEFs, 100 equity CEFs, and 100 balanced/other CEFs.
- These CEFs typically represent between 60 and 70 different Morningstar investment categories.
- They are professionally managed by some of the biggest names, such as Nuveen, BlackRock, Franklin Templeton, Eaton Vance, and PIMCO.

Disclaimer

Investors should consider the Fund's investment objectives, risks, charges, and expenses before investing. The prospectus contains this and other information about the Fund. A copy of the prospectus is available at <https://fundinfopages.com/MCTOX> or by calling Shareholder Services at 800-773-3863. The prospectus should be read carefully before investing. Current and future holdings are subject to change and risk.

Investments in the Fund are subject to investment risks, including the possible loss of some or the entire principal amount invested. There can be no assurance that the Fund will be successful in meeting its investment objective. Investment in the Fund is also subject to the following risks:

- **Active Trading Risk:** Active trading may result in added expenses, a lower return, and increased tax liability. Since the Fund's advisor engages in high turnover trading strategies, the Fund will have high portfolio turnover rates.
- **Closed End Fund Risk:** Closed end funds (CEFs) are subject to investment advisory and other expenses, which will be indirectly paid by the Fund resulting in duplicative fees and expenses. CEFs are also subject to management risk because the advisor to the underlying CEF may be unsuccessful in meeting the fund's investment objective.
- **Equity Securities Risk:** Equity securities are subject to changes in value, and their values may be more volatile than those of other asset classes. These changes in value may result from factors affecting individual issuers, industries, or the stock market.

More information about these risks can be found in the Fund's prospectus.

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