

THE EQUINOX AMPERSAND OVERLAY STRATEGY: A SHORT STORY

OVERLAY DESCRIPTION

The Ampersand Fund seeks to achieve returns and volatility comparable to the S&P 500[®] Total Return Index (the "Equity Index"), while seeking to mitigate downside risk. The major change to the EquityHedge strategy is that its long Equity Strategy is now combined with an enhanced Overlay Strategy.

The long Equity Strategy aims to provide returns comparable to those of the Equity Index. Equity index futures will be used to obtain market exposure that is expected to average somewhere between about 100% and 110% over market cycles.

The enhanced Overlay Strategy seeks to complement these equity returns with non-correlated and negatively correlated return streams so that the overall Ampersand Fund portfolio, over a market cycle (generally 3 to 5 years or longer), is expected to have volatility comparable to the S&P 500[®], while targeting improved returns by seeking to avoid the full impact of downside risk. The previous Equity Hedge hedging strategy used only one negatively correlated return stream; we believe the enhanced overlay has the potential to provide better risk mitigation and greater returns in the long run.

Effective June 29, 2018, the Equinox EquityHedge US Strategy Fund was restructured and renamed the Equinox Ampersand Strategy Fund ("the Ampersand Fund"). The Ampersand Fund assumed the existing ticker symbols of EEHIX (Class-I) and EEHAX (Class-A).

¹The performance of the Overlay Strategy is based on Equinox's internal calculations.

OVERLAY PERFORMANCE

For the period July-December 2018, the EquityHedge (Class I) earned a return of -8.90%, underperforming the Equity Index[®], which was down -6.85% for the same period. However, the performance of the enhanced Overlay Strategy by itself, which was -0.70%, is worth examining in greater detail to see if the Overlay did in fact perform as we might have expected.¹

STANDARDIZED PERFORMANCE (%) as of 12/31/2018

	ANNUALIZED RATE OF RETURN					
	Q4 2018	YTD	1 YEAR	3 YEAR	5 YEAR	SINCE INCEPTION ²
CLASS A	-10.28	-8.55	-8.55	5.71	4.09	5.73
CLASS A (with 5.75% maximum sales charge)	-15.41	-13.79	-13.79	3.64	2.87	4.56
CLASS I	-10.26	-7.95	-7.95	6.07	4.42	6.05

CONDITIONAL RETURNS

Although the Overlay Strategy was slightly negative for the period, it is instructive to examine its returns conditional on the S&P 500[®] performance.

JULY 2 - DEC. 31, 2018	FREQUENCY	S&P 500 [®] CUMULATIVE RETURN	AMPERSAND OVERLAY CUMULATIVE RETURN
S&P POSITIVE DAYS	62	+54.73%	-3.77%
S&P NEGATIVE DAYS	64	-39.80%	+3.19%
ALL DAYS	126	-6.85%	-0.70%

As shown in the table, the Equity Index was up on 62 (out of 126) days, and down on the remaining 64 days during the six-month period. Its compounded return (not annualized) was 54.73% on just the positive days, and -39.80% on just the negative days.

Performance data quoted here represents past performance and does not guarantee future results. Current performance may be lower or higher than the performance quoted above. The value of an investor's shares will fluctuate so that investor's shares, when redeemed, may be worth more or less than their original cost. Gross/Net expense ratio: Class A: 3.17%/1.24%; Class I: 2.91%/0.99%. Additional information regarding Gross/Net Expense Ratios can be found on the next page. The Fund's investment advisor, Equinox Institutional Asset Management, LP, has contractually agreed to reduce its fees and/or absorb expenses of the Fund at least until 10/31/2019 to ensure that the net annual fund operating expenses do not exceed 1.24% (Class A) and 0.99% (Class I) of the Fund's average daily net assets, subject to possible recoupment from the Fund in future years subject to approval of the Fund's Board of Trustees. For performance current to the most recent month end, please visit equinoxfunds.com.

²Class A and I inception: 9/9/2013.

Investors cannot directly invest in an index and unmanaged index returns do not reflect any fees, expenses, or sales charges. S&P 500[®] Total Return Index (S&P 500[®]) - is widely regarded as the best single gauge of the US equities market.

The compounded Ampersand Overlay return was down -3.77% on days when the Equity Index was up. By contrast, the overlay was up +3.19% on days when the Equity Index was down.

Based on this fairly rough analysis, it seems as though the Overlay “did its job,” and was virtually uncorrelated to equities. This is confirmed by the correlation coefficient between the two series, which was -0.12. This slightly negative value merits further investigation.

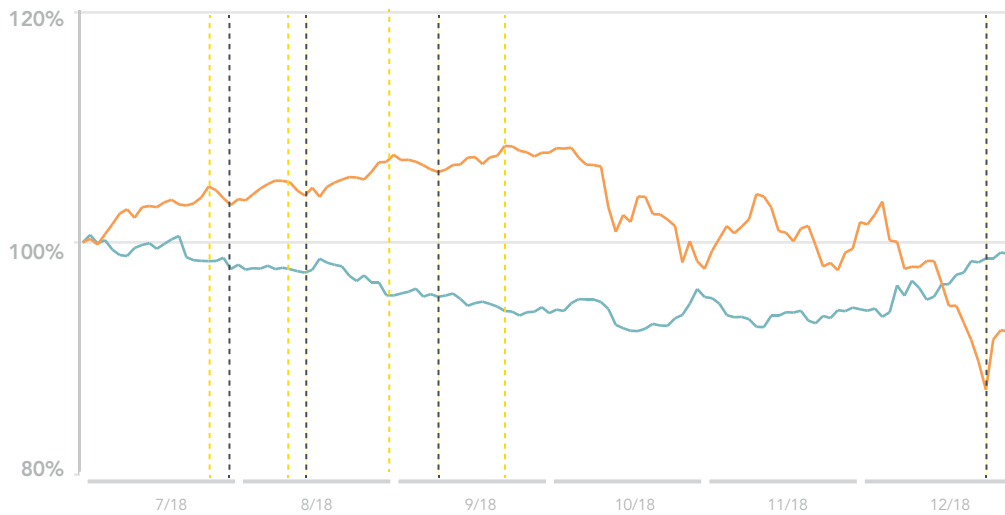
DRAWDOWNS

Next, we examine the performance of the Ampersand Overlay Strategy during equity market drawdowns. We limit ourselves to peak-to-trough drawdowns greater than 1%, ignoring smaller drawdowns as being economically insignificant. There were four drawdowns during the period. We display our results in the chart and table below.

During the first three relatively short and shallow S&P 500® drawdowns, the overlay outperformed the Equity Index, although its returns were also slightly negative. It was during the fourth and largest drawdown of -19.36%, which lasted for most of the fourth quarter, that the Overlay showed its mettle: it was up +4.80%, outperforming the Equity Index by more than 2400 basis points.

PERFORMANCE (%) DURING EQUITY MARKET DRAWDOWNS >1% JULY - DEC. 2018

● Ampersand Overlay ● S&P 500® Total Return Index



DRAWDOWN START	DRAWDOWN END	S&P 500® RETURN	OVERLAY RETURN
7/26/2018	7/30/2018	-1.52%	-0.69%
8/8/2018	8/13/2018	-1.22%	-0.30%
8/30/2018	9/7/2018	-1.38%	-0.11%
9/21/2018	12/24/2018	-19.36%	+4.80%

The Gross/Net Expense Ratio for the Fund does not include costs associated with any over-the-counter derivatives that provide the Fund exposure to the Overlay Strategy. The Investment Advisor anticipates that such exposure will indirectly subject the Fund to (i) counterparty fees of up to 0.50% (annualized) of notional exposure, and (ii) (annualized) management fees of up to 1.25% of notional exposure and performance-based incentive fees of up to 25% of new high net trading profits. The Adviser anticipates that the Fund's average notional exposure to the Overlay Strategy generally range between approximately 100% and 200% of Fund assets. The performance of the Fund will be net of all such embedded counterparty, management and incentive/performance fees. Please review the Fund's prospectus for more information regarding fees and expenses.

CONCLUSION

While historical performance is not necessarily indicative of the future, and the evidence above is “anecdotal,” we believe that the Ampersand Overlay Strategy should, during significant and extended equity drawdowns, exhibit similar behavior, based on its composition of diversifying and dynamic hedging futures-trading strategies. Given the prevailing market climate of uncertainty and high volatility, we believe that the Ampersand Fund may provide investors with “smart” exposure to equities, exposure that is coupled with the potential for downside risk mitigation in the event of a sharp extended equity drawdown or a bear market.

Mutual funds involve risk including possible loss of principal. There is no assurance that the Fund will achieve its investment objective.

Exposure to the commodities markets may subject the Fund to greater volatility than investments in traditional securities. Many of the derivative contracts entered into by the Fund, the Subsidiary or a trading company will be privately negotiated in the OTC market. These contracts also involve exposure to credit risk, since contract performance depends in part on the financial condition of the counterparty. Credit risk refers to the possibility that the issuer of the security will not be able to make principal and interest payments when due. Currency rates in foreign countries may fluctuate significantly over short periods of time for a number of reasons, including changes in interest rates and the imposition of currency controls or other political developments in the US or abroad. Derivative instruments come in many varieties and have a wide range of potential risks and rewards, and may include futures contracts, options on futures contracts, options, swaps, and forward currency exchange contracts. Derivatives typically have economic leverage inherent in their terms. The use of leverage tends to exaggerate the effect of any increase or decrease in the value of the Fund’s portfolio securities or other investments. Furthermore, derivative instruments and futures contracts are highly volatile and are subject to occasional rapid and substantial fluctuations. Investments in foreign securities could subject the Fund to greater risks including, currency fluctuation, economic conditions, and different governmental and accounting standards. derivative instruments and futures contracts are highly volatile and are subject to occasional rapid and substantial fluctuations.

Investors should carefully consider the investment objectives, risks, charges, and expenses of Equinox Ampersand Strategy Fund. This and other important information about the Fund is contained in the Prospectus, which can be obtained by calling 1.888.643.3431. The Prospectus should be read carefully before investing.

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