



# LELAND FUNDS®

## QUARTERLY TOP HOLDINGS UPDATE

### LELAND REAL ASSET OPPORTUNITIES FUND — 3Q2018

GGHTAX returned 0.61% in Q3 (load A-shares returned -5.15%). The C-shares returned 0.42%, and the I-shares returned 0.69% for the quarter. The benchmark S&P 500 Total Return Index returned 7.71% for the period.

On a trailing 12-month basis GHTAX returned -1.31% (load A-shares returned -6.95%). The C shares returned -2.14%, and the I-shares returned -1.06%. The benchmark S&P 500 Total Return Index returned 17.91% for the trailing one year period.

Real assets continued to struggle in Q3. With the exception of the MLP sector (which increased +6.57% per the Alerian MLP Index), all other sectors in which our fund can invest underperformed the general equity markets. This can be seen through indices that reflect the various sectors in which the strategy can invest, including REITS, basic materials, oil and gas producers, and energy services. The Dow Jones REIT Index rose only 0.65%, while the Dow Jones US Basic Materials Index fell -0.09%, the S&P Oil and Gas Exploration and Production Index rose a mere 0.82% and the S&P North American Natural Resources Index fell -2.05% during Q3.

Despite the Federal Reserve's recent verbal indications that interest rate increases will most likely continue over the next four quarters, our conviction regarding the Fund's REIT sector holdings remains strong for several reasons.

### LELAND REAL ASSET OPPORTUNITIES FUND PERFORMANCE

As of 9/30/2018

	Q3	YTD	1-YR	3-YR	5-YR	Since Inception (9/30/2013)
GHTAX	0.61%	-1.97%	-1.31%	8.50%	-0.40%	-0.40%
GHTAX w/load	-5.15%	-7.60%	-6.95%	6.40%	-1.58%	-1.58%
GHTCX	0.42%	-2.54%	-2.14%	7.64%	-1.15%	-1.15%
GHTIX	0.69%	-1.69%	-1.06%	8.77%	-0.14%	-0.14%

GHTAX, GHTCX and GHTIX inception is September 30, 2013. The maximum sales charge (load) for GHTAX is 5.75%. The performance data quoted here represents past performance. For more current performance information to the most recent monthend, please call toll-free 855-535-2631 or visit our website, [www.lelandfunds.com](http://www.lelandfunds.com). Current performance may be lower or higher than the performance data quoted above. Past performance is no guarantee of future results. The investment return and principal value of an investment in the Fund will fluctuate so that investors' shares, when redeemed, may be worth more or less than their original cost. Without waivers, the Class A, C, and I share total annual operating expenses would be 1.89%, 2.64%, and 1.64%. The Fund's investment adviser has contractually agreed to reduce its fees and/or absorb expenses until at least January 31, 2019, to ensure that net annual, operating expenses of the Class A, C and I Shares will not exceed 1.48%, 2.23%, and 1.23% respectively, subject to possible recoupment from the Fund in future years. Please review the Fund's prospectus for more information regarding the Fund's fees and expenses.

### Current Portfolio

As of 9/30/2018

#### Portfolio Allocation

REITs	62%
Energy Infrastructure	27%
Energy Producers	0%
Basic Materials	7%
Cash	4%

#### Sub-Industry Allocation

Mortgage REITs	19%
Diversified REITs	2%
Healthcare REITs	6%
Industrial REITs	0%
Hotel REITs	4%
NNN REITs	7%
Retail REITs	20%
Office REITs	4%
Basic Materials	7%
Energy Infrastructure Shipping	14%
Energy Infrastructure Pipelines	13%
Cash	4%

#### Portfolio Information

Equity Positions	20
Options Positions	0
Dividend Yield - 30 day SEC* (subsidized)	3.72%
Dividend Yield - 30 day SEC* (unsubsidized)	3.41%

## LELAND REAL ASSET OPPORTUNITIES FUND — 3Q2018 (CONTINUED)

First, the prices of our holdings in this sector fully reflect these increased rate expectations already. Also, of the Fund's current REIT exposure, roughly 40% is in positions that we believe have the potential to benefit directly from moderately rising rates. Finally, fundamentals of the underlying property sectors indicate modest-to-moderate NOI (net operating income) growth, offset by modestly rising capitalization rates. This demonstrates that there is a meaningful counterweight to rising rates—namely, growth in rents driven by a steadily growing economy. Thus rising rents are not the death knell for real estate and REITs, as is sometimes implied in the mainstream financial media. While these offsetting factors are not of themselves a highly bullish signal, when combined with the meaningful discount to underlying property values, and the increased cash flows expected from rising rates in 40% of our positions, we believe our REIT portfolio is likely to generate attractive risk-adjusted returns going forward.

In addition to REITs, for more than a year, we have seen opportunities in the energy infrastructure space—particularly energy shipping. The Fund's holdings' strong balance sheets, cash flow protection from multi-year contracts, and relative youth of their fleets were not being recognized by the market. However, since our rotation into this sector, fundamentals have continued to strengthen in conjunction with improving industry conditions. Our portfolio companies have used the additional cash flow to pay down debt, and dividend coverage is very high by historical standards. Thus we remain invested in this sector (with some rebalancing as names move relative to each other), and expect capital appreciation driven by dividend increases over the coming year.

## LELAND REAL ASSET OPPORTUNITIES FUND — TOP HOLDINGS

Ticker	Name	Industry	%
NRZ	New Residential Investment Corp.	REITs	11.99%
New Residential Investment Corp is a public real estate investment trust focused on investing in the residential housing sector. The Company makes investments in residential mortgage related assets, such as excess mortgage servicing rights and residential mortgage backed securities.			
AMZA	Infracap MLP ETF	Energy Infrastructure	8.50%
InfraCap Active MLP ETF is an exchange-traded fund incorporated in the USA. The Fund seeks total return primarily through investments in equity securities of publicly-traded master limited partnerships and limited liability companies taxed as partnerships ("MLPs").			
IYM	iShares U.S. Basic Materials ETF	Basic Materials	6.92%
iShares U.S. Basic Materials ETF is an exchange-traded fund incorporated in the USA. The Fund seeks investment results that correspond to the performance of the Dow Jones U.S. Basic Materials Sector Index. The Fund will concentrate its investments in this sector to approximately the same extent the Index is concentrated.			
STWD	Starwood Property	REITs	6.52%
Starwood Property Trust, Inc. is a real estate investment company. The Company originates and invests in commercial mortgage loans and other commercial real estate debt investments, commercial mortgage-backed securities, and other commercial real estate-related debt investments. Starwood may also invest in residential mortgage loans and residential mortgage-backed securities.			
BPY	Brookfield Property Partners LP	REITs	5.93%
Brookfield Property Partners LP invests in real estate. The Company owns, operates and invests in commercial properties. Brookfield Property Partners focuses on properties located in North America, Europe, Australia and Brazil.			

## LELAND REAL ASSET OPPORTUNITIES FUND — TOP HOLDINGS (CONTINUED)

Security	Name	Added or Removed
BRY	Berry Petroleum	Added
ENB	Enbridge Inc.	Added
PEI	Pennsylvania Real Estate Investment Trust	Added
BPY	Brookfield Property Partners LP	Added
BXMT	Blackstone Mortgage Trust Inc	Removed
GGP	GGP Inc	Removed
LXP	Lexington Realty Trust	Removed

### FUND RISK DISCLOSURES

*Investors should carefully consider the investment objectives, risks, charges and expenses of the Leland Real Asset Opportunities Fund. This and other important information about the Fund is contained in the prospectus, which can be obtained at [www.lelandfunds.com](http://www.lelandfunds.com) or by calling 855-LE-LAND1. The prospectus should be read carefully before investing. The Leland Real Asset Opportunities Fund is distributed by Northern Lights Distributors, LLC, member FINRA/SIPC. Leland Funds is not affiliated with Northern Lights Distributors, LLC.*

*Mutual Funds involve risks including the possible loss of principal. There are numerous risks associated with options transactions. Decisions as to whether, when and how to write and purchase options under the Fund's options strategy involves the exercise of skill and judgment which could be unsuccessful. Options are subject to sudden price movements and are highly leveraged, in that payment of a relatively small purchase price, called a premium, gives the buyer the right to acquire an underlying security that has a face value substantially greater than the premium paid. The buyer of an option risks losing the entire purchase price of the option. The writer, or seller, of an option risks losing the difference between the purchase price received for the option and the price of the security underlying the option that the writer must purchase or deliver upon exercise of the option. There is no limit on the potential loss. The Fund may invest in derivatives and losses could result from the Fund's investment in swaps, options, and futures. Derivative instruments may be illiquid, difficult to value and leveraged so that small changes may produce disproportionate losses. ETFs and ETNs 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. 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. The Fund may invest in the basic material, energy and infrastructure industry, which could underperform the market due to adverse market conditions, legislative and regulatory changes, supply and demand and operational risks and other risks associated with a concentrated investment focus. The Fund may invest in MLPs directly or through ETFs or ETNs and include risks relating to energy prices, the market for energy commodities, and unique tax consequences. ADRs are subject to many of the same risks as a direct investment in foreign companies including international trade, currency, political, regulatory and diplomatic risks. The value of the Fund's investments in REITs is subject to real estate values, available capital or financing opportunities and increases in property taxes and operating costs.*

*\*The SEC Yield represents annualized net investment income (dividends and interest, after the deduction of the fund's expenses) earned by the fund over a 30-day period, expressed as a percentage of the fund's assets. It is calculated based on the standardized formula set forth by the SEC. Net investment income is based on the projected dividend yield of the fund's holdings. The SEC Yield should be regarded as an estimate of the fund's rate of investment income, and it may not equal the fund's actual income distribution rate.*

*The S&P 500 Total Return Index is the total return version of the S&P 500 Index which includes the effects of reinvested dividends. The S&P 500 Index is a capitalization-weighted index of 500 stocks designed to measure performance of the broad domestic economy through changes in the aggregate market value representing all major industries.*

*The Alerian MLP Index is the leading gauge of energy Master Limited Partnerships (MLPs). The index is a float-adjusted, capitalization-weighted index, whose constituents represent approximately 85% of total float-adjusted market capitalization.*

*The Dow Jones REIT Index represents REITs & other companies that invest directly or indirectly in real estate through development, management or ownership, including property agencies. The index is a subset of the Dow Jones U.S. Index, which covers 95% of U.S. securities based on float-adjusted market capitalization.*



## FUND RISK DISCLOSURES (CONTINUED)

*The **Dow Jones US Basic Materials Total Return Index** represents the Basic Materials Industry as defined by the Dow Jones proprietary classification system. The index is one of ten indices that together make up the Dow Jones U.S. Index, which represents approximately 95% of U.S. market capitalization.*

*The **S&P Oil & Gas Exploration & Production Index** represents the oil and gas exploration and production sub-industry portion of the S&P Total Markets Index.*

*The **S&P North American Natural Resources Index** provides investors with a benchmark that represents U.S. traded securities that are classified under the GICS<sup>®</sup> energy and materials sector excluding the chemicals industry; and steel sub-industry.*

*Investments cannot be made in an index. The data shown does not reflect or compare features of an actual investment, such as its objectives, costs and expenses, liquidity, safety, guarantees or insurance, fluctuation of principal or return, or tax features.*

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