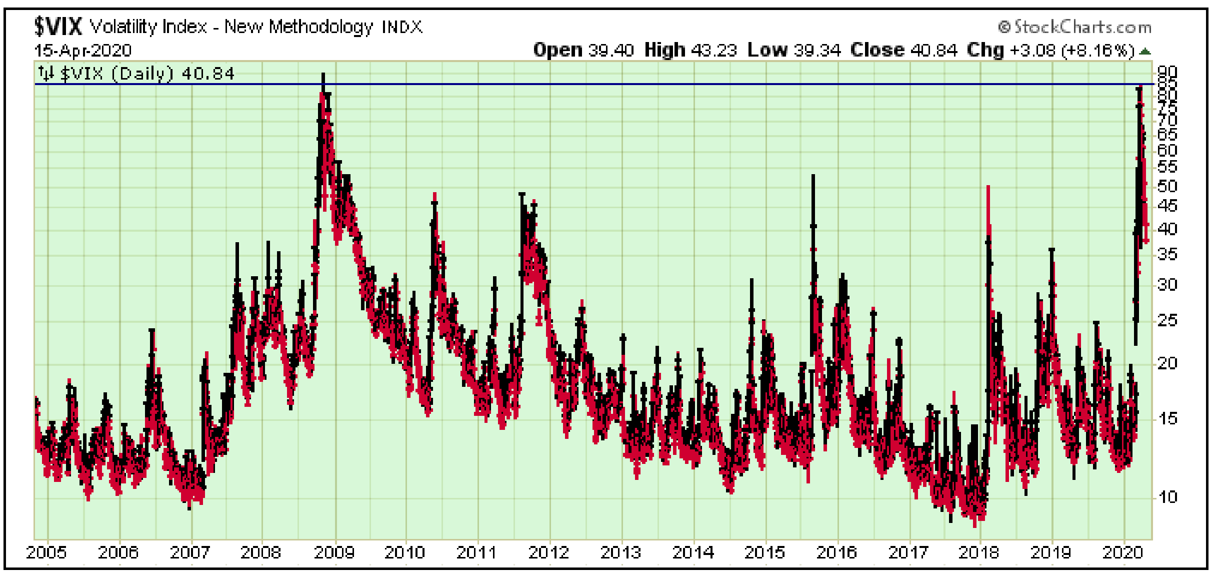
ACM Dynamic Opportunity Fund

Monthly Commentary

March 2020

To say that the month of March was one of the craziest months most of us have seen in our lifetime is probably an understatement. As the reality of the coronavirus came into focus, the once unthinkable social mandate of quarantining U.S. citizens became a last resort in an attempt to ringfence the virus and 'flatten the curve'.

And as the backdrop of our day-to-day lives grew surreal, panic selling in the markets ensued and volatility spiked to levels not seen in over a decade (see below). While the action in the stock market was mostly to the downside, last month also saw some of the biggest one-day rallies on record – a testament to the scope of elevated volatility. And the forced liquidation didn't affect just stocks, as seemingly every asset class suffered what appeared to be some sort of dislocation. Even some safe-haven type investments such as money market funds and muni bond ETFs took it on the chin.

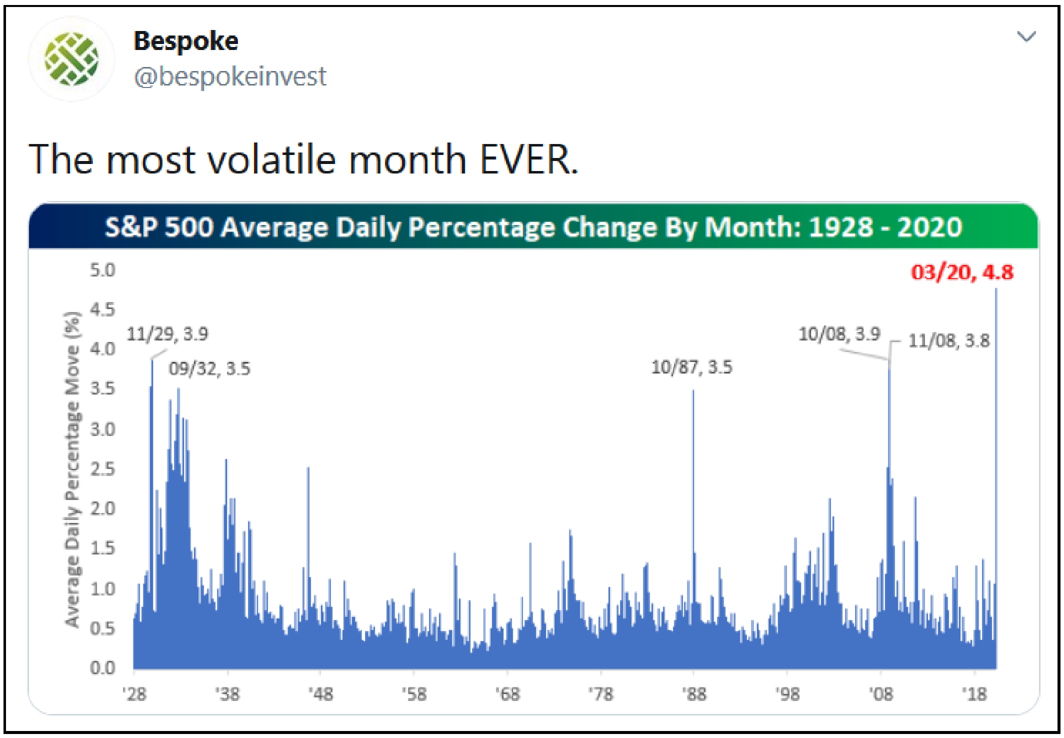


Past performance does not guarantee future results.

Risk management was paramount during March. In addition to significant hedging activity, the Fund was also either stopped out or chose to exit a number of long positions resulting in a decreased overall portfolio size. Index and equity put options were also employed during the month, until extreme levels of volatility made it too expensive to purchase new protective put positions.

The dynamic hedge model entered the month targeting 30% net exposure, but spent most of the month in the 10-20% target exposure area. While net market exposure remained low for the majority of the month, the wild card was the varying performance of individual stocks versus our ETF hedges. There were days when we witnessed individual stocks falling 10-15% in one day, far more than the average index ETF.

Some investors might not realize that when we talk about record volatility in March, we literally mean that it was the most volatile month on record for stocks – if you judge by the average daily percentage change. Below, we show a study by Bespoke Investments going back 100 years and showing that we have never seen volatility so high. It's also important to realize that it occurred in both directions. To wit, while last month saw two of the top 10 largest daily percentage losses on record, it also registered two of the top 10 biggest percentage gains in a day.



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The **ACM Dynamic Opportunity Fund** (ADOIX) performed decently in March, but not as defensively as our average net market exposure would have dictated. Although the Fund had extensive hedges on for most of the month, the aforementioned extreme volatility from one day to the next made it difficult to adjust hedge exposure proactively. On several occasions, in an attempt to manage risk in real-time, the Fund decreased hedges on large up days in the market, then reinstated those hedges on sharp selloffs the next day. While this type of whipsaw can act as a drag on performance, our main focus was on protecting downside risk. To that end, the Fund has still held up well and is down far less than the broader market year-to-date.

As we have reiterated to investors, the first wave down in a bear market does not usually mark THE bottom. Even if the lows on March 23rd are not broken to the downside, history tells us that there will be future pullbacks and retests, and those will offer a better buying opportunity vs. buying the first "relief rally". Bear markets take time to ameliorate themselves. We just finished a roughly 12-year bull market and working off the excesses doesn't happen overnight. While the Fed has tried to act quickly to take the worst case off the table, the economy remains shut down and we need to see just how big the impact to earnings will be.

So, while our fundamental outlook is that the market will likely experience future waves of selling before a more durable market bottom is solidified, we remind investors that we will continue to defer to our dynamic hedge model to adjust market exposure. Should our model signal increasing net long exposure to more meaningful levels, we will not let our fundamental beliefs override our model signals.

Thank you for your continued support.

Sincerely,

Jordan L. Kahn, CFA
Chief Investment Officer

Sources: *Standard & Poor's, Stockcharts.com, Bespoke Investment Group*

Defined Terms: S&P 500 Index- The S&P 500 index is an unmanaged composite of large capitalization companies. This index is widely used by professional investors as a performance benchmark for large-cap stocks. HFRX Equity Hedge Index– tracks strategies that maintain positions both long and short in primarily equity and equity driven securities. Morningstar Long/Short Equity Category- A composite of returns produced by Morningstar which can be used to compare the returns of other mutual funds in the same category. Long– the holder of the position owns the security and will profit if the price of the security goes up. Short- Short selling is the sale of a security that is not owned by the seller, or that the seller has borrowed. Short selling is motivated by the belief that a security's price will decline, enabling it to be bought back at a lower price to make a profit. Derivative hedge – transaction that limits investment risk with the use of derivatives such as option contracts.

Investors are not able to invest directly in the indices referenced and unmanaged index returns do not reflect any fees, expenses or sales charges. For current performance information, please visit our performance page: http://acm-funds.com/dynamic-fund-performance/

There is no guarantee that any investment strategy will achieve its objectives, generate profits or avoid losses.

ETF's are subject to specific risks, depending on the nature of the underlying strategy of the fund. These risks could include liquidity risk, sector risk, as well as risks associated with fixed income securities, real estate investments, and commodities, to name a few. Investments in foreign securities could subject the Fund to greater risks including, currency fluctuation, economic conditions, and different governmental and accounting standards.

Investors should carefully consider the investment objectives, risks, charges and expenses of the ACM Dynamic Opportunity Fund. This and other important information about the Fund is contained in the prospectus, which can be obtained by calling 1- 844-798-3833. The prospectus should be read carefully before investing. The ACM Dynamic Opportunity Fund is distributed by Northern Lights Distributors, LLC, member."http://www.finra.org/" FINRA. "http://www.sipc.org/" SIPC. Northern Lights Distributors, LLC and Ascendant Capital Management, LLC are not affiliated.