

# LONGBOARD

## LONGBOARD LONG/SHORT FUND

Monthly  
Portfolio Update And Commentary  
January 2017

Assets as of January 31, 2017  
**\$ 12,565,747**

### HOW TO INVEST

Visit [longboardmutualfunds.com](http://longboardmutualfunds.com)  
Call us at **800.290.8319**

## FUND PERFORMANCE

(Performance as of 1/31/17)

CLASS	I (NAV)*	A (NAV)**	A (MaxLoad)***
TICKER	LONGX	LONAX	LONAX
1M	-1.45%	-1.57%	-7.26%
3M	9.96%	9.78%	3.51%
6M	-0.59%	-0.84%	-6.51%
YTD	-1.45%	-1.57%	-7.26%
1Y 12/31/2016	2.99%	2.74%	-3.15%
SINCE INCEP 12/31/16	1.96%	1.44%	-4.08%
SINCE INCEP 1/31/17	1.08%	-0.05%	-5.10%

\*INCEPTION DATE: 3/19/15 \*\*INCEPTION DATE: 12/09/15

The performance data quoted here represents past performance. 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. Past performance is no guarantee of future results. For performance information current to the most recent month-end, please call toll-free 855.294.7540

\*\*\* Inclusive of maximum sales load of 5.75%. Total annual operating expenses are 3.24% and 2.99% for Class A and I respectively.

Long: Buying an asset such as a stock, commodity or currency, with the expectation that the asset will rise in value.

Short: Selling an asset such as a stock, commodity or currency, with the expectation that the asset will decrease in value.

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## RECAP

The Longboard Long/Short Strategy Fund returned -1.45% in January. Losses were mostly concentrated in financial stocks and were partially offset by gains in technology and consumer stocks.

The Dow Jones crossed the ceremonial 20,000 mark in January, yet the market's upward momentum slowed relative to its previous pace. Under the surface, many of the short-term post-election market dynamics reversed. Small cap stocks and financials went from market leaders to market laggards. Conversely, industrial and consumer stocks continued their positive momentum. In a sign of potential investor caution, we noticed a rotation away from growth stocks and toward the more defensive, high dividend consumer staple stocks. The outperformance in gold and gold mining stocks also indicated a potential shift towards investor caution.

Despite the changes in relative performance, many of the market's former long-term uptrends remained intact through January. As a result, we made few changes in the portfolio during the month. We slightly reduced risk exposure in financial stocks that moved against their uptrends, and modestly increased long exposure to technology and health care stocks that trended higher. Going into February, the fund's portfolio remains concentrated in financial stocks. Behind financials, we currently hold approximately equal exposure among industrial, consumer and technology stocks. The sectors with the least long exposure in the portfolio include utilities and health care.

## OUTLOOK

Compared to the gains in stock prices following Donald Trump's 2016 election, risk assets were decisively less ebullient during inauguration month. Investors appear to be awaiting confirmation of improving economic and earnings growth before bidding stock prices meaningfully higher. So far in 2017, economic and earnings data remain mixed. On one hand, corporations posted positive earnings growth in January, though this growth comes off the low bar set during last year's "earnings recession." The January jobs report showed an impressive 275,000 jobs created, yet wage growth remains lackluster. Finally, fourth quarter GDP data revealed the U.S. economy remains stuck in sub-2% growth.

Analyst expectations currently anticipate double-digit earnings growth in 2017, which could provide a fundamental catalyst to keep stocks moving higher throughout the year. However, these expectations rely upon improving economic growth and some degree of corporate tax reform—both of which have yet to materialize. Going forward, any indications regarding the likelihood of tax reform, plus ongoing economic and earnings data, will likely shape the outlook for stock prices. For now, the market's broad-based uptrends remain intact, and thus the fund continues to hold long exposure across a variety of sectors.

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## PROSPECTUS OFFERING DISCLOSURE

Investors should carefully consider the investment objectives, risks, charges and expenses of the Longboard Long/Short Fund. This and other important information about the Fund is contained in the prospectus, which can be obtained by calling 855.294.7540. The prospectus should be read carefully before investing.

The Longboard Long/Short Fund is distributed by Northern Lights Distributors, LLC, a FINRA/SIPC member. Longboard Asset Management, LP, is not affiliated with Northern Lights Distributors, LLC.

## MUTUAL FUND RISK DISCLOSURE

Mutual funds involve risk including possible loss of principal.

There is a risk that issuers and counterparties will not make payment on securities and other investments held by the fund, resulting in loss. The fund's use of derivatives (including futures, forward contracts and swap agreements) involves risks different from and possibly greater than those associated with investing directly in securities including leverage risk, counterparty default risk, tracking risk and liquidity. The price of equity security fluctuates based on changes in a company's financial condition and overall market and economic conditions. Investments in ETFs may involve extra expenses and may not perform as expected and may not replicate the performance of the underlying index.

Fixed income securities could lose value due to interest rate changes. ADRs are subject to fluctuations in foreign currencies, political and economic instability, differences in financial reporting, security regulation, trading and taxation issues. The successful use of forward and futures contracts draws on the Adviser's skill and experience in predicting market movement. Risks include imperfect correlation, illiquid secondary markets, unanticipated market movements, counterparty default, and potentially selling securities when disadvantageous to do so. The success of the fund's hedging strategy is subject to the Adviser's ability to correctly assess market performance and correlation of the instruments used in the hedging strategy and the investments in the portfolio.

The fund may trade more, incurring higher brokerage fees and tax liability to shareholders. The fund has a limited history of operation and an investment entails a high degree of risk. Large Cap companies may be unable to respond quickly to new competitive challenges such as changes in consumer tastes. Small Cap and Mid-Cap companies may be volatile and vulnerable to adverse business or economic events. The fund is 'non-diversified' and changes in the value of a single security may have a significant effect on the fund's value. The fund may have investments that appreciate or decrease significantly over short periods. The value of REIT securities may be adversely affected by changes in the value of the underlying property the REIT holds. Short positions may be considered speculative and losses are potentially unlimited.

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