GOOD HARBOR®
FINANCIAL, LLC

Tactical Core® US Fund

Tactical | Disciplined | Focused®

ABOUT GOOD HARBOR

Good Harbor Financial, LLC ("Good Harbor" or the "Adviser") develops and manages a comprehensive suite of investment strategies designed to fit into a wide range of portfolios for institutions, private investors and their financial advisors. Based in Chicago, the firm provides actively managed access to a broad range of global capital markets. Good Harbor's flagship investment platform, Tactical Core, was founded on our belief that disciplined analysis of the relationships between capital markets, interest rates and the economy can produce sound data to determine tactical investment exposure for participation in equity market advances while mitigating downside risk. Our strategies are developed by an experienced team of individuals with strong quantitative backgrounds and who understand the responsibilities that come with professional asset management.

MANAGEMENT TEAM

Neil R. Peplinski, CFA is the Chairman, Chief Investment Officer and Co-founder of Good Harbor, as well as the chief architect of the Tactical Core series, the firm's flagship statistical asset allocation strategy. Neil is responsible for research, investment analysis and the development / oversight of new investment strategies and models. He previously served as a portfolio manager and quantitative analyst overseeing a $400 million portfolio of structured assets. Neil earned an MBA with High Honors from The University of Chicago Booth School of Business, an MSEE from The University of Michigan and a BSEE from The Michigan Technological University where he graduated *summa cum laude*.

Paul R. Ingersoll is the Chief Executive Officer and Co-founder of the firm. Paul is responsible for the strategic and operational leadership of Good Harbor. Previously, he served as a senior finance officer in the portfolio companies of several private equity firms and was a co-founder of a business services company, which grew from a start-up to over $700 million in revenue with a successful IPO in 1998. Paul received his MBA with Honors from The University of Chicago Booth School of Business and a BA from The University of Michigan.

OBJECTIVE & PHILOSOPHY

The primary objective of the **Good Harbor Tactical Core® US Fund (the "Fund")** is total return from capital appreciation and income. The Fund seeks to achieve this objective by outperforming the S&P 500 Index by aligning capital with the US equity market during sustained rallies and positioning defensively in weak equity market conditions.

Good Harbor believes that disciplined and objective investment approaches may generate enhanced risk-adjusted returns. When an investment strategy is expressed in model form, it can be researched and tested providing a rich data set for return and risk management analysis.

This philosophy drives strategy development. Our in-depth research aims to establish investment strategies with sound economic underpinnings. Through detailed analysis, we quantify and validate our strategies in an attempt to identify stable and persistent relationships with the goal to navigate both up and down markets.

> ***"Good Harbor's philosophy is that disciplined, model-driven investment approaches generate enhanced risk-adjusted returns."***

The underlying premise of the Fund is that equity prices are driven by changes in Equity Risk Premiums and that these premiums vary with time and the business cycle. Equity Risk Premium is a term used to describe the excess return that the market provides over a risk-free rate. The excess return compensates investors for taking on the relatively higher risk of the equity market. The Adviser believes that during periods of market stress and exuberance stock price variation is due almost exclusively to changing Equity Risk Premiums rather than company earnings or expected profits.

By monitoring Momentum Measures (proprietary price-based indicators aimed at assessing the strength in equity prices, strength in treasury prices, and the relative strength between these asset classes); Economic Conditions (US economic output level and growth rate series); and Yield Curve Dynamics (changes in the level, slope and curvature of the US Treasury yield provide insight into investor capital flows as well as government policy intervention, Good Harbor seeks to identify times when equity exposure is more or less favorable and adjust the portfolio allocation accordingly.

INVESTMENT PROCESS

A discounted cash flow analysis is a widely used method of valuing a project, company or cash generating asset. A typical discounted cash flow analysis involves two key elements; cash flows (the movement of money in and out of a business) and discount rates (the discount rate is used to determine the current value of future cash flows taking into account time, inflation and uncertainty). While traditional managers tend to concentrate on the cash flow piece, the Good Harbor investment process focuses on the discount rate component. This is based on the thesis that stock market valuations, particularly during times of economic stress, are dominated by the extra expected return over the risk free rate (equity risk premium) demanded by investors to hold equities. This premium is directly reflected through the discount rate. As stressful economic conditions cause investors to become more risk averse, required returns rise, placing negative pressure on stock prices. As this view persists, market prices trend downwards. Similarly, as investors become more confident in the economic outlook, required returns decline providing support for equity prices. Because the equity risk premium is not directly observable in the market, Good Harbor establishes a view on the direction of risk premium changes through its investment process by monitoring three main categories of information.

- **MOMENTUM MEASURES** – The momentum measures are proprietary price-based indicators aimed at assessing the strength in equity prices, strength in bond prices and the relative strength between these asset classes. Rising equity momentum often signals a decline in investor risk premiums.
- **ECONOMIC CONDITIONS** – The economic data provide a direct estimate of the US business cycle. US economic output level and growth rate series are combined to estimate whether the economy is expanding or contracting and at what speed. Corporate credit spreads (the difference between highly rated bonds minus lower quality bonds) are also included to assess whether companies have affordable access to credit; a necessary condition for healthy economic growth. A contracting economy with a growth rate accelerating to the downside tends to lead to increased investor risk-aversion.
- **YIELD CURVE DYNAMICS** – Changes in the level and slope and curvature of the US Treasury yield curve provide insight into investor capital flows as well as government policy intervention. Generally, a drop in levels and a flattening of the curve, for example, may signal expectations of increased economic headwinds and a decrease in investor appetite for equity risk. Multiple points along the yield curve between one and ten year maturities are utilized.

The Adviser combines these three main elements to determine an overall portfolio allocation to equities and US Treasury bonds under specific investment constraints. At any given time, the Fund will be invested in all equities, all treasuries or among equities and treasuries. With respect to the equity allocation, the Adviser will overweight company size segment(s) (e.g. small-cap, mid-cap, or large-cap) expected to do well and underweight the company size segment(s) that are moving out of favor. For the treasury allocation, the Adviser will allocate among different treasury durations.

The Adviser attempts to enhance returns through the use of leveraged exchange traded funds and/or derivatives. An unleveraged model portfolio is compared to the S&P 500 index over a three year trailing time period. The ratio of the associated volatilities is used to set the target leverage level. Typical equity leverage is approximately 1.3 – 1.4x and is achieved by combining unlevered index investments with leveraged index funds and/or derivatives in the proper proportions. Equity leverage is capped at 1.5x. Treasury leverage is capped at 2.0x.

VEHICLE SELECTION

Under normal conditions, the Adviser will seek exposure to equities and treasuries through a variety of investments which provide exposure to equity market and treasury bond indices, including ETFs, ETNs, mutual funds, equity securities, such as common stock, US government securities, derivative instruments such as futures and other investments designed to provide exposure to a particular equity or government bond index or replicate the returns of one or more such indices. ■

Good Harbor Tactical Core US Fund

Class A: GHUAX | Class C: GHUCX | Class I: GHUIX

PROSPECTUS OFFERING DISCLOSURE

Investors should carefully consider the investment objectives, risks, charges and expenses of the Good Harbor Tactical Core US Fund. This and other important information about the Fund is contained in the prospectus, which can be obtained at www.ghf-funds.com or by calling 877-270-2848. The prospectus should be read carefully before investing. The Good Harbor Tactical Core US Fund is distributed by Northern Lights Distributors, LLC, member FINRA.

Good Harbor Financial, LLC is not affiliated with Northern Lights Distributors, LLC.

Standard deviation is a measure of the dispersion of returns for a given security or market index. Beta reflects the sensitivity of the fund's return to fluctuations in the market index. R-squared indicates how much of a fund's fluctuations are attributable to movements in the fund's benchmark.

Mutual Funds involve risks including the possible loss of principal. ETFs, ETNs and mutual funds are subject to investment advisory and other expenses, which will be indirectly paid by the Fund. ETFs, ETNs and mutual funds are subject to issuer, fixed-income and risks specific to the fund. The Fund may invest in fixed income securities, including US Government securities which are subject to changing financial and interest rate conditions. Issuers may not make principal payments resulting in losses to the Fund. Market conditions could cause these securities to fall in tandem, creating correlation risk. Leveraged ETFs and borrowing magnify the potential for loss and expose the Fund to interest expenses on money borrowed. The Fund may invest in derivatives, including futures. Leveraged ETFs and derivatives will amplify losses because they are designed to produce returns that are a multiple of the equity index to which they are linked. Derivative instruments may be illiquid, difficult to value and leveraged so that small changes may produce disproportionate losses. Losses may result from a lack of correlation between the value of the leveraged ETFs and derivatives and the value of the underlying asset or index.

The Fund may invest directly or through ETFs in companies of any size capitalization, which may present more abrupt or erratic market movements than larger companies. As a non-diversified fund, the Fund may invest more than 5% of its total assets in the securities of one or more issuers. A higher portfolio turnover will result in higher transactional and brokerage costs and may result in higher taxes.

Glossary of Terms

S&P 500 Index - An unmanaged composite of 500 large capitalization companies. This index is widely used by professional investors as a performance benchmark for large-cap stocks. You cannot invest directly in an index and unmanaged index returns do not reflect any fees, expenses or sales charges.

Derivative - A security whose price is dependent upon or derived from one or more underlying assets. The value is determined by fluctuations in the underlying asset.

Futures - A contractual agreement, generally made on the trading floor of a futures exchange, to buy or sell a particular commodity or financial instrument at a pre-determined price in the future.

Leverage - The use of various financial instruments or borrowed capital, such as margin, to increase the potential return of an investment.

Volatility - A statistical measure of the dispersion of returns for a given security or market index. Volatility can either be measured by using the standard deviation or variance between returns from that same security or market index. Commonly, the higher the volatility, the riskier the security.

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