ASCENDANT FUNDS

4th Quarter 2016

Deep Value Convertibles Fund

Tickers: AEQAX | AEQCX | AEQIX

General Fund Information

Share Classes	A	C	I
Tickers	AEQAX	AEQCX	AEQIX
Min Initial Invest	$1,000	$1,000	$1,000,000
Min Add'l Invest	$100	$100	$25,000
Inception Date			October 5, 2011
Distribution Frequency			Quarterly Income, Annual Capital Gains
Portfolio Manager			James H. Lee, MBA
Fund Benchmark			Merrill Lynch Yield Alternative Index

Fund Overview

We believe the Ascendant Deep Value Convertibles Fund approaches the convertibles market in a different way than many other mutual funds that are currently available. While most funds are focused on equity-sensitive convertibles, Ascendant focuses on opportunities in the more bond-like segment of the convertibles market. This may lead to many differences such as our portfolio tending to have a relatively higher yield, lower volatility, and lower correlation to equity indices.

There is no guarantee that any investment will achieve its objectives, generate positive returns, or avoid losses.

Performance as-of 12-31-16

			Annualized Total Returns		
	4th Quarter 2016	Year to Date	1-year	3-year	Since Inception
Class A max load	-4.38%	-4.60%	-4.60%	-4.23%	4.44%
Class A NAV	1.49%	1.22%	1.22%	-2.33%	5.63%
Class C	1.33%	0.51%	0.51%	-3.00%	4.92%
Class I	1.49%	1.46%	1.46%	-2.06%	5.93%
Morningstar: Convertibles	*0.88%*	*7.57%*	*7.57%*	*3.20%*	*8.91%*
Benchmark: Merrill Lynch Yield Alternative Index	*-0.30%*	*9.10%*	*9.10%*	*0.75%*	*5.17%*

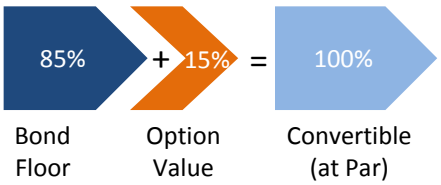
Performance disclosure: *The maximum sales charge (load) for Class A is 5.75%. The performance data quoted here represents past performance. Current performance may be lower or higher than the performance data quoted above. Past performance is no guarantee of future results. The investment return and principal value of an investment in the Fund will fluctuate so that investors' shares, when redeemed, may be worth more or less than their original cost. Total annual operating expenses are 2.44%, 3.19%, and 2.19% for Class A, C, and I shares respectively. For performance data current to the most recent month end, please call toll-free 855-27-2363 or visit our website, www.ascendantfunds.com.*

Strategy Overview

Convertible Bond Definition

Convertibles are hybrid securities that possess both fixed-income and equity attributes. Like traditional fixed income, they have a fixed coupon payment, principal repayment at maturity, and a defined maturity date. Additionally, they also grant the holder the opportunity to exchange the bond for a specified number of equity shares. When issued, the value of the bond is usually 30-40% higher than the current value of the stock. Because this embedded call option has some value to the end investor, the interest rate on a convertible will tend to be lower than that for a standard fixed-rate bond of the same company and maturity.

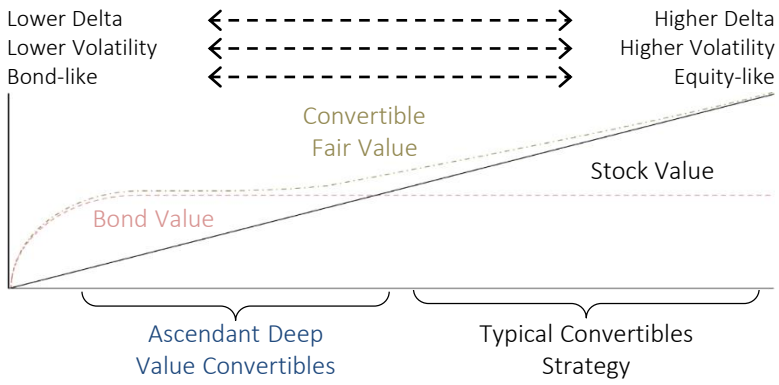
Convertible Bond Composition



Asymmetric Price Return

Due to the hybrid nature of convertible securities having both a bond "floor" and the potential for equity upside they exhibit an asymmetric price behavior. The more the underlying equity decreases in value, the more the convertible acts like a bond. Similarly, the convertible will act more and more like the underlying equity as the equity increases in value. This relationship is observed by calculating the delta of the convertible which represents the sensitivity of the bond's price to the change in the underlying equity.

Price Behavior of Convertible Bonds



For illustrative purposes only

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Active Convertible Bond Management

Our research has found that over multiple market cycles the most attractive risk-adjusted returns are produced by the higher yielding, lower delta market segment. Additionally, this segment of the market has produced the lowest correlation to traditional equities. Therefore, it is within these low delta names that we build our portfolio of convertible bonds with deep value characteristics and more bond-like return profiles. We seek out higher yielding issues that we believe at worst will mature at par even if the underlying equity doesn't increase in value. We couple this with an analysis of equity fundamentals, utilizing quantitative earnings momentum and cash flow models to identify points of inflection and turnarounds.

Initial Screens
- Amount Outstanding > 100mm
- Conversion premium > 50%

Credit Review
- Interest coverage
- Leverage ratios
- EBITDA growth
- Asset coverage
- Market cap coverage

Equity Research
- Quantitative & qualitative analysis

Portfolio Construction
- Diversified by sector
- Duration < 5 Yrs

Portfolio Management
- Sell discipline
- Swap opportunities
- Delta management
- Ongoing credit review

EBITDA – Earnings before interest, taxes, depreciation, and amortization

Merrill Lynch Yield Alternatives – The Merrill Lynch Yield Alternatives Index (VYLD) is comprised of convertible issues of greater than $50 million aggregate market value at issuance and typically with more bond-like attributes and lower equity sensitivity.

Morningstar Convertibles – Convertible bond portfolios are designed to offer some of the capital-appreciation potential of stock portfolios while also supplying some of the safety and yield of bond portfolios. To do so, they focus on convertible bonds and convertible preferred stocks. Convertible bonds allow investors to convert the bonds into shares of stock, usually at a preset price. These securities thus act a bit like stocks and a bit like bonds.

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Prospectus Disclosure: Investors should carefully consider the investment objectives, risks, charges and expenses of the Ascendant Deep Value Convertibles Fund. This and other important information about the Fund is contained in the prospectus, which can be obtained at www.ascendantfunds.com or by calling 855-527-2363. The prospectus should be read carefully before investing. The Ascendant Deep Value Convertibles Fund is distributed by Northern Lights Distributors, LLC, a FINRA/SIPC member. Ascendant Advisors, LLC. is not affiliated with Northern Lights Distributors, LLC.

Risk Disclosure: *Mutual Funds involve risk including the possible loss of principal. Convertible bonds are hybrid securities that have characteristics of both fixed income securities and common stocks and are subject to risk associated with both debt and equity securities. Issuers of fixed income securities may suffer from a reduced ability to repay their interest and principal obligations and may default on interest and/or principal payments owed to the Fund. Increased credit risk or default will likely cause the value of the Funds fixed income securities to decline. Investments in high yield or 'junk' debt securities, rated below investment grade, may be subject to greater risk of loss of principal, interest, default and liquidity, than investments in higher rated debt securities. Fixed income securities have varying levels of sensitivity to changes in interest rates, but generally the price of a fixed income security falls when interest rates rise. The Fund may use derivatives (including futures and options) to enhance returns or hedge against market declines. Risks associated with derivative investments could be greater than investing directly in the underlying security or other traditional investments. Investments in foreign securities could subject the Fund to greater risks including, currency fluctuation, economic conditions, and different governmental and accounting standards. Investments in lesser-known, small and medium capitalization companies may be more vulnerable than larger, more established organizations. A higher turnover may indicate higher transaction costs and could result in higher taxes when Fund shares are held in a taxable account. Short positions may be considered speculative and involve special risks, including greater reliance on the adviser's ability to accurately anticipate future values of security. The Fund's losses are potentially unlimited in a short positions. The adviser's assessment of a convertible bond's intrinsic value may never be realized by the market and a security judged to be undervalued may actually be appropriately priced or its price may move in the wrong direction.*

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