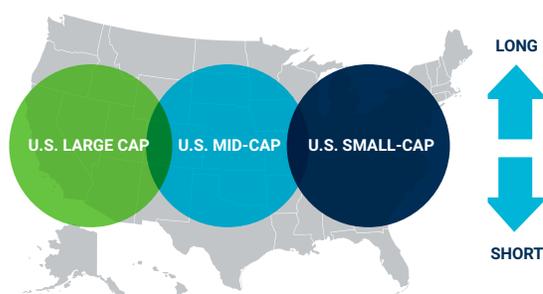


# Alternative Growth Fund

## Monthly Portfolio Update & Commentary | May 2019



The Longboard Alternative Growth Fund I (LONGX) received 3 stars from Morningstar out of 205 long/short equity funds for the 3-year period ending March 31, 2019 based on risk adjusted returns.

### Recap

The Longboard Alternative Growth Fund returned +1.61% extending its positive run to four consecutive months despite the S&P 500 falling -6.35%.

After a month of reprieve from the U.S. / China trade war driving headlines, the month of May marked a stark reversal. It started with President Trump threatening an increase in tariffs on \$200 billion of goods to 25% via Twitter. This led to a reverse of the adage “Buy the rumor, sell the fact” as markets sold off initially but rallied following the implementation of U.S. tariffs, and the subsequent Chinese retaliation of \$60 billion in tariffs. However, the rally was short-lived as industrial production and retail sales printed weaker than expected in both the U.S. and China. A spike in volatility followed these headlines with the VIX briefly breaching 20 as the risk off trade was on. Further turmoil in the eurozone provided no support for domestic markets, and President Trump ended the month by announcing 5% tariffs on all Mexican imports adding more pressure on equities. Interestingly, the VIX ended the month at 18.7, which is historically low considering last month was the second-worst May since the 1960s.

Given the geopolitical chaos, only one sector posted positive returns on the month, with Real Estate finishing in the black. This helped the fund outperform the broader market as we entered May with Real Estate as our highest exposure. The fund also had significant exposure to Utilities, which was the second best performing part of the market, as our trend following process allowed us to own the relative strength winners in this category. One significant detractor from the portfolio was Information Technology, the worst performing sector of the month and our second largest holding.

## FUND PERFORMANCE

AS OF 3/31/2019

CLASS	TICKER	1 YR AS OF 3/31/19	3 YR AS OF 3/31/19	SINCE INCEP TO 3/31/19
I (NAV)*	LONGX	-3.72%	6.42%	3.74%
A (NAV)**	LONAX	-4.03%	6.12%	3.74%
A (Max Load)***	LONAX	-9.52%	4.03%	1.90%

AUM (as of 5/31/19)	\$10,930,457
---------------------	--------------

\*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.

# May 2019 Longboard Alternative Growth Fund: Monthly Commentary

## Outlook

Despite this volatility, the fund added nine positions on the month, but due to its unique risk management, net exposure decreased from 168% to 153%. We also saw some large names that were added last month liquidated due to sharp reversals including Kohls, Intel and Qualcomm, demonstrating how the fund can quickly adapt to changing market environments.

Moving forward, the fund continues to have significant market exposure. However, it remains overweight defensive sectors such as Real Estate and Utilities, which helped fuel the outperformance this past month. If the market takes another leg lower, we expect it to begin trimming positions, but if this was simply a dip, it can participate in the next rally due to its current posture.



©2018 Morningstar. All Rights Reserved. The information contained herein: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information.

### PAST PERFORMANCE IS NO GUARANTEE OF FUTURE RESULTS.

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.**

**The Longboard Alternative Growth Fund is distributed by Northern Lights Distributors, LLC, a FINRA/SIPC member. Longboard Asset Management, LP, is not affiliated with Northern Lights Distributors, LLC.**

### 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 use 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.

**Beta:** A measure of a fund’s sensitivity to market movements.

**S&P 500:** A stock market index based on the market capitalization of 500 leading companies publicly traded in the U.S. stock market, as determined by Standard & Poor’s.