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

Market Commentary

In the third quarter, markets exhibited more volatility, seemingly brought about by increasing recession fears. The US Federal Reserve followed through on broad market expectations and executed rate cuts—not once, but twice. The first cut marked the first rate reduction in 11 years (since the global financial crisis), and a second cut quickly followed only a few weeks after. Equity market participants were unsurprised, and markets were flat to slightly down immediately after each announcement. US equity markets experienced higher volatility than the previous quarter after the appearance of more trade tensions in the middle of the quarter. The market seemed to adjust to the increased duration of the trade talks relative to the most recent priced-in expectations. International markets followed suit as Asian and European developed market stock indexes experienced significant corrections that indeed appeared correlated to those in the United States.

Predictably, the bad news for equities saw one of the stronger rallies in fixed income markets in the last several years. Prices for government debt across most developed markets and maturities sharply increased as yields fell around the world. Interest rates that were already in low single digits in many markets continued to grind lower, resulting in negative yields in longer maturity securities (such as 5,10, even 30 years) for several countries. By some estimates, capital invested in debt securities with negative yields to maturity globally neared $17 trillion. Additionally, US fixed income markets saw a 2/10-year inversion also for the first time in over a decade. Equity markets reacted decisively to this news and dropped substantially, although the inversion was short-lived. Furthermore, the 3 month/10 year spread, which first inverted briefly in Q1 and again towards the end of Q2, remained inverted for the entirety of the quarter. In short, one could argue that it was one of the most eventful and significant periods in fixed income markets in recent memory.

Commodities showed signs of strengthening trends across sectors. The broad energy complex was down slightly overall but ended within a wide band of volatile intra-quarter prices. Base metals were down; copper and aluminum trended downwards on economic tension fears. Grains also trended down on updated expectations of an abundant harvest, specifically corn and wheat. Softs prices such as coffee and cotton were down. Precious metals were the notable performers of the asset class; gold continued its rally that began late at the end of Q2. Silver and platinum prices also appreciated as investors sought risk-off assets.

Lastly, in FX, the USD was up against a basket of currencies, while the euro continued downwards. The dollar's status as a reserve currency contributed to its appreciation during the risk-off period, and the euro continued its price depreciation driven by overall political and economic uncertainty surrounding it. Other typically perceived safe-haven currencies appreciated during the risk-off period as well (Japanese yen, Swiss franc), while commodity-linked currencies dropped (Australian dollar, Canadian dollar), as did those with political overhang (British pound, Chinese yuan).

Fund Performance

FUND RETURNS | As of September 30, 2019

	Q3 2019	Year to Date	1-Year	3-Year	5-Year	Since Inception*
MFTAX Class A (NAV)	5.79%	7.00%	3.26%	-0.46%	1.91%	0.14%
MFTAX Class A (max load)**	-0.36%	0.84%	-2.72%	-2.40%	0.71%	-0.51%
MFTCX Class C (NAV)	5.52%	6.36%	2.45%	-1.24%	1.13%	-1.23%
MFTIX Class I (NAV)	5.82%	7.15%	3.38%	-0.27%	2.15%	0.37%
MFTOX Class O (NAV)	5.79%	7.00%	3.26%	-0.45%	1.92%	0.90%
BofA Merrill Lynch 3-month T-bill Index	0.57%	1.81%	2.39%	1.54%	0.98%	0.58%
MSCI World Index	0.53%	17.61%	1.83%	10.21%	7.18%	10.28%
SG CTA Index	3.61%	8.57%	5.90%	0.26%	2.11%	1.61%

** 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 5.79% for the third quarter of 2019, outperforming the benchmark SG CTA Index's return of +3.61%. Three asset classes contributed positively for the quarter, and one detracted.

Fixed income was the largest contributing asset class. The sharp and significant fall in yields in the middle of the quarter in global government bond markets continued to benefit the strategy's long positioning. Gains came from a variety of developed markets and a range of maturities. Specifically, securities from US, Italy, the UK, Germany, Australia, Canada, and France all provided gains from trading bond futures. Contributions from different areas of the curve varied, but, for the most part, the Fund was most profitable trading in the 10-year (Italy, UK, and US) and 30-year (US, Germany) portions. No position was a significant detractor.

FX was the second-largest contributing asset class. Markets overall saw trends strengthening across a variety of currency markets, but trading in developed market currencies proved more profitable than emerging market currencies. The Australian dollar, Swedish krona, and New Zealand dollar all turned out to be lucrative short positions in the period, while, in emerging market currencies, shorts in the Hungarian forint, South Korean won, and Polish zloty provided the most significant contributions.

Commodities made the smallest contributions to Fund performance for the period. Precious metals and base metals drove gains, and trading in energy futures made losses. In precious metals, long positions in gold, silver, and, to a lesser extent, palladium benefitted from price increases that began late in the second quarter. Base metals, specifically short positions in copper, zinc, and aluminum, also contributed due to price decreases seemingly associated with apprehension over the ever-increasing duration and escalation of trade negotiations with China (not to mention the European Union). As previously mentioned, energies made material losses. The volatility that we've seen in recent quarters, seemingly stemming from uncertainty around the global economic outlook, was exacerbated by supply interruptions caused by attacks on Saudi Arabian refineries. Prices substantially spiked in the attacks' aftermath, only to drop just as significantly in the ensuing weeks as initial reports appeared to overstate the attacks' impact on global refinery capacity. Losses came from long positions in WTI and Brent crude, other oil-based products (gasoline, gasoil, heating oil), and shorts in natural gas.

Equities were the lone loss-making asset class. While both were down for the quarter, the Fund fared better in emerging markets stock index trading than developed markets trading. Within emerging markets, short positions in South Korean, Taiwan, and Malaysian indexes were the only gainers but did not do enough to offset losses from trading in indexes based in China, India, and Thailand. Within developed markets, at the country level, the average exposure was net long for the period, and gains from trading came from indexes based in Australia, France, and Germany, among others. However, indexes based in Asia (Hong Kong, Japan) made relatively outsized losses for the quarter compared to other positions.

Manager Performance Review

At the manager level, four managers contributed to performance, and one (Millburn) detracted from Fund performance. At their respective strategy levels, ThreeRock performed the best out of the mix for the quarter, followed closely by Crabel Advanced Trend and GSA Trend. Crabel Gemini made small gains while Millburn made small losses. ThreeRock made its most significant gains trading commodities (precious metals), while currency (euro) and fixed income (3M Eurodollars) trading detracted. Crabel Advanced Trend and GSA Trend Strategy, both medium-long term trend followers, predictably made the most significant gains from currency and fixed income trading. Crabel Gemini was most profitable trading stock indices, as the short-term manager was able to navigate the more volatile equity markets more successfully than the medium-long term trend followers. Millburn, a program built on pattern recognition using machine learning, was profitable trading stock indices and currencies but lost trading fixed income and commodity futures.

Portfolio Allocations

Allocations as of 9/30/2019 were as follows: 28% to GSA, 28% to Millburn MCOR, 24% to Crabel Advanced Trend, 0% to ThreeRock, and 19% to Crabel Gemini. A description of all managers can be found here.

Portfolio Positioning

The positioning at the end of the quarter was diversified across all asset classes in both long and short positions. Equities, the largest risk exposure of the four asset classes, make up about one-third of risk exposure. Approximately 40 indexes, both U.S. and international, make up the Fund's stock index exposure. About two-thirds of the indexes are positioned net long and one-third are positioned net short. Developed market indices remain mostly net long while the Fund's short exposure in the asset class is mainly composed of emerging market indexes.

The second most substantial exposure at quarter-end on a risk basis is in fixed income, at just over one-quarter of the total risk exposure. The largest exposures are long positions in 2-5-year government bonds in Germany, Australia, US, Korea, Italy, and Japan. There are also smaller long positions in longer-dated securities, such as 10-30-year bonds in the UK, France, Germany, and the US. There are no meaningful short positions.

Currencies comprise slightly over one-fifth of the strategy's total risk exposure at quarter-end. Aggregate exposure is short foreign currencies (or, long the US dollar), and 21 of 28 direct (with USD) currency pairs are long USD. The most significant short exposures are to the euro, Singapore dollar, and South Korean won. Long exposure consists of positions in the Israeli shekel, Turkish lira, Russian ruble, and Philippine peso.

Commodities, at just under one-fifth of the risk exposure, are the smallest portion of the Fund's risk exposure. Overall, 4 of 6 commodities sectors in the asset class are short, and the most significant short exposures are softs, base metals, and grains. Energy and precious metals are positioned net long.

Outlook

Economic signals continue to send mixed messages. Unemployment has reached historic lows, and inflation is near the 2% target. At the same time, wage growth is weak, and a reduction in overnight rates by the US Fed is usually a sign of decreasingly positive economic forecast. Additionally, trade tensions with China continue to be a substantial and more permanent overhang, and, in Europe, signs of a hard Brexit are gathering.

Given this environment, it is essential to find long-term oriented strategies that can benefit from both price increases and decreases in financial markets. After an extended period of challenged performance, managed futures have made meaningful contributions to investors' portfolios. Managed futures have historically outperformed in later stages of economic expansion (such as where we are now) or during recessions. Additionally, managed futures' exposure to commodities may be useful as a diversifier, as commodities have typically been both less correlated to equity markets and have also shown strong trends in late-stage economic cycles, as we are also starting to observe. In today's uncertain macroeconomic environment, along with managed futures' commodity exposure and long/short positioning ability, managed futures strategies may be productive 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]

	GSA	Millburn MCOR	Crabel Advanced Trend	Three Rock	Crabel Gemini
Exposure [3]	28%	28%	24%	0%	19%

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.

	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 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.*
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 Dollar	*DXY Index*	*US Dollar against a basket of currencies*	***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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