

	MTD	YTD	1 Year	3 Year	5 Year	10 Year	Since Inception
BEQIX (Month-End)	-0.34	4.04	4.91	9.01	-	-	5.55
Russell 2000 Index	1.59	0.98	0.57	10.08	7.50	14.04	7.21
Morningstar Cat. Avg.	0.55	-2.18	-1.32	2.93	2.36	3.83	2.17
BEQIX (Quarter-End)	-1.37	7.28	10.50	10.72	-	-	6.44

Month-end data above is through 11/30/18 and quarter-end is through 09/30/18. Fund Inception: 12/31/13

Total operating fund expense as of 03/01/18: 2.60% (Gross), 2.56% (Net). Includes dividend and interest expense on short sales, acquired fund fees and expenses. When excluded the net with limitation expense ratio is 2.19%. See page 3 for more information.

*Performance data quoted represents past performance; past performance does not guarantee future results. The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance of the fund may be lower or higher than the performance quoted. The fund imposes a 1.00% redemption fee on shares sold within 60 days. For performance information current to the most recent month-end, please call toll free 855-854-7258.*

## MONTHLY FUND REVIEW

The Balter L/S Small Cap Equity Fund returned -0.34% for November compared to +1.59% for the Russell 2000 Index and +0.55% for the Morningstar Long/Short Equity Category Average. The long portfolio detracted -0.2% and the short portfolio detracted -0.1% during the month, on a gross basis. The portfolio averaged 69.4% long and -24.4% short, resulting in average net exposure of 45% and average gross exposure of 93.8%.

## MONTHLY COMMENTARY

November proved to be a difficult month for the Fund with the strategy losing -0.34% compared to a gain of +1.59% for the Russell 2000 Index. While we are disappointed with the loss, giving back some alpha after a strong month like October is not uncommon. Lower quality names tend to rally the sharpest after market corrections, which generally negatively impacts long/short equity funds as they tend to be long higher quality companies and short lower quality companies. Between the beginning of October and the end of November, the Fund is down -3.03% compared to -9.44% for the Russell 2000 Index.

Equity markets have been in sharp correction mode so far in Q4 with losses totaling more than -18% for the Russell 2000 Index and more than -12% for the S&P 500 Index through December 17th. The last time we saw losses of this magnitude was during the financial crisis in 2008. While we do not like to incur losses, we are pleased with the fund's performance during this period, capturing less than half of the drawdown of the Russell 2000 Index. We believe capital preservation during turbulent market environments is crucial in generating compelling long-term returns. Running a long/short strategy that aims to generate returns in excess of the market requires capital preservation during bear markets. We believe our strategy will have net exposure to the market around 50% on average over a market cycle. In order to outperform, we must capture a higher percentage of the market when it is rising than when it is falling. Historically, we believe the fund has been able to achieve this. Market volatility brings opportunity for active managers. Many investors have shifted their equity exposure to passive ETFs or Indices and as a result may suffer losses in conjunction with the broader market. We have long maintained that investors are happy with cheap beta

when the market is rallying but grow weary very quickly when the market heads lower. We are concerned that prevalence of ETFs in investor portfolios may make the market susceptible to sharp downward correction which would present the fund with, what we believe is, a very attractive buying opportunity for new companies that passive investing is not designed to take advantage of.

## POSITION HIGHLIGHT

A long position in Plantronics (PLT), a designer and manufacturer of lightweight communications headsets, was the biggest detractor during the month, costing the fund 0.31%. The stock price dropped -22.2% during the month over poor guidance given on their Q3 earnings call. They recently announced the acquisition of Polycom (PLCM), a developer of video, voice and content collaboration and communication technology. On the surface looks like a smart deal but debt is considerably higher for the combined entity which is being penalized in this environment. The position is currently under review.

As of 11/30/18, Plantronics represented 1.08% of total assets in the Balter L/S Small Cap Equity Fund.

Sincerely,



Brad Balter, CFA  
CEO, Portfolio Manager



Jay Warner, CFA  
Portfolio Manager



Ben Deschaine, CAIA  
Portfolio Manager

*The Fund's investment objectives, risks, charges and expenses must be considered carefully before investing. The prospectus contains this and other important information about the Fund and it may be obtained by calling 1-844-322-8112, or visiting [www.balterliquidalts.com](http://www.balterliquidalts.com).*

Mutual fund investing involves risk. Principal loss is possible. The Fund may use derivatives, including options, which may not perform as anticipated by the Sub-Advisers, may not be able to be closed out at a favorable time or price, or may increase the Fund's volatility. A counterparty's inability to fulfill its obligation may result in financial loss to the Fund. Increases and decreases in the value of the Fund's portfolio may be magnified when the Fund uses leverage.

The fund may make short sales of securities, which involves the risk that losses may exceed the original amount invested. Investments in debt securities typically decrease when interest rates rise. This risk is usually greater for longer-term debt securities. Investments in lower rated and non-rated securities present a greater risk of loss to principal and interest than higher-rated securities. Investing in foreign securities exposes investors to economic, political and market risks, and fluctuations in foreign currencies. The fund may invest in the securities of small and medium sized companies. Small and medium company investing subjects investors to additional risks, including security price volatility and less liquidity than investing in larger companies.

Pursuant to an operating expense limitation agreement between Balter Liquid Alternatives, LLC (the "Adviser") and the Fund, the Adviser has agreed to waive its fees and/or absorb expenses of the Fund to ensure that Total Annual Fund Operating Expenses (excluding interest and tax expenses, dividends on short positions and Acquired Fund Fees and Expenses) for the Fund do not exceed 2.19% and 2.54% of the Fund's average net assets, for Institutional Class and Investor Class shares, respectively, through February 28, 2019. This operating expense limitation agreement can be terminated only by, or with the consent of, the Board of Trustees. The Adviser is permitted to seek reimbursement from the Fund for fees it waived and Fund expenses it paid for the prior three fiscal years, as long as the reimbursement does not cause the Fund's operating expenses to exceed the lower of the current expense cap or the expense cap in place at the time of the waiver or reimbursement. Other expenses include 0.01% in recouped management fees in accordance with the operating expense limitation agreement.

The indices shown are for informational purposes only, are not reflective of any investment, nor are they professionally managed. As it is not possible to invest in the indices, the data shown does not reflect or compare features of an actual investment, such as its objectives costs and expenses, liquidity, safety, guarantees or insurance fluctuation of principal or return, or tax features. There is no guarantee that any investment strategy will achieve its objectives, generate profits, or avoid losses. Returns over one year are annualized and include the reinvestment of dividends and income.

Alpha is a measure of the difference between a fund's actual returns and its expected performance, given its level of risk as measured by beta. Beta is a measure of a fund's sensitivity to market movements. Volatility is a statistical measure of the dispersion of returns for a given security or market index. Maximum drawdown is the maximum loss from a peak to a trough of a portfolio, before a new peak is attained. Russell 2000 is an index measuring the performance of approximately 2,000 small-cap companies in the Russell 3000 Index, which is made up of 3,000 of the biggest U.S. stocks. Both indices are a registered trademark of Russell Investment Group. The S&P 500 Index is a market capitalization weighted index of the 500 largest U.S. publicly traded companies by market value. The S&P 500 is a market value or market capitalization weighted index and one of the most common benchmarks for the broader U.S. equity markets. The S&P 600 is an index of small-cap stocks managed by Standard and Poor's. It tracks a broad range of small-sized companies that meet specific liquidity and stability requirements. This is determined by specific metrics such as public float, market capitalization, and financial viability among a few other factors. The Russell 1000 Index is an index of approximately 1,000 of the largest companies in the U.S. equity market. The Russell 1000 is a subset of the Russell 3000 Index. It represents the top companies by market capitalization. The Russell 1000 typically comprises approximately 90% of the total market capitalization of all listed U.S. stocks. The Morningstar Long-Short Equity Category is an average monthly return of all funds in the Morningstar Long-Short Equity Category, including the Fund. The category contains a universe of funds with similar investment objectives and investment style, as defined by Morningstar. Performance of the indices and Morningstar Category Average is generated on the 1st business day of the month.

Holdings are subject to change and should not be considered investment advice.

The Balter L/S Small Cap Equity Fund is distributed by Northern Lights Distributors, LLC. Balter Liquid Alternatives, LLC is not affiliated with Northern Lights Distributors, LLC, Member FINRA/SIPC. 8586-NLD-12/20/2018.