



LINDE HANSEN CONTRARIAN VALUE STRATEGY COMMENTARY

2Q 2018

Market Review

Stock performance was relatively robust during the second quarter of 2018 despite many conflicting crosscurrents. All three months were positive as market participants shrugged off the first quarter's rough patch, rising interest rates and escalating trade tariff battles. Small caps performed significantly better than large caps while the return gap between growth and value Russell indices narrowed some relative to prior quarters. Nevertheless, after a brief hiatus, "momentum" stocks surged again, leading performance for the period.

The median return for the 2,250 stocks which passed our initial screen on March 31, 2018 was 5.4% for the quarter. The average return on an equal-weighted basis was 7.1%. Approximately 67% of the stocks advanced during the quarter.

Energy and oilfield service stocks bounced back strongly after an extended period of weakness and healthcare service stocks were strong across the board with HMO's, hospital companies and medical/nursing providers all doing well.

Technology and process industries like chemical, paper, packaging and agriculture manufacturers on average lagged the market as concerns over trade tariffs left investors leery.

Portfolio Review

The Linde Hansen Contrarian Value Fund, Class A and I shares were up 3.56% and 3.67% respectively during the quarter, besting the Russell Mid Cap Value Index (which was up 2.41%) and the S&P 500, up 3.43%.

Knowles Corp, a designer and manufacturer of microphones for use in technology products, advanced sharply after reporting strong first quarter earnings. Our energy stocks also showed strength in general with EOG Resources advancing as the price of oil rose.

On the negative side of the ledger, Carnival Corporation (an operator of cruise ships) fell toward the end of the quarter as the company provided what was seen as conservative guidance after a strong earnings report. Celgene also performed poorly as it battles continuing concerns regarding its new drug pipeline.

The fund carried a higher-than-normal cash position during the quarter of around 25% after trimming and eliminating a number of positions during the first quarter. Accordingly, the high cash balance was a drag on performance during the quarter.

Current View

As the old saying goes, "the hardest time to invest is always right now." As value investors and contrarians, we echo those sentiments. It's always hard, but the current environment seems to compound the difficulties. We'll call it the late-cycle blues.

Employment is strong, inflation is picking up, earnings are growing (helped by the tax cuts), corporations are buying back stock and raising dividends, stock prices are up and valuations on average appear to be rich. The news is good and it appears to be reflected in the stock prices. Investors are rewarded with outsized returns when results exceed expectations. In this environment it should become harder to do so.

At the margin are interest rates. The Federal Reserve Board has started pushing up short term rates. They were abnormally low and in need of normalization. However, as they have risen over the last year the yield curve has flattened. More recently, longer term paper has been falling in yield as short rates move higher. Will the yield curve invert? Does inversion remain a harbinger of recession? We will see, but in the meantime the Trump administration's volatile trade negotiations fan the fears of a global growth slowdown.

Which brings us to China where economic growth has slowed and its stock market is in a bear market; down 20% from its peak in January. Tariffs and a trade war with the US won't help improve sentiment there. European stock markets, with the exception of oil-rich Norway, have been a mixed bag this year as well. As we learned in the great recession, global markets and economies are more intertwined than ever. Will unrest elsewhere migrate to our shores?

That's a lot of top-down discussion from a research group focused on the bottom-up. While we are not macro investors we do pay attention to the broader themes in the market as they eventually play out on a micro basis at the companies we follow. Despite this situation we continue to find new names to invest in, just at a slower pace and with the recognition that economic growth and the trend in interest rates is more likely to be a headwind than a tailwind.

We believe long term success comes from disciplined investing. And while we find the current market environment difficult given our contrarian value discipline, we remain dedicated to our investment process. We invest stock-by-stock: when we find a situation where the stock is attractively valued and there are strong catalysts to drive the return on invested capital higher, we will add it to the portfolio.

There is no guarantee that the fund will achieve its objectives, generate positive returns, or avoid losses. Past performance does not ensure future results. Investors should carefully consider the investment objectives, risks, charges and expenses of the Linde Hansen Contrarian Value Fund. This and other important information about the Fund is contained in the prospectus, which can be obtained by calling 1-855-754-7933. The prospectus should be read carefully before investing. The Linde Hansen Contrarian Value Fund is distributed by Northern Lights Distributors, LLC, member FINRA. Linde Hansen & Co., LLC is not affiliated with Northern Lights Distributors, LLC.

Linde Hansen Contrarian Value Fund Performance as of 6/30/2018

	Three Months	One Year	Five Years	Since Inception (February 8, 2012)
Linde Hansen Contrarian Value Fund Class A (LHVAX)	3.56%	0.94%	4.80%	6.83%
Linde Hansen Contrarian Value Fund Class A - With Sales Charge	-1.90%	-4.39%	3.68%	5.94%
Linde Hansen Contrarian Value Fund Class I (LHVIX)	3.67%	1.22%	5.06%	7.10%
Russell Midcap Value Index Total Return	2.41%	7.60%	11.27%	12.84%

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. The maximum sales charge for class A Shares is 5.25%. Total annual operating expenses for the Fund is 1.81% (Class A) and 1.56% (Class I) respectively. The Fund's investment adviser has contractually agreed to reduce its fees and/or absorb expenses of the fund, at least until March 31, 2019 to ensure that the net annual fund operating expenses will not exceed 1.40%, and 1.15% for (Class A), and (Class I) shares, respectively, subject to possible recoupment from the Fund in future years. Please review the Fund's prospectus for more detail on the expense waiver. Results shown reflect the waiver, without which the results could 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 toll-free 1-855-754-7933.

Russell Mid-Cap Value Index- measures the performance of the mid-cap value segment of the U.S. equity universe. It includes those Russell Midcap Index companies with lower price-to-book ratios and lower forecasted growth values. Investors are not able to invest directly in the index referenced in this illustration and unmanaged index returns do not reflect any fees, expenses or sales charges. The referenced index is shown for general market comparisons and is not meant to represent the Fund.

The S&P 500 Index – An unmanaged composite of 500 large capitalization companies. This index is widely used by professional investors as a performance benchmark for large-cap stocks.

Return on invested capital (ROIC) - A calculation used to assess a company's efficiency at allocating the capital under its control to profitable investments. The measure gives a sense of how well a company is using its money to generate returns.

Investors cannot directly invest in an index and unmanaged index returns do not reflect any fees, expenses or sales charges.

Fund holdings are represented as a percent of LHVAX at NAV as of 6/30/2018. Portfolio Holdings are subject to change and should not be considered investment advice. Mutual Funds involve risk including the possible loss of principal. There is no assurance that the fund will meet its investment objectives, you may lose money by investing in the Fund.

Investing in undervalued securities involves the risk that such securities may never reach their expected market value, either because the market fails to recognize a security's intrinsic worth or the expected value was misjudged. A value investment style may go in and out of favor causing the Fund to underperform other investment styles. The Fund is 'non-diversified', and thus invests its assets in a smaller number of companies than many other funds and as a result a change in the value of a single security may have significant effects on the Fund's value. Investments in foreign securities carry special risks, including foreign political instability, greater volatility, less liquidity, financial reporting inconsistencies, and adverse economic developments, all of which may reduce the value of foreign securities. Many of these risks can be even greater when investing in countries with developing economies and securities markets. Smaller capitalization companies may have a narrower geographic and product/service focus and be less well known to the investment community, resulting in more volatile share prices and liquidity. Larger capitalization companies pose the risk that larger, more established companies may be unable to respond quickly to new competitive challenges such as changes in consumer tastes or innovative smaller competitors. Mid-Capitalization companies may be more vulnerable to adverse business or economic events than larger, more established companies. Mid-sized companies may pose risks including liquidity, market and financial resources and may depend upon a relatively small management group. Investments in companies involved in special situations, such as reorganizations or restructurings, may involve greater risks when compared to the Fund's other strategies. Failure to anticipate changes affecting these types of investments may result in permanent loss of capital. 6687-NLD-7/16/2018

For more information please contact your Financial Advisor or;

Mutual Fund Inquiries	1-855-754-7933
Separate Account Inquiries / Composite Performance	(973) 593-8300
Visit the Linde Hansen website	www.lindehansen.com