



## September 2019

The ACM Tactical Income Fund (TINIX) performed relatively in-line with its benchmark in the month of September.

The top performing assets were more of the “risk-on” variety, which performed well as the equity markets rallied post-Labor Day. While the yield on the US 10-Year threatened to break below 1.40% coming into the month, improving investor sentiment sent yields as high as 1.90% mid-month as dollars flowed out of government bonds and back into stocks. After the alleged Iranian attack on Saudi oil infrastructure, investors were reminded of the ongoing geopolitical tension in the Middle East and the US 10-Year yield fell from its mid-month peak, however it closed out the month nearly 20bps higher than where it began.

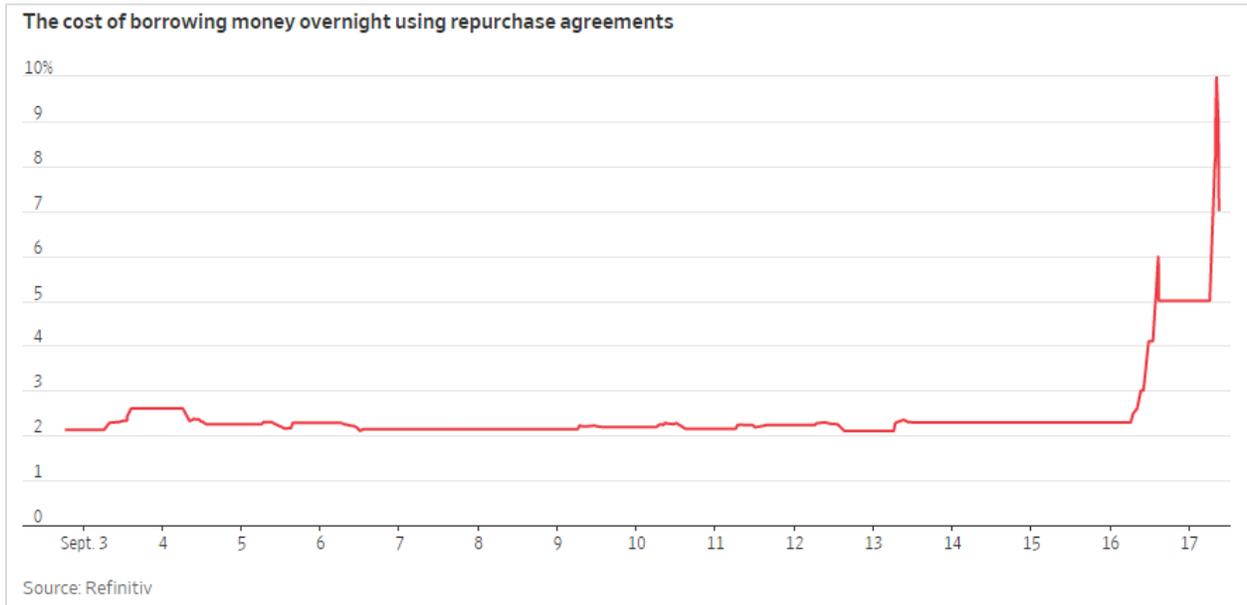


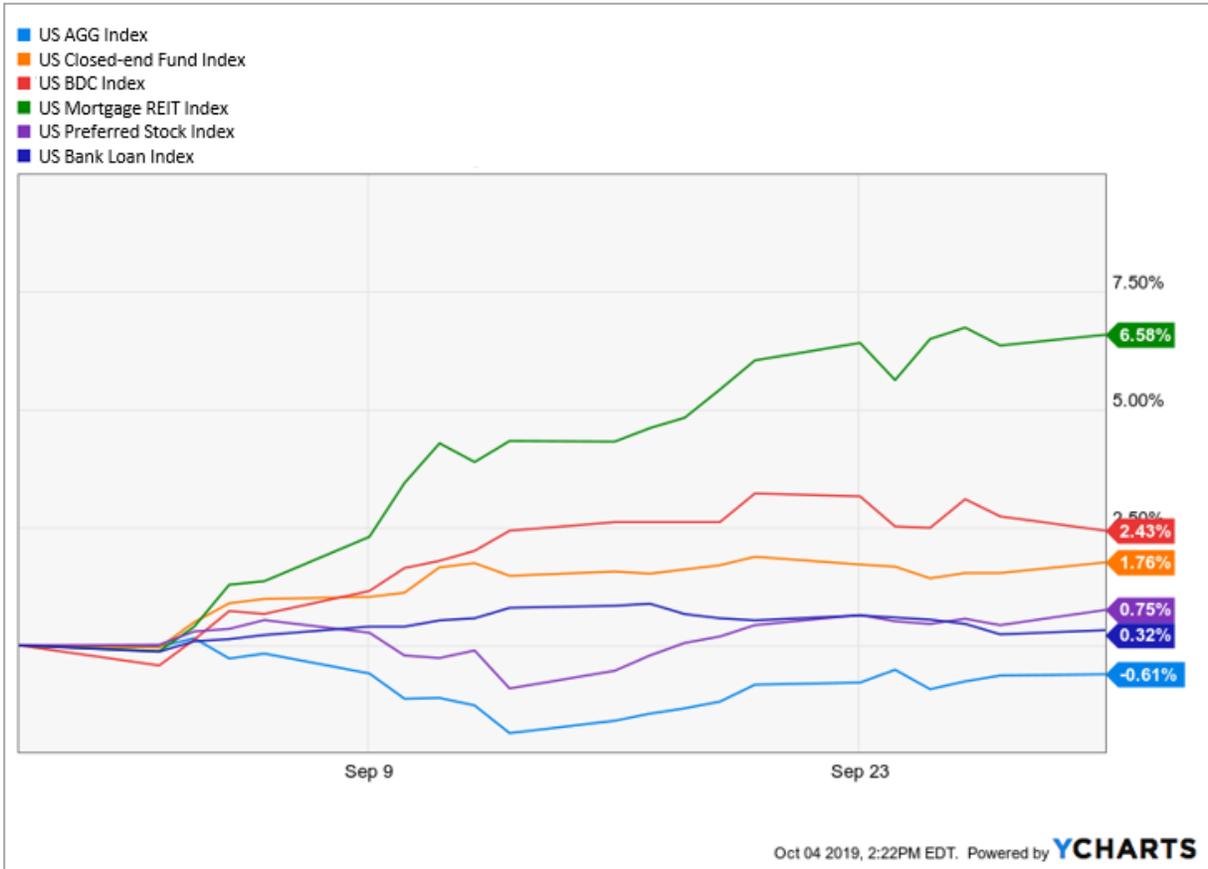
Past performance does not guarantee future results.

In mid-September, the ECB announced a restarted QE program. While the monthly amount, approx. 20bn euros is not drastic, the open-ended nature of the program (with no end date or total amount stated) pushed European bond yields lower for the rest of the month. On the home front, CME FedWatch indicated that traders increasingly expected the FOMC to cut rates as probabilities of a 25bps cut jumped to 75% ahead of the September meeting and jumped again for an expected cut next month.

In a curious, and somewhat startling, episode in September, short term borrowing rates skyrocketed in the overnight repo markets, a key piece of the Wall Street money market system. Rates are usually in-line with the Fed's fed funds rate, however rates spiked over three days to a high of 10% at one point. This episode stoked worries about liquidity concerns. To combat this situation, the Fed instituted a few repo programs to lend money against treasuries and agency MBS to increase cash in the system. The immediate catalyst appeared to be the confluence of a corporate tax bill deadline for companies that

sucked cash out of money market securities and the settlement of the latest Treasury action that turned cash into securities. The broader implication of this episode, however, is the historically low reserve requirements at US financial institutions. Banks and hedge funds rely on these markets for funding and defaults and trading losses can cause them to tap into this market which, my all accounts, has less liquidity than in the past due to such low reserve requirements.





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Our *Dynamic Allocation Model* caps the ACM Tactical Income fund's exposure to any particular asset class to 12% which helped prevent additional downside experienced by funds with high exposure to treasuries, emerging markets bonds, and munis.

Sincerely,

The Management team at ACM Funds

Sources: Standard & Poor's, Stockcharts.com, Morningstar, FRED, YCharts, WSJ, TCW

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.**