



July 2018

The **ACM Dynamic Opportunity Fund (ADOIX)** returned +0.83% in July versus +0.72% for the HFRX Equity Hedge Index and +1.54% for the Morningstar Long/Short Category. YTD the Fund has returned +2.47% versus +0.97% for the HFRX Index and +1.16% for the Morningstar Long/Short Category.

The performance data quoted here represents past performance. Current performance may be lower or higher than the performance data quoted above. Past performance is no guarantee of future results. The investment return and principal value of an investment will fluctuate so that investor's shares, when redeemed, may be worth more or less than their original cost. The Fund's investment adviser has contractually agreed to reduce its fees and/or absorb expenses of the Fund, at least until April 30, 2018, to ensure that the net annual fund operating expenses will not exceed 2.40% for Class A shares and 2.15% for Class I shares, subject to possible recoupment from the Fund in future years. Maximum sales charge for Class A shares is 5.75%. Please review the fund's prospectus for more information regarding the fund's fees and expenses. For performance information current to the most recent month-end, please call toll-free 844-798-3833.

Interestingly, despite spending a good portion of the month near 100% target exposure, our **dynamic hedge model** started and ended the month targeting just 60% market exposure. This was due to what looked like another potential market correction but turned out to be just another shallow pullback. As such, our returns in July lagged the broader market due to hedging activity, but still outpaced our benchmark (HFRX).

Outperforming stocks in the Fund came primarily from the financial and healthcare sectors. Laggards were mostly technology and some service stocks. July also saw a spike in volatility surrounding earnings reports that we see each quarter, with several outsized stock price reactions to said reports.

In the chart below, you can see that despite the choppiness in the market in late July, the market continues to sidestep higher and work its way back to the January highs. We view this action as constructive considering the continued negative headlines in the mainstream media. The market has been showing impressive resilience and shrugging off many of the negative headlines, while focusing on the strong underlying fundamentals that persist as a tailwind for the market (earnings growth, GDP growth, low overall inflation and interest rates).



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 we head into the latter part of the year, we anticipate stocks to continue to make new all-time highs and for the market to finish strongly once the mid-term elections are behind us. Historically speaking, its normal to see heightened volatility in the summer months of a mid-term election year, with the strongest period coming after elections. This year seems to be shaping up in similar fashion.

Many of our stocks have performed well year-to-date, and could be taking a short breather as the market has been consolidating sideways. If the market does in fact finish the year in strong fashion, we would expect many of our holdings to continue to lead the way.

Thank you for your continued support.

Sincerely,

*Jordan L. Kahn, CFA
 Chief Investment Officer*

Sources: Standard & Poor's, Morningstar, HFR

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. VIX Index – The CBOE Volatility Index, known by its ticker symbol VIX, is a popular measure of the stock market expectation of volatility implied by S&P 500 index options, calculated and published by the Chicago Board Options Exchange. (CBOE) It is colloquially referred to as the fear index or the fear gauge. 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. Reflation Trade- A fiscal or monetary policy designed to expand a country’s output and curb the effects of deflation.

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/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.