

# Power Income Fund: A Tactical Strategy



## FUND GOAL

This fund has the objective of total return from income and capital appreciation with the preservation of capital a secondary objective. The fund seeks returns with limited risk and seeks to beat an index of all bonds, corporate and government. However, there is no assurance that the Fund will achieve its investment objective.

## POTENTIAL BENEFIT TO INVESTORS

- Seeks Total Returns
- Seeks to Preserve Capital During Market Declines
- Tactical Bond Management
- Potentially Lower Sensitivity to Interest Rates
- Low Correlation to other Markets
- High Coupon Rates Potentially Provide a High Level of Current Income
- Seeks Consistent Returns for Income Distribution

## PORTFOLIO STATISTICS

Class A Shares	Class C Shares	Class I Shares
Cusip Number: 66537V 294	Cusip Number: 66537V 286	Cusip Number: 66537V 278
Ticker: PWRAX	Ticker: PWRXC	Ticker: PWRIX
Fund Assets*: \$26.5M	Fund Assets*: \$4.5M	Fund Assets*: \$133.5M

\*As of 6/30/2018

PROSPECTUS & ACCOUNT QUESTIONS:  
1-877-7-PWRINC 1-877-779-7462

MARKETING AND SALES QUESTIONS:  
1-800-642-4276

OR VISIT OUR WEBSITE:  
[www.POWERMUTUALFUNDS.com](http://www.POWERMUTUALFUNDS.com)

## POTENTIAL ADVANTAGES OF HIGH YIELD BONDS

The Power Income Fund employs a "Tactical" approach to investing. The Fund invests in High Yield Bond Funds, Floating Rate Funds, and/or money market and Treasury funds. The Power Income Fund will also purchase inverse mutual funds or short sell ETF's utilizing a proprietary defensive trading system. The system indicates whether it is time to be invested in the High Yield Asset Class or money markets. The purpose of switching between these two investments is an attempt to minimize losses during a downturn and to maximize gains during upturns. In addition, the "Tactical" approach can utilize a hedging strategy utilizing mutual funds with an inverse relationship to the high yield asset class or short sell High Yield ETFs. High Yield bonds are subject to greater risks than bonds of higher quality.

The performance included is index performance and does not represent the Fund. Investors cannot directly invest in an index; unmanaged index returns do not reflect any fees, expenses or sales charges.

### Total Annual Returns of Two Fixed Income Sectors Over a 10 Year Period:

Year	High Yield	90 Day T-Bills <sup>3</sup>
2008	-26.39	1.75
2009	57.51	0.14
2010	15.19	0.13
2011	4.38	0.07
2012	15.58	0.07
2013	7.42	0.05
2014	2.50	0.03
2015	-4.64	0.02
2016	17.49	0.25
2017	7.48	0.82

The chart to the left shows the performance of the two fixed income sectors, High Yield Bonds and 90 Day US Treasury Bills on an annual basis. As you will see from the performance there is clearly a time to be in the High Yield Bond asset class and a time to be in cash or cash equivalents (90 day T-bills). See disclosure on page 2 for risks of these securities.

**Bloomberg Barclays US Aggregate Bond Index:** a market value-weighted index that tracks the daily price, coupon, pay-downs, and total return performance of fixed-rate, publicly placed, dollar-denominated, and non-convertible investment grade debt issues with at least \$250 million par

amount outstanding and with at least one year to final maturity. **ICE BofAML US High Yield Index:** a broad-based index consisting of all U.S. dollar-denominated high-yield bonds with a minimum outstanding amount of \$100 million and maturing over one year. **Maximum Drawdown:** (Downside Risk) is a statistical measurement reflecting the highest peak to trough drop in an index or security for a defined historical period. Commonly, the higher the drawdown, the riskier the security.

As is illustrated by the table below, for the time period ended December 31, 2017, the High Yield market outperformed the Barclays U.S. Aggregate Bond Index over the 5 and 10 year time periods (using the ICE BofAML US High Yield Index). W.E. Donoghue and Co., LLC seeks to reduce the volatility of the high yield asset class in the Power Income Fund by tactically reducing exposure to the high yield asset class when the market warrants.

	ICE BofAML US High Yield Index		BBgBarc US Aggregate Bond Index	
	Total Return	Max Drawdown	Total Return	Max Drawdown
1 Yr. Performance	7.48	-0.27	3.54	-0.55
5 Yr. Performance	5.80	-9.83	2.10	-3.28
10 Yr. Performance	7.89	-32.48	4.07	-3.83

Past performance is no guarantee of future results.

\*This fund is available as a No Transaction Fee mutual fund on LPL Financial's advisory platforms. Please check with your home office for more information or to verify availability. **For Broker/Dealer Use Only**



INVESTMENT ADVISER TO THE FUND

W.E. Donoghue & Co., LLC is a tactical investment firm that has specialized in risk-managed portfolios since 1986. The firm currently manages over \$3.3 billion\* in assets under management or advisement. Our tactical strategies are based upon rigorous analysis of decades of historical data. The Power Mutual Fund series utilizes technical indicators to recognize shifts in market momentum and uses proprietary tactical signals to help preserve capital in down trending markets and potentially offer strong client-centric risk-adjusted returns over a full market cycle.

\*As of 3/31/2018

PERFORMANCE as of 6/30/2018

Fund Name	3M	YTD Return	1Y	5Y	Since Inception (9/14/2010)
Power Income Fund A	-0.42%	-1.49%	-0.72%	1.74%	2.29%
Power Income Fund A With Load	-5.43%	-6.37%	-5.69%	0.71%	1.62%
Power Income Fund C*	-0.61%	-1.86%	-1.41%	N/A	0.50%
Power Income Fund I	-0.35%	-1.46%	-0.47%	1.98%	2.53%
BBgBarc US Agg Bond Index	0.98%	0.07%	2.51%	5.50%	-

\* Class C Shares commenced operations on November 25, 2014

The maximum sales charge on the fund is 5.00%. The performance data quoted here represents past performance. 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 will fluctuate so that investor's shares, when redeemed, may be worth more or less than their original cost. The Fund's total annual operating expenses is 2.08% for Class A shares, 2.83% for Class C shares, and 1.83% for Class I shares. Please review the fund's prospectus for more information regarding the fund's fees and expenses. For performance information current to the most recent month-end, please call toll-free 877-779-7462.

Investors cannot directly invest in an index and unmanaged index returns do not reflect any fees, expenses or sales charges.

INVESTMENT COMMITTEE

- Jeffrey R. Thompson
- William B. Dowler
- Richard E. Molari

	Class A Shares	Class C Shares	Class I Shares
Min. Investment	\$1,000	\$2,500	\$100,000
Subsequent Min.	\$100	\$500	\$0

Check with your platform or broker dealer for I share aggregation potential.

Mutual Funds involve risk including the possible loss of principal. Derivatives are subject to credit risk and liquidity risk. Additionally, even a small investment in derivatives may give rise to leverage risk, and can have a significant impact on the Fund's performance. In general, the price of a fixed income security falls when interest rates rise. The Fund will invest in high yield securities, also known as "junk bonds." High yield securities provide greater income and opportunity for gain, but entail greater risk of loss of principal. Mutual funds and ETFs are subject to investment advisory and other expenses, which will be indirectly paid by the Fund. As a result, your cost of investing in the Fund will be higher than the cost of investing directly in other mutual funds and ETFs and may be higher than other mutual funds that invest directly in fixed income securities. The Fund will incur a loss as a result of a short position if the price of the short position instrument increases in value between the date of the short position sale and the date on which the Fund purchases an offsetting position. A higher portfolio turnover will result in higher transactional and brokerage costs.

High yield securities, also known as "junk bonds provide greater income and opportunity for gain, but entail greater risk of loss of principal. An economic downturn or period of rising interest rates could adversely affect the market for these bonds. U.S. government securities are subject to market risk, interest rate risk and credit risk. Securities issued or guaranteed by U.S. government-related organizations, such as Fannie Mae and Freddie Mac, are not backed by the full faith and credit of the U.S. government and no assurance can be given that the U.S. government will provide financial support.

Investors should carefully consider the investment objectives, risks, charges, and expenses of the Power Income Fund. This and other information about the Fund is contained in the prospectus and should be read carefully before investing. The prospectus can be obtained by calling toll free 1-877-779-7462 (1-877-7-PWRINC). The Power Income Fund is distributed by Northern Lights Distributors, LLC. Member FINRA. W.E. Donoghue & Co., LLC is not affiliated with Northern Lights Distributors, LLC.

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