Market Commentary

In the second quarter, markets overall extended their positive performance from the first quarter but experienced intermittent bouts of volatility. The US Federal Reserve, facing weaker economic data and the continued overhang of unresolved trade tensions, hinted in the middle of the quarter at the potential for rate cuts at some point later in the year. The possibility for rate cuts buoyed US equity markets, which rallied and reversed from the downtrend that occurred in May. International equity markets also saw secondary benefits from the Fed’s newly signaled stance and the accommodative positions of other central banks from earlier in the quarter.

Fixed income markets benefitted from the environment and central banks’ inferences as well, and government bond yields dropped across the world during the quarter. The yield at quarter-end of 2-year US Treasuries was 1.76%, a significant reduction from the 2.33% of the previous quarter’s close. Similarly, the 10-year Treasury yielded 2.01% at quarter-end, down 49 basis points from the prior quarter. The 2-year / 10-year spread widened, however, and finished the quarter at 25 basis points, up from 14 basis points at the end of last quarter. Also notable was the 3-month /10-year spread, which once again inverted during the quarter and finishing the quarter at -10 basis points (versus +11 at previous quarter-end). Yields in certain other developed government bond markets remained in negative territory. Notably, the yield on the 10-year German Bund stood at -33 basis points at quarter-end while JGB yields stood at-15 basis points at the 10-year maturity.

Commodities were mixed overall, with some noteworthy trend reversals in the asset class despite the lack of a singular theme driving prices. Energy prices were down overall: natural gas, crude oil, and heating oil all saw substantial price drops in the middle of the quarter due to supply increases and dampened demand outlooks due to US-China trade tensions. Prices partially recovered towards the end of the quarter on a purported supply interruption by Iran in the Middle East and continued supply cuts by OPEC. At the same time, gold prices were up sharply after a quarters-long trend down. The metal is typically acknowledged as a safe, risk-off asset, and experienced price increases on continued concerns of the viability of the economic expansion. Lastly, corn and wheat were up; both grains saw strong rallies after the US Department of Agriculture predicted lower crop yields driven by an unusually wet summer.

Lastly, in FX, the USD was down slightly against a basket of currencies, while the euro was up. Late in the quarter, the European Central Bank hinted at providing monetary support only if economic growth weakened but had no plans to take immediate steps. This communication was less dovish than markets expected, and the euro strengthened. The Japanese yen, typically a safe-haven currency, was up as well on US-China trade tensions.
### Fund Performance

**FUND RETURNS | As of June 30, 2019**

<table>
<thead>
<tr>
<th>Fund</th>
<th>Q2 2019</th>
<th>Year to Date</th>
<th>1-Year</th>
<th>3-Year</th>
<th>5-Year</th>
<th>Since Inception*</th>
</tr>
</thead>
<tbody>
<tr>
<td>MFTAX Class A (NAV)</td>
<td>2.05%</td>
<td>1.15%</td>
<td>0.27%</td>
<td>-3.00%</td>
<td>1.38%</td>
<td>-0.49%</td>
</tr>
<tr>
<td>MFTAX Class A (max load)**</td>
<td>-3.87%</td>
<td>-4.68%</td>
<td>-5.47%</td>
<td>-4.88%</td>
<td>0.19%</td>
<td>-1.16%</td>
</tr>
<tr>
<td>MFTCX Class C (NAV)</td>
<td>1.87%</td>
<td>0.79%</td>
<td>-0.52%</td>
<td>-3.74%</td>
<td>0.59%</td>
<td>-1.90%</td>
</tr>
<tr>
<td>MFTIX Class I (NAV)</td>
<td>2.02%</td>
<td>1.25%</td>
<td>0.43%</td>
<td>-2.78%</td>
<td>1.62%</td>
<td>-0.26%</td>
</tr>
<tr>
<td>MFTOX Class O (NAV)</td>
<td>2.05%</td>
<td>1.15%</td>
<td>0.27%</td>
<td>-2.99%</td>
<td>1.38%</td>
<td>0.04%</td>
</tr>
<tr>
<td>BofA Merrill Lynch 3-month T-bill Index</td>
<td>0.63%</td>
<td>1.24%</td>
<td>2.31%</td>
<td>1.38%</td>
<td>0.87%</td>
<td>0.70%</td>
</tr>
<tr>
<td>MSCI World Index</td>
<td>4.00%</td>
<td>16.98%</td>
<td>6.33%</td>
<td>11.77%</td>
<td>6.60%</td>
<td>9.06%</td>
</tr>
<tr>
<td>SG CTA Index</td>
<td>2.77%</td>
<td>4.72%</td>
<td>3.45%</td>
<td>-1.96%</td>
<td>2.35%</td>
<td>1.17%</td>
</tr>
</tbody>
</table>

* 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 2.18% for Class A, 2.92% for Class C, 1.89% for Class I, and 2.18% 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, 2019, to ensure that total annual Fund operating expenses after fee waiver and reimbursement will not exceed 1.91%, 2.66%, 1.66%, and 1.91% 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 Fund was up 2.05% for the first quarter of 2019, underperforming the benchmark SG CTA Index's return of +2.77%. Two asset classes contributed positively for the quarter, and two detracted.

Fixed income was the largest contributing asset class. Gains came from long positioning in 20-30 year government bonds in Germany and the US, as well as 10-year notes from Australia, Italy, France, and the US. Continued falling yields in global government bond markets continued to benefit the strategy. Long positions in 5-10 year German, UK, and US debt also contributed to a lesser extent. No position was a significant detractor.

Equities also generated smaller profits for the period. Gains were driven by long exposure to a variety of US, Canadian, and European indexes, among others. The strategy had exposure to about 40 indexes, yet no single index significantly drove gains. However, short exposure to indexes in Asia (Hong Kong, Korea), and emerging markets offset profits. In general, Asian markets dropped during the quarter, during which time long positioning was significantly reduced. Late in the quarter markets recovered, and the strategy was unable to fully capture the gains given the reduced position sizes.

Commodities detracted the most, driven by energy, grains, and softs to a lesser extent. Within energy, positions in crude, heating oil, and gasoline were the largest detractors in the period, as the intra-quarter drop in prices generated losses in long positioning and also drove two reversals of energy positioning, from short at the beginning of the quarter, to long mid-quarter, and back to short. Energy prices ultimately recovered late in the quarter, which drove further losses in the short positions. In grains, shorts in corn and wheat detracted due to rising price action. Softs detracted to a lesser extent; long positions in sugar and coffee detracted after prices in both markets continued to fall after a short upwards action in the first quarter. Certain precious metals were small contributors, as long palladium and gold positions benefitted from sharp increases in price later in the quarter. Neither of the metals’ profits was sufficient to offset the losses in the precious metals sector, which also lost money.

FX was the other detracting asset class. Markets were generally choppy, with several reversals from the previous quarter occurring in developed markets and with EM currencies seeing several sharp moves. Currencies generally appreciated for developed markets outside of the US, while developing markets saw choppier price action. Short positions in the Japanese yen, Norwegian krone, and Canadian dollar drove losses in developed FX markets. Shorts in the Mexican peso, Polish zloty, and Turkish lira drove losses in emerging markets FX. Short positions in the British pound, and longs in the Swedish krona, euro and Philippine peso benefitted the strategy and offset a portion of the losses.

Manager Performance Review

At the manager level, four managers contributed to performance, and one detracted. All managers benefitted from long positioning in fixed income. Crabel Advanced Trend, a medium-term trend follower, was the most significant contributor in the strategy, driven by gains in long fixed income. GSA Trend, another medium-term trend follower, benefitted from fixed income as well as natural gas, while short-term trend Crabel Gemini saw gains from short positions in energies as well as long fixed income. ThreeRock, a discretionary macro strategy, saw profits from NASDAQ and S&P positions, as well as shorts to the euro. Multi-strategy Millburn was the sole detractor and saw losses from long Asian equity index positioning, and longs in energy.

Portfolio Allocations

Allocations as of 6/30/2019 were as follows: 25.0% to GSA, 25.0% to Millburn MCOR, 19.0% to Crabel Advanced Trend, 16.0% to Three Rock, and 15.0% to Crabel Gemini. A description of all managers can be found: https://www.altegris.com/Funds/Mutual-Funds/Altegris-Managed-Futures-Strategy-Fund.aspx#
Portfolio Positioning

The positioning at the end of the quarter was diversified across all asset classes in both long and short positions. Equities are the largest risk exposure, at approximately one-third of the risk exposure. Exposure is diversified to over 40 US and international indexes, with mostly long exposures across the indexes and consistent with the previous quarter. The largest exposure is to developed markets in Japan, Europe, and the US, along with exposure to indexes in Canada, and Australia. The strategy also has a handful of short positions to emerging markets and Asia.

The second largest exposure at quarter-end on a risk basis is in fixed income, at slightly under one-third of the risk exposure. The largest exposures are long positions in 2-10 year government bonds in Germany, US, Australia, Korea, and Japan. There are no meaningful short positions.

The third largest risk exposure by asset class is currencies and is slightly under one-fifth of the strategy’s total risk exposure at quarter-end. Overall exposure is short FX (and resultant long exposure to the US dollar), with the largest short exposures to the Korean won, euro, Taiwanese dollar, Singapore dollar, euro, and Australian dollar. Long exposure consists of a USD dollar index versus a basket of currencies, as well as the Indian rupee, Russian ruble, Mexican peso, Philippine peso, and Japanese yen.

The smallest risk exposure by asset class is commodities, at approximately one-sixth of the risk exposure. Overall, 5 of 6 commodities sectors in the asset class are short, and the largest short exposures are energy (natural gas, gasoil, heating oil, and crude oil), base metals (principally copper and aluminum), grains (soybean, wheat), and livestock. The long exposure represents smaller risk positions and is made up of precious metals (long gold and palladium, short silver).

Outlook

Most indicators continue to signal that global economic health is stable and may continue to grow. Although the benefits of the Tax Cut and Jobs Act have diminished, no major sector of the economy (such as business investment spending, housing, or autos) or US job growth show substantial signs of weakening. Furthermore, the Fed continues to signal a steady course of neither rate hikes nor cuts, which overall suggest that it believes the economy is neither overheating nor weakening (and may be corroborated by a steady and low inflation rate). Internationally, signals also remain positive but weaker.

However, continued positive prospects do not mean continued growth; the US and China have not resolved their dispute, nor do they show any near-term sign of resolution. Asian economies are caught in the middle of US-China tensions. In Europe, governments continue to face political and economic challenges, either from Brexit, the surge in right-wing political parties in France or from elevated sovereign debt levels in Italy.

Given this environment, it is important to find long term oriented strategies that can benefit from both price increases and decreases in financial markets. Strategies that also have exposure to commodities can be effective diversifiers, as commodities have typically been both less correlated to equity markets and have also shown strong trends in late-stage economic cycles (and which may be starting to show). In today’s uncertain macroeconomic environment, along with managed futures’ commodity exposure and long/short positioning ability, managed futures strategies may be effective contributors to a portfolio’s overall ability to generate attractive aggregate risk-adjusted returns.
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

<table>
<thead>
<tr>
<th>Exposure ³</th>
<th>GSA</th>
<th>Millburn</th>
<th>Crabel Advanced</th>
<th>Three Rock</th>
<th>Crabel Gemini</th>
</tr>
</thead>
<tbody>
<tr>
<td>25%</td>
<td>25%</td>
<td>19.0%</td>
<td>16%</td>
<td>15.0%</td>
<td></td>
</tr>
</tbody>
</table>

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. 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. 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. US Dollar Index. The U.S. Dollar Index(USDX) indicates the general int'l value of the USD. The USDX does this by averaging the exchange rates between the USD and major world currencies. The ICE US computes this by using the rates supplied by some 500 banks.

<table>
<thead>
<tr>
<th>Representative Index</th>
<th>Characteristics</th>
<th>Key Risks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Global Equity</td>
<td>MSCI World Index Net Return USD Index</td>
<td>Measures equity market performance of 24 developed markets</td>
</tr>
<tr>
<td>Treasury Bills</td>
<td>BofA Merrill Lynch 3-month T-Bill Index</td>
<td>Short-term debt obligations of the US Government with a 3-month maturity</td>
</tr>
<tr>
<td>US Stocks</td>
<td>S&amp;P 500 Total Return (TR) Index</td>
<td>500 US stocks; Weighted towards large capitalizations</td>
</tr>
<tr>
<td>US Dollar</td>
<td>DXY Index</td>
<td>US Dollar against a basket of currencies</td>
</tr>
</tbody>
</table>
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.

An ETF may represent a portfolio of securities, or may use derivatives in pursuit of its stated objective. The risks of owning an ETF generally reflect the risks of owning the underlying securities held by the ETF, although a lack of liquidity in an ETF could result in it being more volatile. ETFs have management fees and other expenses which the Fund will indirectly bear.

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, 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.

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 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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