Altegris/AACA Opportunistic Real Estate Fund RAAAX | RAACX | RAAIX | RAANX

Market Commentary

Last year, the Fund returned +28.16%, outperforming the Dow Jones US Real Estate Total Return Index (DJUSRET) at -5.29% by +33.74% and the Morningstar Real Estate Category at -4.96% by +32.94%. The Fund gave back some of 2020's outperformance in the third quarter of 2021 at -6.26%, underperforming the DJUSRET at +0.85%. The Fund ranks in the top 3% over the last five years and the top 5% in the three years ending September 30, 2021. We are pleased with the Fund's performance relative to the DJUSRET and Morningstar category through the past year's pandemic-related market turmoil, which has proven to be one of the most volatile years in recent history.

Thinking about 12-18 months forward, we view these as the most important market drivers:

- Fiscal stimulus. The administration is bickering trying to pass an epic $3.5T spending bill. The Bill is 2400 pages long, and what politician has time to read that in its entirety? Democrats control ½ the Senate and do not appear to have the vote. This process is also tied to a $1T infrastructure bill and some vague notion of tax changes.
- Vaccine rollout. As we pen this, the US is at 65% for one dose of the vaccine, and we estimate another 10% to 20% of the population has functioning antibodies - the US is within striking distance of herd immunity. However, the administration has moved the 'herd immunity' goal line to a larger yet undefined number. In our opinion, the days of lockdowns are passed, and most people are back to a version of their normal lives. Travel has resumed, restaurants are open, and only handfuls of people (typically in very blue districts) show much concern. By way of anecdotal example, three weeks ago, we were in Madison, Wisconsin, and Louisville, Kentucky back-to-back. In Madison, a young guy was walking on the other side of the street mid-day with his dog alone, wearing a mask. In the Louisville airport, however, maybe 1/4 of people did not wear masks despite the continuous loop of the recorded voice warnings. As for the return to the office, this dynamic is still playing out in favor of work from home. The LV casino companies are telling us business travel is ramping back up with group and convention business.
- Accommodative Federal Reserve. Jerome Powell has indicated that the Fed thinks this spike in CPI is temporary, but the consensus is emerging that the labor component is permanent. We expect asset purchases to cease (the 'taper').

Home prices in the USA have risen 13.2% YTD, according to the Case Shiller national numbers. In what we would call "where I want to live locations' like Miami, Austin, Charlotte, Tampa, etc., home prices are up 30-75%. This appreciation is unsustainable, in our opinion. Due to kinks in global supply lines, used car prices, commodities, and labor costs have spiked.

Globally, the setup for US commercial real estate remains very strong. Public and private investors are looking at the US as a stable market in which to deploy capital. While our media would have you believe the US was in absolute turmoil, things are actually pretty good, and foreign investors appreciate this. So despite record low cap rates, capital continues to flow from the rest of the world here. This sentiment is bullish.

We see it less likely with each passing day in 2021 of tax changes this year. Raising taxes takes Congress and our sense of it that the "tax the rich' theme of 1Q and 2Q has faded and been replaced with other political themes, and therefore we think meaningful changes to the tax code are less likely. Here are the 'stated' tax goals of the Biden platform:

- Increase individual tax rates on those making more than $400K - probably to something like 40%
- Increase corporate taxes from 21% to 28%
- Reduce the usability of deductions for individual taxpayers
- Uncap the maximum income for social security
- Eliminate capital gains as a concept
- Eliminate the 1031 tax-deferred gain

The elimination of the 1031 tax-deferral mechanism and treatment of capital gains as ordinary income would materially change the taxable real estate investors' tax profile. We believe REITs' market share would likely benefit as REITs would serve as a protected tax-free pass-through vehicle in this scenario.

It appears there is limited time left in this year for legislation, and we suspect that anything tax-related slips to 2022, which is a midterm year. In addition, there are rumors that Schumer and Pelosi are arguing for a result of the ever-popular SALT deduction, which would benefit their donors. We think that this, of course, makes the progressives in the party apoplectic.

Portfolio Positioning

During 2020, we mostly avoided what we think are the worst real estate segments and focused instead on those we would classify as offline to COVID-19. We did not own what we feel were the most COVID-sensitive real estate sectors in 2021 and are currently short office in addition to having been short retail and lodging at times earlier in 2020.

As we navigate 2021, there has been a clear rotation into the stocks and sectors most affected by COVID as they were the cheapest by most valuation metrics. We sense that this trade is in the very late innings, and near-term growth should be fueled more by strong fundamentals and less by valuations. As long-time shareholders will know, we generally ignore this temporary, price-dependent portfolio management style.

In Q3, we underperformed the index by -7.11%, largely due to our exposure to China.

Strategy Refresher

We invest in what we believe are long-term secular opportunities in oligopolistic real estate portfolios as a quick refresher. We focus on this, and the issues we care most about are related to this idea's underpinnings. Share prices, however, tend to reflect a combination of fundamentals, the market at large, and sentiment. We work hard NOT to use share prices to inform our decision-making process. This sentiment does not say we do not care about valuation, but we FIRST underwrite ideas based on our strategy's criteria.

- Sectors with a limited number of suppliers (small club)
- Sectors with a limited ability to add supply (you cannot join my club)

- Tenants that cannot physically leave and (landlord controls the relationship with the tenant)
- Tenants experiencing underlying secular growth (tenant needs more space)

Only then does valuation enter the equation. We highlight this framework to make a point: by and large, we do not react to share prices in the short term, and neither should you. The investment world (since my start in 1983) has become saturated in data — T.V.s, networks, data feeds, quote systems, trading algorithms for your phone, idiots with blogs, etc. There is a massive gap between thoughtful research and people screaming on T.V. (or now YouTube). In our experience, thoughtful analysis is better as a tool for portfolio management.

I listen to Podcasts in the gym, and one of my favorites is Freakonomics (hosted by Steven Dubner). Last week's episode was a deep dive into major US media outlets' (NYT, CNN Etc.) editorial biases and concluded that 87% of their coverage was negative. We bring this up relative to portfolio management because it has become more difficult to separate noise from the signal. We talk to and meet with the management of the companies we own as often as possible– this is a signal (we're getting first-hand information). On the other hand, the stock gyrations caused by various reports in the daily media are noise.

Investment Themes

Gaming

We added to our gaming exposure in the quarter, and it now stands at 18.6%. We think the gaming names (CZR, MGM, and WYNN) will benefit from leisure travel and a return of group business. While Las Vegas is partly a convention-driven business, CZR and MGM have robust businesses focusing on iGaming and Online Sports Betting (OSB). CZR and MGM are the bulk of our exposure. By way of refresher, CZR is 100% domestic, MGM is about 85% domestic, and WYNN is 70% Macau. Macau is still in the early phase of Covid recovery it seems, with a run rate of about 35-40% of the prior peak. Their approach to Covid is to limit travel until a very high level of vaccination is achieved. The consensus for the Macau management teams is that 1Q 2022 is when this happens.

As for the US, we believe the domestic brick-and-mortar business has made a better than full recovery. Revenue and attendance levels are better than pre-covid, and management teams have been very good about only adding back amenities that produce EBITDA. They have generally cut costs quickly and closed assets during the first wave of the pandemic while keeping a watchful eye and thoughtful approach to costs when reopening. Caesars Entertainment management noted that every buffet they were running (in normal times) lost $3M a year on their second-quarter call. We think margins in the casino business will improve maybe 500 – 1000 basis points on a normalized run-rate basis.

CZR's 2Q earnings call qualifies as one of the most positive calls I have heard in terms of tone and financial results (note I am 62 and have been doing this for 40 years). The EBITDA estimate was about $750M, and they made $1B, so they beat by $250,000,000. And several assets were closed; they 'played unlucky' and did not return more profitable group business. So, they were gently telegraphing that 'normalized EBITDA' would have been $1.1B, and they would have beat by $350M. They continued that weekends were full and weekdays were 85% full during 2Q. Further, they remarked that 3Q looked effectively full all week, and weekends are booked as far as the reservation system allows, AND group business is returning in 3Q, with these more profitable guests displacing FIT (non-group) mid-week travelers. CZR is our largest position.

Meanwhile, estimates of iGaming's and online sports betting (OSB) potential size vary from $35B to $50B, driven by various assumptions around the number of states to ultimately legalize, the preference for one or both types (OSB, iGaming) approved, and the tax rates associated with these activities. However, the consensus seems to be about $45B for the US and Canada. So, we think that OSB and iGaming combined

could be as big as Macau's peak, which could create a potentially huge market.

We believe this growth in the market will play out over this decade and favor companies with a large physical footprint, robust technology platform, and large rewards/affinity base. In our opinion, CZR and MGM have the skills and resources to be market leaders. CZR paid $4B for William Hill, the UK-based provider of online gambling, last year. This year they sold the UK position for $2.3B, leaving them having paid $1.7B net. In addition, they have stated that they intend to spend another $1B in capital on customer acquisition, technology, and growth in the US. All in, that would be $2.7B. At the end of the decade, we estimate that using WYNN's North America estimate for OSB and iGaming of $45B and giving CZR 25% market share, CZR could generate $11.25B in GGR and perhaps close to $4B in EBITDA at a 35% margin. We think this EBITDA is worth 15x, so say $60B in additional enterprise value. That's $281/share on today's fully diluted shares. We think the company today reflects perhaps $20 of this.

Infrastructure

We have about 12% portfolio exposure to infrastructure, which does not garner much attention from investors. This exposure includes toll roads and bridges, airports, water ports, power distribution, energy terminals, hydroelectric dams, solar power arrays, and wind farms. Most of this qualifies as Environmental, Social, Governance (ESG) if you prefer to think that way. These assets are typically local or regional monopolies and carry high ROA and year-over-year rent growth through inflation. There are only a handful of qualified buyers/operators, in our opinion, and we own Brookfield and Fortress Infrastructure, two of the larger public companies. These assets also generate attractive yields—2%-6%, on average. We sense that the Administration's Build Back Better bill will spend money on infrastructure, but how much or when is unclear. this.

The Wave of Data (Our Data Center and Communication Network Exposure)

We believe demand for data – whether related to mobile, storage, reliability, transfer, or integration - will play out over perhaps a decade or more. In their annual whitepaper, Cisco noted a 30% compounded annual growth rate of global mobile connections from 2018-2023.[1] This growth has enormous implications and drives 5G and connectivity. We have been harping on this for about five years now, so please forgive the repetitiveness. Both data centers (where all the data associated with these trends lives) and connectivity (how it gets back and forth to your devices) are great investment opportunities and key themes for our team. We have exposure to data centers and communications networks commonly referred to as tower REITs. The communications networks have about 90% market share of macro towers in the US, effectively an oligopoly. Unlevered returns are high, tenants are physically incapable of leaving (absent merger), and SS/NOI runs mid-to-high single digits. In our opinion, the 5G rollout will take a decade and involve all four items above. On top of this, there will be a distributed network focused on low latency projects like autonomous vehicles. What is there not to love?

As for data centers, it is nearly the same but with a twist. The data center business is segmenting into two sub-sectors: 'cloud' and 'enterprise.' The cloud business (AWS, MS Azure, Google Cloud, etc.) is expanding at a rapid pace, and the associated data centers are typically large, long-term credit leases. These assets' development yields have compressed to low double digits (~11%) after development and occupancy. In our opinion, it is still an excellent business, but future returns on assets (ROA) will likely be lower than the historical average of about 16%. Most data center companies traffic in both cloud and enterprise (the more traditional business in which a company moves its on-site enterprise data to a third-party data center).

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[1] "Cisco Annual Internet Report (2018-2023)", *Cisco*, 2020, 12.

Enterprise clients get better power, density, and redundancy at much lower costs. Enterprise is a slower sales cycle with smaller users but at much higher ROA and return on equity (ROE) than cloud. We estimate the demand for colocation enterprise space is growing at about 15%, and demand for cloud space is growing at 10-25%, with wide differences in uptake timing. Not included in these numbers are several technologies coming soon, which we believe will drive an avalanche of data creation, including (but not limited to): self-driving vehicles, artificial intelligence, big data, 5G mobile connectivity, and virtual and augmented reality.

We have split the overall position into domestic (SWCH, EQIX) and Asia Pacific (APAC) (GDS, VNET, CD). Chin (CD) and 21 Vianet (VNET) are new additions to the portfolio. Chin builds state-of-the-art cloud-based centers, while 21 Vianet builds colocation and cloud. 21 Vianet is expanding from China into Indonesia and India, a focus for us. APAC comprises about 15% of the portfolio with estimated EBITDA growth rates of 60% this year and 42% next year, while US growth is about 8%. Looking to 2022, we conclude the APAC names will grow 4x as fast (41% vs. 11%) and trade at a 51% discount of TEV/EBITDA to the US names.[2]

A bit about what is happening in the PRC

The Chinese data center REITS and PRC technology stocks broadly have re-rated with prices and multiples down half since the beginning of the year. There are overlapping themes at work here. Elaboration below:

Positives:

1) The PRC considers the tech space, 5G rollout, interconnectivity, e-commerce, etc., as mission-critical for their 10-year plan.
2) ESG – The 10-year plan for the PRC economy sets lofty goals for renewable energy. The larger incumbent data center companies are furthest ahead in this critical metric, and it favors them.
3) Biden VS Trump tone - In our opinion, the heat of rhetoric is way down under Biden. Of course, he pays lip service to human rights, but the fact that our administration said nothing when Disney made John Cena apologize for saying Taiwan would be the first country to see Fast and Furious 9 should tell you where Biden stands on this.

Things that just are:

4) The PRC looks at the US and does not want Facebook, Twitter, Google, and Amazon acting as quasi governments and making free speech policy. In our opinion, there is no free speech anyway, but the lesson of 'too big to control' is not lost on them.
5) They are implementing a 'currently being baked' process for cyber-security audits for customer-facing companies with records on more than 1 million people. Announced days after the DIDI IPO, the market interpreted this as the PRC slapping DIDI. Our PRC experts say no: it has been in the works for two years.
6) There is a legitimate argument for controlling 'bad actors' in the PRC tech sector. The Facebook saga is what they would like to avoid.

Negative:

7) US actions – The US wants PRC-based companies' auditors (usually the US Big 4) to open their work papers to the PCAOB. This battle has been simmering for many years now. The US argument is that you should do what US-based companies do if you are listed here. The PRC argument is that this

[2] S&P Capital IQ, 2021.

exposes their companies to espionage, and they are audited anyway by the PRC divisions of the US big 4. They are particularly sensitive to defense and data companies. The corollary would be that Lockheed Martin (a US defense firm), listed in China, would also be subject to Chinese political pressures. For what it's worth, we have spent time with the PRC divisions of KPMG and EY, and they tell us the audit process is nearly identical to the US.

8) Game of Thrones – There is a constant dynamic tension between the CCP and the business community. Crackdowns (remember the crackdown on VIP gamblers in Macau in 2013?) are nearly constant, with an ebb and flow within industries and personalities. Jack Ma criticized the PRC in a public speech, and the Government reacted by making an example of him. We believe this is less about Jack Ma and more about its message to the rest of the business community. It's like taking a knee for Daenerys Targaryen; she doesn't roast you alive; "Bend the knee and join me or refuse and die."

Our investments in data centers are not involved in this anyway; they are two or three swim lanes over from JD Cloud, Tencent, and Baidu. The only material issue is getting in line with the ESG goals related to renewable energy, which we view as a positive. The PRC would like as much as possible to locate new Data Center development in locations with accessible renewables (wind, solar and hydro). Chindata is already at 50% renewable energy and is leading the other Chinese data center companies GDS and VNET. Much of this is location-dependent. Most renewable energy in the PRC is from the Three Gorges Dam at 22 GW in the Hubei province, or solar and wind which are widely distributed but tend towards rural locations. (Fun Fact: FTAI has built a large natural gas/hydrogen power renewable energy plant in Ohio which produces 485 MW. So, Three Gorges produces roughly 45x as much as this).

Valuation

- **The portfolio's growth forecast is still multiples of the asset class at large.** The Fund has an underlying 2022 FFO growth rate of 32.0% (AACA estimate using SNL Financial data). In comparison, the RE sector (as measured by the SNL Equity REIT Index) has a growth rate of 8.5% (according to SNL Financial).
- **The portfolio's valuation is very near that of the asset class at large.** The Fund is selling at 19.1x 2022 FFO (AACA estimate using SNL Financial data), and SNL Equity REIT Index is trading at 20.5x 2022 FFO (according to SNL Financial).
- **The portfolio is less levered than the aggregate leverage in the asset class.** The SNL Equity REIT index carries an underlying leverage ratio of about 43.2% (according to SNL Financial), while the Fund's leverage ratio is 26.5% (AACA estimate using data from SNL Financial).

So, put simply, for a about the same price (price/FFO multiple valuation), the Fund's investments are significantly higher growth (about 3.8x higher, per SNL financial) with about half the risk (or leverage, per SNL Financial).

Fund Performance

Fund Returns | As of 09/30/2021

				Annualized Return			
	QTD	**YTD**	**1YR**	**3YR**	**5YR**	**10Y**	**Since Inception***
RAAIX: Class I	-6.25%	3.67%	19.42%	18.32%	14.84%	15.57%	13.37%
RAAAX: Class A	-6.26%	3.50%	19.18%	17.99%	14.55%	15.36%	13.18%
RAACX: Class C	-6.49%	2.94%	N/A	N/A	N/A	N/A	9.74%
RAANX: Class N	-6.45%	3.54%	19.17%	18.07%	14.57%	15.37%	13.18%
Dow Jones US Real Estate TR Index	0.85%	21.30%	30.68%	11.67%	8.63%	0.63%	0.60%
S&P 500 TR Index	0.58%	15.92%	30.00%	15.99%	16.90%	16.63%	14.12%
RAAAX: Class A (max load)**	-11.63%	-2.46%	12.32%	15.69%	13.20%	14.67%	12.55%

** The inception date of the Predecessor Fund was February 1, 2011. Past performance is not indicative of future results. Returns for periods longer than one year are annualized. The inception date of Class C shares was 12/1/2020.*

*** 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 is 2.23% for Class A, 2.98% for Class C, 1.99% for Class I, and 2.23% for Class N. The Adviser has contractually agreed to reduce its fees and/or absorb expenses of the Fund as described in the Fund Summary, until at least October 31, 2022, to ensure that total Annual Fund operating expenses after fee waiver and/or expense reimbursement will not exceed 1.80%, 2.55%, 1.55%, and 1.80% of average daily net assets attributable to Class A, Class C, Class I, and Class N shares, respectively. Waived fees and absorbed expenses are subject to possible recoupment from the Funds in future years on a rolling three-year basis (within the three years after the fees have been waived or reimbursed) if such recoupment can be achieved within the foregoing expense limits. This agreement may only be terminated only by the Board of Trustees, on 60 days written notice to the Adviser.

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 costs. 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 (888) 524-9441.

The Performance shown before January 9, 2014 is that of the American Assets Real Estate Securities, L.P. ("Predecessor Fund") which was managed by AACA, the Fund's sub-adviser, from February 1, 2011 through January 9, 2014 in the same style and pursuant to substantially identical real estate long short strategies, investment goals and guidelines, as are presently being pursued on behalf of the Fund by AACA. Because the Predecessor Fund was not registered under the Investment Company Act of 1940, it was not subject to the same investment restrictions, diversification requirements, leverage limits and other regulatory restrictions of the Fund, which might have reduced its returns. The Predecessor Fund also was not subject to sales loads that would have adversely affected its performance. Performance shown of the Predecessor Fund is net of its applicable management fees, performance fees and other actual expenses and is not an indicator of future results.

Portfolio Performance Review

The portfolio's top five attributors this quarter were: Caesar's Entertainment, Innovative Industrial Properties, Switch, Inc., New Lake Capital Partners, and Alexandria Real Estate, Inc.

- **Caesar's Entertainment, Inc. ("CZR") | Gaming:** CZR is a large regional gaming company that recently merged with Eldorado Resorts to create the largest and most diverse portfolio of gaming destinations across the U.S. The new entity boasts more than 55 world-class resorts managed by Eldorado's premier management team. We estimate that the regional U.S. gaming market will recover more quickly than Las Vegas and Macau. Additionally, we believe the next frontier in gaming will be sports betting and iGaming, and CZR is in the pole position to capture a disproportionate share of this market. We believe the market is not yet valuing the upside of this business in CZR's current valuation.
- **Innovative Industrial Properties, Inc. ("IIPR") | Industrial:** IIPR is a self-advised REIT focused on the acquisition, ownership, and management of specialized properties leased to experienced, state-licensed operators for their regulated medical-use cannabis facilities. We are constructive on the stock.
- **Switch, Inc. ("SWCH") | Domestic Data Centers**— SWCH owns and develops purpose-built high-tech data centers that boast more than 500 issued and pending patents on their data center designs that hold the industry's highest reliability ratings. We recently toured their new Atlanta Campus and visited with management, and we consider them among the best globally. SWCH has proven to be an excellent operator, and we believe the stock will do well in the post-COVID environment.
- **New Lake Capital Partners, Inc. ("NLCP") | Industrial:** NLCP is a newly emerging provider of real estate capital to state-licensed cannabis operators.
- **Alexandria Real Estate ("ARE") | Lab Space**: ARE is a REIT focused on operating and developing life science, technology, and AgTech campuses in key locations, including Greater Boston, San Francisco, New York City, San Diego, Seattle, Maryland, and Research Triangle. ARE has a longstanding track record, and we are constructive on their outlook in a post-covid world.

The portfolio's top five detractors this quarter were: Chindata Group, Fortress Transportation and Infrastructure, 21 Vianet Group, Digital Bridge Group, Inc., and GDS Holdings Limited.

- **Chindata ("CD") | Data Centers** — CD provides carrier-neutral hyper-scale data center solutions in China, India, and Southeast Asia markets. We are constructive on CD and the digital revolution in China and Southeast Asia.
- **Fortress Transportation & Infrastructure Investors LLC ("FTAI") | Infrastructure:** FTAI owns infrastructure assets in the aviation, energy, intermodal, and rail sectors. FTAI has three large-scale infrastructure projects - each is unique and has very large earnings potential, in our opinion. FTAI has rallied strongly from the sell-off in the COVID-19 panic. We are constructive on the stock as the economy recovers.
- **21 Vianet Group, Inc. ("VNET") | Data Centers** — VNET Group is China's largest carrier-neutral Internet and data center service provider. It is the exclusive operator of Microsoft services in China. Unfortunately, both VNET and CD have been caught up in a 'risk re rate' in China that has nothing to do with them. As a result, we think both are oversold (along with GDS), and prices do not reflect underlying earnings power.
- **Digital Bridge Group, Inc. ("DBRG") | Communications Infrastructure** — DBRG is an investment firm transitioning from a more traditional real estate portfolio to a digital infrastructure real estate portfolio. DBRG's new CEO, Marc Ganzi, is likely to prove to be one of the best CEOs in the real estate business, in our opinion. We are constructive on the outlook for DBRG.
- **GDS Holdings, Ltd. ("GDS") | Data Centers:** GDS is a developer and operator of data centers in the People's Republic of China (PRC). GDS operates as a private carrier and is cloud-neutral, enabling its

customers to connect to all PRC's telecommunications carriers and access a number of the PRC's cloud service providers, whom it hosts in its facilities. GDS serves top Chinese companies such as Alibaba, Tencent, and Baidu. The PRC is an emerging market with a robust data center demand growth pipeline that GDS is well-positioned to capture and cross-connect clients to the USA with their strategic partnership with CyrusOne, a USA-based data center operator. Additionally, data centers have fared well in the COVID-19 environment as work-from-home, and stay-at-home orders have increased data usage. Therefore, despite a recent sell-off due to regulatory fear, we are constructive on the outlook for GDS and the broader data center sector in the PRC.

Outlook

The portfolio is positioned in secular real estate growth opportunities that offer exposure to high-quality, same-store net operating income growth, resulting in higher asset value cash flow and dividends. We have no exposure to sectors facing significant structural headwinds such as retail or sectors, which we feel would fare worst in the Fed tightening cycle, such as Triple Net Lease. In our opinion, these sectors are dependent on raising new capital and buying new assets as their primary means to increase earnings. These types of business plans typically underperform in rising rate environments.

Many REITs have adjusted in price as more than 57% of the SNL REIT Index names traded at a discount to NAV on 9/30/2021. The average REIT was trading at a 5.3% discount to NAV at quarter-end, which is in the long-term historical average's range.

Recall that our focus is on ownership of companies that own real estate where the tenant is denied choice. This is most prevalent when some subset (or all) of these characteristics is in place:

1) the sub-sector of real estate is a monopoly, duopoly, or oligopoly;
2) there are high barriers to entry for new competitors;
3) there are high barriers to tenants leaving/exiting buildings; and
4) the basic underlying economics of the tenant's business is healthy.

We have found that when these four characteristics are present, companies in that space can potentially generate consistently higher same-store net operating income growth over long periods. Typically, sectors and companies that exhibit these characteristics comprise 65% to 80% of the portfolio.

This commentary reflects the views of the sub-adviser portfolio manager through 9/30/2021. The manager's views are subject to change as market and other conditions warrant. This commentary is provided for informational purposes only 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.

Fund Objective

The Fund seeks to provide total return through long-term capital appreciation and current income by investing, both long and short, in equity securities of real estate and real estate-related companies.

Index Descriptions

An index is unmanaged, not available for direct investment, and its performance does not reflect transaction costs, fees, or expenses.

Dow Jones US Real Estate Total Return (TR) Index tracks the performance of real estate investment trusts (REITs) and other companies that invest directly or indirectly in real estate through development, management, or ownership, including property agencies.

The S&P 500 Total Return Index is a broad-based index, the performance of which is based on the performance of 500 widely held common stocks chosen for market size, liquidity, and industry group representation.

	Representative Index	Characteristics	Key Risks
Real Estate	Dow Jones US Real Estate Total Return (TR) Index	Comprised primarily of real estate investment trusts (REITs)	**Stock market risk:** Stock prices may decline **Industry risk:** Adverse real estate conditions may cause declines **Interest rate risk:** Prices may decline if rates rise.
US Stocks	S&P 500 Total Return (TR) Index	500 US stocks; Weighted towards large capitalizations	**Stock market risk:** Stock prices may decline **Country/regional risk:** World events may adversely affect values

Carefully consider the Fund's investment objectives, risks, charges and expenses as detailed in its Prospectus and Summary Prospectus, which can be obtained by calling (888) 524-9441. Before investing, read the Prospectus carefully for additional information about the Fund and its risks.

Funds are distributed by Northern Lights Distributors, LLC. Altegris Advisors and Northern Lights are not affiliated.

IMPORTANT RISK DISCLOSURES

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. • Concentrating the Fund's investments in real estate securities subjects it to the same risks as direct investments in real estate, and real estate is particularly sensitive to economic downturns. • The Fund will leverage investments, as deemed appropriate, to the extent permitted by its investment policies and applicable law, which will magnify the impacts of increases or decreases in the value of Fund investments. • The Fund's investment in ETFs or other investment funds will subject it to the risks and expenses affecting those funds. • The Fund's use of short selling involves increased risks and costs, as the Fund may pay more for a security than it receives in a short sale, with potentially significant and possibly unlimited losses. • Investments in non-US securities pose additional risks to the Fund, as compared to U.S. securities, 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 may invest in options and derivative instruments, which can be more volatile. less liquid and increase risk of loss, as compared to traditional securities. • Derivatives and options can be subject to risks of counterparty default and adverse tax treatment. • Investing in sector funds is more volatile as compared to broadly diversified funds, as there is greater concentration risk due to investing in the same or similar issuers and offerings. • The Fund is non-diversified and can invest a greater portion of its assets in securities of the same issuers than a diversified fund, and therefore a change in the value of a single security could cause greater fluctuation in the Fund's share price than would occur if it were diversified. • The Fund trades actively, which can increase volatility and costs due to high turnover.

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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ESG: The universe of acceptable investments for the Fund may be limited as compared to other funds due to the Fund's ESG investment screening. Because the Fund does not invest in companies that do not meet its ESG criteria, and the Fund may sell portfolio companies that subsequently violate its screens, the Fund may be riskier than other mutual funds that invest in a broader array of securities.

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