



October 2017

The **ACM Dynamic Opportunity Fund (ADOIX)** performed well in October, returning +1.62% versus +0.79% for the HFRX Equity Hedge Index, and +0.94% for the Morningstar Long/Short Equity category. The biggest gains for the month came primarily from our tech holdings, which resumed their year-long leadership after a brief pause in September. Laggards came mostly from healthcare.

Year-to-date the Fund has returned +16.01%, handily outperforming its benchmark HFRX Equity Hedge Index (+7.92% ytd) by 810 basis points, and outperforming the Morningstar Long/Short category (+7.96% ytd) by 806 basis points.

The month of October continued to defy bearish calls that the market was overdue for a correction, and that the typical seasonality that often surfaces in October would cause this prediction to come to fruition. Such was not the case, as stocks started strong out of the gate on the first day of the month and added to gains as the month progressed. Additionally, Q3 earnings season got underway with many companies reporting earnings and revenue growth that beat consensus expectations. This helped provide a strong underpinning to the positive stock action.

Our **dynamic hedge model** entered the month of October targeting 100% net exposure to the market, and hovered in the 90-100% target range for the entire month. Once again, our hedge model is designed to keep the Fund fully invested during strong uptrends. It does not try to guess when an “overdue correction” might be at hand. Rather, on a daily basis the hedge model adjusts dynamically to the market. As such, the model will serve as a guide when the time comes to reduce risk and thus reduce exposure to equities

Many investors that have missed capitalizing on the stock rally this year continue to complain that the market is overvalued and only going up on hype. We would argue that this year’s rally has actually been fully supported by underlying earnings growth. That is, the S&P 500 Index has gone up by a commensurate amount relative to the growth in corporate profits. To wit, earnings estimates for FY2017 are projected to grow by 17.8% over 2016. The S&P 500 Index is up 15.0% through 10/31/17. Not much disparity there. We remain constructive on this market.

Thank you for your continued support.

Sincerely,

*Jordan L. Kahn, CFA
Chief Investment Officer*

Sources: Standard & Poor’s, Morningstar, HFR

5889-NLD-11/17/2017

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. Morning Star 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 the 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/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.