



**The Covered Bridge Fund Quarterly Commentary**  
**12/31/2019**

The equity market posted impressive returns in the fourth quarter. The bull market extended its run with the S&P500 returning 9.07% for the quarter and 31.48% for the year, making it one of the best performing periods in recent history. The Covered Bridge Fund performed as expected given the market environment with class-I shares up 4.72% and class-A up 4.63%. The Fund was able to participate in the market’s upside while also generating income by selling call options on approximately half of each position in the portfolio.

The U.S. equity market had a relatively wide dispersion of returns. For example, the Information Technology and Healthcare sectors each had a total return on the quarter of 14.4% and 14.37% respectively, while the Utility sector returned just 0.75%. Concentration of sector performance and individual stock performance, we believe, is further evidence of a market narrowing. Or in other words, fewer and fewer names represent much of the overall performance of an index. We believe this is consistent with a bull market that is reaching its late expansion stages.

The steady march up in the equity market coincided with muted overall volatility. Market volatility, as measured by the VIX index, averaged just 14.02 over the quarter compared to the 20-year average of 19.49. We expect volatility to return to historic levels going forward.

*Important Fund Risk Information and Disclosures:*

	TCBIX	TCBAX	TCBAX Load	With S&P 500
3-Month	4.72%	4.63%	-0.91%	9.07%
YTD	18.47%	18.22%	11.97%	31.49%
1-Year	18.47%	18.22%	11.97%	31.49%
3-Year	7.68%	7.43%	5.51%	15.27%
5-Year	6.76%	6.48%	5.34%	11.70%
Since Inception 10/1/13	7.37%	7.09%	6.17%	13.17%

*Investors cannot directly invest in an index and unmanaged index returns do not reflect any fees, expenses or sales charges. There is no assurance that the Fund will achieve it's investment objectives.*

*The advisor has not previously managed a mutual fund. Investments in foreign securities could subject the Fund to greater risks including currency fluctuation, economic conditions, and different governmental and accounting standards. Higher portfolio turnover*



*will result in higher transactional and brokerage costs. Selling covered call options will limit the Fund's gain, if any, on its underlying securities. The Fund continues to bear the risk of a decline in the value of its underlying stocks. Option premiums are treated as short-term capital gains and when distributed to shareholders, are usually taxable as ordinary income, which may have a higher tax rate than long-term capital gains for shareholders holding Fund shares in a taxable account.*

*Important Definitions: Call Option: An agreement that gives an investor the right (but not the obligation) to buy a stock, bond, commodity or other instrument at a specified price within a specific time period. Call options involve risks different from, or possibly greater than, the risks associated with investing directly in securities and other traditional investments. These risks include risk of mispricing or improper valuation and the risk that changes in the value of the call option may not correlate perfectly with the underlying asset, rate or index. The S&P 500 Index: is an unmanaged composite of 500 large capitalization companies. This index is widely used by professional investors as a performance benchmark for large-cap stocks. The referenced indices. VIX: VIX, is a real-time market index that represents the market's expectation of 30-day forward-looking volatility. Derived from the price inputs of the S&P 500 index options, it provides a measure of market risk and investors' sentiments.*

*are shown for general market comparisons and are not meant to represent the Fund.*

***Important Risk Information: Mutual funds involve risk including the possible loss of principal. Investors should carefully consider the investment objectives, risks, charges, and expenses of the Covered Bridge Fund. This and other important information about the Fund is contained in the prospectus, which can be obtained at [www.THECOVEREDBRIDGEFUND.com](http://www.THECOVEREDBRIDGEFUND.com) or by calling +1-855-525-2151. The prospectus should be read carefully before investing. The Covered Bridge Fund is distributed by Northern Lights Distributors, LLC member FINRA/SIPC. Stonebridge Capital Advisors, LLC is not affiliated with Northern Lights Distributors, LLC. 5230-NLD-2/10/2020***