

REIT Equities

The Problem: Pricing is upside down in the REIT industry

We believe traditional equity REIT index products currently present a growing challenge for income-oriented investors. Specifically, REIT indexes now yield ~3.8% — well below the US 10-year Treasury bonds, currently at 4.6%. Further, current REIT index dividend yields are well below historical averages, which have trended at a 100-150 basis points premium to 10-year Treasury bonds. This inversion leaves investors with an unattractive tradeoff: accept diminished income from public real estate or abandon the asset class altogether.

The Need: Investors need a smarter way to access REITs

Despite the yield compression, the fundamental case for publicly-traded REITs remains compelling. We believe REITs carry very solid balance sheets and have historically performed well in inflationary periods. Parenthetically, REIT equities are up ~15% year-to-date and performing well on an absolute and relative basis.

As a result, investors increasingly need a way to access the REIT sector that is capable of generating materially higher current income while maintaining exposure to publicly-traded real estate securities.

The Answer: LDR High Income Realty Fund (HLRRX)

HLRRX was designed to address this gap. The strategy aims at annual distributions in the low double digits, substantially above the yield currently available from traditional REIT index products, through a disciplined investment process.

The strategy seeks to accomplish this enhanced distribution rate through a combination of:

- 1) Underlying REIT dividend income
- 2) A systematic covered call option overlay

While traditional REIT index products primarily rely on portfolio dividends alone, HLRRX seeks to generate additional distributable cash flow by monetizing option premium income on portions of the portfolio. This allows the Fund to potentially transform a traditional 3%–4% REIT yield profile into a materially higher income-oriented strategy while still maintaining potential upside exposure to publicly traded real estate securities.

Tax Efficiency:

A distinctive feature of HLRRX is its substantial \$106 million capital loss carryforward* asset. By utilizing this loss carryover, a significant portion of the Fund's distributions is expected to be tax-free or otherwise tax-advantaged to shareholders. For taxable investors, this structural advantage can translate into a highly attractive after-tax yield profile, potentially improving after-tax outcomes relative to many traditional income-oriented alternatives.

At the same time, HLRRX is designed to participate in the long-term benefits of commercial real estate ownership, including rental growth, dividend growth, inflation-sensitive cash flows, and potential appreciation in real estate values. The Fund's investments are thus generally comprised of larger cap and growth-oriented REITs purchased at a reasonable price; any future appreciation in these equities may be offset by HLRRX's \$106 million capital loss carryover for the tax purposes - thus improving after-tax returns relative to many traditional REIT alternatives.

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***Capital loss carryforward:** A capital loss carryover arises when investment losses are larger than capital gains in any one year – those unused losses can carry over and be utilized in future years. As such, any carryover losses can offset future potential capital gains until the losses have been fully utilized. Such capital gains include both the potential realized gains from the appreciation in the underlying securities holdings and any potential option premium received from covered call writing. For the LDR High Income Realty Fund, the capital loss carryover was brought into the Fund via the strategic merger of the Altegris/AACA Opportunistic Real Estate Fund (RAAIX) into the HLRRX in November 2025. Substantial losses were realized within the RAAIX. Consequently, both the assets of the RAAIX and this capital loss carryover transitioned to HLRRX. Risk to utilization of this capital loss carryover include: 1) If there are no capital gains in any particular year, and/or 2) There is no covered call option premium created to be offset by the capital losses.

General

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Investors should consider the investment objectives, risks, charges, and expenses carefully before investing. For a prospectus with this and other information about the fund, please call 800-527-9525 or visit the Fund's website at www.ldrcapitalmgmt.com/mutual-funds. Please read the prospectus carefully before investing.

Mutual fund investing involves risk. Principal loss is possible. Past performance is not a reliable indicator of future results. The Fund concentrates its investments in the real estate industry, including investments in REITs. REITs are pooled investment vehicles which include equity REITs and mortgage REITs. The fund is subject to risks similar to those associated with the direct ownership of real estate, including changing economic conditions, declining real estate values, and liquidity and interest rate risk. The Fund may use leverage in executing its investment strategy. Leverage will increase the volatility of the Fund's performance and its risk. There can be no assurance that a leveraging strategy will be successful. The Fund may engage in short sales of securities and index funds in executing its investment strategy. Such practices can, in certain circumstances, substantially increase the impact of adverse price movements on the Fund's portfolio. Short sales may involve substantial risk and leverage, and high market volatility can increase these risks.

The LDR High Income Realty Fund is distributed by Foreside Fund Services, LLC

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