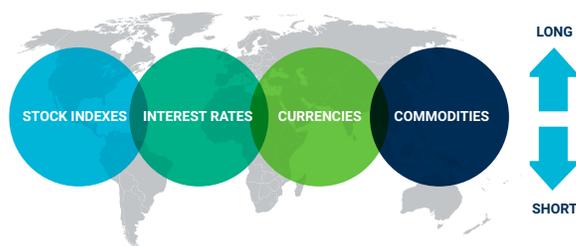


# Managed Futures Strategy Fund

## Monthly Portfolio Update & Commentary | May 2019



The Longboard Managed Futures Strategy Fund – WAVIX received 2 stars from Morningstar out of 96 managed futures funds for the 3-year period ending 3/31/19 and 3 stars out of 66 managed futures funds for the 5-year period ending 3/31/19, based on risk-adjusted returns.

### Recap

The Longboard Managed Futures Strategy Fund was down -1.48% on the month as losses in commodities and stock indexes outweighed significant gains in fixed income.

May marked the end of the 2019 winning streak for domestic equities as central banks and earnings took a back seat to renewed political turmoil. President Trump ratcheted up the trade wars by increasing tariffs to 25% on \$200 billion of Chinese imports, as well as a 5% tariff on all Mexican imports. China retaliated with tariffs of their own on \$60 billion of U.S. imports. This was followed by weaker industrial production data out of both the U.S and China which pushed equities lower.

Eurozone issues also moved to the forefront later in the month as Germany posted weaker than expected data, and UK Prime Minister May announced she would step down June 7th. This led to speculation of a hardline Brexit scenario which coincided with centrist parties losing seats in a European Parliamentary election.

These events fueled a risk off trade domestically and internationally, leading to lower interest rates globally. The U.S. yield curve was lower across the board and remain inverted. While the fund exposure to gold and oil remained neutral, WTI crude finishing the month down 16% and gold had a more up and down path finishing the month slightly higher as trade war fears outweighed a stronger U.S. dollar. Finally, grains saw a large rally as rainy conditions severely delayed planting domestically. The surge in prices negatively impacted performance as the fund was significantly short grains in May.

### FUND PERFORMANCE

AS OF 3/31/2019

CLASS	TICKER	1Y AS OF 3/31/19	3Y AS OF 3/31/19	5Y AS OF 3/31/19	SINCE INCEP TO 3/31/19
I (NAV)*	WAVIX	-16.06%	-4.44%	1.55%	0.89%
A (NAV)**	WAVEX	-16.30%	-4.70%	1.29%	0.21%
A (Max Load)**	WAVEX	-21.08%	-6.55%	0.10%	-0.78%

AUM (as of 5/31/19)	\$154,078,446
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\*INCEPTION DATE: 6/27/12 \*\*INCEPTION DATE: 3/22/13

The Total Annual Fund Operating Expenses for the Longboard Managed Futures Strategy Fund class A and I are 3.12% and 2.88% respectively. The maximum sales charge for Class A (Max Load) shares is 5.75%. 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 or visit our website, [www.longboardfunds.com](http://www.longboardfunds.com). There is no guarantee that any investment will achieve its objectives, generate positive returns, or avoid losses.

# May 2019 Longboard Managed Futures Strategy Fund: Monthly Commentary

## Outlook

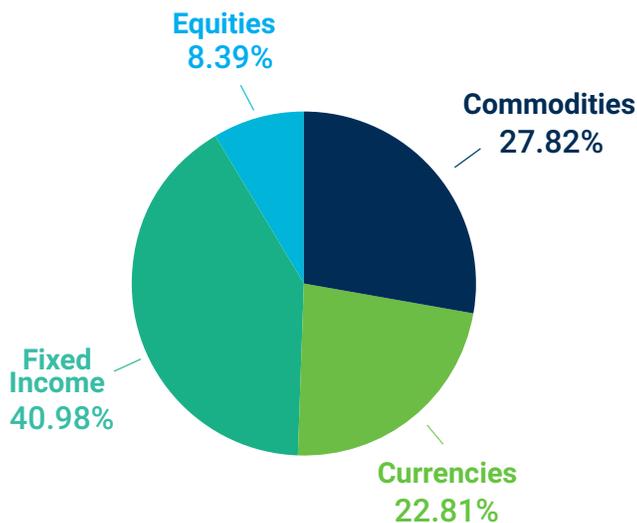
The risk off nature of the market had a mixed effect on the portfolio. Our long position in fixed income benefited greatly and currently stands at its highest risk allocation since inception. Meanwhile, equities sold off, causing us to exit several positions and bring our risk allocation back down near all-time lows. Despite exiting some agricultural products at the end of the month, we remain mostly short commodities, specifically softs and grains. Overall the fund continues to be balanced with a preference to fixed income over equities.

Given our current positioning, the fund is positioned to take advantage of global weakness and flight to quality trades. Our largest position is long fixed income, both domestically and internationally. We also remain long the U.S. dollar versus other currencies and continue to add long Japanese Yen positions. The fund remains on the low end of its historical number of positions, which gives us the opportunity to capture trends as they emerge.

## PORTFOLIO

Risk Allocation By Asset Class

AS OF 5/31/19



## Commodities 27.82%

LARGEST HOLDINGS	% OF RISK <sup>1</sup>	POSITION
Natural Gas - Henry Hub	2.86%	Short
Feeder Cattle	2.74%	Short
Cotton	2.05%	Short

## Currencies 22.81%

LARGEST HOLDINGS	% OF RISK <sup>1</sup>	POSITION
Swiss Franc / Japanese Yen	2.57%	Short
Euro / Japanese Yen	2.39%	Short
Swiss Franc / U.S. Dollar	1.93%	Short

## Fixed income 40.98%

LARGEST HOLDINGS	% OF RISK <sup>1</sup>	POSITION
10-Year German Bond (Bund)	3.39%	Long
Eurodollar	3.27%	Long
5-Year U.S. Treasury Note	3.06%	Long

## Equities 8.39%

LARGEST HOLDINGS	% OF RISK <sup>1</sup>	POSITION
SPI 200 Index	2.16%	Long
CAC40 Index	1.08%	Long
S&P TSX 60 Index	1.03%	Long

<sup>1</sup> The % of Risk is the estimated maximum equity a position could lose, divided by the estimated aggregate equity currently at risk of loss across all positions in the portfolio. Portfolio holdings are subject to change at any time and should not be considered investment advice. There is no assurance that the identified level of risk will occur or be maintained as risk cannot be predicted with certainty.

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# May 2019 Longboard Managed Futures Strategy Fund: Monthly Commentary

## Highlights

### CONTRIBUTORS

Commodities	Short Natural Gas
Currencies	Short Euro / Japanese Yen
Fixed Income	Long US Ultra Bond
Equities	Short MSCI EAFE

### DETRACTORS

Commodities	Short Corn
Currencies	Short Euro / British Pound
Fixed Income	N/A all positions positive
Equities	Long S&P 500

### » COMMODITIES -3.08%

A sharp rally in grains hurt our short positions, while other commodity positions were flat.

### » FIXED INCOME +5.55%

The global bond rally led to large gains with every position in this sector positive on the month.

### » CURRENCIES +0.43%

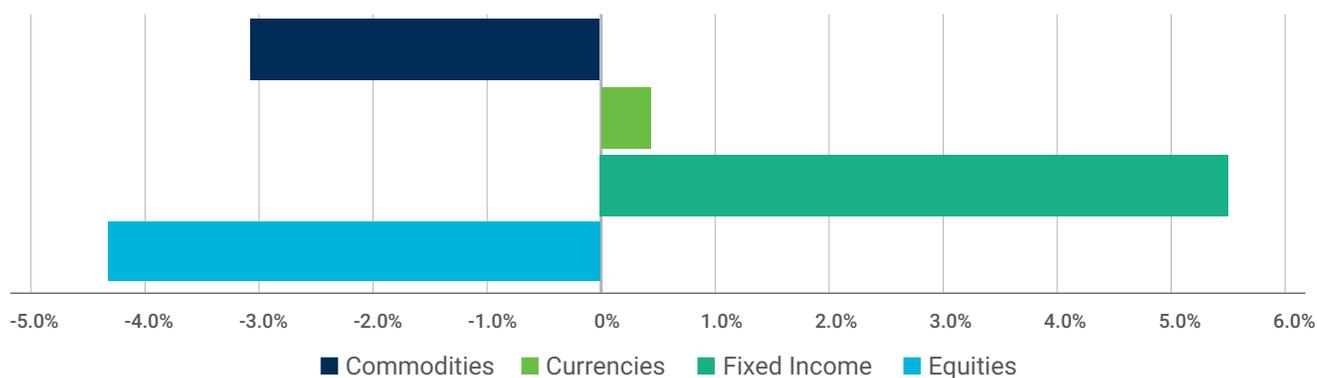
Currencies were choppy given the political turmoil but long U.S. dollar and Japanese Yen positions continued to profit.

### » EQUITIES -4.32%

Equity weakness cause the fund to exit several long positions at a loss.

## Performance Attribution By Asset Class

MAY 2019



### Past results are not necessarily indicative of future results.

There is no guarantee that any investment will achieve its goals and generate profits or avoid losses. The returns shown are presented as a percentage of overall fund performance attributed to the named asset class. Holdings are subject to change at any time and should not be considered investment advice.

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# May 2019 Longboard Managed Futures Strategy Fund: Monthly Commentary

Managed Futures Mutual Fund Index Member



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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 Managed Futures Strategy Fund. This and other important information about the Fund is contained in the prospectus, which can be obtained at <http://www.longboardfunds.com> or by calling 855-294-7540. The prospectus should be read carefully before investing. The Longboard Managed Futures Strategy 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. No level of diversification or non-correlation can ensure profits or guarantee against losses. The fund will invest a percentage of its assets in derivatives, such as commodities, futures and options contracts. The use of such derivatives and the resulting high portfolio turnover may expose the fund to additional risks that it would not be subject to, if it invested directly in the securities and commodities underlying those derivatives. The fund may

experience losses that exceed those experienced by funds that do not use futures contracts, options and commodities. Changes in interest rates and the liquidity of certain investments could affect the fund’s overall performance. The fund is non-diversified and as a result, changes in the value of a single security may have significant effect on the fund’s value. Other risks include credit risks and investments in fixed income securities, structured notes, asset-backed securities and foreign investments. Furthermore, the use of short positions and leveraging can magnify the potential for gain or loss and amplify the effects of market volatility on the fund’s share price. The fund is subject to regulatory change and tax risks. Changes to current regulation or taxation rules could increase costs associated with an investment in the Fund.

**Commodity Market:** A physical or virtual marketplace for buying, selling, and trading raw or primary product such as natural resources, agricultural products, and livestock

**Forward Contract:** A non-standardized contract between two parties to buy or sell a specified asset of specified quantity with delivery and payment occurring on a specified date.

**Futures Contract:** A standardized contract between two parties to buy or sell a specified asset of standardized quantity and quality with delivery and payment occurring on a specified date.

**Long:** Buying an asset such as a stock, commodity or currency with the expectation that the asset will rise in value.

**Long-Term:** Holding periods averaging greater than one year.

**Risk Allocation:** The estimated maximum equity a position could lose, divided by the estimated aggregate equity currently at risk of loss across all positions in the portfolio.

**SG CTA Mutual Fund Index:** An index that tracks the performance of ‘40 Act mutual funds pursuing managed futures strategies. The Index includes the 10 largest single-manager CTA Mutual Funds, including funds employing both systematic and discretionary management styles. Index values are based on performance of the institutional share classes with dividends reinvested.

**Short:** Selling an asset such as a stock, commodity or currency, with the expectation that the asset will decrease in value.

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