



The Covered Bridge Fund
Quarterly Update
03/31/2023

After a great year in 2022 where The Covered Bridge Fund (TCBIX) was up 0.55%, the first quarter of 2023 proved to be a bit more challenging as growth stocks significantly outperformed value stocks and a very narrow market returned. For the quarter, the Fund did produce a positive total return of 0.58% and paid a \$0.19 dividend. This dividend was composed of \$0.03 in income and \$0.16 in short-term capital gain.

During the quarter, the Fund was able to generate an above average dividend due to elevated option premiums which were driven by higher market volatility and higher short-term interest rates. We believe both of these factors will continue to persist for the remainder of 2023 and are hopeful it will translate to higher than normal distributions throughout the year.

The Fund was approximately market weight in the Financial sector but had an overweight position in the Banking industry compared to the S&P500. The Fund was not invested in any of the troubled banks that were taken over by the FDIC. However, this area of the market was impacted by concerns over the banking system which we believe will be alleviated in the coming months.

On a positive note, the Fund was underweight in the Healthcare sector as many of the large pharmaceutical companies had a strong Q4 2022 performance, so overwritten positions were called away at above average valuations. We elected not to reestablish positions in those companies that were trading at high levels. This decision paid off as this sector and underlying industry underperformed the market.

The US Economy remains in a precarious position with the Federal Reserve committed to keeping interest rates high to fight inflation, slowing economic growth and rising unemployment. Although growth stocks did have a good rebound in the quarter, we feel investors will be forced to look to value again with a focus on earnings, cash flow and valuation in a soft economic environment. Currently, the underlying equities in the Fund have a higher dividend yield than the S&P500 and a P/E multiple of 12.8 versus the S&P500 of 20.03.

The Fund will stick to its discipline of buying what we believe to be good large capitalization companies that pay above average dividends and overwriting approximately half of each position.



	3M	YTD Return	1Y	3Y	5Y	Since Inception 10/11/2013
TCBIX	0.58%	0.58%	-2.79%	14.19%	6.49%	6.76%
TCBAX	0.51%	0.51%	-3.03%	13.94%	6.22%	6.49%
TCBAX With Load	-4.79%	-4.79%	-8.10%	11.93%	5.07%	5.89%
BMX Index	5.95%	5.95%	-6.86%	12.25%	4.25%	5.97%
Russell 1000 Value Index	1.01%	1.01%	-5.91%	17.93%	7.50%	8.74%
S&P Index	7.50%	7.50%	-7.73%	18.60%	11.19%	11.89%

Maximum Sales Charge of 5.25%

Performance data quoted above is historical. Past performance does not guarantee future results and current performance may be lower or higher than the performance data quoted. The investment return and principal value of an investment will fluctuate, so that shares when redeemed may be worth more or less than their original cost. For performance information current to the most recent month-end, please call 855-525-2151

There is no assurance that the fund will achieve its investment objectives. The investment return and principal value of an investment will fluctuate so that investor's shares, when redeemed, may be worth more or less than their original cost. The Fund's investment adviser has contractually agreed to reduce its fees and/or absorb expenses of the Fund, at least until January 31, 2024, the Fund's gross total annual operating expenses would be 1.73% for Class A and 1.48% for Class I. The net annual fund operating expenses are 1.69% and 1.44% of the Fund's average daily net assets for its Class A and Class I shares, subject to possible recoupment from the Fund in future years. Please review the fund's prospectus for more information regarding the fund's fees and expenses. Maximum Sales Charge of 5.25%.

Important Definitions:

The Russell 1000 Index: a subset of the Russell 3000 Index, represents the 1000 top companies by market capitalization in the United States. The BMX: tracks the performance of a hypothetical covered call strategy on the S&P 500 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 are shown for general market comparisons and are not meant to represent the Fund.

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 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 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. 7266-NLD 04/14/2023