

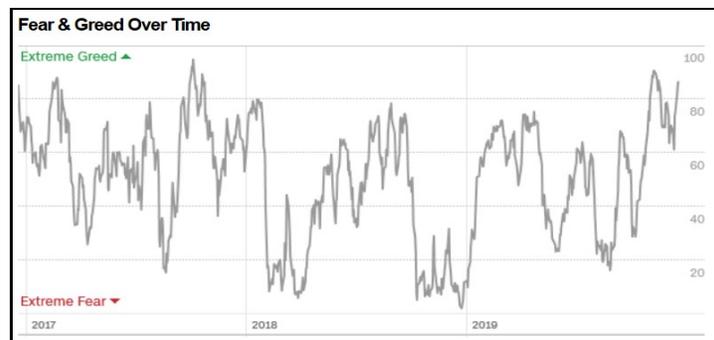
The stock market started the month of November on solid footing, with the S&P 500 Index notching a fresh breakout on the first trading day of the month (see chart below). From there it was a fairly steady uptrend during November as recession fears faded, interest rates stabilized, and optimism for an upcoming trade deal combined to embolden the bulls. Folks who had been short the market faced increasing pressure to cover as the market continued to climb the proverbial ‘wall of worry’ and make new highs.



Past performance does not guarantee future results.
 The blue line above represents the 50-day moving average of the S&P 500 Index.
 The red line above represents the 200-day moving average of the S&P 500 Index.

As the market worked higher, we noticed a steady increase in bullish sentiment among investors. This is not altogether surprising, as it usually takes higher stock prices to bring out more bulls (read: chasing performance) Among the sentiment indications we track that reached extreme readings were:

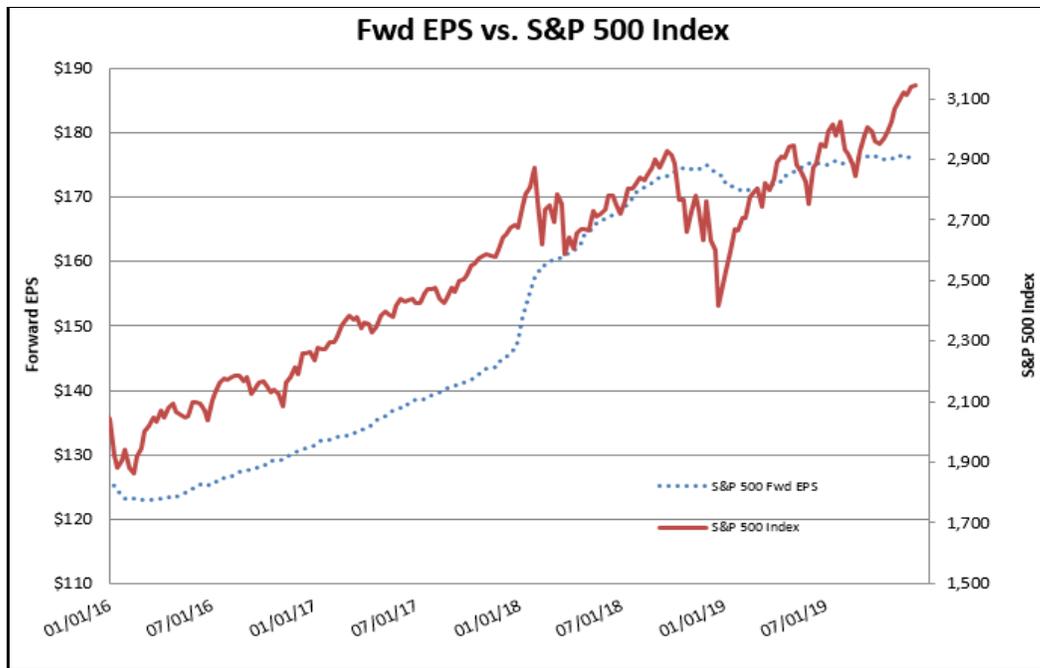
1. The *CNN Fear & Greed Index* hit a multi-year high at 89 (see below)
2. The *NAAIM Sentiment* gauge for investment managers hit 92.3
3. The *Investor’s Intelligence* survey showed bulls minus bears matched its highest spread in the last year (+41%)



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We acknowledge that the market is in a seasonally strong period (last year notwithstanding), and that extreme bullish readings can often persist in the short-term before the market pulls back. So, we are not touting these sentiment readings as a market correction timing call. But rather, they are noteworthy in terms of the degree to which bullish sentiment has increased in recent months. We suspect that if the market continues higher into year-end it could be more susceptible to a pullback in January.

Another notable aspect of the recent rally is not only has it been driven by sentiment, but there has been a conspicuous lack of fundamental support in terms of earnings growth. That is, if you look at the chart below you can see that the stock market (red line) has been moving higher while the underlying earnings estimates (blue dots) have been flatlining and going sideways. That means that this rally has been all about multiple expansion. If one looks at the P/E of the S&P 500 on forward earnings, its trading at about 18x those estimates. That is about the richest valuation we have seen in years. But is it *overvalued*?



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From a historical perspective its not all that stretched. Most bull markets do reach higher valuation levels before they come to an end. Given the low levels of inflation and interest rates at this point in the cycle, it wouldn't be all that surprising to see stock run up to 20x earnings at some point. Such a move could coincide with a blowoff top-type scenario akin to what markets experience at the start of 2018. Time will tell.



ACM Dynamic Opportunity Fund

Monthly Commentary

November 2019

The **ACM Dynamic Opportunity Fund** (ADOIX) participated nicely in the November rally, and outperformed both of its relative benchmarks. The dynamic hedge model moved back to targeting 100% exposure, as all of the major indexes have moved comfortably above the model's respective moving averages. We will continue to manage risk appropriately in the fund and monitor sentiment for further signs of extreme levels of bullishness.

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.