Altegris Managed Futures Strategy Fund MFTAX | MFTCX | MFTIX | MFTOX

Market Commentary

It was a good quarter for global equity markets, which were buoyed by optimism of pro-growth fiscal policy in the US. The S&P 500 was up 6.1%, the MSCI EAFE was up 7.4%, and the MSCI EM index was up 14.0%. International and EM stock markets rallied the most as investors sought out stocks with lower relative valuations. International and emerging markets are trading at significantly lower valuations than the US, with forward P/Es for the MSCI EAFE of 14.8 and MSCI EM of 13.4, compared to the S&P 500 of 18.3. Any uncertainty regarding the Trump administration and its ability to turn campaign promises into policy was not reflected by the VIX Index, which measures expected volatility. Bullish fundamentals coupled with faith in Trump's pro-growth agenda led the "worry index" down 18% in the first quarter, its lowest quarterly average since the final months of 2006.[1]

Commodities - typically considered "risk on" investments - traded largely on supply and demand for the quarter versus macro sentiment. Despite the benefit of a weaker dollar, most commodities were negative for the quarter. Oil futures fell close to 10% as increased output from shale oil producers offset OPEC's agreement to scale back production. The exceptions were precious metals along with lumber and lead, which rallied over the period.

10-year treasury yields sit at 2.39% as of March 31st, 2017 - 5 bps lower than where they were at the end of 2016. In corporate credit, spreads continue to narrow. Investment Grade[2] was up 1.30% and High yield[3] rallied 2.60% for the quarter as yields continued to compress. High yield is currently yielding only 5.8% (YTM) as lower-than-average default rates, lower corporate risk taking and the recovery in the energy sector has made high yield seem less "junky" and more like an attractive solution to investors seeking yield.

[1] Bloomberg.com
[2] Barclays U.S. Aggregate Credit Total Return Index
[3] Barclays High Yield Corporate Bond Index

Fund Performance

FUND RETURNS | As of March 31, 2017

	Q1 2017	Year to Date	1-Year	3-Year	5-Year	Since Inception*
MFTAX Class A (NAV)	0.24%	0.24%	-1.93%	4.30%	1.04%	-0.04%
MFTAX Class A (max load)**	-5.49%	-5.49%	-7.61%	2.28%	-0.16%	-0.93%
MFTCX Class C (NAV)	0.00%	0.00%	-2.72%	3.53%	0.27%	-1.66%
MFTIX Class I (NAV)	0.35%	0.35%	-1.66%	4.59%	1.28%	0.21%
MFTOX Class O (NAV)	0.24%	0.24%	-1.91%	4.35%	N/A	1.07%
BofA Merrill Lynch 3-month T-bill Index	0.10%	0.10%	0.36%	0.17%	0.14%	0.13%
MSCI World Index	6.38%	6.38%	14.77%	5.52%	9.37%	10.83%
SG CTA Index	0.35%	0.35%	-6.34%	4.81%	2.07%	1.55%

* *The inception date of Class A and Class I is 08/26/10; the inception date of Class C is 02/01/11; the inception date for Class O is 03/13/13. 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 1.98% for Class A, 2.73% for Class C, 1.73% for Class I, and 1.97% for Class O.

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. The Fund's adviser has contractually agreed to reduce its fees and to reimburse expenses, at least until October 31, 2017, to ensure that total annual Fund operating expenses after fee waiver and reimbursement will not exceed 1.90%, 2.65%, 1.65%, and 1.90% of average daily net assets attributable to Class A, Class C, Class I, and Class O shares, respectively, subject to possible recoupment in future years. This agreement may be terminated only by the Fund's Board of Trustees, on 60 days written notice to the adviser. Results shown reflect the waiver, without which the results could 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.

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

Portfolio Performance Review

The SG CTA Index (the diversified managed futures benchmark) was up 6 basis points for the quarter. Trend following managers underperformed non-trend managers as trends outside of stock index futures were hard to come by. The Fund, however, was positive for the quarter. Unsurprisingly, stock index futures were the largest contributor by far, with gains in both domestic and global positions. S&P 500 and Nasdaq futures posted the largest gains followed by DAX, Hang Seng and Nikkei stock index futures. Base metals and softs also added to positive performance. Losses were the most significant in long energy futures and short currency trading. On a contract level basis, short euro, short European fixed income and short gold struggled the most.

While performance for the quarter was strong relative to peers, clearly the Fund has underperformed US equities so far this year. It's important to point out those environments in which traditional stock indices rally and other sectors stagnate, managed futures typically do not perform well. In addition, managed futures managers tend to perform best when volatility is on the rise versus contracting. With the VIX contracting 18% for the quarter, we are pleased with the ability of the Fund to generate returns while maintaining its low correlation profile to traditional markets.

Manager Performance Review

Performance on a manager by manager basis varied widely given the variety of models and approaches utilized by each manager. QIM – a quantitative strategy that focuses on shorter-term pattern recognition - was the top performer, with gains both long and short fixed income futures as well as long stock index futures. Winton – a longer-term, quantitative trend following manager - had a strong quarter relative to its peers, with sizable gains long global stock index futures. Winton's losses were in precious metals, currencies, and energy futures – all areas in which previously strong trends experienced reversals. Gold, for example, experienced a downtrend price trend in the fourth quarter of 2016, and as a result, trend following managers were generally short gold. Gold rallied since mid-December 2016 whipsawing many managers including Winton. Phase – a specialized, discretionary global macro manager in this Fund – added to positive performance with gains in stock index futures as well as fixed income futures, despite being a new allocation since early March. QMS FOGM (financials only global macro) is also a new addition that added to positive returns for the quarter. QMS's employs a blend of technical and fundamental systems, which added to performance since their inclusion in the Fund with gains in stock index and fixed income futures as well as FX positions. CFM, a hybrid-trend manager accessed by the Fund, was up a few basis points as gains in stock index futures edged out losses in grains, fixed income and energy futures. Lynx, like many trend followers, was down slightly for the quarter. As we saw with several managers, Lynx's gains in stock index futures were offset by losses in fixed income and energy futures. Three Rock – a discretionary global macro manager – was down slightly since its recent inclusion in the Fund with losses in European fixed income positioning. GSA, a new trend focused manager was also down for the period. Losses were fairly dispersed, although short fixed income futures and long crude oil were notable detractors. Abraham had the most difficult quarter for the group, as gains in softs and precious metals weren't enough to offset losses in several other sectors – notably currencies.

Portfolio Allocations

The Altegris Managed Futures Fund underwent several changes throughout the quarter with the goal of maintaining a diversified managed futures portfolio in a more simplified, lower cost structure. Abraham and CFM were redeemed while Winton, QIM and Lynx were all reduced, making room for GSA, Three Rock, QMS (FOGM), and Phase. To achieve an optimally diversified mix, four more strategies will be added to the Fund over the course of the next several weeks, and Winton, QIM and Lynx will be removed completely from the strategy at this time. The result provides what Altegris believes to be a highly diversified, rigorously researched blend of managed futures managers. Over the first quarter, the current blend of managers delivered positive returns, and significantly outperformed the managed futures benchmarks. Allocations as of March 31st, 2017, were as follows: 29% to GSA Capital Partners LLP, 20% to Winton Capital Management, 12.5% to PhaseCapital LP, 12.5% to QMS Capital Management LP, 11% to Three Rock Capital Management Limited, 10% to Lynx Asset Management AB, and 5% to QIM.

Portfolio Positioning

Positioning:

From a sector positioning standpoint, the Fund's is net long stock index futures, although significantly less so than just one month prior. Fixed income exposure has come in as well on both a net and gross basis; given the highly differentiated time-frames and approaches (either systematic or discretionary) utilized by the managers. Fixed income positioning overall is both long and short across global markets. In currencies, exposure is essentially flat with long positions in the Indian rupee, the Australian dollar and the Brazilian real and shorts in the euro, British pound and Swiss franc. In commodities, long base metals (copper, aluminum, zinc) and short crude, soybeans and wheat round out the Fund's diversified positioning.

Outlook:

With unemployment below 5% and inflation now at 2.1%, the ingredients seem to be in place for the two additional rate hikes this year as forecast by the consensus. Coming into 2017, our belief was that the impact of fiscal expansion along with tax and regulatory relief would create a tailwind for the US economy. The Fed is closely watching policy developments and we think there is risk to the upside and we may see three additional rate moves. Meanwhile the prospect of Fed balance sheet normalization may also pressure interest rates to the upside.

More globally, both Europe and Japan are still in their own phases of quantitative easing. In Europe, the upcoming election in France on May 7th should be closely watched. While the election of Trump has only buoyed markets and the Brexit proved to be a mere speedbump, this particular vote between a centrist (Emmanuel Macron) and a far-right populist (Marine Le Pen) in France may have larger consequences. If elected, Le Pen, promises to put the Bank of France back in charge of the country's finances, which could in turn lead to "Frexit" worries; hence destabilizing the EU and the euro currency. Conversely, should Macron win, there's a possibility that the centrists unite (Mark Rutte from the Netherlands and Angela Merkel of Germany– assuming she wins) to lead a stronger European Union. We have no intention of calling the French election either way, but we do believe investors should be ready for market volatility leading up to the election period. The unknowns surrounding Britain's hard Brexit may also contribute to volatility in Europe.

Our outlook for the remainder of the year continues to lean toward a positive outlook for global equity markets. The risks to that thesis are numerous and the potential for fatter tails, e.g. large market disruptions, appears to be higher. With a forward P/E of 18.3 and a trailing 12-month P/E of 24.8 on the S&P 500, US companies will need the tailwinds of fiscal spending and regulatory and tax relief to improve earnings in order to substantiate these high valuations going forward. Ever present in the background is the risk of geopolitical turmoil – be it the French election or the prospect of trade and currency "wars" – that can disrupt markets. While investors should continue to stick with the trend of upside potential for global markets, keeping a keen eye on risk is more important than ever right now. Strategies that are typically uncorrelated to traditional asset classes - such as managed futures – may potentially provide investors with long-term solutions for hedging those risks and diversifying portfolios.

Fund Objective

The Fund seeks to achieve positive absolute returns in rising and falling equity markets with less volatility than major equity market indices.

Managed Futures Manager Exposure [2]

	GSA	Lynx	QIM	QMS	Winton	Phase	ThreeRock
Exposure [3]	29.0%	10.0%	5.0%	12.5%	20.0%	12.5%	11.0%

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 intended to generate interest income and to diversify returns generated by the managed futures managers listed above. The Fund's fixed income strategy investments, including holdings of fixed income securities, cash, and cash equivalents, are not reflected or included in the table above.

[2] The managed futures investments selected by Altegris Advisors to gain exposure to the managed futures managers, sub-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, sub-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.

[3] As a percentage of the Fund's managed futures strategy allocation.

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.

Global Equity. MSCI World Index is a free float-adjusted market capitalization weighted index that measures equity market performance of 24 developed market country indices. **Managed Futures.** The SG CTA Index, an equal-weighted index reconstituted annually, calculates the net daily rate of return for a group of 20 CTAs selected from the largest managers by AUM open to new investment. **Notional Funding.** A form of leverage that allows for funding a futures account below its nominal value. The difference between the amount of cash deposited in the account and the nominal trading level of the account is referred to as notional fund. **Treasury Bills.** BofA Merrill Lynch 3-month T-bill Index is an unmanaged index that measures returns of three-month Treasury bills. **US Stocks.** 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 U.S. 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
Global Equity	*MSCI World Index Net Return USD Index*	*Measures equity market performance of 24 developed markets*	*Market risk. Prices may decline.* *Country/regional risk. World events may adversely affect values.*
Managed Futures	*SG CTA Index*	*Equal-weighted and reconstituted annually, calculates the net daily rate of return for a group of 20 CTAs selected from the largest managers by AUM 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.*

Risks and Important Considerations

Please carefully consider the investment objectives, risks, charges and expenses of the Altegris Managed Futures 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

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 US 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 Fund's 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 value of an investment in fixed income securities and derivatives will typically fall when interest rates rise. Other risks include credit risk which refers to an issuer's ability to make interest and principal payments when due. Below investment grade and high yield or junk bond debt is subject to heightened credit risk, liquidity risk, and risk of default.

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, commodity trading advisor, NFA member, and SEC-registered investment adviser that sponsors and/or manages a platform of alternative investment products.

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