



Al Frank
MUTUAL FUNDS

2019

Annual Report

AL FRANK FUND

Beginning on January 1, 2021, as permitted by regulations adopted by the Securities and Exchange Commission, paper copies of the Fund's shareholder reports like this one will no longer be sent by mail, unless you specifically request paper copies of the reports. Instead, the reports will be made available on the Fund's website www.alfrankfunds.com, and you will be notified by mail each time a report is posted and provided with a website link to access the report.

If you already elected to receive shareholder reports electronically, you will not be affected by this change and you need not take any action. You may elect to receive shareholder reports and other communications from the Fund electronically or to continue receiving paper copies of shareholder reports, which are available free of charge, by contacting your financial intermediary (such as a broker-dealer or bank) or, if you are a direct investor, by following the instructions included with paper Fund documents that have been mailed to you.

Dear Shareholders,

The legendary football coach Vince Lombardi once said, “When you go into the end zone, act like you’ve been there before.” Wise words for equity investors in 2019, who after suffering fumbles and interceptions in 2018 on their way to a losing season, once again hit pay dirt. Indeed, the S&P 500 soared more than 30% in 2019, the 20th such time the broad-based index has enjoyed an annual return of that magnitude or greater since 1925. True, the average stock in the S&P gained just 27.1% and the average return for Russell 3000 members was only 22.3%, but it obviously was a victorious year in the equity markets.

AI Frank Fund Average Annual Total Return as of 12/31/2019 (unaudited)

	AI Frank Fund Investor Class *	AI Frank Fund Advisor Class**	Russell 3000® Index	S&P 500® Index
1 year	25.46%	25.78%	31.02%	31.49%
5 years	8.02%	8.29%	11.24%	11.70%
10 years	10.93%	11.20%	13.42%	13.56%
Since Inception 1.2.98	10.17%		7.75%	7.61%
Since Inception 4.30.06		6.36%	8.97%	9.09%

Past performance does not guarantee future results. The investment return and principal value of an investment will fluctuate so that the investor’s shares, when redeemed, may be worth more or less than their original cost. Current performance of the Fund may be lower or higher than the performance quoted. Performance data for the most recent month-end is available at www.alfrankfunds.com. The Fund’s total annual operating expenses are 1.64% for the Investor Class and 1.39% for the Advisor Class, respectively, per the May 1, 2019 prospectus. Pursuant to an operating expense limitation agreement between AFAM Capital, Inc. (the “Adviser”) and the Fund, the Adviser has agreed to waive its fees and/or absorb expenses of the Fund to ensure that Total Annual Fund Operating Expenses for the Fund do not exceed 1.49% and 1.24% of the Fund’s average net assets, for Investor Class and Advisor Class shares, respectively, through April 30, 2020.

* Commencement of operations 01/02/1998

** Commencement of operations 04/30/2006

Absolute returns in 2019 were very good, bouncing back from a poor 2018, though Value-oriented strategies lagged Growth. The following attribution analysis illustrates some of the reasons why the AI Frank Fund performed as it did during 2019 relative to the Russell 3000 benchmark. VALUX was boosted by favorable stock selection in the Energy and Financials Sectors. We were also helped by our allocations to Health Care and Information Technology, while our lack of exposure to Utilities was a positive

contributor and our modest Cash position was a negative contributor to relative performance. Offsetting the positives to a degree was our stock selection within the Information Technology, Consumer Discretionary, Industrials and Materials Sectors, and overweight allocations to Materials and Energy. The AI Frank Fund's selection of large- and mid-cap stocks hurt relative performance during the period, while small-cap stock picking was a positive.

Looking at specific stocks, the top five positions that had the greatest positive absolute impact on the portfolio during 2019 were Apple, Microsoft, JPMorgan Chase, MDC Holdings and Target. On the other side of the ledger, Designer Brands, Mosaic, Kohl's, Goodyear Tire and Foot Locker had the largest negative absolute impact.

Ticker	Weight	Sector	Weight	Capitalization	Weight
AAPL	2.66	Information Technology	22.10	Giant	49.12
AMGN	2.49	Health Care	11.23	Large	31.36
JPM	2.43	Financials	16.67	Medium	16.15
MSFT	2.24	Communication Services	6.91	Small	3.37
DIS	2.06	Consumer Discretionary	11.79	Micro	0.00
RCL	1.90	Industrials	11.31		
TFC	1.89	Consumer Staples	5.94		
ETN	1.84	Materials	5.50		
INTC	1.78	Real Estate	3.56		
GLW	1.77	Energy	4.98		
COF	1.73				
GOOG	1.73				
STX	1.69				
ADM	1.65				
CE	1.59				

No doubt, turnovers and touchdowns always are part of the equity game, with history showing that there are far more of the latter than the former, yet it remains difficult for many to avoid heading for the sidelines at an inopportune time. For example, a year ago in this space, we were writing about a dismal December that saw the 20% Bear Market threshold breached early on Boxing Day when the S&P was off 20.2% from its September highs at one point and the average stock in the Russell 3000 index tumbled 24.6% from Sept. 20 to Dec. 24. Not surprisingly, many in the financial press and more than a few supposed market experts were then busy advising on ways to protect one's portfolio from further declines, prompting many to hit the showers as evidenced by the whopping \$26.1 billion in net outflows

out of domestic equity mutual and exchange-traded funds over the three weeks ended Dec. 26, 2018, per data from Investment Company Institute, and a spike to a five-year high of 50.3% in the number of Bears, per sentiment numbers that same day from AAIL.

Interestingly, the late-2018 carnage was caused by fears of slowing economic and corporate profit growth, with the constant drama in Washington and trade uncertainties not helping. And 2019 did not begin on a strong note, when consumer electronics giant Apple dropped a huge revenue-miss bombshell on investors on Jan. 2. Of course, aside from Apple, which saw its stock price rise from \$157.74 at the start of the year to \$293.65 at the end of 2019, none of those worries really were alleviated last year, as U.S. GDP growth of 2.0% for 2020 is the current expectation, earnings have not grown as fast as many had expected, there are still more fronts in regard to the trade battle and two Articles of Impeachment against President Trump were sent from the House of Representatives to the Senate.

While the markets often climb a Wall of Worry, a year ago we argued that a modest to moderate economic AND profit recession seemingly was discounted in the prices of many stocks. Given that there was no recession on either score in 2019, it made it easier for equities to rebound, while it didn't hurt that lackluster economic data prompted the Federal Reserve to cut the Fed Funds rate three times, that the yield on the 10-year U.S. Treasury tumbled from more than 2.5% to near 1.9%, and that tariff hostilities with China ebbed, with President Trump and Chinese officials agreeing to a "phase one" trade deal.

No doubt, the huge rally in 2019 has many questioning whether the equity market gains can continue in 2020. Hopefully, it should come as no surprise when our answer is that nobody can predict short-term market movements with any certainty and we must always be braced for downturns, corrections and even Bear Markets. However, while we realize that geopolitical events are always a wild card, we continue to be optimistic about the long-term prospects of our broadly diversified portfolios of what we believe to be undervalued stocks. The interest rate equation remains very supportive of equities, dividends and stock buybacks are expected to remain robust, the U.S. and global economies are likely to continue to grow, albeit modestly, and we still do not see much in the way of investor exuberance. Anything can happen, of course, but we like the J.P. Morgan quotation, "Any man who is bearish on the United States will eventually go broke."

In Conclusion

We know that we will not always be able to outperform the benchmarks in the short run, especially as our focus is always on the long-term prospects of the Funds and the stocks contained therein. As such, we remain pleased with our long-term performance comparisons. For example, as of 12/31/19, the AI Frank Fund – Investor Class (VALUX) has enjoyed a 10.17% annualized rate of return since its inception on January 2, 1998, compared to a 7.75% annualized return for the Russell 3000® Index and a 7.61% annualized return for the S&P 500® Index over the same period. The Russell 3000 Value index had a return of 7.46% over the same time span.

Volatility likely will remain elevated as we confront the new coronavirus brick in the Wall of Worry that stocks have been climbing since the inception of the equity markets, while the 2020 Elections are on the

horizon and the trade skirmishes are far from settled. 'Twas ever thus, as our founder Al Frank was fond of saying, but we have long been comfortable with our basic risk mitigation tools of **patiently** buying and seeking to harvest a broadly **diversified** portfolio of **undervalued** stocks, generally of **dividend-paying** companies, while modestly ebbing and flowing our **cash** position. True, we would love to avoid the next big downturn, but we know that more money has been lost in anticipation of a correction than has been lost in the corrections themselves. Only by accepting that these events are a normal part of the process can we seek to achieve overall long-term returns that assist investors in meeting their financial goals.

We pride ourselves on our educational heritage and we are always striving to keep shareholders and prospective shareholders abreast of our thinking. While many are receiving our philosophical musings via their subscriptions to *The Prudent Speculator* newsletter, we encourage those who are not subscribers to e-mail us at info@theprudentpeculator.com for additional information and to sign up for our free electronic offerings.

All of us at Kovitz Investment Group thank you for your continued loyalty and patronage. We appreciate the faith you have shown in us, and Jason and I are proud to say that we continue to invest our own money right alongside our shareholders in our Fund.

Sincerely,

John Buckingham & Jason Clark

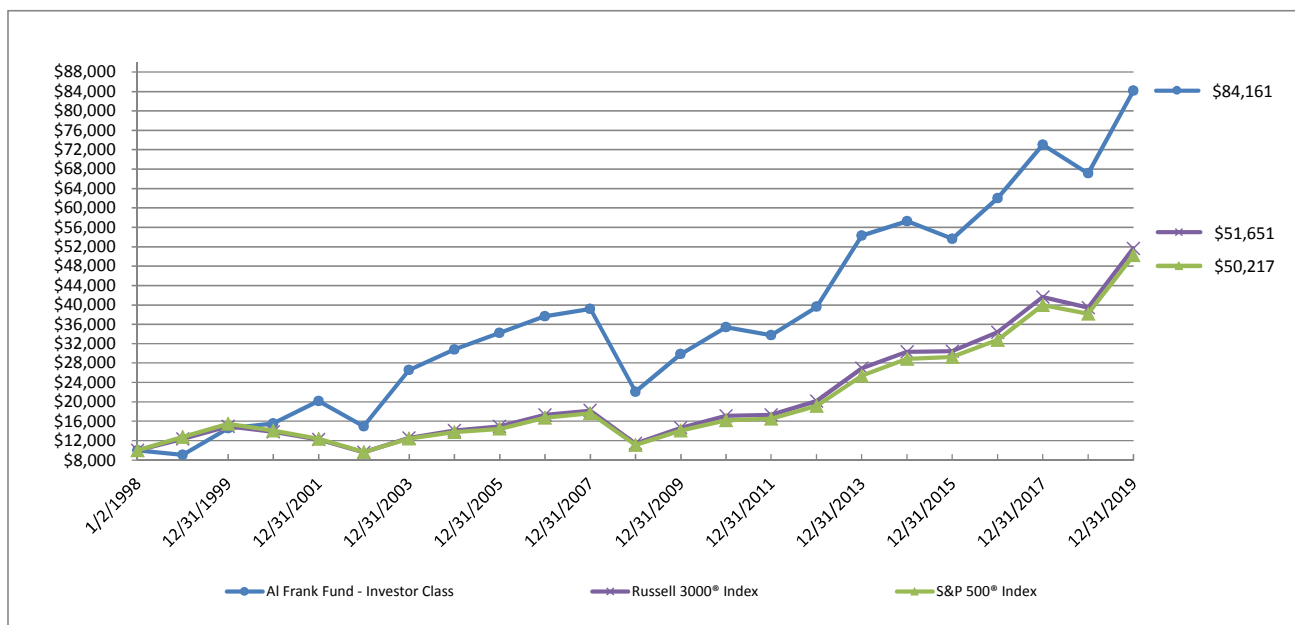
3256-NLD-2/12/2020

AI Frank Fund
PORTFOLIO REVIEW (Unaudited)
December 31, 2019

The Fund's performance figures* for the periods ended December 31, 2019, compared to its benchmark:

	One Year	Annualized			
		Five Year	Ten Year	Since Inception (1/2/98)	Since Inception (4/30/06)
AI Frank Fund - Investor Class**	25.46%	8.02%	10.93%	10.17%	N/A
AI Frank Fund - Advisor Class***	25.78%	8.29%	11.20%	N/A	6.36%
S&P 500® Total Return Index****	31.49%	11.70%	13.56%	7.61%	9.09%
Russell 3000® Total Return Index*****	31.02%	11.24%	13.42%	7.75%	8.97%

Comparison of the Change in Value of a \$10,000 Investment



Returns reflect the reinvestment of dividends and capital gains. Fee waivers are in effect. In the absence of fee waivers, returns would have been reduced. The performance data and graphs above do not reflect the deduction of taxes that a shareholder may pay on dividends, capital gain distributions, or redemption of Fund shares. Performance data shown does not reflect the 2.00% redemption fee imposed on shares held 60 days or less. If it did, returns would have been reduced.

* Past performance does not guarantee future results. The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance of the Fund may be lower or higher than the performance quoted. Performance data for the most recent month-end is available at www.aifrankfunds.com. The Fund's total annual operating expenses are 1.64% for the Investor Class and 1.39% for the Advisor Class, respectively, per the May 1, 2019 prospectus. After fee waivers, the Fund's total annual operating expenses are 1.49% for the Investor Class and 1.24% for the Advisor Class, respectively.

** Commencement of operations on January 2, 1998.

*** Commencement of operations on April 30, 2006.

**** The S&P 500® Index is a broad based unmanaged capitalization-weighted index of 500 stocks designed to represent the broad domestic market. You cannot invest directly in an index.

***** The Russell 3000® Index measures the performance of the largest 3,000 U.S. companies determined by total market capitalization. You cannot invest directly in an index.

Holdings By Asset Class as of December 31, 2019

	% of Net Assets
Information Technology	21.92%
Financials	16.54%
Consumer Discretionary	11.52%
Industrials	11.21%
Health Care	10.97%
Communication Services	6.86%
Consumer Staples	5.71%
Materials	5.30%
Energy	4.79%
Real Estate	3.40%
Other, Cash & Cash Equivalents	1.78%
	100.00%

Please refer to the Schedule of Investments in this annual report for a detailed analysis of the Fund's holdings.

Al Frank Fund

SCHEDULE OF INVESTMENTS at December 31, 2019

Shares		Value
COMMON STOCKS - 98.22%		
COMMUNICATION SERVICES - 6.86%		
Internet - 1.72%		
1,000	Alphabet, Inc. (a)	\$ 1,337,020
Media - 3.42%		
24,000	Comcast Corp. - Class A	1,079,280
11,000	Walt Disney Co. (The)	1,590,930
		2,670,210
Telecommunications - 1.72%		
17,000	AT&T, Inc.	664,360
11,000	Verizon Communications, Inc.	675,400
		1,339,760
	Total Communication Services (Cost \$2,542,288)	5,346,990
CONSUMER DISCRETIONARY - 11.52%		
Apparel - 0.86%		
25,000	Tapestry, Inc.	674,250
Auto Manufacturers - 1.06%		
22,500	General Motors Co.	823,500
Auto Parts & Equipment - 0.70%		
35,000	Goodyear Tire & Rubber Co. (The)	544,425
Home Builders - 1.54%		
31,500	MDC Holdings, Inc.	1,202,040
Home Furnishings - 1.23%		
6,500	Whirlpool Corp.	958,945
Leisure Time - 1.71%		
10,000	Royal Caribbean Cruises Ltd.	1,335,100
Retail - 4.42%		
20,000	Designer Brands, Inc.	314,800
20,000	Foot Locker, Inc.	779,800
12,000	Kohl's Corp.	611,400
7,000	Target Corp.	897,470
11,500	Williams-Sonoma, Inc.	844,560
		3,448,030
	Total Consumer Discretionary (Cost \$6,290,645)	8,986,290
CONSUMER STAPLES - 5.71%		
Agriculture - 1.64%		
27,500	Archer-Daniels-Midland Co.	1,274,625

Al Frank Fund

SCHEDULE OF INVESTMENTS at December 31, 2019 (Continued)

Shares		Value
	Food - 2.03%	
20,000	Kroger Co. (The)	\$ 579,800
11,000	Tyson Foods, Inc. - Class A	1,001,440
		<u>1,581,240</u>
	Retail - 2.04%	
8,900	Walgreens Boots Alliance, Inc.	524,744
9,000	Wal-Mart, Inc.	1,069,560
		<u>1,594,304</u>
	Total Consumer Staples (Cost \$2,331,514)	<u>4,450,169</u>
	ENERGY - 4.79%	
	Oil & Gas - 3.01%	
11,500	Exxon Mobil Corp.	802,470
12,000	HollyFrontier Corp.	608,520
17,000	Total SA - ADR (b)	940,100
		<u>2,351,090</u>
	Oil & Gas Services - 0.70%	
13,500	Schlumberger Ltd.	542,700
		<u>542,700</u>
	Transportation - 1.08%	
58,000	SFL Corp. Ltd.	843,320
		<u>843,320</u>
	Total Energy (Cost \$3,101,557)	<u>3,737,110</u>
	FINANCIALS - 16.54%	
	Banks - 12.26%	
30,000	Bank of America Corp.	1,056,600
18,000	Bank of New York Mellon Corp. (The)	905,940
30,000	Fifth Third Bancorp.	922,200
4,500	Goldman Sachs Group, Inc. (The)	1,034,685
13,500	JPMorgan Chase & Co.	1,881,900
60,000	Old National Bancorp	1,097,400
7,500	PNC Financial Services Group, Inc. (The)	1,197,225
26,000	Truist Financial Corp.	1,464,320
		<u>9,560,270</u>
	Diversified Financial Services - 1.72%	
13,000	Capital One Financial Corp.	1,337,830
		<u>1,337,830</u>
	Insurance - 2.56%	
18,000	MetLife, Inc.	917,460
11,500	Prudential Financial, Inc.	1,078,010
		<u>1,995,470</u>
	Total Financials (Cost \$6,263,635)	<u>12,893,570</u>
	HEALTH CARE - 10.97%	
	Biotechnology - 3.42%	
8,000	Amgen, Inc.	1,928,560
2,500	Biogen, Inc. (a)	741,825
		<u>2,670,385</u>

Al Frank Fund

SCHEDULE OF INVESTMENTS at December 31, 2019 (Continued)

Shares		Value
	Health Care Products - 3.09%	
10,000	Abbott Laboratories	\$ 868,600
7,000	Medtronic PLC	794,150
5,000	Zimmer Biomet Holdings, Inc.	748,400
		<u>2,411,150</u>
	Health Care Services - 0.00% ^	
1	Encompass Health Corp.	<u>69</u>
	Pharmaceuticals - 4.46%	
11,200	Cardinal Health, Inc.	566,496
6,702	CVS Health Corp.	497,892
7,500	Johnson & Johnson	1,094,025
8,000	Merck & Co, Inc.	727,600
15,000	Pfizer, Inc.	587,700
		<u>3,473,713</u>
	Total Health Care (Cost \$5,543,316)	<u>8,555,317</u>
	INDUSTRIALS - 11.21%	
	Airlines - 1.20%	
16,000	Delta Air Lines, Inc.	<u>935,680</u>
	Auto Manufacturers - 1.26%	
5,500	Cummins, Inc.	<u>984,280</u>
	Commercial Services - 1.49%	
12,000	ManpowerGroup, Inc.	<u>1,165,200</u>
	Machinery- Construction & Mining - 1.51%	
8,000	Caterpillar, Inc.	<u>1,181,440</u>
	Machinery- Diversified - 1.56%	
7,000	Deere & Co.	<u>1,212,820</u>
	Miscellaneous Manufacturing - 1.82%	
15,000	Eaton Corp. PLC	<u>1,420,800</u>
	Transportation - 2.37%	
4,500	FedEx Corp.	680,445
6,000	Norfolk Southern Corp.	1,164,780
		<u>1,845,225</u>
	Total Industrials (Cost \$4,798,933)	<u>8,745,445</u>

Al Frank Fund

SCHEDULE OF INVESTMENTS at December 31, 2019 (Continued)

Shares		Value
INFORMATION TECHNOLOGY - 21.92%		
Computers - 6.41%		
7,000	Apple, Inc.	\$ 2,055,550
7,100	International Business Machines Corp.	951,684
11,000	NetApp, Inc.	684,750
22,000	Seagate Technology PLC	1,309,000
		<u>5,000,984</u>
Electronics - 1.21%		
15,500	Benchmark Electronics, Inc.	532,580
10,000	Jabil, Inc.	413,300
		<u>945,880</u>
Internet - 1.18%		
36,000	NortonLifeLock, Inc.	918,720
		<u>918,720</u>
Semiconductors - 5.52%		
40,000	Cohu, Inc.	914,000
23,000	Intel Corp.	1,376,550
2,900	Lam Research Corp.	847,960
13,200	QUALCOMM, Inc.	1,164,636
		<u>4,303,146</u>
Software - 3.79%		
11,000	Microsoft Corp.	1,734,700
23,000	Oracle Corp.	1,218,540
		<u>2,953,240</u>
Telecommunications - 3.81%		
18,000	Cisco Systems, Inc.	863,280
47,100	Corning, Inc.	1,371,081
30,000	Juniper Networks, Inc.	738,900
		<u>2,973,261</u>
Total Information Technology (Cost \$7,482,966)		<u>17,095,231</u>
MATERIALS - 5.30%		
Chemicals - 2.78%		
8,000	Albemarle Corp.	584,320
9,000	Celanese Corp. - Class A	1,108,080
22,000	Mosaic Co. (The)	476,080
		<u>2,168,480</u>
Forest Products & Paper - 1.21%		
20,500	International Paper Co.	944,025
		<u>944,025</u>
Mining - 1.31%		
23,500	Newmont Goldcorp. Corp.	1,021,075
		<u>1,021,075</u>
Total Materials (Cost \$3,268,771)		<u>4,133,580</u>

Al Frank Fund

SCHEDULE OF INVESTMENTS at December 31, 2019 (Continued)

Shares		Value
	REAL ESTATE - 3.40%	
	Real Estate Investment Trusts (REITS) - 3.40%	
8,000	Digital Realty Trust, Inc.	\$ 957,920
45,000	Kimco Realty Corp.	931,950
40,000	Physicians Realty Trust	757,600
	Total Real Estate (Cost \$2,129,082)	2,647,470
	TOTAL COMMON STOCKS (Cost \$43,752,707)	76,591,172
	SHORT-TERM INVESTMENT - 1.02%	
	Money Market Fund - 1.02%	
794,545	Fidelity Investments Money Market Funds - Government Portfolio - Class I, to yield 1.49% (c)	794,545
	TOTAL SHORT-TERM INVESTMENT (Cost \$794,545)	794,545
	Total Investments (Cost \$44,547,252) - 99.24%	\$ 77,385,717
	Other Assets Less Liabilities: 0.76%	590,625
	NET ASSETS: 100.00%	\$ 77,976,342

ADR - American Depositary Receipt

^ Represents less than 0.005%

(a) Non-income producing security.

(b) U.S. traded security of a foreign issuer.

(c) Rate shown is the 7-day annualized yield as of December 31, 2019.

Al Frank Fund

STATEMENT OF ASSETS AND LIABILITIES

December 31, 2019

ASSETS

Investment securities:

At cost	\$ 44,547,252
At value	\$ 77,385,717

Receivable for investments sold 753,923

Dividends and interest receivable 111,997

Prepaid expenses & other assets 13,675

TOTAL ASSETS 78,265,312

LIABILITIES

Payable for Fund shares redeemed 173,157

Investment advisory fees payable 61,686

Distribution (12b-1) fees payable 16,321

Payable to Related Parties 11,994

Accrued expenses and other liabilities 25,812

TOTAL LIABILITIES 288,970

NET ASSETS

\$ 77,976,342

Net Assets Consist Of:

Paid in capital \$ 43,844,024

Accumulated Earnings 34,132,318

NET ASSETS

\$ 77,976,342

Net Asset Value Per Share:

Investor Class Shares:

Net Assets \$ 72,709,461

Shares of beneficial interest outstanding (\$0 par value, unlimited shares authorized) 3,005,377

Net asset value (Net Assets ÷ Shares Outstanding), offering price and redemption price per share (a) \$ 24.19

Advisor Class Shares:

Net Assets \$ 5,266,881

Shares of beneficial interest outstanding (\$0 par value, unlimited shares authorized) 217,316

Net asset value (Net Assets ÷ Shares Outstanding), offering price and redemption price per share (a) \$ 24.24

(a) Redemptions of shares held less than 60 days may be assessed a redemption fee of 2.00%.

*Al Frank Fund***STATEMENT OF OPERATIONS****For the Year Ended December 31, 2019****INVESTMENT INCOME**

Dividends *	\$	2,100,106
Interest		31,043
TOTAL INVESTMENT INCOME		<u>2,131,149</u>

EXPENSES

Investment advisory fees	766,756
Distribution (12b-1) fees:	
Investor Class	178,434
Transfer agent fees	35,781
Administration fees	44,434
Fund accounting fees	43,595
Trustees' fees	32,237
Shareholder reporting expense	28,484
Registration fees	22,842
Audit fees	18,198
Legal fees	16,382
Compliance officer fees	20,165
Third party administrative servicing fees	13,611
Insurance expense	8,368
Custody fees	3,931
Other expenses	1,633
TOTAL EXPENSES	<u>1,234,851</u>

Less: Fees waived by the Adviser	<u>(105,460)</u>
----------------------------------	------------------

NET EXPENSES1,129,391**NET INVESTMENT INCOME**1,001,758**REALIZED AND UNREALIZED GAIN ON INVESTMENTS**

Net realized gain from investments	5,618,905
Net change in unrealized appreciation on investments	<u>10,840,477</u>

NET REALIZED AND UNREALIZED GAIN ON INVESTMENTS16,459,382**NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS**\$ 17,461,140

* Includes withholding tax of \$38,317.

Al Frank Fund

STATEMENTS OF CHANGES IN NET ASSETS

	For the Year Ended December 31, 2019	For the Year Ended December 31, 2018
FROM OPERATIONS		
Net investment income	\$ 1,001,758	\$ 860,658
Net realized gain from investments	5,618,905	5,841,646
Net change in unrealized appreciation/(depreciation) on investments	10,840,477	(13,021,779)
Net increase/(decrease) in net assets resulting from operations	17,461,140	(6,319,475)
DISTRIBUTIONS TO SHAREHOLDERS		
Total Distributions Paid		
Investor Class	(5,046,464)	(6,610,378)
Advisor Class	(371,762)	(493,805)
Net decrease in net assets from distributions to shareholders	(5,418,226)	(7,104,183)
FROM SHARES OF BENEFICIAL INTEREST		
Proceeds from shares sold		
Investor Class	1,304,744	811,203
Advisor Class	209,574	208,068
Net asset value of shares issued in reinvestment of distributions		
Investor Class	4,922,425	6,447,755
Advisor Class	369,000	489,920
Payments for shares redeemed		
Investor Class	(13,102,404)	(9,963,628)
Advisor Class	(1,176,902)	(1,149,505)
Redemption fee proceeds		
Investor Class	89	60
Advisor Class	6	5
Net decrease in net assets from shares of beneficial interest	(7,473,468)	(3,156,122)
TOTAL INCREASE/(DECREASE) IN NET ASSETS	4,569,446	(16,579,780)
NET ASSETS		
Beginning of Year	73,406,896	89,986,676
End of Year	<u>\$ 77,976,342</u>	<u>\$ 73,406,896</u>

*Al Frank Fund***STATEMENTS OF CHANGES IN NET ASSETS (Continued)**

	For the Year Ended December 31, 2019	For the Year Ended December 31, 2018
SHARE ACTIVITY - INVESTOR CLASS		
Shares sold	57,215	32,583
Shares reinvested	208,843	296,858
Shares redeemed	(560,016)	(403,523)
Net decrease in shares of beneficial interest outstanding	<u>(293,958)</u>	<u>(74,082)</u>
SHARE ACTIVITY - ADVISOR CLASS		
Shares sold	9,334	8,245
Shares reinvested	15,629	22,525
Shares redeemed	(50,147)	(45,051)
Net decrease in shares of beneficial interest outstanding	<u>(25,184)</u>	<u>(14,281)</u>

AI Frank Fund

FINANCIAL HIGHLIGHTS

Per Share Data and Ratios for a Share of Beneficial Interest Outstanding Throughout Each Year

	Investor Class				
	Year Ended December 31, 2019	Year Ended December 31, 2018	Year Ended December 31, 2017	Year Ended December 31, 2016	Year Ended December 31, 2015
Net asset value, beginning of year	\$ 20.72	\$ 24.79	\$ 23.27	\$ 21.13	\$ 24.67
Activity from investment operations:					
Net investment income (1)	0.30	0.25	0.32	0.29	0.24
Net realized and unrealized gain/(loss) on investments	4.93	(2.16)	3.79	3.03	(1.83)
Total from investment operations	5.23	(1.91)	4.11	3.32	(1.59)
Less distributions from:					
Net investment income	(0.31)	(0.25)	(0.31)	(0.30)	(0.23)
Net realized gain on investments	(1.45)	(1.91)	(2.28)	(0.88)	(1.69)
Return of capital	-	-	-	-	(0.03)
Total distributions	(1.76)	(2.16)	(2.59)	(1.18)	(1.95)
Paid in capital from redemption fees (5)	0.00	0.00	0.00	0.00	0.00
Net asset value, end of year	\$ 24.19	\$ 20.72	\$ 24.79	\$ 23.27	\$ 21.13
Total return (2)	25.47% (6)	(8.10)% (6)	17.76%	15.62%	(6.32)%
Net assets, at end of year (000s)	\$ 72,709	\$ 68,373	\$ 83,611	\$ 69,119	\$ 71,470
Ratio of gross expenses to average net assets (3)(4)	1.63%	1.64%	1.61%	1.64%	1.58%
Ratio of net expenses to average net assets (4)	1.49%	1.49%	1.50%	1.51%	1.49%
Ratio of net investment income to average net assets (4)	1.29%	0.98%	1.28%	1.33%	0.96%
Portfolio turnover rate	1.78%	16.28%	22.16%	7.99%	12.38%

(1) Per share amounts calculated using the average shares method, which more appropriately presents the per share data for the year.

(2) Total returns shown exclude the effect of applicable redemption fees. Had the Adviser not waived a portion of the Fund's expenses, total returns would have been lower.

(3) Represents the ratio of expenses to average net assets absent fee waivers and/or expense reimbursements by the Adviser.

(4) Does not include the expenses of other investment companies in which the Fund invests.

(5) Amount represents less than \$0.005 per share.

(6) Includes adjustments in accordance with accounting principles generally accepted in the United States and consequently the net asset value for financial reporting purposes and the returns based upon those net asset values may differ from the net asset values and returns for shareholder transactions.

AI Frank Fund

FINANCIAL HIGHLIGHTS

Per Share Data and Ratios for a Share of Beneficial Interest Outstanding Throughout Each Year

	Advisor Class				
	Year Ended December 31, 2019	Year Ended December 31, 2018	Year Ended December 31, 2017	Year Ended December 31, 2016	Year Ended December 31, 2015
Net asset value, beginning of year	\$ 20.76	\$ 24.83	\$ 23.30	\$ 21.16	\$ 24.71
Activity from investment operations:					
Net investment income (1)	0.36	0.31	0.38	0.35	0.29
Net realized and unrealized gain/(loss) on investments	4.94	(2.15)	3.80	3.03	(1.82)
Total from investment operations	5.30	(1.84)	4.18	3.38	(1.53)
Less distributions from:					
Net investment income	(0.37)	(0.32)	(0.37)	(0.36)	(0.30)
Net realized gain on investments	(1.45)	(1.91)	(2.28)	(0.88)	(1.69)
Return of capital	-	-	-	-	(0.03)
Total distributions	(1.82)	(2.23)	(2.65)	(1.24)	(2.02)
Paid in capital from redemption fees (5)	0.00	0.00	0.00	0.00	0.00
Net asset value, end of year	\$ 24.24	\$ 20.76	\$ 24.83	\$ 23.30	\$ 21.16
Total return (2)	25.78%	(7.83)%	18.05%	15.87%	(6.09)%
Net assets, at end of year (000s)	\$ 5,267	\$ 5,033	\$ 6,376	\$ 2,673	\$ 2,820
Ratio of gross expenses to average net assets (3)(4)	1.38%	1.39%	1.36%	1.39%	1.32%
Ratio of net expenses to average net assets (4)	1.24%	1.24%	1.25%	1.26%	1.24%
Ratio of net investment income to average net assets (4)	1.54%	1.23%	1.52%	1.59%	1.21%
Portfolio turnover rate	1.78%	16.28%	22.16%	7.99%	12.38%

(1) Per share amounts calculated using the average shares method, which more appropriately presents the per share data for the year.

(2) Total returns shown exclude the effect of applicable redemption fees. Had the Adviser not waived a portion of the Fund's expenses, total returns would have been lower.

(3) Represents the ratio of expenses to average net assets absent fee waivers and/or expense reimbursements by the Adviser.

(4) Does not include the expenses of other investment companies in which the Fund invests.

(5) Amount represents less than \$0.005 per share.

Al Frank Fund

NOTES TO FINANCIAL STATEMENTS at December 31, 2019

NOTE 1 - ORGANIZATION

The Al Frank Fund (the “Fund”) is a diversified series of Northern Lights Fund Trust II (the “Trust”), which is registered under the Investment Company Act of 1940, as amended, (the “1940 Act”) as an open-end management investment company. The investment objective of the Al Frank Fund is long-term capital appreciation. The Al Frank Fund Investor and Advisor Classes commenced operations on January 2, 1998, and April 30, 2006, respectively.

Advisor Class Shares are offered primarily to qualified registered investment advisers, financial advisors and investors such as pension and profit sharing plans, employee benefit trusts, endowments, foundations and corporations. Advisor Class Shares may be purchased through certain financial intermediaries and mutual fund supermarkets that charge their customers transaction or other fees with respect to their customers’ investment in the Fund. The Fund may also be purchased by qualified investors directly through the Fund’s Transfer Agent. Wrap account programs established with broker-dealers or financial intermediaries may purchase Advisor Class Shares only if the program for which the shares are being acquired will not require the Fund to pay any type of distribution or administration payment to any third-party. A registered investment advisor may aggregate all client accounts investing in the Fund to meet the Advisor Class Shares investment minimum.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of significant accounting policies followed by the Fund in preparation of its financial statements. These policies are in conformity with accounting principles generally accepted in the United States of America (“GAAP”). The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses for the period. Actual results could differ from those estimates. The Fund is an investment company and accordingly follows the investment company accounting and reporting guidance of the Financial Accounting Standards Board (“FASB”) Accounting Standard Codification Topic 946 “Financial Services – Investment Companies” including FASB Accounting Standard Update “ASU” 2013-08.

- A. *Security Valuation:* All investments in securities are recorded at their estimated fair value, as described in Note 3.
- B. *Federal Income Taxes:* It is the Fund’s policy to continue to comply with the requirements of the Internal Revenue Code applicable to regulated investment companies and to distribute substantially all of their taxable income to shareholders. Therefore, no provision for Federal income taxes has been recorded.

The Fund recognizes the tax benefits of uncertain tax positions only where the position is “more likely than not” to be sustained assuming examination by tax authorities. Management has analyzed the Fund’s tax positions and has concluded that no liability for unrecognized tax benefits should be recorded related to uncertain tax positions taken on returns filed for open tax years ended December 31, 2016 to December 31, 2018, or expected to be taken in the Fund’s December 31, 2019 year-end tax returns. The Fund identifies its major tax jurisdictions as U.S. Federal and the state of Ohio. For the years ended December 31, 2016 through December 31, 2018, the Fund’s jurisdictions included the state of Nebraska. The Fund is not aware of any tax positions for which it is reasonably possible that the total amounts of unrecognized tax benefits will change materially in the next twelve months.

- C. *Security Transactions, Income and Distributions:* Security transactions are accounted for on the trade date. Realized gains and losses on securities sold are determined on the basis of identified cost. Interest income is recorded on an accrual basis. Dividend income and distributions to shareholders are recorded on the ex-dividend date. Withholding taxes on foreign dividends have been provided for in accordance with the Fund’s understanding of the applicable country’s tax rules and rates.

Investment income, expenses (other than those specific to the class of shares), and realized and unrealized gains and losses on investments are allocated to the separate classes of the Fund’s shares

Al Frank Fund

NOTES TO FINANCIAL STATEMENTS at December 31, 2019 (Continued)

based upon their relative net assets on the date income is earned or expenses, realized and unrealized gains and losses are incurred. The Fund distributes substantially all net investment income, if any, and net realized capital gains, if any, annually. The amount of dividends and distributions to shareholders from net investment income and net realized capital gains is determined in accordance with Federal income tax regulations, which differs from accounting principles generally accepted in the United States of America. To the extent these book/tax differences are permanent, such amounts are reclassified within the capital accounts based on their Federal tax treatment.

- D. *Redemption Fees:* The Fund charges a 2% redemption fee to shareholders who redeem shares held for 60 days or less. Such fees are retained by the Fund and accounted for as an addition to paid-in capital. For the year ended December 31, 2019, the Al Frank Fund assessed \$95 in redemption fees.
- E. *Expenses* – Expenses of the Trust that are directly identifiable to a specific fund are charged to that fund. Expenses, which are not readily identifiable to a specific fund, are allocated in such a manner as deemed equitable, taking into consideration the nature and type of expense and the relative size of the fund in the Trust.
- F. *Indemnification* – The Trust indemnifies its officers and Trustees for certain liabilities that may arise from the performance of their duties to the Trust. Additionally, in the normal course of business, the Fund enters into contracts that contain a variety of representations and warranties and which provide general indemnities. The Fund's maximum exposure under these arrangements is unknown, as this would involve future claims that may be made against the Fund that have not yet occurred. However, based on experience, the risk of loss due to these warranties and indemnities appears to be remote.

NOTE 3 - SECURITIES VALUATION

Securities listed on an exchange are valued at the last reported sale price at the close of the regular trading session of the primary exchange on the business day the value is being determined, or in the case of securities listed on NASDAQ at the NASDAQ Official Closing Price ("NOCP"). In the absence of a sale, such securities shall be valued at the mean between the current bid and ask prices on the day of valuation. Investments valued in currencies other than the U.S. dollar are converted to U.S. dollars using exchange rates obtained from pricing services. Investments in open-end investment companies are valued at net asset value. Short-term debt obligations having 60 days or less remaining until maturity, at time of purchase, may be valued at amortized cost.

The Fund may hold securities, such as private investments, interests in commodity pools, other non-traded securities or temporarily illiquid securities, for which market quotations are not readily available or are determined to be unreliable. These securities will be valued using the "fair value" procedures approved by the Trust's Board of Trustees (the "Board"). The Board has delegated execution of these procedures to a fair value committee composed of one or more representatives from each of the (i) Trust, (ii) administrator, and (iii) adviser. The committee may also enlist third party consultants such as a valuation specialist at a public accounting firm, valuation consultant or financial officer of a security issuer on an as-needed basis to assist in determining a security-specific fair value. The Board has also engaged a third party valuation firm to attend valuation meetings held by the Trust, review minutes of such meetings and report to the Board on a quarterly basis. The Board reviews and ratifies the execution of this process and the resultant fair value prices at least quarterly to assure the process produces reliable results.

Fair Valuation Process – As noted above, the fair valuation committee is composed of one or more representatives from each of the (i) Trust, (ii) administrator, and (iii) adviser. The applicable investments are valued collectively via inputs from each of these groups. For example, fair value determinations are required for the following securities: (i) securities for which market quotations are insufficient or not readily available on a particular business day (including securities for which there is a short and temporary lapse in the provision of a price by the regular pricing source); (ii) securities for which, in the judgment of the adviser, the prices or values available do not represent the fair value of the instrument, factors which may cause the adviser to make such a judgment include, but are not limited to, the following: only a bid price or an asked price is available; the spread between bid and asked prices is substantial; the frequency of sales; the thinness of the market; the size of reported trades; and actions of the securities markets, such as the suspension or limitation of trading, (iii) securities

Al Frank Fund
NOTES TO FINANCIAL STATEMENTS at December 31, 2019 (Continued)

determined to be illiquid; and (iv) securities with respect to which an event that will affect the value thereof has occurred (a “significant event”) since the closing prices were established on the principal exchange on which they are traded, but prior to a Fund’s calculation of its net asset value. Specifically, interests in commodity pools or managed futures pools are valued on a daily basis by reference to the closing market prices of each futures contract or other asset held by a pool, as adjusted for pool expenses. Restricted or illiquid securities, such as private investments or non-traded securities are valued via inputs from the adviser based upon the current bid for the security from two or more independent dealers or other parties reasonably familiar with the facts and circumstances of the security (who should take into consideration all relevant factors as may be appropriate under the circumstances). If the adviser is unable to obtain a current bid from such independent dealers or other independent parties, the fair value committee shall determine the fair value of such security using the following factors: (i) the type of security; (ii) the cost at date of purchase; (iii) the size and nature of the Fund’s holdings; (iv) the discount from market value of unrestricted securities of the same class at the time of purchase and subsequent thereto; (v) information as to any transactions or offers with respect to the security; (vi) the nature and duration of restrictions on disposition of the security and the existence of any registration rights; (vii) how the yield of the security compares to similar securities of companies of similar or equal creditworthiness; (viii) the level of recent trades of similar or comparable securities; (ix) the liquidity characteristics of the security; (x) current market conditions; and (xi) the market value of any securities into which the security is convertible or exchangeable.

The Fund utilizes various methods to measure fair value of all of their investments on a recurring basis. GAAP establishes the hierarchy that prioritizes inputs to valuation methods. The three levels of input are:

Level 1 – Unadjusted quoted prices in active markets for identical assets and liabilities that the Fund has the ability to access.

Level 2 – Observable inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. These inputs may include quoted prices for the identical instrument in an inactive market, prices for similar instruments, interest rates, prepayment speeds, credit risk, yield curves, default rates and similar data.

Level 3 – Unobservable inputs for the asset or liability, to the extent relevant observable inputs are not available, representing the Fund’s own assumptions about the assumptions a market participant would use in valuing the asset or liability, and would be based on the best information available.

The availability of observable inputs can vary from security to security and is affected by a wide variety of factors, including, for example, the type of security, whether the security is new and not yet established in the marketplace, the liquidity of markets, and other characteristics particular to the security. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments categorized in Level 3.

The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the level in the fair value hierarchy within which the fair value measurement falls in its entirety, is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities. The following tables summarize the inputs used as of December 31, 2019 for the Fund’s assets measured at fair value:

Al Frank Fund

NOTES TO FINANCIAL STATEMENTS at December 31, 2019 (Continued)

Al Frank Fund				
Common Stocks	Level 1	Level 2	Level 3	Total
Communication Services	\$ 5,346,990	\$ -	\$ -	\$ 5,346,990
Consumer Discretionary	8,986,290	-	-	8,986,290
Consumer Staples	4,450,169	-	-	4,450,169
Energy	3,737,110	-	-	3,737,110
Financials	12,893,570	-	-	12,893,570
Health Care	8,555,317	-	-	8,555,317
Industrials	8,745,445	-	-	8,745,445
Information Technology	17,095,231	-	-	17,095,231
Materials	4,133,580	-	-	4,133,580
Real Estate	2,647,470	-	-	2,647,470
Total Common Stocks	76,591,172	-	-	76,591,172
Short-Term Investment				
Money Market Fund	794,545	-	-	794,545
Total Short-Term Investment	794,545	-	-	794,545
Total Investments	\$ 77,385,717	\$ -	\$ -	\$ 77,385,717

There were no Level 3 securities held in the Fund during the year ended December 31, 2019.

NOTE 4 - INVESTMENT ADVISORY AGREEMENT AND TRANSACTIONS WITH RELATED PARTIES

Kovitz Investment Group Partners, LLC serves as the Fund's investment adviser (the "Adviser").

Pursuant to an investment advisory agreement with the Fund (the "Advisory Agreement"), the Adviser, under the oversight of the Board, directs the daily operations of the Fund and supervises the performance of administrative and professional services provided by others. As compensation for its services, the Fund pays the Adviser a management fee, computed and accrued daily and paid monthly, at an annual rate of 1.00% of the Fund's average daily net assets ("Advisory Fees").

For the year ended December 31, 2019, the Adviser earned \$766,756 in Advisory Fees.

Pursuant to a written contract (the "Waiver Agreement"), the Adviser has agreed, at least until April 30, 2020, to waive a portion of its advisory fee and has agreed to reimburse the Fund for other expenses to the extent necessary so that the total expenses incurred by the Fund (excluding any front-end or contingent deferred loads, brokerage fees and commissions, acquired fund fees and expenses, borrowing costs, (such as interest and dividend expense on securities sold short) taxes and extraordinary expenses such as litigation) do not exceed 1.49% and 1.24% of the Fund's average net assets for Investor Class and Advisor Class shares, respectively. Any such reduction made by the Adviser in its fees or payment of expenses which are the Fund's obligation are subject to reimbursement by the Fund to the Adviser, if so requested by the Adviser, in subsequent fiscal years only if the aggregate amount actually paid by the Fund toward the operating expenses for such fiscal year (taking into account the reimbursement) would not cause the Fund to exceed the expense limitation in effect at the time of the waiver or currently in effect, whichever is lower. The Adviser is permitted to receive reimbursement from the Fund for fees it waived and Fund expenses it paid only if reimbursement is made within three years from the date the fees and expenses were initially waived or reimbursed. Any such reimbursement is also contingent upon the Board's review and approval at the time the reimbursement is made. Such reimbursement may not be paid prior to the Fund's payment of current ordinary operating expenses. For the year ended December 31, 2019, the Adviser waived its fees in the amount of \$105,460.

Cumulative expenses subject to recapture pursuant to the aforementioned conditions expire as follows:

12/31/2020	12/31/2021	12/31/2022
\$ 85,266	\$ 133,701	\$ 105,460

Al Frank Fund

NOTES TO FINANCIAL STATEMENTS at December 31, 2019 (Continued)

During the year ended December 31, 2019, \$94,767 of previously waived fees expired unrecouped.

Distributor- The distributor for the Fund is Northern Lights Distributors LLC (the “Distributor”) and acts as the Fund’s principal underwriter in a continuous public offering of the Fund’s shares. The Board has adopted the Trust’s Master Distribution and Shareholder Servicing Plan for Investor Class shares (the “Investor Class Plan”) pursuant to Rule 12b-1 under the 1940 Act to pay for ongoing distribution-related activities or shareholder services. Under the Investor Class Plan, the Fund is permitted to pay a fee at an annual rate of 0.25% of the average daily net assets of the Fund’s Investor Class shares. The Fund pays the Distributor to provide compensation for ongoing distribution-related activities or services and/or maintenance of the Fund’s shareholder accounts, not otherwise required to be provided by the Adviser. The Plan is a compensation plan, which means that compensation is provided regardless of 12b-1 expenses incurred. For the year ended December 31, 2019, the Al Frank Fund Investor Class shares incurred 12b-1 fees of \$178,434. For the year ended December 31, 2019, the Al Frank Fund Investor Class shares paid the Distributor underwriting fees of \$0.

In addition, certain affiliates of the Distributor provide services to the Fund as follows:

Gemini Fund Services, LLC (“GFS”), GFS, an affiliate of the Distributor, provides administration, fund accounting, and transfer agent services to the Trust. Pursuant to separate servicing agreements with GFS, the Fund pays GFS customary fees for providing administration, fund accounting and transfer agency services to the Fund. Certain officers of the Trust are also officers of GFS, and are not paid any fees directly by the Fund for serving in such capacities.

Northern Lights Compliance Services, LLC (“NLCS”) - NLCS, an affiliate of GFS and the Distributor, provides a Chief Compliance Officer to the Trust, as well as related compliance services, pursuant to a consulting agreement between NLCS and the Trust. Under the terms of such agreement, NLCS receives customary fees from the Fund.

Blu Giant, LLC (“Blu Giant”) – Blu Giant, an affiliate of GFS and the Distributor, provides EDGAR conversion and filing services as well as print management services for the Fund on an ad-hoc basis. For the provision of these services, Blu Giant receives customary fees from the Fund.

On February 1, 2019, NorthStar Financial Services Group, LLC, the parent company of GFS and its affiliated companies including NLD, NLCS and Blu Giant (collectively, the “Gemini Companies”), sold its interest in the Gemini Companies to a third party private equity firm that contemporaneously acquired Ultimus Fund Solutions, LLC (an independent mutual fund administration firm) and its affiliates (collectively, the “Ultimus Companies”). As a result of these separate transactions, the Gemini Companies and the Ultimus Companies are now indirectly owned through a common parent entity, The Ultimus Group, LLC.

NOTE 5 – PURCHASES AND SALES OF SECURITIES

For the year ended December 31, 2019, the cost of purchases and the proceeds from sales of securities, excluding short-term securities, for the Fund was \$1,335,341 and \$12,870,212, respectively.

NOTE 6 - AGGREGATE UNREALIZED APPRECIATION & DEPRECIATION – TAX BASIS

Cost for Federal Tax purposes	\$ 44,430,206
Unrealized Appreciation	\$ 34,411,097
Unrealized Depreciation	(1,455,586)
Tax Net Unrealized Appreciation	\$ 32,955,511

Al Frank Fund
NOTES TO FINANCIAL STATEMENTS at December 31, 2019 (Continued)

NOTE 7 – DISTRIBUTIONS TO SHAREHOLDERS AND TAX COMPONENTS OF CAPITAL

The tax character of portfolio distributions paid for the following years was as follows:

	Fiscal Year Ended December 31, 2019	Fiscal Year Ended December 31, 2018
Ordinary Income	\$ 965,823	\$ 817,098
Long-Term Capital Gain	4,452,403	6,263,668
Return of Capital	-	23,417
	<u>\$ 5,418,226</u>	<u>\$ 7,104,183</u>

As of December 31, 2019, the components of accumulated earnings/(deficit) on a tax basis were as follows:

Undistributed Ordinary Income	Undistributed Long-Term Gains	Post October Loss and Late Year Loss	Capital Loss Carry Forwards	Other Book/Tax Differences	Unrealized Appreciation/ (Depreciation)	Total Accumulated Earnings/(Deficits)
\$ 143,619	\$ 1,033,188	\$ -	\$ -	\$ -	\$ 32,955,511	\$ 34,132,318

The difference between book basis and tax basis accumulated net realized gain, and unrealized appreciation from investments is primarily attributable to the tax deferral of losses on wash sales and C-Corporation return of capital distributions.

NOTE 8 – NEW ACCOUNTING PRONOUNCEMENTS

In August 2018, the FASB issued Accounting Standards Update (“ASU”) No. 2018-13, which changes certain fair value measurement disclosure requirements. The new ASU, in addition to other modifications and additions, removes the requirement to disclose the amount and reasons for transfers between Level 1 and Level 2 of the fair value hierarchy, and the policy for the timing of transfers between levels. For investment companies, the amendments are effective for financial statements issued for fiscal years beginning after December 15, 2019, and interim periods within those fiscal years. Early adoption is allowed and the Fund has adopted these amendments early.

NOTE 9 – SUBSEQUENT EVENT

Subsequent events after the date of the Statement of Assets and Liabilities have been evaluated through the date the financial statements were issued. Management has determined that no events or transactions occurred requiring adjustment or disclosure in the financial statements.



REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

**To the Board of Trustees of Northern Lights Fund Trust II
and the Shareholders of AI Frank Fund**

Opinion on the Financial Statements

We have audited the accompanying statement of assets and liabilities of AI Frank Fund, a series of shares of beneficial interest in Northern Lights Fund Trust II (the “**Fund**”), including the schedule of investments, as of December 31, 2019, and the related statement of operations for the year then ended, the statements of changes in net assets for each of the years in the two-year period then ended and the financial highlights for each of the years in the five-year period then ended, and the related notes (collectively referred to as the “**financial statements**”). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Fund as of December 31, 2019, and the results of its operations for the year then ended, the changes in its net assets for each of the years in the two-year period then ended and its financial highlights for each of the years in the five-year period then ended, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements are the responsibility of the Fund's management. Our responsibility is to express an opinion on the Fund's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (“**PCAOB**”) and are required to be independent with respect to the Fund in accordance with the U.S. federal securities law and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Fund is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audit we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risk of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our procedures included confirmation of securities owned as of December 31, 2019 by correspondence with the custodian. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

BBD, LLP

BBD, LLP

We have served as the auditor of one or more of the Funds in the Northern Lights Fund Trust II since 2012.

Philadelphia, Pennsylvania
February 28, 2020

Al Frank Fund

EXPENSE EXAMPLES at December 31, 2019 (Unaudited)

Generally, shareholders of mutual funds incur two types of costs: (1) transaction costs, redemption fees, and exchange fees, and (2) ongoing costs, including management fees, distribution and/or service fees, and other Fund expenses. This Example is intended to help you understand your ongoing costs (in dollars) of investing in the Fund and to compare these costs with the ongoing costs of investing in other mutual funds. The Example is based on an investment of \$1,000 invested in both the Investor Class and the Advisor Class at the beginning of the period and held for the entire period (7/1/19 – 12/31/19).

Actual Expenses

The first line of the tables below provides information about actual account values and actual expenses, with actual net expenses being limited to 1.49% and 1.24% per the operating expenses limitation agreement for the Al Frank Fund Investor Class and Advisor Class, respectively. Although the Fund does not charge a sales load or transaction fees, you will be assessed fees for outgoing wire transfers, returned checks, and stop payment orders at prevailing rates charged by Gemini Fund Services, LLC, the Funds' transfer agent. The Example below includes, but is not limited to, management fees, 12b-1 fees, fund accounting, custody and transfer agent fees. You may use the information in the first line, together with the amount you invested, to estimate the expenses that you paid over the period. Simply divide your account value by \$1,000 (for example, an \$8,600 account value divided by \$1,000 = 8.6), then multiply the result by the number in the first line under the heading entitled "Expenses Paid During Period" to estimate the expenses you paid on your account during this period.

Hypothetical Example for Comparison Purposes

The second line of the tables below provides information about hypothetical account values and hypothetical expenses based on the Fund's actual expense ratio and an assumed rate of return of 5% per year before expenses, which is not the Fund's actual return. The hypothetical account values and expenses may not be used to estimate the actual ending account balance or expenses you paid for the period. You may use this information to compare the ongoing costs of investing in the Fund's and other funds. To do so, compare this 5% hypothetical example with the 5% hypothetical examples that appear in the shareholder reports of the other funds. Please note that the expenses shown in the table are meant to highlight your ongoing costs only and do not reflect any transaction costs, such as redemption fees, or exchange fees. Therefore, the second line of the tables is useful in comparing ongoing costs only, and will not help you determine the relative total costs of owning different funds. In addition, if these costs were included, your costs would have been higher.

				Expenses Paid		Expense Ratio		
				Beginning Account	Ending Account	During Period *	During Period **	
Actual				Value 7/1/2019	Value 12/31/2019	7/1/19-12/31/19	7/1/19-12/31/19	
Al Frank Fund								
	Investor Class	\$	1,000.00	\$	1,107.70	\$	7.92	1.49%
	Advisor Class		1,000.00		1,109.30		6.59	1.24%
Hypothetical (5% return before Expenses)								
Al Frank Fund								
	Investor Class	\$	1,000.00	\$	1,017.69	\$	7.58	1.49%
	Advisor Class		1,000.00		1,018.95		6.31	1.24%

*Expenses are equal to the average account value over the period, multiplied by the Fund's annualized expense ratio, multiplied by the number of days in the period (184) divided by the number of days in the fiscal year (365).

** Annualized

Al Frank Fund
SUPPLEMENTAL INFORMATION (Unaudited)(Continued)
December 31, 2019

The Trustees and the officers of the Trust are listed below with their present positions with the Trust and principal occupations over at least the last five years. The business address of each Trustee and Officer is 225 Pictoria Drive, Suite 450, Cincinnati, OH 45246. All correspondence to the Trustees and Officers should be directed to c/o Gemini Fund Services, LLC, P.O. Box 541150, Omaha, Nebraska 68154.

Independent Trustees

Name and Year of Birth	Position/Term of Office*	Principal Occupation During the Past Five Years	Number of Portfolios Overseen by Trustee***	Other Directorships held by Trustee During the Past Five Years
Thomas T. Sarkany 1946	Trustee Since October 2011	President, TTS Consultants, LLC (financial services) (since 2010).	1	Director, Aquila Distributors; Trustee, Arrow ETF Trust; Trustee, Arrow Investments Trust; Trustee, Northern Lights Fund Trust IV
Anthony H. Lewis 1946	Trustee Since May 2011	Chairman and CEO of The Lewis Group USA (executive consulting firm) (since 2007).	1	Director, Member of the Compensation Committee and Member of the Risk Committee of Torotel Inc. (Magnetics, Aerospace and Defense), Trustee, Chairman of the Fair Valuation Committee and Member of the Audit Committee of the Wildermuth Endowment Strategy Fund
Keith Rhoades 1948	Trustee Since May 2011	Retired since 2008.	1	NONE
Randal D. Skalla 1962	Trustee Since May 2011	President, L5 Enterprises, Inc. (financial services company) (since 2001).	1	Board Member, Orizon Investment Counsel (financial services company) (from 2001 to 2017)

Interested Trustees and Officers

Name and Year of Birth	Position/Term of Office*	Principal Occupation During the Past Five Years	Number of Portfolios Overseen by Trustee***	Other Directorships held by Trustee During the Past Five Years
Brian Nielsen** 1972	Trustee Since May 2011	Trustee (since 2011) of Northern Lights Fund Trust II; Special Projects Counsel of NorthStar Financial Services Group, LLC (from 2018 to 2019); General	1	Manager of Northern Lights Distributors, LLC (from 2005 to 2018); Manager of NorthStar Financial Services Group, LLC (from 2012 to 2015); Manager of Arbor Point Advisors, LLC

Al Frank Fund
SUPPLEMENTAL INFORMATION (Unaudited)(Continued)
December 31, 2019

		<p>Counsel (from 2001 to 2014) and Secretary (from 2001 to 2018) of CLS Investments, LLC; General Counsel (from 2001 to 2014) and Secretary (from 2001 to 2018) of Orion Advisor Services, LLC; Manager (from 2012 to 2015), General Counsel and Secretary (from 2003 to 2018) of NorthStar Financial Services Group, LLC; CEO (from 2012 to 2018), General Counsel (from 2003 to 2014), Secretary (from 2003 to 2018) and Manager (from 2005 to 2018) of Northern Lights Distributors, LLC; Director, Secretary and General Counsel (from 2004 to 2018) of Constellation Trust Company; CEO (from 2015 to 2018), Manager (from 2008 to 2015), General Counsel and Secretary (from 2011 to 2018) of Northern Lights Compliance Services, LLC; General Counsel and Secretary (from 2011 to 2018) of Blu Giant, LLC; General Counsel (from 2012 to 2014) and Secretary (from 2012 to 2018) of Gemini Fund Services, LLC; Manager (from 2012 to 2018) of Arbor Point Advisors, LLC; General Counsel and Secretary (from 2013 to 2014) of Gemini Hedge Fund Services, LLC; General Counsel and Secretary (from 2013 to 2014) of Gemini Alternative Funds, LLC; Secretary and General Counsel of NorthStar Holdings, LLC (from 2013 to 2015);</p>		<p>(from 2012 to 2018); Director of Constellation Trust Company</p>
--	--	--	--	---

AI Frank Fund
SUPPLEMENTAL INFORMATION (Unaudited)(Continued)
December 31, 2019

		Director, Secretary and General Counsel of NorthStar CTC Holdings, Inc. (from 2015 to 2018) and Secretary and Chief Legal Officer (from 2003 to 2018) of AdvisorOne Funds.		
Kevin E. Wolf 1969	President Since January 2013	Vice President of The Ultimus Group, LLC and Executive Vice President of Gemini Fund Services, LLC (since 2019), President, Gemini Fund Services, LLC (2012 - 2019)	N/A	N/A
Richard Malinowski 1983	Secretary Since January 2018	Senior Vice President Legal Administration, Gemini Fund Services, LLC (since April 2017); Vice President and Counsel (April 2016 to 2017) and AVP and Staff Attorney (September 2012 to March 2016).	N/A	N/A
Erik Naviloff 1968	Treasurer Since January 2013	Vice President of Gemini Fund Services, LLC (since 2011).	N/A	N/A
Emile R. Molineaux 1962	Chief Compliance Officer and Anti Money Laundering Officer Since May 2011	Senior Compliance Officer and CCO of Various clients of Northern Lights Compliance Services, LLC (since 2011).	N/A	N/A

* The term of office for each Trustee and Officer listed above will continue indefinitely.

** Brian Nielsen is an “interested person” of the Trust as that term is defined under the 1940 Act, because of his former affiliation with Northern Lights Distributors, LLC (the Fund’s Distributor).

*** As of December 31, 2019, the Trust was comprised of 20 active portfolios managed by unaffiliated investment advisers. The term “Fund Complex” applies only to the Fund and not to any other series of the Trust. The Fund does not hold itself out as related to any other series within the Trust for investment purposes, nor does it share the same investment adviser with any other series.

The Fund’s Statement of Additional Information (“SAI”) includes additional information about the Trustees and is available free of charge, upon request, by calling toll-free at 1-855-873-3837.

Privacy Policy

Rev. May 2019

Row May 2016

FACTS	WHAT DOES NORTHERN LIGHTS FUND TRUST II (“NLFT II”) DO WITH YOUR PERSONAL INFORMATION?		
Why?	Financial companies choose how they share your personal information. Federal law gives consumers the right to limit some but not all sharing. Federal law also requires us to tell you how we collect, share, and protect your personal information. Please read this notice carefully to understand what we do.		
What?	<p>The types of personal information we collect and share depend on the product or service you have with us. This information can include:</p> <div><div><ul style="list-style-type: none">• Social Security number• Employment information• Account balances</div><div><ul style="list-style-type: none">• Account transactions• Income• Investment experience</div></div> <p>When you are no longer our customer, we continue to share your information as described in this notice.</p>		
How?	All financial companies need to share a customer’s personal information to run their everyday business - to process transactions, maintain customer accounts, and report to credit bureaus. In the section below, we list the reasons financial companies can share their customer’s personal information; the reasons NLFT II chooses to share; and whether you can limit this sharing.		
Reasons we can share your personal information		Does NLFT II share?	Can you limit this sharing?
For our everyday business purposes -- such as to process your transactions, maintain your account(s), respond to court orders and legal investigations, or report to credit bureaus		Yes	No
For our marketing purposes -- to offer our products and services to you		Yes	No
For joint marketing with other financial companies		Yes	No
For our affiliates’ everyday business purposes -- information about your transactions and experiences		Yes	No
For our affiliates’ everyday business purposes -- information about your creditworthiness		No	We don't share
For nonaffiliates to market to you		No	We don't share
Questions?	Call 1-402-493-4603		

Who we are	
Who is providing this notice?	Northern Lights Fund Trust II
What we do	
How does NLFT II protect my personal information?	To protect your personal information from unauthorized access and use, we use security measures that comply with federal law. These measures include computer safeguards and secured files and buildings.
How does NLFT II collect my personal information?	<p>We collect your personal information, for example, when you</p> <ul style="list-style-type: none"> • open an account • give us your income information • provide employment information • provide account information • give us your contact information <p>We also collect your personal information from others, such as credit bureaus, affiliates, or other companies.</p>
Why can't I limit all sharing?	<p>Federal law gives you the right to limit only</p> <ul style="list-style-type: none"> • sharing for affiliates' everyday business purposes—information about your creditworthiness • affiliates from using your information to market to you • sharing for nonaffiliates to market to you <p>State laws and individual companies may give you additional rights to limit sharing.</p>
Definitions	
Affiliates	<p>Companies related by common ownership or control. They can be financial and nonfinancial companies.</p> <ul style="list-style-type: none"> • <i>Northern Lights Fund Trust II has no affiliates.</i>
Nonaffiliates	<p>Companies not related by common ownership or control. They can be financial and nonfinancial companies.</p> <ul style="list-style-type: none"> • <i>NLFT II does not share with nonaffiliates so they can market to you.</i>
Joint marketing	<p>A formal agreement between nonaffiliated financial companies that together market financial products and services to you.</p> <ul style="list-style-type: none"> • <i>Our joint marketing partners include other financial service companies.</i>

Advisor

Kovitz Investment Group Partners, LLC
115 S. LaSalle Street, 27th Floor
Chicago, IL 60603
alfrankfunds.com

Distributor

Northern Lights Distributors, LLC
4221 North 203rd Street, Suite 100
Elkhorn, NE 68022

Transfer Agent

Gemini Fund Services, LLC
4221 North 203rd Street, Suite 100
Elkhorn, NE 68022


PROXY VOTING POLICY

Information regarding how the Fund voted proxies relating to portfolio securities for the most recent twelve month period ended June 30 as well as a description of the policies and procedures that the Fund used to determine how to vote proxies is available without charge, upon request, by calling 1-888-263-6443 or by referring to the Securities and Exchange Commission's ("SEC") website at <http://www.sec.gov>.

PORTFOLIO HOLDINGS

The Fund files its complete schedule of portfolio holdings with the SEC for the first and third quarters of each fiscal year on Form N-Q. Form N-Q is available on the SEC's website at <http://www.sec.gov> and may be reviewed and copied at the SEC's Public Reference Room in Washington, DC (1-800-SEC-0330). The information on Form N-Q is available without charge, upon request, by calling 1-888-263-6443.

This report is intended for shareholders of the Fund and may not be used as sales literature unless preceded or accompanied by a current prospectus. Statements and other information herein are dated and are subject to change.



If you have any questions or need help with your account,
call our customer service team at:

888.263.6443

The Al Frank Fund's web site contains resources for both
current and potential shareholders, including:

- Performance through the most recent quarter and month-end
- Applications, including new account forms, IRA and IRA transfer forms
- Electronic copies of the Prospectus, Annual Report and Semi-Annual Report

All of this information and more is available at:

alfrankfunds.com

Must be preceded or accompanied by a prospectus. Please refer to the prospectus for important information about the investment company, including investment objectives, risks, charges and expenses.

Small company investing involves greater volatility, limited liquidity and other risks.