



ALTEGRIS/AACA OPPORTUNISTIC REAL ESTATE FUND | Q1.2021

**RAAAX | RAACX | RAAIX | RAANX**

## Investment Strategy

### ALTEGRIS/AACA OPPORTUNISTIC REAL ESTATE FUND

**RAAAX | RAACX | RAAIX | RAANX**

\*See Important Considerations for details.

#### MORNINGSTAR RATING™



RAAIX received 5-stars among 224 funds overall, 5-stars among 215 funds over 3-years, and 5-stars among 224 funds over 5-years (10-year rating is not available) based on risk-adjusted total returns in the Real Estate category as of 03/31/2021.



#### REFINITIV LIPPER FUND AWARDS

2021 WINNER  
UNITED STATES

For delivering consistently strong risk-adjusted performance for the 5-year period ending 12/31/2020.\*



# Introducing Altegris and AACA. Key professionals.

## Since 2002,

- Altegris has been a pioneer in providing access to alternative sources of income and growth.
- Altegris has focused solely on alternative asset managers and strategies because we believe that a sophisticated investment approach should not rely on stocks and bonds alone.

For more information, visit: <http://altegris.com/>



**Burl East III, CFA**  
CEO and Co-Portfolio Manager  
AACA

Burl East has over 20 years of experience as a sell-side analyst and over 20 years experience as an investment banker. He currently stands as a chartered financial analyst and has served on six boards, including large public companies and NAREIT.

Burl received his MBA from Loyola University, Baltimore, MD.



**Matt Osborne**  
CEO and Co-founder  
Altegris

Matt Osborne has over 30 years of experience in the art and science of sourcing and selecting alternative asset managers for client portfolios. Osborne has significant investing and trading expertise in equities, fixed income, foreign currencies, global futures, and options, among other securities.

Matt currently holds FINRA Series 3, 7, 24, and 63 licenses.



# Investment strategy. Seeking monopolistic opportunities.

The Fund's investment philosophy is naturally biased towards owning properties where physical assets establish permanent tenancy and when combined with the flexibility to short, creates the potential for strong risk-adjusted returns.

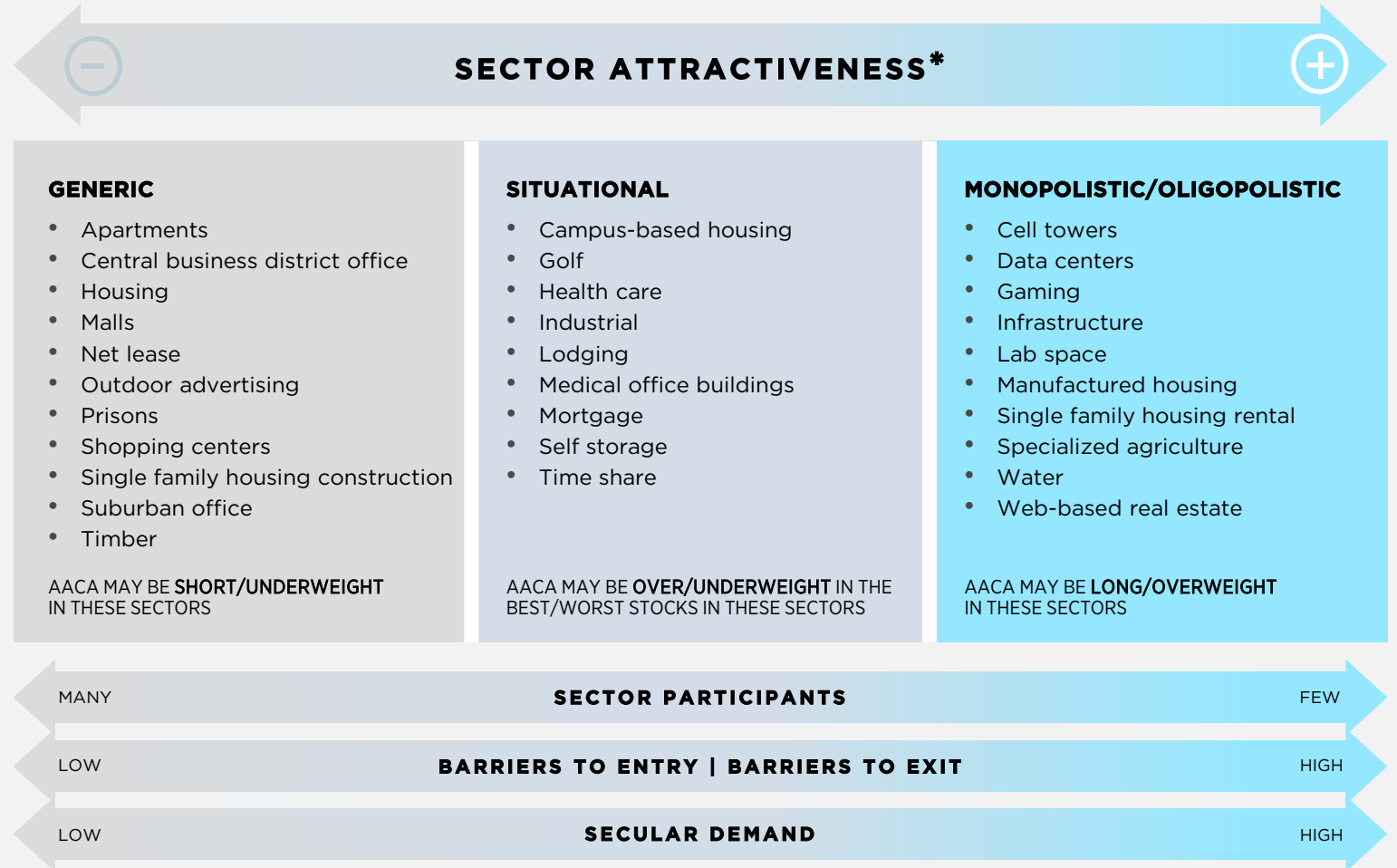


Photos reflect properties owned by companies in which the Fund currently invests and are subject to change. Photos used with permission. There is no guarantee that any investment will achieve its objectives, generate profits or avoid losses.



## Investment strategy.

**700 companies,  
30 sectors, and  
a \$3.5 trillion  
opportunity set.\***



As of 03/31/2021, Sector attractiveness is subject to change at any time in response to market conditions and/or viewpoint of AACAs and should not be construed as investment advice. \* Source: NAREIT Magazine As of 9/30/2019



# Investment strategy.

## Tenant is denied choice.

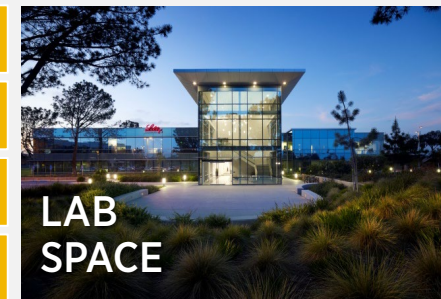
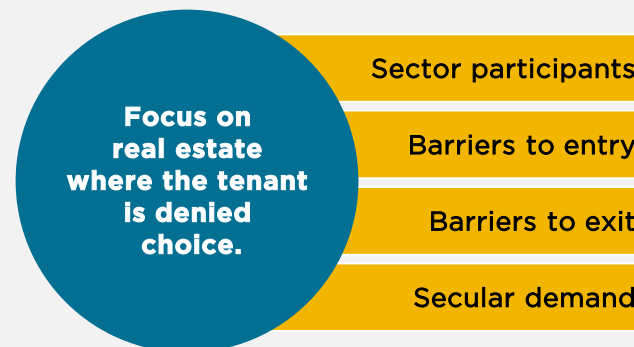
**AACA has found that real estate performs better over time when it is more difficult to supply, when demand is less cyclical, and when tenants are reluctant to leave.**

This results in an overweight to sectors that share these four characteristics:

1. Oligopoly or duopoly structure
2. High barriers to entry for new owners/developers
3. High barriers to exit for tenants
4. Secular demand drivers underlying the user side of the business

The combination of these four characteristics (or some subset) creates a competitive landscape where the tenant has few(er) options to move or play one building owner against another. Properties with these characteristics can command higher occupancy rates and better rents, which in turn can create more valuable portfolios for shareholders through enhanced dividends and higher real estate values.

### EXAMPLES





# Investment strategy. Empirical evidence: S/S NOI

AACA believes that growth in same-store net operating income (S/S NOI) indicates empirical evidence that the tenant is willing to pay more for the same space each year.

Sectors that possess “AACA’s four characteristics” have strong S/S NOI growth and are designed to drive stock performance.

| Sector                        | Industry Participants    | Barrier to Entry:<br>New Suppliers | Barrier to Exit:<br>Tenants | Demand Drivers   | S/S NOI Growth<br>01/01/11–12/31/20 |
|-------------------------------|--------------------------|------------------------------------|-----------------------------|--|-------------------------------------|
| Data Centers                  | 6 public                 | High                               | Extremely high              | Secular, data growing exponentially, internet and wireless | 54%                                 |
| Communications Infrastructure | 3 public                 | Very high                          | Very high                   | 5G; cellular data usage is growing rapidly                 | 60%*                                |
| Lab Space                     | 1 public, 2 private      | Extremely high                     | Extremely high              | Healthcare, drug discovery, biotech                        | 70%                                 |
| Suburban Office               | 20+ public, 100s private | Low                                | Low                         | GDP growth, cyclical                                       | 12%                                 |

\*Communication Infrastructure reports Same Tower NOI instead of Same Store NOI. For any periods during the trailing 10 years that do not have data, we have used the companies historical average same tower NOI growth rate.

Reflects view of AACA. Views are subject to change as market and other conditions warrant; provided for informational purposes only and should not be construed as investment advice. Past performance is no guarantee of future results. There can be no assurance that any sectors identified were or will be profitable. S/S NOI Growth reflects only public companies that report S/S NOI. Source: Data prepared by AACA, compiled from SNL Financial.





# Investment strategy. Fund limits.

As of March 31, 2021

| Portfolio characteristics   | Limits and typical exposures  |
|-----------------------------|---|
| <b>Gross/net exposure</b>   | <ul style="list-style-type: none"><li>AACA adjusts fund leverage strategically in anticipation of or in response to market conditions</li><li>Net exposure will range between 70%-130% (actual since 2017 was 91.69%-121.11%)</li><li>For the past four years, the average net exposure was 106.29%</li></ul> |
| <b>Sector concentration</b> | <ul style="list-style-type: none"><li>Up to 25% of fund assets in one real estate sector</li></ul>  |
| <b>Number of positions</b>  | <ul style="list-style-type: none"><li>25-50 different real estate securities at various times</li></ul>   |
| <b>Options</b>              | <ul style="list-style-type: none"><li>Creates framework for price discipline; covered call for exit; put sales for entry</li><li>Enhances income</li><li>Exposure is typically 0-2% of fund NAV<sup>1</sup></li></ul>   |
| <b>Long position size</b>   | <ul style="list-style-type: none"><li>The manager anticipates that no position would normally exceed 10% of the fund</li><li>More than half the fund is in positions sizes less than 5%</li></ul>   |
| <b>Short position size</b>  | <ul style="list-style-type: none"><li>Hedging and short positions are typically less than 30%</li><li>Individual security short positions are typically 1%, maximum 5%<sup>2</sup></li></ul>  |
| <b>Issuer concentration</b> | <ul style="list-style-type: none"><li>The fund does not own more than 5% of a company's voting shares</li></ul>   |
| <b>Liquidity</b>            | <ul style="list-style-type: none"><li>At least 60% of the fund assets in highly liquid investments</li><li>Fund may hold illiquid investments up to a maximum of 15%, and typically no greater than 5%, including up to 3% of 144A</li></ul>  |

<sup>1</sup>Maximum notional put exposure in past 3 years (since 12/31/17) was 3.1% (in Oct 2019).

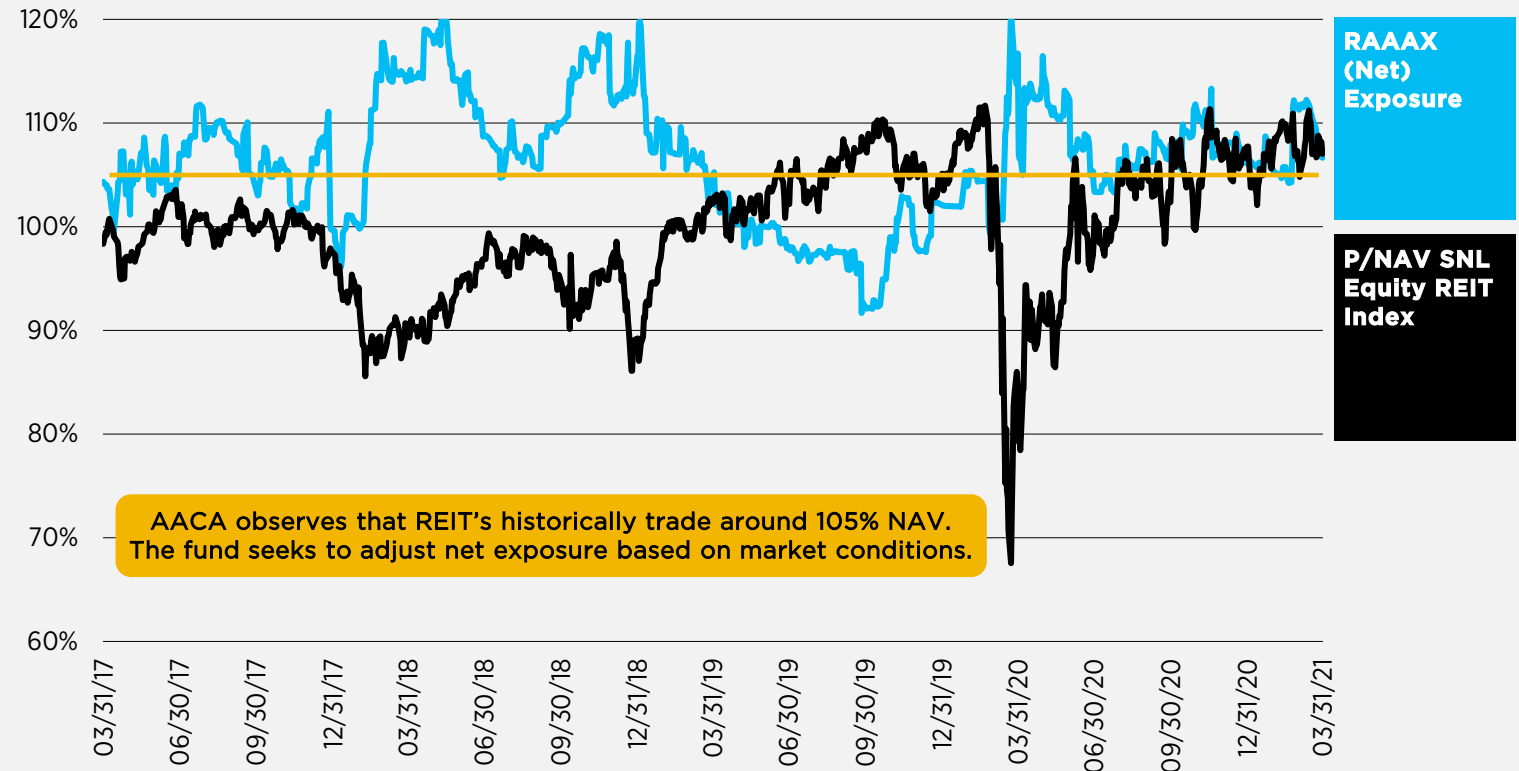
<sup>2</sup>Not including index shorts/hedging positions.

Source: Prospectus dated as of May 1, 2020, and supplemented as of March 23, 2021. Illiquid investments are defined as investments that cannot be converted to cash in seven calendar days without impacting price.



**Investment strategy.**  
**AACA typically adjusts net exposure inversely to valuation based on price-to-NAV.**

Trailing 4-year: RAAIX Net Exposure versus P/NAV SNL Equity REIT Index  
March 31, 2017 – March 31, 2021



Past performance is not indicative of future results. There is no guarantee that any investment will achieve its objectives, generate profits, or avoid losses. The referenced index is shown for general market comparisons and is not meant to represent any particular fund. An investor cannot invest directly in an index. Moreover, indices do not reflect commissions or fees that may be charged to an investment product based on the index, which may materially affect the performance data presented. Source (AACA net exposure): Data prepared by AACA, compiled from Altegris. Source (SNL US REIT Equity Price/NAV): SNL Financial. **Indices:** REITs: SNL US Real Estate Index. Please see index descriptions at the end of the presentation. **Price to Net Asset Value ratio ("P/NAV")** calculates the ratio of price compared to its NAV (net asset value). This ratio is very similar to a price/book ratio but in this case uses current market values (not book values). P/NAV is used for valuation of real estate and real estate companies. A **REIT** (real estate investment trust) is a type of real estate company that mainly owns and operates income-producing real estate; some engage in financing real estate. Most REITs are traded on major stock exchanges.





Learn more at  
**altegris.com/  
raaax**

## Altegris/AACA Opportunistic Real Estate Fund

RAAAX | RAACX | RAAIX | RAANX

### 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.

### MINIMUM INITIAL/ SUBSEQUENT INVESTMENT

Class A: \$2,500 / \$250  
Class C: \$5,000 / \$250  
Class I: \$1,000,000 / \$250  
Class N: \$2,500 / \$250

### INCEPTION DATE

January 9, 2014<sup>1</sup>

### INCOME DISTRIBUTION

Quarterly

### FUND SUB-ADVISER

American Assets Capital Advisers  
(AACA)

### EXPENSE RATIOS

#### Gross

#### Net, Inc. DIAO-related

#### Net, Exc. DIAO-related

|                      |       |       |       |
|----------------------|-------|-------|-------|
| Class I              | 2.02% | 2.02% | 1.54% |
| Class A <sup>2</sup> | 2.30% | 2.30% | 1.78% |
| Class C              | 3.02% | 3.02% | 2.54% |
| Class N              | 2.17% | 2.17% | 1.79% |

### SYMBOL & CUSIP

Class A: RAAAX-66538B719  
Class C: RAACX-66538B693  
Class I: RAAIX-66538B685  
Class N: RAANX-66538B677

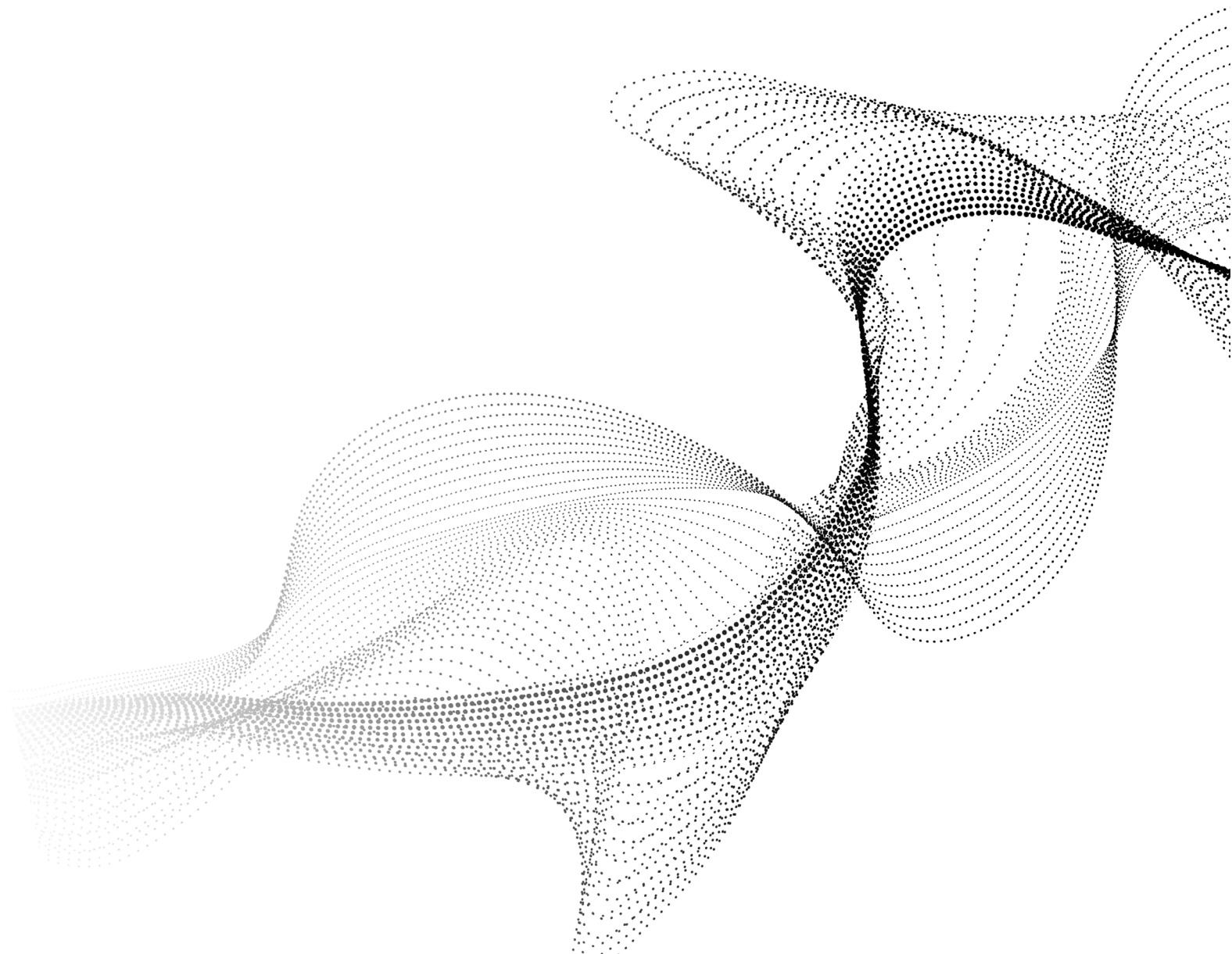
<sup>1</sup> It is important to note that the Fund inherited the track record of its predecessor, the American Assets Real Estate Securities Fund, L.P. ("Predecessor Fund") which was managed by AACA, the Fund's sub-adviser. The Predecessor Fund's inception date was February 1, 2011. Inception date of Class C was 12/01/2020. <sup>2</sup> The maximum sales charge (load) for Class A is 5.75%. Class A share investors may be eligible for a reduction in sales charges.

<sup>†</sup> Expenses stated as of the fund's most recent Prospectus. Net calculations include expenses for Investment dividends, interest, acquired fund fees and certain other fund expenses, collectively referred to as "DIAO". The Fund's adviser has contractually agreed to reduce fees and reimburse its fees and/or absorb expenses of the Fund as described in the Fund Summary, until at least December 31, 2021. This agreement may only be terminated only by the Board of Trustees, on 60 days written notice to the Adviser so that total annual Fund Operating Expenses after waiver will not exceed 1.80%, 2.55%, 1.55%, and 1.80% of average net assets attributable to Class A, C, I, and N, respectively. An investor will pay the Net including DIAO Related. See Fund's Prospectus for details. The Adviser has contractually agreed to reduce



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# Risk Disclosures





## Mutual Fund Risks

**Please review the following risk disclosures.**

**Please carefully consider the investment objectives, risks, charges and expenses of the Altegris/AACA Opportunistic Real Estate Fund. This and other important information is contained in the Fund's Prospectus, which can be obtained by calling (888) 524-9441. Read the prospectus carefully before investing.**

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

MUTUAL FUNDS INVOLVE RISK INCLUDING POSSIBLE LOSS OF PRINCIPAL.

Equity securities such as those held by the Fund are subject to market risk and loss due to industry and company news or general economic decline. Equity securities of smaller or medium-sized companies are subject to more volatility than larger, more established companies. The concentration in real estate securities entails sector risk and greater sensitivity to overall economic conditions as well as credit risk and interest rate risk.

The Fund will engage in short selling and short position derivative activities, which are considered speculative and involve significant financial risk. Short positions profit from a decline in price so the Fund may incur a loss on a short position if the price increases. The potential for loss in shorting is unlimited. Shorting may also result in higher transaction costs which reduce return. The use of derivatives, such as futures and options involves additional risks such as leverage risk and tracking risk. Long options positions may expire worthless. The use of leverage will cause the Fund to incur additional expenses and can magnify the Fund's gains or losses.

Foreign investments are subject to additional risks including currency fluctuation, adverse social and economic conditions, political instability, and differing auditing and legal standards. These risks are magnified in emerging markets. Preferred stock and convertible debt securities are subject to credit risk and interest rate risk. As interest rates rise, the value of fixed income securities will typically fall. Credit risk, liquidity risk, and potential for default are heightened for below investment grade or lower quality debt securities, also known as "junk" bonds or "high-yield" securities. Any ETFs held reflect the risks and additional expenses of owning the underlying securities.

Higher portfolio turnover may result in higher costs. The manager or sub-adviser's judgments about the value and potential appreciation or depreciation of a particular security in which the Fund invests or sells short may prove to be inaccurate and may not produce the desired results. The Fund is non-diversified and may invest more than 5% of total assets in the securities of one or more issuers, so performance may be more sensitive to any single economic, business or regulatory occurrence than a more diversified fund.



## Important Considerations

**Please review the following risk disclosures.**

**Investing in REITs, real estate securities and real estate related companies are affected by the market conditions in the real estate sector, changes in property value, and interest rate risk. Positions in shorted securities are speculative and more risky than long positions. The use of long and short positions does not limit the exposure to market volatility and other risks. The risk of volatility may be heightened for alternative or complex investment strategies. There can be no assurance that any investment strategy will be successful.**

All brokerage services are provided by Altegris Investments, LLC, a SEC-registered broker-dealer and member of FINRA/SIPC. Altegris Investments, LLC recommends a platform of alternative investments including futures funds and alternative strategy mutual funds. Distributed by Altegris Investments, Altegris Advisors is an affiliate of Altegris Investments. Altegris Advisors is a CFTC-registered commodity pool operator, NFA member, and SEC registered investment adviser that sponsors and/or manages a platform of alternative investment products.

Altegris/AACA Opportunistic Real Estate Fund, Class I received a 5-star Morningstar Rating in the real estate category among 224 funds in the 3-year period, 215 funds in the 5-year period, and 224 funds overall as of 03/31/2021.

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The MORNINGSTAR RATING™ for funds, or “star rating”, is calculated for managed products (including mutual funds, variable annuity and variable life subaccounts, exchange-traded funds, closed-end funds, and separate accounts) with at least a three-year history. Exchange-traded funds and open-ended mutual funds are considered a single population for comparative purposes. It is calculated based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a managed product’s monthly excess performance, placing more emphasis on downward variations and rewarding consistent performance. The Morningstar Rating does not include any adjustment for sales loads. The top 10% of products in each product category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars, and the bottom 10% receive 1 star. The Overall Morningstar Rating for a managed product is derived from a weighted average of the performance figures associated with its three-, five-, and 10-year (if applicable) Morningstar Rating metrics.

Morningstar Rating is for the I share class only; other classes may have different performance characteristics.



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## Index Descriptions and Risks

The referenced index is shown for general market comparisons and is not meant to represent any particular Fund. An investor cannot invest directly in an index. Moreover, indices do not reflect commissions or fees that may be charged to an investment product based on the index, which may materially affect the performance data presented.

**Dow Jones US Real Estate Total Return (TR) Index.** The total return version of the Dow Jones US Real Estate Index and is calculated with gross dividends reinvested. The base date for the index is December 31, 1991, with a base value of 100. KEY RISKS: 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.

**REITs: SNL US Real Estate Index** (the “Index”) is a market capitalization-weighted index that includes all U.S. domiciled publicly traded (NYSE, NYSE MKT, NASDAQ, OTC) equity REITs in SNL’s coverage universe and is considered to be generally representative of the US real estate market as a whole. KEY RISKS: 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.** The total return version of S&P 500 index. The S&P 500 index is unmanaged and is generally representative of certain portions of the U.S. equity markets. For the S&P 500 Total Return Index, dividends are reinvested on a daily basis and the base date for the index is January 4, 1988. All regular cash dividends are assumed reinvested in the S&P 500 index on the ex-date. Special cash dividends trigger a price adjustment in the price return index. KEY RISKS: Stock market risk—stock prices may decline; Country/regional risk—world events may adversely affect values.



## ABOUT ALTEGRIS

Altegris is a pioneer in providing access to alternative sources of income and growth.

With one of the leading research and investment teams focused solely on alternatives, Altegris follows a disciplined process for identifying, evaluating, selecting and monitoring investment talent across a spectrum of alternative strategies including managed futures, real estate, global macro, long/short equity, and event-driven, among others.


For additional information, visit [altegris.com](https://altegris.com)

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