



Longboard Asset Management, LP
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March 30, 2024

Form ADV, Part 2; our “Disclosure Brochure” or “Brochure”, as required by the Investment Advisers Act of 1940, is a very important document between Clients, Prospective Clients and Longboard Asset Management, LP (“Longboard”).

This Brochure provides information about Longboard’s qualifications and business practices. If you have any questions about the contents of this Brochure, please contact us at (800) 290-8319 or at operations@longboardfunds.com. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Longboard Asset Management, LP is also available on the SEC’s website at www.adviserinfo.sec.gov. (click on the link, select “investment adviser firm” and type in Longboard Asset Management). Results will provide you both Part 1 and 2 of our Form ADV.

Longboard is a registered investment adviser. The registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information about which you determine to hire or retain an Adviser.

Please retain a copy of this Brochure for your records.

Item 2 – Material Changes

Longboard Asset Management, LP is an SEC registered investment adviser and as such this Brochure, dated March 30, 2024, is a document prepared according to the SEC's requirements and rules.

This is an update of our prior brochure that was dated March 30, 2023. Since the date of our last brochure, there have been two material changes.

- On 10/1/2023, the Longboard Alternative Growth Mutual Fund name changed to the Longboard Fund. The name change had no impact on the fund's investment strategy or portfolio. The removal of the words "alternative" and "growth" seeks to eliminate any potential regulatory confusion that the fund might exclusively own "growth" stocks or "alternative" asset classes. The "Longboard Fund" name was chosen as the new name to create simplicity and eliminate any potential for regulatory confusion.
- On 3/22/2024, the Board of Trustees (the "Board") of Northern Lights Fund Trust II (the "Trust"), approved the reorganization (the "Reorganization") of Longboard Managed Futures Strategy Fund (the "Acquired Fund"), into Longboard Fund (the "Acquiring Fund"). The Acquired Fund has the primary investment objective of seeking positive absolute returns, while the Acquiring Fund's primary investment objective is to seek long-term capital appreciation. The Funds share the same fundamental investment policies. While the Acquiring Fund and Acquired Fund share the two investment strategies, a futures strategy and fixed income strategy, the Acquiring Fund also includes an equity strategy. The Combined Fund will provide a similar primary investment objective with generally lower gross expenses and portfolio management efficiencies.

Pursuant to SEC Rules, we will ensure that you receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our business' fiscal year. We may further provide other ongoing disclosure information about material changes as necessary.

We will further provide you with a new Brochure or an amendment to this Brochure as necessary based on changes or new information, at any time, without charge.

Currently, our Brochure may be requested by contacting the Firm's Operations Support, at (800) 290-8319 or operations@longboardfunds.com.

Additional information about Longboard is also available via the SEC's web site www.adviserinfo.sec.gov.

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Item 4 – Advisory Business

Longboard Asset Management, LP (“Longboard”) is a Delaware limited partnership formed on October 7, 2010 with its principal place of business in Phoenix, Arizona. Longboard began its operations on August 1, 2011 and is a SEC registered investment adviser. Longboard Asset Management GP, LLC is the general partner to Longboard Asset Management, LP.

Longboard is an alternative investment firm managing proprietary systematic strategies primarily in the futures, equities, and commodities markets. These strategies, which are more fully discussed in Item 8 below, consist of alternative investment style categories including Quantitative Directional, Alternative Equity, and Managed Futures. Longboard's strategies will be offered exclusively to investors through one or more multi strategy investment vehicles, including a registered investment companies (the “Mutual Fund”) (may be referred to herein as a “Fund” and collectively as the “Funds”). Longboard will have full discretionary management authority with respect to the Funds. Longboard may consider providing investment management services to managed accounts which would be tailored to specific clients’ risk tolerance or other mandates.

All discussions of the Fund in this brochure, including but not limited to its investment strategies, risks, fees and conflicts of interests are qualified in their entirety by reference to, as applicable: the then-currently effective prospectus of the Mutual Fund (the “Prospectus”). This Brochure does not constitute an offer or a solicitation with respect to either fund. Shares of the Mutual Fund are offered on the terms and conditions described in the Prospectus.

Longboard manages the Fund’s investments on a discretionary basis. As of December 31, 2023, the amount of assets under management were:

<u>Assets Under Management</u>	<u>U.S. Dollar Amount</u>
Discretionary:	\$116,242,512
Non-discretionary:	\$ _____ 0
Total	\$116,242,512

Item 5 – Fees and Compensation

Mutual Fund: As the investment adviser to the Mutual Fund, Longboard is entitled to receive a unitary management fee for the services and facilities it provides to the Mutual Fund at the annual rate of 1.99% of the Mutual Fund’s average daily net assets. Out of the unitary management fee, Longboard pays substantially all expenses of the Mutual Fund, including the cost of the transfer agency, custody, fund administration, audit, legal, and other services except for interest expenses, distribution fees or expenses, brokerage expenses, taxes and extraordinary expenses not incurred in the ordinary course of the business of the Mutual Fund. Longboard’s unitary management fee is designed to pay substantially all the expenses of the Mutual Fund and to compensate Longboard for providing services to the Mutual Fund. Acquired fund fees, expenses related to

investments in short positions, interest expenses, and dividends, if any, will be borne by the Mutual Fund and its shareholders and will not be included in the unitary management fee.

Longboard's annual fee shall be calculated and paid monthly by the Mutual Fund's Administrator, Ultimus Fund Solutions. Approvals are required by both, Longboard and Ultimus prior to payment being sent.

Clients also have the opportunity to purchase the Mutual Fund directly through the Transfer Agency at Ultimus or through other broker dealers. If Longboard's Mutual Fund is purchased directly or through a broker-dealer or other financial intermediary, and assets in the fund increase from that purchase, Longboard will receive income from the Mutual Fund for advisory fees which are calculated using the Mutual Fund's assets under management.

For a complete description of the fees and expenses associated with an investment in the Mutual Fund(s), please refer to the Prospectus.

For more information on Longboard's brokerage practices, please see Item 12 below.

Separately Managed Accounts: Longboard's annual fee is exclusive of, and in addition to, brokerage commissions, transaction fees, custodian fees and other related costs and expenses which shall be incurred by the client.

Fees are negotiable. Longboard's annual fee shall be prorated and billed quarterly based upon the market value of the assets on the last day of the previous quarter. The fee for the initial quarter of services shall be pro-rated and charged in arrears, while subsequent fees will be charged either in advance or in arrears as allowed by the investment agreement. After an account is established, fees on large deposits or withdrawals may be prorated, depending on the specific circumstances and at the sole discretion of Longboard. Longboard, in its sole discretion, may negotiate to charge a greater or lesser management fee based upon certain criteria (i.e., anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, pre-existing client, account retention, etc.). Either party may terminate the advisory relationship at any time by giving the other written notice of termination or as provided in the Agreement. Fees paid in advance will be pro-rated to the date of termination, and any unearned portion thereof will be promptly returned to the client. Longboard's Agreement and/or the separate agreement with the Financial Institution(s) may authorize Longboard, through the Financial Institution(s), to debit the client's account for the amount of Longboard's fee and to directly remit that management fee to Longboard in accordance with applicable custody rules. The Financial Institution(s) recommended by Longboard have agreed to send a statement to the client, at least quarterly, indicating all amounts disbursed from the account including the amount of management fees paid directly to Longboard. Generally, the client cannot choose one method or the other, it is the type of client or program through which our services are provided that is the determining factor.

Item 6 – Performance-Based Fees and Side-By-Side Management

Longboard does not receive performance-based compensation from its Fund.

Item 7 – Types of Clients

We provide our services to a number of different types of Clients and solicit our services to others in the following categories:

- Individuals, including high net worth individuals
- Trusts, estates and charitable organizations
- Pension and profit-sharing plans
- Corporations or other business entities
- Foundations & endowments
- Investment companies
- Taft-Hartley / Union Advisory accounts
- Governmental plans, municipalities
- Among others

Longboard additionally provides portfolio management services to each Fund. The Mutual Fund is offered pursuant to the terms set forth in the Prospectus. Please refer to the Prospectus for offering details.

Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss

Longboard emphasizes a multi-strategy investment portfolio that seeks to participate in large financial trends across exchange-traded assets including publicly traded equities, commodity, currency and financial futures.

The Mutual Fund

Futures Strategy: The primary investment objective of the futures strategy is to seek positive absolute returns. The Mutual Fund pursues its investment object by employing a trend following strategy (identifying opportunities as prices trend up and down) similar in general concept to the managed futures industry at large (the “Futures Strategy”). The Futures Strategy is systematic and rules based. In managing the Mutual Fund, Longboard will consider a variety of exchange traded futures contracts and forward contracts. The Fund’s holdings, either direct or held through a wholly owned and controlled subsidiary, Longboard Fund Limited (the “Subsidiary”), will generally be diversified across the equities, energies, interest rates, grains, meats, soft commodities (such as sugar, coffee, and cocoa), currencies, and metals sectors; and will also be diversified across North America, Asia, Europe, Australia, and potentially Africa and South America. Through its investment in futures contracts and forward contracts, the Adviser seeks to capture long term trends in the global financial markets. Futures and forward contracts are contractual agreements to buy or sell a particular currency, commodity or financial instrument at a pre-determined price in the future.

While the strategy typically invests 0 to 10% of its total assets pursuant to the Futures Strategy, the strategy may invest up to 30% of its assets (whether directly or through the Subsidiary) pursuant to the Futures Strategy. In furtherance of the Futures Strategy, may invest up to 25% of its total assets in the Subsidiary. Assets in the Fund’s Subsidiary will be invested in commodity-related derivatives. The strategy may also invest directly in such

instruments and certain financial-related derivatives. Additionally, the strategy will, at times, purchase options on futures contracts, to cover the potential obligation regarding delivery of assets specified in the contracts.

The Subsidiary is a wholly-owned and controlled subsidiary of the Fund, organized under the laws of the Cayman Islands as an exempted company. Generally, the Subsidiary will invest primarily in commodity futures and swaps on commodity futures, but it may also invest in financial futures, option and swap contracts, fixed income securities, pooled investment vehicles, including those that are not registered pursuant to the 1940 Act, and other investments intended to serve as margin or collateral for the Subsidiary's derivative positions.

“Fixed Income Strategy”. Under normal market conditions, the Adviser generally allocates assets not invested in derivative instruments, such as swaps or futures contracts, pursuant to the Equity or Futures strategies, or used as margin, to the Fixed Income Strategy in order to generate interest income by capturing the yield on excess cash. This generally results in investing between 30-60% of its total assets under the Fixed Income Strategy although the strategy may invest more or less than this range and it reserves the right to invest up to 100% of its assets pursuant to the Fixed Income Strategy.

The Fixed Income Strategy is designed to generate absolute returns from interest income with less volatility than equity markets by investing primarily in (i) U.S. Dollar-denominated fixed income securities including: (1) obligations issued or guaranteed by the United States Government, its agencies or instrumentalities, (2) bonds, notes, or similar debt obligations issued by U.S. or foreign corporations, (3) U.S. asset-backed securities (“ABS”) and (4) U.S. structured notes; and (ii) cash and cash equivalents. The strategy restricts fixed income securities to those having a short-term rating of prime (highest short-term debt category) and/or a long-term rating of investment grade (BBB- or higher). The fixed income portion of the portfolio will be invested without restriction as to individual security maturity, but the average duration (a measure of interest rate risk similar to maturity) of the fixed income portfolio will not exceed 5 years. The strategy may hold such fixed income securities and cash and cash equivalents during periods when the strategy is already invested in swap and futures positions pursuant to the Equity and Futures Strategies, when the strategy is not invested in swap and futures positions pursuant to the Equity and Futures Strategies, or as needed to comply with current SEC guidance relating to asset coverage for derivatives investments held by investment companies. While investments under the Fixed Income Strategy may contribute to the performance, the Adviser expects that over time a majority of the performance will be attributable to the positions under the Equity and Futures Strategies.

The Mutual Fund intends to invest up to 25% of its total assets in the Subsidiary. These assets will be invested in commodity-related derivatives pursuant to the Futures Strategy. The Mutual Fund may also invest directly in certain financial-related derivatives with a portion of its assets pursuant to the Futures Strategy. The Mutual Fund anticipates that it will generally invest between 5%-30% of its assets (whether directly or through the Subsidiary) pursuant to the Futures Strategy. The Mutual Fund generally invests between 70-95% of its assets pursuant to the Fixed Income Strategy and/or in cash and cash equivalents, although it reserves the right to invest up to 100% of its assets pursuant to the Fixed Income Strategy and/or in cash and cash equivalents.

Equity Strategy: Under normal market conditions, the Equity Strategy pursues its investment objective by investing in domestic equity and equity-related instruments. The Strategy defines equity securities as (1) common stocks, (2) preferred stocks, (3) stock warrants, (4) stock rights, (5) debt securities that are convertible into stock, (6) American depository receipts, (7) exchange-traded limited partnerships, (8) exchange-traded funds (“ETFs”), and (9) real estate investment trusts (“REITs”) (“Equity Instruments”). Equity related instruments are investments that provide exposure to the performance of Equity Instruments, including total return swaps on a basket of Equity Securities managed by the Adviser, equity swaps (both single-name and index swaps) and similar pooled investment vehicles (collectively, “Equity Derivative Instruments” and together with Equity Instruments, “Instruments”). The Strategy may obtain up to 100% of its exposure to Equity Securities through Equity Derivative Instruments.

The Strategy will seek positive long-term capital appreciation through the use of a diversified alternative equity strategy, which has been developed by the Adviser. The Strategy, when taking a “long” equity position, will purchase a security that will benefit from an increase in the price of that security. When taking a “short” equity position, the Strategy borrows the security from a third party and sells it at the then current market price. A “short” equity position will benefit from a decrease in price of the security and will lose value if the price of the security increases. Similarly, the Strategy may also take “long” and “short” positions in an Equity Derivative Instrument. Simultaneously engaging in long investing and short selling is designed to reduce the net exposure of the overall portfolio to general market movements. The Strategy may allocate up to 100% of its assets to the Equity Strategy.

The Strategy invests in the securities of, and/or derivatives instruments providing exposure to, issuers of any capitalization and in any style including individual company issuers, sector ETFs, index ETFs & commodity linked ETFs. Short positions may be taken in Equity Derivative Instruments, including but not limited to futures and/or ETFs that represent equity indices, including, but not limited to the S&P 500 (large cap), S&P 400 (mid cap), and Russell 2000 (small cap) indices. The Adviser seeks to reduce risk by using a combination of tactical investment strategies and active hedging comprised of short positions in index futures contracts or ETFs. The degree to which the long portfolio is hedged is governed by factors such as targeted risk level, target beta exposures, the number of security positions in the portfolio and market volatility.

The Futures Strategy employs a trend following strategy (identifying opportunities as prices trend up and down) similar in general concept to the managed futures industry at large. The strategy is systematic and rules based. The Adviser will consider a variety of exchange traded futures contracts and forward contracts. The Strategy’s holdings, either direct or held through a wholly-owned and controlled subsidiary (the “Subsidiary”), will generally be diversified across the equities, energies, interest rates, grains, meats, soft commodities (such as sugar, coffee, and cocoa), currencies, and metals sectors; and will also be diversified across North America, Asia, Europe, Australia, and potentially Africa and South America. Through its investment in futures contracts and forward contracts, the Adviser seeks to capture long term trends in the global financial markets and commodities. Futures and forward contracts are contractual agreements to buy or sell a particular currency, commodity or financial instrument at a pre-determined price in the future.

While the Strategy typically invests 0 to 10% of its total assets pursuant to the Futures Strategy, the Strategy may invest up to 30% of its assets (whether directly or through the

Subsidiary) pursuant to the Futures Strategy. In furtherance of the Futures Strategy, the Strategy may invest up to 25% of its total assets in the Subsidiary. Assets in the Strategy's Subsidiary will be invested in commodity-related derivatives. The Strategy may also invest directly in such instruments and certain financial related derivatives. Additionally, the Strategy will, at times, purchase options on futures contracts, to cover the potential obligation regarding delivery of assets specified in the contracts.

Longboard's investment strategies involve risk of loss that clients should be prepared to bear. No assurance can be given that any investment strategy pursued by Longboard or either Fund will be successful or otherwise achieve its investment objective.

Risk of Loss

Longboard believes the following general types of risk should be considered with respect to its investment management style:

- General Investment Risk, *i.e.*, the risk of deterioration in the financial markets in general;
- Strategy Risk, *i.e.*, the risk that investment strategies and/or investment techniques may not work as intended;
- Sub-Manager Risk, *i.e.*, the risks associated with Longboard's choice of third-party investment management firms, such as fraud, deviation from defined strategies, human or system error and poor judgment;
- Institutional Risk, *i.e.*, the risks due to: (i) the failure of counterparties to perform their contractual commitments; or (ii) the financial difficulty of brokerage firms, banks or other financial institutions that hold assets;

Certain special considerations and risk factors that fall under these general categories are described more fully below.

In addition to the risks described below, any potential investor in the Mutual Fund is advised to read and consider carefully the sections of the Prospectus, respectively, that describe the risk factors and potential conflicts of interest associated with the Fund.

Investing in either Fund is speculative and involves substantial risk, including the risk that an investor could lose some or all of its investment. No guarantee or representation is made that either Fund's investment program will be successful and investment results may vary substantially over time.

References to Longboard's use of a Sub-Manager should be understood to refer to both the indirect use of such Sub-Manager (through investing in a sub-fund managed by such Sub-Manager) and the direct use of such Sub-Manager (through establishing a Managed Account with such Sub-Manager).

GENERAL INVESTMENT OR MARKET RISK

General Market Risk: The market value of a security may move up or down, sometimes rapidly and unpredictably. These fluctuations may cause a security to be worth less than

the price originally paid for it, or less than it was worth at an earlier time. Market risk may affect a single issuer, industry, sector of the economy or the market as a whole. The net asset value of the Fund will fluctuate based on changes in the value of the securities and derivatives in which the Fund invests. The Fund invests in securities and derivatives, which may be more volatile and carry more risk than some other forms of investment. Security and derivative prices in general may decline over short or even extended periods of time. Domestic and foreign economic growth and market conditions, interest rate levels, political events, terrorism, war, natural disasters, disease/virus epidemics and other events are among the factors affecting the securities and commodity markets in which the Fund invests. There is risk that these and other factors may adversely affect the Fund's performance. These events could reduce consumer demand or economic output, result in market closure, travel restrictions or quarantines, and generally have a significant impact on the economy. These events could also impair the information technology and other operational systems upon which the Fund's service providers, including the Adviser, rely, and could otherwise disrupt the ability of employees of the Fund's service providers to perform essential tasks on behalf of the Fund. Governmental and quasi-governmental authorities and regulators throughout the world have in the past responded to major economic disruptions with a variety of significant fiscal and monetary policy changes, including but not limited to, direct capital infusions into companies, new monetary programs and dramatically lower interest rates. An unexpected or quick reversal of these policies, or the ineffectiveness of these policies, could increase volatility in securities markets, which could adversely affect the Fund's investments. Accordingly, you should consider your own investment goals, time horizon, and risk tolerance before investing in the Fund. An investment in the Fund may not be appropriate for all investors and is not intended to be a complete investment program. An investment in the Fund is not a deposit in the bank and is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. You may lose money by investing in the Fund.

STRATEGY RISK

Portfolio Concentration

Longboard and some Sub-Managers may have overlapping strategies or portfolios and thus could accumulate large positions in the same or related instruments at the same time. In many cases, however, Longboard will not be given access to information regarding the actual investments made by any particular sub-funds; as such information is considered proprietary by the Sub-Managers of such funds. As a result, Longboard ordinarily will be unable to ascertain the degree of the overall hedged or directional positions, or the extent of concentration risk or exposure to specific markets or strategies. Even if it were able to ascertain these matters, Longboard's ability to mitigate the associated risks would depend on its ability to reallocate capital among existing or new Sub-Managers. This might not be feasible for several months until withdrawals and contributions are permitted by the relevant sub-funds.

Because Longboard and each Sub-Manager will trade independently of the others, the trading losses of some Sub-Managers could offset trading profits achieved by the profitable Sub-Managers. Different Sub-Managers might compete for the same investment positions. Conversely, some Sub-Managers may take offsetting positions, which would result in transaction costs for the fund without the possibility of profits.

Use of Leverage

Longboard may use leverage in implementing its investment strategies. Leverage increases the opportunity for a higher return on investment, but also increases the magnitude of any loss. Sub-funds that purchase stocks on margin are subject to the margin rules of the Federal Reserve System and stock exchanges. If those margin rules become more restrictive, investment results may be adversely affected.

Additionally, the investment strategies of the Sub-Managers may require the use of substantial leverage. Such leverage may be achieved through, among other methods, borrowing funds, purchases of securities on margin and the use of options, futures and forward contracts, repurchase and reverse repurchase agreements and swaps. Longboard may open Managed Accounts with Sub-Managers. If a Sub-Manager uses leverage, its trading positions in a Managed Account may result in losses that exceed the assets committed to that Managed Account. Any use of leverage in connection with the Mutual Fund is subject to the limitations set forth under Investment Company Act of 1940, as amended (the “1940 Act”), and the various interpretive positions taken the staff of the Securities and Exchange commission.

Use of Derivatives

Longboard may use derivative instruments, including without limitation, option contracts, swap agreements and forward contracts, that are traded over-the-counter (“OTC”) as well as on exchanges and derivative techniques, including without limitation, synthetic short sales, for various hedging and/or speculative purposes.

Derivatives Risk: The Fund may use derivatives (including futures contracts, forward contracts and swap agreements) to gain exposure to equity securities, enhance returns or hedge against market declines. The Fund’s use of derivative instruments involves risks different from, or possibly greater than, the risks associated with investing directly in securities and other traditional investments. These risks include (i) the risk that the counterparty to a derivative transaction may not fulfill its contractual obligations; (ii) risk of mispricing or improper valuation; and (iii) the risk that changes in the value of the derivative may not correlate perfectly with the underlying asset, rate or index. Derivative prices are highly volatile and may fluctuate substantially during a short period of time. Such prices are influenced by numerous factors that affect the markets, including, but not limited to: changing supply and demand relationships; government programs and policies; national and international political and economic events, changes in interest rates, inflation and deflation and changes in supply and demand relationships. Trading derivative instruments involves risks different from, or possibly greater than, the risks associated with investing directly in securities. Derivative contracts ordinarily have leverage inherent in their terms. The low margin deposits normally required in trading derivatives, including futures contracts, permit a high degree of leverage. Accordingly, a relatively small price movement may result in an immediate and substantial loss to the Fund. Because option premiums paid or received by the Fund are small in relation to the market value of the investments underlying the options, buying and selling put and call options can be more speculative than investing directly in securities.

Futures

In the futures markets, margin deposits typically range between 2% and 15% of the value of the futures contract purchased or sold. Because of these low margin deposits, futures trading is inherently highly leveraged. As a result, a relatively small price movement in a futures contract may result in immediate and substantial losses to the trader. For example, if at the time of purchase 10% of the price of a futures contract is deposited as margin, a 10% decrease in the price of the contract would, if the contract is then closed out, result in a total loss of the margin deposit before any deduction for brokerage commissions. A decrease of more than 10% would result in a loss of more than the total margin deposit.

Futures positions may be illiquid because certain commodity exchanges limit fluctuations in certain futures contract prices during a single day by regulations referred to as “daily price fluctuation limits” or “daily limits.” Under such limits, during a single trading day no trades may be executed at prices beyond the daily limits. Once the price of a particular futures contract has increased or decreased by an amount equal to the daily limit, positions in that contract can neither be taken nor liquidated unless traders are willing to affect trades at or within the limit. This could prevent Longboard or a Sub-Manager from promptly liquidating unfavorable positions. In addition, Longboard or a Sub-Manager may not be able to execute futures contract trades at favorable prices if little trading in the contracts involved is taking place. It also is possible that an exchange or the CFTC may suspend trading in a particular contract, order immediate liquidation and settlement of a particular contract, or order that trading in a particular contract be conducted for liquidation only.

Certain commodity exchanges have also established limits, referred to as “position limits,” on the maximum net long or net short positions which any person may hold or control in particular commodity futures contracts. Longboard or a Sub-Manager may have to modify its investment and trading decisions, and might have to liquidate positions, in order to avoid exceeding such limits.

Futures Contracts Risk: Futures contracts are typically exchange traded contracts that call for the future delivery of an asset at a certain price and date, or cash settlement of the terms of the contract. Risks of futures contracts may be caused by an imperfect correlation between movements in the price of the instruments and the price of the underlying securities. In addition, there is the risk that the Fund may not be able to enter into a closing transaction because of an illiquid market. Exchanges can limit the number of positions that can be held or controlled by the Fund, thus limiting the ability to implement the Fund’s strategies. Futures markets are highly volatile, and the use of futures may increase the volatility of the Fund’s NAV. Futures are also subject to leverage risks and to liquidity risk.

Forward and Futures Contract Risk: The successful use of forward and futures contracts draws upon the Adviser’s skill and experience with respect to such instruments and are subject to special risk considerations. The primary risks associated with the use of futures contracts are (a) the imperfect correlation between the change in market value of the instruments held by the Fund and the price of the forward or futures contract; (b) possible lack of a liquid secondary market for a forward or futures contract and the resulting inability to close a forward or futures contract when desired; (c) losses caused by unanticipated market movements, which are potentially unlimited; (d) the Adviser’s inability to predict correctly the direction of securities prices, interest rates, currency exchange rates and other economic factors; (e) the possibility that the counterparty will

default in the performance of its obligations; and (f) if the Fund has insufficient cash, it may have to sell securities from its portfolio to meet daily variation margin requirements, and the Fund may have to sell securities at a time when it may be disadvantageous to do so.

Commodity Risk: The Fund's exposure to the commodities markets may subject the Fund to greater volatility than investments in traditional securities. The value of commodity-linked derivative instruments, commodity-based exchange traded trusts and commodity-based exchange traded funds and notes may be affected by changes in overall market movements, commodity index volatility, changes in interest rates, or sectors affecting a particular industry or commodity, such as drought, floods, weather, livestock disease, embargoes, tariffs, and international economic, political and regulatory developments. Commodity interest contracts are typically traded on margin. This means that a small amount of capital can be used to invest in contracts of much greater total value. The resulting leverage means that a relatively small change in the market price of a contract can produce a substantial loss. Like other leveraged investments, any purchase or sale of a contract may result in losses in excess of the amount invested in that contract. The Subsidiary may lose more than its initial margin deposits on a trade.

Liquidity Risk: The Fund is subject to liquidity risk. Liquidity risk exists when particular investments of the Fund would be difficult to purchase or sell, possibly preventing the Fund from selling such illiquid securities at an advantageous time or price, or possibly requiring the Fund to dispose of other investments at unfavorable times or prices in order to satisfy its obligations. Funds with principal investment strategies that involve securities of companies with smaller market capitalizations, non-U.S. securities, Rule 144A securities, derivatives or securities with substantial market and/or credit risk tend to have the greatest exposure to liquidity risk.

Management Risk: The net asset value of the Fund changes daily based on the performance of the securities and derivatives (including futures and options) in which it invests. The Adviser's judgments about the attractiveness, value and potential appreciation of particular securities and derivatives in which the Fund invests may prove to be incorrect and may not produce the desired results. There can be no assurance that any of the securities or derivatives selected by the Adviser will produce positive returns.

Combination Transactions

Longboard may engage in spreads or other combination options transactions involving the purchase and sale of related options and futures contracts. These transactions are considerably more complex than the purchase or writing of a single option. They involve the risk that executing simultaneously two or more buy or sell orders at the desired prices may be difficult or impossible, the possibility that a loss could be incurred on both sides of a multiple options transaction, and the possibility of significantly increased risk exposure resulting from the hedge against loss inherent in most spread positions being lost as a result of the assignment of an exercise to the short leg of a spread while the long leg remains outstanding. Also, the transaction costs of combination options transactions can be especially significant because separate costs are incurred on each component of the combination.

Straddles

In straddle writing, where the investor writes both a put and a call on the same underlying interest at the same exercise price in exchange for a combined premium on the two writing transactions, the potential risk of loss is unlimited. To the extent the price of the underlying interest is either above or below the exercise price by more than the combined premium, the writer of a straddle will incur a loss when one of the options is exercised. If the writer is assigned an exercise on one option position in the straddle and fails to close out the other position, subsequent fluctuations in the price of the underlying interest could cause the other option to be exercised as well, causing a loss on both writing positions.

Forward Trading

Longboard and Sub-Managers may utilize forward contracts and options thereon which, unlike futures contracts, are not traded on exchanges and are not standardized; rather banks and dealers act as principals in these markets, negotiating each transaction on an individual basis. Forward and “cash” trading is substantially unregulated; there is no limitation on daily price movements and speculative position limits are not applicable. The principals who deal in the forward markets are not required to continue to make markets in the currencies or commodities they trade and these markets can experience periods of illiquidity, sometimes of significant duration. There have been periods during which certain participants in these markets have refused to quote prices for certain currencies or commodities or have quoted prices with an unusually widespread between the price at which they were prepared to buy and that at which they were prepared to sell. Disruptions can occur in any market in which Longboard and Sub-Managers trade due to unusually high trading volume, political intervention or other factors. The imposition of controls by governmental authorities might also limit such forward trading to less than that which Longboard or a Sub-Manager would otherwise recommend. Market illiquidity or disruption could result in major losses.

In the forward markets, margin deposits may be even lower than in other markets or may not be required at all. Such low or non-existent margin deposits are indicative of the fact that any trading in the forward markets typically is accompanied by a high degree of leverage.

Investing in the forward markets typically is accompanied by a high degree of leverage.

New Strategies

Investment strategies used by Longboard and Sub-Managers may not have been in existence during periods of major market stress, disruption or decline of the type that may be experienced in the future. As a result, it is not known how these strategies will perform in adverse market conditions.

Hedged and Arbitrage Strategies

The use by Longboard or Sub-Managers of “hedged” or arbitrage strategies does not necessarily mean these strategies are relatively low risk. Substantial losses may be recognized on hedge or arbitrage positions, and illiquidity and default on one side of a position can effectively result in the position being transformed into an outright speculation. Every hedge or arbitrage strategy involves exposure to some second order risk of the markets, such as the implied volatility in convertible bonds or warrants, the yield

spread between similar term government bonds or the price spread between different classes of stock for the same issuer. Further, there are few examples of “pure” hedge or arbitrage Sub-Managers. Many such Sub-Managers probably employ limited directional strategies which expose them to market risk. Among the risks of arbitrage transactions are that two or more buy or sell orders may not be able to be executed simultaneously at the desired prices, resulting in a loss being incurred on both sides of a multiple trade arbitrage transaction. Also, the transaction costs of arbitrage transactions can be especially significant because separate costs are incurred on each component of the combination. Consequently, a substantial favorable price movement may be required before a profit can be realized.

Short Selling

Longboard and some Sub-Managers may engage in selling securities short, which involves the sale of borrowed securities. In order to sell a security short, the seller must borrow the security from a securities lender and deliver it to the buyer. The seller is then obligated to return the security to the lender at its request (although the seller remains free to return the security to the lender at any time prior to the lender’s request). The seller ordinarily fulfills its obligation to return a security previously sold short by acquiring it in the open market.

A short sale by Longboard or a Sub-Manager ordinarily involves a judgment on its part that, subsequent to the sale, the price of the security will fall over time, resulting in profits equal to the difference between the net proceeds of the sale and the cost of acquiring the security (or a security exchangeable for or convertible into such security) at a later date to fulfill the obligation to return the security to the lender.

The principal risk in selling a particular security short is that contrary to Longboard’s or the Sub-Manager’s expectation, the price of the security will rise, resulting in a loss equal to the difference between the cost of acquiring the security (for return to the lender) and the net proceeds of the short sale. (This risk of loss is theoretically unlimited, since there is theoretically no limit on the price to which the security sold short may rise.)

Another risk is that the short seller may be forced to unwind a short sale at a disadvantageous time for any number of reasons. For example, a lender may call back a stock at a time the market for such stock is illiquid or additional stock is not available to borrow. In addition, some traders may attempt to profit by making large purchases of a security that has been sold short. These traders hope that, by driving up the price of the security through their purchases, they will induce short sellers to seek to minimize their losses by buying the security in the open market for return to their lenders, thereby driving the price of the security even higher.

Small- and Micro-Cap Company Risk

The risk that the securities of small-cap and micro-cap companies may be more volatile and less liquid than the securities of companies with larger market capitalizations. These small-cap companies may not have the management experience, financial resources, product diversification and competitive strengths of large- or mid-cap companies and, therefore, their securities tend to be more volatile than the securities of larger, more established companies.

Equity Securities

Equity Securities Risk: Common and preferred stocks represent equity ownership in a company. Stock markets are volatile. The price of equity securities will fluctuate and can decline and reduce the value of a portfolio investing in equities. The value of equity securities purchased by the Fund could decline if the financial condition of the companies the Fund invests in declines or if overall market and economic conditions deteriorate. They may also decline due to factors that affect a particular industry or industries, such as labor shortages or an increase in production costs and competitive conditions within an industry. In addition, they may decline due to general market conditions that are not specifically related to a company or industry, such as real or perceived adverse economic conditions, changes in the general outlook for corporate earnings, changes in interest or currency rates or generally adverse investor sentiment.

Exchange-Traded Funds

Exchange-Traded Funds (“ETF”) Risk: Investments in an ETF carry security specific risks and market risk. Also, if the area of the market representing the underlying index or benchmark does not perform as expected for any reason, the value of the investment in the ETF may decline. In addition, due to transactions via market prices rather than at net asset value, the performance of an ETF may not completely replicate the performance of the underlying index. The Fund will indirectly pay its proportionate share of any fees and expenses paid by the ETF in which it invests in addition to the fees and expenses paid directly by the Fund, many of which may be duplicative. The Fund also will incur brokerage costs when it purchases ETFs. As a result, the cost of investing in the Fund generally will be higher than the cost of investing directly in ETFs.

Fixed Income Securities Risk

When the Fund invests in fixed income securities, the value of your investment in the Fund will fluctuate with changes in interest rates. Typically, a rise in interest rates causes a decline in the value of fixed income securities owned by the Fund. Other risk factors include credit risk (the debtor may default) and prepayment risk (the debtor may pay its obligation early, reducing the amount of interest payments). These risks could affect the value of a particular investment by the Fund possibly causing the Fund’s share price and total return to be reduced and fluctuate more than other types of investments.

Trend Following

Some Sub-Managers may use computer pricing models to identify apparently overpriced or underpriced options in relationship to an assumed norm. In addition, analyses of price and other fluctuations over time may be relied upon which utilize charts and computers in order to discern and predict trends. Trading based on such analyses is subject to the risks that options premiums will not increase or decrease as predicted by the analysis, or that trades dictated by the analysis may not be executed in time to take advantage of the price disparities. This latter risk is likely to materialize when numerous market makers use similar analyses, all of which dictate the desirability of executing identical or similar contracts. In the past, there have been periods without identifiable trends and, presumably, such periods will continue to occur. Trading models or analyses that depend

upon the forecasting of trends will not be profitable if there are not identifiable trends of the kind that the models or analyses seek to follow. Any factor which would make it more difficult to execute trades in accordance with the models or analyses signals, such as a significant lessening of liquidity in a particular market, would also be detrimental to profitability.

Below “Investment Grade” Securities

Longboard and/or some Sub-Managers may invest in bonds or other fixed income securities, including, “high yield” (and, therefore, high risk) debt securities. These securities may be below “investment grade” and are subject to uncertainties and exposure to adverse business, financial or market conditions, which could lead to the issuer’s inability to make timely interest and principal payments. The market values of these securities tend to be more sensitive to individual corporate developments and general economic conditions than do higher rated securities.

Distressed Investing

Longboard and/or some Sub-Managers may invest in securities and private claims and obligations of entities that are experiencing significant financial or business difficulties. One of the risks of investing in distressed entities is the difficulty of obtaining information as to the true condition of such issuers. Distressed company investments may also be adversely affected by state and federal laws relating to fraudulent conveyances, voidable preferences, lender liability and a court’s discretionary power to disallow, subordinate or disenfranchise particular claims. The market prices of such securities are also subject to erratic changes and above-average price volatility, and the spread between the bid and asked prices of such securities may be greater than normally expected.

Restricted Securities

The sub-funds may purchase securities in private placements (*i.e.*, offerings that are not registered under the Securities Act in reliance on the exemption from registration in Reg. D under the Securities Act). Securities purchased in private placements are generally described as “restricted” because they cannot be resold unless the securities are subsequently registered or an exemption from registration is available, such as under SEC Rule 144. Securities purchased pursuant to Reg. D are often illiquid and difficult to value. The Sub-Managers will generally have complete discretion as to how to value the restricted securities and may have an incentive to overvalue them to increase their income.

Wholly-Owned Subsidiary Risk

The Subsidiary will not be registered under the 1940 Act and, unless otherwise noted in the Prospectus, will not be subject to all of the investor protections of the 1940 Act. Longboard filed with the National Futures Association a notice claiming an exemption from registration as a Commodity Pool Operator (“CPO”) pursuant to Section 4.13(a)(4) of regulations of the Commodity Exchange Act, as amended, with respect to the Subsidiary’s operation. Recently, the CFTC has rescinded the exemption available under Section 4.13(a)(4), effective as of April 24, 2012. CPOs, such as Longboard, that have claimed relief under Regulation 4.13(a)(4) prior to that date had until December 31, 2012, to comply with the rescission. It was anticipated that after December 31, 2012, the CPO will be eligible for

relief relating to CFTC disclosure and reporting requirements pursuant to certain exemptions that are currently available to commodity pools, such as the Subsidiary, that are operated by a CPO that is the same as, controls, is controlled by or is under common control with the CPO of an offered pool (such as the Mutual Fund). Longboard withdrew the exemption on December 31, 2012, and updated the CPO Questionnaire to show it is a Controlled Foreign Corporation or trading subsidiary, which is wholly owned by a listed pool. The listed pool is reference to the Mutual Fund.

The Mutual Fund, by investing in the Subsidiary, will not have all of the protections offered to investors in registered investment companies. However, the Mutual Fund wholly owns and controls the Subsidiary. The investments of the Mutual Fund and Subsidiary are both managed by Longboard, making it unlikely that the Subsidiary will take action contrary to the interests of the Mutual Fund or its shareholders. The Board of Trustees of the Mutual Fund has oversight responsibility for the investment activities of the Fund, including its investment in the Subsidiary, and the Mutual Fund's role as the sole shareholder of the Subsidiary. Changes in the laws of the United States and/or the Cayman Islands, under which the Mutual Fund and Subsidiary, respectively, are organized, could result in the inability of the Mutual Fund and/or Subsidiary to operate as described in this Prospectus and could negatively affect the Mutual Fund and its shareholders. For example, the Cayman Islands does not currently impose any income, corporate or capital gains tax, estate duty, inheritance tax, gift tax or withholding tax on the Subsidiary. If Cayman Islands law changes such that the Subsidiary must pay Cayman Islands taxes, Mutual Fund shareholders would likely suffer decreased investment returns.

Replacement of Sub-Managers or Sub-Funds

Except as set forth in the relevant offering memorandum for the fund which it manages, Longboard is not restricted in appointing or replacing Sub-Managers or sub-funds. Investments with a particular Sub-Manager or sub-fund may be replaced for a variety of reasons, such as a more favorable investment opportunity or other circumstances bearing on the desirability of a continued position with such Sub-Manager or sub-fund. Replacement of Sub-Managers or sub-fund may involve greater fees.

Trading in Non-U.S. Companies and Markets

Longboard and/or some Sub-Managers may invest in non-U.S. companies and/or trade in non-U.S. markets. Trading in the securities of non-U.S. companies involves certain considerations not usually associated with trading in securities of U.S. companies, including political and economic considerations, such as greater risks of expropriation and nationalization, confiscatory taxation, the potential difficulty of repatriating funds, general social, political and economic instability and adverse diplomatic developments; the possibility of imposition of withholding or other taxes on dividends, interest, capital gains or other income; the small size of the some markets in foreign countries and the low volume of trading, resulting in potential lack of liquidity and in price volatility; fluctuations in the rate of exchange between currencies and costs associated with currency conversion; and certain government policies that may restrict investment opportunities. In addition, accounting and financial reporting standards that prevail in foreign countries generally are not equivalent to United States standards and, consequently, less information may be available to investors in companies located in foreign countries than is available to investors in companies located in the United States.

There is also less regulation, generally, of the financial markets in foreign countries than there is in the United States. For example, some foreign exchanges, in contrast to domestic exchanges, are “principals’ markets” in which performance is the responsibility only of the individual member with whom the trader has entered into a contract and not of an exchange or clearing corporation. In such a case, an investor is subject to the risk of the inability of, or refusal by, the counterparty to perform with respect to such contracts.

Illiquid Investments

Despite the generally heavy volume of trading in most of the instruments traded by Longboard and the Sub-Managers, the markets for some of those instruments may have limited liquidity and depth. This lack of depth could be a disadvantage, both in the realization of the prices which are quoted and in the execution of orders at desired prices. In addition, a sub-fund may have the ability to suspend, gate or otherwise limit Longboard’s ability to withdraw or redeem, as applicable, from the sub-fund due to illiquidity of the sub-fund’s portfolio.

Management Risk

An investment with a firm varies with the success and failure of its investment strategies, research, analysis and determination of its portfolio. If an investment strategy were not to produce expected returns, the value of the investment would decrease.

Alternative Investments

Strategies involving “alternative” investments generally include those which do not fall into equity, fixed income or cash equivalents. Such investments would include “real assets” such as real estate and commodities, and alternative strategies such as absolute return strategies and various other hedge fund-type strategies: global macro, managed futures, alternative equity, multi-strategy, event driven, private equity, etc. The goal of these alternative strategies is to provide for diversification in order to lower portfolio volatility and enhance long-term returns.

Use of Algorithms

Longboard incorporates a proprietary computer-based technology to make investment recommendations and in the portfolio management processes – primarily through the use of algorithms. You should be aware that this type of portfolio management is based on a pre-set investment model that could rebalance your account and not take certain market conditions into consideration. Understand that changes to the algorithmic code could also have material effects on Clients’ portfolio recommendations and investment management. The algorithm does not halt trading or take temporary defensive measures in stresses market conditions. Investment advisory personnel oversee the algorithm but may not monitor each client account.

No Tax, Legal or Accounting Advice

Longboard does not provide tax, legal or accounting advice. This material has been prepared for informational purposes only, and is not intended to provide, and should not be relied on for, tax, legal or accounting advice. You should consult your own tax, legal and accounting advisors before engaging in any transaction.

Increased Costs of Frequent Trading

Longboard and/or some Sub-Managers' investment strategies may require frequent adjustments to its trading positions. The portfolio turnover and brokerage commission expenses may therefore significantly exceed those of other investment entities of comparable size.

"Uninvested" Capital

Longboard or a Sub-Manager may from time to time invest assets in high quality short-term instruments such as U.S. Treasury securities and shares of "money market" mutual funds because suitable investments are not then available. It is not possible to determine or even estimate the degree to which assets will be "uninvested" from time to time, but the percentage of assets invested in short-term instruments may be high from time to time. Such periods of "uninvestment" are likely to have a negative impact on the rate of return.

Volatility

The Fund may have investments that appreciate or decrease significantly in value over short periods of time. This may cause the Fund's net asset value per share to experience significant appreciations or decreases in value over short periods of time.

INSTITUTIONAL RISK

Suspensions of Trading

Securities and futures exchanges typically can suspend or limit trading in any instrument traded on the exchange. A suspension could render it impossible for Longboard and/or a Sub-Manager to liquidate positions.

Failure of Exchanges and Clearinghouses

Longboard and/or the Sub-Managers are subject to the risk of the failure of any of the exchanges on which their positions trade or of the clearinghouses for such exchanges.

Counterparty Risk

Some of the markets in which Longboard and/or some Sub-Managers invest and trade are over-the-counter or "interdealer" markets. The participants in these markets typically are not subject to the type of strict credit evaluation and regulatory oversight applicable to members of "exchange based" markets, and transactions in these markets typically are not settled through clearinghouses that guarantee the trades of their participants. This results in the risk that counterparty may not be able to settle a transaction in accordance with its terms because of a credit or liquidity problem of the counterparty. In addition, in the case of a default by a counterparty, additional losses could be sustained due to adverse market movements while it attempts to execute a substitute transaction.

Counterparty Risk: A Fund may enter into various types of derivative contracts as described below under "Derivatives Risk," including futures and swap contracts. Some of

these derivative contracts will be privately negotiated in the over-the-counter market. These contracts involve exposure to credit risk, since contract performance depends in part on the financial condition of the counterparty. If a privately negotiated over-the-counter contract calls for payments by the Fund, the Fund must be prepared to make such payments when due. In addition, if a counterparty's creditworthiness declines, the Fund may not receive payments owed under the contract, or such payments may be delayed under such circumstances and the value of agreements with such counterparty can be expected to decline, potentially resulting in losses by the Fund.

Credit Risk

There is a risk that issuers and counterparties will not make payments on securities and other investments held by the Fund, resulting in losses to the Fund. In addition, the credit quality of securities held by the Fund may be lowered if an issuer's financial condition changes. Lower credit quality may lead to greater volatility in the price of a security and in shares of the Fund. Lower credit quality also may affect liquidity and make it difficult for the Fund to sell the security. Default, or the market's perception that an issuer is likely to default, could reduce the value and liquidity of securities held by the Fund, thereby reducing the value of your investment in Fund shares. In addition, default may cause the Fund to incur expenses in seeking recovery of principal or interest on its portfolio holdings. Credit risk also exists whenever the Fund enters into a foreign exchange or derivative contract, because the counterparty may not be able or may choose not to perform under the contract. When the Fund invests in foreign currency contracts, or other over-the-counter derivative instruments (including options), it is assuming a credit risk with regard to the party with which it trades and also bears the risk of settlement default. These risks may differ materially from risks associated with transactions effected on an exchange, which generally are backed by clearing organization guarantees, daily mark-to-market and settlement, segregation and minimum capital requirements applicable to intermediaries. Transactions entered into directly between two counterparties generally do not benefit from such protections. Relying on a counterparty exposes the Fund to the risk that a counterparty will not settle a transaction in accordance with its terms and conditions because of a dispute over the terms of the contract (whether or not bona fide) or because of a credit or liquidity problem, thus causing the Fund to suffer a loss. If a counterparty defaults on its payment obligations to the Fund, this default will cause the value of an investment in the Fund to decrease. In addition, to the extent the Fund deals with a limited number of counterparties, it will be more susceptible to the credit risks associated with those counterparties. The Fund is neither restricted from dealing with any particular counterparty nor from concentrating any or all of its transactions with one counterparty. The ability of the Fund to transact business with any one or number of counterparties and the absence of a regulated market to facilitate settlement may increase the potential for losses by the Fund. .

Swap Agreements Risk

Swap agreements involve the risk that the party with whom the Fund has entered into the swap will default on its obligation to pay the Fund and the risk that the Fund will not be able to meet its obligations to pay the other party to the agreement.

CERTAIN RISKS RELATED TO CYBERSECURITY

The information and technology systems of Longboard and key service providers to Longboard and its clients may be subject to potential damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons or security breaches, usage errors by employees, power outages or catastrophic events such as fires or hurricanes. In the event that these systems are compromised, become inoperable for extended periods of time or cease to function properly there could be significant interruptions in the operations of Longboard or its client accounts or a compromise of the security, confidentiality or privacy of sensitive data, including personal information.

Longboard has in place risk management systems and business continuity plans which are designed to reduce the risks associated with these cybersecurity attacks and system failures, although there are inherent limitations in any cybersecurity risk management system or business continuity plan, including the possibility that certain risks have not been identified. Accordingly, there is no guarantee that such efforts will succeed, especially since we do not directly control the cybersecurity systems of issuers or third-party service providers.

Cyber Security Risk: As the use of technology has become more prevalent in the course of business, the Fund has become more susceptible to operational, financial and information security risks resulting from cyber-attacks and/or technological malfunctions. Cyber-attacks include, among other things, the attempted theft, loss, misuse, improper release, corruption or destruction of, or unauthorized access to, confidential or highly restricted data relating to the Fund and its shareholders; and attempted compromises or failures to systems, networks, devices and applications relating to the operations of the Fund and its service providers. Cyber security breaches may result from unauthorized access to digital systems (e.g., through “hacking” or malicious software coding) or from outside attacks, such as denial-of-service attacks on websites (i.e., efforts to make network services unavailable to intended users).

Item 9 – Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of Longboard or the integrity of Longboard’s management. Longboard, nor its principals, have had any reported legal or disciplinary events.

Item 10 – Other Financial Industry Activities and Affiliations

Longboard is registered as a commodity pool operator (“CPO”) with regard to the Fund with the CFTC. Key employees are registered as Principals of Longboard with respect to such application and are registered as Associated Persons with the National Futures Association. Each investor and prospective investor are urged to read and carefully consider the conflicts of interests described in the Prospectus.

Item 11 – Code of Ethics

All Longboard members and employees are subject to the provisions contained in Longboard's Code of Ethics (the "Code"). The Code outlines, among other things, Longboard's policies and procedures regarding standards of conduct, personal trading and the handling of confidential information.

The Code contains several procedures designed to protect against the conflicts of interest surrounding personal trading activities. Such procedures include, but are not limited to, (1) the clearance of personal trading in most securities and instruments; (2) the prohibition against purchasing securities in an initial public offering or private placement without prior approval; (3) copies of outside personal security account statements and (4) the filing of initial and annual holdings reports. The monitoring of employee personal trading is conducted under the supervision of the Chief Compliance Officer. Records of personal trading and holdings reports will be maintained for 5 years by the Chief Compliance Officer.

The Code also contains a policy statement on insider trading strictly prohibiting buying and selling securities while in possession of material non-public information. Additional provisions of the Code outline Longboard's policies governing (1) the protection of confidential information from misuse or improper disclosure; (2) entertainment, gifts and other inducements; (3) outside activities; (4) political contributions and (5) the periodic review of issues related to conflicts of interests between the firm and its clients and investors.

The Code provides for the imposition of sanctions in the event of violations of the policies and procedures, including termination of employment.

Fund investors, potential investors and clients who would like a copy of Longboard's Code of Ethics, should send a written request to the attention of Operations Support, at Longboard Asset Management, LP, P.O. Box 97730, Phoenix, Arizona 85060-7730, or email operations@longboardfunds.com.

Item 12 – Brokerage Practices

Longboard selects broker-dealer relationships and recommendations based on a combination of the following factors:

1. the ability to effect prompt and reliable executions at favorable prices (including the applicable dealer spread or commission, if any);
2. the operational efficiency with which transactions are affected, taking into account the size of order and difficulty of execution;
3. the financial strength, integrity and stability of the broker;
4. market access and technology; and

5. the competitiveness of commission, clearing and financing rates in comparison with other brokers satisfying Longboard's other selection criteria.

Longboard does not commit to provide any level of brokerage business to any broker. Longboard may utilize the services of one or more introducing brokers who will execute brokerage transactions through the broker and custodian who will clear the relevant client's (including a fund's) transactions.

Soft Dollars

Longboard does not use "soft dollar" commissions or rebates by brokerage firms of commissions generated by Client securities transactions executed through those firms to pay its own expenses.

Trade Errors

In the course of executing trades on behalf of a Client, trade errors may occur. Examples of trading errors include inputting the wrong number of shares or contracts to be bought or sold, incorrectly identifying the security or futures contract so that the wrong security or contract is bought or sold, or buying rather than selling a particular security or futures contract (and vice versa). Trading errors may result in negative or positive results. In the event any error occurs in the handling of any client transactions, due to Longboard's actions, or inaction, or actions of others, our policy is to seek to identify and correct any errors as promptly as possible without disadvantaging the client or benefiting Longboard. If the error is the responsibility of Longboard, any client transaction will be corrected and Longboard will be responsible for any client loss resulting from an inaccurate or erroneous order.

Consistent with our fiduciary duties, our policy is to exercise care in making and implementing investment decisions for our client accounts. To the extent trading errors occur, we seek to ensure that clients' best interests are served. Our policy is to resolve all trade errors within a reasonable time while ensuring the client is not disadvantaged, consistent with the orderly disposition (and/or acquisition) of the securities in question.

Agency Cross Transactions

Longboard policy and practice is to not engage in any agency cross transactions.

Principal Trading

Longboard policy and practice is to not engage in any principal transactions.

Item 13 – Review of Accounts

Investments are reviewed daily by the Firm's investment operation team, and weekly by the Investment Committee. Investors in each Fund receive periodic account statements regarding their investments. Finally, shareholders of the Mutual Fund will receive annual and semi-annual reports detailing the results of the Mutual Fund.

Item 14 – Client Referrals and Other Compensation

The Mutual Fund

Distribution (12b-1) Plan: The Mutual Fund has adopted a Distribution Plan pursuant to Rule 12b-1 (the “12b-1 Plan”) under the 1940 Act. Under the 12b-1 Plan, the Mutual Fund is authorized to pay the Mutual Fund’s distributor, or such other entities as approved by the Board of Trustees, a fee for the promotion and distribution of the Mutual Fund and the provision of the personal services to shareholders. The maximum amount of the fee authorized is 0.25% of the Mutual Fund’s average daily net assets annually for the Class A and Class N shares, and 1.00% of the Fund’s daily net assets annually for the Class C shares. The distributor may pay any or all amounts received under the 12b-1 Plan to other persons, including Longboard, for any distribution or service activity. Longboard receives 12b-1 fees of investors who purchase Mutual Fund shares directly with the transfer agent / custodian or from any distributor who does not collect the 12b-1 fee. Because these fees are paid out of the Mutual Fund’s assets on an on-going basis, over time these fees will increase the cost of an investment in the Mutual Fund and may cost you more than paying other types of sales charges.

In addition to the fees paid under the 12b-1 Plan, the Mutual Fund may pay service fees to intermediaries such as banks, broker-dealers, financial advisers or other financial institutions, including the Adviser and affiliates of Longboard, for sub-administration, sub-transfer agency and other shareholder services associated with shareholders whose shares are held of record in omnibus, other group accounts or accounts traded through registered securities clearing agents.

Additional Compensation to Financial Intermediaries: The distributor, its affiliates and Longboard, out of its own revenues, which generally come directly or indirectly from Mutual Fund fees, and without additional cost to the Mutual Fund or its shareholders, may provide additional cash payments or non-cash compensation to intermediaries who sell shares of the Mutual Fund. Such payments and compensation are in addition to other types of shareholder servicing and distribution payments described elsewhere in this Brochure. In return for these additional payments and compensation, Longboard and the distributor expect the Mutual Fund to receive certain marketing or servicing advantages that are not generally available to mutual funds whose sponsors do not make such payments. These additional cash payments are generally made to intermediaries that provide shareholder servicing, marketing support and/or access to sales meetings, sales representatives and management representatives of the intermediary. Longboard may pay cash compensation in the form of finder’s fees that vary depending on the dollar amount of the shares sold. In addition, Longboard and its affiliates may offer other incentives to financial intermediaries, such as: sponsorship of educational or client meetings, events and seminars; payments or reimbursements for travel and related expenses associated with due diligence trips that an intermediary may undertake in order to explore possible or current business relationships with Longboard; third party software subscriptions; and/or payments of costs and expenses associated with attendance at conferences or seminars, including travel, lodging, entertainment and meals. These payments will generally vary depending upon the nature of the event and may include financial assistance to intermediaries that enable Longboard or one of its affiliates to participate in and/or present at conferences or seminars, sales or training programs for invited financial advisors and

other attendees. Payments could also represent occasional gifts and certain entertainment expenses, such as occasional meal expenses or tickets to sporting events that are not preconditioned on achievement of sales targets. Marketing support payments may be made for a variety of purposes, including but not limited to: advertising and marketing opportunities; educating intermediaries, shareholders, clients, and prospects about the Mutual Fund; placement on an intermediary's list of preferred funds; gaining access to senior management, sales representatives, or wholesalers of an intermediary; receiving detailed reporting packages (such as periodic sales reporting, sales production results, and data on how Longboard's products, including the Mutual Fund, are used).

The receipt of, or the prospect of receiving, these payments and expense reimbursements from Longboard may influence intermediaries, plan sponsors and other third parties to offer or recommend the Mutual Fund over other investment options for which an intermediary does not receive additional compensation (or receives lower levels of additional compensation). However, these arrangements do not increase Mutual Fund expenses and will not change the price that an investor pays for shares of the Mutual Fund or the amount that a Mutual Fund receives to invest on behalf of an investor.

Longboard has established solicitation and marketing services agreements with independent contractors to market its asset management programs to various broker-dealers, investment adviser representatives and registered representatives. Longboard may pay independent contractors a percent of revenue, cash compensation, based on the revenue it receives from the independent contractor's referrals and Fund sales.

If you have purchased shares of the Mutual Fund through an investment professional, please speak with your investment professional to learn more about any payments his or her firm may receive from Longboard, the distributor, and/or their affiliates, as well as fees and/or commissions the investment professional charges. You should also consult disclosures made by your investment professional at the time of purchase. Any of the payments described in this section may represent a premium over payments made by other fund families.

Item 15 – Custody

Longboard does not have custody of client's funds and securities Longboard complies with Rule 206(4)-2 of the Advisors Act which mandates that client's assets must be held by a qualified custodian. Fund investors are urged to carefully review such financial statements. MUFG Union Bank, N.A., 400 California Street, 6th Floor, San Francisco, CA 94104 serves as the custodian of the assets of the Mutual Fund. Some Mutual Fund's assets for the Longboard Alternative Growth Fund are also held by Scotiabank.

Item 16 – Investment Discretion

With respect to the Fund, Longboard has full discretionary authority to select investments in accordance with the investment objectives set forth in the Prospectus, as applicable. In the case of the Mutual Fund, the activities of Longboard are subject to the oversight and

supervision of the Board of Trustees of the Mutual Fund, as well as the investment policies and restrictions adopted by the Mutual Fund.

Item 17 – Voting Client Securities

The Mutual Fund: Longboard has adopted the Proxy Voting Procedures described in the Statement of Additional Information of the Mutual Fund (the “SAI”). Please refer to the SAI for more information.

Item 18 – Financial Information

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about Longboard’s financial condition. Longboard has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients and has not been the subject of a bankruptcy proceeding.