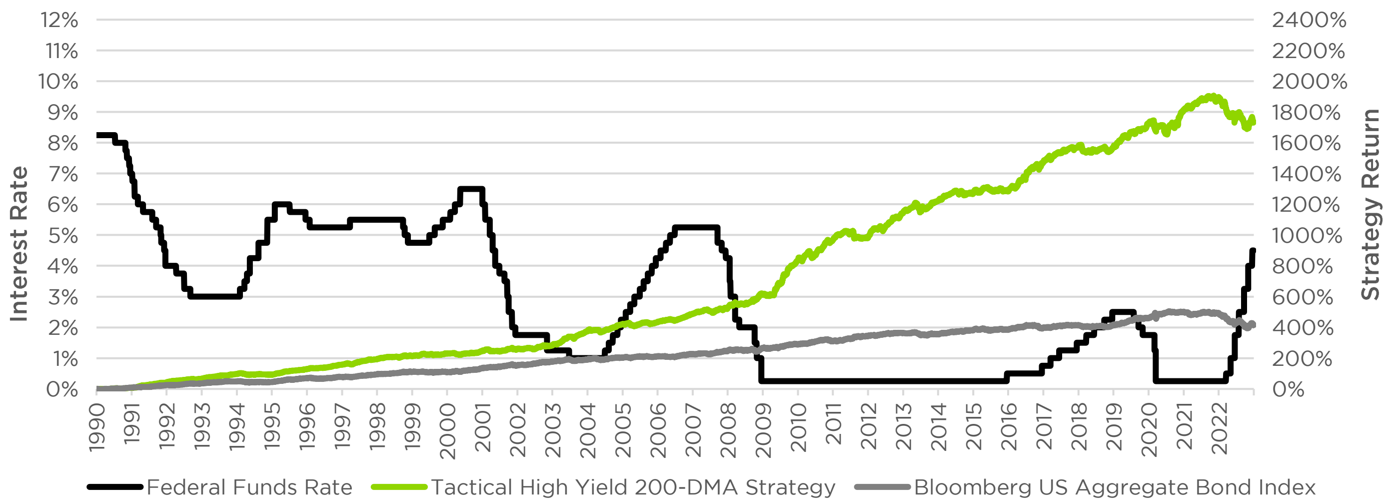
Managing Interest Rate Risk Over Time

As we pass the midpoint of 2023, the dance of inflation and changing interest rates continues to be top of mind for many investors. With **the resumption of rate hikes in the review mirror**, what options do investors have to manage duration risk in their fixed income portfolios today that can also potentially perform when the interest rate pendulum starts to swing the other direction tomorrow?

Tactical high yield strategies have historically been shown to deliver improved performance managing interest rate risk as compared to traditional buy-and-hold strategies. Tactical high yield has shown resilience whether **interest rates have risen** – or fallen - unusually rapidly. This benefit illustrates why tactical high yield is an effective complement and diversifier to traditional fixed income holdings.

Strategy Performance Over Time – 01/01/1990 to 12/31/2022



As of December 31, 2022	Return Since Inception (Annualized)	1 Year Return	3 Year Return	5 Year Return	10 Year Return	Max Drawdown	Std Dev	Sharpe Ratio
Tactical High Yield 200-DMA Strategy	9.21%	-8.24%	0.12%	1.85%	3.96%	-10.81%	3.09%	2.43
Bloomberg US Aggregate Bond Index	5.10%	-13.01%	-2.71%	0.02%	1.06%	-18.41%	3.95%	0.72

Source: Morningstar. Time period is 01/01/1990 to 12/31/2022. For illustrated purposes only. The Tactical High Yield 200-DMA Strategy is defined by buying the Morningstar High Yield Category when it closes above its 200-day moving average the prior day. The strategy entirely switches to exposure of the Bloomberg US Treasury 3-5 Year Index when the Morningstar High Yield Category closes below its 200-day moving average.

The tables below illustrate performance of tactical high yield strategies in 3-year periods experiences either extreme rising or falling rate environments. While it may be intuitive that a **tactical high yield strategy like CPITX**, outperforms core bonds as rates rise and credit risk works to the strategy's benefit, it also turns out that tactical high yield has historically displayed robust performance in falling rate environments as well.

Performance During 3-Year Periods of Rising & Falling Rates

Date Range	Cumulative Return Δ	Annualized Return Δ	Interest Rate Change (bps)
1990-1992	25.82%	7.96%	⇩ -525
2001-2003	26.91%	8.28%	⇩ -550
2007-2009	35.45%	10.64%	⇩ -500

Date Range	Cumulative Return Δ	Annualized Return Δ	Interest Rate Change (bps)
1993-1995	9.57%	3.10%	⇧ 250
2004-2006	11.62%	3.73%	⇧ 425
2015-2018	14.34%	4.57%	⇧ 225

Conclusion

While no strategy works well in all environments, tactical high yield has displayed resilience amid pronounced interest rate moves, whether those moves were upward or downward. That historical record may be attractive to investors who are concerned about potentially persistent volatility in interest rates going forward.

As investors contemplate the prospect of rising or falling interest rates, they should consider their fixed income portfolios' duration as a measure of interest rate risk. One way to manage the possibility of further rate sensitivity is to consider strategies that have lower duration and a systematic approach to managing portfolio downside. Tactical high yield is one such option.

Important information about the funds is available in their prospectuses, which can be obtained at counterpointfunds.com or by calling 844-273-8637. The prospectuses should be read carefully before investing. Investors should carefully consider the investment objectives, risks, charges, and expenses of the funds managed by Counterpoint Funds. The Counterpoint Funds fund family is distributed by Northern Lights Distributors, LLC member FINRA/SIPC. Counterpoint Funds, LLC is not affiliated with Northern Lights Distributors, LLC member FINRA/SIPC.

Important Risk Information

Mutual Funds involve risk including the possible loss of principal. The use of leverage by the Fund or an Underlying Fund, such as borrowing money to purchase securities or the use of derivatives, will indirectly cause the Fund to incur additional expenses and magnify the Fund's gains or losses. Derivative instruments involve risks different from, or possibly greater than, the risks associated with investing directly in securities and other traditional investments. There is a risk that issuers and counterparties will not make payments on securities and other investments held by the Fund, resulting in losses to the Fund. Past performance is no guarantee of future results. There is no assurance the Fund will meet their stated objectives.

Investments cannot be made in an index. Unmanaged index returns do not reflect any fees, expenses, or sales charges. Past performance is no guarantee of future results. There is no guarantee that any investment will achieve its objectives, generate positive returns, or avoid losses. The Adviser's reliance on its strategy and judgments about the attractiveness, value and potential appreciation of particular securities and the tactical allocation among investments may prove to be incorrect and may not produce the desired results. No level of diversification can ensure profits or guarantee against loss.

Index Definitions

The Bloomberg US Aggregate Bond Index is made up of the Barclays US Government/Corporate Bond Index, Mortgage-Backed Securities Index, and Asset-Backed Securities Index, including securities that are of investment grade quality or better, have at least one year to maturity, and have an outstanding par value of at least $100 million. As it is not possible to invest in the index the data shown does not reflect or compare features of an actual investment, such as its objectives, costs and expenses, liquidity, safety, guarantees or insurance, fluctuation of principal or return, or tax features. Indexes do not include management fees.

The Tactical High Yield 200-DMA is defined by buying the Morningstar High Yield Category when it closes above its 200-day moving average the prior day. The strategy entirely switches to exposure of the Bloomberg US Treasury 3-5 Year Index when the Morningstar High Yield Category closes below its 200-day moving average. One cannot invest directly in an index or category and unmanaged index or category returns do not reflect any fees, expenses, or sales charges.

Definitions

Return is the percentage change in the value of an investment, and/or cash flows which the investor receives from that investment, such as interest payments, coupons, cash dividends, stock dividends or the payoff from a derivative or structured product, over a specified time period.

Yield is a return measure for an investment over a set period of time, expressed as a percentage, and includes price increases as well as any dividends paid, calculated as the net realized return divided by the principal amount (i.e. amount invested).

Maximum Drawdown (Max Drawdown) is the maximum observed loss from a peak to a trough of a portfolio, before a new peak is attained and can be used as an indicator of downside risk over a specified time period.

Standard Deviation (Std Dev) measures the dispersion of returns relative to its mean to determine the volatility of an investment and is calculated as the square root of the variance by determining the deviation of daily returns relative to the mean.

Sharpe Ratio compares the return of an investment with its risk by dividing its' excess returns, which are returns that are above an industry benchmark or the risk-free rate of return, by a measure of its volatility to assess risk-adjusted performance.

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