LONGBOARD

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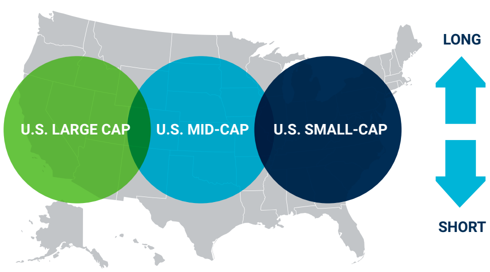
ASSETS AS OF SEPTEMBER 30, 2018

$14,781,849

Alternative Growth Fund

Monthly Portfolio Update & Commentary | September 2018



MORNINGSTAR® ★★★★

The Longboard Alternative Growth Fund I (LONGX) received 4 stars from Morningstar out of 193 long-short equity funds for the 3-year period ending September 30, 2018 based on risk adjusted returns.

RECAP

The Longboard Alternative Growth fund returned -2.68% in September. Losses were concentrated in financials, technology and consumer discretionary stocks.

U.S. equities made new record highs in September, but the market's breadth suffered a notable deterioration heading into the back half of the month. The divergence between new record highs in equity indexes and a growing percentage of stocks making new 52-week lows reached its most extreme level since December 1999. Historically, this kind of divergence has presaged major market corrections, including the bursting of the Dot Com mania. These weakening internals eventually rippled across the broader market. Tightening global monetary conditions were cited as the primary cause for the recent weakness in risk assets.

In September, the U.S. Federal Reserve (Fed) upped its benchmark lending rate for the third time this year. The Fed raised the benchmark interest rate from the previous range of 1.75% – 2.00% to a new range of 2.00% – 2.25%. The Fed also tightened monetary conditions by increasing the pace of its balance sheet reduction. Starting on October 1st, the U.S. central bank began shrinking its balance sheet at a pace of $50 billion per month – up $10 billion from the previous $40 billion monthly rate. Rising rates have a direct impact on many sectors in the market, including home builders – who have underperformed given the rapid rise in mortgage rates so far this year. Market leaders were isolated to the sectors boosted by inflationary pressures, including the energy stocks, which rallied as crude oil reached its highest level since 2014.

FUND PERFORMANCE

(Performance as of 9/30/18)

CLASS	TICKER	1M	3M	6M	YTD	1Y AS OF 9/30/18	3Y AS OF 9/30/18	SINCE INCEP TO 9/30/18
I (NAV)*	LONGX	-2.68%	2.37%	5.94%	3.31%	8.66%	9.05%	7.14%
A (NAV)**	LONAX	-2.66%	2.35%	5.78%	3.09%	8.36%	N/A	8.11%
A (Max Load)**	LONAX	-8.25%	-3.57%	-0.26%	-2.91%	2.16%	N/A	5.85%

*INCEPTION DATE: 3/19/15 **INCEPTION DATE: 12/09/15

The performance data quoted here represents past performance. Current performance may be lower or higher than the performance data quoted above. Investment return and principal value will fluctuate, so that shares, when redeemed, may be worth more or less than their original cost. Past performance is no guarantee of future results. For performance information current to the most recent month-end, please call toll-free 855.294.7540

**Inclusive of maximum sales load of 5.75%. Total annual operating expenses are 2.24% and 1.99% for Class A and I respectively.
Long: Buying an asset such as a stock, commodity or currency, with the expectation that the asset will rise in value.
Short: Selling an asset such as a stock, commodity or currency, with the expectation that the asset will decrease in value.

OUTLOOK

With market breadth deteriorating and interest rates on the rise, many investors are left wondering whether higher yields could derail the current bull market. Indeed, the market provided a preview of this potential scenario on October 2nd, when 10-year U.S. Treasury yields spiked to their highest level since 2011 and sparked a sharp sell-off in risk assets across the board. Paradoxically, a robust economy and rising wages could provide the catalyst for a market downturn- given the impact of rising borrowing costs on the significant debts corporations have accumulated in the era of record low interest rates. Of course, that's just one of many potential scenarios that could unfold going forward.

Despite the initial signs of cracks under the hood of today's bull market, for now, the long-term uptrends across many U.S. equities remain intact. If the early October weakness proves to be the start of a longer-term downtrend, we will follow our disciplined process of exiting long positions when these uptrends break. On the other hand, today's robust earnings and economic data could propel equities into another powerful leg higher – even against the headwinds of higher interest rates. We believe that our rules-based trend-following process will provide investors with the chance to participate in the potential future upside of today's bull market, while providing a risk management strategy to limit losses when the bull market inevitably turns.

In our portfolio…Losses were attributed to large net exposure to the financials, particularly regional banks. We also saw weakness in consumer discretionary stocks such as Stamps.com as well as clothing stores Urban Outfitters and Abercrombie & Fitch. Equities that outperformed during the month included household names such as Walt Disney World, Coca Cola, Eli Lilly, Lowes and Pfizer.

Strong Dollar Creates Tech Tail-Winds and Gold Head-Winds in 2018

January 1, 2018 - October 4, 2018

Source: Bloomberg

Homebuilder ETF: SPDR S&P Homebuilders ETF is an exchange-traded fund incorporated in the USA. The Fund seeks to replicate the performance of the S&P Homebuilders Select Industry Index, an equal-weighted index.

US 10-Yr Treasury Yield: Yields are yield to maturity and pre-tax. The rates are comprised of Generic United States on-the-run government bill/note/bond indices. These yields are based on the ask side of the market and are updated intraday.

MORNINGSTAR ★★★★

The Morningstar Rating™ for funds, or "star rating", is calculated for managed products (including mutual funds, variable annuity and variable life subaccounts, exchange-traded funds, closed-end funds, and separate accounts) with at least a three-year history. Exchange-traded funds and open-ended mutual funds are considered a single population for comparative purposes. It is calculated based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a managed product's monthly excess performance, placing more emphasis on downward variations and rewarding consistent performance. The Morningstar Rating does not include any adjustment for sales loads. The top 10% of products in each product category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars, and the bottom 10% receive 1 star. The Overall Morningstar Rating for a managed product is derived from a weighted average of the performance figures associated with its three-, five-, and 10-year (if applicable) Morningstar Rating metrics.

PROSPECTUS OFFERING DISCLOSURE

Investors should carefully consider the investment objectives, risks, charges and expenses of the Longboard Alternative Growth Fund. This and other important information about the Fund is contained in the prospectus, which can be obtained by calling 855.294.7540. The prospectus should be read carefully before investing.

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MUTUAL FUND RISK DISCLOSURE

Mutual funds involve risk including possible loss of principal.

There is a risk that issuers and counterparties will not make payment on securities and other investments held by the fund, resulting in loss. The fund's use of derivatives (including futures, forward contracts and swap agreements) involves risks different from and possibly greater than those associated with investing directly in securities including leverage risk, counterparty default risk, tracking risk and liquidity. The price of equity security fluctuates based on changes in a company's financial condition and overall market and economic conditions. Investments in ETFs may involve extra expenses and may not perform as expected and may not replicate the performance of the underlying index.

Fixed income securities could lose value due to interest rate changes. ADRs are subject to fluctuations in foreign currencies, political and economic instability, differences in financial reporting, security regulation, trading and taxation issues. The successful used of forward and futures contracts draws on the Adviser's skill and experience in predicting market movement. Risks include imperfect correlation, illiquid secondary markets, unanticipated market movements, counterparty default, and potentially selling securities when disadvantageous to do so. The success of the fund's hedging strategy is subject to the Advisor's ability to correctly assess market performance and correlation of the instruments used in the hedging strategy and the investments in the portfolio.

The fund may trade more, incurring higher brokerage fees and tax liability to shareholders. The fund has a limited history of operation and an investment entails a high degree of risk. Large Cap companies may be unable to respond quickly to new competitive challenges such as changes in consumer tastes. Small Cap and Mid-Cap companies may be volatile and vulnerable to adverse business or economic events. The fund is 'non-diversified' and changes in the value of a single security may have a significant effect on the fund's value. The fund may have investments that appreciate or decrease significantly over short periods. The value of REIT securities may be adversely affected by changes in the value of the underlying property the REIT holds. Short positions may be considered speculative and losses are potentially unlimited.

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