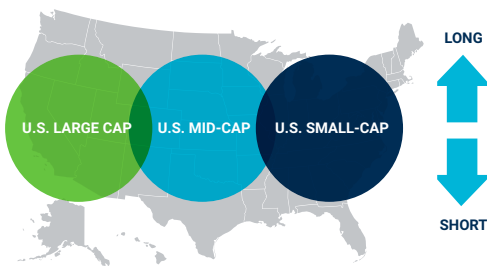


ASSETS AS OF DECEMBER 31, 2018

\$12,556,229


Alternative Growth Fund

Monthly Portfolio Update & Commentary | December 2018



The Longboard Alternative Growth Fund I (LONGX) received 3 stars from Morningstar out of 199 long/short equity funds for the 3-year period ending December 31, 2018 based on risk adjusted returns.

RECAP

The Longboard Alternative Growth Fund returned +1.01% in December. This modest gain was notable as the S&P 500 posted its worst December (-9.03%) since 1931 (-14.53%).

While December is generally a friendly month for U.S. Equities, this month's losses pushed the S&P 500 2018 return to -4.38%. That represents the worst year since 2008, bringing back memories of the Global Financial Crisis. There were several ups and downs on the year as major U.S. indexes saw all-time highs and multiple corrections. Markets reached record levels early in the year before being hit by February's volatility. After this correction, indexes rebounded into Q3 to re-take all-time highs. This lack of clear trends caused some difficulties for the fund at times, leading to underperformance as markets broke down in late Q3. However, as we highlighted last month, the fund significantly de-risked and repositioned allowing it to outperform heading into year's end. Overall the fund ended -7.43% on the year.

Looking closer, the poor equity market performance in December was a culmination of issues that had been discussed all year. One of these issues involved trade wars as investors appeared to have grown weary of empty promises in trade talks between the United States and China. At home, turmoil in the U.S. government worsened as President Trump saw his acting Chief of Staff and Defense Secretary resign, while the U.S. government

FUND PERFORMANCE

(Performance as of 12/31/18)

CLASS	TICKER	1Y AS OF 12/31/18	3Y AS OF 12/31/18	SINCE INCEP TO 12/31/18
I (NAV)*	LONGX	-7.43%	4.38%	3.60%
A (NAV)**	LONAX	-7.69%	4.09%	3.61%
A (Max Load)**	LONAX	-13.06%	2.06%	1.62%

*INCEPTION DATE: 3/19/15 **INCEPTION DATE: 12/09/15

The performance data quoted here represents past performance. Current performance may be lower or higher than the performance data quoted above. Investment return and principal value will fluctuate, so that shares, when redeemed, may be worth more or less than their original cost. Past performance is no guarantee of future results. For performance information current to the most recent month-end, please call toll-free 855.294.7540

**Inclusive of maximum sales load of 5.75%. Total annual operating expenses are 2.24% and 1.99% for Class A and I respectively.

Long: Buying an asset such as a stock, commodity or currency, with the expectation that the asset will rise in value.

Short: Selling an asset such as a stock, commodity or currency, with the expectation that the asset will decrease in value.

December 2018 Longboard Alternative Growth Fund: Monthly Commentary

entered a partial shutdown over budget issues surrounding a U.S.-Mexico wall. Meanwhile, the Federal Reserve did little to ease these tensions as the Fed unanimously voted to raise the federal funds rate in its December meeting. Despite lowering the projection for rate hikes in 2019 from 3 to 2, markets interpreted this, and Fed Chairman Jerome Powell's comments that followed, as hawkish. These domestic concerns along with a slowing global economy provided no place to hide as all sectors ended lower for the month.

OUTLOOK

While posting positive returns in December the Longboard Alternative Growth Fund continued to tactically shift to a more defensive posture as economic conditions worsened. The fund entered December with below average exposure to the market and continued to trim positions into month's end. Not only did the fund cut exposure to the overall market but also rotated into more defensive sectors.

Last month the portfolio began notably shifting into defensive sectors such as Utilities and Real Estate which now represent our largest exposure. Financials which had long been the biggest position in the fund were cut significantly. There were few notable additions to the fund as it continued to trim larger-cap stocks. Over the last several months we liquidated positions in Amazon and Apple, and in December closed positions in household names such as Microsoft and JP Morgan.

Despite the volatile end to the year the fund remains selectively invested in the market. Regardless of how 2019 begins, we expect it to have low market sensitivity in the coming months. If the market continues to falter, the fund can reduce its exposure even further. However, if an uptrend emerges the fund will remain flexible and can deploy resources to whichever part of the market breaks. This tactical, systematic strategy can help investors manage emotions in today's current market cycle.

LONGX BETA ADJUSTS AS MARKET DECLINES

Rolling 12 Week Beta* to S&P 500

3/29/2015 - 12/29/2018



Investments cannot be made directly in an index. Past performance is not a guarantee of future results.

S&P 500: A stock market index based on the market capitalization of 500 leading companies publicly traded in the U.S. stock market, as determined by Standard & Poor's.

HOW TO INVEST

Visit longboardfunds.com or call us at 800.290.8319



LONGBOARD



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The Morningstar Rating™ for funds, or “star rating”, is calculated for managed products (including mutual funds, variable annuity and variable life subaccounts, exchange-traded funds, closed-end funds, and separate accounts) with at least a three-year history. Exchange-traded funds and open-ended mutual funds are considered a single population for comparative purposes. It is calculated based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a managed product’s monthly excess performance, placing more emphasis on downward variations and rewarding consistent performance. The Morningstar Rating does not include any adjustment for sales loads. The top 10% of products in each product category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars, and the bottom 10% receive 1 star. The Overall Morningstar Rating for a managed product is derived from a weighted average of the performance figures associated with its three-, five-, and 10-year (if applicable) Morningstar Rating metrics.

PROSPECTUS OFFERING DISCLOSURE

Investors should carefully consider the investment objectives, risks, charges and expenses of the Longboard Alternative Growth Fund. This and other important information about the Fund is contained in the prospectus, which can be obtained by calling 855.294.7540. The prospectus should be read carefully before investing.

The Longboard Alternative Growth Fund is distributed by Northern Lights Distributors, LLC, a FINRA/SIPC member. Longboard Asset Management, LP, is not affiliated with Northern Lights Distributors, LLC.

MUTUAL FUND RISK DISCLOSURE

Mutual funds involve risk including possible loss of principal.

There is a risk that issuers and counterparties will not make payment on securities and other investments held by the fund, resulting in loss. The fund’s use of derivatives (including futures, forward contracts and swap agreements) involves risks different from and possibly greater than those associated with investing directly in securities including leverage risk,

counterparty default risk, tracking risk and liquidity. The price of equity security fluctuates based on changes in a company’s financial condition and overall market and economic conditions. Investments in ETFs may involve extra expenses and may not perform as expected and may not replicate the performance of the underlying index.

Fixed income securities could lose value due to interest rate changes. ADRs are subject to fluctuations in foreign currencies, political and economic instability, differences in financial reporting, security regulation, trading and taxation issues. The successful use of forward and futures contracts draws on the Adviser’s skill and experience in predicting market movement. Risks include imperfect correlation, illiquid secondary markets, unanticipated market movements, counterparty default, and potentially selling securities when disadvantageous to do so. The success of the fund’s hedging strategy is subject to the Advisor’s ability to correctly assess market performance and correlation of the instruments used in the hedging strategy and the investments in the portfolio.

The fund may trade more, incurring higher brokerage fees and tax liability to shareholders. The fund has a limited history of operation and an investment entails a high degree of risk. Large Cap companies may be unable to respond quickly to new competitive challenges such as changes in consumer tastes. Small Cap and Mid-Cap companies may be volatile and vulnerable to adverse business or economic events. The fund is ‘non-diversified’ and changes in the value of a single security may have a significant effect on the fund’s value. The fund may have investments that appreciate or decrease significantly over short periods. The value of REIT securities may be adversely affected by changes in the value of the underlying property the REIT holds. Short positions may be considered speculative and losses are potentially unlimited.

Beta: A measure of a fund’s sensitivity to market movements.

S&P 500: A stock market index based on the market capitalization of 500 leading companies publicly traded in the U.S. stock market, as determined by Standard & Poor’s.

3028-NLD-1/9/2019

