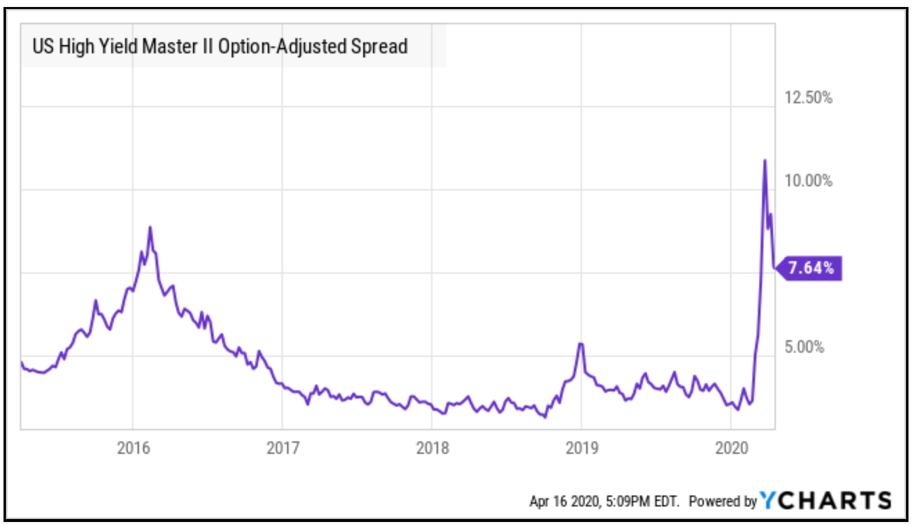
ACM Tactical Income Fund

Monthly Commentary

March 2020

March was a historic month in the markets, and the relative calm the fixed income markets usually enjoy versus the equity markets was noticeably absent. The coronavirus news began to affect the markets in February, but it was March when the panic selling morphed into all out liquidation that caused dislocations in heretofore "safe" asset classes.

It was no surprise when 'risk-on' areas of the fixed income market – namely high yield and bank loans – started to come under selling pressure. We have seen in many past stock market selloffs that the riskier areas of the fixed income market get hit also. High yield in particular has long been regarded as the poster child for excesses that got built up in the system after a decade long bull market. In the chart below, you can see that high-yield spreads (the "fear gauge" of the bond market) started to blowout in a big way, quickly topping the 2016 highs during the last recession scare. The bears worried that defaults would sky rocket in the next credit crunch/recession, and the huge number of bonds that were barely investment-grade would exacerbate the pain as downgrades pushed them into the junk bond pool (where there is less liquidity).



Past performance does not guarantee future results.

Most of the time, when fixed income investors rotate out of 'risk-on' sectors, there is a normal rotation into 'risk-off' areas – i.e. treasuries, agency bonds, and munis. This time around the forced liquidations were so severe that even safe-haven sectors like MBS and munis saw sharp plunges. This went on for several days, and even began to spook money market funds. Ultimately, the Fed recognized the need for liquidity injections to keep these markets functioning normally. On March 23rd, the Fed announced liquidity programs for restarting QE, a renewed TALF facility, and also programs to support money markets and muni bonds.

Since our Fund generally rotates into defensive risk-off sectors when these selloffs occur, we were stopped out of more positions that normal resulting in the highest cash position since inception. The most important thing during these periods is to focus on risk management and avoid outsized drawdowns. We know that if we are successful in managing downside risk, then it will take far less time to recoup any losses when markets turn and a new upcycle is at hand.

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While one might assume that with all the selling occurring across so many fixed income sectors, safe-haven Treasuries must have enjoyed a straight-shot higher during the month. But the chart below of the 10-year Treasury yield shows a wild ride there as well. Bond yields entered the month at the 1.12% level, but quickly plunged all the way down to a new record low of 0.40%. From there, yields rose sharply mid-month and spiked back to 1.27%. But that level too was unsustainable and by month end yields have drifted lower again to finish at 0.70%. As you can imagine, our positions in long-dated Treasury ETFs had a bumpy ride.

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The blue line above represents the 50-day moving average of the 10-Year US Treasury Index.

The **ACM Tactical Income Fund** (TINIX) performed decently in March, given all of the market volatility and dislocations we described above. Our main goal was to manage risk into the panic selloff and not let losses get out of hand. To that end, we were pleased with results relative to many of our peers. On a YTD basis, the Fund was down in the very low single-digits, which is not a very deep hole at all.

We want to thank all of you for your continued support.

Sincerely,

Jordan L. Kahn, CFA
Chief Investment Officer

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

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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/tactical-income-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.