



The Covered Bridge Fund

Quarterly Update

March 31, 2016

We are pleased to report The Covered Bridge Fund's performance for the first quarter of 2016. Much of what plagued the fund last year was underperformance of large cap multinationals paying high dividends due to the strength in the dollar. This ended rather abruptly in the first quarter and started to reverse course. For the Quarter, the fund (TCBIX) was up 3.24% versus the S&P 500 which was up 1.35%.

In our opinion, the positive performance was a result of good underlying stock performance and the tactical decisions made with our call overwriting at the market lows. It is important for covered call funds to understand the risks and rewards of writing calls after a strong market correction. Covered calls may provide income and slightly reduce the downside when a stock is declining, but for that income and protection, an investor gives up the upside potential of that stock's performance. This is one of the reasons we only overwrite approximately one half of each of the positions.

After a big move lower in stock prices, it is sometimes necessary to adjust your positioning and write calls that are further out of the money and accept less income. This reduces the protection but allows stock prices to recover without being called away at low prices. At big extremes it is often prudent to reduce the actual percentage of calls you are writing to allow even further recovery. This is exactly what was done in the fund around option expiration time in both January and February of this year. The number of calls written was reduced in the fund and the options were also written further out of the money. As the underlying stocks in the portfolio have recovered, the fund has also recovered. Since this recovery, we are back to our philosophy of overwriting approximately half of each of the positions in the fund.

As we move through the rest of 2016, we continue to expect a volatile market but with a bias to the upside. We have started to see many of the large multinational companies move higher and, if the U.S. Dollar stays at this level or weakens further, we would expect this to continue.

As a shareholder in the fund, it is important to note the difference between the price performance of the fund and the total return of the fund. Total return of the fund is a combination of the underlying stock price performance, dividends paid from the underlying securities and any option premium received from the options that were sold on the underlying securities. The fund passes through the dividend payments (less expenses) to shareholders on a quarterly basis. Any capital gains and option premium income is paid to shareholders on an annual basis. In some cases it may appear that an investor has a loss in the fund on a price basis, but this is due to the distributions that we have made over time.

To understand the true performance of the fund, an investor must look at not only the price of the fund but must also include the distributions they have received. A simple way to do this is to compare your initial investment in the fund versus the current market value in the fund today. As we write this update on April 20th 2016, nearly all investors in the fund have a positive total return.



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If you have any questions regarding the Fund, please contact us for a further explanation. Thank you for being a Covered Bridge Fund shareholder.

Sincerely,

**John Schonberg, CFA &
Michael Dashner, CFA**

**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 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,*

2017, to ensure that the net annual fund operating expenses will not exceed 1.91% and 1.66% 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. Without these waivers, the Fund's total annual operating expenses would be 2.34% for Class A and 2.09% for Class I. Please review the fund's prospectus for more information regarding the fund's fees and expenses. For performance information current to the most recent month-end, please call toll-free 855-525-2151.

	TCBAX	TCBIX	TCBAX with Load	S&P 500
1-Month	6.22%	6.18%	0.59%	6.78%
3-Month	3.16%	3.24%	-2.25%	1.35%
YTD	3.16%	3.24%	-2.25%	1.35%
1-Year	0.99%	1.25%	-4.32%	1.78%
Since Inception 10/1/13	5.04%	5.32%	2.81%	10.42%

Maximum Sales Charge of 5.25%

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.

*Important Definitions: **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. You cannot invest directly in an index and unmanaged index returns do not reflect any fees, expenses or sales charges. **Volatility:** A statistical measure of the dispersion of returns for a given security or market index. Volatility can either be measured by using the standard deviation or variance between returns from that same security or market index. Commonly, the higher the volatility, the riskier the security. **Covered Call:** An options strategy whereby an investor holds a long position in an asset and writes (sells) call options on that same asset in an attempt to generate increased income from the asset. This is often employed when an investor has a short-term neutral view on the asset and for this reason holds the asset long and simultaneously has a short position via the option to generate income from the option premium. **Out of the money:** A call option with a strike price that is higher than the market price of the underlying asset, or a put option with a strike price that is lower than the market price of the underlying asset. An out of the money option has no intrinsic value, but only possesses extrinsic or time value. As a result, the value of an out of the money option erodes quickly with time as it gets closer to expiry. If it still out of the money at expiry, the option will expire worthless. **Call Premium:** The dollar amount over the par value of a callable fixed-income debt security that is given to holders when the security is called by the issuer. **Dividend yield:** A financial ratio that shows how much a company pays out in dividends each year relative to its share price. In the absence of any capital gains, the dividend yield is the return on investment for a stock. **Strike price:** The price at which a specific derivative contract can be exercised. Strike prices is mostly used to describe stock and index options, in which strike prices are fixed in the contract. For call options, the strike price is where the security can be bought (up to the expiration date), while for put options the strike price is the price at which shares can be sold. 7291-NLD-4/27/2016*