

To our advisors and shareholders,

We apologize for any confusion related to the 2018 distribution. Gemini Fund Services (the Fund admin) incorrectly reported the A and I shares of the Swan Defined Risk Fund (the Fund) as non-qualified dividends rather than qualified dividends, as it has been historically.

This resulted in Broker-Dealers categorizing the SDRIX and SDRAX dividends as non-qualified dividends on investor 1099s held in non-qualified accounts. Swan identified the issue March 21, 2019 and communicated the issue to the Fund admin immediately.

The Fund admin corrected the issue on April 4, 2019. Broker-Dealers issue updated 1099s every two weeks, so the correction was picked up in each Broker-Dealer's most recent updated 1099 cycle.

If you have specific questions and for more information, please [contact us](#) or Gemini Fund Services directly 1-877-896-2590 or [shareholderservices@geminifund.com](mailto:shareholderservices@geminifund.com).

Again, we apologize or any confusion and inconvenience this may have caused.

## Always Invested, Always Hedged

The market is unpredictable, making it difficult to plan long-term outcomes. That's why we believe reducing downside risk can help smooth out returns over market cycles and significantly impact wealth creation over the long term.

With this in mind, we developed our Defined Risk Strategy in 1997 as a way to offer our clients a distinctive, innovative tool that is always invested for consistent long-term returns while remaining always hedged to protect portfolios from large market declines.

## STRATEGY

# STRATEGY

Based on our Defined Risk Strategy (DRS), Swan Defined Risk Funds are an absolute return type, risk-managed approach to asset allocation designed for growth investors.

**The goal:** *to achieve consistent long-term returns while minimizing the downside risk of the equity markets.*

**Key elements of our Always Invested, Always Hedged strategy include:**

- > Always invested using low-cost ETFs
- > Designed to seek consistent long-term returns
- > Aims to protect client assets during major market downturns
- > Always hedged using put options

[Learn more](#)

# PROCESS

1

## Invest in Equities

- Purchase ETFs that track equity indexes
- Invested at all times

2

## Hedge the Equities

- Buy puts on the equity index
- At – or near-the-money
- Long-term – generally one to two years, initially

3

## Trade Options Strategies

- Seek to buy and/or sell shorter-term options
- Typically, non-directional, market-neutral initially

4

## Monitor & Adjust

- Daily monitoring
- Rebalance as required
- Re-hedge annually, or as needed

## Funds

Swan Defined Risk Fund = CLASS A: SDRAX | CLASS C: SDRCX | CLASS I: SDRIX

Swan Defined Risk Growth Fund = CLASS A: SDAAX | CLASS C: SDACX | CLASS I: SDAIX

Swan Defined Risk Emerging Markets Fund = CLASS A: SDFAX | CLASS C: SDFCX | CLASS I: SDFIX

Swan Defined Risk U.S. Small Cap Fund = CLASS A: SDCAX | CLASS C: SDCCX | CLASS I: SDCIX

Swan Defined Risk Foreign Developed Fund = CLASS A: SDJAX | CLASS C: SDJCX | CLASS I: SDJIX

## **Swan Defined Risk Fund**

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**PORTFOLIO MANAGERS**



**Randy Swan**

Portfolio Manager



**Rob Swan**

Portfolio Manager

**in**

Randy Swan started Swan Global Investments in 1997, looking to supply investment management services that were not available to most investors. Early in his financial career, Randy saw that options provided an opportunity to minimize investment risk.

Randy and co-portfolio manager Rob Swan have been managing the Funds since inception.

[Learn more](#)

# FUND DOCUMENTS

Click to view or download

Documents

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XBRL Files

# CONTACT

## Swan Capital Management

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Tel: 970.382.8901

## Gemini Fund Services, LLC

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Omaha, Ne 68154  
877.896.2590

## Direct Contacts

### For general questions or support

Toll Free  
P: [866-617-7926](tel:866-617-7926)  
E: [Email Client Services](#)

### For advisors with questions:

[970-382-8901](tel:970-382-8901)  
E: [Email Swan Sales](#)

### For Institutions with questions:

Sean McCaffrey  
P: [970-382-8901](tel:970-382-8901), ext. 112  
E: [Email Swan Institutional Consultants](#)

## Follow us





**Important Disclosures- Please read:**

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.

Investors cannot directly invest in an index and unmanaged index returns do not reflect any fees, expenses or sales charges. Swan may invest in index ETFs as an underlying asset within each mutual fund, such as:

SPY: The SPDR® S&P 500® ETF Trust seeks to provide investment results that, before expenses, correspond generally to the price and yield performance of the S&P 500® Index.

EEM: The iShares MSCI Emerging Markets ETF seeks to track the investment results of an index composed of large- and mid-capitalization emerging market equities.

IWM: The iShares Russell 2000 ETF seeks to track the investment results of an index composed of small-capitalization U.S. equities.

EAFE: The iShares MSCI EAFE ETF seeks to track the investment results of an index composed of large- and mid-capitalization developed market equities, excluding the U.S. and Canada.

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 losses many times the option premium received.

The adviser's dependence on its Defined Risk Strategy process and judgments about the attractiveness, value and potential appreciation of particular ETFs and options in which the Fund invests or sells may prove to be incorrect and may not produce the desired results.

Purchased put options may expire worthless and may have imperfect correlation to the value of the Fund's sector ETFs. Written call and put options may limit the Fund's participation in equity market gains and may amplify losses in market declines. The Fund's losses are potentially large in a written put or call transaction. If un-hedged, written calls expose the Fund to potentially unlimited losses.

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. In addition to the risks generally associated with investing in securities of foreign companies, countries with emerging markets also may have relatively unstable governments, social and legal systems that do not protect shareholders, economies based on only a few industries, and securities markets that trade a small number of issues.



*Investors should carefully consider the investment objective, risks, charges and expenses of the Swan Defined Risk Funds. Mutual funds involve risk, including possible loss of principal. There is no guarantee the Fund will meet its objective. This and other information is contained in the prospectus and should be read carefully before investing. For a prospectus please call Swan Defined Risk Funds at (877) 896-2590. The Funds are distributed by Northern Lights Distributors, LLC, member [FINRA](#) / [SIPC](#). Northern Lights Distributors, LLC is not affiliated with Swan Capital Management, LLC, Swan Global Management, LLC, or Swan Global Investments, LLC. Swan Capital Management, LLC, Swan Global Management, LLC, and Swan Global Investments, LLC are affiliated entities.*  
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### **Swan Global Investments**

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Swan Global Investments is a SEC registered investment advisor providing asset management services utilizing the Swan Defined Risk Strategy, allowing our clients to grow wealth while protecting capital. Please note that registration of the Advisor does not imply a certain level of skill or training. Swan Global Investments, LLC is affiliated with Swan Capital Management, LLC, Swan Global Management, LLC and Swan Wealth Management, LLC.

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