Altegris Futures Evolution Strategy Fund EVOAX | EVOCX | EVOIX | EVONX

Market Commentary

The second quarter of the year may have felt like one of the lengthiest on record, despite its standard length of 91 days. Millions of Americans experienced job losses, either through furloughs or layoffs. By the start of the quarter, an estimated 300 million Americans were urged to stay home or experienced shelter-in-place orders. Dozens of publicly-traded companies, mostly in retail, tourism, and travel, conducted significant layoffs, storefront closures, or declared bankruptcy. That says nothing of the huge number of private or family-owned businesses that experienced severe challenges as well. All this occurred while case rates exploded exponentially.

Simultaneously, equity markets experienced an impressive comeback from the previous quarter's troughs. Two elements likely impulsed the bounceback in US markets: The first is the influence of a massive capital injection from both a legislative and monetary policy perspective, and the second was a technology sector that was well-adapted to a remote-work environment and poised to profit from a newly digitally favored world. As such, tech stocks and indexes such as the NASDAQ carried the rally. Internationally, developed markets such as those in Europe also saw gains amid even more stringent, nationwide lockdowns. In commodities, the risk-on environment also prevailed. Energy and base metals prices were up significantly, as were precious metals, whereas grains and livestock were mixed. FX currencies rose as well, especially commodity-linked currencies including the Aussie dollar, Norwegian krone, Russian ruble.

Fixed income saw a mix of performance in the risk-on environment. Overall the US yield curve steepened, as 10-year and 30-year US Treasury yields rose, whereas 2-year and 5-year US Treasury yields dropped. Bonds throughout the curve experienced choppiness, with substantial swings in yield relative to previous quarters. International bonds generally followed suit, with volatility in yields coupled with smaller directional changes.

Fund Returns | As of 06/30/2020

		Annualized Return				
	Q2 2020	Year to Date	1-Year	3-Year	5-Year	Since Inception*
EVOAX: Class A (NAV)	-5.37%	-16.49%	-15.85%	-3.92%	-2.07%	1.10%
EVOAX: Class A (max load) ‡	-10.81%	-21.31%	-20.71%	-5.79%	-3.22%	0.41%
EVOCX: Class C (NAV)	-5.61%	-16.83%	-16.54%	-4.68%	-2.80%	0.20%
EVOIX: Class I (NAV)	-5.33%	-16.35%	-15.67%	-3.68%	-1.80%	1.37%
EVONX: Class N (NAV)	-5.49%	-16.51%	-15.95%	-3.95%	-2.07%	1.09%
BofA Merrill Lynch 3-month T-bill Index	0.02%	0.60%	1.63%	1.77%	1.19%	0.71%
SG Trend Index	-3.06%	-0.85%	0.81%	2.50%	-0.40%	1.44%
S&P 500 TR Index	20.54%	-3.08%	7.51%	10.73%	10.73%	13.37%

* The inception date of Class A, Class I and Class N is 10/31/11; the inception date of Class C is 02/16/12. Past performance is not indicative
of future results. Returns for periods longer than one year are annualized.

** The maximum sales charge (load) for Class A is 5.75%. Class A Share investors may be eligible for a reduction in sales charges.

The total annual fund operating expense ratio, gross of any fee waivers or expense reimbursements, is 2.08% for Class A, 2.83% for Class C, 1.83% for Class I, and 2.08% for Class N.

The Fund's adviser has contractually agreed to reduce its fees and to reimburse expenses, at least until October 31, 2020, to ensure that total annual Fund operating expenses after fee waiver and reimbursement will not exceed 1.94%, 2.69%, 1.69% and 1.94% of average daily net assets attributable to Class A, Class C, Class I and Class N shares, respectively, subject to possible recoupment in future years.

The performance data quoted here represents past performance, which is no guarantee of future results. 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. Results shown reflect the waiver, without which the results would have been lower. A Fund's performance, especially for very short periods of time, should not be the sole factor in making your investment decisions. For performance information current to the most recent month end, please call (888) 524-9441.

Fund Expense Ratio does not include management fees and incentive fees associated with managed futures investments. These costs are included in the investment return of such managed futures investments.

The referenced indices are shown for general market comparisons and are not meant to represent any particular Fund.

Portfolio Performance Review

Amid the reversing trends from the previous quarter in some futures markets and choppiness in others, the Fund was down for the second quarter of 2020. Three asset classes detracted during the quarter, and one contributed.

Commodity trading experienced the largest losses for the period, and base metals were a significant detractor. Losses were driven by short positions in copper, aluminum, and nickel. Energy also detracted, specifically short positions in crude oil, gasoline, and carbon emissions. Although these experienced gains in the first part of the quarter on continued price drops, the positions lost money on these markets' sharp reversals in the subsequent two months. Precious metals also experienced losses. Specifically, short positions in silver experienced losses on the metal's rapid price increase during May. Significant pandemic-related shutdowns drove the price increase in mining and production. Softs were also detractors during the quarter. Losses were driven by short positions in cotton and sugar, and long positions in cocoa. Profits from short coffee positions partially offset losses. Grains and livestock also partially offset losses in the asset class. The Fund made profits in grains in short wheat, soy, and corn positions, and livestock gains were generated by lean hogs.

Currencies were the next largest detractor. FX markets also saw sharp reversals and trended upwards in the risk-on environment, mostly across developing market and commodity-exporting currencies. Thus, short positions in several currencies experienced losses. The largest loser was a short in the Australian dollar, which saw appreciation given its link to commodities. Other short positions that saw losses were the Canadian dollar, euro, and New Zealand dollar. Certain positions generated gains and offset losses; among them longs in the Indonesian rupiah and a cross-currency trade in the euro and Norwegian krone.

Stock index futures trading also detracted mostly due to short exposure to various indexes across the globe. The largest losses came from the Russell 2000, as well as Europe (Euro Stoxx 50, DAX), and Asia (Nikkei, Nifty 50, TOPIX). The reversal in equity trends was just as unexpected as the correction in the first quarter, and the Russell 2000 recovered almost two-thirds of the losses it experienced in March. Other indexes (S&P 500, NASDAQ) approached or even surpassed their levels from earlier in the year. International indexes experienced similar partial recoveries. Losses were partially offset by gains in long positions in the NASDAQ and S&P 500, and by short positions in the CAC 40.

Fixed income trading made the largest positive contributions to the Fund's performance. Amidst the choppiness in yields in longer-dated securities, the majority of gains came from rates (defined as fixed income issues with a maturity less than two years) versus bonds (with maturities of two years or greater). The largest gains came from long 3-month Sterling interest rates and South Africa local rates. Smaller gains were spread across shorter-dated maturities from a variety of markets, such as interest rates in Singapore, Great Britain, and New Zealand. Long positions in 10-year UK gilts, Canadian bonds, and French OATS also contributed, as did 3-year Korean bonds. Long exposure to the 10-year Australian bond was the only noteworthy detractor.

Manager Performance Review

Both Winton and ISAM experienced losses during the quarter, with Winton generating the majority of losses. Winton saw the majority of its losses come from commodities, including shorts in base metals (copper), precious metals (silver), and energies (crude oil). Sharp, upwards reversals in these futures coupled with meaningful exposure detracted from the strategy. Stock indexes were the next largest detractor, driven by short exposure to Europe, the US, and Japan. Winton's long exposure to some US indexes was insufficient to offset losses. Currencies also detracted; these were small contributors during the first half of the quarter but turned negative when the Aussie dollar, Canadian dollar, euro, and New Zealand dollar appreciated, and short positions lost money. Lastly, fixed income gained and offset a portion of losses. Gains were mostly from UK 3-month sterling interest rates, but smaller contributions from 10-year bonds in Canada, UK, and France, also were positive.

In response to recent market performance, Winton reduced gross leverage to more modest levels compared to historical standards and increased exposure to technical models, specifically away from equity and towards more diversifying asset classes such as commodities and currencies.

ISAM also detracted, although to a much lesser extent. FX was the largest detractor, though no single currency was a significant loss. Cross-currency trades (that is, trades between two non-USD currencies) were a larger detractor, mostly in European currencies. Direct trades detracted, most through shorts in EM currencies. Commodities also detracted, led by short positions in energy (power and emissions), softs (sugar), and base metals (aluminum, nickel, and copper). Stock indexes were a minor detractor, mostly driven by short exposure to Asian indexes. Fixed income generated gains, mostly from one-day to three-month interest rates in South Africa, Europe, and Asia.

The DoubleLine strategies saw profits that partially offset Fund losses for the quarter. The largest contributor was the Low Duration strategy, driven by exposure to residential and commercial mortgage-backed securities (MBS), emerging market (EM) bonds, and collateralized loan obligations (CLOs). The Opportunistic strategy also made gains, driven mostly by CLOs but also seeing profits from residential and commercial MBS. The Core strategy saw profits as well, generated from EM bonds, corporate credit, and to a lesser extent CLOs and MBS. DoubleLine's recent performance is in line with our expectations following a tumultuous March and first quarter. With credit markets normalizing and liquidity returning to markets, we believe that DoubleLine will continue to fulfill its mandate to generate modest positive returns within normal market environments and may gradually recover from March's drawdown.

Portfolio Allocations

We continue to monitor individual performance between managers, but allocations remain the same as the end of Q1 2020, with ISAM at 21% and Winton at 79%. Within the fixed income portfolio, allocations remained the same at 60% to Low Duration Strategy, 20% to Opportunistic Income Strategy, and 20% to Core Fixed Income Strategy as of quarter-end. .

Portfolio Positioning

The positioning at the end of the quarter was diversified across all asset classes. Overall, the Fund is positioned with three asset classes net short and one asset class net long. Commodities represent the most significant risk exposure, at about one-half of the Fund's total risk exposure. On a net exposure basis, all six commodity sectors are short. The most notable short exposures are in base metals (specifically aluminum and copper), grains (principally soybean products, as well as wheat and corn), and energy (natural gas and crude oil). Softs, livestock, and precious metals represent smaller short exposures.

Fixed income, the next largest risk exposure at quarter-end, is about one-fifth of the risk exposure and is relatively consistent with the previous quarter. Long exposure is composed of intermediate-dated positions (such as 2-year, 3-year, and 5-year) in US, Italian, Australian, Korean and German bonds. The Fund is also long 10-year securities in the US, Australia, Canada, Germany, and France, as well as 30-year US Treasuries. For short-dated contracts two years or less, the Fund has a small exposure to a variety of contracts, including 3-month Eurodollars, Singapore, New Zealand, and South Africa.

Stock index exposure represents the next largest risk exposure, at slightly over one-sixth of the total at quarter-end. Overall, positioning consists of approximately 35 indexes across the US, developed and emerging markets, with the largest exposures to Euro Stoxx 50, TOPIX, FTSE 100, and Nikkei, among others. The Fund also has small long exposure to the NASDAQ, S&P 500 as well as FTSE China and Kosdex.

Lastly, FX is the smallest risk exposure, at about one-eighth of the Fund's overall risk. Consistent with the previous quarter-end, positioning is diversified across almost 30 currency markets and is net short (and thus long the US dollar) in aggregate. However, the exposure is split between long and short FX positions. The euro is the most significant short position, with additional shorts in the British pound, Canadian dollar, Brazilian real, and Korean won, among others in Asia, Europe, and Latin America. The most significant long positions are to the Japanese yen, Swiss franc, and Indonesian rupiah.

Outlook

Market events this quarter have been fairly confounding. On the one hand, almost 20 million Americans lost their jobs (with an unemployment rate that stands at 11% at quarter end), and Q1 GDP shrunk by -5.0%. Additionally, despite fairly extensive economic lockdowns and shelter-at-home orders, a US populace weary from cabin fever and eager to enjoy warmer weather drove recent positive cases of COVID-19 to all-time highs.

On the other hand, the US Federal Reserve and Congress provided a multi-trillion dollar economic backstop last quarter. Given some of those benefits will expire at the end of July, Congress is in the early stages of discussing the next coronavirus relief bill. In total, this resulted in US public equity markets, as proxied by the S&P 500, down only low single digits year-to-date at quarter-end despite experiencing a 34% peak-to-trough decline, and a subsequent rally driven by a narrow set of mostly technology-related names.

Amidst the economic uncertainty potentially looms less publicized political uncertainty. As we detailed in our CIO letter published late June, irrespective of political affiliations, markets may react negatively to an increased likelihood of a change in White House administration. It is also our view that a continued increase in progressivist discourse (such as on wealth distribution, corporate taxes, share repurchases, et cetera) would also be bearish for markets in the near- to intermediate-term, despite any potential positive social implications.

We recognize that making macroeconomic calls may quickly devolve into a fool's errand, arguably now more so than ever. Thus, we do not presuppose to make economic forecasts accurately. Although disappointed with recent performance, we continue to believe that economic predictions conducted with a fundamental lens may be even more uncertain than ever. Meanwhile, technical indicators such as price and volume, which are the bedrock of trend followers, remain ample and readily available. Most importantly, we are also comfortable that the Fund's defensive positioning is contrary to broad bullish market consensus and optimism, and the Fund thus remains a highly effective tool for maintaining a well-diversified portfolio.

Fund Objective

The Fund seeks to achieve long-term capital appreciation.

Managed Futures Manager Exposure[1]

	Winton	ISAM
Exposure	79%	21%

The Fund's access to managers and the percentage exposures to each listed above are presented to illustrate examples of the diversity of managers accessed by the Fund through its managed futures investments, but may not be representative of the Fund's past, or its future, access and exposure to managed futures managers, sub-strategies and programs. It should not be considered a recommendation or investment advice. With respect to the remainder of Fund assets not invested in managed futures investments via a wholly-owned subsidiary, the Fund pursues a fixed income strategy managed by the fixed income sub-adviser, DoubleLine Capital, L.P., which is not reflected in the table above.

[1] The managed futures investments selected by Altegris Advisors to gain exposure to the managed futures managers, strategies and programs are subject to change at any time, and any such change may alter the Fund's access and percentage exposures to each such manager, strategy and program. Although the Fund currently pursues its managed futures strategy by investing up to 25% of its total assets in a wholly-owned subsidiary, the Fund may also make managed futures investments directly, outside of such subsidiary.

Index Descriptions

An investor cannot invest directly in an index. Moreover, indices do not reflect commissions or fees that may be charged to an investment product based on the index, which may materially affect the performance data presented.

BofA Merrill Lynch 3-month T-Bill Index. An unmanaged index that measures returns of three-month Treasury Bills.

SG Trend Index. The SG Trend Index, which is equal-weighted and reconstituted annually, calculates the net daily rate of return for a group of 10 trend following CTAs selected from the largest managers open to new investment.

The S&P 500 Total Return Index. The S&P 500 Total Return Index is the total return version of S&P 500 index. The S&P 500 index is unmanaged and is generally representative of certain portions of the US equity markets. For the S&P 500 Total Return Index, dividends are reinvested on a daily basis and the base date for the index is January 4, 1988. All regular cash dividends are assumed reinvested in the S&P 500 index on the ex-date. Special cash dividends trigger a price adjustment in the price return index.

	Representative Index	Characteristics	Key Risks
Managed Futures	SG Trend Index	Equal-weighted and reconstituted annually, calculates the net daily rate of return for a group of 10 trend following CTAs selected from the largest managers open to new investment.	**Market risk.** Prices may decline. **Leverage risk.** Volatility and risk of loss may magnify with use of leverage. **Country/regional risk.** World events may adversely affect values.
Treasury Bills	BofA Merrill Lynch 3-month T-Bill Index	Short-term debt obligations of the US Government with a 3-month maturity	Interest rate risk. Value will decline if interest rates rise.
US Stocks	S&P 500 Total Return (TR) Index	500 US stocks; Weighted towards large capitalizations	**Stock market risk.** Stock prices may decline. **Country/regional risk.** World events may adversely affect values.

PLEASE REVIEW THE FOLLOWING RISK DISCLOSURES.

Risks and Important Considerations

Please carefully consider the investment objectives, risks, charges and expenses of the Altegris Futures Evolution Strategy Fund. This and other important information is contained in the Fund's Prospectus and the Summary Prospectus, which can be obtained by calling (888) 524-9441. Read the prospectus carefully before investing.

Funds are distributed by Northern Lights Distributors, LLC. Altegris Advisors and Northern Lights Distributors, LLC are not affiliated.

MUTUAL FUNDS INVOLVE RISK INCLUDING POSSIBLE LOSS OF PRINCIPAL.

The value of fixed income securities, including preferred stock, will typically fall when interest rates rise. Additionally, fixed income securities are subject to credit risk, which refers to an issuer's ability to make interest and principal payments when due, and risk of default. Asset or mortgage-backed securities are subject to prepayment risk. Below investment grade and lower quality high yield or junk bonds present heightened credit risk, liquidity risk, and potential for default. Investing in defaulted or distressed securities is considered speculative. REITs are subject to market, sector and interest rate risk.

Investing in commodity futures markets subjects the Fund to volatility as commodity futures prices are influenced by unfavorable weather, geologic and environmental factors, regulatory changes and restrictions. Trading on foreign exchanges and foreign investments including exposure to foreign currencies, involve risks not typically associated with U.S. investments, including fluctuations in foreign currency values, adverse social and economic developments, less liquidity, greater volatility, less developed or inefficient trading markets, political instability and differing auditing and legal standards. These risks are magnified in emerging markets.

The use of derivatives such as futures, swaps, structured notes, and options contracts expose the Fund to additional risks such as leverage risk, tracking risk and counterparty default risk that it may not be subject to if it invested directly in the underlying securities. Although futures contracts are generally liquid, under certain market conditions there may not always be a liquid secondary market. Option positions held may expire worthless and cause a loss. Managed futures programs accessed by the Fund may be traded with additional notional funding. The use of leverage can increase share price volatility and magnify gains or losses, as well as cause the Fund to incur additional expenses.

The Fund may engage in short selling and short position derivative activities which are considered speculative and involve significant financial risk. Short positions profit from a decline in price so the Fund may incur a loss on a short position if the price increases. The potential for loss in shorting is unlimited. Shorting may also result in higher transaction costs which reduce return.

Investing in commodities through a controlled foreign corporation Subsidiary involves taxation and regulatory risk. Where applicable, income received from commodities-related investments will be passed through to the Fund as ordinary income, which may be taxed at less favorable rates than capital gains. Changes in applicable foreign and domestic laws could result in the inability of the Fund and/or Subsidiary to operate.

Underlying Pools in which the Subsidiary invests will pay management fees, commissions, operating expenses and performance based fees to each manager it retains. As a result, the cost of investing in the Fund may be higher than a mutual fund that invests directly in securities. There is no guarantee that any of the trading strategies used by the managers retained will be successful. The adviser's judgments about the investment expertise of each manager accessed may prove to be inaccurate and may not produce the desired results.

ALTEGRIS ADVISORS.

Altegris Advisors, LLC is a CFTC-registered commodity pool operator, NFA member, and SEC-registered investment adviser that sponsors and/or manages a platform of alternative investment products.

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