The

UPGRADER

Guide to Investing Through Volatile Markets

Tips and insights to help you stay on track

- Getting Invested in Volatile Markets
- 3 Myths about Market Declines
- What to Do When Markets Fall

FundX
because markets CHANGE

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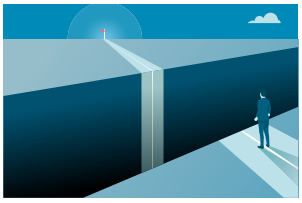
In this Guide



The fund's investment objectives, risks, charges and expenses must be considered carefully before investing. The statutory and summary prospectuses contain this and other important information about the investment company, and may be obtained by calling 1-866-455-3863, or visiting Upgraderfunds.com. Read it carefully before investing.

Mutual fund investing involves risk. Principal loss is possible. The FundX Upgrader Funds ("Funds) are considered "funds of funds" and an investor will indirectly bear the principal risks and its share of the fees and expenses of the underlying funds. Shareholders will pay higher expenses than they would if they invested directly in the underlying funds. The Funds employ an "Upgrading" strategy whereby investment decisions are based on near-term performance, however, the Funds may be exposed to the risk of buying underlying funds immediately following a sudden, brief surge in performance that may be followed by a subsequent drop in market value. The Sustainable Impact Fund's sustainable impact investment policy, which incorporates an analysis of environmental, social and corporate governance factors, may result in the Fund foregoing opportunities to buy certain Underlying Funds when it might otherwise be advantageous to do so, or selling its holdings in certain Underlying Funds for sustainable impact investment reasons when it might be otherwise disadvantageous for it to do so. The Funds are subject to the same risks as the underlying funds and exchange-traded funds in which they invest including the risks associated with small companies, foreign securities, emerging market, debt securities, lower-rated and non-rated securities, sector emphasis, short sales and derivatives. ETFs are subject to additional risks that do not apply to conventional mutual funds, including the risks that the market price of an ETF's shares may trade at a discount to its net asset value, an active secondary trading market may not develop or be maintained, or trading may be halted by the exchange in which they trade, which may impact a Fund's ability to sell its shares.

The S&P 500 Index is a broad based unmanaged index of 500 U.S. stocks, which is widely recognized as representative of the U.S. equity market. You cannot invest directly in an index.

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Stocks, bonds, and other asset classes have different risk profiles, which should be considered when investing. All investments contain risk and may lose value.

A Plan for **Turbulent Markets**

Dear Investors,

The best investment results are long term, and in order to stay invested for decades, you'll need to learn how to handle challenging markets.

It starts with recognizing that down markets are normal, and they can even be beneficial. They can give us new insights about our portfolios and ourselves and help us see things we might have otherwise overlooked.

It sometimes takes a market correction to realize that you had too much invested in a particular fund or that your funds were riskier than you'd anticipated. These lessons can lead you to build stronger portfolios and become a better, more disciplined investor.

A plan gives you something to turn to in down markets

This year, we celebrate 50 years of managing private client accounts (we started managing the FundX Funds 18 years ago), and one thing we've learned over the years is the importance of having a clear plan in place.

In volatile markets, a plan can help you stay on track and avoid getting distracted by headlines or pundits. It can help you focus on what really matters over time: having realistic expectations, controlling your emotions, and getting (and staying) invested even in challenging markets. This guide is designed to help you do just that.

The FundX Funds can help you put your plans into action. If you're struggling to get invested, build a diversified portfolio, or mitigate risk, consider one of the funds we manage. You'll have a professionally managed portfolio of funds with as little as $1,000. Not sure which fund might be right for you? Give us a call at 1-800-763-8639 and ask to speak with an advisor.

Janet Brown
President & CEO, FundX Investment Group

The Upgrader won the 2018 Investment Management Education Alliance (IMEA) Star Award for best fund newsletter/magazine (small asset level). The Star Awards honor fund companies that have made extraordinary efforts to communicate with shareholders and support their investment goals.

*What matters isn't what happens in the market, **it's how you respond.***

IMEA STAR awards WINNER

GETTING INVESTED in Volatile Markets

Are you waiting to invest until the market's calmed down?

In volatile markets, some people put off making investment decisions until they feel like things have stabilized. That's what Lynn did with the $200,000 she inherited from her aunt.

She'd planned to invest it a year ago, but it never seemed like the right time. She didn't want to buy stocks at market highs, and markets continued upward. When markets eventually fell, she was concerned that the selloff would get worse.

Now, she feels stuck. "I know I need to get invested, but I'm worried about losing money in stocks," Lynn said. "And with interest rates rising, I don't want to invest too much in bonds. What else is there?"

One way to move forward is to start with funds that are designed to be less volatile than the stock market, like balanced and tactical funds. These funds tend to have more stability than most stock funds and more upside potential than bond funds.

Focus on funds that seek a steady ride

Balanced funds like the Conservative Upgrader Fund (RELAX) invest in stocks for growth and bonds to help buffer volatility along the way. The

Worried about making a wrong move? ***Consider funds that are designed for growth and stability.***

Jason Browne
Chief Investment Strategist

classic balanced portfolio has 60% in stocks and 40% in bonds. This mix has typically held up better than a 100% stock portfolio in down markets, and that can help you stay invested through challenging times.

Balanced funds also can help you stick with bonds when interest rates rise because the impact of higher rates on bonds may be offset by the fund's stock positions.

Tactical funds like the Tactical Upgrader Fund (TACTX) don't only use bonds to try to mitigate volatility. These funds change their allocations to stocks, bonds and cash depending on the current market and economic environment. TACTX can use options and other tools to hedge its stock exposure, or hold considerable cash.

Plan how you'll get invested—*and follow through*

The next step is to plan how you'll get invested. If you're like Lynn and you've been trying to figure out when to buy in, you might consider investing gradually by putting part of your cash to work on a set schedule (once a week, twice a month, monthly or even quarterly).

This approach is called dollar-cost averaging because you'll buy more shares when prices are low and fewer shares when prices are high, which can reduce your average cost per share. The advantage is that you won't have to try to find an optimal time to invest, and you'll be able can ease your way back into the market.

The bottom line: Reaching your long-term investment goals, like retirement, doesn't require perfect timing, but it does require that you get invested, so don't let volatility hold you back.

Get Invested in Three Steps

Step 1: Choose a target allocation. If you want a 60/40 mix of stocks and bonds, you could invest in RELAX. If you want additional diversification, you might consider 70% RELAX and 30% TACTX. It's up to you.

Step 2: Set a time frame. Will you get invested over the next three months, six months or one year?

Step 3: Calendar your trades, so you'll follow through.

FundX Funds Designed for Growth & Stability

RELAX

Conservative Upgrader

- ☑ A classic balanced portfolio with 60% in stock funds and 40% in our Flexible Income approach to help you stay invested in up and down markets.
- ☑ Balanced and rebalanced for you so you'll always know how you're invested.

TACTX

Tactical Upgrader

- ☑ Go anywhere approach that can invest in any asset class including sector funds, balanced funds, bond funds, cash and commodities.
- ☑ Own a portfolio that's not always fully invested. May hedge its stock exposure and hold cash in an attempt to limit losses.

How to Invest

The funds are available at most major brokers, including Charles Schwab and Fidelity, and you can usually get started with as little as $1,000.

You can also invest directly through our shareholder services. Call **1-866-455-3863** or go to **www.fundxfunds.com** to set up an account.

3 MYTHS about Market Declines

How can you stay invested through steep market declines? It starts with getting the facts rather than getting caught up in common misconceptions. Having realistic expectations about the ups and downs of long-term investing can give you the confidence and resilience you'll need to stay on track even through challenging markets.

Myth: Market declines are rare.

Fact: Markets have fallen every year since 1980.

Market declines are normal and should be expected. Since 1980, the S&P 500 Index has declined at some point every year, as you can see on the chart, even in years that ended with good gains.

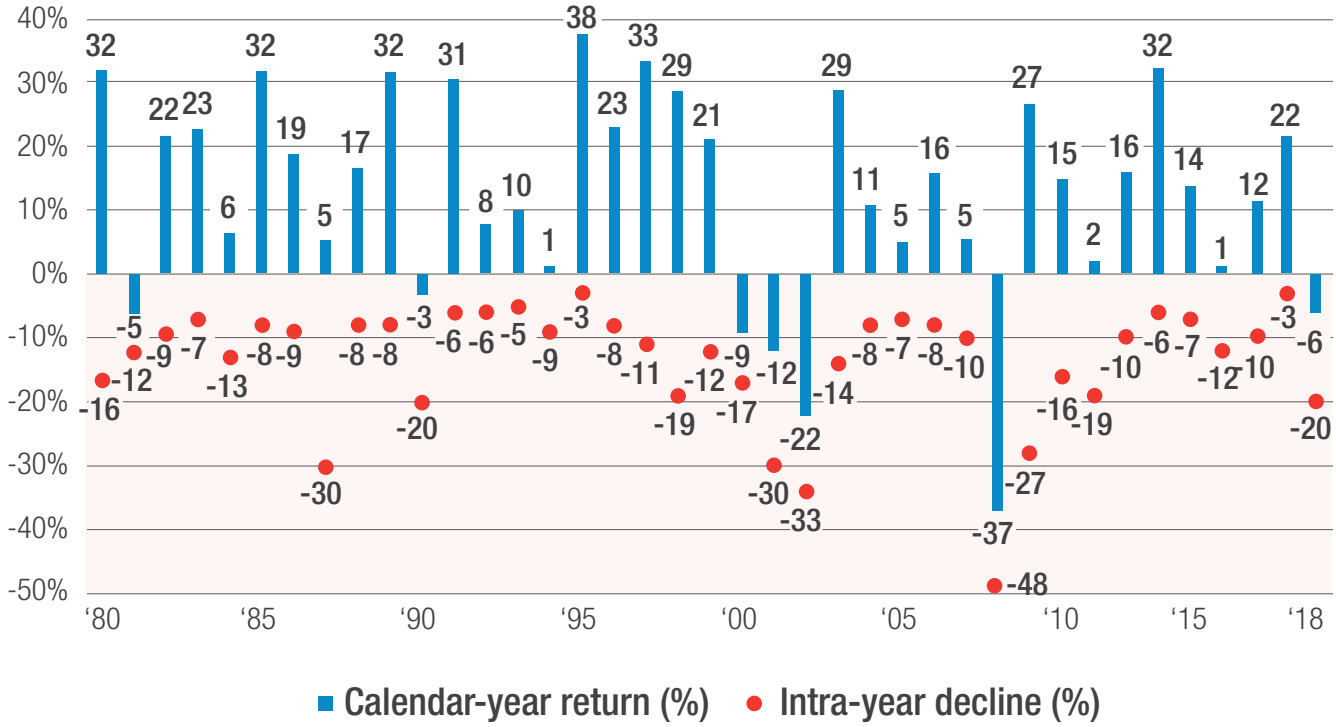
Most of these intra-year drawdowns were in the 5-20% range, and the average drop during a calendar year was a decline of about 14%. More severe declines, like 2008, tend to be outliers.

On average, the S&P 500 has experienced a few 5% pullbacks and one 10% correction a year. While bear markets (a drop of at least 20% peak to trough) have usually occurred every 3 to 5 years. But markets can and have gone through many years without a correction or a bear market.

Having realistic expectations can help you stay invested even when things don't go your way.

Marty DeVault
Portfolio Manager/Principal

S&P 500 Calendar Year Returns & Intra-Year Drawdowns 1980-2018



Myth: Bear markets are all the same.

Fact: There are important differences between bear markets.

When you think about bear markets, your mind probably jumps immediately to the 2007-2009 decline. It's the one that happened most recently, and it was also the worst decline most of us had ever experienced, so it's the one we remember most vividly.

But most bear markets aren't like the 2007-2009 crash. That one was unusual in that there was nowhere to hide: every area of the stock market fell precipitously. In other bear markets, some stocks have held up better than others. In the 2000-2002 bear market, for instance, growth stocks, mostly technology names, plummeted, while other areas of the market, like value stocks, had gains.

The 2007-2009 bear market was also more severe than others. Many previous bear markets have been relatively short and shallow, and almost all have been followed by very strong gains.

Myth: You'll know when a bear market's over.

Fact: Bear markets are only clear in hindsight.

Sentences end with a period, and movies are over when the credits roll, but what happens at the end of a bear market? Stocks go up—but stocks can also go up during bear markets. The fact is, market cycles are only truly clear in hindsight.

As investors, we have to make decisions today without knowing what future markets will do. When markets are falling, you may feel like it's best to step away from your investments and wait until things settle down, but how will you know when to get invested again? By the time most people recognize that stocks have bottomed, stocks are generally well off their lows. Many investors regret selling into declines and find that they would have been better off staying invested.

HOW TO STAY ON TRACK
When Markets Fall

Over the long term, stocks have had terrific gains, and if you can stay invested, those gains can change your life. But how can you stay invested when markets are falling?

You've probably tried to stay disciplined in previous down markets with mixed results. Maybe you stayed invested through 2008 and regretted it. So, when markets corrected again in 2010, you panicked and sold out immediately. But then stocks bounced back and you ended up wishing you'd stayed invested.

Many investors don't realize that they can—and should—plan for down markets in advance. They assume that they have to wait until markets fall to know how they should respond, but most of us don't make our best decisions when we're stressed or fearful. The real work of navigating down markets usually starts long before markets drop.

You need a plan for down markets

Your investment plan should do the heavy lifting in down markets, so if you don't have a down market plan in place yet, this is the time to create one. It should include strategies that aim to help you mitigate risk in your portfolio; keep your emotions under control; and decide when and how you'll change your investments.

A plan can help you stay in control and avoid common mistakes.

Sean McKeon
Portfolio Manager

3 Ways to Panic-Proof Your Portfolio

1. MITIGATE RISK IN YOUR FUND PORTFOLIO

Allocation: Start by finding an allocation to stock and bond funds that's in line with your risk tolerance and your risk needs. Your allocation is one of the best ways to stay invested through the ups and downs of the market. How you feel about risk typically changes over time, so you may need to update your allocation accordingly.

Portfolio: You should also try to mitigate risk within your portfolio by staying diversified and limiting your exposure to riskier areas of the stock and bond markets.

Rebalance: You need to regularly rebalance back to your target allocation to make sure you don't end up taking more risk than you'd intended. Many investors find it challenging to sell the part of their portfolio that's doing well and add money to the part that's lagging. But if you can make rebalancing a habit, you may be able to reduce losses during market declines.

2. KEEP YOUR EMOTIONS UNDER CONTROL

Know yourself: There's another critical component of your plan, and that's you. If you panic, there's not much your portfolio can do to stop you, so pay attention to what helps you keep your emotions under control when markets are in turmoil.

Recognize your triggers: Some investors find that they need to stop opening their statements or checking their accounts online because seeing losses makes them want to do something rash. Others avoid the news, which tends to sensationalize market declines. We once heard from an investor who used to get really upset when markets fell. One day, his wife suggested that he turn off the TV. "You know what?" he told us. "It worked!"

Write it down: The key is to notice what works for you and then write it down, so you can refer back to it later.

3. DECIDE WHEN & HOW TO CHANGE YOUR PORTFOLIO

Start small: If you feel like you have to do something in down markets, try to avoid making major changes all at once. Instead, aim to take modest and deliberate action early so that you don't feel compelled to do something drastic if the market falls further. For instance, you might sell 10-30% of your stocks if it helps you avoid selling 100% later.

Time to rebalance? Declines can be an opportunity to buy stocks at lower prices. If you have a balanced portfolio of stock and bond funds, consider rebalancing and adding to your stock exposure. If you hold more stocks in the market's eventual recovery than you did during its decline, you could recover your losses faster and even boost your long-term performance.

Get help if you need it

If you find that despite all of your efforts to stay on track through market downturns, you're still struggling, then it's time to consider working with an advisor. If you'd like to talk with a FundX advisor, give us a call at 1-800-763-8639.

Simplify Investing

Actively managed portfolios of funds designed to help you reach your goals.

Your Goals, **Our Funds**

- Looking to grow your retirement account?
- Interested in sustainable investing?
- Want a balanced fund designed to navigate changing markets?

▹ **Our funds can help you move forward.**

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Find a Fund That Works for You

Own an portfolio of mutual funds targeted to your investment goals and risk level.

Growth

Participate in global stock market growth

HOTFX | Aggressive Upgrader Fund

FUNDX | Upgrader Fund

SRIFX | Sustainable Impact Fund

These funds can invest in large-cap and small-cap, value and growth, and international & U.S. stocks.

Balance

Balance growth potential of equities with lower volatility

RELAX | Conservative Upgrader Fund

TACTX | Tactical Upgrader Fund

RELAX owns bond funds to help buffer its stock market exposure. TACTX may use options and other tools to hedge.

Stability

Buffer the volatility of equities

INCMX | Flexible Income Fund

INCMX invests in bond and total-return funds, which seek to offset equities in your portfolio.

How to Invest

Broker

The funds are available at most major brokers, often for no transaction fee.

Online

Go to www.fundxfunds.com to download an application or open an account online.

Phone

Call 1-866-455-3863 to have an application sent to you by mail.

FundX
because markets CHANGE
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1-800-763-8639

FundX
in the media

"Be open to the possibility that this market could get worse before it gets better."

Jason Browne
FundX Chief Investment Strategist
Fox Business
November 12, 2018

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