“By actively seeking to not lose big, we believe that investors will be better off in the long run.”
– RANDY SWAN, CEO AND LEAD PORTFOLIO MANAGER

Investing in U.S. Large Cap Equities

We believe U.S Large Cap equities serve a vital role in a portfolio, and investors have many reasons to be excited about this asset class:

- Exposure to the world’s largest economy
- Exposure to large, proven companies across all sectors
- Long-term potential of capital gains and dividends

The Trouble with ‘Buy and Hold’

Seeking portfolio growth through U.S. large cap equities may expose investors to a volatile ride with unpredictable periods of severe losses along the way, as shown in the table on the right.

Periods of severe losses can trigger emotional reactions—many ‘buy and hold’ investors struggle to hold on when losing money, leading them to ‘buy and fold’.

Therefore, we seek to help investors hold on by avoiding big losses with our distinct long-term hedge.

Did you know?

When losses in large cap equities occur, they can be severe. Largest drawdowns for the S&P 500 Index in the last 50 years:

<table>
<thead>
<tr>
<th>Max Drawdown</th>
<th>Beginning</th>
<th>Ending</th>
</tr>
</thead>
<tbody>
<tr>
<td>-50.95%</td>
<td>Nov - 2007</td>
<td>Feb - 2009</td>
</tr>
<tr>
<td>-44.73%</td>
<td>Sep - 2000</td>
<td>Nov - 2002</td>
</tr>
<tr>
<td>-42.58%</td>
<td>Jan - 1973</td>
<td>Sep - 1974</td>
</tr>
<tr>
<td>-29.58%</td>
<td>Sep - 1987</td>
<td>Nov - 1987</td>
</tr>
<tr>
<td>-29.23%</td>
<td>Dec - 1968</td>
<td>Jun - 1970</td>
</tr>
</tbody>
</table>

Source: Swan Global Investments and Zephyr StyleADVISOR. Max drawdowns for the S&P 500 Index from January 1968 through December 2018. Past performance is no guarantee of future results.

Long-Term Hedge for Long-Term Investing

For long-term investors there are distinct benefits to using a long-term hedge.

- Seeking Defense: A hedge is a way to mitigate undiversifiable market risk.

- A Long-Term Hedge: A hedge that may last throughout long bear markets.

- Reduce Emotional Reactions: Seek to help investors avoid big losses and emotional reactions.

- May Acquire More Equity: During a selloff, the LEAPS gain value and may be sold to potentially buy more equity at a low.

The Defined Risk Strategy — Investing Redefined™

Launched in 1997, the Defined Risk Strategy is a distinct and proven goals-based approach that seeks to generate consistent long-term returns by actively seeking to not lose big.

Always Invested: We believe that markets tend to go up over time, so we remain always invested.

Always Hedged: We also believe severe losses can derail investors from their goals, so we remain always hedged.

A HEDGE IS NOT INSURANCE AGAINST LOSSES
Defining Risk to Seek Improved Outcomes—That’s Investing Redefined™

Our Defined Risk Strategy seeks to redefine long-term investing by passively investing for growth while actively seeking to minimize the impacts of bear markets. This may result in a less volatile investor experience and more consistent long-term results.

**Investment Process**

1. **Invest in Equities**
   - **WHY?** To participate in equity markets.
   - ALWAYS INVESTED in low-cost, equity ETFs. No stock picking or market timing.

2. **Hedge the Equities**
   - **WHY?** To mitigate risks of bear markets.
   - ALWAYS HEDGED using long-term put options to mitigate risks of bear markets.

3. **Seek Additional Return**
   - **WHY?** To offset the cost of the hedge.
   - Actively managing shorter-term options portfolio, utilizing a disciplined, rules-based approach.

When the market drops and the equity loses value, the put option increases in value and vice versa.

**A HEDGE IS NOT INSURANCE AGAINST LOSSES**

**Swan Defined Risk Fund**

Based on the Defined Risk Strategy, our flagship fund seeks income and growth of capital to help investors achieve positive returns while mitigating downside risk. The Fund invests in low-cost ETFs that index U.S. large cap companies in the S&P 500.

**Class A: SDRAX | Class C: SDRCX | Class I: SDRIX**

**Key Elements of the Fund’s strategy include:**
- Always invested to participate in market appreciation
- No reliance on market timing
- Always hedged using put options
- Designed to seek consistent returns

There is no guarantee that any investment strategy will achieve its objectives, generate profits, or avoid losses. Past performance is not indicative of future results.

**Consider making the Swan Defined Risk Fund a core component of your financial plan.**

For more information visit swandefinedriskfunds.com or call 970.382.8901.

**Important Risk Information and Disclosures:** Swan Global Investments, LLC is a SEC registered Investment Advisor that specializes in managing money using the proprietary Defined Risk Strategy (“DRS”). SEC registration does not denote any special training or qualification conferred by the SEC. Mutual Funds involve risk, including possible loss of principal. ETFs are subject to investment advisory and other expenses, which will be indirectly paid by the Fund. As a result, the cost of investing in the Fund will be higher than the cost of investing directly in ETFs and may be higher than other mutual funds that invest directly in stocks. ETFs are subject to specific risks, depending on the nature of the fund. Investments in underlying funds that own small and mid-capitalization companies may be more vulnerable than larger, more established organizations. Investments in foreign securities could subject the Fund to greater risks including, currency fluctuation, economic conditions, and different governmental and accounting standards.

The use of leverage, such as that embedded in options, could magnify the Fund’s gains or losses. Written option positions expose the Fund to potential appreciation of particular ETFs and options in which the Fund invests or writes may prove to be incorrect and may not produce the desired results. The effectiveness of the hedge and degree of downside risk mitigation vary with market conditions. The DRS can and does have periods of losses.

The benchmarks used for the Fund are: 1) the S&P 500 Index, which is a market cap weighted index of 500 widely held stocks often used as a proxy for the overall U.S. equity market; and 2) a 60/40 blended composite, weighted 60% in the aforementioned S&P 500 Index and 40% in the Barclays US Aggregate Bond Index. The 60/40 is rebalanced monthly. The Barclays US Aggregate Bond Index is a broad-based flagship benchmark that measures the investment grade, US dollar-denominated, fixed-rate taxable bond market. The index includes Treasuries, government-related and corporate securities, MBS (agency fixed-rate and hybrid ARM pass-throughs), ABS and CMBS (agency and non-agency). An investment cannot be made directly in an index. Indexes are unmanaged and have no fees or expenses.

**Investors should carefully consider the investment objective, risks, charges and expenses of the Swan Defined Risk Fund. This and other information is contained in the prospectus and should be read carefully before investing. For a prospectus please call (877) 896-2590. The Fund is distributed by Northern Lights Distributors, LLC, member FINRA/SIPC. Northern Lights Distributors, LLC and Swan Capital Management, LLC are not affiliated. There is no guarantee the fund will meet its objective. 6453-NLD-05/21/2019**

**DRS-FUND-IPS-19**