

# Altegris Futures Evolution Fund EVOAX | EVOCX | EVOIX

## Market Commentary

The Fund was -1.60% in the fourth quarter, bringing its year-to-date performance to +5.27% in the Class I shares. The Fund significantly outperformed the Morningstar Systematic Trend Category, which declined -5.32% and -3.82% for the quarter and the calendar year, respectively. The Fund also outperformed the SG Trend Index, which recorded losses of -5.03% and -4.13% for the quarter and calendar year, respectively.

We are pleased to end the year in solid positive territory as the markets shifted to a risk-on mode during the fourth quarter, creating challenges for trend strategies. Stock indices finished the quarter and year up strongly, surpassing expectations for many. Large-cap stocks, especially those poised to benefit from artificial intelligence (AI), were the standouts in the asset class. Fixed income markets began to rally toward the end of October. The rally continued through the end of the year as pressure on longer-maturity issues eased following the Treasury's announcement of a shift to shorter-maturity auctions. Additionally, benign inflation data and a slower economy contributed to investors' belief that the two-year bear market in bonds was coming to an end. The broader commodity complex declined during the quarter and the year, but softs and precious metals saw notable gains for the year.

On the domestic front, the Federal Reserve maintained tighter financial conditions during 2023 but did not raise rates during the year's final quarter. While price pressures slowed throughout the year, there is ongoing debate regarding whether the drop in inflation can be attributed to the Fed's actions or factors such as inventory restocking and supply chain repair. While the U.S. dollar played a modest role in markets' response to tighter financial conditions, it has weakened significantly recently. Bond yields, however, did most of the heavy lifting as short-end yields remain high and long-end yields have only come back down in the fourth quarter. With the stock market near all-time highs and narrow credit spreads, the US economy ended the year fighting battles on two fronts. It remains vulnerable to a resurgence in inflation at the long end of the yield curve or a "hard-landing" scenario characterized by a notable slowdown or recession.

At year- and quarter-end, trend-followers were generally long in fixed income, stock indices, and foreign currencies (or short US dollar); commodities were net short – albeit somewhat of a mixed bag with short agricultural commodities and energy positions and net longs in metals.

**Fund Returns** | As of 12/31/2023

|                                    | Annualized Return |        |        |        |       |       | Since Inception* |
|------------------------------------|-------------------|--------|--------|--------|-------|-------|------------------|
|                                    | QTD               | YTD    | 1YR    | 3YR    | 5YR   | 10Y   |                  |
| <b>EVOIX:</b> Class I              | -1.60%            | 5.27%  | 5.27%  | 10.05% | 3.87% | 4.63% | 3.72%            |
| <b>EVOAX:</b> Class A              | -1.66%            | 4.97%  | 4.97%  | 9.77%  | 3.62% | 4.36% | 3.46%            |
| <b>EVOCX:</b> Class C              | -1.75%            | 4.23%  | 4.23%  | 9.00%  | 2.86% | 3.59% | 2.65%            |
| ICE BofA 3-mo T-bill Index         | 1.37%             | 5.04%  | 5.04%  | 2.17%  | 1.89% | 1.26% | 1.05%            |
| <b>EVOAX:</b> Class A (max load)** | -7.30%            | -1.09% | -1.09% | 7.64%  | 2.41% | 3.75% | 2.96%            |

\* The inception date of Class A and Class I is 10/31/11; the inception date of Class C is 02/16/12. Returns for periods longer than one year are annualized.

\*\* The maximum sales charge (load) for Class A is 5.75%. Class A Share investors may be eligible for a reduction in sales charges.

The total annual fund operating expense ratio, gross of any fee waivers or expense reimbursements, is 2.17% for Class A, 2.92% for Class C, and 1.92% for Class I.

The Fund's adviser has contractually agreed to reduce its fees and to reimburse expenses, at least until October 31, 2024, to ensure that total annual Fund operating expenses after fee waiver and reimbursement will not exceed 1.59%, 2.34%, and 1.34% of average daily net assets attributable to Class A, Class C, and Class I shares, respectively, subject to possible recoupment in future years.

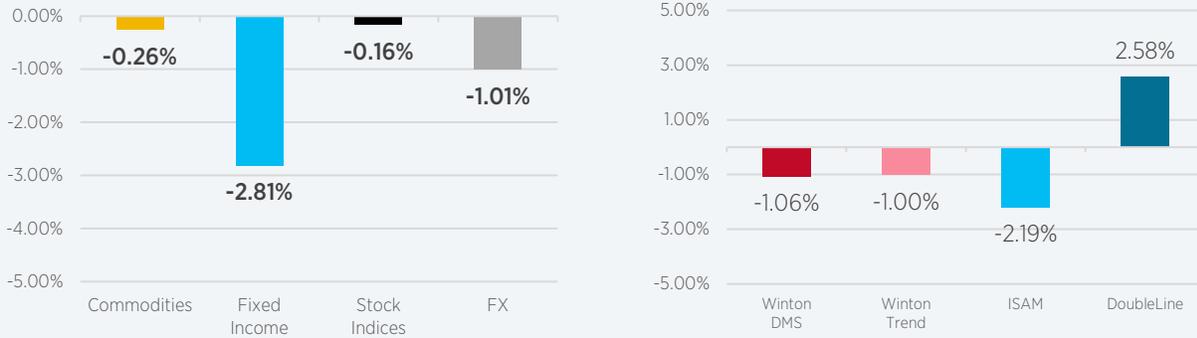
**The performance data quoted here represents past performance, which is no guarantee of future results. Current performance may be lower or higher than the performance data quoted above. Investment return and principal value will fluctuate so that shares, when redeemed, may be worth more or less than their original cost. The results shown reflect the waiver, without which the results would have been lower. A Fund's performance, especially for very short periods of time, should not be the sole factor in making your investment decisions. For performance information current to the most recent month end, please call (877) 855-3434.**

Fund Expense Ratio does not include management fees and incentive fees associated with managed futures investments. These costs are included in the investment return of such managed futures investments.

The referenced indices are shown for general market comparisons and are not meant to represent any particular Fund

Portfolio & Manager Performance Review

Q4 2023 Performance Contributions | As of 12/31/2023



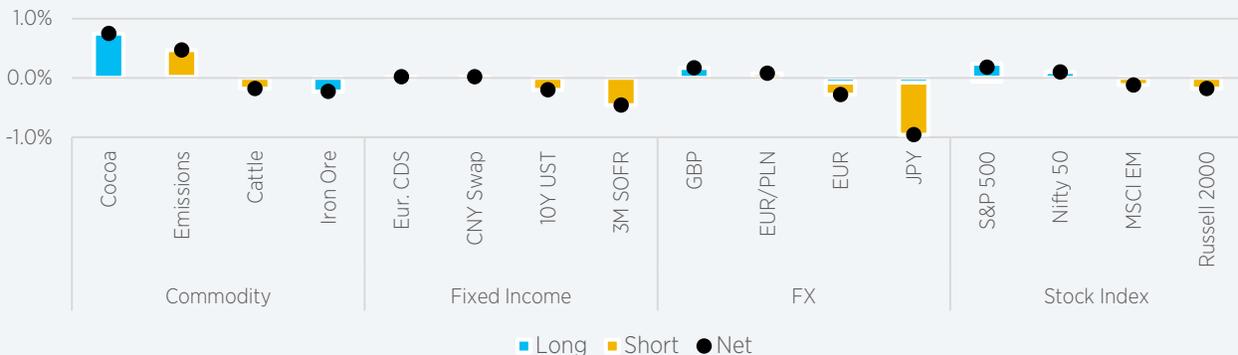
Source: Altegris. Each asset class has its own set of risks which investors should consider carefully before investing. Strategies represent examples of the buying strategy. Of course, there is no guarantee that any investment strategy will achieve its objectives, generate profits or avoid losses. The performance data quoted here represents past performance, which is no guarantee of future results.

The Fund endured a challenging quarter for Systematic Trend strategies and posted slight losses. All futures asset classes experienced losses, with commodities and stock indices making relatively minor losses compared to FX and fixed income. On a positive note, the collateral management strategy posted gains.

The ‘risk-on’ environment beginning in late October dampened pre-existing trends in many markets. Among commodities, the most significant gains came from longs in Cocoa and short carbon emissions contracts, while the most severe losses came from longs in iron ore and shorts in cattle. European Credit Default Swap (“CDS”) indices and Chinese yuan (CNY) rate swaps in fixed income contributed positively. However, these gains were offset by losses elsewhere, mainly from short positions in 10Y US Treasury and 3M SOFR contracts. In FX, the Fund incurred losses from short positions in the euro and yen due to the weaker US dollar, which negatively impacted the Fund’s short positions in the major foreign currencies. Stock indices finished down with mixed results. Longs in the S&P 500 and Nifty 50 Indices made the largest contributions; however, they were insufficient to offset losses elsewhere.

The Fund’s collateral management strategy posted gains for the quarter, with the Low Duration and Core strategies posting gains. The allocation to the Core Strategy proved timely as it outperformed Low Duration in the fourth quarter.

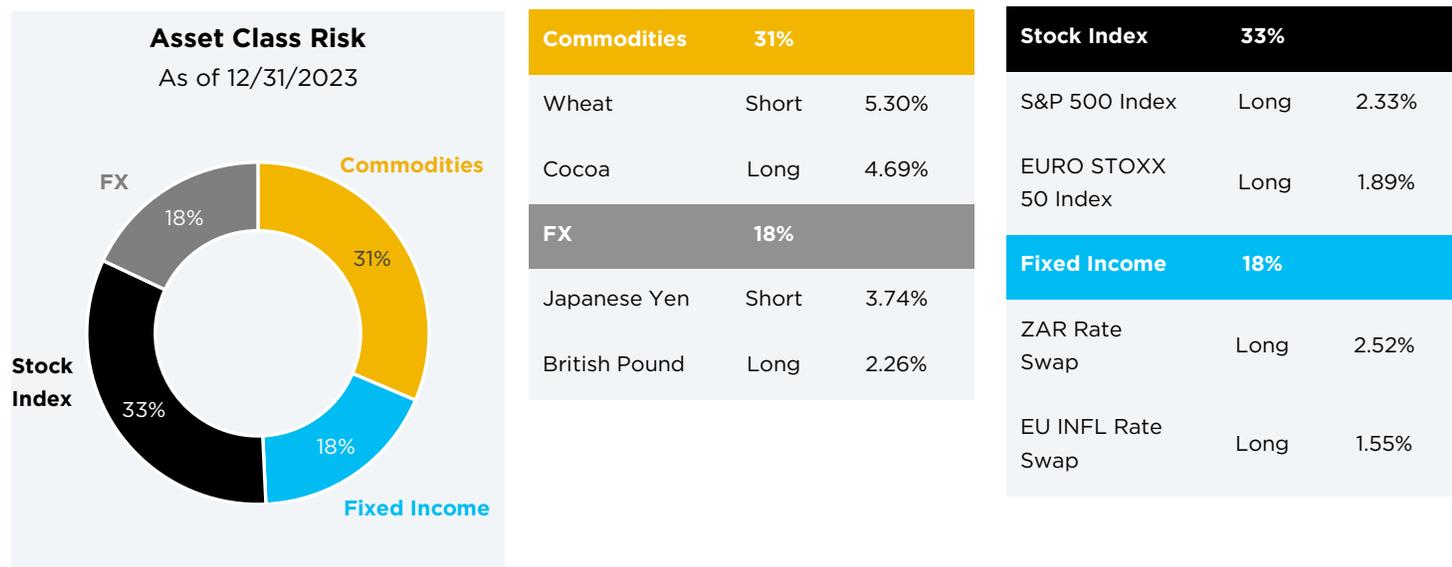
Q4 2023 Top Performance Contributions by Asset Class | As of 12/31/2023



## Portfolio Allocations

As of December 31, 2023, allocations to ISAM, Winton DMS, and Winton Trend are 25%, 52.5%, and 22.5%, respectively. Within the fixed income portfolio, allocations are 75% to the Low Duration Strategy and 25% to the Core strategy.

## Portfolio Positioning



*Each asset class has its own set of risks which investors should consider carefully before investing. Portfolio holdings are subject to change and should not be considered investment advice.*

## Outlook

The U.S. economy resembles a ball delicately balanced atop a hill with only a slight nudge required to send it rolling downhill. Being open-minded and prepared for the full spectrum of possibilities is paramount. The potential resurgence of inflation leaves long-duration bonds vulnerable, especially if the labor market remains resilient and wage growth persists. The possibility of a significant economic downturn or “hard landing”- characterized by a notable slowdown and potential recession has not disappeared. We surmise that we are navigating a novel economic regime distinct from the past two decades and characterized by shorter, more volatile economic cycles. While geopolitical challenges have had limited impact on the private sector in the last three decades, two ongoing wars, strained US-China relations and instability in the Middle East raise concerns about future challenges in financial markets. However, we believe that a systematic approach and effective risk management position the Fund for long-term success. While market volatility can create short-term challenges, we remain committed to our approach and confident in our ability to navigate whatever the future may bring. The Fund will continue to adapt its positioning in response to the evolution of the underlying trend-following and diversifying signals.

We look forward to continuing to serve our investors and delivering potentially strong and diversifying returns in the quarters and years to come.

*This commentary reflects the views of the sub-adviser portfolio manager through 12/31/2023. The manager's views are subject to change as market and other conditions warrant. This commentary is only for informational purposes and should not be construed*

as investment advice. No forecasts are guaranteed. There is no guarantee that any investment will achieve its objectives, generate profits, or avoid losses.

## IMPORTANT DISCLOSURES

**Carefully consider the Fund's investment objectives, risks and expenses as detailed in its Prospectus and Summary Prospectus, which can be obtained by calling (877) 855-3434. Before investing, read the Prospectus carefully for additional information about the Fund and its risks.**

*Funds are distributed by Northern Lights Distributors, LLC. Destra Capital Investments is the third party marketing agent of the Altegris Futures Evolution Strategy Fund. Altegris Advisors, Northern Lights, and Destra Capital are not affiliated.*

***The Fund may not be suitable for all investors.** Investing involves risk, including possible loss of principal. You may have a gain or loss when you sell shares. • There can be no assurance that the Fund will achieve its investment objectives. • The Fund's investments in commodity futures markets are volatile, as commodity futures prices are influenced by unfavorable weather, geologic and environmental factors, regulatory changes and restrictions. • Trading and investing on non-US exchanges and in non-US markets poses additional risks as compared to trading and investing in the U.S., due to currency fluctuation, adverse political or economic conditions, and differing audit and legal standards (risks that are magnified for investments in emerging markets). • The Fund will invest in futures, swaps, structured notes, options, and other derivative instruments, which are leveraged and can be more volatile, less liquid, and subject to the Fund to increased costs, as compared to traditional investments. • Derivatives may also be subject to increased tracking risk, risk of counterparty default, adverse tax treatment. • The Fund will leverage investments to the extent permitted by its investment policies and applicable law, and the managed futures programs it accesses will be traded with additional notional funding – all of which will magnify the impact of increases or decreases in the value of Fund investments and cause the Fund to incur additional expenses. • Futures contracts are generally liquid, but under certain market conditions, there may not always be a liquid secondary market. • The Fund's use of short selling and taking short positions in derivatives involves increased risks and costs, as the Fund may pay more for an investment than it receives in a short sale, with potentially significant and possibly unlimited losses. • The Fund's investment in other investment funds will subject it to the risks and expenses affecting those funds. • The Fund invests in fixed income securities, including preferred stock, and their values typically fall when interest rates rise. • Fixed income securities are subject to the issuer's credit risk, risk of default and prepayment risk in the case of mortgage-backed and similar securities. • Below investment grade and lower quality high yield or junk bonds present heightened credit risk, liquidity risk, and potential for default. Investing in defaulted or distressed securities is considered speculative. • REITs are subject to market, sector and interest rate risk.*

**SG Trend Index.** The SG Trend Index calculates the net daily rate of return for a group of 10 trend following CTAs selected from the largest managers open to new investment. The SG Trend Index is equal-weighted and reconstituted annually and has become recognized as the key managed futures trend following performance benchmark.

**S&P 500 Total Return Index.** Calculated intraday by S&P based on the price changes and reinvested dividends of SPX with a starting date of Jan 4, 1988.

**Russell 2000 Index.** The Russell 2000 Index is comprised of the smallest 2000 companies in the Russell 3000 Index, representing approximately 8% of the Russell 3000 total market capitalization. The end-of-day value is calculated with a base value of 100.00 as of December 29, 1978.

**ICE BofA 3-Mo T-bill Index.** ICE BofA US 3-Month Treasury Bill Index is comprised of a single issue purchased at the beginning of the month and held for a full month. At the end of the month that issue is sold and rolled into a newly selected issue. The issue selected at each month-end rebalancing is the outstanding Treasury Bill that matures closest to, but not beyond, three months from the rebalancing date. In order to qualify for inclusion, securities must be auctioned on or before the third business day before the last business day of the month and settle before the following calendar month end.

**Nikkei 225.** The Nikkei-225 Stock Average is a price-weighted average of 225 top-rated Japanese companies listed in the First Section of the Tokyo Stock Exchange. The Nikkei Stock Average was first published on May 16, 1949, where the average price was ¥176.21 with a divisor of 225.

**TOPIX.** The TOPIX, also known as the Tokyo Stock Price Index, is a capitalization-weighted index of all companies listed on the First Section of the Tokyo Stock Exchange. The index is supplemented by the subindices of the 33 industry sectors. The index calculation excludes temporary issues and preferred stocks, and has a base value of 100 as of January 4, 1968.

**S&P ASX 200.** The S&P/ASX 200 measures the performance of the 200 largest index-eligible stocks listed on the ASX by float-adjusted market capitalization. Representative liquid and tradable, it is widely considered Australia's preeminent benchmark index. The index is float-adjusted. The index was launched in April 2000.

**SOFR.** Secured Overnight Financing Rate (SOFR) is a broad measure of the cost of borrowing cash overnight collateralized by Treasury securities. The SOFR includes all trades in the Broad General Collateral Rate plus bilateral Treasury repurchase agreement (repo) transactions cleared through the Delivery-versus-Payment (DVP) service offered by the Fixed Income Clearing Corporation (FICC), which is filtered to remove a portion of transactions considered "specials".

**Nifty 50 Index.** The NIFTY 50 is the flagship index on the NSE, computed using a float-adjusted, market capitalization weighted methodology. The Index tracks the behavior of a portfolio of blue chip companies, the largest and most liquid Indian securities domiciled in India and listed on the NSE.

**MSCI Emerging Markets Index.** The MSCI Em (Emerging Markets) Index is a free-float weighted equity index that captures large and mid cap representation across Emerging Markets (EM) countries. The index covers approximately 85% of the free float-adjusted market capitalization in each country.

#### **Altegris Advisors**

*ALTEGRIS ADVISORS, LLC is a CFTC- and NFA-registered commodity pool operator and SEC-registered investment adviser that manages funds pursuing alternative investment strategies.*

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Destra Capital Investments

443 N. Willson Avenue

Bozeman, MT 59715

877.855.3434

[www.destracapital.com](http://www.destracapital.com)

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