



**March 2019**

The **ACM Tactical Income Fund (TINIX)** returned +0.68% in March versus +1.92% for the Barclays US Aggregate Bond Index (AGG). YTD the Fund has returned +1.65% vs. +2.94% for the AGG. The Fund also paid an income distribution equivalent to a 4.58% yield.

*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. For performance information current to the most recent month-end, please call toll-free 844-798-3833.*

*The Fund's investment adviser has contractually agreed to reduce its fees and/or absorb expenses of the Fund, at least until April 30, 2021, to ensure that the net annual fund operating expenses will not exceed 2.13% for Class A shares and 1.88% 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.*

The Fund had been performing in-line with its benchmark, but trailed during March after the mid-month drop in long-term interest rates and corresponding spike in Treasury prices (see chart below). Treasury prices rallied in March, making both long-term as well as intermediate Treasury bonds performance leaders for the month. The Fund has a small position in long-term Treasuries but no exposure to Intermediate Treasuries. This was the biggest factor in terms of performance attribution for March.



Past performance does not guarantee future results.

The blue line above represents the 50-day moving average. The red line above represents the 200-day moving average.

The reason the Fund had little exposure to treasuries is because they are among the lowest yielding bonds in our model. Recall that if a large number of fixed income sectors that we track are all indicating full positions in the model, we then rank them from highest yielding to lowest. That means that

securities like low-yielding Treasuries got smaller allocations while higher yielding sectors got full positions in the Fund.

In addition to Treasuries, investment-grade corporates, emerging market bond, and mortgage REITs were positive contributors for the month. The biggest laggards were bank loans and convertible securities. Bank loans were actually down in March as the drop in interest rates soured investor sentiment for floating-rate bonds.

The drop in long-term bond yields is somewhat perplexing for those strategists that have highlighted the recent pickup in economic activity in the U.S. The message of the bond market is also at odds with that of the stock market, which continues to march higher even as bond yields signal caution.

The Fed signaling a more dovish tone – and the fed funds futures pricing in rate *cuts* later this year – certainly has weighed on bond yields and emboldened traders to push Treasury prices higher. We have also seen inflationary pressures ease, and several central banks lower their inflation outlooks which has caused bond yields across most countries to fall, not just here in the U.S.

If you look at the level on the U.S. 10-year Treasury bond relative to many other developed nations (see table below), it is still very high. That is quite possibly another factor that has kept a lid on yields – the gravitational pull of lower bond yields around the globe.

Country	Latest yield
Australia	1.81%
Austria	0.28%
Belgium	0.45%
Canada	--
Denmark	0.05%
Finland	0.31%
France	0.36%
Germany	-0.02%
Greece	3.78%
Ireland	0.60%
Italy	2.50%
Japan	-0.07%
Netherlands	0.18%
New Zealand	1.89%
Portugal	1.31%
Spain	1.11%
Sweden	0.22%
Switzerland	-0.40%
UK	1.00%
US	2.42%

source: FT.com

Nonetheless, we will continue to follow our model in guiding our sector allocations without the need to predict the next move in interest rates.

Thank you for your continued support.

*Sincerely,*

*Jordan L. Kahn, CFA  
Chief Investment Officer*

Sources: Standard & Poor's, Stockcharts.com, Morningstar

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 Tactical Income 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 Tactical Income 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.**