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

Market Commentary

US and international equities both gained during the first part of the quarter, with the S&P 500 rising to its highest levels since the beginning of February. Major global stock indices subsequently diverged during August, as US technology stocks lifted the S&P 500 and NASDAQ to record highs while many Asia-Pacific and European indexes fell. US equities continued the upwards trend towards the end of the quarter, while several international indexes in Europe and Asia (such as the DAX and the Hang Seng) remained flat.

In fixed income, US Treasury yields continued to rise in the midst of a strong US economic backdrop, with an average yield increase of 25 basis points across the entire curve. The yield curve also continued its gradual flattening trend, with the 10-year / 2-year spread finishing the quarter at 24 basis points, down from 33 basis points at the end of last quarter. Intra-quarter the spread hit a low of 18 basis points in August.

In commodities, ongoing trade tensions combined with macroeconomic conditions drove the most noteworthy moves in these markets. Oil prices saw a dip intra-quarter among trade tensions and increased production in the Middle East, but rose towards the end of the period on lessened fears. Precious metals prices (gold, silver) continued their slides in price, as rising US interest rates and a strong economic backdrop made holding these commodities less attractive. US-China trade war fears impacted specific markets, such as copper, soybean, corn, and lean hogs, which have the most exposure to these countries. Lastly, certain softs such as coffee and sugar dropped after a devaluation of the Brazilian real, which incentivized Brazilian growers to sell rather than store the season's harvests, and depressed worldwide prices.

In FX results were mixed, with few currencies showing persistent trends throughout the quarter. The US dollar strengthened in the first half of the quarter, and subsequently gave back most of the gains in the latter portion of the period. The euro and British pound experienced the reverse, with weakness in the first half followed by a recovery in the second half. Emerging market (EM) currencies came under pressure; specifically the Turkish lira fell after interventionist comments from the country's president, which alarmed investors and also dragged down other EM currencies in the EMEA region.

Fund Performance

FUND RETURNS | As of 09/30/2018

	Q3 2018	Year to Date	1-Year	3-Year	5-Year	Since Inception*
EVOAX: Class A (NAV)	2.12%	-2.11%	7.49%	1.62%	7.54%	4.35%
EVOAX: Class A (max load) ‡	-3.76%	-7.74%	1.36%	-0.37%	6.29%	3.46%
EVOCX: Class C (NAV)	1.97%	-2.74%	6.76%	0.88%	6.75%	3.54%
EVOIX: Class I (NAV)	2.08%	-2.02%	7.79%	1.87%	7.81%	4.62%
EVONX: Class N (NAV)	2.12%	-2.11%	7.61%	1.64%	7.55%	4.36%
BofA Merrill Lynch 3-month T-bill Index	0.49%	1.31%	1.59%	0.84%	0.52%	0.40%
SG Trend Index	2.04%	-3.23%	4.22%	-2.93%	3.34%	1.62%
S&P 500 TR Index	7.71%	10.56%	17.91%	17.31%	13.95%	15.39%

** 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 1.99% for Class A, 2.74% for Class C, 1.74% for Class I and 1.99% for Class N.

The Fund's adviser has contractually agreed to reduce its fees and to reimburse expenses, at least until October 31, 2018, 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.

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

Portfolio Performance Review

The Fund was up +2.12 % for the third quarter of 2018, exceeding the benchmark SG Trend Index's return of 2.04%.

The beginning of the quarter saw flat returns across most asset classes amid overhanging trade tensions, but as sentiment improved mid-quarter, commodities, equities, and fixed income yields rose and the Fund benefitted. Towards the end of the quarter, the strategy partially gave back some of the gains, as unexpected rises in European sovereign bond yields broke their previous trends. On a sector basis, exposure to various commodity sectors generated the majority of returns during the quarter. Specifically, the Fund's short positions in precious metals (gold and silver) were the largest positive contributors to the Fund's return as the drop in metals' prices continued from the previous quarter. Within softs, shorts in coffee and sugar contributed to the Fund's return as well based on the commodities' price drops during the quarter. Within energies, long positioning in European carbon emissions was the largest contributing sector, as the price of this sector rose in conjunction with European power (from which the fund also benefitted). Exposure to base metals detracted from performance, specifically long positions in nickel and aluminum.

Equity indexes were also positive but minor contributing sectors. Positions were principally long, and contributions came from long exposure to US indexes, such as the NASDAQ, S&P 500, and Russell 2000, and the Nikkei Index in Japan. Losses came from long positions in various UK and European equity indexes. .

Both longer and shorter maturity fixed income contracts and FX futures/forwards were detractors, with longer maturity fixed income also detracting. Losses were driven by long positions in various non-US government notes. Specifically, long positions in 2-5 year German notes, 10 year Japanese notes, and 20-30 year US bonds detracted as yields unexpectedly jumped across all three countries. Short positions in 2-5 year US notes benefitted the Fund as yields continued to rise throughout the quarter, but gains here were not sufficient to offset the losses from European markets.

FX detracted from the Fund's performance as well. Overall, the Fund was hurt both by the weakening dollar in the second half of the quarter and the broader EM currency selloff that began with the Turkish lira. Specifically, long positions in EM currencies (South African rand, Chinese yuan, Indian rupee, Russian Ruble) detracted from Fund performance, as well as European currencies such as the British pound and Norwegian krone. Short positions in the Japanese yen and Turkish lira were large individual contributors, but were overwhelmed by the smaller losses across multiple currencies.

Manager Performance Review

Both Winton and ISAM were up for the quarter, and ISAM generated the majority of returns for the fund. Importantly, returns came from smaller, less traded markets where price moves were large and market trends emerged in the quarter. The manager saw substantial contributions from long positions in carbon emissions, which saw large price jumps in the quarter as traders speculated that regulatory measures would reduce the number of emissions permits available. ISAM also benefitted from long positions in European power contracts, where prices also rose (these are oftentimes correlated to emissions). Within softs, short positions in coffee and, to a lesser extent, sugar contributed. Outside of commodities, FX, fixed income, and stock indexes detracted from Fund performance. Longer duration positions in Japanese and various European fixed income contracts detracted from performance, as did long positions in a variety of Asian and European equity index contracts. In FX, a large gain from a short Turkish lira position was negated by various losses long multiple other long EM currencies (South African rand, Mexican peso) and short Nordic currencies (Swedish krona, Norwegian krone).

The gains from power and emissions contracts illustrate one of the benefits of ISAM's investment strategy: these markets may be less followed by larger trend followers and yet may still exhibit persistent trends and return opportunities. ISAM participates in approximately 240 futures markets, and this large breadth offers diversification potential as well as return potential.

Winton generated profits mainly from exposure to commodities in the third quarter. Specifically, short positions in precious metals (gold and silver) and softs (sugar and coffee) drove performance. Various fixed income positions detracted, such as long positions in German bonds, longer-dated US bonds, and, to a lesser extent, Japanese bonds. Positions in the energy sector also detracted, mainly long positions in crude oil and gasoline, and shorts in natural gas.

In collateral management, the DoubleLine strategies collectively posted gains for the quarter. The largest contributor was the Low Duration Strategy, driven by exposure to collateralized loan obligations. The Opportunistic Strategy was also a contributor, driven by exposure to municipal securities, mortgage-backed securities and asset-backed securities. The Core Strategy was a marginal contributor. The performance this quarter continues to benefit the fund in the form of positive 12 months at quarter-end, as it has for every rolling 12-month period since the Fund's inception.

Portfolio Allocations

Although ISAM outperformed Winton in this most recent quarter, on a year-to-date basis ISAM continues to underperform. We continue to monitor individual performance between managers, but allocations remain the same as the end of Q2 2018, 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.

Portfolio Positioning

The current worldwide economic environment remains positive and supportive of continued expansion. This positive environment continues to support the growth of equity markets, even as the overhang of potential trade wars sporadically threatens to disrupt this growth. Market participants have been carefully observing the trade developments on the political world stage—whether it was the renegotiation of NAFTA or additional tariffs imposed by the US to China—and will continue to scrutinize any new developments for their potential impact to growth.

In light of this, we believe we are positioned to capitalize on these emerging trends as they continue to evolve. As of quarter-end, the Fund's largest risk position by asset class was in commodities, at about -22% net exposure. Specifically, the largest commodity risk positions as of quarter-end were shorts in precious metals and softs, and long in energies. The next largest exposure on a risk basis as of quarter end was to currencies, at about one-third of total fund risk. In aggregate the fund is short -55% FX and long the US dollar. Largest exposures in this asset class are shorts in the euro and Japanese yen, and to a lesser extent the Swiss franc and British pound. The next largest risk exposure is to stock indexes, and the fund is net long 24% a variety of US and international indexes, and has minor short positions in various European and Asian equity indexes. Lastly fixed income positions comprise 24% of the fund's net exposure, and consist mainly of long exposure to 2-10 year German bonds, and short exposure to 2-5 year US Treasuries.

Outlook

As the global and US economic expansions continue, they carry with them an equity bull market that is the longest on record. However, several measures indicate that the market cycle is arguably in the later stages of growth: price/earnings valuations for the S&P 500 are in the highest quintile going back over 100 years, and the US Treasury yield curve is flattening and continues to gradually come closer to an "inversion" (that is, when shorter dated US treasuries offer a higher yield than longer dated treasuries), both of which have historically preceded flat or negative returns in equity markets.

In light of this, it continues to be essential to find investments that have non-equity exposure and generate uncorrelated returns, and that potentially profit from positive or negative price changes, as managed futures does in both cases. Trends are currently emerging and persisting across a variety of non-equity markets such as those within commodities, which (in addition to being characteristics of late-cycle growth), have historically been effective in generating both positive returns and offering low correlation potential. We believe that these characteristics which are intrinsic to managed futures will continue to make this investment class an important part of a well-diversified portfolio's ability to generate attractive risk-adjusted returns.

This commentary reflects the views of the portfolio managers through 09/30/2018. The managers' views are subject to change as market and other conditions warrant. This commentary is provided for informational purposes only and should not be construed as investment advice. No forecasts are guaranteed. There is no guarantee that any investment will achieve its objectives, generate profits or avoid losses.

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.

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. The MSCI AC World Index ex USA USD Net Total Return Index is a free-float weighted equity index inclusive of international countries including Emerging Markets and excluding the US. The MSCI Em (Emerging Markets) Index is a free-float weighted equity index that captures large and mid-cap representation across Emerging Markets (EM) countries. The index covers approximately 85% of the free float-adjusted market capitalization in each country. **Managed Futures.** 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. **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. **S&P Technology Sector.** Standard and Poor's 500 Information Technology Index is a capitalization-weighted index. The index was developed with a base level of 10 for the 1941-43 base period. The parent index is SPXL1. This is a GICS Level 1 Sector group. **Japanese Stocks.** The Nikkei-225 Stock Average is a price-weighted average of 225 top-rated Japanese companies listed in the First Section of the Tokyo Stock Exchange. The Nikkei Stock Average was first published on May 16, 1949, where the average price was ¥176.21 with a divisor of 225 **Hong Kong Stocks.** The Hang Seng Index is a free-float capitalization-weighted index of a selection of companies from the Stock Exchange of Hong Kong. The components of the index are divided into four subindices: Commerce and Industry, Finance, Utilities, and Properties. The index was developed with a base level of 100 as of July 31, 1964. **Indian Stocks**. The S&P BSE Sensex Index is a cap-weighted index. The index members have been selected on the basis of liquidity, depth, and floating-stock-adjustment depth and industry representation. Sensex has a base date and value of 100 in 1978-1979. The Index shifted to free-float methodology since 09/01/03.

	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.*
Global Equity	*MSCI AC World Index ex USA USD Net Total Return Index*	*Measures equity market performance of 24 developed markets*	***Market risk.*** *Prices may decline.* ***Country/regional risk.*** *World events may adversely affect values.*
Global Equity	*MSCI Emerging Markets Index*	*Measures equity market performance of 24 developed markets*	***Market risk.*** *Prices may decline.* ***Country/regional risk.*** *World events may adversely affect values.*
Japanese Equity	*Nikkei 225 TR (Local)*	*Measures equity market performance of 24 developed markets*	***Market risk.*** *Prices may decline.* ***Country/regional risk.*** *World events may adversely affect values.*
Hong Kong Equity	*Hang Seng Index TR (Local)*	*Measures equity market performance of 24 developed markets*	***Market risk.*** *Prices may decline.* ***Country/regional risk.*** *World events may adversely affect values.*
Indian Equity	*S&P BSE Sensex Index TR (Local)*	*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 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.*
US Stocks	*S&P 500 Information Technology Index*	*IT Subset of 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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