

## Limited Duration Enhanced Income Fund – Quarterly Commentary

### Fund Design:

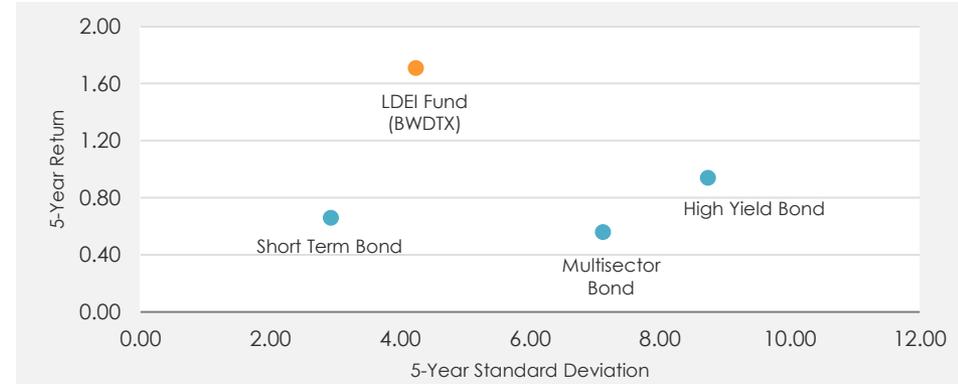
The Fund seeks to produce current income and preserve principal during periods of greater uncertainty. The Fund has the flexibility to allocate across various sectors and industries to capture opportunities in different economic and credit cycles.

### Performance:

- **The third quarter of 2022 essentially continued many of the difficult themes from the first half of the year as uncertainty and volatility continued to dominate the markets. Interest rates climbed across the full maturity spectrum, with the 2-Year Treasury Note through 30-Year Treasury Bond all closing the quarter at their highest levels of the year. The Federal Reserve continued to aggressively raise its overnight Federal Funds rate, with two 0.75% rate hikes during the quarter. And as the risk of a resulting recession continued to grow, most major stock market indices experienced another negative quarterly return. Despite this backdrop, there were a few pockets of positivity, with a performance rebound in corporate bonds. The U.S. High Yield Index generated 2.81% of positive excess returns during the quarter, with the BB Index leading the way with positive excess returns of 2.86%. Even U.S. investment grade corporates eked out positive excess returns of 0.10% for the quarter.**
- **The Fund's primary benchmark, the Bloomberg 1-3 Year Government/Credit Index returned -1.48% for the quarter. Comparatively, the Bloomberg U.S. Aggregate Index returned -4.75% and the ICE BofA U.S. High Yield Index returned -0.68%. The LDEI Fund returned 0.33% for the quarter, outperforming most of the traditional fixed income market indices.**

### Market Highlights and Outlook:

- Coming into this year, many had expected inflation pressures to ease and the economy to gradually slow from its strong rebound in 2021. While the latter has occurred, the persistence of inflationary pressures has created an epic challenge for the Federal Reserve and resulted in a tremendous amount of volatility in the financial markets.
- Our macro analysis focuses on four areas of the economy: the consumer, corporations, real estate, and government. Unfortunately, we continue to see growth-related concerns in all four of these areas of the economy.
- The yield curve could continue to flatten and further invert as the Federal Reserve's aggressive rate hiking campaign puts more pressure on shorter-term interest rates, while the upside to long term interest rates could be limited as inflation eases and growth decelerates.



### Portfolio Positioning:

- Positionally, in line with our firmwide macro-economic view, the Fund remained very cautious on risk. We selectively sold a handful of high yield positions over the quarter that we felt were most vulnerable to continued weakness, taking our quarter end high yield exposure down the 52%, its lowest level of the year. Cash that was invested during the quarter focused on traditional asset-backed securities and more highly rated CLOs.
- Similarly, from an interest rate and duration perspective, we also remain very cautious. As previously noted, interest rates rose dramatically across the curve over the Third Quarter. Specifically, the 2-Year Treasury Note yield increased 1.32% to end the quarter at 4.28%. That is its highest yield level since 2007. The 10-Year Treasury Note yield increased 0.81% to end the quarter at 3.83%. As a result, we focused investments in floating rate or short maturity products. In total, the Fund now has over 42% floating rate exposure. Our current expected range on the 10-Year Treasury is 3.50%-4.00%. With the Federal Reserve continuing to actively raise interest rates, achieving the top end of our ranges will cause us to re-evaluate our floating rate exposure and possibly consider beginning to increase fixed rate exposure.
- LDEI remains a credit focused, income generating Fund. As such, our expectation is for income generation to continue to be the primary driver of returns for the Fund. From a credit perspective, the Fund continues to experience more credit agency upgrades than downgrades and does not have any individual holdings trading at distressed levels. We meticulously apply our credit process to every security before we purchase it, recognizing that we may likely hold the security during future, tumultuous times, and want to feel comfortable with every security as a long-term holder.

# Limited Duration Enhanced Income Fund

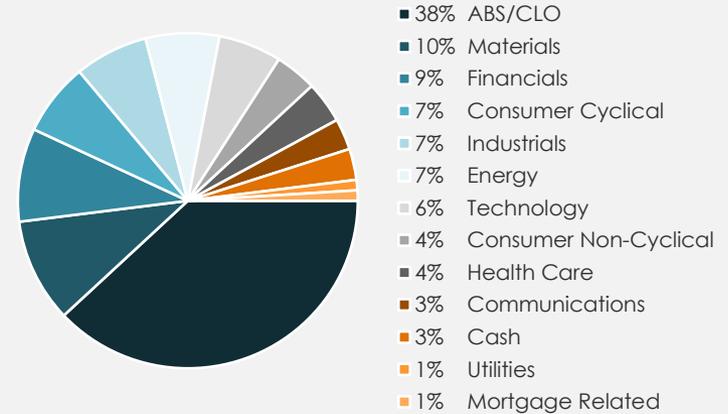
Period Ending September 30, 2022

## Fund Characteristics

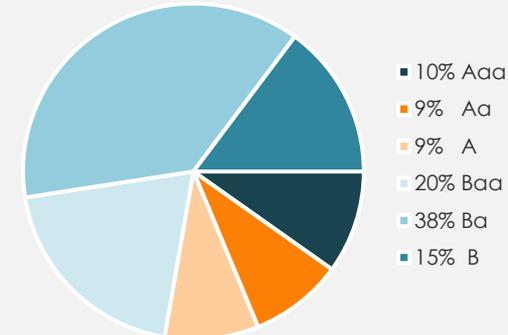
Fund Total Gross Assets	\$356M
Number of Holdings	170
Average Duration	1.76 years
Investment Grade	48%
High Yield	52%

Yields	Ticker Symbol	Subsidized SEC 30-Day Yield	Unsubsidized SEC 30-Day Yield
Class I Shares	BWDIX	5.19%	5.19%
Class I2 Shares <sup>(1)</sup>	BWDTX	5.38%	5.19%
Class A Shares	BWDAX	4.82%	4.82%
Class C Shares	BWDCX	4.15%	4.15%

Investment Allocation	Fund	Benchmark <sup>(2)</sup>
U.S. Treasury Notes	0%	71%
Investment Grade Bonds	4%	23%
High Yield Bonds	31%	0%
Bank Loans	19%	0%
Agency MBS	0%	0%
ABS (includes CLOs)	38%	0%
RMBS	1%	0%
CMBS	0%	0%
Preferreds/Hybrids	5%	0%
Other	0%	7%
Cash	3%	0%
	100%	100%



## Quality Allocation



Source: BondEdge, Bloomberg, Merrill Lynch Indices and internal models. Portfolio characteristics as of September 30, 2022. Quality allocation is based on Moody's bond credit rating scale.

<sup>(1)</sup>Shown for informational purposes only. As of May 29, 2020, Class I2 Shares are available for purchase to eligible investors.

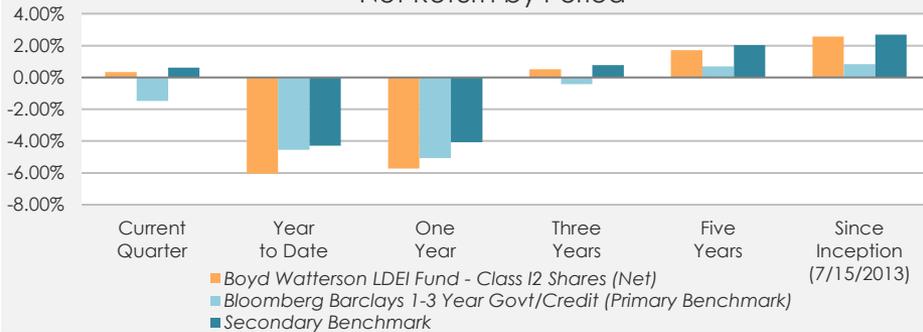
<sup>(2)</sup>Benchmark: Bloomberg 1-3 Year Govt/Credit Index.

Independent credit ratings agencies use a rating system to help investors determine the risk associated with an issuing company's ability to meet its obligations (interest and principal repayment) on a loan. The ratings begin at AAA for the highest rating, with C or D being the lowest rating. The credit worthiness ratings shown above relate to the issuers of the underlying securities in the Fund, and not to the Fund or its shares. Ratings shown above are subject to change. Due to rounding the data to whole percentages, the above numbers may vary slightly from exact calculations. Portfolio allocations are subject to change and should not be considered investment advice. SEC 30-day Yield is defined as a standardized measure of yield for a mutual fund (Source: Bloomberg). Average duration is defined as the measure of the sensitivity of the price -- the value of principal -- of a fixed-income investment to a change in interest rates (Source: Investopedia).

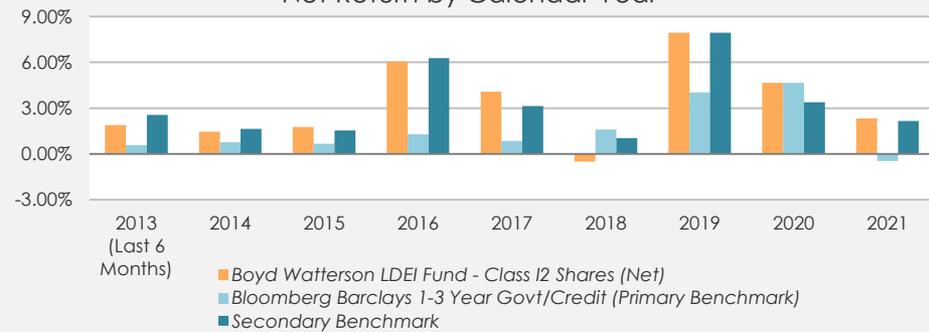
# Performance Summary

Period Ending September 30, 2022

Net Return by Period



Net Return by Calendar Year



	Current Quarter	Year to Date	One Year	Three Years*	Five Years*	Since Inception* (7/15/13)
Fund	0.33%	(6.04%)	(5.73%)	0.52%	1.71%	2.58%
Primary	(1.48%)	(4.54%)	(5.07%)	(0.42%)	0.70%	0.84%
Secondary	0.62%	(4.28%)	(4.07%)	0.77%	2.04%	2.69%

	2013 (Last 6 months)	2014	2015	2016	2017	2018	2019	2020	2021
Fund	1.89%	1.45%	1.76%	6.05%	4.08%	(0.51%)	7.94%	4.65%	2.32%
Primary	0.57%	0.77%	0.65%	1.28%	0.85%	1.60%	4.03%	4.65%	(0.47%)
Secondary	2.55%	1.63%	1.53%	6.28%	3.14%	1.04%	7.94%	3.38%	2.16%

Data as of September 30, 2022. Fund represents Boyd Watterson LDEI Fund – Class I2 Shares (Net); Index represents Bloomberg 1-3 Year Govt/Credit Index. Inception date is September 30, 2013. The secondary benchmark shown above is a custom blend of three sub-indices: 33% BofA 1-3 Year BBB Corporate Index, 33% BofA 1-3 Year BB Cash Pay High Yield Index and 33% Credit Suisse BB Leveraged Loan Index. Class I2 Shares are shown for informational purposes only. As of May 29, 2020, Class I2 Shares are available for purchase to eligible investors. \*Returns are annualized.

**Performance:** The performance data quoted here represents past performance. Current performance may be lower or higher than the performance data quoted above. Investment return and principal value will fluctuate so that shares, when redeemed, may be worth more or less than their original cost. Past performance is no guarantee of future results. A Fund's performance, especially for very short periods of time, should not be the sole factor in making your investment decisions. For performance information current as of the most recent month-end, please call toll-free 1-877-345-9597.

The total annual fund operating expenses are Class A, 0.86%, Class C, 1.61%, Class I, 0.61% and Class I2, 0.61%. The Fund's investment advisor has contractually agreed to reduce its fees and/or absorb expenses of the Fund, at least until October 31, 2022, to ensure that the net annual fund operating expenses will not exceed 0.89%, 1.59%, 0.60% and 0.40% of average daily net assets attributable to Class A, Class C, Class I and Class I2, respectively. Please review the Fund's Prospectus for more detail on the expense waiver. Results shown reflect the waiver, without which the results could have been lower.

Performance shown before the inception date of the mutual fund, July 29th, 2016, is for the Fund's predecessor limited partnership. The prior performance is gross of management fee and other expenses. The Fund's investment goals, policies, guidelines and restrictions are similar to the predecessor limited partnership. From its inception date, the predecessor limited partnership was not subject to certain investment restrictions, diversification requirements and other restrictions of the Investment Company Act of 1940 which, if they had been applicable, might have adversely affected its performance. In addition, the predecessor limited partnership was not subject to sales loads that would have adversely affected performance. Performance of the predecessor fund is not an indicator of future results. The predecessor fund had an inception date of June 30, 2013.

Investment Company Act of 1940 is defined as created through an act of Congress to require investment company registration and regulate the product offerings issued by investment companies in the public market. This piece of legislation clearly defines the responsibilities and requirements of investment companies as well as the requirements for publicly traded investment product offerings including open-end mutual funds, closed-end mutual funds and unit investment trusts. It primarily targets publicly traded retail investment products (Source: Investopedia).

# Investment Definitions

## 10-Year Treasury

Yields are yield to maturity and pre-tax. Indices have increased in precision as of 5/20/2008 to 4 decimal places. The rates are comprised of Generic United States on-the-run government bill/note/bond indices.

## Average Duration

Duration is a measure of the sensitivity of the price -- the value of principal -- of a fixed-income investment to a change in interest rates.

## Bloomberg Aggregate

The Bloomberg 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).

## Bloomberg 1-3 Year Govt/Credit

The Bloomberg US Government/Credit Bond Index is a broad-based benchmark that measures the non-securitized component of the US Aggregate Index. It includes investment grade, US dollar-denominated, fixed-rate Treasuries, government-related and corporate securities.

## Bloomberg Intermediate Govt/Credit

The Bloomberg US Credit Index measures the investment grade, US dollar-denominated, fixed-rate, taxable corporate and government related bond markets. It is composed of the US Corporate Index and a non-corporate component that includes foreign agencies, sovereigns, supranationals and local authorities.

## Bloomberg US Corporate High Yield Bond Index

The Bloomberg US Corporate High Yield Bond Index measures the USD-denominated, high yield, fixed-rate corporate bond market. Securities are classified as high yield if the middle rating of Moody's, Fitch and S&P is Ba1/BB+/BB+ or below. Bonds from issuers with an emerging markets country of risk, based on Bloomberg EM country definition, are excluded.

## Credit Suisse BB Leverage Loan Index

Credit Suisse ("CS") BB Leveraged Loan ("LL") is a subset of the Credit Suisse Leveraged Loan Index including all securities rated BB1 through BB3.

## Effective Duration

A duration calculation for bonds with embedded options. Effective duration takes into account that expected cash flows will fluctuate as interest rates change.

## ICE BofAML 1-3 Year BBB US Corporate Index

The BofA Merrill Lynch 1-3 Year BBB US Corporate Index is a subset of The BofA Merrill Lynch US Corporate Index including all securities with a remaining term to final maturity less than 3 years and rated BBB1 through BBB3, inclusive.

# Investment Definitions

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## ICE BofAML 1-3 Year BB US Cash Pay High Yield Index

The BofA Merrill Lynch 1-3 Year BB US Cash Pay High Yield Index is a subset of The BofA Merrill Lynch US Cash Pay High Yield Index including all securities with a remaining term to final maturity less than 3 years and rated BB1 through BB3, inclusive.

## ICE BofAML 1-3 Year B Cash Pay High Yield Index

The BofA Merrill Lynch 1-3 Year B Cash Pay High Yield Index is a subset of The BofA Merrill Lynch US Cash Pay High Yield Index including all securities with a remaining term to final maturity less than 3 years and rated B1 through B3, inclusive.

## ICE BofAML Fixed Rate Preferred Securities Index

The BofA Merrill Lynch Fixed Rate Preferred Securities Index tracks the performance of fixed rate US dollar denominated preferred securities issued in the US domestic market.

## SEC 30-Day Yield

The SEC yield is a standard yield calculation developed by the U.S. Securities and Exchange Commission (SEC) that allows for fairer comparisons of bond funds. It is based on the most recent 30-day period covered by the fund's filings with the SEC. The yield figure reflects the dividends and interest earned during the period after the deduction of the fund's expenses. It is also referred to as the "standardized yield."

## Spread

Spread shows the difference between the quoted rates of return between two different investment vehicles usually differing in credit quality.

Source: Bloomberg, Credit Suisse, ICE BofAML, The Federal Reserve, and Investopedia. You cannot directly invest in an index. Unmanaged index returns do not reflect any fees, expenses or sales charges.

# Product Disclosure

Boyd Watterson Asset Management, a wholly-owned subsidiary of Boyd Watterson Holding Co., is an SEC-registered investment adviser that manages a variety of fixed income, real estate, and equity strategies. Registration does not imply a certain level of skill or training. A list of composite descriptions, list of limited distribution pooled fund descriptions, and list of broad distribution pooled fund are available upon request.

Boyd Watterson Asset Management LLC claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Boyd Watterson Asset Management LLC has been independently verified for the periods July 1, 2000 through June 30, 2022. The verification reports are available upon request. A firm that claims compliance with the GIPS standards must establish policies and procedures for complying with all the applicable requirements of the GIPS standards. Verification provides assurance on whether the firm's policies and procedures related to composite and pooled fund maintenance, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS standards and have been implemented on a firm-wide basis. Verification does not provide assurance on the accuracy of any specific performance report.

Results are based on fully discretionary accounts under management. The gross of fees returns are used to calculate composite dispersion and composite 3 year annualized standard deviation. Different types of investments and/or investment strategies involve varying levels of risk, and there can be no assurance that any specific investment or investment strategy will be suitable or profitable for a client's or prospective client's portfolio and may result in a loss of principal.

For reasons including variances in holdings among Composite accounts, variances in the investment management fee incurred, market fluctuation, the date on which a client engaged Boyd Watterson's investment management services, and any account contributions or withdrawals, the performance of a specific client's account may vary substantially from Boyd Watterson's composite performance results. Past performance is not indicative of future results.

The U.S. dollar is the currency used to express performance.

Boyd Watterson's fee scale for the Boyd Watterson Limited Duration Enhanced Income Composite is 40 bps. Returns are presented gross and net of fees and include the reinvestment of all income. The gross performance is calculated by adding .40% annually or .03% monthly to the net-of-fee performance return. Gross returns are shown as supplemental information and are stated gross of the annual fee. Gross returns reflect the deduction of any fees other than transactions costs and if net returns reflect the deduction of any fees other than transaction costs and investment management fees. Policies for valuing investments, calculating performance, and preparing GIPS Reports are available upon request.

Boyd Watterson Limited Duration Enhanced Income Composite - For comparison purposes the composite is measured against the Bloomberg 1-3 Year Government/Credit Index, which consists of Treasury or government agency securities and investment grade corporate debt securities with maturities of one to three years. The Composite's objectives are to obtain high levels of current income, to seek opportunities for capital appreciation and to control volatility in an effort to preserve principal by investing primarily in mid-grade credit rated corporate bonds and leveraged loans, with a focus on short-to-intermediate term maturities. The portfolio is invested in B- or better, dollar denominated fixed income securities from various sectors like Corporates and other non-benchmark sectors like High Yield, Leveraged Loans, and Preferred Stock. High Yield bonds carry increased levels of credit and default risk and are less liquid than other fixed income securities. The overall level of risk should be higher than that of the benchmark given the significant exposure to corporate credit and non-benchmark sectors and securities. Returns are generated and risks are minimized through duration management, yield curve structure, sector allocation, security selection, volatility management, and tactical spread management. Illiquid investments, leverage, derivative, and short positions are not utilized. The minimum account size for this composite is \$1 million. The composite was created on December 31, 2013. Inception date 9/30/2013. All performance represents actual returns as opposed to model or simulated returns.

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Period	Composite Assets (MM)	Firm Assets (MM)	Accounts at Period End	Composite Gross Return (%)	Composite Net Return (%)	Benchmark Return (%)	Composite Dispersion (%)	Composite 3 Yr Ex-Post Std. Dev.	Benchmark 3 Yr Ex-Post Std. Dev.
2021	364.7	13,014	4	2.68%	2.25%	-0.60%	N/A	4.61	1.17
2020	306.1	10,178	4	4.94%	4.60%	3.33%	N/A	4.72	0.98
2019	246.3	8,260	4	8.28%	7.87%	4.03%	N/A	1.76	0.92
2018	176.5	7,000	2	-0.14%	-0.50%	1.60%	N/A	1.51	0.82
2017	136.5	6,838	1	4.46%	4.08%	0.85%	N/A	1.36	0.73
2016	96.0	6,595	1	6.37%	6.05%	1.28%	N/A	1.49	0.75
2015	102.9	6,408	1	2.03%	1.76%	0.65%	N/A	-	-
2014	69.1	5,668	1	1.72%	1.45%	0.77%	N/A	-	-

N/A - Information is not statistically meaningful due to an insufficient number of portfolios in the composite for the entire year.

The three-year annualized ex-post standard deviation of the composite and/or benchmark is not presented for 2014 and 2015 because 36 monthly returns are not available.

# Disclosures

## Important Fund Risk Information:

*Investors should carefully consider the investment objectives, risks, charges and expenses of the Boyd Watterson Limited Duration Enhanced Income Fund. This and other important information about the Fund is contained in the prospectus, which can be obtained at [www.boydwattersonfunds.com](http://www.boydwattersonfunds.com) or by calling 1-877-345-9597. The prospectus should be read carefully before investing. **The Boyd Watterson Limited Duration Enhanced Income Fund is distributed by Northern Lights Distributors, LLC, member FINRA/SIPC. Must be preceded by or accompanied by a prospectus.***

**Investments in mutual funds involve risk including possible loss of principal. The risk that if the Fund's strategy for allocating assets among different asset classes does not work as intended, the Fund may not achieve its objective or may underperform other funds with the same or similar investment strategy. The market for bank loans may not be highly liquid and the Fund may have difficulty selling them. These investments expose the Fund to the credit risk of both the financial institution and the underlying borrower. Longer-term securities may be more sensitive to interest rate changes. Given the recent, historically low interest rates and the potential for increases in those rates, a heightened risk is posed by rising interest rates to a fund whose portfolios include longer-term fixed income securities. The net asset value of the Fund will fluctuate based on changes in the value of the U.S. and/or foreign equity securities held by the Fund. When the Fund invests in fixed income securities, the value of your investment in the Fund will fluctuate with changes in interest rates. Because the Fund's investments may include foreign securities, the Fund is subject to risks beyond those associated with investing in domestic securities.**

**Foreign companies are generally not subject to the same regulatory requirements of U.S. companies thereby resulting in less publicly available information about these companies. The interest rate on hybrid corporate securities can fluctuate from fixed to floating rate, which creates uncertainty regarding the interest rate that maybe received. When the Fund invests in other investment companies (such as ETFs and closed end funds), it will bear additional expenses based on its pro rata share of the other investment company's operating expenses, including the potential duplication of management fees. The value of a specific security can be more volatile than the market as a whole and may perform worse than the market as a whole. Lower-quality bonds, known as "high yield" or "junk" bonds, present greater risk than bonds of higher quality, including an increased risk of default. The Fund is a new mutual fund and has a limited history of operations for investors to evaluate. The Adviser's reliance on its strategy and judgments about the attractiveness, value and potential appreciation of particular securities and the tactical allocation among the Fund's investments may prove to be incorrect and may not produce the desired results. Preferred securities may pay fixed or adjustable rates of return. The earnings and prospects of small and medium sized companies are more volatile than larger companies and may experience higher failure rates than larger companies. Treasury obligations may differ in their interest rates, maturities, times of issuance and other characteristics.**

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This information is a summary in nature and is not a complete representation of the Fund. These terms may change at any time. If you have an interest in the Fund, you will be given a complete set of offering documents. You must rely only on the information contained in those documents in making any decision to invest.

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