Altegris/AACA Opportunistic Real Estate Fund RAAAX | RAAIX | RAANX

Market Commentary

It has been an interesting year so far.

First, let us quickly recap performance. The Fund is up +2.26% year-to-date (YTD), materially outperforming the Dow Jones US Real Estate Total Return Index (DJUSRE) at -13.87% and the Morningstar Real Estate Category at -16.19%. The Fund is currently ranked in the top 1% in the one-year, three-year, and five-year periods and is in the top 3% in the YTD period. While we are not pleased with the absolute performance, we are very pleased with the Fund's performance relative to the DJUSRE's double-digit negative YTD return. The Fund has done much better than the category in the recent turmoil. We constantly revise our GNP and interest rate expectations in this fluid market environment and adjust our gross and net exposure accordingly. We will not, however, change our strategy of seeking out companies that are as close to monopolies as possible. For instance, we would not buy a sector or stock we would not have owned in normal times purely because it is cheap.

Here is where we think we are now. We estimate that the U.S. economy is already in a steep recession based on the Bureau of Labor Statistics' assessment of 11.1% unemployment at quarter-end.

The government response has been swift, large-scale, and largely effective. Overall, the direct fiscal impact of the $2.2T (CARES) of fiscal support and the $4T in fed support add up to about 1/3 of the U.S. economy's annual output. Unemployment benefit extensions and increases currently support the US economy. We anticipate a new fiscal stimulus bill in the next 60 days to supplement the CARES act. If we benchmark January 31, 2020, as a 'Stable Run Rate,' the question is when and how do we return as a global economy to that point? The question is difficult to answer; it is a function of healthcare and politics rather than economics.

Here is how we think these five most impacted sectors make progress in returning to normal.

Real Estate Sector	YTD Total Return (6/30/20)
1. Apartments (FTSE NAREIT Apartments Sub Sector Total Return Index)	-21.49%
2. Lodging (FTSE NAREIT Lodging/Resorts Sector Total Return Index)	-48.65%
3. Health Care (FTSE NAREIT Health Care Property Sector Total Return Index)	-25.38%
4. Retail (FTSE NAREIT Retail Property Sector Total Return Index)	-36.81%
5. Office (FTSE NAREIT Office Sub Sector Total Return Index)	-24.51%

We think lodging/gaming and apartments are experiencing largely cyclical downturns and will recover fully over time (no structural damage). However, retail, healthcare, and offices, in our opinion, will not fully recover because of structural changes that will damage these sectors. Lets first cover the sectors we believe will recover.

- **Apartments.** COVID affected tenants have applied for enhanced unemployment benefits, and their employers can, in many cases, apply for paycheck protection. Nonetheless, many tenants are not paying rents. There are myriad reasons for this, but panic and cash flow timing are most relevant, in our opinion. Generally, we do not think apartment owners will ever get that rent back. We are assuming 25% of rents are gone for 90 days. Longer-term, we think this sector will be fine. There is no oversupply, and people need a place to live. This segment experienced a sprain.

- Lodging/Gaming – Assets are reopening in waves with many complications. It is operationally ugly as some parts of these hotels and casinos are open with others closed, and both guests and staff are masked. Gyms and restaurants are a mixed bag, with some limited by restrictions. Limited service/drive to lodging is doing better than full-service luxury as the interior logistics work better. Typically, travelers stay at 4- and 5-star assets for the amenity package, which may be offline. Travel, including air, is about 10% of the U.S. Economy, so the U.S cannot get back to pre-COVID economic levels without a return of this critical industry. We estimate that hotel occupancy is at about 30-60% and seems to be rebounding by about 10% per week. In some markets, large chains like MAR and HLT have been slow to reopen while independent hotels have moved more rapidly. This has created bizarre submarkets where open hotels are 100% booked. We can't opine on when the return to normal will occur, but we believe that behavior is not going to change permanently. This is a broken bone. Macau is open and just starting to regaining footing with June's GGR at a run rate of about $90M/mth, which is 97% less than normal. Vegas is also open and probably six months behind Macau in trajectory.
- Health care – The population of older people in these assets – assisted living and skilled nursing – are particularly vulnerable. Owners are doing all they can to protect residents. It is unclear at this point where this goes in terms of morbidity and census. Skilled nursing has been particularly hard hit with a very frail population. Assisted living and senior housing (most of the REIT assets) have stopped all tours, and hence leasing has stopped while costs have escalated. So occupancy is dropping, and EBITDAR margins are collapsing. This is also on the heels of a business that was over-supplied. We don't think the sector is permanently damaged, but this is not a sprain or even a broken bone, it's a car wreck leading to traction and rehab. We believe forward supply will diminish and 2-3 years out, these assets will be stable.

Now on to sectors that we think are permanently impaired

- Retail – This is the most complicated of the directly impacted areas. Small and medium businesses with customer-facing businesses have been closed for 2-5 months and are typically month to month on cash flow. They are generally not paying rent. The CARES act puts $350B in forgivable loans into the system. This crisis has greatly exacerbated the pain felt in retail before its inception. It is complicated at the ground level in that a landlord may have thousands of troubled tenants, all of whom need rent relief. Given the long duration of typical leases and GAAP accounting, it is possible to see rent holidays becoming rent deferrals paid back in the latter part of existing leases. Additionally, we see many large chain casual dining tenants re-negotiating lower rents based on the idea that they cannot return to prior levels of volume. H&M, Forever 21, Brooks Brothers, Macy's, JCP, and dozens of other retailers are in chapter 11 or drastically reducing store counts. We think that 2/3 of the malls in the US are in trouble, and 1/3 are likely to fail. Food and drug stores are the sole positive on this front, but many food and drug anchored strip centers also contain customer-facing tenants (salons, barber shops, gyms) that are struggling. COVID has accelerated the Amazon effect, which is basically cancer for physical retail, and many non-eCommerce users are now online buyers. When 'stable run rate' returns, we don't think retail makes a full recovery. We see permanent oversupply, reductions in rents, and rising cap rates for assets decreasing asset values, cash flow, and NAVs.
- Office – this sector has experienced a fundamental shift in how employees and employers view functional utility. Small amounts of people have been working from home for years; consultants, sales reps, and others, but it has been estimated to be about 8 million people or about 5.2% of Americans,

according to the US Census. This experiment has flipped that concept – Gallup Polls estimates that 62% of Americans were working from home (WFH) on March 30, 2020, and in our opinion, 10-15% of the office labor force won't return to the office. This is a massive number. Industry experts estimate New York office space will be 20%[1] vacant, and if we remove 10-15% of space demand due to WFH, we think rental increases are going to become rent decreases. Combined with declines in occupancy, escalating expenses, and falling same-store NOI, office space is likely to enter a long-term secular decline. In our opinion, this decline will lead to rising cap rates (from 4% now) as property investors need to reprice assets that are declining in value. We cannot understate how big of a deal this is for institutional investors globally. Most direct investors buy office, apartments, retail, and industrial in their core programs, with office space being the largest allocation at 25-40%. As this sector's cash flow declines, debt will become more expensive and less available and lead to a negative feedback loop as price impairment feeds on itself, fueling large write-downs. In our opinion, we think this will play out most violently in large, vertical, public transport dependent central business districts, like NY. For those interested, we have a white paper on this topic, 'We're Shorting Class-B New York Office. Here's Why.'

We do not own any securities focused on retail, apartments, or healthcare. We have recently added gaming and shorted office – in roughly equal measures.

Here is what we are doing: About 70-80% of our assets are 'offline' to COVID-19, in our opinion. Our largest allocations are 23% global data centers, 20% global telecommunications networks and systems, 8% wet lab space, 15% critical global infrastructure, and 2% medical offices. We believe that these sectors will experience no direct impact and, at the margin, may experience additional demand for their assets. These characteristics have presented themselves in our performance so far.

Overall, we think REITs and real estate stocks are attractively valued with a 6.4% discount to NAV[2] on the SNL US REIT Equity Index, and the average REIT was trading at a 19.7% discount to NAV. Historically this discount has been a harbinger of attractive returns over the forward 125 trading days. This crisis, however, has widened the relative performance between various sectors within real estate – specific to the implied COVID-19 impact. We also believe that, as the sell-side catches up to the changes in underlying fundamentals (which will continue to unfold over the remainder of the year), NAV estimates will be revised. Certain sectors will see downward revisions (retail, for instance), and other sectors will be revived upwards (data centers, for instance).

As a quick refresher, we are investing in what we believe are long-term secular opportunities in oligopolistic real estate portfolios. We focus on this, and the issues we care most about are related to the underpinnings of this idea. Share prices, however, tend to reflect a combination of fundamentals, the market at large, and sentiment. We work hard NOT to use share prices to inform our decision-making process. This sentiment is not to say we do not care about valuation, but that we FIRST underwrite ideas based on our strategy's criteria.

- Sectors with a limited number of suppliers (small club)
- Sectors with a limited ability to add supply (you can't join my club)
- Tenants that cannot physically leave and (landlord controls the relationship with the tenant)
- Tenants experiencing underlying secular growth (tenant needs more space)

Only then does valuation enter the equation. We highlight this framework to make a point: by and large, we don't react to share prices in the short-term, and neither should you. The investment world (since my start in

[1] Land & Buildings "NY Office Market is Facing an Existential Hurricane"
[2] Source: SNL Financial. Data based on SNL REIT Index (all REITs, market capitalization weighted)

1983) has become saturated in data — T.V.s, networks, data feeds, quote systems, trading algorithms for your phone, idiots with blogs, etc. There is a massive gap between thoughtful research and people screaming on T.V. In our experience, thoughtful analysis is better as a tool for portfolio management.

Fund Performance Highlights

The Fund's return of +17.64% in the second quarter outperformed the Dow Jones US Real Estate Index's return of +13.91% and the Morningstar Real Estate Category's return of +13.66%. The Fund has outperformed in both bull markets and bear markets. The Q1 outperformance started the year strong in one of the most severe bear markets of all time. Last year, in a roaring bull market, the Fund also outperformed with the Fund up +46.08% for the calendar year of 2019 compared to the Dow Jones US Real Estate Index at +28.92% and the Morningstar Real Estate Category at +27.28%. At quarter-end, the Fund's total return is among the best in class in the Morningstar Real Estate Category, ranked in the top 3% of funds in the trailing 1-year timeframe and top 1% of funds in the trailing 3-year, and 5-year timeframes[3].

Portfolio Positioning for 2Q 2020

The Wave of Data

We believe demand for mobile data, data storage, and reliability, and data integration and movement are going to play out over perhaps a decade or more. For readers looking for more, we would encourage you to look at Cisco's annual white paper or Ericson's website. Depending on the methodology, time frame, location, and the nature of the technology measured, estimates range from 25% to 45% growth in global I.P. traffic per year for the next five years. This growth has enormous implications and drives 5G and connectivity. We have been harping on this for about five years now, so please forgive the repetitiveness. Both data centers (where all the data associated with these trends lives) and connectivity (how it gets back and forth to your devices) are great investment opportunities and key themes for our team. We have exposure to both data centers and communications networks (commonly referred to as tower REITs, but, since they also own distributed antenna systems, small cells, and fiber, we renamed the sector to communications networks). The communications networks have about 90% market share of macro towers in the U.S., effectively an oligopoly. Unlevered returns are high, tenants are physically incapable of leaving (absent merger), and SS/NOI runs mid-to-high single digits. The 5G rollout will take a decade and involve all four items above. On top of this, there will be a distributed network focused on low latency projects like autonomous vehicles. What's not to love?

As for the data centers, it is nearly the same but with a twist. The data center business is segmenting into two sub-sectors: 'cloud' and 'enterprise.' The cloud business (AWS, MS Azure, Google Cloud, etc.) is expanding at a rapid clip, and the associated data centers are typically large, long-term, credit leases. After development and occupancy, these assets' development yields have compressed to low double digits (~11%). Still an excellent business, but admittedly lower than the historical returns on assets (ROA), which have been 12% to 30% (with an average of 16%). Most data center companies traffic in both cloud and enterprise (or the more traditional business in which a company moves its on-site enterprise data to a third-party data center). Enterprise clients get better power, density, and redundancy at much lower costs. Enterprise is a slower sales cycle with smaller users but at much higher ROA and return on equity (ROE) than the cloud. We estimate the demand for colocation enterprise space is growing at about 15%, and demand for cloud space is growing at 10- 25% with wide differences in uptake timing. Not included in these

[3] One-, three-, and five-year total return percentile rankings out of 253, 225, and 199 funds, respectively, within the Morningstar Real Estate Category as of 6/30/2020. Performance reflects applicable fee waivers and reimbursements without which, the returns would be reduced. The Fund may have experienced negative returns over the time periods rated. Past performance is no guarantee of future results.

numbers are the technologies of the near future, which we believe will drive an avalanche of data creation including (but not limited to): self-driving vehicles, artificial intelligence, big data, 5G mobile connectivity, virtual reality and augmented reality.

We have mostly oriented the portfolio towards those focused on the enterprise cloud. Switch, Inc. (SWCH) and GDS Holdings, Ltd. (GDS) are our two largest positions and cater to enterprise customers. Both companies have historically generated mid-to-high teens to low twenties unlevered ROA, and we believe both have great balance sheets and management. GDS, based in Shanghai, China, is the 800-pound gorilla in the region. AACA estimates GDS has about 40% market share with the next competitor at about 8%-10%. Their 2019 EBITDA growth estimates are about 50%, according to Bloomberg consensus estimates. For all the numbers here in the U.S. from Cisco, we think that a fair rule of thumb translation to the PRC is to double it, roughly.

We have about 15% of the portfolio in infrastructure which does not garner much attention from investors. This exposure includes toll roads and bridges, airports, water ports, power distribution, energy terminals, hydroelectric dams, solar power arrays, and wind farms. Most of this qualifies as ESG if you prefer to think that way. It is, admittedly, not as sexy as a data center[4]; however, these assets are typically local or regional monopolies and carry both high ROA and year-over-year rent growth through inflation. There are only a handful of qualified buyer/operators, in our opinion, and we own Brookfield and Fortress Infrastructure, two of the larger public companies. These assets also generate attractive yields—5%-8%, on average. We added Fortress Infrastructure in mid-2019 and have a very bullish outlook for the company. We estimate EBITDA will roughly double in the next 3-4 years.

Valuation

Lastly, in light of the Fund's outperformance in the Q1 sell-off and the Fund's outperformance (again) in the Q2 rally, you might be thinking: Is the Fund overvalued relative to the index? We do not believe so.

- **The portfolio's growth forecast is still multiples of the asset class at large.** The Fund has an underlying FFO growth rate of 19.4% (AACA estimate using data from SNL Financial). In comparison, the RE sector (as measured by the SNL Equity REIT Index) has a growth rate of 5.5% (according to SNL Financial).
- **The portfolio's valuation is very near that of the asset class at large.** The Fund is selling at 21.9x 2021 FFO AACA estimate using data from SNL Financial), and SNL Equity REIT Index is trading at 20.7x 2021 FFO (according to SNL Financial).
- **The portfolio is less levered than the aggregate leverage in the asset class.** The SNL Equity REIT index carries an underlying leverage ratio of about 34.8% (according to SNL Financial), while the Fund's leverage ratio is 19.6% (AACA estimate using data from SNL Financial).

So, put simply, for a 5.80% higher price (valuation), the Fund's investments are significantly higher growth (about 4x higher, per SNL financial) with less risk (or leverage, per SNL Financial).

[4] Although, I do remember a helicopter chase in a wind farm in a Mission Impossible film—as opposed to their more typical break-in of a military-grade data center.

Fund Performance

Fund Returns | As of 06/30/2020

			Annualized Return			
	Q2 2020	Year to Date	1-Year	3-Year	5-Year	Since Inception*
RAAAX: Class A (NAV)	17.64%	2.26%	15.87%	10.90%	11.12%	11.92%
RAAAX: Class A (max load)**	10.90%	-3.63%	9.19%	8.73%	9.82%	11.22%
RAAIX: Class I (NAV)	17.70%	2.35%	16.18%	11.18%	11.39%	12.10%
RAANX: Class N (NAV)	17.67%	2.29%	15.91%	10.91%	11.15%	11.92%
Dow Jones US Real Estate TR Index	13.91%	-13.58%	-6.84%	3.41%	6.29%	7.69%
S&P 500 TR Index	20.54%	-3.08%	7.51%	10.73%	10.73%	11.93%

* The inception date of the Predecessor Fund was February 1, 2011. 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 2.98% for Class A, 2.73% for Class I and 2.98% for Class N. The Adviser has contractually agreed to reduce its fees and/or absorb expenses of the Fund as described in the Fund Summary, until at least December 31, 2020, to ensure that total Annual Fund operating expenses after fee waiver and/or expense reimbursement will not exceed 1.80%, 1.55%, and 1.80% of average daily net assets attributable to Class A, Class I, and Class N shares, respectively. Waived fees and absorbed expenses are subject to possible recoupment from the Funds in future years on a rolling three-year basis (within the three years after the fees have been waived or reimbursed) if such recoupment can be achieved within the foregoing expense limits. This agreement may only be terminated only by the Board of Trustees, on 60 days written notice to the Adviser.

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 costs. 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.

It is important to note that the Fund inherited the track record of its predecessor, the American Assets Real Estate Securities, L.P. ("Predecessor Fund"), which was managed by AACA, the Fund's sub-adviser. The Predecessor Fund was not registered under the Investment Company Act of 1940. The Predecessor Fund, since its inception on February 1, 2011, was managed by AACA in the same style, and pursuant to substantially identical real estate long short strategies, investment goals and guidelines, as are presently being pursued on behalf of the Fund by AACA as its sub-adviser.

The performance quoted for Class A, Class I and Class N shares for periods prior to 1/9/2014 is that of the Predecessor Fund (while it was a limited partnership), and is net of applicable management fees, performance fees and other actual expenses of the Predecessor Fund. From its inception on February 1, 2011 through January 9, 2014, the Predecessor Fund was not subject to the same sales loads applicable to certain classes of Fund shares or the investment restrictions, diversification requirements, limitations on leverage and other regulatory or Internal Revenue Code restrictions of the Fund, which might have reduced returns. The performance of each class of shares of the Fund will differ as a result of the different levels of fees and expenses applicable to each share class.

Portfolio Performance Review

The portfolio's top five attributors this quarter were: Fortress Transportation and Infrastructure, GDS Holdings, Switch, American Tower, and Crown Castle.

- Fortress Transportation & Infrastructure ("FTAI") (Infrastructure) — FTAI owns infrastructure assets in the aviation, energy, intermodal, and rail sectors. FTAI has three large scale infrastructure projects- each is unique, and each has very large earnings potential. In the quarter, FTAI rallied back from the Q1 sell-off in the COVID-19 panic. We are constructive on the stock as the economy recovers.
- GDS Holdings, Ltd. ("GDS") (Data Centers) — GDS is a developer and operator of data centers in the People's Republic of China (PRC). GDS operates as a private carrier and is cloud-neutral, which enables its customers to connect to all PRC's telecommunications carriers and to access a number of the PRC's cloud service providers, whom it hosts in its facilities. GDS serves more than 600 customers, including top Chinese companies such as Alibaba, Tencent, and Baidu. The PRC is an emerging market with a robust pipeline of data center demand growth that GDS is well-positioned to capture and cross-connect clients to the USA with their strategic partnership with CyrusOne, a USA based data center operator. GDS is the fastest-growing company we own. Additionally, data centers have fared well in the COVID-19 environment as work-from-home, and stay-at-home orders have increased data usage.
- Switch, Inc. ("SWCH") (Date Centers) — SWCH owns and develops purpose-built high-tech data centers that boast more than 500 issued and pending patents on their data center designs which hold the highest reliability ratings in the industry. We have toured the assets and visited with management, and consider them to be among the best, globally. SWCH has proven to be an excellent operator, and we believe the stock will do well in the COVID environment.
- American Tower Corp. ("AMT") (Communications Infrastructure) — AMT is the largest and most diverse cell tower operator in the world, with a portfolio of about 100,000 sites across 14 countries. AMT has been the most aggressive operator in international expansion, with about 1/3 of revenue coming from outside the US. International markets are typically 5-10 years behind the US market in carrier investment and mobile penetration. As such, international markets have been growing faster than domestic markets over the past few years. AMT targets AFFO growth in mid-teens (organic growth is high-single-digit returns the rest from acquisitions), and a robust underwriting discipline can generate long-term value for shareholders.
- Crown Castle International ("CCI") (Cell Towers) — CCI owns and operates more than 40,000 sell towers and about 65,000 route miles of fiber supporting small cells and fiber solutions throughout the USA. With the coming 5G technological advancement, the push for autonomous vehicles, and the general insatiable appetite for data growth in this country, we are constructive on CCI's growth.

The portfolio's top five detractors this quarter were: Wynn Resorts, Simon Property Group, MGM Resorts, Las Vegas Sands, and Brixmor Properties.

- Wynn Resorts, Ltd. ("WYNN") (Gaming) — WYNN is a US-based gaming company with the majority of its exposure in Macau and, to a lesser extent, Las Vegas. Gross gaming revenue and the stock price have fallen significantly as properties closed in the COVID-19 outbreak, however, we are constructive on the stock now that properties have been successfully reopened, and travel restrictions are beginning to ease. Additionally, we believe Macau has a stronger ability than other gaming markets to recover from outbreaks.
- Simon Property Group ("SPG") (Malls) (Short Position) — SPG is the largest developer, owner, and operator of shopping malls in the USA. We were short shopping malls during the quarter as we believe

retail and shopping malls, in particular, will be especially hard hit but the COVID-19 lock-down and retailer bankruptcies. This short position moved against us as the entire market rallied in the quarter.

- MGM Resorts ("MGM") (Gaming) — MGM is a US-based gaming company with significant exposure in Macau. Similar to the other gaming stocks we own (WYNN and LVS), gaming stocks sold off in the quarter; however, we are constructive on the stock now that properties have been successfully reopened, and travel restrictions are beginning to ease. MGM has proven to be an excellent operator.
- Las Vegas Sands Corp. ("LVS") (Gaming) — LVS is a US-based gaming company with most of its exposure in Macau and, to a lesser extent, Singapore and Las Vegas. We believe LVS is the most diversified gaming company with the best balance sheet. Similar to MGM and WYNN, we believe the stocks are oversold, and we are constructive on the sector as travel restrictions are easing.
- Brixmor Properties ("BRX") (Shopping Centers) (Short Position) — BRX owns and operates a U.S. portfolio of over 400 retail shopping centers with about 70,000,000 square feet of space. We were short shopping malls during the quarter as we believe retail will be especially hard hit but the COVID-19 lock-down and retailer bankruptcies. This short position moved against us as the entire market rallied in the quarter.

Portfolio Positioning

The portfolio is positioned in secular real estate growth opportunities that offer exposure to high-quality, same-store net operating income growth, which, in turn, results in higher asset value cash flow and dividends. We have no exposure to sectors that are facing significant structural headwinds such as retail or sectors, which we feel would fare worst in the Fed tightening cycle such as Triple Net Lease. In our opinion, these sectors are dependent on raising new capital and buying new assets as their primary means to increase earnings. These types of business plans typically underperform in rising rate environments.

Many REITs have adjusted in price as more than 77% of the SNL REIT Index names were trading at a discount to NAV at 6/30/2020. At quarter-end, the average REIT was trading at a 19.7% discount to NAV, which is almost always a harbinger of positive forward returns.

Recall that our focus is on ownership of companies that own real estate where the tenant is denied choice. This is most prevalent when some subset (or all) of these characteristics is in place:

1) the sub-sector of real estate is a monopoly, duopoly, or oligopoly;
2) there are high barriers to entry for new competitors;
3) there are high barriers to tenants leaving/exiting buildings; and
4) the basic underlying economics of the tenant's business is healthy.

We have found that when these four characteristics are present, companies in that space can potentially generate consistently higher same-store net operating income growth over long periods. Typically, sectors and companies that exhibit these characteristics comprise 65% to 80% of the portfolio.

The MORNINGSTAR RATING™ for funds, or “star rating”, is calculated for managed products (including mutual funds, variable annuity and variable life subaccounts, exchange-traded funds, closed-end funds, and separate accounts) with at least a three-year history. Exchange-traded funds and open-ended mutual funds are considered a single population for comparative purposes. It is calculated based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a managed product’s monthly excess performance, placing more emphasis on downward variations and rewarding consistent performance. The Morningstar Rating does not include any adjustment for sales loads. The top 10% of products in each product category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars, and the bottom 10% receive 1 star. The Overall Morningstar Rating for a managed product is derived from a weighted average of the performance figures associated with its three-, five-, and 10-year (if applicable) Morningstar Rating metrics.

Morningstar Rating is for the A share class only; other classes may have different performance characteristics.

Fund Objective

The Fund seeks to provide total return through long-term capital appreciation and current income by investing, both long and short, in equity securities of real estate and real estate related companies.

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.

Dow Jones US Real Estate Total Return (TR) Index. Total return version of the Dow Jones US Real Estate Index, and is calculated with gross dividends reinvested. The base date for the index is December 31, 1991 with a base value of 100.

The S&P 500 Total Return Index. 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 US 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
Real Estate	Dow Jones US Real Estate Total Return (TR) Index	Comprised primarily of real estate investment trusts (REITs)	**Stock market risk.** Stock prices may decline. **Industry risk.** Adverse real estate conditions may cause declines **Interest rate risk.** Prices may decline if 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.

PLEASE REVIEW THE FOLLOWING RISK DISCLOSURES.

Risks and Important Considerations

Please carefully consider the investment objectives, risks, charges and expenses of the Altegris/AACA Opportunistic Real Estate Fund. This
and other important information is contained in the Fund's 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.

Equity securities such as those held by the Fund are subject to market risk and loss due to industry and company news or general economic decline. Equity securities of smaller or medium-sized companies are subject to more volatility than larger, more established companies. The concentration in real estate securities entails sector risk and greater sensitivity to overall economic conditions as well as credit risk and interest rate risk.

The Fund will 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. The use of derivatives, such as futures and options involves additional risks such as leverage risk and tracking risk. Long options positions may expire worthless. The use of leverage will cause the Fund to incur additional expenses and can magnify the Fund's gains or losses.

Foreign investments are subject to additional risks including currency fluctuation, adverse social and economic conditions, political instability, and differing auditing and legal standards. These risks are magnified in emerging markets. Preferred stock and convertible debt securities are subject to credit risk and interest rate risk. As interest rates rise, the value of fixed income securities will typically fall. Credit risk, liquidity risk, and potential for default are heightened for below investment grade or lower quality debt securities, also known as "junk" bonds or "high-yield" securities. Any ETFs held reflect the risks and additional expenses of owning the underlying securities.

Higher portfolio turnover may result in higher costs. The manager or sub-adviser's judgments about the value and potential appreciation or depreciation of a particular security in which the Fund invests or sells short may prove to be inaccurate and may not produce the desired results. The Fund is non-diversified and may invest more than 5% of total assets in the securities of one or more issuers, so performance may be more sensitive to any single economic, business or regulatory occurrence than a more diversified fund.

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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