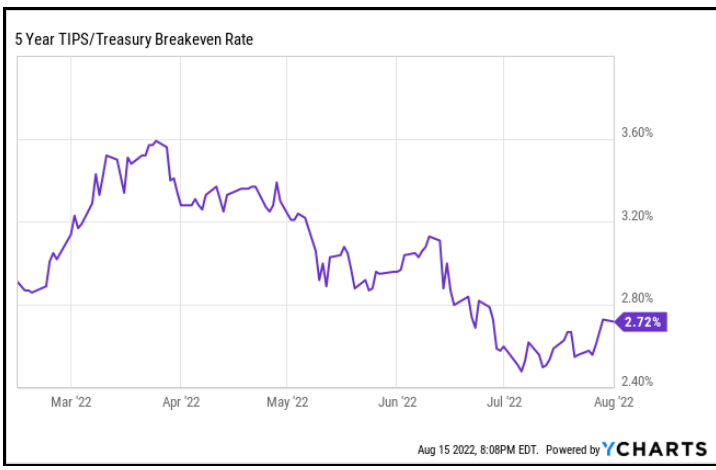
# ACM Tactical Income Fund

Monthly Commentary

**July 2022**

Fixed income markets got a reprieve from the downtrends that have been in place since the start of the year, but it was not because the Fed let up from pushing on the brakes. Quite the opposite, the Fed raised rates another 75 basis points in July and continued to forecast further rates for at least the next several FOMC meetings. They continue to cite elevated inflation as public enemy #1. And with stock markets bouncing and unemployment still low (for now), they seem to have plenty of cover to continue on their mission.

So, while the short-end of the yield curve continues to move higher – due to the current and forecasted rate hikes – the long-end of the yield curve peaked in June and continue to move lower in July. Longer-dated Treasuries are much more sensitive to long-term inflation *expectations* as well as the prospects for economic growth. If you look at the chart below of 5-yr inflation expectations, you can see that they peaked back in late March and then proceeded to decline by over 100 basis points. So, it was just a matter of time before this started to be reflected in the 10-year Treasury yield.





Past performance does not guarantee future results.
The blue line above represents the 50-day moving average.

As for the economic growth component of long-term yields, it makes sense that the higher the Fed raises interest rates, the more likely it is that economic growth will slow. After all, that is the goal at the Fed—to raise rates high enough to dampen aggregate demand in the economy sufficiently enough to ease the current inflationary pressures.

And so, the cycle begins, whereby the Fed continues to raise rates to dampen economic growth, and the long-end of the curve starts to fall to such an extent that the yield curve becomes inverted. Once the yield curve becomes inverted, it's a pretty solid signal that a recession is in the offing. The only question is with the lag time that ensues between the yield curve signal and the actual onset of inflation.

We'll let others debate how long they think the lag time might be. Given that we have already seen two consecutive quarters of negative GDP growth, it isn't a stretch to postulate that the economy has likely already entered recession.

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The chart below shows the continued flattening of the yield curve that has actually been taking place since early 2021. But this year is has become more pronounced, and the yield curve is now deeply inverted (-40 bps).


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.

As for fixed income ETFs, the easing of inflation expectations helped most beaten-down areas of the market bounce in July. We were able to put a significant portion of our cash balance to work in newly up trending ETFs. The biggest gainers for the Fund were preferreds, closed-end funds, floating rate funds, and munis. But gains were fairly widespread with few areas of the market remaining in downtrends.

The **ACM Tactical Income Fund** (TINIX) returned 1.37% in July, a little less than the 2.44% bounce in the Bloomberg AGG Index. The lag was mostly due to starting the month with high cash, which was a drag on performance until it gets invested. The Fund is down -4.39% YTD, which remains far less than the AGG which is down -8.16% this year.

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, Briefing.com*

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Monthly Commentary

**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 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.**

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.

## Portfolio Management

**Jordan L. Kahn, CFA**
*Chief Investment Officer*
Mr. Kahn nearly 30 years of experience in the investment industry serving as a senior portfolio manager, equity research analyst, and investment consultant. Mr. Kahn received his Master's of Science in Financial Markets and Trading from the Stuart School of Business at the Illinois Institute of Technology.

## Fund Profile *As of 7/31/2022*

**Inception Date** 12/31/2018

**Style** Tactical Income

**Benchmark** Bloomberg US Aggregate

## Risk Metrics *As of 7/31/22*

**Beta** 0.53

**Standard Deviation** 4.78

## Fund Overview

The ACM Tactical Income Fund is designed as a core investment for investors seeking income generation, while also focusing on capital preservation. The fund employs a tactical strategy which aims to capture attractive income opportunities and mitigate downside risk when markets experience downturns.

We strive to help our investors participate in the gains available from financial markets, while mitigating the downside risk

## Performance *As of 7/31/2022*

| | 1-mth | 3-mth | YTD | 1-Yr* | 3-Yr* | Since Inception* |
|---|---|---|---|---|---|---|
| **TINIX** | 1.37% | -0.05% | -4.39% | -8.29% | 0.65% | 1.73% |
| Bloomberg US Agg Bond | 2.44% | 1.49% | -8.16% | -10.29% | -0.93% | 0.90% |
| Morningstar NT Bond | 1.64% | -1.35% | -5.17% | -7.01% | 0.16% | -2.69% |

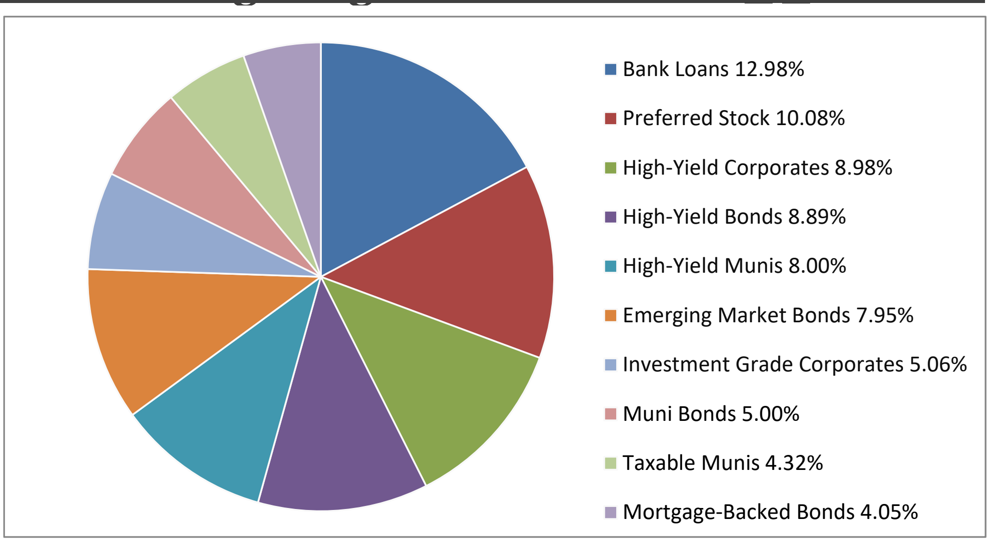
*As of 6/30/22

***Investments in mutual funds involve risks. Performance is historic and does not guarantee future results. Investment principal value will fluctuate with changing market conditions so that when redeemed, shares may be worth more or less than their original cost. Current performance may be lower or higher than the performance data quoted. To obtain the most recent month end performance information or the Fund's prospectus please call the fund at 1-844-798-3833. You can also obtain a prospectus at www.ACM-funds.com.***

***The fund's maximum sales charges for Class "A" shares is 5.75%. Actual Total Annual Fund Operating Expenses are 2.36% for Class A and 2.11% for Class I shares. The adviser has contractually agreed to reduce its fees and reimburse expenses of the Fund, at least until April 30, 2022, to ensure that the net annual fund operating expenses will not exceed 2.07% for Class A shares and 1.82% for Class I shares, subject to possible recoupment from the Fund in future years.***

***Please review the fund's prospectus for more information regarding the fund's fees and expenses. For performance information current to the most recent month-end, please call toll-free 1-844-798-3833.***

## Sector Weightings *As of 7/31/2022*




There is no assurance that the Fund will achieve its investment objectives.

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*Mutual funds involve risk including possible loss of principal. Adverse changes in currency exchange rates may erode or reverse any potential gains from the Fund's Investments. ETF's are subject to specific risks, depending on the nature of the underlying strategy of the fund. These risks 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 underlying funds that own small and mid-capitalization companies may be more vulnerable than larger, more established organizations. Derivative instruments involve risks different from, or possibly greater than, the risks associated with investing directly in securities and other traditional investments. Investments in foreign securities could subject the Fund to greater risks including, currency fluctuation, economic conditions, and different governmental and accounting standards. In addition to the risks generally associated with investing in securities of foreign companies, countries with emerging markets also may have relatively unstable governments, social and legal systems that do not protect shareholders, economies based on only a few industries, and securities markets that trade a small number of issues.*

*Investors bear the risk that the Fund may not be able to implement its investments strategies or attract sufficient assets. Purchased put options may decline in value or expire worthless and may have imperfect correlati0on to the value of the Fund's portfolio securities. Written call and put options may limit the Fund's participation in equity market gains and may amplify losses in market de declines. The Fund's losses are potentially large in a written put or call transaction. If unhedged, written calls expose the Fund to potentially unlimited losses. The Fund will incur a loss as a result of a short position if price of the short position instrument increases in value between the date of the short position sale and the date on which an offsetting position is purchase. Short positions may be considered speculative transactions and involve special risks, including greater reliance on the ability to accurately anticipate the future value of a security of instrument. The Fund's losses are potentially large in a short position transaction.*

***Beta** is a measure of systemic risk. **Standard Deviation** is a statistical measurement. It sheds light on the historical volatility of that investment. The greater the standard deviation of a security, the greater the variance between each price and the mean, indicating a larger price range.*

*The **Bloomberg U.S. Aggregate Bond Index** is an unmanaged, fixed income, market-value-weighted index generally representative of investment grade fixed-rate debt issues, including government, corporate, asset-backed, and mortgage-backed securities with maturities of at least one year. The Bloomberg U.S. Aggregate Bond Index figures do not reflect any fees, expenses, or taxes. An investor cannot invest directly in an index.*



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