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**ALTEGRIS ADVISORS, LLC  
FORM ADV PART 2A  
FIRM BROCHURE**

**March 2017**

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**This Brochure provides information about the qualifications and business practices of Altegris Advisors, LLC (“Altegris Advisors,” “Adviser,” “us,” or “we”). If you have any questions about the contents of this Brochure, please contact us at (858)-731-8569, or by email at [advisorcompliance@altegris.com](mailto:advisorcompliance@altegris.com). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.**

**We may refer to Altegris Advisors as a “registered investment adviser.” Registration with the SEC or with any state securities authority does not imply a certain level or skill or training.**

**Additional information about us also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The searchable IARD/CRD number for Altegris Advisors is 154003.**

Altegris Advisors, LLC  
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1200 Prospect St. Ste. 400  
La Jolla, CA 92037  
[www.altegris.com](http://www.altegris.com)

## ITEM 2: MATERIAL CHANGES

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This Item 2 discusses only specific material changes that were made to this Brochure since the last update, dated December 30, 2016. The Adviser has no material changes since the Adviser's last brochure.

The Adviser has updated its assets under management and made various non-material changes throughout the brochure to clarify certain services and practices of the firm.

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#### ITEM 4: ADVISORY BUSINESS

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The Adviser is a Delaware limited liability company formed in February 2010, and commenced its advisory operations in August 2010. The Adviser is registered as an investment adviser with the Securities and Exchange Commission (the “SEC”), though such registration should not be taken to imply a certain level of skill or training. The Adviser is also registered as a commodity pool operator (“CPO”) and commodity trading advisor (“CTA”) with the U.S. Commodities Futures Trading Commission (“CFTC”), and a member of the National Futures Association (“NFA”).

The Adviser is wholly-owned by Altegris Holdings II, LLC, a holding company, which is indirectly owned by (i) private equity funds managed by Aquiline Capital Partners LLC and its affiliates (“**Aquiline**”), and by Genstar Capital Management, LLC and its affiliates (“**Genstar**”), and (ii) certain senior management of the Adviser and its affiliates.

The Adviser provides investment advisory services to registered open-end investment companies, one registered closed-end investment company and private funds. The Adviser also serves as the sponsor and CPO for various “traditional” commodity pools (the “**Commodity Pools**”). The Commodity Pools are operated in the Adviser’s capacity as a CPO, and not connected with its investment advisory business.

The Adviser serves as an investment adviser to the following registered investment companies, or series thereof:

1. Northern Lights Fund Trust, a Delaware statutory trust organized on January 19, 2005 (“**NLFT**”). NLFT is registered as an open-end series management investment company, for which the Adviser serves as investment adviser solely to six separate series of NLFT (each such separate series of NLFT is a “**Mutual Fund**”, and collectively, are the “**Mutual Funds**”);
2. Altegris KKR Commitments Master Fund, a continuously offered, non-listed, closed-end management investment company, as well as current and futures series of its wholly owned subsidiary, AKCF LLC (“**Altegris KKR Master Fund**”);

The Adviser also serves as the investment adviser to five non-registered, privately-offered, and wholly-owned and controlled subsidiaries, each of which is wholly-owned and controlled by a Mutual Fund also advised by the Adviser (each, a “**Subsidiary**” and collectively, the “**Subsidiaries**”). Each Subsidiary is subject to the same investment restrictions as its parent Mutual Fund when viewed on a consolidated basis.

Currently, the Adviser serves as investment adviser to the following Mutual Funds: Altegris Managed Futures Strategy Fund (and its Subsidiary, AMFS Fund Limited), Altegris Macro Strategy Fund (and its Subsidiary, AGMS Fund Limited), Altegris Futures Evolution Strategy Fund (and its Subsidiary, AFES Fund Limited), Altegris Multi-Strategy Alternative Fund (and its Subsidiary, AMSA Fund Limited), Altegris GSA Trend Strategy Fund (and its Subsidiary, AGSATS Fund Limited), and Altegris/AACA Opportunistic Real Estate Fund.

The Adviser manages the assets of the Mutual Funds and the Altegris KKR Master Fund in accordance with applicable law and the investment objectives, policies and restrictions as set forth in each Mutual Fund's or Altegris KKR Master Fund's current Prospectus and SAI, and is subject to such further limitations as the applicable Board of Trustees may from time to time impose by written notice to the Adviser.

As of December 31, 2016, the Adviser serves as the general partner/sponsor to various domestic and offshore investment funds offered in reliance upon Rule 506 under the Securities Act of 1933 (each a "**Private Fund**" and collectively, the "**Private Funds**"), as follows: Altegris Global Macro Fund, L.P., APM - Global Macro Fund, Ltd., Altegris Global Macro II Fund, L.P., APM - Global Macro II Fund, Ltd., Altegris Millennium Fund, L.P., Altegris Millennium Fund, Ltd., , Altegris Multi-Strategy Fund, L.P., Altegris Multi-Strategy Fund, Ltd., Altegris Renaissance IE Fund, L.P., Altegris Renaissance IE Fund, Ltd., Altegris Visium Fund, Ltd., Altegris Income Opportunities Fund, L.P., Altegris Third Point Fund, L.P., Altegris Third Point Fund, Ltd, Altegris CQS Multi-Strategy Fund, L.P., Altegris CQS Multi-Strategy Fund, Ltd., Altegris DoubleLine Opportunistic Fund, L.P., and Altegris DoubleLine Opportunistic Fund, Ltd. (and together with the Mutual Funds, the Altegris KKR Master Fund and the Subsidiaries, the "**Funds**")

While each Private Fund will have its own investment strategy and other specifications, the arrangements between each Private Fund and the Adviser will be generally the same. In its role as general partner/sponsor, the Adviser allocates assets of each Private Fund for investment in other hedge funds or other collective investment vehicles. Hedge funds or other collective investment vehicles in which Private Funds invest are collectively referred to herein as "**Underlying Funds**." Once allocated, the Adviser does not exercise discretion with respect to the underlying investments purchased for the Underlying Funds or managed accounts, by the Underlying Fund managers and/or the managed account managers. The specific investment program of each Private Fund is described in the respective private placement memorandum.

The Adviser also provides certain "impersonal advisory services" in its capacity as "Portfolio Strategist" to unaffiliated investment adviser(s). "Portfolio Strategist" services generally include recommendations with a specific strategy, and provide specific asset allocation recommendations that will correspond to certain Risk/Return Profiles, which range from most conservative to most aggressive. As a Portfolio Strategist, the Adviser does not enter into advisory agreements directly with the clients of the unaffiliated advisory firm.

As of December 31, 2016, the Adviser advised Mutual Fund regulatory assets (including the Subsidiaries) of \$1,427,938,353 on a discretionary basis. As of December 31, 2016, total regulatory assets under management of the Private Funds were \$765,515,420 representing \$537,070,090 in discretionary assets, and \$228,445,330 of non-discretionary assets. This figure excludes assets of the Commodity Pools sponsored by the Adviser, in its capacity as a CPO.

At this time, the Adviser does not provide investment advisory services to individual clients or offer wrap fee and similar account programs. The Adviser does not offer wrap fee and similar account programs. Presently, advisory client accounts are limited to the Mutual Funds, the Altegris KKR Master Fund, and the Private Funds. The Adviser's advisory fee, if applicable (see Item 5 – *Fees and Compensation*, below) and other expenses paid by each Mutual Fund, Altegris KKR Master Fund, the Private Fund, and their respective shareholders are described in the applicable prospectus for each Mutual Fund or Altegris KKR Master Fund, and in each Private Fund's private placement memorandum.

## **ITEM 5: FEES AND COMPENSATION**

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The Adviser has entered into investment advisory agreements with each of the Mutual Funds, Subsidiaries, and the Altegris KKR Master Fund. Pursuant to the investment advisory agreements, the Adviser is entitled to receive from each Mutual Fund and Altegris KKR Master Fund, on a monthly basis in arrears, an annual advisory fee as detailed in each prospectus. A copy of the current prospectus' can be downloaded from [www.altegris.com](http://www.altegris.com). Advisory fees for services rendered under existing investment advisory agreements with registered investment companies range from 1.20% to 1.75% depending upon the type of portfolio. The Altegris Managed Futures Strategy Fund, Altegris Macro Strategy Fund, Altegris Futures Evolution Strategy Fund, Altegris GSA Trend Strategy Fund and Altegris Multi-Strategy Alternative Fund are subject to advisory fee breakpoints dependent on assets. The Adviser has contractually agreed to proportionately waive advisory fees charged to those Mutual Funds having a Subsidiary, or invested in other affiliated Mutual Funds, to avoid double charging on the same assets. The waivers cannot be terminated by the Adviser without the prior approval of the Mutual Funds' Board of Trustees.

With respect to the Altegris KKR Master Fund, the Adviser has contractually agreed to limit the amount of "Master Fund Specified Expenses" borne by the Fund to an amount not to exceed 0.65% on Class A shares, and 0.55% on Class I shares per annum of the Fund's net assets until January 31, 2018. To the extent that the Adviser bears Master Fund Specified Expenses, the Adviser is permitted, subject to certain limitations, to receive reimbursement for any expense amounts previously paid by the Adviser, for a period not to exceed three years from the date on which such expenses were paid by the Adviser. Refer to the Altegris KKR Master Fund prospectus for additional details.

Service providers of the Mutual Funds and the Altegris KKR Master Fund calculate and pay the Adviser its advisory fees in arrears, which in some cases is subject to an expense limitation agreement whereby the Adviser has agreed to reduce its fees and/or absorb expenses of the Mutual Funds or Altegris KKR Master Fund as outlined in each applicable prospectus. This reduction or absorption is subject to possible recoupment in future years if such recoupment can be achieved within the expense limitation term.

The Adviser, out of its own advisory fee revenue, pays other broker-dealers for wholesaling, platform distribution fees and other distribution-related services in connection with the Mutual Funds and Altegris KKR Master Fund, including Altegris Investments, LLC ("**Altegris**"), a securities broker-dealer affiliated with the Adviser. In addition, the Altegris KKR Master Fund will pay distribution fees and sales loads to Altegris, which acts as distributor for the Altegris KKR Master Fund, in respect of the sales of certain share classes of that fund. Due to the Adviser's affiliation with Altegris, the Adviser will benefit indirectly from the fees paid to, and revenue generated by, Altegris as the distributor and provider of other services, directly or indirectly, to the Mutual Funds and Altegris KKR Master Fund.

With respect to the Private Funds, the Adviser will receive monthly or quarterly management or sponsor fees from each Private Fund. Currently, the management or sponsor fees paid by Private Funds to the Adviser range from 0.50% to 1.5% dependant upon the investment minimum and respective class held in a Private Fund. The Adviser uses a portion of its management or sponsor fees to pay referral fees to broker-dealers who refer investors to a Private Fund (a "**Selling Agent**"), including Altegris. Each Private Fund, as an investor in one or more Underlying Funds will also pay management fees, and/or performance based fees to managers of the Underlying Funds.

At its discretion, the Adviser permits investors to subscribe to a Private Fund (or in a Commodity Pool) at a reduced investment minimum and/or reduced sponsor or management fees.

Each Private Fund will pay its own operating and other expenses in addition to the management or sponsor fee, as detailed in each Private Fund's private placement memorandum. These expenses will include the management fees and performance fees paid to the managers of the Underlying Funds. Altegris, receives a placement agent fee from an Underlying Fund manager in connection with investments made by a Private Fund into such Underlying Fund. This fee is paid by the Underlying Fund manager and not the respective Private Fund or its investors. Selling Agents, including Altegris, may also be compensated by the Underlying Funds through shareholder service fees or front-end selling commissions. None of the fees received by Altegris, its affiliates, or other Selling Agents will be used to offset any fees paid to the Adviser. Therefore, the Adviser has a conflict of interest in purchasing Underlying Funds that pay fees to Altegris, because it receives greater revenues from investing in certain Underlying Funds than in other funds available for investment. The Adviser selects Underlying Funds which the Adviser believes will best meet the Private Fund's specific investment goals and objectives, rather than provide the highest fees to the Adviser and its affiliates.

All fees paid by the Private Funds, including the fees paid to the Adviser, are calculated by third party service providers engaged by each Private Fund, and paid to the Adviser in arrears pursuant to the terms of the governing documents and the relevant service agreements.



The Adviser is not paid an advisory fee for its role as “Portfolio Strategist”. However, the investment advice provided as a Portfolio Strategist will include asset allocation recommendations that will result in investments into the Mutual Funds, for which the Adviser receives advisory fees as described above.

The Adviser has entered into an agreement with a solicitor (the “**Solicitor Agreement**”) whereby the Adviser is compensated for client referrals to an unaffiliated investment adviser. Such fees are disclosed in the disclosure statement provided to, and signed by, solicited clients of the unaffiliated investment adviser.

#### **ITEM 6: PERFORMANCE BASED FEES**

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At this time, the Adviser does not charge performance based fees. The Private Funds will typically be charged an incentive fee by the managers of the Underlying Funds. The Altegris KKR Master Fund will also be charged incentive fees by managers of the underlying private equity funds in which it invests.

#### **ITEM 7: TYPES OF CLIENTS**

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As disclosed in Item 4 “*Advisory Business*”, the Adviser serves as (i) the investment adviser to the Mutual Funds, and the Subsidiaries, (ii) investment adviser to the Altegris KKR Master Fund, (iii) general partner/sponsor and investment adviser to the Private Funds, and (iv) a Portfolio Strategist to certain unaffiliated investment adviser(s).

The Adviser does not currently provide advisory services to individual clients and has no current plans to provide such services, although there are no limitations on its ability to do so, should its business evolve over time to include individual advisory services. The Adviser intends to enter into advisory or sub-advisory agreements with other investment companies in the future, as well as sponsor additional Private Funds.

#### **ITEM 8: METHODS OF ANALYSIS, INVESTMENT STRATEGIES, RISK OF LOSS**

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The Adviser advises the assets of the Mutual Funds and the Altegris KKR Master Fund directly in accordance with applicable law and the investment objectives, policies and restrictions set forth in their respective Prospectus and Statement of Additional Information (“SAI”), and subject to such further limitations as the Mutual Funds’ or the Altegris KKR Master Fund’s Boards of Trustees may, from time to time, impose by written notice to the Adviser. **Please refer to each Mutual Fund’s or Altegris KKR Master Fund’s Prospectus**



**and SAI for a full description of specific investment objectives, principal investment strategies and principal investment risks.**

With respect to the Private Funds, the Adviser acts in accordance with each Private Fund's private placement memorandum, and other governing documents. The Adviser does not exercise discretion with respect to the management of the Underlying Funds. **Please refer to each Private Fund's private placement memorandum for a full description of a Private Fund's specific investment objectives, principal investment strategies and principal investment risks.**

There is the risk that a shareholder or investor could lose a substantial part or all of the money invested in any investment in the Funds as their interest is subject to investment risks. In making an investment decision, shareholders or investors must rely upon their own examination of the Funds materials and the terms of their offerings including the merits and risks involved. Each shareholder or investor should consult with independent financial, legal and/or tax advisers, as needed, before making any investment decision.

The information discussed below highlights what the Adviser believes to be important aspects of the methods of analysis, investment strategies, and risks of loss presented by the Mutual Funds (to which "Portfolio Strategist" recommendations will allocate assets upon the advice and recommendation of the Adviser, as described above), the Altegris KKR Master Fund, and the Private Funds.

#### **ADVISER'S SELECTION METHODOLOGY**

The Adviser's on-going strategy review process is summarized below, although each manager of a strategy is unique and will undergo a unique, customized review process with varying degrees of focus on the different aspects of investment and operational diligence – in each case, dependent upon the facts and circumstances of the review undertaken by the Adviser.

Generally, the Private Funds are structured as hedge "funds-of-funds," investing substantially all of their assets into one or more unaffiliated Underlying Funds managed by other hedge fund managers. In respect of the Mutual Funds, the Adviser makes determinations as to allocations of assets to be managed, directly or indirectly, by other managers. The Altegris KKR Master Fund is a private equity "fund-of funds" that allocates assets across investments in multiple underlying private equity funds managed by unaffiliated private equity fund managers. The Adviser's ongoing process for the identification, selection, and monitoring of other managers is summarized below, although each manager, and its respective management is unique, will undergo a unique, customized review process with varying degrees of focus on the different aspects of investment and operational diligence – in each case dependent upon the facts and circumstances of the review undertaken by the Adviser.

With respect to a manager under review, the Adviser will not be able to investigate every investment decision made by the manager. All investments contain risks and alternative investments are subject to a set of unique risks. The Advisor may conduct as applicable by

law, on-going operational due diligence to assist in the prevention of investment failures or fraud.

***Investment Committee.*** A five-person Investment Committee consists of senior executives of the Adviser and its affiliates. The Investment Committee generally (i) performs an ongoing top-down strategy review to determine any gaps in the lineup of strategies recommended by, or allocated to, by the Adviser and (ii) directs the Adviser's research team as to a bottom-up approach to identify potential managers or strategies that may meet the Adviser's performance objectives and investment strategy themes. The Investment Committee is ultimately responsible for approval and/or removal of all managers of strategies accessed by the investment portfolios of the Private Funds, Mutual Funds, and Altegris KKR Master Fund, as directed by, or upon the recommendation of, the Adviser.

***Identification.*** The Adviser continually searches the universe of alternative investment strategies and managers to identify new opportunities. Blending the Investment Committee's top-down viewpoints and the bottom-up analysis of the Adviser's research team helps the Adviser to bring new ideas into the investment review process.

***Assessment.*** As strategy managers are identified, the Adviser's research team gathers initial information that includes reviewing key documents, interviewing managers, and analyzing performance. The results of this assessment are submitted to the Investment Committee for its initial review.

***Qualification and Approval.*** After the initial review is completed by the Investment Committee, a decision is made whether to proceed with a formal manager/strategy review. The Adviser's research team conducts two separate levels of due diligence for a manager/strategy under review: investment due diligence and operational due diligence. Upon completion of all levels of review, the Adviser's research team presents its detailed due diligence findings to the Investment Committee for its final review and decision. All approvals of new or additional managers or strategies for allocation or investment by the Adviser require unanimous Investment Committee consent; any decision to remove a manager or strategy from those available for allocation or investment by the Adviser requires majority consent of the Investment Committee.

***Portfolio Management.*** For multi-manager investment strategies, the Adviser's portfolio managers review various metrics, such as return analysis and risk profiles, to build a portfolio of approved managers and strategies based on the investment objectives of each individual strategy. The information utilized by portfolio managers is developed by the Adviser's research team, which also provides additional input from their findings.

***Ongoing Evaluation and Analysis.*** Upon approval and portfolio allocation to managers and strategies, the Adviser's research team monitors each manager's strategy implementation through continued investment, operational and risk monitoring. Each monitoring group is directly involved in conducting formalized meetings, ongoing quantitative analysis, monitoring of material market events and any material changes. These ongoing reviews look for potential issues such as, material changes in processes, operations, service

providers and personnel, abnormal returns or unexpected changes in the risk or profile for the portfolio. Depending on the results of this review, the Investment Committee, and/or portfolio managers could decide to withdraw from a particular manager or strategy and re-allocate assets to other approved managers of a strategy pursued by the Adviser.

Investing in securities and other instruments involves a risk of loss the investors in the Mutual Funds, Altegris KKR Master Fund, Private Funds or other funds advised by the Adviser should be prepared to bear, and investors may lose all of their invested capital. These risks vary dependent on the strategy and investment objectives, and each shareholder or investor should consult with independent financial, legal and/or tax advisers, as needed, before making any investment decision.

### **INVESTMENT STRATEGIES**

The Adviser currently advises, and may advise, Mutual Funds that pursue one or more strategies including managed futures, equity long short (including sector or industry focused, such as opportunistic real estate focused equity strategies), fixed income (including long short), and other liquid alternatives strategies. The Altegris KKR Master Fund pursues investments in private equity funds and strategies of various types, including investments in both primary and secondary offerings of private equity investment funds and co-investment opportunities.

The Private Funds are generally are structured as hedge "funds-of-funds" investing substantially all of their assets into one or more unaffiliated Underlying Funds, through which are executed a variety of strategies including but not limited to: Global Macro, Event Driven, Equity Long Short, Multi-Strategy, Fixed Income, and Opportunistic Credit.

Certain Mutual Funds pursue, directly or via a Subsidiary, investment strategies and investments providing exposure to commodities, commodity and financial futures and other derivatives, and such exposure may be achieved via direct trading in such interests, or indirectly through investments in a combination of one or more limited partnerships, limited liability companies and/or other types of pooled investment vehicles that pursue these strategies, as well as swap contracts and structured notes. The Subsidiaries used to gain exposure are not registered under the Investment Company Act of 1940 (the "1940 Act"), and generally is not subject to all of the investor protections of the 1940 Act, although each Subsidiary is operated by the Adviser in a manner that subjects it to the same investment restrictions as its parent Mutual Fund, when viewed on a consolidated basis.

### **MUTUAL FUND RISKS**

**ABS, MBS and CMBS Risk:** ABS, MBS and CMBS are subject to credit risk because underlying loan borrowers may default. Additionally, these securities are subject to prepayment risk because the underlying loans held by the issuers may be paid off prior to maturity. The value of these securities may decrease as a result of changes in prepayment rates on the underlying mortgages or loans. During periods of declining interest rates, prepayment rates usually increase and the Funds may have to reinvest prepayment proceeds at a lower interest rate. The value of inverse floaters and interest-only and principal-only MBS is especially sensitive to interest rates and prepayment rates. CMBS are

less susceptible to prepayment risk because underlying loans may have prepayment penalties or prepayment lock out periods.

Active and Frequent Trading Risk: Executing the strategies of a sub-adviser may from time to time require frequent trading by a Mutual Fund, resulting in substantial brokerage commissions and other transaction fees and expenses. Active and frequent trading may lead to a greater proportion of the Mutual Fund's gains being treated for federal income tax purposes as short-term capital gains (which are generally taxable as ordinary income when distributed to shareholders) or may cause the Mutual Fund to distribute taxable income to its shareholders sooner than it would have distributed income if the investments were held for longer periods of time.

Allocation Risk: A Mutual Fund's investment performance depends, in part, upon how its assets are allocated and reallocated by the Adviser. If the Mutual Fund's exposure to equities and fixed income securities, or to different asset classes, deviates from the Adviser's intended allocation, or if the Mutual Fund's allocation is not optimal for market conditions at a given time, the Mutual Fund's performance may deteriorate.

Credit Risk: There is a risk that issuers and counterparties will not make payments on securities and other investments held by the Mutual Fund, resulting in losses to the Mutual Fund. In addition, the credit quality of securities held by the Mutual Fund may be lowered if an issuer's financial condition changes.

Currency Risk: To the extent the Mutual Fund's currency exchange transactions do not fully protect the Mutual Fund against adverse changes in currency exchange rates, decreases in the value of currencies of the foreign countries in which the Mutual Fund will invest relative to the U.S. dollar will result in a corresponding decrease in the U.S. dollar value of the Mutual Fund's assets denominated in those currencies (and possibly a corresponding increase in the amount of securities required to be liquidated to meet distribution requirements). Conversely, increases in the value of currencies of the foreign countries in which the Mutual Fund invests relative to the U.S. dollar will result in a corresponding increase in the U.S. dollar value of the Mutual Fund's assets (and possibly a corresponding decrease in the amount of securities to be liquidated). Currency trading risks also include credit risk and country risk. Credit risk results because a currency-trade counterparty may default. Country risk arises because a government may interfere with transactions in its currency.

Derivatives Risk: Futures, options and swaps involve risks different from, or possibly greater than, the risks associated with investing directly in securities, including leverage risk, liquidity risk, interest rate, market and management risks, mispricing or improper value, and counterparty risk in the case of over-the-counter derivatives. Option positions may expire worthless exposing the Mutual Fund to potentially significant losses. If a change in the value of a derivative does not correlate perfectly with the underlying asset, reference rate or index, the Mutual Fund could lose more than the principal amount invested.

Emerging Market Risk: Countries with emerging markets may have relatively unstable governments, social and legal systems that do not protect shareholders, economies based on only a few industries, and securities markets that trade a limited number of issues.

Equity Securities Risk: Common and preferred stocks are susceptible to general stock market fluctuations and to volatile increases and decreases in value as market confidence in and perceptions of their issuers change. The value of fixed income securities and derivatives, however, will fluctuate with changes in interest rates. Warrants and rights may expire worthless if the price of a common stock is below the conversion price of the warrant or right. Convertible bonds may decline in value if the price of a referenced common stock falls below the conversion price. Investor perceptions could also impact the price of securities, and are based on various and unpredictable factors, including expectations regarding government, economic, monetary and fiscal policies, inflation and interest rates, economic expansion or contraction and global or regional political, economic and banking crises.

Exchange Traded Fund (“ETF”) and Closed-End Fund (“CEF”) Risk: The cost of investing in a Mutual Fund will be higher than the cost of investing directly in the ETFs and CEFs in which it invests and may be higher than other mutual funds that invest directly in stocks and bonds. Each ETF and CEF is subject to specific risks, depending on the nature of the ETF or CEF.

Financial Services Sector Investments Risk: A Mutual Fund may invest in financial services companies. The financial services industry is vulnerable to a number of factors, including extensive government regulation, rapid business changes, general economic conditions, significant competition, and value fluctuations.

Foreign Investment Risk: Foreign investing involves risks not typically associated with U.S. investments, including adverse fluctuations in foreign currency values, adverse political, social and economic developments, less liquidity, greater volatility, less developed or less efficient trading markets, political instability and differing auditing and legal standards. Investing in emerging markets imposes risks different from, or greater than, risks of investing in foreign developed countries.

Fund-of-Funds Risk: Certain Mutual Funds advised by the Adviser, including the Altegris Multi-Strategy Alternative Fund, will pursue a “fund-of-funds” strategy allowing for flexible allocations of assets across a broad spectrum of alternative investments strategies and asset classes. Such fund-of-funds, at the direction of the Adviser, execute their strategies via investments in other funds (for which the Adviser may or may not act as investment adviser), or in a combination of other mutual funds, private equity funds, exchange-traded funds, exchange-traded notes and direct or indirect investments in securities, derivative instruments and other investments. To pursue a fund-of-funds strategy, in order to meet its investment objectives, the Adviser must rely to varying degrees on the success of the managers of the other funds or investment vehicles in which the manager invests, and there can be no assurance that such “other” funds or investment vehicles will successfully achieve their investment objectives.



High-Growth Company-Related Risks: A Mutual Fund may invest in high-growth companies, which may allocate, or may have allocated, larger-than-expected amounts to research and product development. The securities of these companies may experience above-average price movements associated with the perceived prospects of success of their research and development programs.

High Yield or Junk Bond Risk: Lower-quality debt securities, known as high yield or junk bonds, present greater risk including an increased risk of default, as compared to bonds of higher quality. An economic downturn or period of rising interest rates could adversely affect the market for these bonds and reduce liquidity. The lack of a liquid market for stocks or bonds can decrease their market price and therefore the Mutual Fund's share price.

Interest Rate Risk: Typically, a rise in interest rates causes a decline in the value of fixed income securities. The value of fixed income securities typically falls when an issuer's credit quality declines and may even become worthless if an issuer defaults.

Issuer-Specific Risk: The value of a specific security can be more volatile and perform differently than the market as a whole. The value of securities of smaller issuers can be more volatile than those of larger issuers. The value of certain types of securities can be more volatile due to increased sensitivity to adverse issuer, political, regulatory, market, or economic developments.

Leverage Risk: Employing leverage, such as borrowing money to purchase securities or the use of options, can result in additional expenses and magnify gains or losses.

Liquidity Risk: Liquidity risk exists when particular investments of the Mutual Fund would be difficult to purchase or sell, possibly preventing the Mutual Fund from selling such illiquid securities at an advantageous time or price, or possibly requiring the Mutual Fund to dispose of other investments at unfavorable times or prices in order to satisfy its obligations.

Loan Risk: Investments in loans may subject the Funds to heightened credit risks as loans tend to be highly leveraged and potentially more susceptible to the risks of interest deferral, default and/or bankruptcy.

Managed Futures: Certain Mutual Funds advised by the Adviser have investment objectives that include seeking exposure to commodities, commodity and financial futures and other derivatives, including structured notes, swap contracts, securities, foreign exchange, commodities, futures contracts and other similar instruments. These instruments involve a risk of loss that advisory clients should be prepared to bear, and clients may lose all of their invested capital. Investing in the commodities markets may subject certain Mutual Funds to greater volatility than investments in traditional securities. Commodity prices may be influenced by various external factors such as unfavorable weather, animal and plant disease, geologic and environmental factors as well as changes in government

regulation such as tariffs, embargoes or burdensome production rules and restrictions. The Mutual Funds' use of derivative instruments involves risks different from, or possibly greater than, the risks associated with investing directly in securities including leverage risk and counterparty default risk.

The Adviser has appointed a sub-adviser to manage that portion of assets allocated to the fixed income investment strategy of each Mutual Fund. With respect to fixed income securities, it is important to note that a rise in interest rates causes a decline in the value of fixed income securities. The fixed income securities are subject to credit risk described below.

In order to achieve all or a portion of the desired managed futures exposure, a Mutual Fund may directly or indirectly enter into swap agreements and/or purchase structured notes in which a counterparty agrees to directly or indirectly pay the Fund the return of a single reference asset (such as, for example, a specific pooled investment vehicle), or a basket of multiple reference assets, in exchange for, or net of, the Fund paying the counterparty a floating and/or fixed rate of interest or financing charge. Swaps and structured notes are marked to market daily based upon market quotations and fair value estimates of the value of their respective reference asset(s), and in accordance with NLFT and the Mutual Funds' valuation procedures. These financial instruments are typically over-the-counter and not actively traded on financial markets. The values assigned to these instruments are based upon the best available information and because of the uncertainty of the valuation, these values can potentially differ significantly from the values that would have been realized had a ready market for these instruments existed, and the potential differences could be material. Payments received or made at the end of the measurement period for swaps, or made upon note redemption or maturity for structured notes, are typically based on independent valuations of the reference asset(s) and are recorded as realized gain or loss. Entering into swap agreements or purchasing structured notes involves, to varying degrees, elements of credit, market, and documentation risk. Such risks involve: (1) the possibility that there will be no independent valuation of the reference asset(s), (2) that the counterparty to the agreements defaults on its obligation to perform or disagree as to the meaning of contractual terms in the agreements to note documents, and (3) that the return of the reference asset(s) relative to the floating and/or fixed rate is below expectations. Using swaps, structured notes or other derivatives to increase the Mutual Funds' combined long and short exposure creates leverage, which can magnify the Mutual Funds' potential for gain or loss and, therefore, amplify the effects of market volatility on the Mutual Fund's share price.

Management Risk: The Adviser's and the sub-adviser's judgments about the attractiveness, value and potential appreciation of particular asset classes and securities in which the Mutual Fund invests may prove to be incorrect and may not produce the desired results. Additionally, the Adviser's judgments about the potential performance of the sub-adviser may also prove incorrect and may not produce the desired results.

Market Risk: Overall securities and derivatives market risks can affect the value of individual instruments in which the Mutual Fund invests. Factors such as domestic and



foreign economic growth and market conditions, interest rate levels, and political events affect the securities and derivatives markets.

Mispricing Risk: Assets, such as private placements, 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 are valued at “fair value” in accordance with procedures approved by the Board of Trustees of NLFT. Fair value pricing involves subjective judgments, and it is possible that the fair value determined for a security is materially different than the value that could be realized upon the sale of that security. This fair value can also vary from valuations determined by other funds using their own fair valuation procedures. The fair value prices can differ from market prices when they become available or when a price becomes available. Independent pricing services are used to assist in calculating the value of the Mutual Funds’ securities. In addition, market prices for any foreign securities held by the Mutual Funds are not determined at the same time of day as the Mutual Funds are valued, and therefore the value of some Mutual Funds’ portfolio securities will change on days when investors are not able to buy or sell a Mutual Fund’s shares. Assets invested in open-end investment companies registered under the 1940 Act are valued based on the particular investment company’s valuation procedures.

Non-Diversification Risk: Currently, certain Mutual Funds are “non-diversified” for purposes of the 1940 Act, as amended, which means that, with respect to those Mutual Funds that are non-diversified, each may invest more than 5% of its total assets in the securities of one or more issuers, and have its investments focused in fewer securities at any one time than a diversified fund. Therefore, these Mutual Funds’ performance may be more sensitive to any single economic, business, political or regulatory occurrence than the value of shares of a diversified investment company.

Portfolio Turnover Risk: A change in the securities and assets held by a Mutual Fund is known as “portfolio turnover.” Long short strategies often involve frequent trading of portfolio securities, and a higher portfolio turnover rate can result in higher transactional and brokerage costs.

Preferred Stock Risk: Typically, a rise in interest rates causes a decline in the value of preferred stock. Preferred stocks are also subject to credit and default risk, which is the possibility that an issuer of preferred stock will fail to make its dividend payments.

Regulatory Risk: In respect of certain Mutual Funds executing a portion of its strategy via its Subsidiary (and the Altegris Multi-Strategy Alternative Fund which invests in such Mutual Funds), changes in the laws of the United States and/or the Cayman Islands, under which the Subsidiaries are organized, could result in the inability of the Mutual Funds and/or the Subsidiaries to operate as described in their respective current Prospectuses, and could adversely affect a Mutual Fund and its shareholders.

Real Estate Investment Trust (“REIT”) Risk: The value of securities issued by a REIT may be affected by changes in the value of the underlying property owned by the REITs and the value of mortgage REITs may be affected by the quality of loan assets. Investment in REITs

involves risks similar to those associated with investing in small capitalization companies, and REITs (especially mortgage REITs) are subject to interest rate risks. Because REITs incur expenses like management fees, investments in REITs also add an additional layer of expenses.

Short Position Risk: Transactions for the purpose of hedging against changes in the price of other portfolio securities include purchasing put options, selling securities short or writing covered call options. Short selling and short positions in derivatives are significantly different from the investment activities commonly associated with conservative, long only stock or fixed income strategies. Positions in shorted securities and derivatives are speculative and more risky than "long" positions (purchases) because the cost of the replacement security or derivative is unknown. Therefore, the potential loss on an uncovered short is unlimited, whereas the potential loss on long positions is limited to the original purchase price. You should be aware that any strategy that includes selling securities short could suffer significant losses. Shorting will also result in higher transaction costs (such as interest and dividends), which reduce a Mutual Fund's return, and could result in higher taxable income depending on the shareholder or investors tax status.

Small and Medium Capitalization Company Risk: Small and mid-sized companies may have limited product lines, markets or financial resources, and they may be dependent on a limited management group. Equities of smaller companies may be subject to more abrupt or erratic market movements than those of larger, more established companies or the market averages in general. Smaller-capitalization stocks are often more volatile and more illiquid than large-capitalization stocks.

Structured Note Risk: Structured notes involve tracking risk, issuer default risk and may involve leverage risk.

Trade Execution Risk: A Mutual Fund may acquire a significant number of both long and short equity positions. The cost of doing so will be materially affected by the speed and efficiency of the Fund's transactions. Inefficient executions can generate substantial transaction costs over time, possibly materially reducing the profitability of the Fund's positions.

Volatility Risk: A Mutual Fund may have investments that appreciate or decrease significantly in value in a short period of time. As a result the Mutual Fund's net asset value per share could experience significant increases or declines in value, however, all investments long- or short-term are subject to risk of loss.

#### **ALTEGRIS KKR MASTER FUND – PRIVATE EQUITY AND OTHER RISKS**

The Altegris KKR Master Fund is advised by the Adviser, and sub-advised by an unaffiliated registered investment adviser (the Adviser and the sub-adviser, in the context of and in relation to the Altegris KKR Master Fund, are referred to collectively as "**Altegris KKR Master Fund Advisers**"). The Altegris KKR Master Fund primarily pursues investments in private equity funds and strategies of various types, including investments in both primary and secondary offerings of private equity investment funds, and co-

investment opportunities in private equity. However, it may also, from time to time, make investments similar to those made by the Mutual Funds.

*Therefore, in addition to the all of the Mutual Fund Risks described above, which may also apply to investments made by the Altegris KKR Master Fund, the Altegris KKR Master Fund also entail risks specific to investments in private equity and structural risks uniquely related to private equity, which are generally described below and are applicable to an investment in shares ("Shares") of the Altegris KKR Master Fund.*

The Altegris KKR Master Fund invests a substantial portion of its assets in underlying private equity "Investment Funds" managed by private equity investment managers ("**Investment Managers**") affiliated with Kohlberg, Kravis and Roberts ("**KKR**"), a leading private equity management firm, and therefore may be less diversified, and more subject to concentration risk and/ or Investment Manager-specific risk, than other funds of private equity funds. The Altegris KKR Master Fund may also invest assets with Investment Funds managed by Investment Managers not affiliated with KKR.

Commitment Strategy: The Altegris KKR Master Fund may maintain a sizeable cash position in anticipation of funding capital calls. As a result, the Altegris KKR Master Fund generally will not contribute the full amount of its commitment to the Investment Fund at the time of its admission to the Investment Fund. Instead, the Altegris KKR Master Fund will be required to make incremental contributions pursuant to capital calls issued from time to time by the Investment Fund. The overall impact on performance due to holding a portion of the investment portfolio in cash or cash equivalents could be negative. The Altegris KKR Master Fund will employ an "over-commitment" strategy, which could result in an insufficient cash supply to fund Investment Fund commitments. A short fall would have negative impacts on the Altegris KKR Master Fund, including an adverse impact on the Altegris KKR Master Fund's ability to pay for repurchases of Shares tendered by shareholders or to meet expenses generally. Moreover, if the Altegris KKR Master Fund defaults on its commitment or fails to satisfy capital calls in a timely manner then, generally, it will be subject to significant penalties, including the complete forfeiture of the Altegris KKR Master Fund's investment in the Investment Fund. Any failure by the Altegris KKR Master Fund to make timely capital contributions in respect of its commitments may (i) impair the ability of the Altegris KKR Master Fund to pursue its investment program, (ii) force the Altegris KKR Master Fund to borrow, (iii) indirectly cause the Altegris KKR Master Fund, and, indirectly, the shareholders to be subject to certain penalties from the Investment Funds (including the complete forfeiture of the Altegris KKR Master Fund's investment in an Investment Fund), or (iv) otherwise impair the value of the Altegris KKR Master Fund's investments (including the devaluation or dilution of the Altegris KKR Master Fund).

Due Diligence Risk: While the Altegris KKR Master Fund Advisers will conduct independent due diligence before entering into a co-investment opportunity, the Altegris KKR Master Fund's ability to realize a profit on such investments will be particularly reliant on the expertise of the lead investor in the transaction. To the extent that the lead investor in such a co-investment opportunity assumes control of the management of the

private company, the Altegris KKR Master Fund will be reliant not only upon the lead investor's ability to research, analyze, negotiate and monitor such investments, but also on the lead investor's ability to successfully oversee the operation of the company's business. The Altegris KKR Master Fund's ability to dispose of such investments is typically severely limited, both by the fact that the securities are unregistered and illiquid and by contractual restrictions that may preclude the Altegris KKR Master Fund from selling such investment.

Emerging Markets and Currency Risk: Investment Managers may invest the Investment Funds' assets in securities of non-US issuers, including those in emerging markets, and the Altegris KKR Master Fund's assets may be invested in Investment Funds that may be denominated in non-US currencies, thereby creating exposure to various risks that may not be applicable to US securities. Countries with emerging markets may have relatively unstable governments, social and legal systems that do not protect shareholders, economies based on only a few industries, and securities markets that trade a small number of issues. Currency trading risks include market risk, credit risk and country risk. Market risk results from adverse changes in exchange rates in the currencies an Investment Fund is long or short. Credit risk results because a currency-trade counterparty may default. Country risk arises because a government may interfere with transactions in its currency.

Failure to Qualify as a Registered Investment Company: The Altegris KKR Master Fund intends to qualify as a registered investment company under the Internal Revenue Code, but will be subject to substantial tax liabilities if it fails to so qualify.

Fund Structure Risk: The Altegris KKR Master Fund will allocate to multiple Investment Funds, resulting in investment-related expenses, such as additional layers of expenses, including management fees and performance fees that may be higher than if the Altegris KKR Master Fund invested in other types of securities.

Geographic Concentration Risk: An Investment Manager may focus on a particular country or geographic region, which may subject the Investment Fund, and thus the Altegris KKR Master Fund, to greater risk and volatility than if investments had been made in issuers in a broader range of geographic regions.

Illiquidity of Investment Fund Interests: There is no market exchange available for Shares of the Altegris KKR Master Fund thereby making them illiquid and difficult to dispose of.

Inability to Vote: The Altegris KKR Master Fund may not be able to vote on matters that require the approval of Investment Fund investors, including matters that could adversely affect the Altegris KKR Master Fund's investment in such Investment Fund.

Industry or Sector Concentration Risk: An Investment Manager may focus on a particular industry or sector (e.g., energy, utilities, financial services, healthcare, consumer products, industrials and technology), which may subject the Investment Fund, and thus the Altegris KKR Master Fund, to greater risk and volatility than if investments had been made in issuers in a broader range of industries.

In-Kind Distributions: The Altegris KKR Master Fund may receive from an Investment Fund an in-kind distribution of securities that are illiquid or difficult to value and difficult to dispose of resulting in the maintenance of a costly position.

Investments in Non-1940 Act Funds: Investment Funds in which the Altegris KKR Master Fund invest will not be registered as investment companies under the 1940 Act and, therefore, the Altegris KKR Master Fund and holders of their Shares, as indirect limited partners or members in the Investment Funds, may not have the protections of the 1940 Act.

Investment Style Risk: The Altegris KKR Master Fund can invest indirectly a substantial portion of its assets in Investment Funds that follow a particular type of investment strategy, which may expose the Fund to the risks of that strategy.

Issuer-Specific Risk: An Investment Manager's investments, depending upon strategy, may be in companies whose capital structures are highly leveraged. Such investments involve a high degree of risk where adverse fluctuations in the cash flow of such companies, or increased interest rates, may impair their ability to meet their obligations, which may accelerate and magnify declines in the value of any such portfolio company investments in a down market. The securities in which an Investment Manager may invest may be among the most junior in a portfolio company's capital structure and, thus, subject to the greatest risk of loss. Generally, there will be no collateral to protect an investment once made.

Leverage: Subject to the limitations and restrictions of the 1940 Act, the Altegris KKR Master Fund may use leverage by borrowing money for investment purposes, to satisfy repurchase requests and for other temporary purposes, which may increase the Altegris KKR Master Fund's volatility. Leverage is a speculative technique that exposes the Altegris KKR Master Fund to greater risk and higher costs than if it were not implemented. The Altegris KKR Master Fund will have to pay interest and dividends on its borrowings, which may reduce the Altegris KKR Master Fund's ability to generate income.

Limited Investment Flexibility: The Altegris KKR Master Fund is registered as an investment company under the 1940 Act, which limits its investment flexibility compared to a fund that is not so registered.

Limited Number of Investments: An Investment Fund's assets may be invested in a limited number of securities or portfolio companies which may subject the Investment Fund, and thus the Altegris KKR Master Fund, to greater risk and volatility than if investments had been made in a larger number of securities.

Management Risk: The Altegris KKR Master Fund's performance depends upon the performance of the Investment Managers and selected strategies, the adherence by such Investment Managers to such selected strategies, the instruments used by such Investment Managers and the Altegris KKR Master Fund Advisers' ability to select Investment Managers and strategies and effectively allocate assets among them. The Altegris KKR Master Fund is organized to provide shareholders with a multi-strategy investment



program and not as an indirect way to gain access to any particular KKR or other Investment Fund.

Non-US Risk: Investment Funds located outside of the US may be subject to withholding taxes in such jurisdictions, which will reduce the return of the Altegris KKR Master Fund to its shareholders.

Private Equity Investments Risk: The Altegris KKR Master Fund's investment portfolio will consist of Investment Funds which hold securities issued primarily by privately held companies, and operating results for the portfolio companies in a specified period will be difficult to predict. Such investments involve a high degree of business and financial risk that can result in substantial losses.

Regulatory Changes: The Altegris KKR Master Fund is subject, and invests in Investment Funds that are subject, to risks associated with legal and regulatory changes applicable to private equity funds. A change in the laws or regulations that govern the Altegris KKR Master Fund, the Advisor, Altegris or the Funds, may increase the cost of operating a business, reduce the attractiveness of their investments creating a more an environment which offers greater competition.

Secondary Investments: Secondary investments may be acquired based on incomplete or imperfect information, and may expose the Altegris KKR Master Fund to contingent liabilities, counterparty risks, reputational risks and execution risks. Additionally, the absence of a recognized "market" price means that the Altegris KKR Master Fund cannot be assured that it is realizing the most favourable price in connection with trades in secondary investments.

Tax Legislation Risk: Proposed tax legislation in Congress, if adopted into law, could alter the tax treatment of carried interest earned by advisers and general partners of private equity funds, which could adversely affect the business of these advisers and general partners. A change in the laws or regulations that govern the Advisor or the Funds, can increase the cost of operating a business and reduce the attractiveness of business strategy thus may make operating the business more difficult.

Fair Valuation Risk: The Altegris KKR Master Fund's investments in Investment Funds (which will constitute a vast majority of the Altegris KKR Master Fund's investments), and many of the investments held by the Investment Funds, will be priced in the absence of a readily available market and may be priced based on determinations of fair value, which may prove to be inaccurate. Neither the Altegris KKR Master Fund Advisers nor the Board of Trustees will be able to confirm independently the accuracy of the Investment Managers' valuations (which are unaudited, except at year-end). This risk is exacerbated to the extent that Investment Funds generally provide valuations only on a quarterly basis. While such information is provided on a quarterly basis, the Altegris KKR Master Fund will make fair valuation determinations, and will issue Shares based on its valuations, on a monthly basis.

Venture Capital: Investment Managers may invest the Investment Funds' assets in securities of early-stage venture investments which may result in or contribute to significant losses to the Altegris KKR Master Fund.

Conflict of Interest: The Altegris KKR Master Fund pays distribution fees and sales loads to Altegris, as distributor for the Altegris KKR Master Fund, in respect to sales of certain Share classes of that Fund. This creates a financial interest on the part of Altegris, the Adviser and their affiliates and employees (the "**Altegris Companies**") to raise assets through the distribution of the Share classes, for which they receive distribution related revenue in addition to advisory fee revenue. As such, the Altegris companies may be paid higher fees for recommending investments in the Altegris KKR Master Fund than for recommending investments in other products.

### **PRIVATE FUNDS' RISKS**

Private Funds are subject to numerous risks and conflicts of interest. Each Private Fund invests substantially all of its assets into one or more Underlying Funds sponsored and advised by an independent third party ("**Underlying Fund Manager**") that is not affiliated with the Adviser. Set out below is a summary of risks and conflicts specifically applicable to an investment(s) in Private Funds advised by the Adviser.

YOU SHOULD ONLY INVEST RISK CAPITAL. ANY RETURNS FROM AN INVESTMENT IN A PRIVATE FUND MAY NOT ADEQUATELY COMPENSATE YOU FOR THE RISKS ASSUMED. YOU CAN LOSE ALL OR A SUBSTANTIAL AMOUNT OF YOUR INVESTMENT IN A PRIVATE FUND. THE VALUE OF YOUR INVESTMENT WILL FLUCTUATE AND YOU MAY EXPERIENCE A GAIN OR A LOSS UPON REDEMPTION. BEFORE DECIDING TO INVEST, YOU ARE URGED TO CAREFULLY READ THE PRIVATE FUND'S ENTIRE OFFERING MEMORANDUM FOR A MORE COMPLETE DISCUSSION OF RISKS AND CONFLICTS, AND CONSULT YOUR OWN LEGAL, INVESTMENT AND TAX ADVISORS AS TO WHETHER A PRIVATE FUND IS APPROPRIATE FOR YOUR PARTICULAR INVESTMENT OBJECTIVES AND FINANCIAL CIRCUMSTANCES.

Absence of Regulation: The Interests issued by Private Funds, and those issued by an Underlying Fund, are not registered with the SEC nor with any state regulator. Similarly, none of the Private Funds or the Underlying Funds is subject to SEC regulation under the 1940 Act as an investment company. Therefore, an investment in a Private Fund is not subject to the same registration and disclosure requirements, and does not benefit from the same investor protection regulations, as are applicable to the Mutual Funds or the Altegris KKR Master Fund. For example, unlike Mutual Funds, there are no specific rules on hedge fund pricing or pricing over-the-counter instruments.

Benefit Plan, IRA and Other Tax Exempt Investors: Fiduciaries of benefit plan investors, IRAs and other tax-exempt investors in particular should carefully consider the suitability and prudence of an investment in Private Funds in light of any potential for generation of UBTI, lack of diversification, volatility, and/or illiquidity.



Commodity Risk: Investments in commodity futures markets may subject a Private Fund to greater volatility than investments in traditional securities. Commodity futures prices have been historically influenced by various external factors such as unfavourable weather, animal and plant disease, geologic and environmental factors as well as changes in government regulation such as tariffs, embargoes or burdensome production rules and restrictions.

Conflicts of Interest: Altegris, a broker-dealer affiliated with the Adviser, recommends the Private Funds to its clients, and acts as a selling agent and wholesaling agent with respect to the distribution of Private Fund interests. The Altegris Companies have a financial interest in raising assets through the distribution of Private Fund interests and in operating the Private Funds, for which they receive management fees, selling commissions, potential fee-sharing with other managers or marketing firms, and other compensation. Given this affiliation, representatives of Altegris may receive more for recommending Private Fund investments than for recommending investments in other products, and the Altegris Companies have a financial incentive to recommend the Private Funds to prospective investors, and to recommend that existing investors not redeem their interests in Private Funds. The Adviser and Underlying Fund Managers sponsor and manage other funds and accounts, which creates potential conflicts of interest between their duties and obligations to their Private Funds and Underlying Funds (respectively), and to their other funds or accounts. Such conflicts may not always be resolved in favour of the Private Fund (or Underlying Fund in which a Private Fund invests).

Credit Risk: Investments by a Private Fund in fixed income securities are subject to credit risk, whereby issuers and counterparties to the Private Fund's investments in debt securities will not make scheduled payments, resulting in losses to the Private Fund. In addition, the credit quality of fixed income securities may be lowered if an issuer's financial condition changes, which also could cause losses to a Private Fund.

Derivatives Risk: A Private Fund's exposure to swaps or other derivative instruments, directly or indirectly, involves risks different from, or possibly greater than the risks associated with investments directly in securities, including leverage risk and counterparty default risk in the case of over the counter derivatives. Option positions held can expire worthless, exposing the Fund to potentially significant losses.

Foreign Investment Risk: A Private Fund may invest in or trade with non-U.S. entities and transact on non-U.S. exchanges. Such activities involve risks not typically associated with, and potentially greater than, those associated with US investments, including adverse fluctuations in foreign currency values, adverse political, social and economic developments, less liquidity, greater volatility, less developed or less efficient trading markets, political instability and differing auditing and legal standards. Derivatives trading in foreign markets may be outside the jurisdiction of U.S. regulators and the potency of regulation by local authorities may vary greatly, thereby increasing the risk of non-U.S. counterparty default or bankruptcy.

Lack of Diversification: Private Funds invest substantially all of its assets into an Underlying Fund, this creates a lack of diversification, and potentially increased risk. The varying levels of diversification within an Underlying Fund's investment portfolio, and among the various strategies employed by the Underlying Fund Manager, may not effectively mitigate this risk.

Lack of Transparency and Valuation Risk: Because a Private Fund has limited access to information about specific transactions placed by an Underlying Fund, there is limited opportunity to confirm or monitor whether investments made by the Underlying Fund are consistent with its stated investment objectives, limitations and risk characteristics. A Private Fund is also limited in its ability to confirm the accuracy of asset valuations provided for an Underlying Fund's investment portfolio, which the Private Fund relies on in order to value its investment in the Underlying Fund, and in turn, its own net asset value.

Leverage: A Private Fund will be exposed to leverage, including borrowing to purchase securities and the use of options, swaps or other financial derivatives that have inherent or imbedded leverage, or other forms of direct or indirect borrowing. The Private Fund may incur additional expenses which may magnify the Private Fund's potential gains or losses, thereby increasing the volatility of the Private Fund returns.

Limited Liquidity: There is no secondary market for, or exchange trading of, Private Fund interests, and they are non-transferable. Redemptions are permitted only at specific intervals, and only upon substantial advance written notice. Only partial liquidity may be available at each redemption opportunity. This may result in a potentially lengthy time period before an investor is able to entirely redeem from the Private Fund, during which time the investor remains subject to all risks associated with the Private Fund, including the risk of losing capital. Redemption proceeds may also be subject to reserves for contingent liabilities and be limited for other reasons at the discretion of the Adviser.

Manager Risk: The success of a Private Fund is dependent upon the ability of the Underlying Fund Manager to identify profitable investment opportunities, which is difficult, requires skill, and involves a significant degree of uncertainty. The Underlying Fund Manager has discretion to select strategies and invest without the approval of the Private Fund or its investors. A Private Fund does not have custody of the assets invested in the Underlying Fund, and the brokerage firms and banks used by the Underlying Fund for trading and custodial purposes may encounter financial difficulties which could negatively impact the Underlying Fund, and in turn the Private Fund. There also exists the possibility of loss due to fraud, deviation from disclosed investment strategies, or poor judgment, by an Underlying Fund Manager. This is a significant risk for a Private Fund as it invests substantially all of its assets in an Underlying Fund.

Substantial Fees and Expenses: A Private Fund is subject to substantial layers of fees and expenses, which will reduce profitability and returns to its investors. Fees and expenses are charged both by the Private Fund and at the Underlying Fund level. The overall fees and expenses paid will be higher than if an investment was made directly in the Underlying

Fund by an investor. Fees and expenses at the Underlying Fund level include applicable management, performance, incentive or other direct fees, as well as a pro-rata portion of the operating expenses of the Underlying Fund. Performance-based incentive fees charged by the Underlying Manager creates an incentive for it to engage in riskier trading than it might otherwise pursue in the absence of an incentive fee arrangement. In addition, the Adviser charges a management or sponsor fee. Each investor also pays a pro-rata portion of a Private Fund's operating expenses, including expenses associated with formation, operations, legal, accounting, auditing, administration, clerical, marketing and the continuous offering of Private Fund interests, and any extraordinary expenses which may occur from time to time.

Tax Complexity and Reporting Delays: A Private Fund's tax structure is complex and investors should expect delays in receiving annual tax information and reports from a Private Fund. Investors are likely to be required to seek extensions of their deadline for filing annual income tax returns. A Private Fund may also generate unrelated business taxable income ("UBTI") attributable to debt-financed income at the Underlying Fund level.

**A COMPLETE DISCUSSION OF THE POTENTIAL RISKS INHERENT IN AN INVESTMENT IN ANY OF THE MUTUAL FUNDS, ALTEGRIS KKR MASTER FUND, AND PRIVATE FUNDS CAN BE FOUND IN THE RELEVANT CURRENT PROSPECTUS AND SAI, OR PRIVATE PLACEMENT OFFERING MEMORANDUM, AS APPLICABLE. PLEASE REFER TO THESE DOCUMENTS FOR A FULL DESCRIPTION OF SPECIFIC INVESTMENT OBJECTIVES, PRINCIPAL INVESTMENT STRATEGIES AND PRINCIPAL INVESTMENT RISKS. ALL INVESTORS SHOULD READ ALL OFFERING MATERIALS CAREFULLY, AND CONSULT THEIR OWN ADVISERS PRIOR TO INVESTING.**

#### **PORTFOLIO STRATEGIST**

In providing "Portfolio Strategist" services, the Adviser generally uses either technical or fundamental analysis techniques in formulating asset allocation recommendations and/or incorporates strategies with specific income distribution objectives from within an investment strategy pursued directly with the Mutual Funds. The Adviser provides asset allocation recommendations within various asset classes. Such recommendations include allocations in varying levels to the Mutual Funds.

#### **ITEM 9: DISCIPLINARY HISTORY**

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There are no material legal or disciplinary events to disclose for the Adviser, or its management persons.

## ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

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In some instances certain Private Funds may invest in another, non-affiliated hedge fund that is advised by an investment adviser (or its affiliate) which may also be engaged as a sub-adviser to a Mutual Fund and/or whose investment strategies are accessed by a Mutual Fund, directly or indirectly, through portfolio investments in securities, swaps, structured notes or other instruments. Similarly, certain Commodity Pools have in some instances engaged a non-affiliated commodity trading advisor to pursue a trading program on its behalf, and that same commodity trading advisor (or its affiliate), and/or trading program, which is accessed by a Mutual Fund, directly or indirectly, through portfolio investments in securities, swaps, structured notes or other instruments. Additionally, some employees, including Executive Officers of the Adviser, may have investments with such managers via investments in private funds, managed accounts, and/or trading programs. These circumstances can create conflicts of interest, as to compensation, trade allocation practices and possibly other conflicts, across these accounts managed by non-affiliated commodity trading advisors and/or investment advisers that are engaged or accessed, directly or indirectly, by the Mutual Funds, as well as the Private Funds or the Commodity Pools.

**Broker-Dealers.** Altegris Investments, LLC ("**Altegris**") is a broker-dealer affiliate of the Adviser and pursuant to an agreement with the Mutual Funds' principal underwriter, acts as a selling agent of the Mutual Funds. As disclosed in the Mutual Funds' Prospectuses, Altegris and other selling agents will receive compensation in connection with their respective sales of the Mutual Funds, and such compensation will be paid by the Mutual Funds' principal underwriter out of its 12b-1 fee revenue. Altegris also acts as a wholesaler of the Mutual Funds pursuant to an agreement with the Adviser whereby Altegris is compensated for its wholesaling efforts out of the Mutual Fund advisory fee revenue of the Adviser.

Altegris has been engaged as the distributor to the Altegris KKR Master Fund to facilitate the placement of its Shares in the Altegris KKR Master Fund. Altegris will be compensated by the Altegris KKR Master Fund through a distribution fee payable in respect of Class A Shares of that Fund, and will also receive sales loads on its sales of Class A Shares of the Altegris KKR Master Fund. Altegris will also act as a wholesaler of the Altegris KKR Master Fund pursuant to an agreement with the Adviser whereby Altegris is compensated for its wholesaling efforts out of Altegris KKR Master Fund advisory fee revenue of the Adviser.

Altegris also acts as a selling agent and wholesaling agent for Private Funds (and Commodity Pools) sponsored and/or advised by the Adviser, and is compensated for such sales and services it provides to those funds. Executive officers are deemed to be (i) management persons of the Adviser (ii) registered representatives of Altegris, and (iii) executive officers of an affiliated introducing broker described below. These executive officers do not receive any direct sales-related compensation in their capacity as registered

representatives, though certain executive officers have a financial interest in the overall profitability of the Adviser and its affiliates.

As discussed in Item 4, the Adviser is indirectly owned by Aquiline and Genstar, as well as certain senior management of the Adviser and its affiliates. Aquiline and Genstar may from time to time acquire ownership or control stakes in other broker-dealers. Sub-advisers to the Mutual Funds have discretion in the selection of broker-dealers to use for execution of transactions on behalf of the Mutual Funds, and may potentially execute a portion of a Mutual Fund's transactions through such a broker-dealer. While the Adviser does not direct the brokerage, this would present a potential conflict of interest given such a broker-dealer's indirect affiliation with the Adviser. The Adviser does not choose, direct or influence the choice of broker-dealers used by the sub-advisers.

**Commodities Registrations.** The Adviser is registered as a CPO and CTA with the CFTC and a member of the NFA. Certain of the Adviser's executive or senior officers are deemed to be management persons of the Adviser and are registered as associated persons of the Adviser. These management persons of Adviser do not receive any direct sales-related compensation in their capacity as an associated person, though certain executive officers have a financial interest in the overall profitability of the Adviser and its affiliates. See Item 4 above.

**Investment Advisers.** As discussed in Item 4, the Adviser is indirectly owned by Aquiline and Genstar, as well as certain senior management of the Adviser and its affiliates. Aquiline and Genstar indirectly control the Adviser, and are SEC registered investment advisers, and have affiliated advisers acting as "relying advisers."

**Introducing Broker.** Altegris Clearing Solutions, L.L.C. ("ACS"), is an affiliated futures introducing broker ("IB") and CTA registered with the CFTC. As an IB and CTA, ACS and certain of its associated persons, for compensation, introduce customers' futures trading accounts to futures commission merchants, and also advise those customers as to the engagement of other commodity trading advisors and their trading programs. As described above, certain Mutual Funds invest, directly or indirectly, in securities issued by underlying commodity pools, swaps, structured notes and/or other instruments for the purpose of gaining exposure to the commodity and financial futures markets. In some instances, such investments by the Mutual Funds could gain exposure to a trading program of a commodity trading advisor which is also recommended by ACS to its customers. This creates a conflict of interest among the Adviser and its clients, the Mutual Funds, on the one hand, and ACS and its customers on the other, in respect of compensation received across the different businesses of the Adviser and ACS, as affiliates.

ACS does not provide services to the Adviser, the Mutual Funds, or the Altegris KKR Master Fund. ACS acts as the IB to the Commodity Pools, and receives revenue associated from the futures brokerage activities of the Commodity Pools. None of the executive or senior officers who are deemed to be management persons of the Adviser and are registered associated persons or principals with respect to ACS's IB activities receive any



direct sales-related compensation in their capacity as an associated person of ACS, though certain executive officers have a financial interest in the overall profitability of ACS.

**Other Affiliates.** Other affiliates under common control with the Adviser, by virtue of their direct or indirect ownership or control by private equity investment funds managed by Aquiline and/or Genstar, are also regulated financial services firms. The Adviser does not deem the businesses of such affiliates, merely by virtue of their being under common control, to be material to its advisory operations, as it has no direct business dealings with such affiliates, does not refer to or share clients with such affiliates, and does not share or rely on any management or personnel to or from such other affiliates in conducting its advisory business as described herein. Therefore, the Adviser does not consider such affiliations to create material conflicts of interest for the Adviser or its clients.

#### **ITEM 11: CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

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The Adviser is subject to both Rule 17j-1 of the 1940 Act and Rule 204A-1 of the Investment Advisers Act of 1940 (“**Advisers Act**”) which requires the Advisor to maintain a code of ethics (the “Code”) for access persons, as defined in the Code, (“**Access Persons**”) of the Adviser. The Code is designed to guide Access Persons in their ethical obligations and to provide rules for their personal securities transactions. Specifically, the Code requires Access Persons to (i) place the interests of the Advisers’ clients first, (ii) conduct all personal securities transactions in a manner consistent with the Code and in such a manner as to avoid any actual or potential conflict of interest or any abuse of their position of trust and responsibility, (iii) not take inappropriate advantage of their positions or of their relationship with the Advisers’ clients, (iv) maintain the confidentiality of client information, (v) not misuse non-public information, (vi) comply at all times with all applicable federal securities laws and other governmental rules and regulations, and (vii) act with honesty, integrity including the disclosure of actual and potential conflicts of interests between both the Access Person and Altegris, and its clients.

The Code contains certain reporting requirements with respect to security transactions and holdings, and also requires all Access Persons to pre-clear investments in private placements and initial public offerings with a compliance officer.

The Code also prohibits an Access Person from (i) serving on the board of a publicly traded company without preapproval, (ii) making any political contributions which are designed to influence a political official or government entity to direct investment advisory business or services to the Adviser, or (iii) accepting or making gifts that are outside the normal course of business. All Access Persons are responsible for reporting any known violations of the Code to the Chief Compliance Officer.

The Adviser will provide a copy of the Code to any fund investor or prospective fund investor upon request.

## **ITEM 12: BROKERAGE PRACTICES**

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Under its advisory agreements, the Adviser, under the supervision of the Mutual Funds' and Altegris KKR Master Fund's respective Board of Trustees, agrees to invest the assets of the Mutual Funds and the Altegris KKR Master Fund directly in accordance with applicable law and the investment objectives, policies and restrictions set forth in the respective Prospectus and SAI, and subject to such further limitations as the Mutual Funds' or Altegris KKR Master Fund's respective Board of Trustees may from time to time impose by written notice to the Adviser.

The Adviser will seek best execution for securities transactions executed on behalf of the Mutual Funds and Altegris KKR Master Fund, as applicable. For purposes of this disclosure, best execution means that the Adviser will execute securities transactions in such a manner that the total cost or proceeds in each transaction is the most favorable under the circumstances. The Adviser will consider the full range and quality of a broker's services in placing brokerage, including, among other things, execution capability, trading expertise, accuracy of execution, commission rates, reputation and integrity, fairness in resolving disputes, financial responsibility and responsiveness.

The Mutual Funds' and Altegris KKR Master Fund's sub-advisers have their own best execution policies and procedures which have been reviewed by the Adviser and respective Board of Trustees. The sub-advisers to the Mutual Funds will, subject to the supervision and control of the Adviser, determine in their respective discretion which issuers and securities will be purchased, held, sold or exchanged by the Mutual Funds, and will place orders with and give instruction to brokers and dealers for execution in a manner consistent with their respective best execution obligations.

Relating to the Private Funds, the Adviser does not exercise discretion with respect to the underlying investments purchased for the Underlying Funds.

## **ITEM 13: REVIEW OF ACCOUNTS**

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On an on-going basis, Mutual Fund and Altegris KKR Master Fund activity is reviewed by the Adviser's portfolio managers as well as contracted service providers and sub-advisers. On an ongoing basis, the Adviser performs quantitative analysis of performance against predefined parameters, looking for unexplained variances. The Adviser monitors volatility and trading frequency, and changes in correlation, operations or management.



With respect to its role as sponsor to the Private Funds, the Adviser periodically reviews the Underlying Funds. The Investment Committee comprised of the executive officers of the Adviser and its affiliates, as well as senior research personnel of the Adviser, make the initial investment decisions, as well as the periodic reviews of these investments on an on-going basis. The Investment Committee can re-evaluate their decisions for various reasons, including but not limited to events relating to the manager, strategy or general market conditions.

With respect to its “Portfolio Strategist” services, the Adviser will rebalance portfolios (return back to policy mix) and/or reallocate (change the target mix), either periodically or as deemed appropriate over time, depending on the specific asset allocation approach and investment process.

#### **ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION**

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The Adviser does not obtain any direct economic benefit for providing investment advice to any parties other than the Mutual Funds, the Altegris KKR Master Fund and the Private Funds (and to the Commodity Pools, operating as a CPO). The Adviser does obtain an indirect benefit in acting as a “Portfolio Strategist”, since investment recommendations and asset allocation advice in those capacities will result in investment allocations to the Mutual Funds for which the Adviser receives an advisory fee.

The Adviser, the Mutual Funds’ principal underwriter, and Millennium Wave Securities, LLC (“MWS”) previously have entered into an agreement pursuant to which the Adviser compensates MWS for certain marketing efforts performed by John Mauldin with respect to the Mutual Funds. This agreement expired at the end of 2015, however, compensation continues to be paid to MWS for a period of time based on MWS’ performance during the effectiveness of the agreement.

Altegris and ACS previously entered into a joint marketing agreement with Millennium Wave Advisors, LLC (“MWA”) and MWS in respect of client referrals to Private Funds and managed futures accounts recommended by ACS. John Mauldin is the President of MWA, which is an investment advisory firm registered with multiple states. John Mauldin is a registered representative and associated person of MWS, an SEC-registered broker-dealer and a CFTC-registered CPO, CTA and IB. This agreement also expired at the end of 2015, but with respect client assets referred prior to its expiration, and which remain invested thereafter, Altegris will continue to pay MWS one-third of the fees Altegris receives from Private Funds sold to clients referred to Altegris by MWS, and ACS will pay MWS up to one-third of the commodity brokerage commissions and interest income it receives from managed futures accounts of clients referred to it by MWS.

The Adviser will also pay fees (out of its Mutual Funds' and Altegris KKR Master Fund's advisory fee revenue) to certain mutual fund distribution platforms sponsored by non-affiliated broker-dealers (e.g., "mutual fund supermarkets"), in order for those platforms to include the Mutual Funds and/or Altegris KKR Master Fund among the funds available for purchase thereon. The Mutual Funds' principal underwriter, in some instances, will reimburse the Adviser a portion of the distribution and/or service fees the Adviser pays on behalf of the Mutual Funds, to financial intermediaries, with such reimbursement in each instance made out of the principal underwriter's 12b-1 fee revenue from Mutual Fund sales.

The Adviser, out of its own advisory fee revenue, will also pay other broker-dealers, including Altegris, for wholesaling and other distribution-related services in connection with the Mutual Funds, Altegris KKR Master Fund, and Private Funds. In addition, the Altegris KKR Master Fund will pay distribution fees and sales loads to Altegris, as distributor, with respect to Class A Shares. Because the Adviser and Altegris are affiliates, the Adviser will benefit indirectly from the fees paid to, and revenue generated by, Altegris as the distributor, selling agent or provider of other services, directly or indirectly, to the Mutual Funds, Altegris KKR Master Fund or the Private Funds.

The Adviser has entered into a Solicitor Agreement whereby the Adviser is compensated for client referrals to an unaffiliated investment adviser. Such agreement complies with the requirements of Rule 206(4)-3 of the Advisers Act. Each prospective client who is referred to the unaffiliated investment adviser will receive a copy of the unaffiliated adviser's disclosure brochure, and a written statement disclosing the compensation arrangement for which the referred/solicited client will be required to sign (a copy of which will be maintained by the Adviser).

## **ITEM 15: CUSTODY**

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The Adviser does not have custody of any Mutual Fund or Altegris KKR Master Fund assets or securities, as defined under Rule 206(4)-2 of the Advisers Act.

The Adviser serves as general partner and/or sponsor of the Private Funds and , the Adviser is deemed to have "custody" of the Private Funds assets within the meaning of Rule 206(4)-2 under the Advisers Act. Each investor in a Private Fund receives audited financial statements within 120 days (180 days for private fund-of-funds) following the Private Fund's fiscal year end. The Adviser and/or the Private Fund have engaged qualified custodians (the "**Custodians**") to provide custodial services for the Private Funds. The Custodian, or an affiliate of the Custodians, will provide statements directly to the investors of the Private Fund, where applicable, at least quarterly. Private Fund investors should carefully review these statements upon receipt from the Custodian.

## ITEM 16: INVESTMENT DISCRETION

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Under the advisory agreement, the Adviser, under the supervision of the Mutual Funds' and the Altegris KKR Master Fund's respective Boards of Trustees, has been granted investment discretion and agrees to invest the assets of the Mutual Funds and the Altegris KKR Master Fund directly in accordance with applicable law and the investment objectives, policies and restrictions set forth in the applicable Prospectus and SAI, and subject to such further limitations as the Mutual Funds' or Altegris KKR Master Fund's respective Board of Trustees may from time to time impose by written notice to the Adviser. The Adviser may engage sub-advisers to manage all or a portion of the assets of any Mutual Fund or Altegris KKR Master Fund on a discretionary or non-discretionary basis.

Under the terms of the organizational and governing documents for each Private Fund, the Adviser has been granted investment discretion to allocate Private Fund assets. Once allocated, the Adviser does not exercise discretion with respect to the investments made by the managers of the Underlying Funds

## ITEM 17: VOTING CLIENT SECURITIES

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With respect to the Mutual Funds and Altegris KKR Master Fund, their respective Boards of Trustees have adopted Proxy Voting Policies and Procedures (the “**Policies**”) on their behalf, which delegate the responsibility for voting proxies to the Adviser or its designee, subject to the Board of Trustees' continuing oversight. The Policies require that the Adviser or its designee vote proxies received in a manner consistent with the best interests of the Mutual Funds, Altegris KKR Master Fund and their respective shareholders. The Policies also require the Adviser or its designee to present to the Board of Trustees, at least annually, the Adviser's Proxy Policies, or the proxy policies of the Adviser's designee, and a record of each proxy voted by the Adviser or its designee on behalf of the Mutual Funds or Altegris KKR Master Fund, as applicable, including a report on the resolution of all proxies identified by the Adviser as involving a conflict of interest.

Solely with respect to proxies received by the Mutual Funds in relation to securities managed by sub-advisers to the Mutual Funds, the Adviser has conveyed all proxy voting authority and responsibility to each such Mutual Fund's sub-adviser(s), as applicable. Each sub-adviser has its own policies and procedures regarding the voting of proxies, which have been reviewed by the Adviser and the Mutual Funds' Board of Trustees, and which are included in the SAI for each Mutual Fund. However, should a sub-adviser not be in a position to vote a proxy relating to a Mutual Fund security, the Adviser stands prepared, upon notice and in accordance with applicable proxy voting policies, to take the necessary action.

With respect to the Private Funds, the Adviser does not exercise discretion with respect to the underlying investments purchased for the Underlying Funds. Therefore, it is anticipated that the managers of the Underlying Funds will vote all proxies on behalf of the Private Funds.

## ITEM 18: FINANCIAL INFORMATION

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The Adviser does not have any financial condition that is likely to impair its ability to meet contractual commitments to its clients.