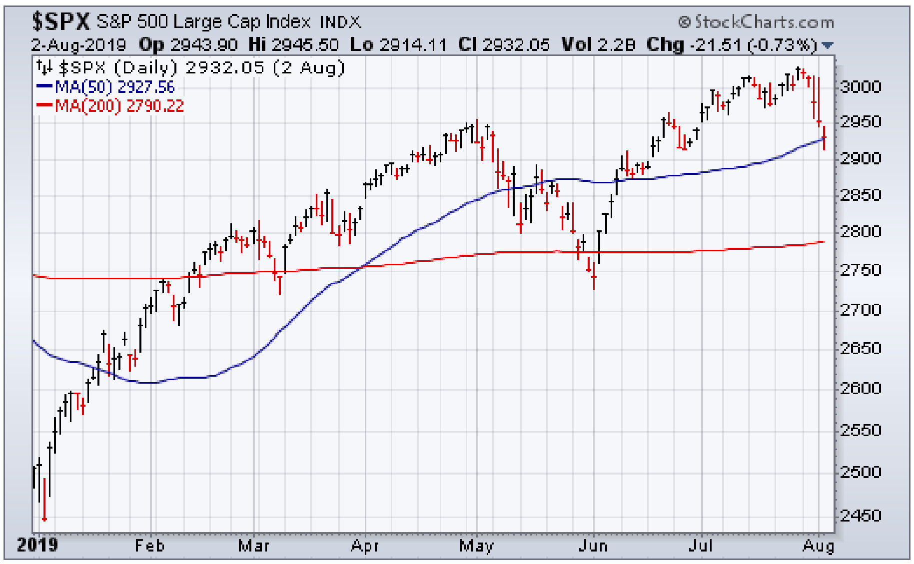
July 2019

The **ACM Dynamic Opportunity Fund** (ADOIX) performed well in July, outpacing all of its comparative benchmarks. The fund benefitted from the overall uptrend in the broader market, with many underlying portfolio stocks exhibiting exceptional strength. Earnings season was a net positive for the portfolio, with more stocks experiencing upside reactions to quarterly reports vs. negative reactions. Leading stocks primarily came from the technology sector, with a few laggards among consumer service names.

Our **dynamic hedge model** started the month targeting 100% long exposure and stayed within 10% of that target range for the duration of the month. While July was a solid, trending month, the transition into early August looks like it is starting to see emerging signs of weakness. Investors will recall that the months of Aug.-Oct. are among the most volatile seasonally. As such, we will be diligent in monitoring our hedge model and managing risk on a daily basis.



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.

While the stock market reached new record highs in July, the bond market is sending very different signals. We usually only focus on equities in these missives, but we would be remiss not to mention the signals emanating from fixed income markets currently. To wit, despite a solid economic backdrop in the U.S. bond yields have been unable to bounce all year. Quite the opposite, bond yields have continued to stair-step lower and now look poised to break recent support and test multi-year lows (on the 10-year Treasury Note).

It is rare to see this large of a divergence, with stocks making record highs and bond yields making a series of lower lows. The former is a sign of strength in the economy, while the latter is a sign of stagnating growth. So which one is correct? Hard to say, and probably not an apples-to-apples comparison because both could be right if you consider varying time frames. Stocks could be forecasting continued strength in the near-term, while the bond market could be signaling longer-term concerns about a potential slowdown.

Additionally, we have the current phenomenon of extremely low bond yields across the globe, with $15 trillion of actual *negative* yielding bonds – but that is another story. So there is a downward pull to yields in the U.S. As a result of the longest economic expansion in U.S. history, there has been an historic buildup in debt to levels never seen. So there are amplified risks that warrant heightened diligence.

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.

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