

## Market Commentary – April 2018

During April, inflation hawks continued to control the narrative. Commodities gained momentum amid a higher pace of expected inflation, with the Bloomberg Commodity Index rising 2.4% during the month. Oil led the way, surging ahead by 5.6% during April and continuing its near-term run toward \$70/barrel for WTI crude as the potential for conflict rose in various hot spots around the world, especially in the Middle East. Meanwhile, volatility ebbed in the equity markets, and the yield on 10-year Treasuries headed steadily higher, although backing away from the market's key level of 3% at month end. The VIX started April at 19.97% and finished the month down 20.20% to 15.93%. Meanwhile, we ended April with 10-year Treasury yields up 20 basis points from where they began the month (2.74% vs. 2.94%) and bond prices down 0.74%.

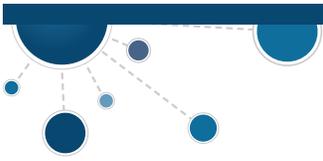
From a policy perspective, the Fed remains on track for three to four total rate increases in 2018, and concerns about “moving too fast” seem overdone at this point. And while there seem to be a host of global risks (trade wars, war in the Middle East, etc.), these risks are generally well understood and largely factored in. In fact, it's hard to argue that the market is euphoric or even complacent at this point—a circumstance that can lead to a significant market pullback.

We have recently seen some early cracks in the synchronized global growth story. Certain economic activity data in Europe, especially in Germany, has been underwhelming, and a surging U.S. dollar (up 1.9% in April) has created some concerns about emerging market currencies and the potential to decelerate economic growth. So far, these indicators are outliers and have not led to an increase in the probability of a recession, which remains very low. We will be monitoring future data releases closely.

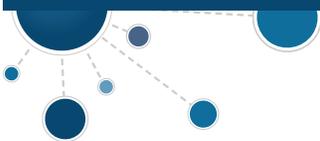
### Alternative Asset Class Performance

In the face of higher inflation and higher expected interest rates, higher-yielding alternatives held up pretty well during April. MLPs led the way with a superb month on the back of new life in the energy sector—although, despite an uptick of more than 8% in April, MLPs are still down almost 4% for the year.

Asset Class	Index	Performance		
		April 2018	YTD	1-Year
Multi-Asset Class	Morningstar US Closed-End Multialternative Index	1.06%	-5.65%	-7.83%
REITs	FTSE NAREIT All Equity REITs	0.52	- 6.18	-1.00
Mortgage REITs	FTSE NAREIT Mortgage REITs	0.44	- 3.64	0.68
BDCs	Wells Fargo BDC	1.72	- 0.97	- 8.81
MLPs	Alerian MLP	8.09	-3.92	-12.48
Hedge Funds	UBS ETF HFRX Global HF	-0.01	-1.31	1.67
Commodities	Bloomberg Commodity Index	2.42	1.62	6.64
US Dollar	Bloomberg Dollar Spot Index	1.88	-1.10	-5.74
Bonds	Barclays US Aggregate Bond	-0.74	-2.19	-0.32
Equities	S&P 500 Index	0.38	-0.38	13.26
Volatility	Chicago Board Options Exchange SPX Volatility Index	-20.23	44.29	47.23



Public REITs have been punished disproportionately to other alternative asset classes in 2018, especially with respect to the value of the underlying real estate that they hold, which has generally risen in the private market. We think this knee-jerk reaction may be overdone and could present a near-term opportunity. Principal Global Investors suggests that U.S. REITs at the end of April are (1) underpriced nearly 25% relative to bonds, (2) 33% cheaper than equities over the past eight years, and (3) trading at a 13% discount to private real estate.



## Important Disclosures

Investments in securities of Master Limited Partnerships (MLP) involve risks that differ from an investment in common stock. MLPs are controlled by their general partners, which generally have conflicts of interest and limited fiduciary duties to the MLP, which may permit the general partner to favor its own interests over the MLPs. The benefit you are expected to derive from the Fund's investment in MLPs depends largely on the MLPs being treated as partnerships for federal income tax purposes. As a partnership, an MLP has no federal income tax liability at the entity level. Therefore, treatment of one or more MLPs as a corporation for federal income tax purposes could affect the Fund's ability to meet its investment objective and would reduce the amount of cash available to pay or distribute to you. Legislative, judicial, or administrative changes and differing interpretations, possibly on a retroactive basis, could negatively impact the value of an investment in MLPs.

There currently is no secondary market for the Fund's shares, and the Fund expects that no secondary market will develop. Very limited liquidity is provided to shareholders only through the Fund's quarterly repurchase offers of up to 5% of the shares outstanding at net asset value. The sale of securities to fund repurchases could reduce the market price of those securities, which in turn would reduce the Fund's NAV. Closed-end funds involve risk, including the possible loss of principal. Alternative investment funds, ETFs, mutual funds, and closed-end funds are subject to management and other expenses, which will be indirectly paid by the Fund. Issuers of debt securities may not make scheduled interest and principal payments, resulting in losses to the Fund. Typically, a rise in interest rates causes a decline in the value of fixed-income securities. Lower-quality debt securities, known as "high yield" or "junk" bonds, present greater risk than bonds of higher quality, including increased default risk and non-diversification risk, as the funds are more vulnerable to events affecting a single issuer. The use of leverage, such as borrowing money to purchase securities, will cause the Fund to incur additional expenses and magnify the Fund's gains or losses. Investments in lesser-known, small- and medium-capitalization companies may be more vulnerable than those in larger, more established organizations. The Fund will not invest in real estate directly, but, because the Fund will concentrate its investments in securities of REITs, its portfolio will be significantly impacted by the performance of the real estate market. Investments in companies that are the subject of a publicly announced transaction carry the risk that the proposed or expected transaction may not be completed or may be completed on less favorable terms than originally expected, which may lower the portfolio's performance.

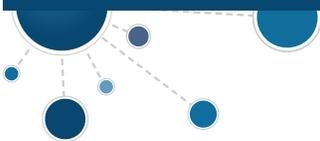
## Index Definitions

Morningstar US Closed-End Multialternative Index represents closed end funds that have a majority of their assets exposed to alternative strategies. An investor's exposure to different tactics may change slightly over time in response to market movements. Funds in this category include both funds with static allocations to alternative strategies and funds tactically allocating among alternative strategies and asset classes.

FTSE NAREIT All Equity REIT index is a free-float adjusted, market capitalization weighted index of U.S. equity REITs. Constituents of the index include all tax qualified REITs with more than 50 percent of total assets in qualifying real estate assets other than mortgages secured by real property.

FTSE NAREIT Mortgage REIT index is a free-float adjusted, market capitalization weighted index of U.S. Mortgage REITs. Mortgage REITs include all tax-qualified REITs with more than 50 percent of total assets invested in mortgage loans or mortgage-backed securities secured by interests in real property.

Wells Fargo BDC Index is a float adjusted, capitalization-weighted Index that is intended to measure the performance of all Business Development Companies that are listed on the New York Stock Exchange or NASDAQ and satisfy specified market capitalization and other eligibility requirements. To qualify as a BDC,



the company must be registered with the Securities and Exchange Commission and have elected to be regulated as a BDC under the Investment Company Act of 1940.

Alerian MLP Index is the leading gauge of energy Master Limited Partnerships (MLPs). The capped, float-adjusted, capitalization-weighted index, whose constituents represent approximately 85% of total float-adjusted market capitalization. An investment may not be made directly in an index. Past performance is no guarantee of future results.

UBS ETF HFRX Global Hedge Fund Index is designed to be a representative benchmark of the overall hedge fund universe and is asset weighted based on the distribution of assets in the hedge fund industry. The Index is comprised of all the eligible hedge funds falling within the four principal strategy groups: equity hedge, event driven, macro/CTA, and relative value arbitrage.

Bloomberg Commodity Index is calculated on an excess return basis and reflects commodity futures price movements. The index rebalances annually weighted 2/3 by trading volume and 1/3 by world production and weight-caps are applied at the commodity, sector and group level for diversification. Roll period typically occurs from 6th-10th business day based on the roll schedule.

The Bloomberg Dollar Spot Index tracks the performance of a basket of 10 leading global currencies versus the U.S. Dollar. It has a dynamically updated composition and represents a diverse set of currencies that are important from trade and liquidity perspectives.

Barclays US Aggregate Bond Index: An index commonly used as a benchmark by both passive and active investors to measure portfolio performance relative to the U.S. dollar-denominated, investment-grade, fixed-rate, taxable bond market. It is also an informational measure of broad market returns commonly applied to fixed income instruments.

Chicago Board Options Exchange (CBOE) Volatility Index shows the market's expectation of 30-day volatility. It is constructed using the implied volatilities of a wide range of S&P 500 index options. This volatility is meant to be forward looking, is calculated from both calls and puts, and is a widely used measure of market risk, often referred to as the "investor fear gauge."

An investment cannot be made directly in an index. Past performance is no guarantee of future results.

Note that comparing the performance to a different index might have materially different results than those shown. Any views and opinions expressed herein are not meant to provide investment advice and there is no guarantee that they will come to pass.

**Investors should carefully consider the investment objectives, risks, charges, and expenses of the MultiStrategy Growth & Income Fund. This and other important information about the Fund is contained in the prospectus, which can be obtained by calling (855) 601-3841. The prospectus should be read carefully before investing.**

The Multi-Strategy Growth & Income Fund is distributed by Northern Lights Distributors, LLC, member FINRA/SIPC. LCM Investment Management, conducting business as Lucia Capital Management, is not affiliated with Northern Lights Distributors, LLC. 7117-NLD-05/23/2018