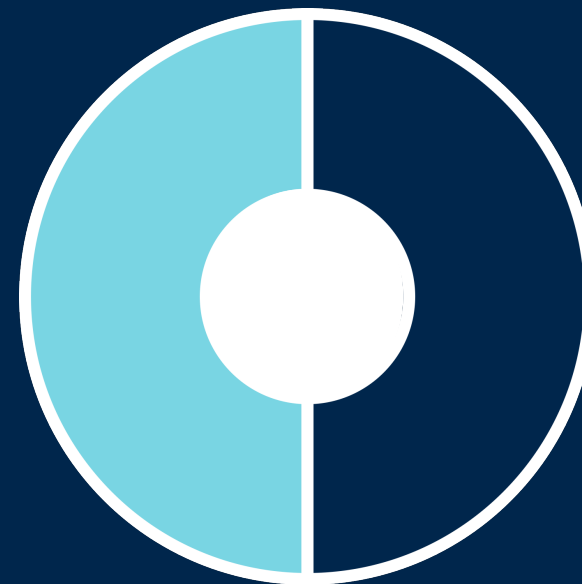


# Longboard Hedged Equity

January 2024



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# EXECUTIVE SUMMARY

# EXECUTIVE SUMMARY



## OPPORTUNITY

Investors desire to participate in equity markets, but seek downside risk management against market volatility

- Hedged Equity is an outcome-oriented approach that may allow investors to get invested and stay invested through multiple market environments
- High volatility is a normal for equity markets, but investors seek confidence in all market environments
- Bonds and Alternatives have been used to mitigate volatility but have not always delivered the low correlation needed to effectively hedge equity volatility

## EXPERTISE

Experienced portfolio managers specializing in hedged equity strategies

- The portfolio managers, Cole Wilcox and Sarah Baldwin, have over 40 years of combined experience
- Lead PM Cole Wilcox has 25 years of experience in hedged equity investing
- Strategy features the same lead PM and CIO for 18 consecutive years

## PORTFOLIO

A hedged equity approach allows investors to participate in equity markets while seeking less risk

- Portfolio is constructed using two complementary hedged equity mutual funds
- Constructs a balanced U.S. equity portfolio that is hedged against market risk
- Balanced across market caps and hedging strategies

## SUCCESS

Seeks a predictable outcome and a smoother ride for investors

- Hedged equity solution to help investors uncomfortable with volatility, get and stay invested
- Historically lower volatility and better risk adjusted returns than traditional long-only equities
- Appropriate for investors who want to reduce equity risk, who need equity exposure but are hesitant with the current market, or are seeking improved performance from a liquid alternative solution

# LONGBOARD VS. TOP 20 ALTERNATIVE MUTUAL FUNDS (BY AUM)\*

Many investors who are interested in alternatives default to the biggest and most well known names.

Here is how Longboard compares to the 20 largest alternative mutual funds.

Symbol	Name	Annualized Total Returns	Annualized Standard Deviation	Max Decline	Beta	Correlation to the S&P 500	Net Expense Ratio	Gross Expense Ratio
JHEQX	JPMorgan Hedged Equity I	7.45%	7.80%	-13.94%	0.42	0.88	0.58%	0.58%
JHEQX/LONGX	Longboard Hedged Equity	7.06%	9.66%	-15.16%	0.44	0.75	1.29%	1.29%
MBXIX	Catalyst/Millburn Hedge Strategy I	6.88%	12.82%	-23.74%	0.45	0.58	1.99%	2.02%
LONGX	Longboard I	6.54%	13.97%	-17.78%	0.46	0.54	1.99%	1.99%
LCSIX	LoCorr Long/Short Commodity Strats I	6.39%	7.87%	-12.48%	-0.08	-0.18	2.18%	2.18%
ADAIX	AQR Diversified Arbitrage I	5.64%	6.13%	-8.15%	0.18	0.49	1.35%	1.36%
GTEYX	Gateway Y	4.85%	7.54%	-15.84%	0.45	0.97	0.70%	0.70%
BILPX	BlackRock Event Driven Equity Instl	4.22%	4.23%	-5.25%	0.17	0.64	1.27%	1.29%
CBHIX	Victory Market Neutral Income I	3.92%	3.80%	-6.45%	0.07	0.30	0.40%	0.59%
CMNIX	Calamos Market Neutral Income I	3.85%	3.51%	-7.16%	0.19	0.9	0.93%	0.98%
GJRTX	Goldman Sachs Absolute Ret Trckr Instl	3.50%	6.01%	-9.80%	0.35	0.95	0.72%	0.82%
MERIX	The Merger Fund I	3.25%	3.02%	-3.85%	0.08	0.46	1.25%	1.36%
PQTIX	PIMCO TRENDS Managed Futures Strat Instl	3.24%	10.16%	-16.45%	-0.19	-0.31	1.90%	2.28%
AHLYX	American Beacon AHL Mgd Futs Strat Inv	3.22%	9.62%	-10.76%	-0.10	-0.18	1.56%	1.56%
LFMIX	LoCorr Macro Strategies I	3.18%	8.60%	-11.02%	-0.02	-0.03	1.91%	1.93%
PBAIX	BlackRock Tactical Opportunities Instl	2.93%	4.94%	-7.60%	0.07	0.23	0.85%	0.85%
ARBNX	Arbitrage I	2.78%	3.03%	-4.95%	0.10	0.54	1.35%	1.35%
BDMIX	BlackRock Global Equity Mkt Netrl Instl	2.78%	5.22%	-11.20%	0.07	0.22	1.34%	1.34%
BXMIX	Blackstone Alternative Multi-Strategy I	2.33%	6.42%	-15.19%	0.25	0.63	3.53%	3.53%
ASFYX	Virtus AlphaSimplex Mgd Futs Strat I	2.19%	13.04%	-24.84%	-0.12	-0.16	1.45%	1.56%
ABYIX	Abbey Capital Futures Strategy I	1.98%	8.47%	-15.24%	-0.07	-0.13	1.79%	1.85%
AQMIX	AQR Managed Futures Strategy I	0.83%	10.57%	-24.40%	-0.22	-0.34	1.28%	1.28%

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 OR VISIT OUR WEBSITE, WWW.LONGBOARDFUNDS.COM.

# HEDGED EQUITY LEADERSHIP & EXPERIENCE

FOUNDED  
**20 Years Ago**

2003

STARTED AS  
**Hedged Equity Private Partnership**

2005

EVOLVED INTO  
**Hedged Equity Mutual Fund**

2015

## Portfolio Managers



**Cole Wilcox**  
25+ years investment  
experience



**Sarah Baldwin**  
15+ years investment  
experience

## Experience

Longboard was founded 20 years ago as a private partnership. The firm is led by portfolio managers with 40+ years of alternative investment expertise.

**40+**  
**Years**

## Track Record\*

The strategy was launched in 2005 and features the same lead portfolio manager and Chief Investment Officer since inception.

**18**  
**Years**

\*Longboard Asset Management's GIPS Composite began in November 2005 and the strategy was applied to the mutual fund launched in March 2015.

# HEDGED EQUITY MUTUAL FUND TEAM

## Portfolio Management Team



**Cole Wilcox**

- Founder, Chief Investment Officer
- Experience: 25+



**Sarah Baldwin**

- Portfolio Manager
- Experience: 15+

## Investment Operations Team



**Courtney DeLuca**

- Managing Partner
- Experience: 18+



**Michael Moxcey**

- Managing Partner
- Experience: 11+



**Curtis Christensen**

- Chief Compliance Officer
- CCO Experience: 20+



**Aneesh Melkot**

- Software Engineer
- Experience: 5+



**David Gutierrez**

- Trader
- Experience: 3+

## Portfolio Solutions Team



**Howard Fraser**

- Managing Partner, Head of Portfolio Solutions
- Experience: 12+



**William Castiel**

- Investment Associate
- Experience: 3+



**Jimmy Goich**

- Investment Associate
- Experience: 1+



**Sean Burns**

- Investment Associate
- Experience: 1

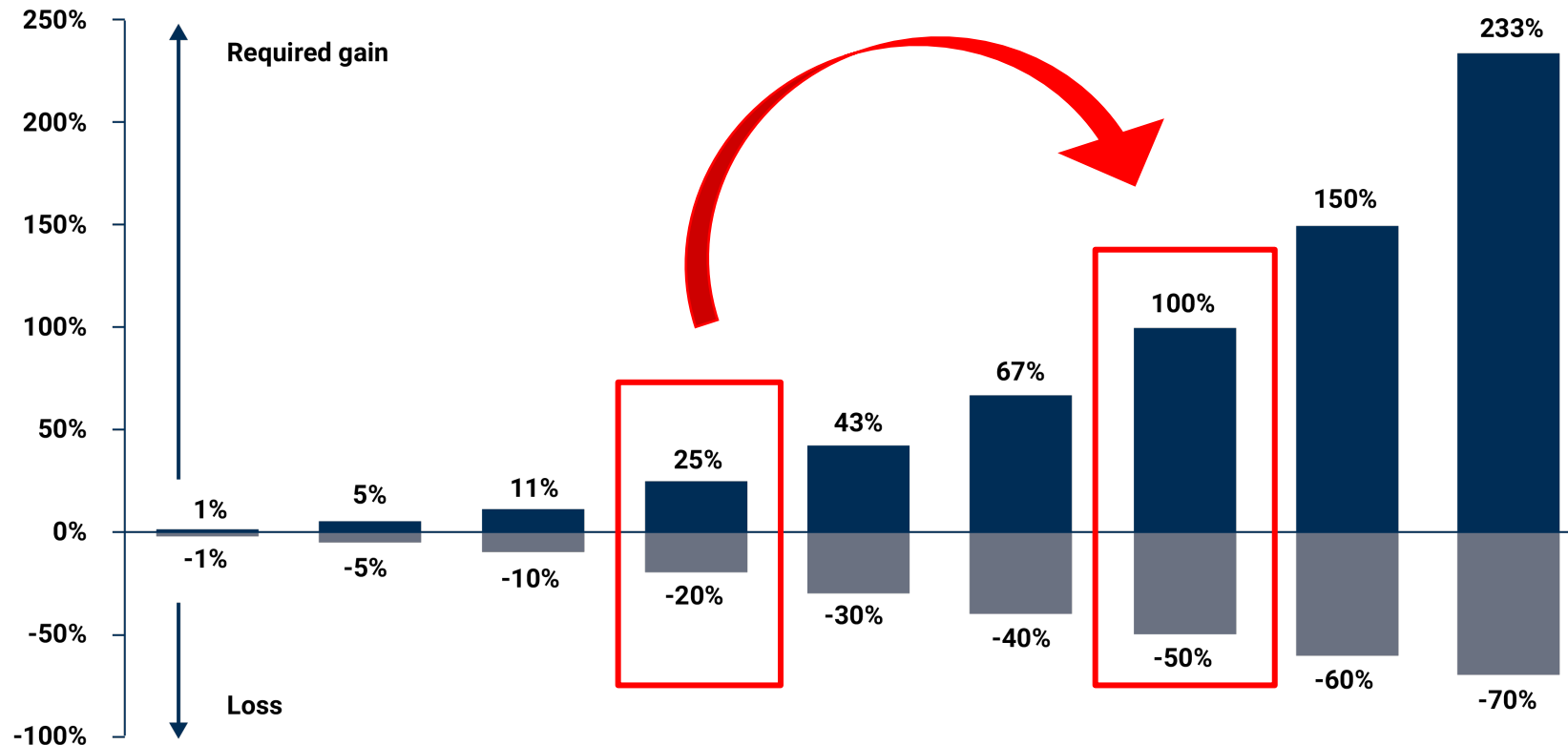
As of 12.31.23

OPPORTUNITY



# IT TAKES 4X THE GAIN TO RECOVER FROM A 50% STOCK MARKET LOSS

Loss and subsequent gain necessary for full recovery of value



Source: Imgur, 5.5.2018. Source of modifications (boxes, arrow, callout): Longboard

# HEDGED EQUITY'S ROLE IN A PORTFOLIO: GET INVESTED, STAY INVESTED

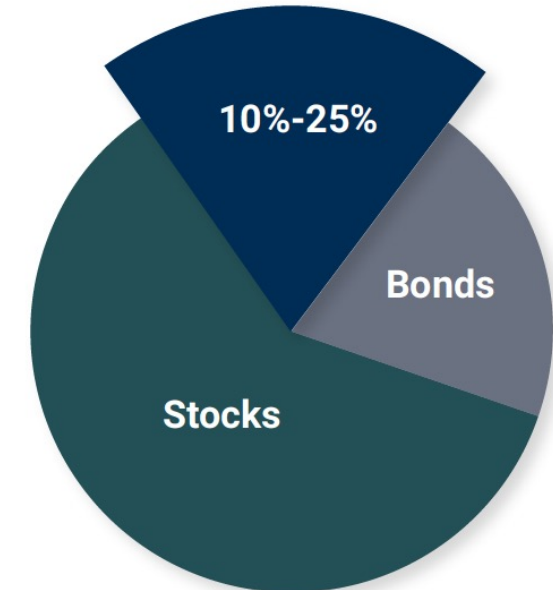
## Two Biggest Investor Needs

1. Don't Lose My Money → Downside Risk Mitigation
2. Don't Outlive My Money → Upside Market Participation

A potentially lower volatility U.S. equity hedged solution that addresses a range of needs:

- Add to your alternatives sleeve to help enhance return consistency
- Diversify your equity allocation while seeking to reduce equity risk
- Rebalance your bond allocation to help enhance diversification

## Hedged Equity Allocation

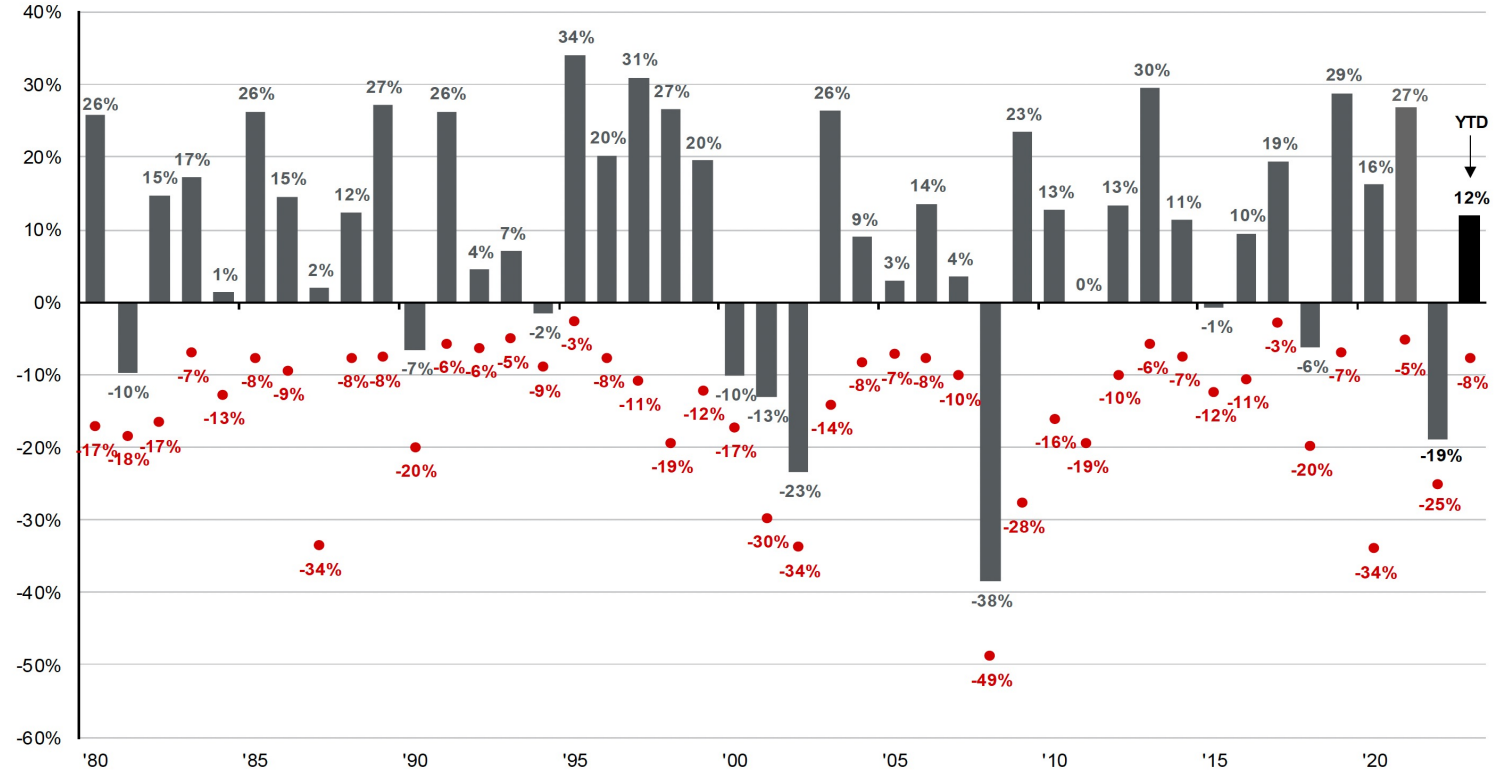


*The pie chart above represents a hypothetical allocation of 10% - 25% in a traditional stock and bond portfolio to increase diversification while historically enhancing returns.*

# CORRECTIONS ARE A NORMAL FEATURE OF THE BROADER MARKET

## S&P intra-year declines vs. calendar year returns

Despite average intra-year drops of 14.3%, annual returns were positive in 32 of 43 years

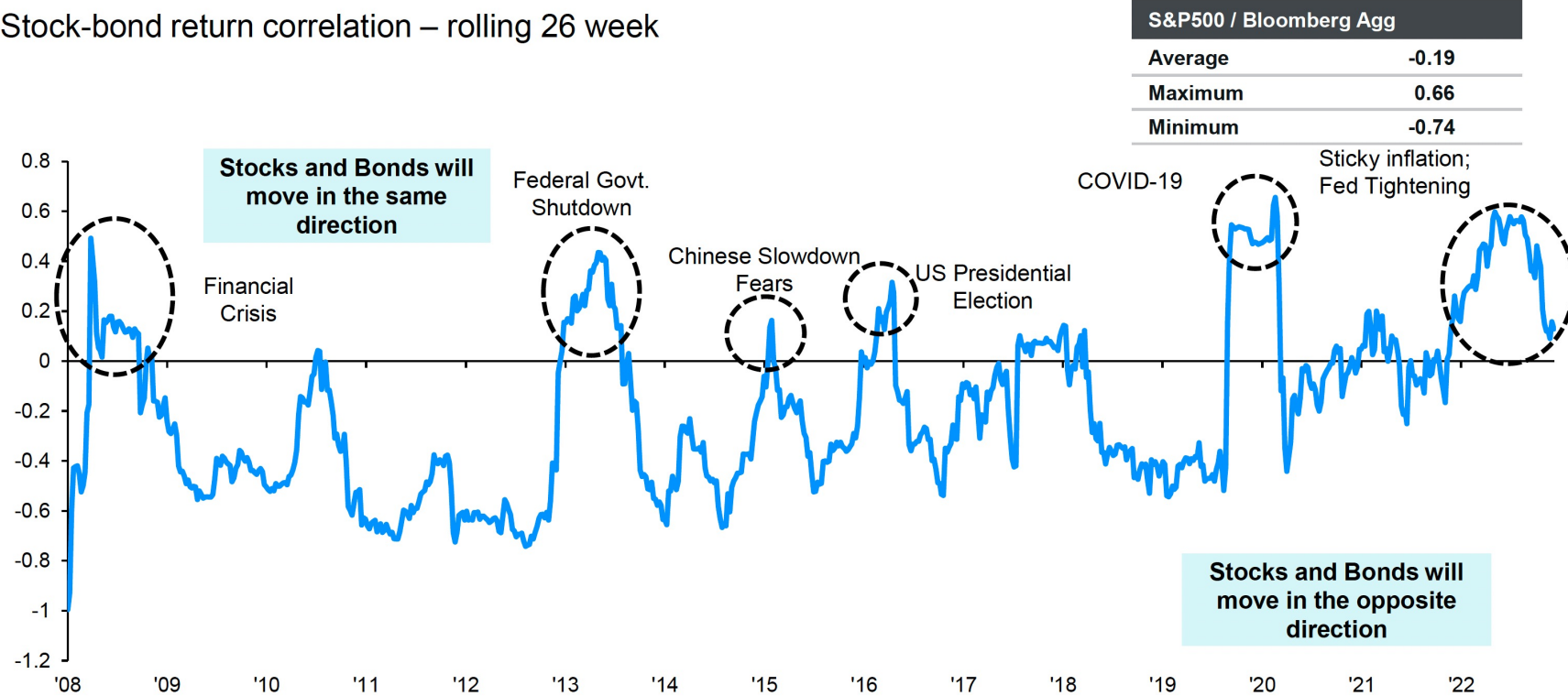


Source: FactSet, Standard & Poor's, J.P. Morgan Asset Management. Returns are based on price index only and do not include dividends. Intra-year drops refers to the largest market drops from a peak to a trough during the year. For illustrative purposes only. Returns shown are calendar year returns from 1980 to 2022, over which time period the average annual return was 8.7%. Guide to the Markets – U.S. Data are as of September 30, 2023.

Source: JPMorgan, through 9.30.2023

# BOND CORRELATIONS CAN BE AN UNRELIABLE EQUITY HEDGE

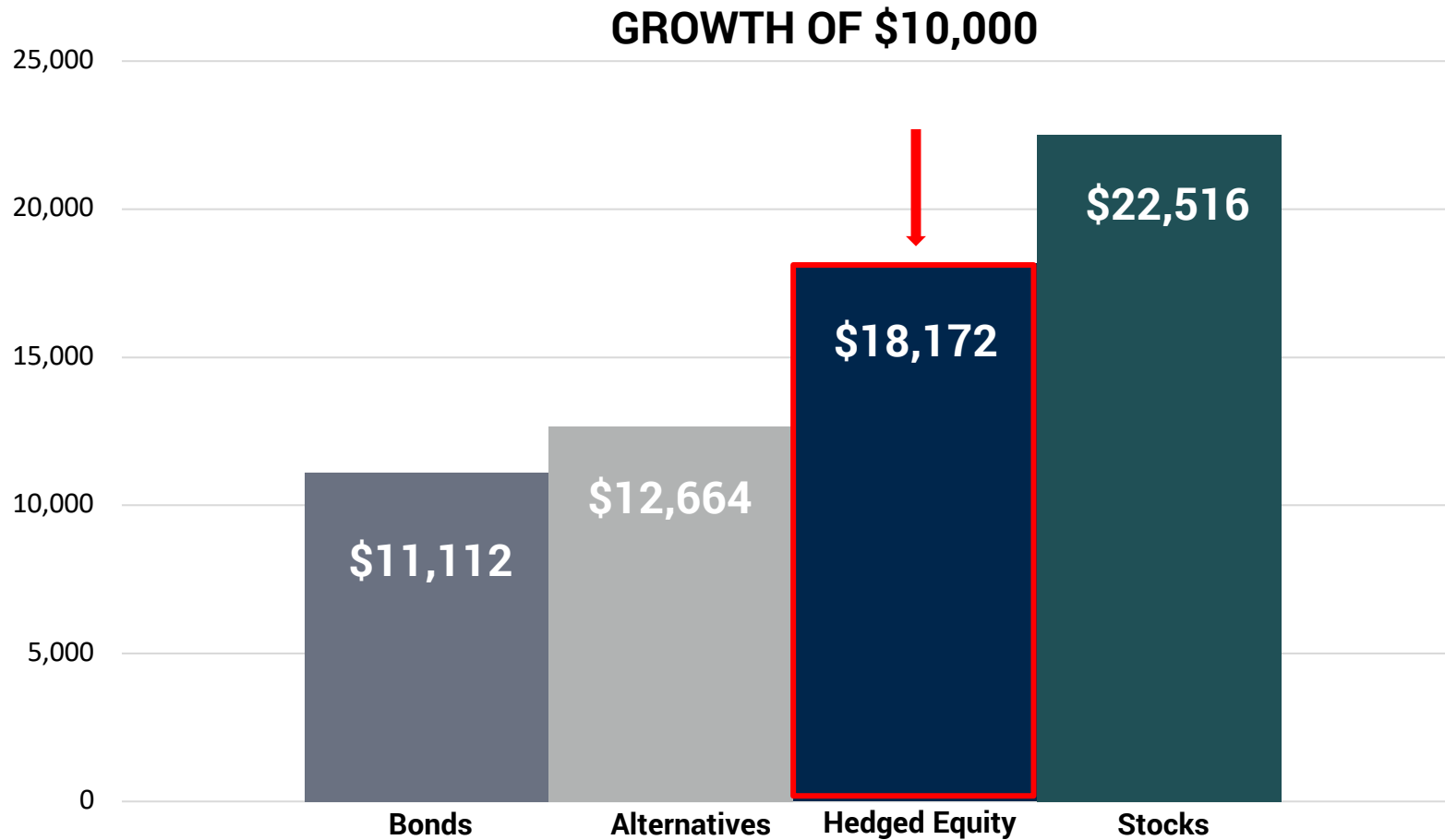
Stock-bond return correlation – rolling 26 week



A key assumption behind hedging via diversification across asset classes is that correlations may remain constant over any one investment horizon. But depending on the market and volatility regimes, the spreads can vary widely.

Source: JPMorgan, through 9.30.2023; Source: Bloomberg, S&P 500 index; data as of September 30, 2023.

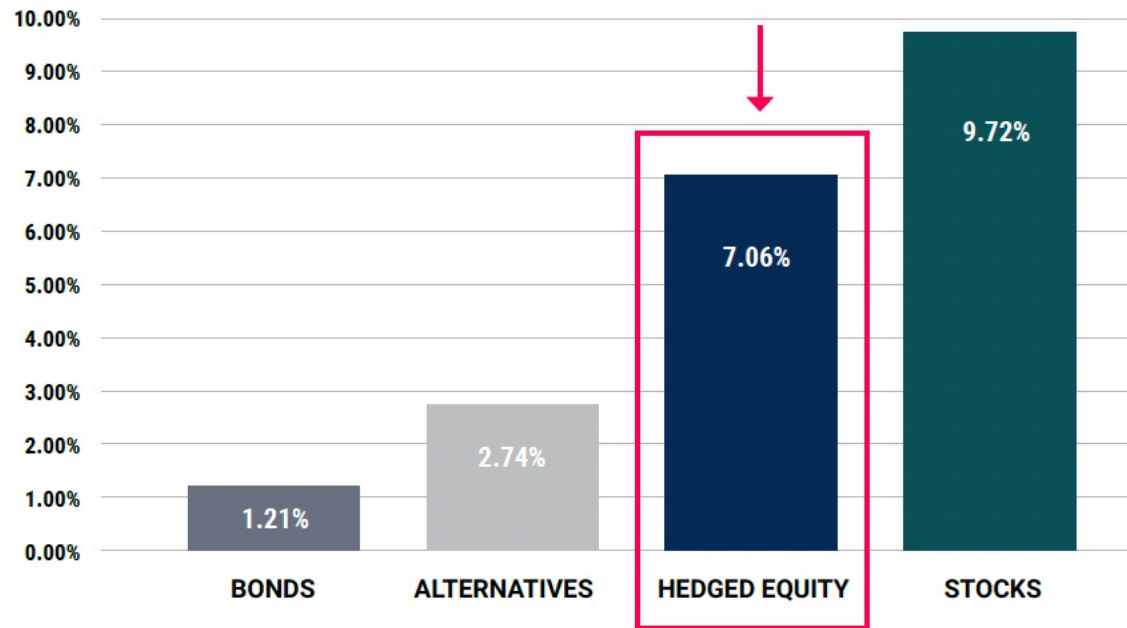
# HEDGED EQUITY OUTPERFORMED BONDS & ALTERNATIVES WITH LESS RISK



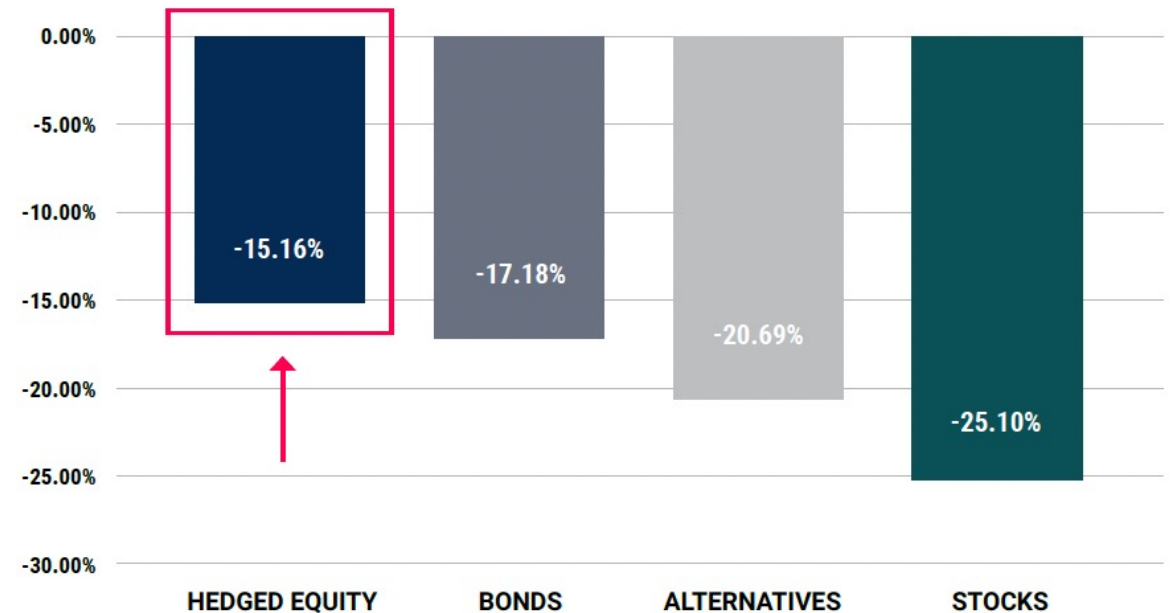
Bonds represented by Bloomberg Barclays US Aggregate Bond Index. Alternatives represented by the SG Trend Index. Hedged Equity represented by 50% JHEQX / 50% LONGX. Stocks represented by 50% S&P 500 Index / 50% Russell 2000 Small Cap Index. Data as of 12/31/2023 since common inception period of 4/1/2015, quarterly rebalancing.

# HEDGED EQUITY HAS DELIVERED A MAJORITY OF EQUITY RETURNS WITH LESS RISK THAN ALTERNATIVES

## Hedged Equity vs. Stocks, Bonds, & Alternatives ANNUALIZED RETURNS



## Less Risk Than Stocks, Bonds, & Alternatives MAX LOSS



Source: Portfolio Visualizer, 4/1/2015 – 12/31/2023.

Hedged Equity represented by 50% allocation to JHEQX & 50% allocation to LONGX; Bonds represented by Bloomberg Barclays US Aggregate Bond Index; Alternatives represented by the SG Trend Index; Stocks represented by 50% S&P 500 Index and 50% to Russell 2000 Small Cap Index.

# HEDGED EQUITY HAD THE HIGHEST RISK-ADJUSTED RETURNS

PERFORMANCE RESULTS	RISK-ADJUSTED RETURNS	OVERALL RETURNS	OVERALL VOLATILITY	MAX LOSS	DIVERSIFIED EXPOSURE
	Sharpe Ratio	Compounded Annual Growth Rate (CAGR)	Standard Deviation	Maximum Decline	Beta to S&P 500
<b>Longboard Hedged Equity*</b>	<b>0.61</b>	<b>7.06%</b>	<b>9.66%</b>	<b>-15.16%</b>	<b>0.44</b>
<b>Stocks**</b>	<b>0.53</b>	<b>9.72%</b>	<b>17.82%</b>	<b>-25.04%</b>	<b>1.07</b>
<b>Alternatives***</b>	<b>0.17</b>	<b>2.74%</b>	<b>11.63%</b>	<b>-20.69%</b>	<b>-0.08</b>
<b>Bonds****</b>	<b>-0.02</b>	<b>1.21%</b>	<b>4.96%</b>	<b>-17.18%</b>	<b>0.12</b>

\*Longboard Hedged Equity represented by 50% JHEQX / 50% LONGX. \*\*Stocks represented by 50% S&P 500 Index and 50% Russell 2000 Small Cap Index. \*\*\*Alternatives represented by the SG Trend Index. \*\*\*\*Bonds represented by Bloomberg Barclays US Aggregate Bond Index. Data as of 12/31/2023 since common inception period of 4/1/2015, quarterly rebalancing.

# CALENDAR YEAR RETURNS | AS OF DECEMBER 31, 2023

	2015*	2016	2017	2018	2019	2020	2021	2022	2023
Highest Return	10.63% Hedged Equity	16.63% Stocks	18.22% Stocks	0.01% Bonds	28.51% Stocks	20.76% Hedged Equity	21.79% Stocks	27.35% Alternatives	21.58% Stocks
	-1.04% Bonds	6.48% Hedged Equity	15.97% Hedged Equity	-4.10% Hedged Equity	13.60% Hedged Equity	19.92% Stocks	13.66% Hedged Equity	-10.64% Hedged Equity	10.82% Hedged Equity
	-4.02% Stocks	2.65% Bonds	3.54% Bonds	-7.65% Stocks	9.23% Alternatives	7.50% Bonds	9.09% Alternatives	-13.01% Bonds	5.53% Bonds
Lowest Return	-7.05% Alternatives	-6.14% Alternatives	2.20% Alternatives	-8.10% Alternatives	8.72% Bonds	6.28% Alternatives	-1.54% Bonds	-19.26% Stocks	-4.17% Alternatives

Hedged Equity outperformed Alternatives 89% of the time

Hedged Equity outperformed Bonds 89% of the time

Hedged Equity outperformed Stocks 44% of the time

Source: Ultimus, Portfolio Visualizer. Stocks represented by 50% S&P 500 Index/50% Russell 2000 Small Cap Index, Bonds represented by Bloomberg Barclays US Aggregate Bond Index, Hedged Equity represented by 50% JHEQX/50% LONGX, Alternatives represented by SG Trend Index. Date range: 4/1/2015 -12/31/2023.

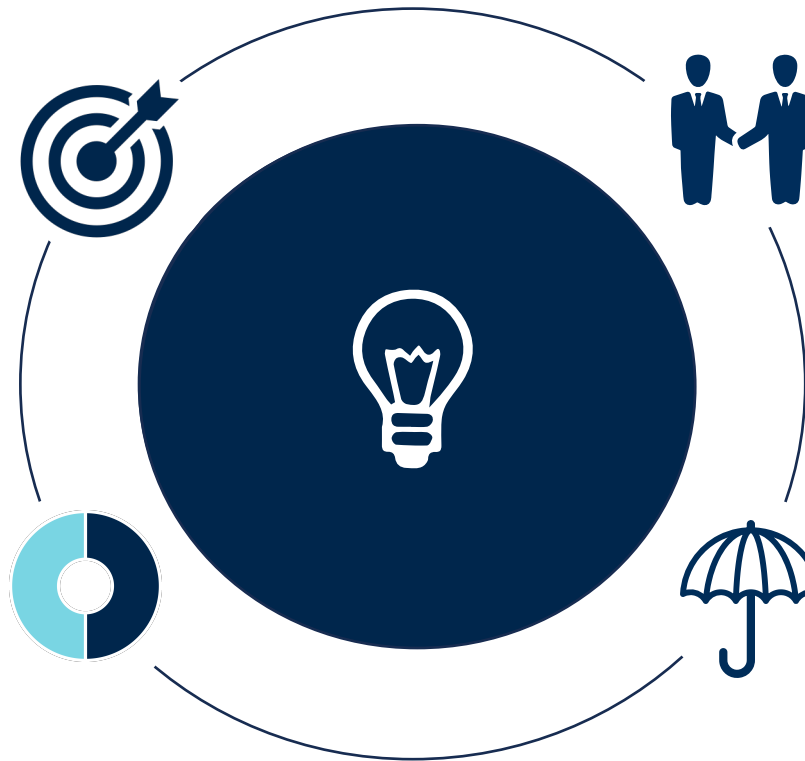


STRATEGY: Longboard Hedged Equity

# INVESTMENT PHILOSOPHY: KEY BENEFITS

Hedged equity seeks to provide the majority of equity market returns with explicit capital preservation strategies to help reduce risk in falling markets

**Understandable and explainable strategy that strives for a predictable outcome**



**Multi-style solution reduces single strategy risk**

**Hedged equity exposure across all investment styles**

**Hedge does not rely on historical correlations among asset classes**

# MULTI-STYLE HEDGED EQUITY MUTUAL FUND PORTFOLIO

## Longboard Hedged Equity

Constructs a multi-style U.S. hedged equity mutual fund portfolio balanced across two complementary funds employing disciplined and diversified hedging strategies.



Longboard Hedged Equity is comprised of 50% allocation to JPMorgan Hedged Equity Fund (JHEQX), and 50% allocation to Longboard Fund (LONGX).

# WE BELIEVE SUCCESSFUL EQUITY HEDGING STARTS WITH A DIVERSIFIED INVESTMENT PROCESS



Cole Wilcox,  
Portfolio Manager



Sarah Baldwin,  
Portfolio Manager

*“We believe a portfolio of hedged equity strategies across all investment styles allows investors to get and remain invested in the equity markets; throughout the market cycle but especially during volatility events” – Cole Wilcox*

## MULTI-STYLE PORTFOLIO

- Complete hedged equity mutual fund solution with one manager specializing in small & mid cap hedged equity and the second manager specializing in large cap hedged equity
- Disciplined investment processes focused on high-quality stocks with explicit capital preservation strategies in falling markets



## UNCORRELATED HEDGING STRATEGIES

- Disciplined & diversified hedging strategies that are uncorrelated to each other
- Portfolio Managers with 40+ years of experience in alternative investments



## LONGBOARD HEDGED EQUITY

- Explicit downside hedge creates lower volatility & beta profile
- Equity alternative
- Bridges the risk and return gap between stocks and bonds (lower volatility vs. stocks without interest rate risk of bonds)

# WHY MULTI-STYLE DIVERSIFICATION?

## Longboard Hedged Equity Mutual Fund Portfolio

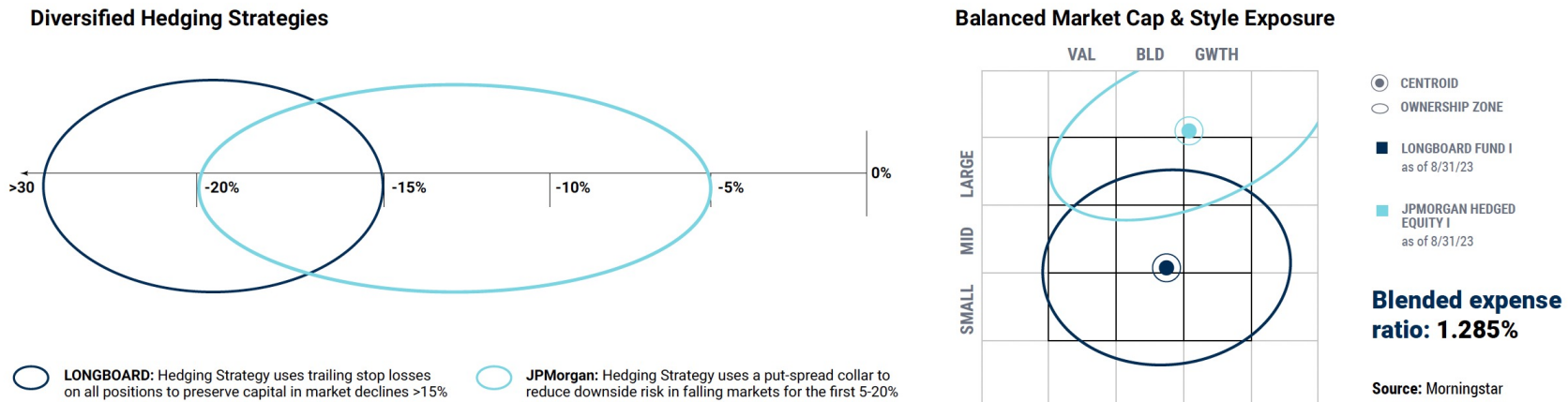
Seeks to achieve the majority of equity returns while also reducing downside risk in falling markets.

## JPMorgan - Hedged Equity Large Cap (JHEQX)

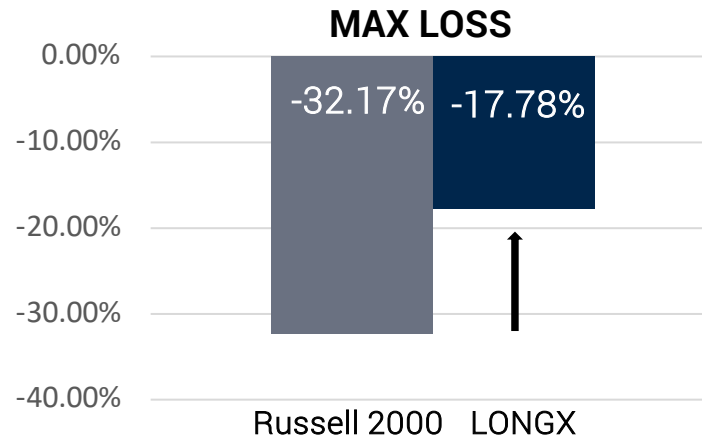
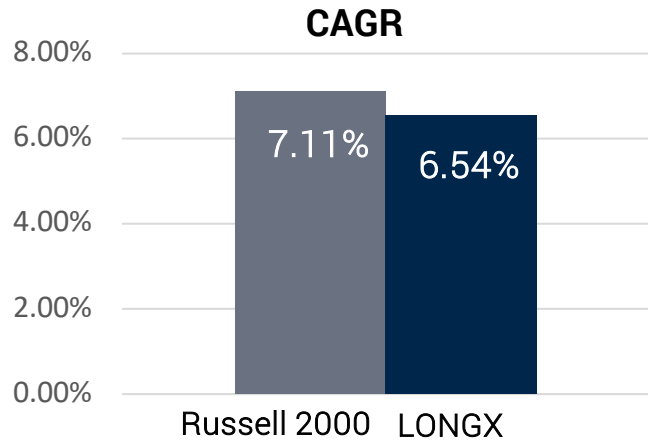
Invests in a portfolio of U.S. large cap stocks while employing a disciplined options strategy that seeks to reduce downside risk in falling markets for the first 5-20%. Seeks to provide a majority of the S&P 500 Index's returns with less volatility and limited downside risk.

## Longboard - Hedged Equity Small/Mid Cap (LONGX)

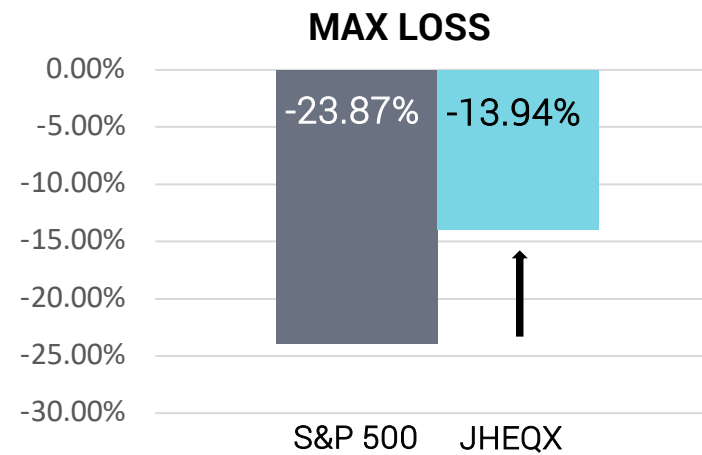
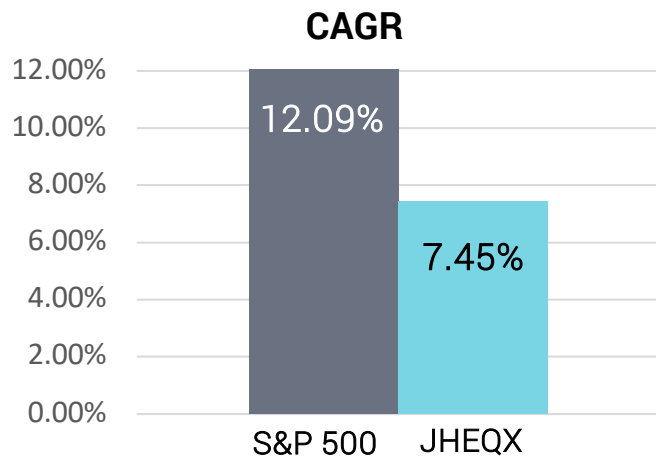
Invests in a portfolio of U.S. small and mid cap stocks while employing a disciplined hedging strategy that seeks to reduce downside risk in falling markets. Most hedged in market declines exceeding >15%. Seeks to provide returns that exceed the Russell 2000 index with less volatility and limited downside risk.



# LONGBOARD CAPTURED MORE STYLE UPSIDE, LESS STYLE DOWNSIDE THAN JPMORGAN



- Longboard captured 92% of the Russell 2000 upside
- Longboard hedged 45% of the Russell 2000 downside



- JPMorgan captured 62% of the S&P 500 upside
- JPMorgan hedged 42% of the S&P 500 downside

Source: Ycharts, Portfolio Visualizer. S&P 500 is the S&P 500 TR Index, and Russell 2000 is the Russell 2000 Small Cap Index. 4/1/2015 – 12/31/2023.

# DIVERSIFICATION SMOOTHS STYLE PERFORMANCE CYCLES

Annual returns rankings of the Hedged Equity blend and its components, 4/1/2015 – 12/31/2023

	2015*	2016	2017	2018	2019	2020	2021	2022	2023
Highest Return	0.93% Longboard	9.58% JPMorgan	19.30% Longboard	-0.71% JPMorgan	13.82% Longboard	27.70% Longboard	13.88% Longboard	-8.06% JPMorgan	16.06% JPMorgan
	-0.63% Hedged Equity	6.48% Hedged Equity	15.97% Hedged Equity	-4.10% Hedged Equity	13.60% Hedged Equity	20.76% Hedged Equity	13.66% Hedged Equity	-10.64% Hedged Equity	10.82% Hedged Equity
Lowest Return	-2.30% JPMorgan	2.98% Longboard	12.70% JPMorgan	-7.44% Longboard	13.31% JPMorgan	14.10% JPMorgan	13.43% JPMorgan	-13.20% Longboard	5.59% Longboard

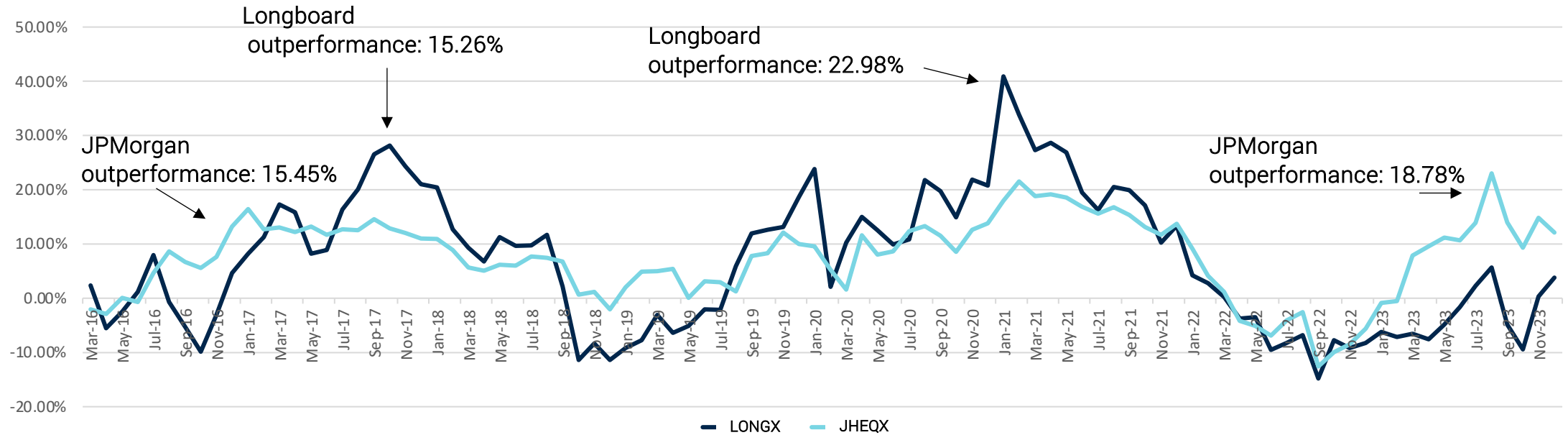
Source: Ultimus, Portfolio Visualizer. \*2015 is a partial year, beginning 4/1/2015.

Hedged Equity placed #2  
100% of the time

Longboard came in  
first 56% of the time

JPMorgan came in  
first 44% of the time

# STYLE PERFORMANCE CYCLES HAVE BEEN EVENLY DISTRIBUTED

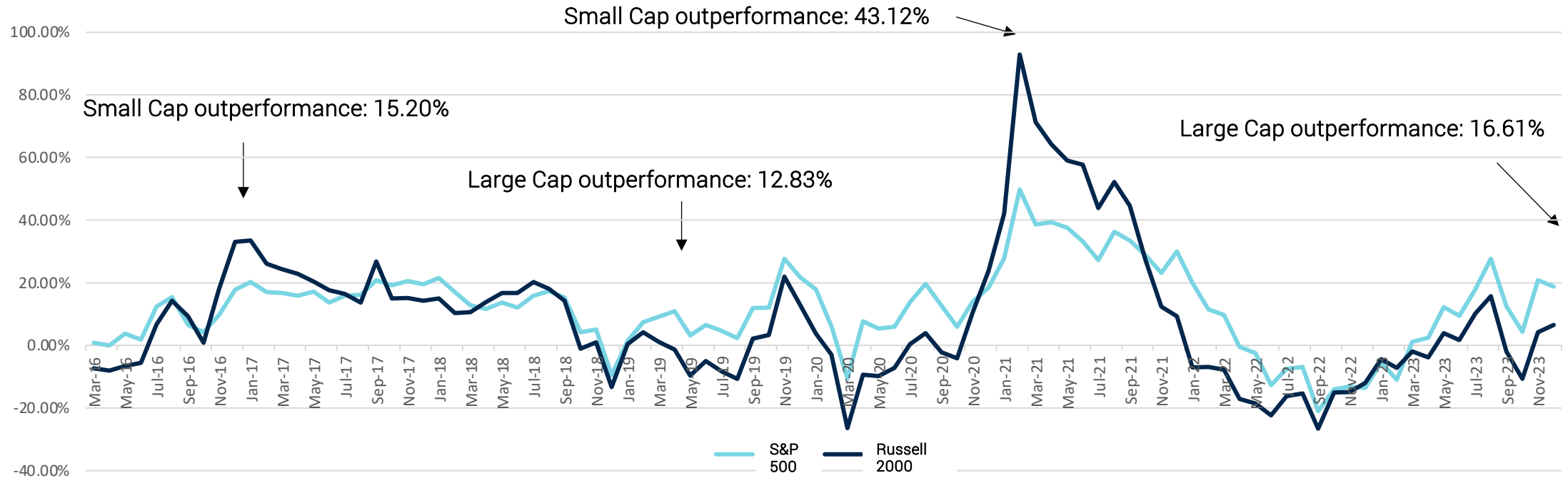


12 MONTH ROLLING RETURN STYLE PERFORMANCE	LONGX	JHEQX
% of Time in 1 <sup>st</sup> Place	50%	50%
Low Correlation Between Both Funds	0.73	0.73
Largest Outperformance	22.98%	18.78%
Largest Underperformance	-18.78%	-22.98%

JHEQX/LONGX Rolling 12-Month Spread. Source: Portfolio Visualizer, Ultimus. 4/1/2015 – 12/31/2023.



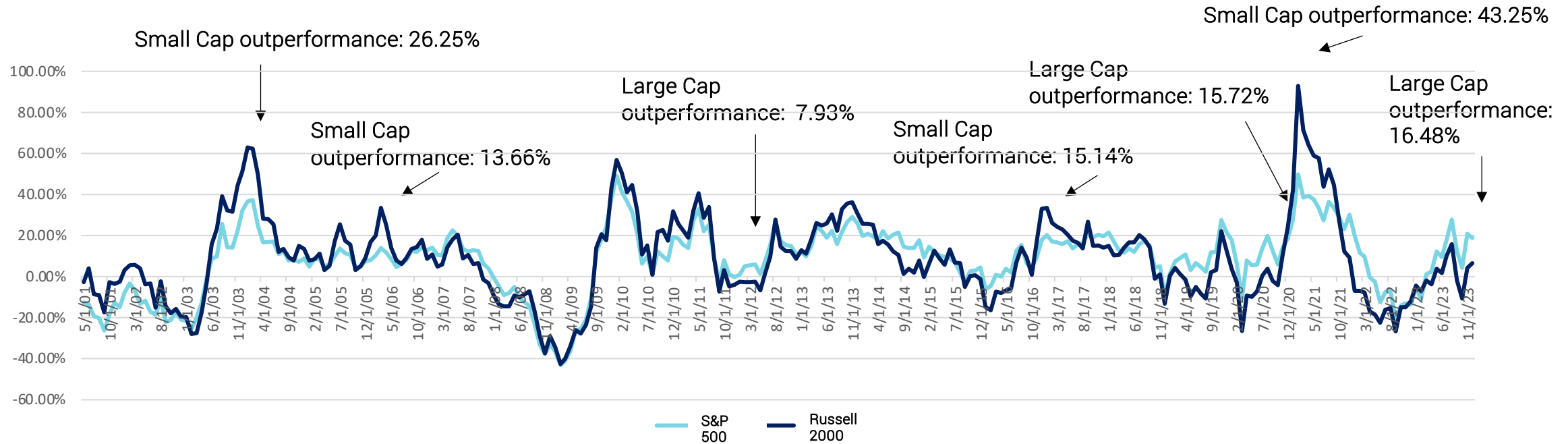
# LARGE CAPS HAVE OUTPERFORMED SMALL CAPS MORE FREQUENTLY IN RECENT CYCLES



12 MONTH ROLLING RETURN STYLE PERFORMANCE	Russell 2000	S&P 500
% of Time in 1 <sup>st</sup> Place	31%	69%
Correlation Between Both Funds	0.88	0.88
Largest Outperformance	43.12%	26.98%
Largest Underperformance	-26.98%	-43.12%

Russell 2000 Small Cap Index / S&P 500 TR Index Rolling 12-Month Spread. Source: Portfolio Visualizer, Ultimius. 4/1/2015 – 12/31/2023.

# SMALL CAPS HAVE OUTPERFORMED LARGE CAPS MORE FREQUENTLY OVER ALL CYCLES



12 MONTH ROLLING RETURN STYLE PERFORMANCE	Russell 2000	S&P 500
% of Time in 1 <sup>st</sup> Place	52%	48%
Correlation Between Both Funds	0.88	0.88
Largest Outperformance	43.25%	26.82%
Largest Underperformance	-26.82%	-43.25%

Russell 2000 Small Cap Index vs. S&P 500 Total Return Index Rolling 12-Month Spread. Source: Portfolio Visualizer, Ultimus. 6/1/2000 – 12/31/2023.

# PAST 20+ YEARS

## SMALL CAPS OUTPERFORMED LARGE CAPS 58% OF THE TIME

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Highest Return	-3.02% Small Caps	2.49% Small Caps	-20.48% Small Caps	47.25% Small Caps	18.33% Small Caps	4.91% Large Caps	18.37% Small Caps	5.49% Large Caps	-33.79% Small Caps	27.17% Small Caps	26.85% Small Caps	2.11% Large Caps	16.35% Small Caps	38.82% Small Caps	13.69% Large Caps	1.38% Large Caps	21.31% Small Caps	21.83% Large Caps	-4.38% Large Caps	31.49% Large Caps	19.96% Small Caps	28.71% Large Caps	-18.11% Large Caps	26.29% Large Caps
	-6.08% Balanced Equity	-4.70% Balanced Equity	-21.22% Balanced Equity	37.81% Balanced Equity	14.60% Balanced Equity	4.76% Balanced Equity	17.25% Balanced Equity	1.94% Balanced Equity	-35.33% Balanced Equity	26.90% Balanced Equity	20.87% Balanced Equity	-0.94% Balanced Equity	16.19% Balanced Equity	35.61% Balanced Equity	9.35% Balanced Equity	-1.49% Balanced Equity	16.62% Balanced Equity	18.22% Balanced Equity	-7.65% Balanced Equity	28.51% Balanced Equity	19.92% Balanced Equity	21.79% Balanced Equity	-19.26% Balanced Equity	21.58% Balanced Equity
Lowest Return	-9.10% Large Caps	-11.89% Large Caps	-22.10% Large Caps	28.68% Large Caps	10.88% Large Caps	4.55% Small Caps	15.91% Large Caps	-1.57% Small Caps	-37.00% Large Caps	26.46% Large Caps	15.06% Large Caps	-4.18% Small Caps	16.00% Large Caps	32.39% Large Caps	4.89% Small Caps	-4.41% Small Caps	11.96% Large Caps	14.65% Small Caps	-11.01% Small Caps	25.52% Small Caps	18.40% Large Caps	7.04% Small Caps	6.45% Small Caps	3.35% Small Caps

Balanced Equity placed  
#2 100% of the time

Small Caps came in  
first 58% of the time

Large Caps came in  
first 42% of the time

Balanced Equity represented by 50% S&P 500 / 50% Russell 2000, Small Caps represented by 100% Russell 2000, and Large Caps represented by 100% S&P 500. Data as of 1/1/2000 - 12/31/2023, quarterly rebalancing.

# KEY CONSIDERATIONS

## Style Performance

Over time a disciplined and balanced approach across all market cap styles has led to better long-term results vs. a single bet in one style.

Performance between S&P 500 cap-weighted stocks vs. Russell 2000 small & mid cap stocks will create substantial short-term performance divergence. This is a core driver of the relative short-term performance cycles between JPM and Longboard.

## Hedging Performance

Depending on the sequence of returns, the hedging strategies employed will yield different results.

JPM will tend to perform better during the first 10% of any market correction and Longboard performing progressively better after the initial 10% decline.

## Opportunity Cost

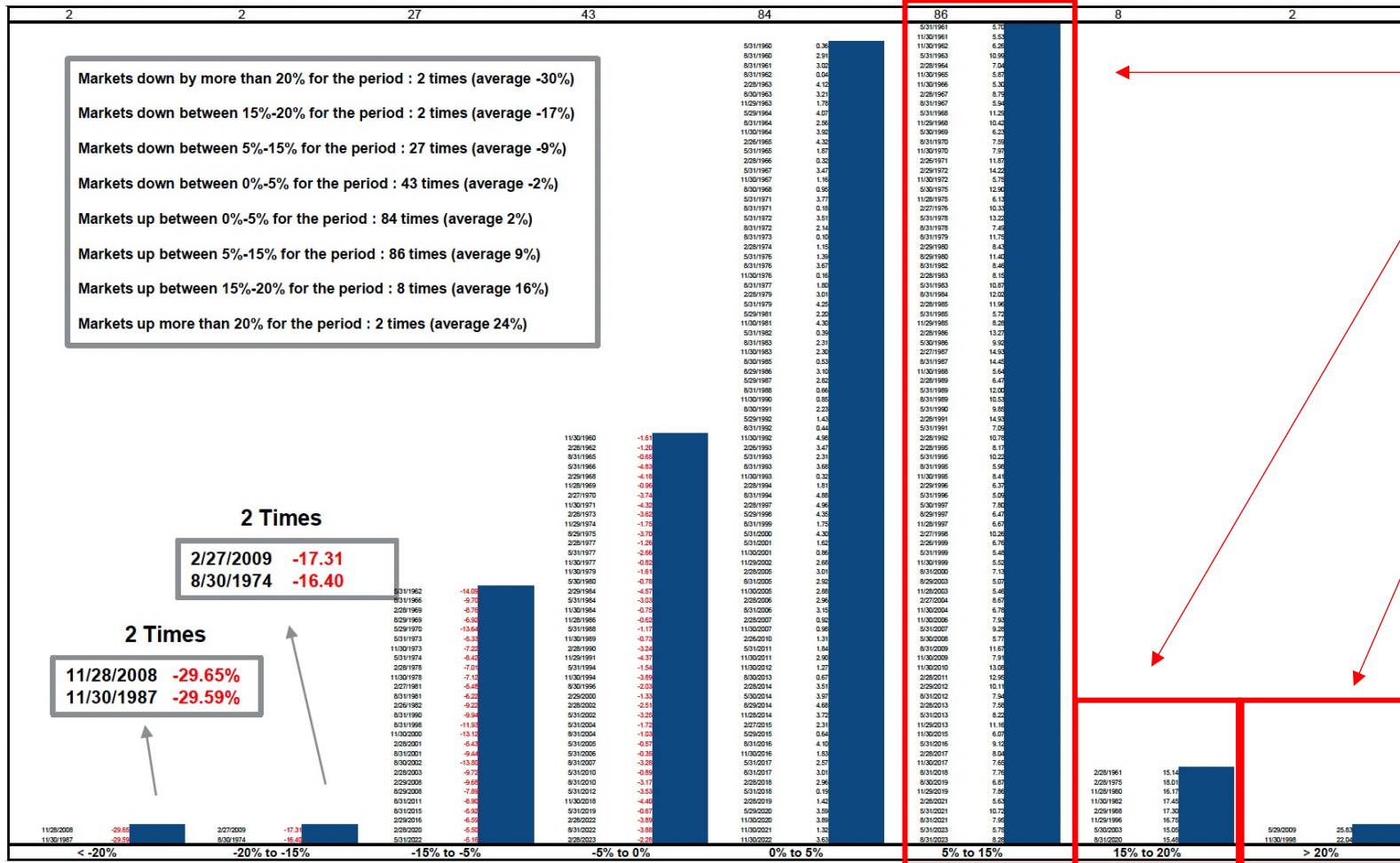
Since 1960, 5% - 15% was the most frequent quarterly return for the S&P 500\*, with an average return of 9%.

JPM sells call options that cap the maximum quarterly upside +5%. Longboard features uncapped upside which helps offset the opportunity cost of a return cap and helps maximize portfolio return potential.

\*Source: JPMorgan Asset Management & Standard and Poor's.

# OPPORTUNITY COST REDUCTION

S&P 500 Index: Period returns from May 31, 1960 to August 31, 2023  
(254 Total Periods) – Hedged Equity 3 reset period



LONGBOARD'S UNCAPPED HEDGING STRATEGY WILL ON AVERAGE CAPTURE MORE UPSIDE DURING THESE TYPES OF QUARTERS THAN JPMORGAN.

Source: J.P. Morgan Asset Management & Standard and Poor's. Past performance is not indicative of future results. Total return assumes the reinvestment of income.

# IMPORTANT RISK INFORMATION & DISCLOSURES

# IMPORTANT RISK INFORMATION & DISCLOSURES

## PROSPECTUS OFFERING DISCLOSURE

Investors should carefully consider the investment objectives, risks, charges and expenses of the Longboard Fund. This and other important information about the Fund is contained in the prospectus, which can be obtained at <http://www.longboardfunds.com> or by calling 855-294-7540. The prospectus should be read carefully before investing.

The Longboard Fund is distributed by Northern Lights Distributors, LLC, a FINRA/SIPC member. Longboard Asset Management, LP, is not affiliated with Northern Lights Distributors, LLC. Northern Lights Distributors, LLC, is not affiliated with the other funds listed above.

Investing involves risk, including loss of principal.

Comparison funds are not advised by or affiliated with Longboard. The funds are being shown for illustrative purposes only and are not considered a recommendation. The comparison funds' prospectuses may be obtained by visiting each fund's website. The prospectus should be read carefully before investing. Comparison funds are not advised by, or affiliated with, Longboard or Northern Lights Distributors, LLC.

The comparison funds referenced were chosen based on a series of parameters which include the largest 20 open-ended alternative funds as categorized by Morningstar, by total AUM with an inception date prior to 4/1/2015. The funds used in this comparison are well-known mutual funds and therefore may be more widely used among financial advisors. In addition, the global category of Trading Tools has been excluded to eliminate inverse and leveraged mutual funds, which do not apply in this comparison. Alternative mutual funds, as defined by Morningstar, are funds that follow alternative strategies, such as macro-trading, multi-strategy, options trading, and systematic trend.

**Longboard I:** Gross expense ratio: 1.99%; Net expense ratio: 1.99%, no expense limitation. **JPMorgan Hedged Equity:** Gross expense ratio 0.58%, Net expense ratio: 0.58%, no expense limitation. **Longboard Hedged Equity** consists of 50% JHEQX and 50% LONGX has a blended net expense ratio of 1.285.

# IMPORTANT RISK INFORMATION

**Calamos Market Neutral Income I:** Gross expense ratio: 0.98%, net expense ratio 0.98%, no expense limitation agreement. **Blackrock Event Driven Equity Instl:** Gross expense ratio: 1.29%, net expense ratio: 1.26%. **Gateway Y:** Gross expense ratio: 0.71%, net expense ratio: 0.70%, expense limitation contractual through 4/30/2024. **Merger Institutional:** Gross expense ratio: 1.36%, net expense ratio: 1.25%, expense limitation contractual through 4/30/24. **Goldman Sachs Absolute Ret Trckr Instl:** Gross expense ratio: 0.82%, net expense ratio 0.72%, expense limitation contractual through 4/28/24. **AQR Managed Futures Strategy I:** Gross expense ratio: 1.28%, net expense ratio: 1.28%, expense limitation contractual through 4/30/24. **Catalyst/Milburn Hedge Strategy I:** Gross expense ratio: 2.02%, net expense ratio: 1.99%, no expense limitation agreement. **American Beacon AHL Mgd Futs Strat:** Gross expense ratio: 1.56%, net expense ratio: 1.56%, no expense limitation agreement. **Aspiriant Defensive Allocation:** Gross expense ratio: 3.38%, net expense ratio: 3.29%, expense limitation contractual through 7/31/24. **Virtus AlphaSimplex Mgd Futs Strat I:** Gross expense ratio: 1.56%, net expense ratio: 1.45%, expense limitation contractual through 5/19/25. **AQR Diversified Arbitrage I:** Gross expense ratio: 1.36%, net expense ratio: 1.35%, expense limitation agreement contractual through 4/30/24. **BlackRock Tactical Opportunities Fund:** Gross expense ratio: 0.78%, net expense ratio: 0.78%, expense limitation contractual through 6/30/24. **LoCorr Macro Strategies I:** Gross expense ratio: 1.93%, net expense ratio: 1.93%, no expense limitation agreement. **First Trust Merger Arbitrage CI I:** Gross expense ratio: 1.93%, net expense ratio: 1.93%, no expense limitation agreement. **PIMCO TRENDS Managed Futures Strat Instl:** Gross expense ratio: 2.28%, net expense ratio: 2.05%, expense limitation agreement contractual through 7/31/2024. **Victory Market Neutral Income I:** Gross Expense ratio: 0.59%, net expense ratio: 0.40%, expense limitation contractual through 10/31/2024. **Blackstone Alternative Multi-Strategy I:** Gross Expense ratio: 3.53%, net expense ratio: 3.12%, no expense limitation. **LoCorr Long/Short Commodity Strats I:** Gross Expense ratio: 2.18%, net expense ratio: 2.18%, expense limitation contractual through 4/30/2024. **BlackRock Global Equity Mkt Netrl Instl:** Gross Expense ratio: 1.340%, net expense ratio: 1.340%, no expense limitation, **BlackRock Systematic Multi-Strat Instl:** Gross expense ratio 0.94%, net expense ratio 0.94%, expense limitation contractual through 6/30/2024, **Arbitrage I:** Gross expense ratio: 1.35%, net expense ratio: 1.35%, no expense limitation.

## 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



# TOP 20 ALTS STANDARDIZED PERFORMANCE (NET OF FEES) – through 12/31/2023

Symbol	Name	Inception Date	Annualized 1 Year Total Returns	Annualized 5 Year Total Returns	Annualized 10 Year Total Returns	Annualized Returns Since Inception
JHEQX	JPMorgan Hedged Equity I	12/13/13	16.06%	9.37%	7.56%	7.56%
JHEQX/LONGX	Longboard Hedged Equity	3/19/15	10.82%	9.08%	-	7.06%
MBXIX	Catalyst/Millburn Hedge Strategy I	12/31/96	-0.67%	7.22%	8.75%	10.17%
LONGX	Longboard I	3/19/15	5.59%	8.69%	-	6.47%
LCSIX	LoCorr Long/Short Commodity Strats I	12/13/13	-3.07%	4.05%	8.12%	4.42%
ADAIX	AQR Diversified Arbitrage I	1/15/09	4.51%	7.85%	4.38%	4.22%
GTEYX	Gateway Y	12/7/77	14.70%	6.07%	4.72%	4.01%
BILPX	BlackRock Event Driven Equity Instl	12/19/07	5.37%	4.15%	4.61%	5.10%
CBHIX	Victory Market Neutral Income I	11/19/12	9.85%	3.59%	3.42%	2.80%
CMNIX	Calamos Market Neutral Income I	5/10/00	9.17%	4.30%	3.65%	4.38%
GJRTX	Goldman Sachs Absolute Ret Trcker Instl	5/30/08	10.83%	4.91%	3.48%	2.30%
MERIX	The Merger Fund I	8/1/13	4.51%	3.39%	3.15%	3.28%
PQTIX	PIMCO TRENDS Managed Futures Strat Instl	12/31/13	-4.19%	6.61%	5.02%	5.02%
AHLYX	American Beacon AHL Mgd Futs Strat Inv	8/19/14	-3.85%	5.63%	-	4.94%
LFMIX	LoCorr Macro Strategies I	3/24/11	-6.58%	5.15%	4.85%	2.33%
PBAIX	BlackRock Tactical Opportunities Instl	6/1/93	2.98%	3.61%	3.25%	6.44%
ARBNX	Arbitrage I	10/17/03	6.05%	3.16%	2.71%	3.03%
BDMIX	BlackRock Global Equity Mkt Netrl Instl	12/20/12	14.58%	3.69%	2.58%	3.95%
BXMIX	Blackstone Alternative Multi-Strategy I	6/16/14	7.92%	2.73%	-	2.56%
ASFYX	Virtus AlphaSimplex Mgd Futs Strat I	7/30/10	-10.32%	9.16%	5.14%	4.86%
ABYIX	Abbey Capital Futures Strategy I	7/1/14	-3.27%	6.59%	-	4.60%
AQMIX	AQR Managed Futures Strategy I	1/6/10	1.80%	6.72%	2.50%	2.78%

# IMPORTANT RISK INFORMATION & DISCLOSURES

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.

## ADDITIONAL DISCLOSURES

Longboard Asset Management, LP (LAM) is registered as an investment advisor with the Securities and Exchange Commission (SEC) and only transacts business in states where it is properly registered, or is excluded or exempted from registration requirements. SEC registration does not constitute an endorsement of the firm by the Commission, nor does it indicate that the advisor has attained a particular level of skill or ability. LAM is also registered with the National Futures Association.

## PAST PERFORMANCE IS NOT AN INDICATION OF FUTURE PERFORMANCE.

The information set forth herein has been obtained or derived from sources believed by Longboard Asset Management to be reliable. However, Longboard does not make any representation or warranty, express or implied, as to the information's accuracy or completeness, nor does Longboard recommend that the attached information serve as the basis of any investment decision. Longboard hereby disclaims any duty to provide any updates or changes to the analysis contained in this document.

Market analysis, returns, estimates and similar information, including statements of opinion/belief contained herein are subject to a number of assumptions and inherent uncertainties. There can be no assurance that targets, projects, or estimates of future performance will be realized.

# STANDARDIZED PERFORMANCE (NET OF FEES)

As of 12/31/2023	LONGX
1Y	+5.59%
5Y	+8.69%
Since Inception	+6.47%

Source: Ultimus, Portfolio Visualizer. LONGX inception date: 3/19/15 (I share).

**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. Total annual operating expenses are 1.99% for Class I.**

# IMPORTANT RISK INFORMATION & DISCLOSURES

The information set forth herein has been obtained or derived from sources believed by Longboard Asset Management to be reliable. However, Longboard does not make any representation or warranty, express or implied, as to the information's accuracy or completeness, nor does Longboard recommend that the attached information serve as the basis of any investment decision. Longboard hereby disclaims any duty to provide any updates or changes to the analysis contained in this document.

Market analysis, returns, estimates and similar information, including statements of opinion/belief contained herein are subject to a number of assumptions and inherent uncertainties. There can be no assurance that targets, projects, or estimates of future performance will be realized.

## DEFINITIONS

Beta: Measure of the systematic risk of a security or portfolio in comparison to the market as a whole.

Bloomberg Barclays US Aggregate Bond Index: a broad base, market-capitalization weighted bond market index representing intermediate term investment grade bonds traded in the United States.

CAGR: Compounded Annual Growth Rate, which is the rate of return that would be required for an investment to grow from its beginning balance to its ending balance, assuming the profits were reinvested at the end of each period of the investment's life span.

Maximum Drawdown: The maximum loss from a peak to a trough of an investment or portfolio, before a new peak is attained.

Morningstar Moderate Target Risk Index: Index representing a balanced portfolio of 60% equities and 40% bonds.

Russell 2000 Index: A small-cap stock market index of the smallest 2,000 stocks in the Russell 3000 Index.

S&P 500 TR Index: A stock market index that measures the stock performance of 500 large companies listed on stock exchanges in the United States. It is one of the most commonly followed equity indices, and many consider it to be one of the best representations of the U.S. stock market.

Sharpe Ratio: Measurement of risk-adjusted performance, calculated by dividing a portfolio's excess returns by a measure of its volatility.

# IMPORTANT RISK INFORMATION & DISCLOSURES

Standard Deviation: A measure of an investment's volatility. Standard Deviation measures how much the investment returns deviate from the mean of the probability distribution of investments (how much the investment will deviate from its expected return). Investors use this metric to help determine an investment or portfolio's annual return by considering its historical volatility..

Diversification does not eliminate the risk of experiencing investment losses.

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