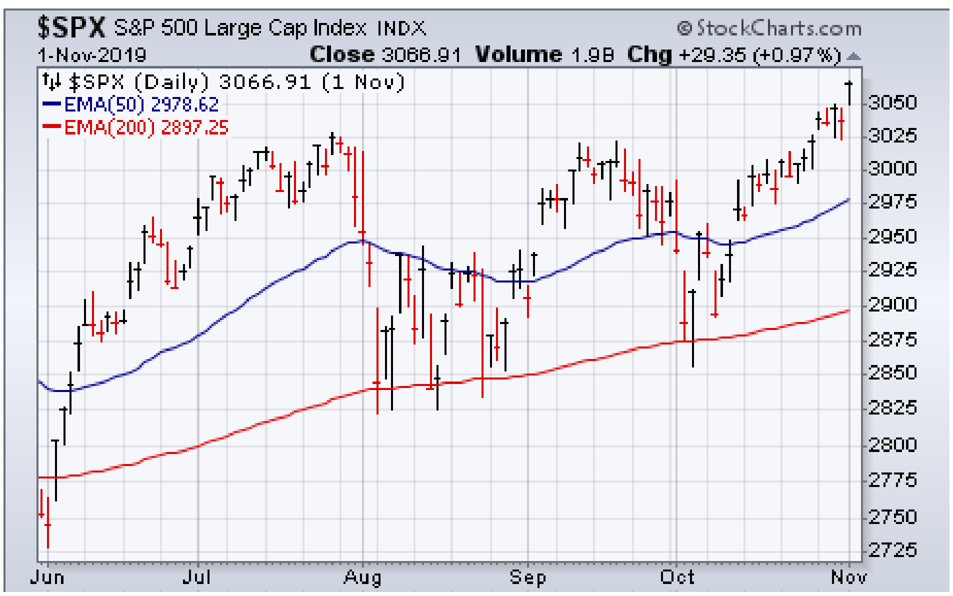
ACM Dynamic Opportunity Fund

Monthly Commentary

OCTOBER 2019

The stock market entered the month of October in defensive mode, with the S&P 500 Index having peaked in mid-September and breaking below its 50-day average on the first trading day of the month. That day also saw the release of the weakest ISM Manufacturing Index since 2009. The ISM Index fell to 47.8, well below the 50-level that marks the line of demarcation between expansion and contraction. This sparked renewed worries over recession, and led to a rotation out of stocks and into Treasuries (safe-haven trade).

The weakness only lasted a couple of weeks before Q3 earnings season started and gave investors something more tangible to think about. Expectations for earnings growth had become quite subdued in the weeks leading up to the start of earnings season, but once the reports started coming in mostly better than expected, stocks quickly began moving higher and haven't looked back since.



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.

Stocks continued to recover in the back half of the month as earnings reports mostly topped expectations. Additionally, a positive spin was put on the weak economic data as markets started to price in another Fed rate cut at month end. Fed liquidity has been a big support for the market all year and investors seemed pleased to see another rate cut on the horizon – never mind the fact that rate cuts are usually only needed when the economy is sufficiently weak.

As for investor sentiment, it too flashed highly bearish readings early in the month, but started to thaw toward the end of the month. To wit, the AAII survey showed more bears than bulls for 3 straight weeks into mid-October. And the CBOE put-call ratio hit some of its highest levels since last December. So investor sentiment reached (bearish) levels that are often conducive to at least a short-term bounce in the market.

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Our **dynamic hedge model** started the month targeting just 50% net market exposure. It quickly moved lower as the market corrected, getting as low as 20% target exposure in the first week of October. That marked the low for the hedge model, and exposure began to increase as the month wore on. By late October, the hedge model had moved back to targeting 100% exposure.

The **ACM Dynamic Opportunity Fund (ADOIX)** outperformed its benchmark HFRX Index in October, although hedging activity limited gains relative to the broader market. We are confident the worst is behind us in terms of recent underperformance. We have been working diligently to address these issues and implement changes to prevent a reoccurrence of the events that hurt performance this calendar year.

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.

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nvestors 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.