

## Glossary

**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.

**Cash Burn Rate** is the rate at which a company uses up its cash reserves or cash balance.

**Cash Flow** measures the cash generating capability of a company by adding non-cash charges (e.g. depreciation) and interest expense to pretax income.

**Correlation** is a statistical measure of how two securities move in relation to each other as measured by the correlation coefficient, a statistic that ranges in value from -1 to +1, indicating a perfect negative correlation at -1, absence of correlation at zero, and perfect positive correlation at +1.

**Counterparty Risk** is the likelihood or probability that one of those involved in a transaction might default on its contractual obligation. Counterparty risk can exist in credit, investment, and trading transactions.

**Dislocated Market** is a 'market dislocation' is a circumstance where financial markets, operating under stressful conditions, cease to price assets correctly either on an absolute, relative or intrinsic basis.

**Effective Duration** provides a measure of a fund's interest rate sensitivity; the higher the value of a fund's duration, the more sensitive the fund is to shifts in interest rates.

**Excess Returns** are returns in excess of a market measure such as an index.

**Expense Ratio** is a measure of what it costs an investment company to operate a mutual fund.

**Float** is the regular shares a company has issued to the public that are available for investors to trade.

**Institutional Quality Investments** are made by organizations that pool together funds on behalf of others and invest those funds in a variety of different financial instruments and asset classes. They include investment funds like mutual funds and ETFs, insurance funds, and pension plans as well as investment banks and hedge funds.

**Maximum Drawdown** is the percentage loss that a fund incurs from its peak net asset value to its lowest value. The maximum drawdown over a significant period is sometimes employed as a means of measuring the risk of a vehicle. Usually expressed as a percentage decline in net asset value.

**Net Asset Value (NAV)** per share represents the total value of a Fund's assets divided by the number of shares outstanding.

**MSCI US REIT Index** is a free float-adjusted market capitalization weighted index that is comprised of equity Real Estate Investment Trusts (REITs).

**R-Squared** is a measure of the relationship between a portfolio and its benchmark.

**Risk-Adjusted 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.

**Risk-Free Rate** is the rate of return an investor could expect to earn on an investment that carries zero risk.

**Sharpe Ratio** is a risk-adjusted measure of a fund's performance that indicates a fund's return per unit of risk, defining risk as volatility (standard deviation).

**Short Selling** is the sale of securities not presently owned by a fund.

**Standard Deviation** is a statistical measure of portfolio risk used to measure variability of total return around an average, over a specified period of time.

**Tailwind** refers to a certain situation or condition that may lead to higher profits, revenue, or growth.

**Tranche** is a security that can be split up into smaller pieces and subsequently sold to investors.

**Up Capture and Down Capture** is a measure of how well a manager was able to replicate or improve on phases of positive benchmark returns, and how badly the manager was affected by phases of negative benchmark returns.

**Worst Drawdown** is a measure of the maximum loss from a peak to a trough of a portfolio or index before a new peak is attained.



**XBRL (Extensible Business Reporting Language)** files are interactive data files that contain identity tags for specific facts, figures and other pieces of information that are found in a variety of formats (e.g., prospectuses). Because they're interactive, XBRL files make it easier for users to compare data across multiple years, or against industry averages or data from other companies.

## Index Definitions

*Indices assume reinvestment of all dividends and distributions and do not reflect any fees, expenses, or sales charges. You cannot invest directly in an index.*

**Alerian MLP Index** is a float-adjusted, capitalization-weighted index, whose constituents represent approximately 85% of total float-adjusted market capitalization. This index provides a comprehensive benchmark for investors to track the performance of the energy MLP sector.

**Bloomberg Global Aggregate Index** is a flagship measure of global investment grade debt from 24 local currency markets.

**Bloomberg Municipal Bond Index TR Value Unhedged Index** covers the USD-denominated long-term tax-exempt bond market. The index has four main sectors: state and local general obligation bonds, revenue bonds, insured bonds and prerefunded bonds.

**Bloomberg US Aggregate Bond Index** is a market capitalization-weighted index that is designed to measure the performance of the US investment grade bond market with maturities of more than one year.

**Bloomberg US Mortgage-Backed Securities (MBS) Index** tracks fixed-rate agency mortgage-backed pass-through securities guaranteed by Ginnie Mae (GNMA), Fannie Mae (FNMA), and Freddie Mac (FHLMC). You cannot invest directly in an index.

**Bloomberg US Corporate High Yield Bond Index** measures the USD-denominated, high yield, fixed-rate corporate bond market.

**Bloomberg US Credit 1-3 Year Index** measures the performance of investment grade, US dollar-denominated, fixed-rate, taxable corporate and government-related debt with 1 to 2.9999 years to maturity. It is composed of a corporate and a non-corporate component that includes non-US agencies, sovereigns, supranationals and local authorities.

**BofA Merrill Lynch 3-Month US Treasury Bill Index** tracks the performance of the US dollar denominated US Treasury Bills publicly issued in the US domestic market with a remaining term to final maturity of less than 3 months.

**HFRI Fund of Funds Composite Index** is a global, equal-weighted index of single-manager funds that report to HFR Database.

**ICE BofA 6-9 Month US Treasury Index** is designed to measure the performance of U.S. Treasury bills maturing in 6 to 9 months.

**Morningstar Long/Short Equity** category tracks investment instruments that hold sizeable stakes in both long and short positions in equities, exchange traded funds, and related derivatives. Some instruments that fall into this category will shift their exposure to long and short positions depending on their macro-outlook or the opportunities they uncover through bottom-up research. At least 75% of the assets are in equity securities or derivatives, and products in the category will typically have beta values to relevant benchmarks of between 0.3 and 0.8 during a three-year period.

**Morningstar Managed Futures** tracks investment instruments that primarily trade liquid global futures, options, swaps, and foreign exchange contracts, both listed and over the counter. A majority of these instruments follow trend-following, price-momentum strategies.

**Morningstar Market Neutral** category tracks investment instruments that attempt to eliminate the risks of the market by holding 50% of assets in long positions in stocks and 50% of assets in short positions.

**Morningstar Options-Based Category** funds use options as a significant and consistent part of their overall investment strategy. (Trading options may introduce asymmetric return properties to an equity investment portfolio.)

**MSCI ACWI Index** is designed to represent performance of the full opportunity set of large- and mid-cap stocks across 23 developed and 26 emerging markets.

**MSCI Emerging Markets Index** captures large and mid-cap representation across 25 Emerging Markets (EM) countries.

**MSCI US REIT Index** is a free float-adjusted market capitalization weighted index that is comprised of equity Real Estate Investment Trusts (REITs).

**MSCI World/Bloomberg Agg "Blended Index"** reflects an unmanaged portfolio of 60% of the MSCI World Index and 40% of the Bloomberg US Aggregate Bond Index.

**MSCI World ex USA Index** captures large and mid-cap representation across 22 of 23 Developed Markets (DM) countries.



**Russell 2000® Index** consists of the smallest 2,000 companies in a group of 3,000 U.S. companies in the Russell 3000 Index, as ranked by market capitalization.

**S&P Biotechnology Select Industry Total Return Index** represents the bio-technology sub-industry portion of the S&P Total Markets Index.

**S&P GSCI Gold Index** measures performance of commodities.

**S&P 500 Health Care Sector TR Index** comprises those companies included in the S&P 500 that are classified as members of the GICS health care sector.

**S&P 500 Total Return Index** is a widely recognized, unmanaged index of the approximately 500 largest companies in the United States as measured by market capitalization and is considered to be generally representative of the US large capitalization stock market as a whole.

Investors should carefully consider the investment objectives, risks, charges and expenses of the funds before investing. The prospectus contains this and other information about the funds. Read carefully before investing. Investors may obtain a copy of the prospectus by calling 844-223-8637. Distributed by Northern Lights Distributors, LLC. (Member FINRA).