

Altegris Managed Futures Strategy Fund

MFTAX | MFTCX | MFTIX | MFTOX

Market Commentary

The summer months were kind to global equity investors as the bull market continued unabated. U.S. indices hit new highs with the S&P 500 up 4.5% and now 14.2% for the year, while international markets were up 6.2% in Q3 and 21.1% year to date as reflected by the MSCI ACWI ex-USA. Remarkably, U.S. stocks completed eight consecutive quarterly gains and nine consecutive monthly gains. The largest setback this year is just 3%, and stock market volatility remains at record lows. The key drivers of this sanguine environment are the ongoing and seemingly synchronized global recovery, supportive monetary policy, contained inflation, and the prospect of tax reform here at home. Aside from small reactions, even the risk of conflict with North Korea appears to be either discounted or ignored by equity investors.

Similarly, the credit markets continued to perform well. High yield spreads tightened close to record lows compared to treasuries, driven by low default rates and ongoing demand for yield. Capital flows also continued to support emerging market bonds as investors remain willing to accept higher risk in a low volatility environment. Developed market bonds were mostly flat over the quarter after rallying early and then selling off in September as the Fed appeared to be committed to one further rate rise in 2017 and has forecast three more in 2018.

The more hawkish tone from the Fed late in the quarter was a significant factor in the performance of many currency and commodity markets. The USD Index has been generally weaker all year, falling from 102 in January to 91 in mid-September. However, the dollar began to correct against that trend in the third quarter due to the expectation for widening interest rate differentials, which led to weakness in the Euro and the British Pound among others. That late quarter strengthening of the USD appears to have been the catalyst for trend corrections in a variety of markets that are sensitive to global capital flows, including copper, gold and oil, which all gave back some of their previous gains.

Fund Performance

FUND RETURNS | As of 9/30/2017

| | Q3 2017 | Year to Date | 1-Year | 3-Year | 5-Year | Since Inception* |
|---|---------|--------------|---------|--------|--------|------------------|
| MFTAX Class A (NAV) | 1.49% | -2.61% | -5.64% | 1.70% | 0.06% | -0.44% |
| MFTAX Class A (max load)** | -4.32% | -8.17% | -11.05% | -0.28% | -1.13% | -1.27% |
| MFTCX Class C (NAV) | 1.28% | -3.19% | -6.34% | 0.94% | -0.69% | -2.02% |
| MFTIX Class I (NAV) | 1.47% | -2.46% | -5.63% | 1.93% | 0.28% | -0.21% |
| MFTOX Class O (NAV) | 1.49% | -2.61% | -5.62% | 1.71% | N/A | 0.32% |
| BofA Merrill Lynch 3-month T-bill Index | 0.26% | 0.57% | 0.66% | 0.32% | 0.22% | 0.19% |
| MSCI World Index | 4.84% | 16.01% | 18.17% | 7.69% | 10.99% | 11.38% |
| SG CTA Index | 0.64% | -2.84% | -6.53% | 0.97% | 1.29% | 0.99% |

* 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 2.04% for Class A, 2.79% for Class C, 1.79% for Class I, and 2.04% 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, 2018, 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

For the quarter, the Fund was up 1.49% (excluding Class A max load) while the SG CTA Index was up 0.72%. We are pleased that the Fund has returned to winning form versus the diversified benchmark, with five out of the past six quarters outperforming. Gains in equities, FX and base metals were sufficient to outpace losses in the commodity sectors. As the third quarter was the first full quarter of performance following our overhaul of the manager set, we are especially pleased with the outperformance. As a reminder, the Fund's managed futures exposure is now achieved via direct sub-advisory relationships with underlying managers, eliminating the previous swap and note structure and reducing costs to investors. A key objective was to maintain a broadly diversified managed futures exposure including both trend and specialized approaches and we are encouraged to report that six out of eight managers were positive for the quarter.

Manager Performance Review

Following a difficult Q2, Three Rock returned to form and was the largest contributor in Q3. The manager's short term discretionary trading style was back in sync with moves in FX and equities. Phase Capital continued to participate in the equity bull market with the low volatility environment favorable to holding long positions. Millburn was the best of the trend based managers while Crabel Advanced Trend and GSA were also positive.

Portfolio Allocations

Allocations as of 9/30/2017 were as follows: 22.5% to GSA Capital Partners LLP, 15% to Millburn MCOR, 12.5% PhaseCapital, 12.5% QMS Capital Management LP, 12.5% Three Rock Capital Management, 10% to Crabel Advanced Trend, 7.5% to Centurion Investment Management and 7.5% Crabel Gemini. A description for all managers can be found [here](#).

Portfolio Positioning

Positioning:

From a sector positioning standpoint, the Fund has the most risk (VaR-based) in equity indices and FX. The Fund continues to run long positions in global equity indices, notably in Japan, and is also long of currencies against the USD. In commodities, the largest positions are long of copper and short corn futures. Precious metals and energy markets both flipped from short to long during the quarter. In fixed income, the Fund remains long of 10 year treasury notes.

Outlook:

It is difficult to predict a near-term catalyst that will disrupt the continued flow of capital to traditional risk assets. The low cost of borrowing continues to support corporate profits and synchronized global growth appears to have at long last taken hold, almost a decade after the global financial crisis. Equity valuations might be relatively high here at home but go higher when there continues to be few alternatives. Non-US markets are playing catch-up and are providing a tailwind. In addition, the risk of recession over the near-term remains low.

However, we continue to believe that the unprecedented scale of the pending unwind of central bank balance sheets has the potential to be a spark that ignites a fire. Quantitative tightening converts a central bank from a buyer of bonds to a seller. Any significant rise in yields will undermine complacent market assumptions and set off an expansion of global market volatility. We recommend that investors continue to diversify 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 Capital Partners LLP | Millburn MCOR | Phase Capital LP | QMS Capital Mgmt LP | Three Rock Capital Mgmt | Crabel Advanced Trend | Centurion Investment Mgmt, LLC | Crabel Gemini |
|-----------------------|--------------------------|---------------|------------------|---------------------|-------------------------|-----------------------|--------------------------------|---------------|
| Exposure ³ | 22.5% | 15% | 12.5% | 12.5% | 12.5% | 10% | 7.5% | 7.5% |

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.

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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