

# BALTER LIQUID ALTERNATIVES

## BALTER L/S SMALL CAP EQUITY FUND (BEQIX)

### DECEMBER 2018 FACT SHEET



Rated 5-stars by Morningstar for the 3-year period ending 12/31/2018, based on overall risk-adjusted returns, out of 204 funds in the Long-Short Equity category.

### INVESTMENT OBJECTIVE

Seeks to achieve long-term capital appreciation plus income by investing long and short in small caps.

### GOAL

Outperform U.S. equities over a market cycle with less volatility and drawdown.

### STRATEGY

4 sub-advisors taking different approaches to investing long and short in small cap equities with a shared focus on bottom-up, fundamental analysis. 3 of the 4 sub-advisors have hedge fund track records dating back to 2006 or earlier utilizing the same strategy used in the fund.

### FUND STATISTICS

	BEQIX	Category	Index
Annualized Alpha	1.64	-3.55	-
Beta	0.41	0.52	-
Sharpe Ratio	0.49	0.11	0.31
Std Deviation	7.43	5.88	15.43
Treynor Ratio	8.25	0.94	3.70
Max Drawdown	-10.29	-9.74	-22.12

Statistics calculated using monthly returns relative to Russell 2000 Index for BEQIX and S&P 500 Index for the Category Average.

### FUND DETAILS

Sub-Advisors: Midwood Capital Management, 12<sup>th</sup> Street Asset Management, Millrace Asset Group, Intrinsic Edge Capital Management

Benchmark: Russell 2000 Index

Morningstar Category: Long/Short Equity

Fund Size: \$160.8mm

Inception: 12/31/2013

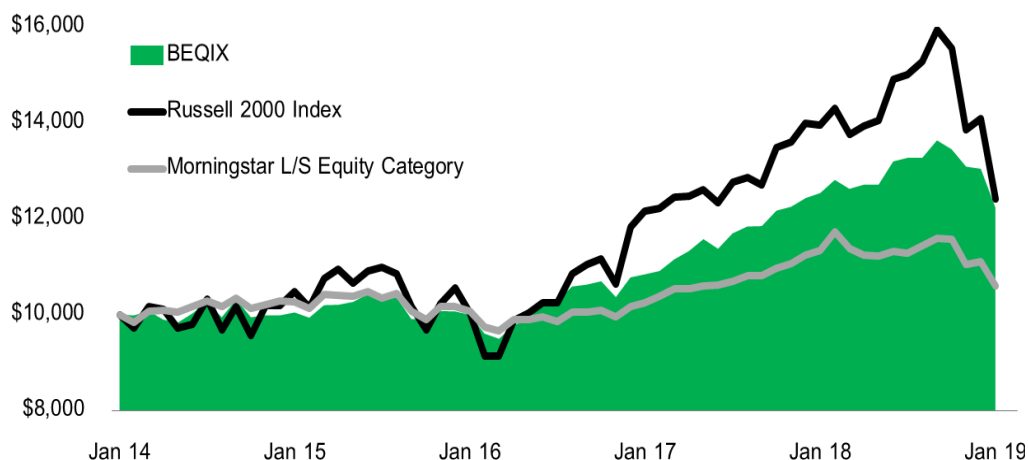
Gross Expense Ratio (Class I): 2.60%

Net Expense Ratio (Class I): 2.56%

*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 2 for more information.*

### GROWTH OF HYPOTHETICAL \$10,000 INVESTMENT

Data through 12/31/18.



### TOTAL RETURNS

Returns over one year are annualized and include the reinvestment of dividends and income. Month-end data below is through 12/31/18 and quarter-end is through 12/31/18.

	MTD	YTD	1 Year	3 Year	5 Year	10 Year	Since Inception
BEQIX (Month-End)	-6.21	-2.42	-2.42	6.95	4.12	-	4.12
Russell 2000 Index	-11.88	-11.01	-11.01	7.36	4.41	11.97	4.41
Morningstar Cat. Avg.	-4.63	-6.72	-6.72	1.78	1.17	3.32	1.17
BEQIX (Quarter-End)	-6.21	-2.42	-2.42	6.95	4.12	-	4.12

### MORNINGSTAR PEER GROUP RANKINGS

	1 Year	3 Year	Since Inception
BEQIX	-2.42	6.95	4.12
+/- Category Average	+4.30	+5.17	+2.95
% Rank in Category	28	9	13

*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.*

Morningstar Percentile Rankings: The rankings are based on a fund's total returns (including the effects of sales charges, loads and redemption fees) for the specified time period relative to all funds in the same category. The highest (or most favorable) percentile rank is 1 and the lowest (or least favorable) percentile rank is 100.

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### SECTOR EXPOSURE

	Long	Short	Net
Communication Services	5.4	0.0	5.4
Consumer Discretionary	7.4	-4.4	3.0
Consumer Staples	2.8	-1.9	0.8
Energy	0.6	-0.5	0.2
Financials	3.6	-0.4	3.3
Health Care	11.7	-4.2	7.5
Industrials	16.5	-4.5	12.0
Info Tech	18.3	-6.0	12.3
Materials	2.9	-1.3	1.6
Real Estate	0.8	-0.8	0.0
Utilities	0.1	0.0	0.1
Other	0.0	-4.6	-4.6
<b>Total</b>	<b>70.1</b>	<b>-28.6</b>	<b>41.5</b>

### MARKET CAP EXPOSURE

	Long	Short	Net
Over \$3 billion	20.4	-12.7	7.7
\$1-\$3 billion	22.9	-11.5	11.4
Under \$1 billion	26.8	-4.4	22.4
<b>Total</b>	<b>70.1</b>	<b>-28.6</b>	<b>41.5</b>

### NUMBER OF POSITIONS

	# of Positions
Long Positions	155
Short Positions	103
<b>Total</b>	<b>258</b>

### TOP 5 LONG POSITIONS

	% Weighting
R1 RCM Inc	3.2
Nexstar Media Group Inc	2.9
Craft Brew Alliance Inc	2.3
Dirtt Environmental Solution	1.9
Beacon Roofing Supply Inc	1.9

### TOP 5 SHORT POSITIONS

	% Weighting
Industrial Select Sect Spdr	-1.4
iShares Russell 2000 Growth	-1.0
Cambrex Corp	-0.9
Par Technology Corp/Del	-0.9
Freshpet Inc	-0.9

*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 Balter L/S Small Cap Equity Fund Class I shares was rated 5 stars overall among funds in the Morningstar Long/Short Equity funds category. ©2018 Morningstar. All Rights Reserved. The information contained herein: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. Past performance is no guarantee of future results. 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. 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. Unless otherwise indicated, all data presented above is from fund inception through 12/31/2018. Alpha is a measure of the difference between a fund's actual returns and its expected performance, give 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 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. Top 5 long and short positions as of 07/31/2018 and are subject to change.

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. 4003-NLD-1/3/2019