



NEIL PEPLINSKI, CFA

Chairman & Chief Investment Officer

Good Harbor Financial, LLC

Building Better Portfolios With Liquid Alternatives

Today we find many investors and advisors exploring alternatives. Given that we are in an extended US equity bull market and have seen some recent reminders of just how disruptive the broader equity markets can be, perhaps it is no surprise that investors are in search of uncorrelated return and sources of investment diversification.

Alternatives have the potential to provide a portfolio with two significant benefits: risk reduction and return enhancement. To achieve each of these benefits, different styles of alternative strategies must be properly incorporated into a portfolio allocation. Too often however, we find investors concentrated in the risk reduction element, either purposefully or inadvertently, due in part to the large availability of alternative strategies that tend to be lower volatility absolute return focused. In doing so, a portfolio may realize a reduction in volatility, but often falls short on return expectations. This is why we believe a properly constructed alternative allocation should include a return enhancement element along side the return diversifiers.

In our portfolio construction approach, we categorize alternatives strategies according to the underlying investment objective: (i) Real Assets which target inflation protection, return diversification and cash flow; (ii) Absolute Return which targets diversification and lower volatility; and (iii) Private Equity/Venture Capital which targets return enhancement. At Leland Funds we have the tools to gain exposure to all of these categories.

To get a roadmap of how to then allocate across these categories, we turn to a community that has been successfully doing this for many years: large university endowments. While many investors may not have the risk profile necessary to support the large allocation to alternatives that is common among endowments, there can be potential benefits in analyzing how endowments sub-allocate their alternative investments across these same categories, and then following a similar allocation utilizing available alternative mutual funds. This then provides a structure for incorporating both return enhancers and return diversifiers.

For more information, please visit www.Lelandfunds.com



THE LELAND FAMILY OF FUNDS offers innovative investment solutions that complement traditional allocations within a portfolio. The Leland Funds seek to provide opportunities for diversification to improve risk management and enhance returns over time. Through its partnerships with leading investment managers, Leland Funds include strategies which provide investors with opportunities beyond existing investment alternatives. Leland Funds are advised by Good Harbor Financial, LLC, a wholly-owned subsidiary of Cedar Capital, LLC. Good Harbor Financial, LLC is the investment adviser to the Leland Currency Strategy Fund, the Leland Thomson Reuters Venture Capital Index Fund, and the Leland Thomson Reuters Private Equity Index Fund. Additional information and a prospectus are available at Lelandfunds.com.

Investments in mutual funds involve risk including possible loss of principal. There is no guarantee that any investment strategy will achieve its objectives, generate profits, or avoid losses. Alternative investment products involve a high degree of risk. Alternative investment performance can be volatile and an investor could lose a substantial portion of their investment.

Investors should carefully consider the investment objectives, risks, charges and expenses of the Leland Funds prior to investing. This and other important information about the Funds is contained in the prospectus, which can be obtained at www.lelandfunds.com or by calling 877-270-2848. The prospectus should be read carefully before investing. The Leland Funds are distributed by Northern Lights Distributors, LLC, member FINRA/SIPC. Good Harbor Financial, LLC and Thomson Reuters are not affiliated with Northern Lights Distributors, LLC. Thomson Reuters is a registered trademark of Thomson Reuters and its affiliates. 6221-NLD-4/11/2016