

Longboard Asset Management, LP
2355 East Camelback Road, Suite 750
Phoenix, Arizona 85016
800.290.8319
www.longboardfunds.com

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

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

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

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

Please retain a copy of this Brochure for your records.

Item 2 – Material Changes

Longboard Asset Management, LP is an SEC registered investment adviser and as such this Brochure, dated March 29, 2018, is a document prepared according to the SEC's requirements and rules.

This is an update of our prior brochure that was dated September 28, 2017. Since the date of our last brochure, we have no material change with respect to the manner in which we operate our business. Longboard is launching an online non-discretionary investment advisory portfolio allocation program.

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

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

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

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

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Item 4 – Advisory Business

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

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

Longboard additionally offers an online non-discretionary investment advisory portfolio allocation program (“Program” or “Longboard Direct”) where client assets will be invested in a portfolio consisting of an allocation in the Mutual Fund. After providing the Program with information relating to a client’s investment goals, risk tolerance, and timeframe, the Program will recommend for the client’s consideration and approval a portfolio that allocates the assets contributed to a Program account (an “Account”) in the Mutual Fund. The proposed asset allocation and investment strategy recommended by Longboard to a client is based on, and limited to, only the information a client provides through the Platform in connection with the client’s Account and may contain portfolios of varying allocations to the Mutual Fund representing our Quantitative Directional, Alternative Equity, and Managed Futures strategies. Longboard is not exercising investment discretion in connection with the Account and clients are solely responsible for making all investment decisions with respect to the Account. The minimum investment for participation in the Program is \$1,000 unless approved for a lesser amount.

Clients may request Longboard to determine an allocation based on a profile questionnaire provided by the client. Responses to the questionnaire are the sole basis for the adviser’s advice. All recommendations are accepted by, and can be refused by, the client. Client accounts can be re-allocated at the client’s discretion at any time. Longboard will monitor the investment portfolio allocation selected by Client used in connection with your Account at the frequency you select. Clients can view live analytics on any account, change their profile questions if updates are needed, and place restrictions on what strategies they would not like to participate in by logging into the Longboard Direct platform.

The following types of accounts may be opened in the Longboard Direct platform:

- individual and joint taxable
- traditional IRA, Roth IRA, IRA Rollover, SIMPLE IRA, SEP IRA

In order to participate in the Longboard Direct Program, the assets of the Account will be held and maintained by Apex Clearing Corporation (“Apex”), an independent qualified custodian and broker-dealer registered with the Securities and Exchange Commission (“Custodian”). Custodian, member FINRA and SIPC, is located at 350 North St. Paul Street, Suite 1300, Dallas, Texas 75201. In order to contribute assets to your Account, you must open a brokerage account with Custodian and consent to the terms and conditions of the separate brokerage account agreement with the Custodian, which will be made available to you electronically when opening an Account.

All discussions of the Fund in this brochure, including but not limited to its investment strategies, risks, fees and conflicts of interests are qualified in their entirety by reference to, as applicable: the Private Fund’s confidential private placement memorandum and limited partnership agreement (the “Offering Documents”); or the then-currently effective prospectus of the Mutual Fund (the “Prospectus”). This Brochure does not constitute an offer or a solicitation with respect to either fund. The securities of the Private Fund are sold through private placements pursuant to Regulation D under the Securities Act of 1933, as amended, subject to certain conditions and qualifications as described in the Offering Documents. Shares of the Mutual Fund are offered on the terms and conditions described in the Prospectus. Any offer or solicitation of the Private Fund will be made only by means of the confidential private placement memorandum and solely to eligible investors.

Longboard manages the Fund’s investments on a discretionary basis and the Longboard Direct platform on a non-discretionary basis. As of February 28, 2018, the amount of assets under management was:

<u>Assets Under Management</u>	<u>U.S. Dollar Amount</u>
Discretionary:	\$478,143,550
Non-discretionary	\$0.00

Item 5 – Fees and Compensation

The Private Fund: As investment manager to the fund, Longboard receives a monthly management fee equal to 0.166% of the net asset value of an investor’s interest in the Private Fund as of the last business day of each calendar month (approximately 2% per annum). Such management fee is generally payable in arrears and is deducted directly from each investor on a pro-rata basis.

In addition to the management fee, Longboard receives an incentive allocation equal to a percentage of the net new profit in respect of an investor's capital account calculated in accordance with the terms of the Offering Documents. The percentage charged is generally 20% for investors choosing monthly liquidity and 15% for investors choosing annual liquidity. The incentive allocation is deducted directly from each investor's client account generally at the end of each calendar year or upon a withdrawal or distribution from the Private Fund.

Longboard, in its capacity as the general partner of the Private Fund, generally does not negotiate the fees charged to investors in the Private Fund. Longboard, however, may not charge such incentive allocation on investments made by Longboard or its principals,

employees or affiliates of any such person. Further, Longboard may agree, in its capacity as the general partner of the Private Fund, to different incentive allocation arrangements, including waiving or reducing the amount of the incentive allocation in its discretion.

Investors in the Private Fund also may incur fees and expenses, other than management fees and incentive allocations, including, but not limited to: (1) legal, accounting and operational fees incurred by the fund, (2) brokerage commissions and securities transactions costs, (3) fees and expenses of the Administrator and the Private Fund's custodian and (4) in certain circumstances, organizational expenses incurred in connection with the formation and organization of, and/or sale of interests in, the fund.

Mutual Fund: As the investment adviser to the Mutual Fund, Longboard is entitled to receive a unitary management fee for the services and facilities it provides to the Mutual Fund at the annual rate ranging from 1.99% to 2.88% of the Mutual Fund's average daily net assets. Out of the unitary management fee, Longboard pays substantially all expenses of the Mutual Fund, including the cost of the transfer agency, custody, fund administration, audit, legal, and other services except for interest expenses, distribution fees or expenses, brokerage expenses, taxes and extraordinary expenses not incurred in the ordinary course of the business of the Mutual Fund. Longboard's unitary management fee is designed to pay substantially all the expenses of the Mutual Fund and to compensate Longboard for providing services to the Mutual Fund. Acquired fund fees, expenses related to investments in short positions, interest expenses, and dividends, if any, will be borne by the Mutual Fund and its shareholders and will not be included in the unitary management fee.

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

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

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

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

Longboard Direct Platform: Longboard does not charge clients an investment advisory fee for accounts on this direct platform, nor do investors pay any commissions or sales charges for trading in these accounts. Longboard is compensated entirely by the expense ratios of our proprietary mutual funds, representing its Quantitative Directional, Alternative Equity, and Managed Futures strategies. All funds are managed internally by Longboard and no portion of the expense ratios are paid to outside portfolio managers. Platform fees which may be passed through to clients include operational, banking, closing and miscellaneous expenses (i.e. account closing, overnight mail request, outgoing wire transfers, paper check drafts, returned checks / ACH / wire and recalls, check copies, postage-handling (paper only) - confirms, statements, tax statements, and tax form 5498). Clients also are responsible for fees or costs (if any) charged by the Custodian.

Although you may not be charged a separate platform fee for participation in the Program, the Account's underlying investments in the Mutual Fund (which are also advised by Longboard) also bear additional expenses and Longboard earns revenue as an investment adviser to the underlying Funds held in the Account. Assets in the Platform will be invested in the Class I no load share. The Program's nondiscretionary investment recommendations to clients allocate Account assets to Mutual Funds where it deems them appropriate given the client's investment objectives. The Mutual Fund charges internal management fees and incur expenses (including investment advisory, administrative, distribution, transfer agent, custodial, legal, audit, contingent deferred sales charges or redemption fees and other customer fees and expenses related to investments in these products), which are described in the relevant prospectus or similar disclosure documents of the Mutual Fund. These expenses are deducted from the assets of the Mutual Fund, which means that a Program client will pay these fees and expenses as a shareholder of the Mutual Fund. Clients will incur an indirect mutual fund expense through holdings in Mutual Fund up to 2.88%. Please consult the funds' prospectuses or other investment disclosures for information about a specific investment expense ratio.

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

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

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

As detailed in Item 5 above, Longboard receives performance based compensation from the Private Fund. Longboard structures any performance or incentive arrangement in a manner that is consistent with the requirements of Section 205(a)(1) of the Investment

Advisers Act of 1940, as amended (The “Advisers Act”) and the rules promulgated thereunder. In addition to satisfying the definition of an “accredited investor”, each investor in the Private Fund is a “qualified client” as such term is defined by Rule 205-3 of the Advisers Act. In calculating Performance Allocation, Longboard will include realized and unrealized capital gains and losses.

Performance based arrangements may create an incentive for Longboard to recommend investments to the Private Fund which may be riskier or more speculative than those which would be recommended under a different fee arrangement. Underlying investors are unlikely to be able to monitor investment selection. Performance based compensation could create an incentive to favor higher fee paying accounts over other accounts in the allocation of investment opportunities. Longboard has adopted policies and procedures that are intended to limit the potential for any client to receive favorable treatment at the expense of any other client.

Item 7 – Types of Clients

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

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

Longboard additionally provides portfolio management services to each Fund, including serving as the general partner of the Private Fund. In such capacity, Longboard is responsible for overseeing the day to day operation of the Private Fund. The Private Fund, as described in the Offering Documents, is offered to high net worth individuals, charitable institutions, foundations, endowments, private investment funds, and other U.S. and international institutions. The Private Fund currently requires an initial minimum investment of \$500,000. Longboard may change such requirements in its discretion.

The Mutual Fund is offered pursuant to the terms set forth in the Prospectus. Please refer to the Prospectus for offering details.

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

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

Private Fund: Longboard pursues the investment objective of the Private Fund by investing the assets of the Private Fund in an actively-managed and diversified portfolio of securities, futures, and other financial instruments designed to manage market exposures. In allocating and reallocating the assets of the Private Fund, Longboard allocates the assets of the Private Fund across the Alternative Equity Strategy and the Managed Futures Strategy, each of which is described in more detail below. Longboard may invest the assets of the Private Fund either directly in such investment products or indirectly by allocating a portion of the Private Fund's assets to other private investment funds or accounts managed by sub-managers chosen by Longboard (such other funds or accounts are referred to as “sub-funds”). In certain situations, the Private Fund may utilize leverage to enhance its returns.

Alternative Equity Strategy objective is to produce returns that exceed those of a diversified stock market index while maintaining a lower level of beta and volatility. Longboard anticipates that this strategy will primarily be invested in a portfolio of long positions in publicly traded equity and equity-like securities [such as preferred stock]. Longboard focuses on securities that have a reasonable expectation of producing above average returns. Longboard invests in securities without regard to market capitalization; geographic location or market sector and investment positions are generally expected to be long biased. However, Longboard may sell index futures and/or securities short for hedging purposes in order to create a low beta, market neutral or short biased portfolio at various times, depending on general economic and equity market conditions and/or future trading strategy developments.

The investment processes, including buy and sell decisions, position sizing, risk management and portfolio rebalance decisions are systematic and are derived from rules-based logic. The portfolio is managed using proprietary software and database developed by Longboard. Investing in securities involves risk of loss that clients should be prepared to bear.

Managed Futures Strategy seeks the potential opportunity to profit from a wide universe of global assets in both rising and falling markets. Longboard believes that the futures market exists for the transfer of risk. Professional hedgers are “hedging” price risk to protect underlying business needs. In essence, they seek insurance against adverse price moves and are willing to pay a premium for this insurance. Longboard’s allocation to this strategy is to collect the risk premiums paid by hedgers.

Longboard may allocate to third party CFTC registered commodity trading advisor and to its own proprietary futures strategies. The systems employed for this portfolio are typically medium and long-term trend following in nature. The general investment processes, including buy and sell decisions, position sizing, risk management and portfolio rebalance decisions are systematic and rules based.

The assets of the Private Fund are allocated and reallocated across these strategies from time to time at the discretion of the Investment Committee of Longboard.

The Mutual Funds

Futures Strategy: The primary investment objective of the Longboard Managed Futures Strategy Mutual Fund is to seek positive absolute returns. The Mutual Fund pursues its investment object by employing a trend following strategy (identifying opportunities as prices trend up and down) similar in general concept to the managed futures industry at

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

The “**Fixed Income Strategy**” is designed to generate absolute returns from interest income with less volatility than equity markets by investing primarily in U.S. Dollar-denominated fixed income securities including: (1) obligations issued or guaranteed by the United States Government, its agencies or instrumentalities, (2) bonds, notes, or similar debt obligations issues by U.S. or foreign corporations, (3) U.S. asset-backed securities (“ABS”) and (4) U.S. structured notes. Structured notes are debt securities, the interest rate or principal of which is determined by an unrelated indicator. Indexed securities include structured notes as well as securities other than debt securities, the interest rate or principal of which is determined by an unrelated indicator. Indexed securities may include a multiplier that multiplies the indexed element by a specified factor and, therefore, the value of such securities may be very volatile.

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

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

The Strategy will seek positive long-term capital appreciation through the use of a diversified alternative equity strategy, which has been developed by the Adviser. The

Strategy, when taking a “long” equity position, will purchase a security that will benefit from an increase in the price of that security. When taking a “short” equity position, the Strategy borrows the security from a third party and sells it at the then current market price. A “short” equity position will benefit from a decrease in price of the security and will lose value if the price of the security increases. Similarly, the Strategy may also take “long” and “short” positions in an Equity Derivative Instrument. A “long” position in an Equity Derivative Instrument will benefit from an increase in the price of the underlying security. A “short” position in an Equity Derivative Instrument will benefit from a decrease in price of the underlying security and will lose value if the price of the underlying security increases. Simultaneously engaging in long investing and short selling is designed to reduce the net exposure of the overall portfolio to general market movements.

The Strategy invests in securities of issuers of any capitalization and in any style (from growth to value) and may engage in frequent trading of its portfolio securities. The Strategy considers long positions in a large subset of 3,500 of the most liquid securities that trade on the NYSE, NASDAQ, and AMEX. This universe generally corresponds to the Russell 3000 Index, as well as the most liquid American depository receipts, exchange-traded limited partnerships, and real estate investment trusts. Short positions will be taken in Equity Derivative Instruments, including but not limited to, futures and/or ETFs that represent equity indices, including, but not limited to the S&P 500 (large cap), S&P 400 (mid cap), and Russell 2000 (small cap) indices. The Adviser seeks to reduce risk by using an active hedge comprised of short positions in index futures contracts or ETFs. Short positions will normally be held through a swap agreement in the case of ETFs, but will likely be held directly in the case of futures contracts. The degree to which the long portfolio is hedged is governed by factors such as targeted risk level, the number of security positions in the portfolio and market volatility.

The Strategy will routinely invest more than 5% of its assets in short-term fixed income securities and cash or cash equivalents including, but not limited to, money market instruments, U.S. treasury bills, or shares of money market or short-term bond funds.

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

Longboard Direct Platform

During the signup process on Longboard Direct, clients are asked for their time horizon, goals, account type, account size, and any further questions needed to gauge their personal risk/return profile and other mandates (“the profile”). Longboard recommends a portfolio allocation based on the client's profile and a proprietary allocation recommendation algorithm. The recommendation algorithm processes the information entered by the user in a decision tree to match the user to one or more model portfolios. The algorithm does not verify that the information it is provided is accurate. Recommended account portfolios are designed to achieve long-term capital appreciation and accommodate the clients profile. For recommended accounts and rebalancing, an algorithm is used, and each Program client has the final approval. Clients select the frequency of rebalancing up front and are able to change their selection at any time. This method of recommending portfolios has inherent limitations that the client must be aware of. The personal financial situation of the client is not taken into account, including debt outstanding, monthly income needs, and investments held outside the Longboard Direct platform. Thus, the recommended portfolio from

Longboardadvisor.com algorithm may not be suitable for all clients given their full financial picture.

Risk of Loss

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

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

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

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

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

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

GENERAL INVESTMENT OR MARKET RISK

All investments in securities and other financial instruments involve substantial risk of volatility (potentially resulting in rapid declines in market prices and significant losses) arising from any number of factors that are beyond the control of Longboard, the Sub-Adviser and any Sub-Managers to which Longboard may allocate. Such factors include but are not limited to: changing market sentiment; changes in industrial conditions, competition and technology; changes in inflation, exchange or interest rates; changing domestic or international economic or political conditions or events; changes in tax laws and governmental regulation; and changes in trade, fiscal, monetary or exchange control programs or policies of governments or their agencies (including their central banks).

Changes such as these, as well as innumerable other factors, are often unpredictable and unforeseeable, rendering it difficult or impossible to predict or foresee future market movements.

STRATEGY RISK

Portfolio Concentration

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

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

Use of Leverage

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

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

Use of Derivatives

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

Among other things, the prices of derivative instruments can be highly volatile. Price movements of derivative instruments are influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments, and national and international political and economic events and policies. In addition, governments from time to time intervene, directly and by regulation, in certain markets, particularly those in currencies, financial futures and options. Such intervention often is intended directly to influence prices and may, together with other factors, cause all of such markets to move rapidly in the same direction because of, among other things, interest rate fluctuations.

Uncertainties remain as to how the markets for these instruments will perform during periods of unusual price volatility or instability, market illiquidity or credit distress. Market movements are difficult to predict and financing sources and related interest rates are subject to rapid change. One or more markets may move against the derivatives positions held by a trader, thereby causing substantial losses. Many of these instruments are not traded on exchanges but rather through an informal network of banks and dealers who have no obligation to make markets in them and can apply essentially discretionary margin and credit requirements (and thus in effect force a trader to close out its positions).

Futures

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

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

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

Longboard and Sub-Managers also may trade options on futures contracts. Such an option is a right, purchased for a certain price, to either buy or sell the underlying futures contract during a certain period of time for a fixed price. Trading options on futures is speculative and highly leveraged. Specific market movements of the futures contracts underlying an option cannot accurately be predicted. If Longboard or Sub-Managers purchase an option, it will be subject to the risk of losing the entire purchase price of the option. On the other hand, if Longboard or a Sub-Manager writes (sells) an option, it will be subject to the risk of loss resulting from the difference between the amount received for the option and the price of the futures contract underlying the option which Longboard or Sub-Manager must purchase or deliver upon exercise of the option.

Options

There are various risks inherent in options trading. For example, the seller (writer) of a covered call option (*i.e.*, the writer holds the underlying security) assumes the risk of a decline in the market price of the underlying security to a level below the purchase price of the security, less the premium received by the writer for writing the option. The writer of a covered call option also gives up the opportunity for gain on the underlying security above the exercise price of the option. The buyer of a call option assumes the risk of losing the premium invested in the option. The seller (writer) of a covered put option (*e.g.*, the writer has a short position in the underlying security) assumes the risk of an increase in the market price of the underlying security above the sales price (in establishing the short position) of the underlying security plus the premium received, and gives up the opportunity for gain on the underlying security below the exercise price of the option less the premium received on the put option. The buyer of a put option assumes the risk of losing the premium it paid to purchase the put option.

The options markets have the authority to prohibit the exercise of particular options, which if imposed when trading in the option has also been halted, would lock holders and writers of that option into their positions until one of the two restrictions has been lifted.

Combination Transactions

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

Straddles

In straddle writing, where the investor writes both a put and a call on the same underlying interest at the same exercise price in exchange for a combined premium on the two writing transactions, the potential risk of loss is unlimited. To the extent the price of the

underlying interest is either above or below the exercise price by more than the combined premium, the writer of a straddle will incur a loss when one of the options is exercised. If the writer is assigned an exercise on one option position in the straddle and fails to close out the other position, subsequent fluctuations in the price of the underlying interest could cause the other option to be exercised as well, causing a loss on both writing positions.

Forward Trading

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

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

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

New Strategies

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

Hedged and Arbitrage Strategies

The use by Longboard or Sub-Managers of “hedged” or arbitrage strategies does not necessarily mean these strategies are relatively low risk. Substantial losses may be recognized on hedge or arbitrage positions, and illiquidity and default on one side of a position can effectively result in the position being transformed into an outright speculation. Every hedge or arbitrage strategy involves exposure to some second order risk of the markets, such as the implied volatility in convertible bonds or warrants, the yield spread between similar term government bonds or the price spread between different classes of stock for the same issuer. Further, there are few examples of “pure” hedge or arbitrage Sub-Managers. Many such Sub-Managers probably employ limited directional

strategies which expose them to market risk. Among the risks of arbitrage transactions are that two or more buy or sell orders may not be able to be executed simultaneously at the desired prices, resulting in a loss being incurred on both sides of a multiple trade arbitrage transaction. Also, the transaction costs of arbitrage transactions can be especially significant because separate costs are incurred on each component of the combination. Consequently, a substantial favorable price movement may be required before a profit can be realized.

Short Selling

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

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

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

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

Small- and Micro-Cap Company Risk

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

Equity Securities

Stock markets are volatile. The price of an equity security fluctuates based on changes in a company's financial condition and overall market and economic conditions.

Exchange-Traded Funds

Investments in exchange-traded funds (“ETFs”) carry security specific risks and market risk. Also, if the area of the market representing the underlying index or benchmark does not perform as expected for any reason, the value of the investment in the ETF may decline. In addition, due to transactions via market prices rather than at net asset value, the performance of an ETF may not completely replicate the performance of the underlying index. Investments in ETFs also add an extra layer of expenses.

Trend Following

Some Sub-Managers may use computer pricing models to identify apparently overpriced or underpriced options in relationship to an assumed norm. In addition, analyses of price and other fluctuations over time may be relied upon which utilize charts and computers in order to discern and predict trends. Trading based on such analyses is subject to the risks that options premiums will not increase or decrease as predicted by the analysis, or that trades dictated by the analysis may not be executed in time to take advantage of the price disparities. This latter risk is likely to materialize when numerous market makers use similar analyses, all of which dictate the desirability of executing identical or similar contracts. In the past, there have been periods without identifiable trends and, presumably, such periods will continue to occur. Trading models or analyses that depend upon the forecasting of trends will not be profitable if there are not identifiable trends of the kind that the models or analyses seek to follow. Any factor, which would make it more difficult to execute trades in accordance with the models or analyses signals, such as a significant lessening of liquidity in a particular market, would also be detrimental to profitability.

Below “Investment Grade” Securities

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

Distressed Investing

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

erratic changes and above-average price volatility, and the spread between the bid and asked prices of such securities may be greater than normally expected.

Restricted Securities

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

Wholly-Owned Subsidiary Risk

The Subsidiary will not be registered under the 1940 Act and, unless otherwise noted in the Prospectus, will not be subject to all of the investor protections of the 1940 Act. Longboard filed with the National Futures Association a notice claiming an exemption from registration as a Commodity Pool Operator (“CPO”) pursuant to Section 4.13(a)(4) of regulations of the Commodity Exchange Act, as amended, with respect to the Subsidiary’s operation. Recently, the CFTC has rescinded the exemption available under Section 4.13(a)(4), effective as of April 24, 2012. CPOs, such as Longboard, that have claimed relief under Regulation 4.13(a)(4) prior to that date had until December 31, 2012 to comply with the rescission. It was anticipated that after December 31, 2012, the CPO will be eligible for relief relating to CFTC disclosure and reporting requirements pursuant to certain exemptions that are currently available to commodity pools, such as the Subsidiary, that are operated by a CPO that is the same as, controls, is controlled by or is under common control with the CPO of an offered pool (such as the Mutual Fund). Longboard withdrew the exemption on December 31, 2012 and updated the CPO Questionnaire to show it is a Controlled Foreign Corporation or trading subsidiary, which is wholly owned by a listed pool. The listed pool is reference to the Mutual Fund.

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

Replacement of Sub-Managers or Sub-Funds

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

Trading in Non-U.S. Companies and Markets

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

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

Illiquid Investments

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

Management Risk

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

Alternative Investments

Strategies involving “alternative” investments generally include those which do not fall into

equity, fixed income or cash equivalents. Such investments would include “real assets” such as real estate and commodities, and alternative strategies such as absolute return strategies and various other hedge fund-type strategies: global macro, managed futures, alternative equity, multi-strategy, event driven, private equity, etc. The goal of these alternative strategies is to provide for diversification in order to lower portfolio volatility and enhance long-term returns.

Use of Algorithms

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

No Tax, Legal or Accounting Advice

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

Increased Costs of Frequent Trading

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

“Uninvested” Capital

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

SUB-MANAGER RISK

Trading Decisions Based on Sub-Manager Judgment

The success of each Sub-Manager in which Longboard recommends an investment depends in large part on the ability of the Sub-Manager to accurately assess the markets in which it trades. An accurate assessment of financial markets depends on a complex analysis of a number of financial and legal factors. No assurance can be given that a Sub-Manager will be in a position to assess the nature and magnitude of all material factors having a bearing

on the markets in which it trades, or that a Sub-Manager will accurately assess the impact of all factors of which it is aware.

Sub-Manager Misconduct

Neither Longboard, nor the fund which it manages, will have custody or control over the assets it allocates to Sub-Managers. As a result, it will be difficult, and likely impossible, for Longboard to protect from the risk of Sub-Manager fraud or misrepresentation. Among other things, a Sub-Manager could divert or abscond with the assets allocated to it, fail to follow its stated investment strategy and restrictions, issue false reports or engage in other misconduct.

Wide Investment Discretion

The governing documents of the sub-funds typically will not impose significant restrictions on the manner in which the Sub-Managers of such funds may invest and trade for such funds, and often will permit the Sub-Managers to invest and trade in a broad range of securities and other financial instruments. As a result, the Sub-Managers may from time to time modify their investment strategies in response to changing market conditions, in some cases without notice to Longboard. Any such modification could involve changes in the types of securities and other instruments a Sub-Manager uses to implement its strategy, as well as changes in the markets in which such securities and other instruments trade. There can be no assurance that any such modification would be successful or not result in losses.

Lack of Information Concerning Sub-Managers

Longboard may not learn of significant Sub-Manager structural events, such as personnel changes, major asset withdrawals/redemptions or substantial capital growth, until after the fact.

Competition

The Sub-Managers will engage in investment and trading activities which are highly competitive with other investment and trading programs including those of mutual funds and other financial institutions, investment banks, broker/dealers, commercial banks, insurance companies and pension funds, as well as private investors, all of whom may have investment objectives similar to those of the Sub-Managers. These competitors may have substantially greater resources and substantially greater experience than the Sub-Managers.

Misuse of Confidential Information

In trading public securities, there are consequences for trading on insider information, and Longboard expects that Sub-Managers will use only public information. Sub-Managers may be charged with misuse of confidential information. If that were the case, the performance records of these Sub-Managers could be misleading. Furthermore, if a Sub-Manager or entity with which Longboard has placed an investment has engaged in the past or engages in the future in such misuse, any such investment could be exposed to losses.

Change in Amount of Assets Under Management

Longboard may invest with Sub-Managers who are experiencing a major increase in the assets they manage. It is not known what effect, if any, an increase in the amount of assets under management will have on their trading strategies or investment results, but it could impair the ability of their strategies and operations to perform up to historical levels.

Conversely, Longboard may invest with one or more Sub-Managers who, subsequent to Longboard's investment, experience significant decreases in assets under management. The Sub-Managers will generally have broad authority to suspend or otherwise restrict withdrawals from the sub-funds and, therefore, a decrease in the assets under management at a sub-fund may restrict Longboard's ability to withdraw from such a Sub-Fund.

Other Clients of Sub-Managers

The Sub-Managers used by Longboard have responsibility for investing the funds allocated to them. The Sub-Managers also manage other accounts (including other accounts in which the Sub-Managers may have an interest) and may have financial and other incentives to favor such accounts over Longboard. In investing on behalf of other clients, as well as Longboard, Sub-Managers must allocate their resources, as well as limited market opportunities. Doing so not only could increase the level of competition for the same trades that otherwise might be made, including the priorities of order entry, but also could make it difficult or impossible to take or liquidate a particular position at a price indicated by a Sub-Manager's strategy

INSTITUTIONAL RISK

Suspensions of Trading

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

Failure of Exchanges and Clearinghouses

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

Counterparty Risk

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

"Counterparty risk" is accentuated in the case of contracts having longer maturities, where events may intervene to prevent settlement, or where an investor has concentrated its

transactions with a single or small number of counterparties. Neither Longboard nor the Sub-Managers are restricted from dealing with any particular counterparties or from concentrating any or all of their transactions.

Credit Risk

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

Swap Agreements Risk

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

OTHER RISKS RELATED TO LONGBOARD DIRECT

Clients in Longboard Direct should understand that the recommendations generated through Longboard Direct are highly reliant on the accuracy of the information provided by clients through the Account platform regarding the client's goals, time horizon, and risk level, which include but are not limited to responses from clients to the profile. If such a client were to provide Longboard with inaccurate information, this could materially impact the quality and applicability of the recommendations generated. Any additional information gathered other than the profile is not used in developing the recommendations provided through Longboard Direct. Also, there may be additional information or other financial circumstances not considered based on the questions asked at the time a Longboard Direct client establishes his/her investment goals that would inform the investment advice and recommendations provided through Longboard Direct. Given the inherent limitations of Longboard Direct, a client should carefully consider whether Longboard Direct is the right investment solution for his/her needs.

CERTAIN RISKS RELATED TO CYBERSECURITY

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

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

since we do not directly control the cybersecurity systems of issuers or third-party service providers.

Item 9 – Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of Longboard or the integrity of Longboard's management. Two of its underlying principals, Mr. Crittenden and Mr. Wilcox, were principals of Blackstar Funds, LLC ("Blackstar") which has since been dissolved. Prior to the formation of Longboard, Blackstar had been corresponding with the Arizona Corporation Commission with respect to the missed payment of annual registration fees. The Arizona Corporation Commission has not taken any formal action or investigation. Longboard's principals do not otherwise have any legal or disciplinary events to disclose.

Item 10 – Other Financial Industry Activities and Affiliations

Longboard is registered as a commodity pool operator ("CPO") with regard to the Private Fund with the CFTC. Key employees are registered as Principals of Longboard with respect to such application and are registered as Associated Persons with the National Futures Association. As disclosed in the Offering Documents, Longboard is the general partner of the Private Fund, which it manages. As the general partner, Longboard served as the sponsor and organizer of the fund. Accordingly, the terms of the Private Fund were not the result of an arms-length negotiation. The material terms of Longboard's role as general partner are disclosed in the Offering Documents. Each Private Fund investor and prospective investor is urged to read and carefully consider the conflicts of interests described in the Offering Documents.

Item 11 – Code of Ethics

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

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

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

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

Fund investors, potential investors and clients who would like a copy of Longboard's Code of Ethics, should send a written request to the attention of Operations Support, at Longboard Asset Management, LP, 2355 East Camelback Road, Suite 750, Phoenix, Arizona 85016, via facsimile at (602) 441-3971, or email operations@longboardfunds.com.

Item 12 – Brokerage Practices

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

1. the ability to effect prompt and reliable executions at favorable prices (including the applicable dealer spread or commission, if any);
2. the operational efficiency with which transactions are affected, taking into account the size of order and difficulty of execution;
3. the financial strength, integrity and stability of the broker;
4. market access and technology; and
5. the competitiveness of commission, clearing and financing rates in comparison with other brokers satisfying Longboard's other selection criteria.

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

Accounts held on the Longboard Direct platform are opened with Apex Clearing Corporation and contain a recommended portfolio consisting of our Quantitative Directional, Alternative Equity, and Managed Futures strategy funds. Portfolio trades for Longboard Direct accounts are always approved by the client. If requested by the client, recommended allocations may be provided by Longboard on a non-discretionary basis. Re-allocation trades ("rebalancing") may also be automatically executed by Longboard at the client's request and based on the allocation strategy selected by the client. All recommendations and re-allocation settings are maintained in the client profile. Portfolio Trades for all accounts are checked by members of the Longboard investing team, then approved by Longboard's CIO. Once approved, portfolio trades are submitted to the broker/dealer for Longboard Direct accounts – Apex Clearing Corporation. Longboard and

Apex will strive to ensure that all Longboard Direct portfolio trades receive the optimal execution and produce consistent results across all Longboard Direct accounts. The distribution of execution results is not based on account performance or the amount or structure of fees. Subject to discretion by Longboard and APEX, orders may be aggregated to facilitate best execution and each participating account is expected to pay an average price per share for all transactions. Longboard pays all of the transaction costs. Accounts owned by our firm or persons associated with our firm may participate with all other client accounts in aggregated orders; however, they will not be given preferential treatment. There may be overlap amongst the underlying holdings within the Quantitative Directional, Alternative Equity, and Managed Futures strategy funds, but portfolio trades are determined solely by the client and any recommendation and re-allocation services requested by the client through the client profile. In the event of extraordinary market conditions, Longboard may halt trading or take temporary measures to ensure your financial protection. our proprietary rebalance algorithm and investor profiles/mandates.

Soft Dollars

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

Trade Errors

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

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

Agency Cross Transactions

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

Principal Trading

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

Item 13 – Review of Accounts

Investments are reviewed daily by the Firm's operation team, and weekly by the Investment Committee. Investors in each Fund receive periodic account statements regarding their investments. Additionally, investors receive monthly and quarterly written updates of the activity in the Private Fund and the relevant markets. Finally, shareholders of the Mutual Fund will receive annual and semi-annual reports detailing the results of the Mutual Fund.

Accounts held in the Longboard Direct platform are reviewed daily by the Longboard's operations team, including a daily trade and cash reconciliation process, and a daily automated process that examines if an account needs to be re-allocated per the client's requests in their profile. The Longboard Direct platform provides clients with 24/7/365 access to account analytics, reports, and positions provided by Longboard and the Custodian. Clients may also choose to receive monthly paper statements for an additional fee. Additional, non-periodic reviews of the Longboard Direct platform accounts may be triggered by changes in the client's profile/mandates.

Item 14 – Client Referrals and Other Compensation

Private Fund: Longboard may direct some of the fund's brokerage business to brokers who refer prospective investors to the Private Fund. Because such referrals, if any, are likely to benefit Longboard but will provide an insignificant (if any) benefit to the investors of the Private Fund, Longboard will have a conflict of interest with the investors of the Private Fund when allocating fund brokerage business to a broker who has referred investors to the Private Fund. To prevent brokerage commissions from being used to pay investor referral fees, Longboard will not allocate brokerage business to a referring broker unless Longboard determines in good faith that the commissions payable to such broker are reasonable in relation to those available from non-referring brokers offering services of substantially equal value to the fund or any other client.

Longboard Asset Management, as the General Partner of the Fund, may sell interests through broker-dealers, placement agents and other persons and pay a marketing fee or commission in connection with such activities, including ongoing payments, at Longboard's own expense (except in circumstances involving directed brokerage). In certain cases, Longboard reserves the right to deduct a percentage of the amount invested in the Private Fund to pay sales fees or charges, on a fully disclosed basis, to a broker-dealer or placement agent based upon the capital contribution of the investor introduced by such broker-dealer or agent. Any such sales fees or charges would be assessed against the referred investor and would reduce the amount actually invested in the Private Fund.

The Mutual Fund

Distribution (12b-1) Plan: The Mutual Fund has adopted a Distribution Plan pursuant to Rule 12b-1 (the "12b-1 Plan") under the 1940 Act. Under the 12b-1 Plan, the Mutual Fund is authorized to pay the Mutual Fund's distributor, or such other entities as approved by

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

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

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

detailed reporting packages (such as periodic sales reporting, sales production results, and data on how Longboard's products, including the Mutual Fund, are used).

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

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

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

Item 15 – Custody

Longboard is deemed to have custody of client's funds and securities because it is the general partner of the Private Fund and has the ability to deduct the management fee and incentive allocation from investors' accounts. Longboard complies with Rule 206(4)-2 of the Advisors Act which mandates that client's assets must be held by a qualified custodian. The Private Fund's assets will be held by Interactive Brokers LLC and Marex North America LLC. In addition, Longboard also engages an outside auditor that is registered with and subject to regular inspection by The Public Company Accounting Oversight Board, to audit the Private Fund at the end of each fiscal year and to distribute the results of the audit in audited financial statements to all investors. Fund investors are urged to carefully review such financial statements.

MUFG Union Bank, N.A., 350 California Street, 6th Floor, San Francisco, CA 94104 serves as the custodian of the assets of the Mutual Funds. Some Mutual Fund's assets for the Longboard Alternative Growth Fund are also held by Scotiabank.

Accounts at Longboard Direct are held by the Custodian (Apex Clearing Corporation) as Longboard does not act as a qualified custodian of assets held in these Accounts. Clients of Longboard Direct receive account statements from the Custodian, and such clients should carefully review those statements.

Item 16 – Investment Discretion

With respect to the Fund, Longboard has full discretionary authority to select investments in accordance with the investment objectives set forth in the Offering Documents or Prospectus, as applicable. In the case of the Mutual Fund, the activities of Longboard are subject to the oversight and supervision of the Board of Trustees of the Mutual Fund, as well as the investment policies and restrictions adopted by the Mutual Fund.

With respect to the Longboard Direct platform, Longboard operates on a non-discretionary basis.

Item 17 – Voting Client Securities

Private Fund: Longboard acknowledges that the SEC generally believes it is part of an investment manager's fiduciary duty to its clients to vote client proxies. In certain cases, however, the cost of doing so may not exceed the expected benefits to the client. Accordingly, Longboard has established the following policies and procedures with respect to voting proxies on behalf of the Private Fund which it manages.

Based on the nature of the equity strategies undertaken by the strategies pursued by the Private Fund, Longboard believes that it will not be cost effective to monitor, review proposal and vote meetings as the outcome of any particular meeting may not have any expected effect on the long-term investment returns. In particular, the selection of securities for the Alternative Equity Strategy is without any reference to the governance or management of the underlying security and therefore it is likely to be wholly coincidental if the Private Fund is holding voting securities as of any given shareholder record date for a meeting. In fact, Longboard may liquidate any such positions prior to the actual meeting.

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

Longboard Direct: Longboard generally does not provide any form of assistance in the proxy voting process to, nor does Longboard accept proxy voting authority from clients participating in the Longboard Direct platform. Such clients generally will receive proxy materials (if any) directly from the Custodian, and are responsible for voting their own proxies.

Item 18 – Financial Information

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