

LONGBOARD

MANAGED FUTURES STRATEGY FUND

Monthly
Portfolio Update And Commentary
January 2017

Assets as of January 31, 2017
\$ 465,959,433

HOW TO INVEST

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MORNINGSTAR®



The Longboard Managed Futures Strategy Fund – WAVIX received 4 stars out of 103 Managed Futures funds for the 3-year period ending 12/31/16, based on risk-adjusted returns.

PERFORMANCE

(Performance as of 1/31/2017)

CLASS	I (NAV)*	A (NAV)**	A (MAX LOAD)**
1M	1.26%	1.27%	-4.52%
3M	-0.76%	-0.77%	-6.51%
6M	-5.08%	-5.22%	-10.71%
YTD	1.26%	1.27%	-4.52%
1Y 12/31/16	-7.44%	-7.77%	-13.11%
2Y 12/31/16	0.40%	0.10%	-2.83%
3Y 12/31/16	5.00%	4.71%	2.66%
SINCE INCEP 12/31/16	3.76%	3.36%	1.75%
SINCE INCEP 1/31/17	3.97%	3.63%	2.05%

*INCEPTION DATE: 6/27/12 **INCEPTION DATE: 3/22/13

The Total Annual Fund Operating Expenses for the Longboard Managed Futures Strategy Fund class A and I are 3.12% and 2.87% respectively. The maximum sales charge for Class A (Max Load) shares is 5.75%. 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 or visit our website, www.longboardmutualfunds.com. There is no guarantee that any investment will achieve its objectives, generate positive returns, or avoid losses.

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RECAP

The fund returned +1% in January due to gains in global equities and commodities, which offset modest losses in currencies and fixed income. The Dow Jones cleared the 20,000 mark in January, although the pace of gains in the U.S. slowed relative to gains in foreign markets. The U.S. dollar incurred a reversal from its post-election strength, suffering its worst January in nearly 30 years. This weakness was catalyzed by a series of comments from President Trump regarding the detrimental trade implications of a strong U.S. dollar.

Global fixed income markets came under further pressure. European bonds, which previously acted as safe havens following the U.S. elections, saw their worst January on record. U.S. bonds stabilized as growth, inflation and interest rate expectations declined. Commodities continued to confirm signs of global reflation, with gains in a variety of industrial metals and soft commodities throughout the month. We made few changes to the portfolio in response to the relatively low number of changes in the market's long-term trends.

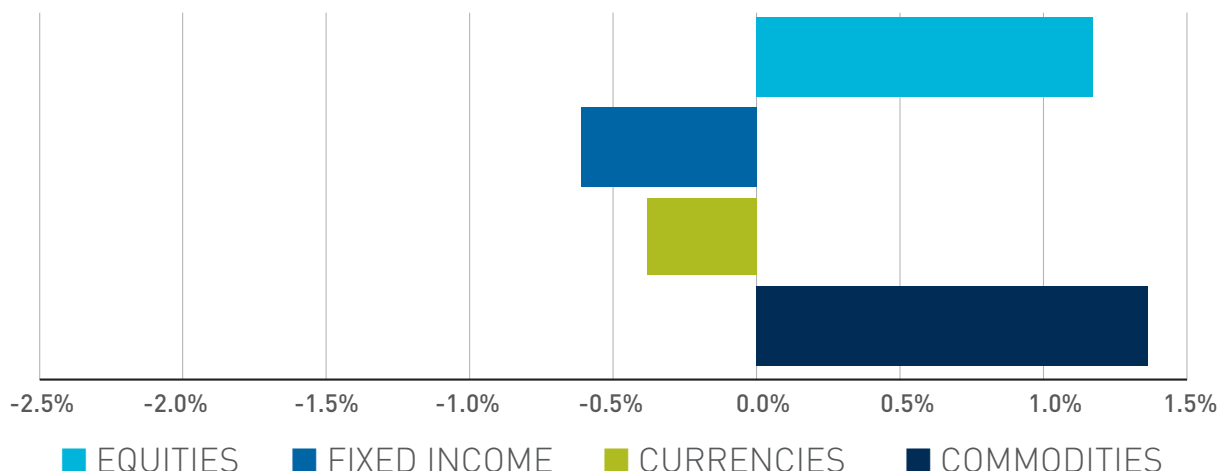
OUTLOOK

So far in 2017, the rally in global risk assets appears solidly in place, albeit with some changes in relative performance. In the U.S., earnings reports released in January appear to confirm an improvement in business conditions, although lackluster GDP growth and wage gains continue to paint a mixed picture in the broader economy. Momentum in the U.S. markets appears to have slowed as traders await confirmation of more broad-based improvements in corporate and economic fundamentals. Foreign markets appear poised to catch up to the previous outperformance in U.S. equities, providing a potential opportunity for global trend followers to tap into uncorrelated returns going forward.

So far, the only theme that appears to have remained in place from 2016 is that of uncertainty and unpredictability. For example, the post-election narrative suggested further gains in the U.S. dollar and outperformance in U.S. equities, but we've seen the opposite dynamics emerge to start the year. Large caps have outperformed small caps, the dollar has come under pressure and foreign markets have taken the lead from the U.S. Of course, it's anyone's guess whether or not these trends continue, but we continue to believe that globally diversified trend following can potentially provide investors exposure to unexpected, uncorrelated trends relative to traditional asset class exposure going forward.

PERFORMANCE ATTRIBUTION BY ASSET CLASS

January 2017



Past results are not necessarily indicative of future results. There is no guarantee that any investment will achieve its goals and generate profits or avoid losses. The returns shown are presented as a percentage of overall fund performance attributed to the named asset class. Holdings are subject to change at any time and should not be considered investment advice.

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COMMENTARY

» EQUITIES 1.18%

The global equity rally continued in January. In a shift from the post-election trends, small cap stocks underperformed their large cap counterparts—likely due to indications that tax reform may be slower than investors initially hoped for. Also, foreign stock markets took the lead as emerging, European and Asian equity indices outperformed their U.S. counterparts. Lower starting valuations and higher yields appear to be providing a tailwind for foreign markets, compounded by ongoing asset purchases from the European Central Bank and the Bank of Japan.

The fund's equities exposure grew in January as up trends accelerated and broadened to include more regions around the globe. We added new long positions in the Japanese Nikkei 225 and in the MSCI EAFE index, which is a collection of European and Asian equity indexes. The fund's equities exposure is net long stock indexes around the globe.

» CURRENCIES -0.39%

The U.S. dollar entered 2017 under stress, with its worst January performance in nearly 30 years. The selling pressure was partially attributed to Donald Trump's comments that the dollar is "too strong," creating perceived problems for U.S. manufacturers and their trade balance. The Fed's lack of guidance regarding an imminent rate hike in its recent interest rate decision, combined with sluggish economic and inflation data, sent the dollar down in tandem with reduced interest rate expectations.

The only change to the currency portfolio in January was the exit of a short position in the euro against the Japanese yen. The fund remains nearly market neutral with respect to the U.S. dollar. Going forward, the fund is positioned net long emerging market and Pacific Rim currencies and net short European currencies.

» FIXED INCOME -0.61%

European yields rose across the board as inflation spiked throughout the Eurozone. In addition, populist political parties gathered momentum ahead of Europe's busy 2017 electoral calendar. The European bond market is responding to the rise of populist movements with higher sovereign bond risk premiums. In the U.S., the fourth quarter GDP report showed economic growth reverting to the sub-2% level, and January's job report indicated lackluster wage gains. This reduction in growth and inflation expectations caused traders to pare back their expected pace of interest rate hikes, helping to stabilize U.S. bond yields.

The fund's fixed income holdings remained relatively unchanged, although we reduced risk exposure to European bonds that declined against former uptrends. Our current fixed income exposure is short the U.S. yield curve against modest long exposure to German government bonds.

» COMMODITIES 1.37%

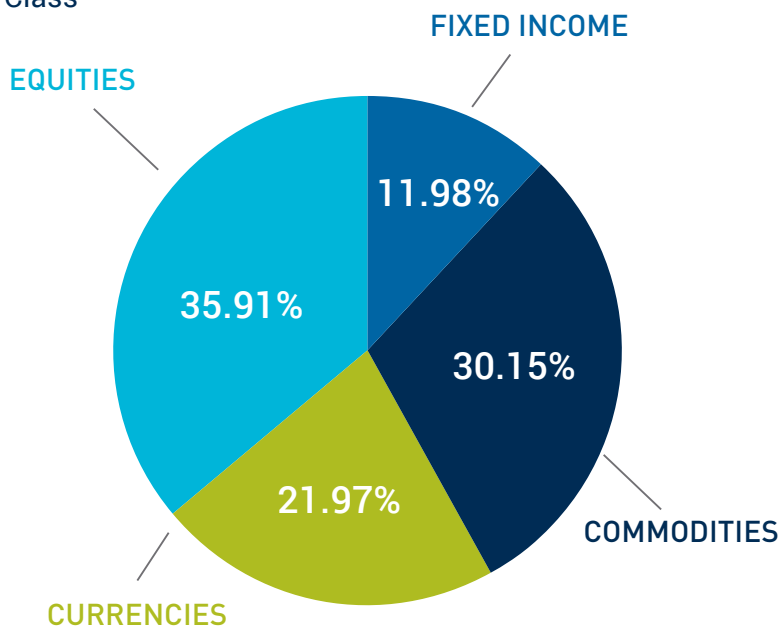
The reflationary theme remained persistent in commodities markets to start the year. Further gains in upward trending soft commodities and industrial metals provided healthy profits for the fund's commodities exposure throughout the month. Conversely, grain markets like wheat and soybean oil incurred countertrend price movements that somewhat offset profits in the rest of the portfolio. Energy markets continued to consolidate, as WTI crude found balance between buyers and sellers within a narrow range in the low \$50s. Rising U.S. shale production appears, for now, offset by OPEC's adherence to production cuts.

We opened a new long position in Minneapolis wheat, closed a long position in nickel and closed a short position in lean hogs. Going forward, the fund's commodities portfolio remains long metals and soft commodities and close to neutral with respect to grains, meats and energy.

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PORTFOLIO

Risk Allocation By Asset Class
as of January 2017



>> EQUITIES 35.91%

LARGEST HOLDINGS	POSITION	% OF RISK ¹
S&P TSX 60 Index	Long	2.98%
CBOE Volatility Index	Short	2.90%
S&P Mid-Cap 400 Index E-Mini	Long	2.57%

>> FIXED INCOME 11.98%

LARGEST HOLDINGS	POSITION	% OF RISK ¹
10-Year Italian Government Bond (Long Term)	Short	1.65%
Ultra U.S. Treasury Bond Futures	Short	1.45%
10-Year U.S. Treasury Note	Short	1.32%

>> CURRENCIES 21.97%

LARGEST HOLDINGS	POSITION	% OF RISK ¹
Brazilian Real / U.S. Dollar	Long	2.91%
Russian Ruble / U.S. Dollar	Long	2.49%
Mexican Peso / U.S. Dollar	Short	2.04%

>> COMMODITIES 30.15%

LARGEST HOLDINGS	POSITION	% OF RISK ¹
London Cocoa	Short	2.97%
Copper	Long	2.78%
Wheat (Kansas City)	Short	2.09%

¹ The % of Risk is the estimated maximum equity a position could lose, divided by the estimated aggregate equity currently at risk of loss across all positions in the portfolio. Portfolio holdings are subject to change at any time and should not be considered investment advice. There is no assurance that the identified level of risk will occur or be maintained as risk cannot be predicted with certainty.

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HIGHLIGHTS

Contributors

- » **Equities:** Long the NASDAQ-100 and German Dax indexes
- » **Commodities:** Long lead and aluminum
- » **Currencies:** Long the Russian ruble and New Zealand dollar against the U.S. dollar
- » **Fixed income:** Long 3-month Eurodollar and Euribor contracts

Detractors

- » **Equities:** Long the Japanese Nikkei 225 and the MSCI EAFE
- » **Commodities:** Long gasoline and nickel
- » **Currencies:** Short the euro and long the Czech koruna against the U.S. dollar
- » **Fixed income:** Short 2- and 5-year U.S. treasuries

GLOSSARY

Commodity Market

A physical or virtual marketplace for buying, selling, and trading raw or primary product such as natural resources, agricultural products, and livestock.

Forward Contract

A non-standardized contract between two parties to buy or sell a specified asset of specified quantity with delivery and payment occurring on a specified date.

Futures Contract

A standardized contract between two parties to buy or sell a specified asset of standardized quantity and quality with delivery and payment occurring on a specified date.

Long

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

Risk Allocation

The estimated maximum equity a position could lose, divided by the estimated aggregate equity currently at risk of loss across all positions in the portfolio.

Short

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

Long-Term

Holding periods averaging greater than one year.

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Managed Futures Mutual Fund Index Member



Morningstar is an independent provider of financial information. Morningstar performance rankings are based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a fund's monthly performance (including the effects of sales charges, loads and redemption fees), placing more emphasis on downward variation and rewarding consistent performance. The top 10%, the next 22.5%, 35%, 22.5% and bottom 10% receive 5, 4, 3, 2 or 1 star, respectively. The Overall Morningstar Rating for a fund is derived from a weighted average of the performance figures associated with its three-, five- and ten-year (if applicable) Morningstar Rating metrics.

PROSPECTUS OFFERING DISCLOSURE

Investors should carefully consider the investment objectives, risks, charges and expenses of the Longboard Managed Futures Strategy Fund. This and other important information about the Fund is contained in the prospectus, which can be obtained at <http://www.longboardmutualfunds.com> or by calling 855-294-7540. The prospectus should be read carefully before investing. The Longboard Managed Futures Strategy 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. The fund will invest a percentage of its assets in derivatives, such as commodities, futures and options

contracts. The use of such derivatives and the resulting high portfolio turnover may expose the fund to additional risks that it would not be subject to, if it invested directly in the securities and commodities underlying those derivatives. The fund may experience losses that exceed those experienced by funds that do not use futures contracts, options and commodities. Changes in interest rates and the liquidity of certain investments could affect the fund's overall performance. The fund is non-diversified and as a result, changes in the value of a single security may have significant effect on the fund's value. Other risks include credit risks and investments in fixed income securities, structured notes, asset-backed securities and foreign investments. Furthermore, the use of short positions and leveraging can magnify the potential for gain or loss and amplify the effects of market volatility on the fund's share price. The fund is subject to regulatory change and tax risks. Changes to current regulation or taxation rules could increase costs associated with an investment in the Fund.

SG CTA Mutual Fund Index: An index that tracks the performance of '40 Act mutual funds pursuing managed futures strategies. The Index includes the 10 largest single-manager CTA Mutual Funds, including funds employing both systematic and discretionary management styles. Index values are based on performance of the institutional share classes with dividends reinvested.

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