Anfield Capital Management, LLC
Universal Fixed Income Fund

Quarterly Investment Report
Fourth Quarter 2016

ANFIELD
CAPITAL

Disclosure

Investors should carefully consider the investment objectives, risks, charges and expenses of the Anfield Universal Fixed Income Fund. This and other important information about the Fund is contained in the prospectus, which can be obtained by calling 866-866-4848. The prospectus should be read carefully before investing. The Anfield Universal Fixed Income Fund is distributed by Northern Lights Distributors, LLC member FINRA/SIPC. Anfield Capital Management, LLC and Northern Lights Distributors, LLC are unaffiliated.

Mutual Funds involve risk including loss of principle. Investing in **foreign denominated and/or domiciled securities** may involve heightened risk due to currency fluctuations, and economic and political risks, which may be enhanced in emerging markets. **Mortgage and asset-backed securities** may be sensitive to changes in interest rates, subject to early repayment risk, and their value may fluctuate in response to the market's perception of issuer creditworthiness; while generally supported by some form of government or private guarantee there is no assurance that private guarantors will meet their obligations. **High yield**, lower-rated, securities involve greater risk than higher-rated securities; portfolios that invest in them may be subject to greater levels of credit and liquidity risk than portfolios that do not**. Derivatives** may involve certain costs and risks such as liquidity, interest rate, market, credit, management and the risk that a position could not be closed when most advantageous. Investing in derivatives could lose more than the amount invested.

Diversification does not ensure against loss. The value of most bond funds and fixed income securities are impacted by **changes in interest rates**. Bonds and bond funds with longer durations tend to be more sensitive and more volatile than securities with shorter durations; bond prices generally fall as interest rates rise. Other fixed income security risks include credit risk and prepayment risk. **Futures contracts** are subject to risks of the underlying investments that they represent, but also may involve risks different from, and possibly greater than, those associated with investing directly in the underlying investments. Futures are also subject to market risk, interest rate risk and index tracking risk. The use of **leverage**, such as embedded options will magnify the Fund's gains and losses. **Obligations of U.S. Government agencies** and authorities are supported by varying degrees of credit but generally are not backed by the full faith and credit of the U.S. Government.

4165-NLD-2/7/2017

Q4 2016 Market Commentary

Market Commentary

- The S&P 500 and Russell 2000 indices surged by 3.83% and 8.83% respectively in the fourth quarter, building on similar gains in the previous three-month period.

- The yield on the 10-year Treasury leapt from 1.6 percent in the third quarter to 2.45 percent by the end of December, kindling speculation of a 3.0-percent yield for the first time since December 2013.

- Bond prices, meanwhile, sank from a gain of 0.47 percent to -2.98 as measured by the Barclay US Aggregate Bond Index. As the average yield across the fixed-income spectrum remains depressed, the overall focus is on high-yield products.

- The dollar strengthened, metals and emerging markets weakened and crude oil stabilized after an OPEC production-cut agreement appeared to hold despite concerns that aggressive drilling by US companies may undermine it.

- Encouraged by the prospects of significantly reduced corporate taxes, investors piled into share markets that before the election were thought to be overheated.

*There is no assurance these opinions or forecasts will come to pass, and past performance is no assurance of future results

- According to The Wall Street Journal, Goldman Sachs projects that S&P 500 companies will spend about $780 billion on share buybacks in 2017, a 30% rise from 2016, buoyed by corporate tax reform and the repatriation of cash held overseas.

- According to a report from Swiss Bank Corp., pension funds that rebalance on a monthly and quarterly basis are poised to sell US shares in the value of some $38 billion to reset previous allocation levels.

- Non-farm payrolls in December grew by 156,000, well below the 204,000 created in November and surprisingly low given the season.

- The World Bank forecast 2017 GDP growth at 2.7% following an estimated post-2008 low of 2.3% in 2016.

- JC Penny, Kohl's and Macy's all reported disappointing holiday sales amid rumors that Macy's and Sears may soon declare bankruptcy.

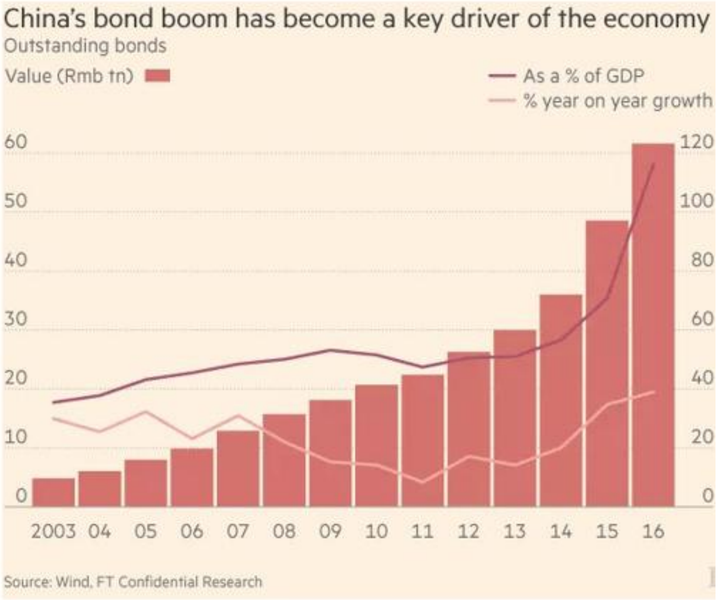
- Meanwhile, Amazon continued to dominate online holiday sales with a 38 percent share, followed by Best Buy's 4 percent and Target's 3 percent. The Seattle-based Amazon accounted for half of all online orders placed the Monday before Christmas Day, according to Slice Intelligence.

4165-NLD-2/7/2017

Q4 2016 Market Commentary – Cont'd

International Update

- Despite uncertainty ahead of several national elections the Eurozone is showing signs of revival, including an uptick in the composite Purchasing Managers' Index to 54.4 in December, up from November's 53.9 and aligned with its highest level since May 2011.
- Euro parity with the dollar can only strengthen export receipts, a fact reflected in surveys featured this month by Gavekal Capital. Confidence levels within the European Union not only beat expectations in December, they rose to levels not seen since 2007.
- The surveys from Gavekal Capital were released just days after Reuters reported that several German economists called on the European Central Bank to raise interest rates after Eurozone inflation accelerated at a faster rate than expected in December. In addition, sales are up among Europe's top-five auto manufacturers.
- Capital flight out of China, estimated by *Bloomberg* at $690 billion in the year to October, prompted Beijing to sell some $403 billion in US government paper from its foreign currency reserves to defend the renminbi.
- The cost of servicing China's outstanding debt, valued at 120 percent of GDP and nearly all of which is denominated in renminbi, is expected to rise given the likelihood of rising interest rates.



*There is no assurance these opinions or forecasts will come to pass, and past performance is no assurance of future results

Fourth Quarter 2016

Portfolio Recap

Performance Attribution	Q4 2016 (bps)
Treasuries	0
Mortgages/Asset Backed	64
Investment Grade Corporate	11
High Yield	31
Emerging Market	0
Structured Products	15
Cash & Equivalents	10
Convertible/Preferreds	0
Total	**129**

Strategy Outlook

- Maintain a defensive position relative to interest rates, as we expect rates to continue to normalize from their low levels
- Emphasize high quality yield enhancing corporate credit/MBS/ABS fixed income allocations
- Consider reducing High Yield and Emerging Markets debt allocations due to concerns over the valuation and leverage in these sectors
- Remain vigilant as asset markets reach new highs. Retain the cash cushion we have established while searching for opportunities to deploy the reserve if/when the market experiences a pull back

Portfolio Strategy

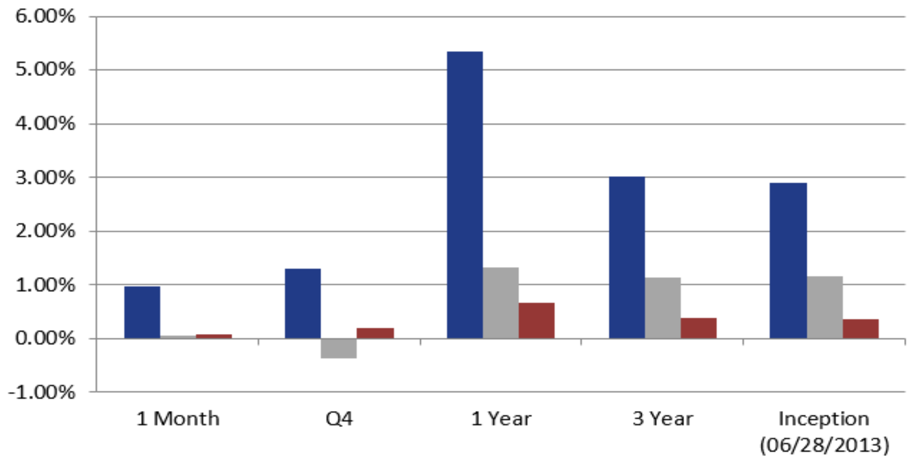
Directional (top-down macro)	Defensive, positioned for higher rates ; target duration between 1 to 3 years
Yield Curve	1 – 5 years (short-intermediate) mainly driven by directional, duration, sector, and yield views
Sector	Emphasize all grade yield enhancing corporate credits with strong cash positions and improving fundamentals & MBS and ABS allocations
Yield	Target Yield to Maturity between 4%-5%
Security Selection	Active and selective
Liquidity	Continue to focus on strong liquidity—which tends to be undervalued in uncertain markets

4165-NLD-2/7/2017

Summary of Performance & Portfolio Statistics

Universal Fixed Income Fund, Class I Shares

Holding Period Returns(%) net of fees as of 12/31/16



Morningstar Rankings (as of 12/31/16)

Total Return %	1 Yr	3 Yr
AFLIX	5.33	3.01
Non-Traditional (NT) Category	4.88	1.40
Rank in Category(%)	34th	16th
# Funds in NT Category	*301*	*193*

As of December 31, 2016	1 Mo	Q4	1 Yr	3 Yr	Inception (06/28/2013)
Universal Fixed Income Fund	**0.48**	**1.29**	**5.33**	**3.01**	**2.90**
Barclays US Aggregate 1-3 Yr	0.12	-0.37	1.32	0.94	1.16
3 Month LIBOR	**0.07**	**0.20**	**0.66**	**0.38**	**0.36**

- The fund gained 1.29% for the quarter, gained 5.33% for the year and 2.90% since inception, net of fees

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 investment adviser has contractually agreed to reduce its fees and/or absorb expenses of the Fund, at least until March 1, 2017, to ensure that the net annual fund operating expenses will not exceed 0.95%, subject to possible recoupment from the Fund in future years. Without these waivers, the Fund's total annual operating expenses would be 1.56%. Please review the fund's prospectus for more information regarding the fund's fees and expenses. Performance shown is for Class I shares (please see a prospectus for information about other share classes). For performance information current to the most recent month-end, please call toll-free 866-866-4848.

4165-NLD-2/7/2017

Fund Statistics

Universal Fixed Income Fund, Class I Shares

Data as of 12/31/16

Credit Rating	% Mkt Value
Aaa	10.7%
Aa	2.0%
A	17.9%
Baa	30.3%
Ba	17.9%
B	9.3%
Caa	3.5%
Ca	3.6%
NR	4.9%
Average	*Ba+*

Top Ten Holdings (excl pooled vehicles)	% Mkt Value
ACAFP 8.375% 10/29/2049 144A	1.4%
Manwin Lic Intl SARL Adj % 10/18/2018	1.4%
Icahn Ent 3.5% 3/15/2017	1.4%
Zimmer Biomet 2.7% 4/1/2020	1.3%
Crown Castle 4.883% 1/30/2020 144A	1.2%
Air Lease Corp 5.625% 4/1/2017	1.1%
Comm Health Svc 5.125% 8/15/2018	1.0%
Keurig Green Mtn Lib+450	1.0%
L-3 Comm 1.5% 5/28/2017	1.0%
STAR 1.5% 11/15/2016 144A	1.0%
Total	*12.0%*

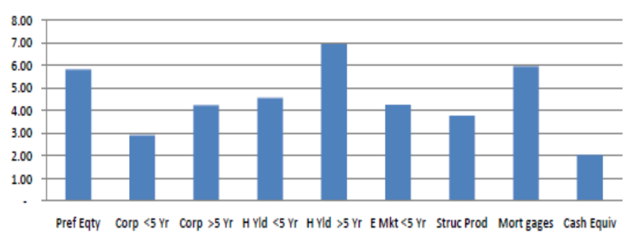
Duration (yrs)
1.95
Effective Maturity
2.74

Industry	% Mkt Value
Mortgages	27.5%
Div Financials	20.7%
Telecom Svce	8.2%
Banks	5.0%
Auto & Parts	4.7%
Energy	3.9%
Hlth Care Equip.	3.7%
Capital Goods	3.4%
Software & Svce	3.1%
Transportation	2.7%
Pharma & Lfe Sc.	2.6%
Media	2.1%
Food & Tobacco	2.1%
Real Estate	1.8%
Comm & Prof Svce	1.6%
Materials	1.5%
Food Retailing	1.4%
Utilities	1.3%
Tech Equipmnt	1.0%
Consumer Services	0.9%
Insurance	0.3%
Retailing	0.3%
Total	*100.0%*

Country	% Mkt Value
USA	87.8%
France	2.1%
Germany	2.1%
UK	2.0%
Mexico	1.7%
Luxemburg	1.5%
New Zealand	0.8%
Brazil	0.7%
Ireland	0.5%
Spain	0.3%
Bermuda	0.3%
Canada	0.2%
Macau	0.1%
Total	*100.0%*

Sector	% Mkt Value
Government	0.0%
Mortgages	21.1%
Corporate Bonds	38.2%
High Yield	17.3%
Structured Products	5.8%
Emerging Market	1.3%
Preferred Stock	0.4%
Cash Equivalent	15.9%
Total	*100.0%*

Yield by Sector



Source: Manager & Bloomberg

Holdings are subject to change and should not be considered investment advice.

4165-NLD-2/7/2017

2017 Outlook & Strategy

ANFIELD CAPITAL

Market Outlook

- 2017 could evolve into the beginning of the 4th golden era of U.S. economic prosperity (As was the result of prior such periods where most notable tax reduction led the way for Kennedy, Reagan and Clinton administration expansions.)

- We believe there is a good chance this takes place with the right policies on:
  - Tax reduction and simplification
  - Investment
  - Employment-friendly measures
  - Reduction of the regulatory regime
  - Realignment of trade and profit repatriation policies

- Look for near to intermediate term volatility (6- 12 month) as we enter a transitory period from the loose money, post financial crisis world to the more naturally balanced world we see in the future.

- The winners during this critical period will be the ones who maintain a conservative and even defensive posture. Greed is our enemy for the next 6 to 12 months.

- We do not see the necessary conditions, let alone positive steps to break Europe and much of Asia out of their economic doldrums

- The U.S. will not be strong enough in the very near term to pull the rest of the world along, at least not just yet.

- In short, we see a rising interest rate, and re-flationary U.S., with 2% + economic growth, declining unemployment with gradually rising wages and corporate profits. This should be a good environment for asset markets, once we are over the rough spots of the transition.

Important Note:

As is customary at the turn of the year, Anfield is busy completing its multi-faceted comprehensive 2017 global economic and market forecast.

In the coming days please look for another communication with expanded 2017 macroeconomic themes, specific forecasts, capital market assumptions and any investment strategy changes that might be warranted.

*There is no assurance these opinions or forecasts will come to pass, and past performance is no assurance of future results

Current Strategy Summary

ANFIELD CAPITAL

Universal Fixed Income

U.S.		
DURATION	Red / Yellow	1 - 3 YRS
CURVE POSITIONING	Yellow / Green	Short/Int.
U.S TREASURIES	Red	-10 - 0%
MORTGAGES	Green	20 - 30%
INVESTMENT GRADE CREDIT	Green	25 - 35%
HIGH YIELD	Yellow	20 - 30%
MUNICIPALS	Yellow	0 - 5%
Non-U.S.		
NON-U.S. DEVELOPED	Yellow	0 - 10%
EMERGING MARKETS	Yellow	0 - 10%
CURRENCY	Yellow	0 - 5%

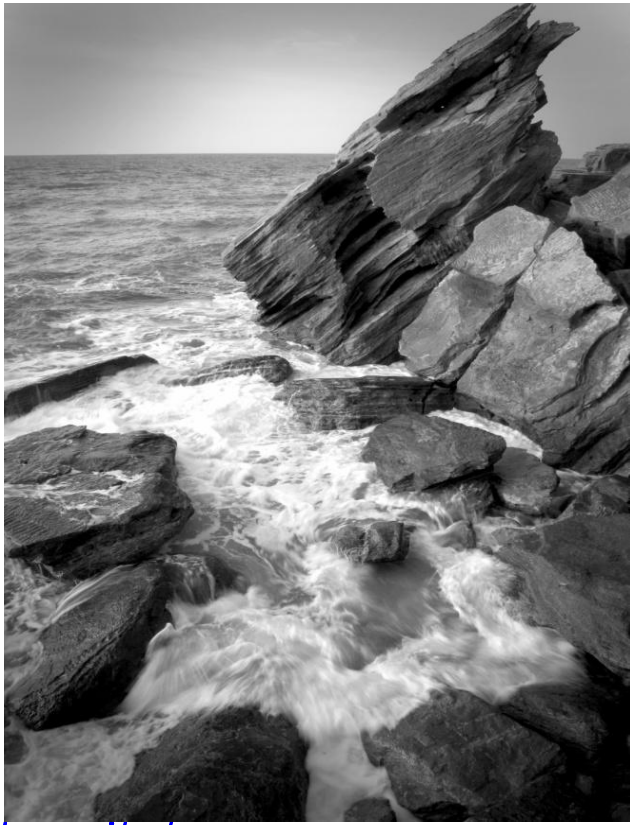
4165-NLD-2/7/2017

Contact Us

*For further inquiries, **please contact:***

David Young *at* [*dyoung@anfieldllc.com*](mailto:dyoung@anfieldllc.com)
(949) 891-0606
Kevin Vanderbilt *at* [*kvanderbilt@anfieldllc.com*](mailto:kvanderbilt@anfieldllc.com)
(516) 359 0809
David Schulman *at* [*dschulman@anfieldllc.com*](mailto:dschulman@anfieldllc.com)
(949) 891-0600

4695 MacArthur Court, Suite 430
Newport Beach, CA 92660
Tel: (949) 891-0600



Please feel free to visit our website: [*www.anfieldcapital.com*](http://www.anfieldcapital.com)

Definitions

S&P 500 The S&P 500, or the Standard & Poor's 500, is a stock market index based on the market capitalizations of 500 large companies having common stock listed on the NYSE or NASDAQ.

Russell 2000 Index measures the performance of the small-cap segment of the U.S. equity universe. The Russell 2000 is a subset of the Russell 3000® Index representing approximately 10% of the total market capitalization of that index. It includes approximately 2000 of the smallest securities based on a combination of their market cap and current index membership.

Russell 1000 Growth Index measures the performance of the large-cap growth segment of the U.S. equity universe. It includes those Russell 1000 companies with higher price-to-book ratios and higher forecasted growth values.

Russell 1000 Value Index measures the performance of the large-cap value segment of the U.S. equity universe. It includes those Russell 1000 companies with lower price-to-book ratios and lower expected growth values. The Russell 1000 Value Index is constructed to provide a comprehensive and unbiased barometer for the large-cap value segment.

MSCI Emerging Markets Index captures large and mid cap representation across 21 Emerging Markets (EM) countries. With 824 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country.

MSCI EAFE Index is recognized as the pre-eminent benchmark in the United States to measure international equity performance. It comprises the MSCI country indices that represent developed markets outside of North America: Europe, Australasia and the Far East.

MSCI World Index captures large and mid cap representation across 23 Developed Markets (DM) countries. With 1,612 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country

MSCI Europe Index captures large and mid cap representation across 15 Developed Markets (DM) countries in Europe. With 434 constituents, the index covers approximately 85% of the free float-adjusted market capitalization across the European Developed Markets equity universe

MSCI AC Asia Pacific Index captures large and mid cap representation across 5 Developed Markets countries and 8 Emerging Markets countries\ in the Asia Pacific region. With 1,003 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country.

Barclays US Aggregate 1-3 Year Bond Index is designed to measure the performance of the short term U.S. corporate bond market. The Index includes publicly issued U.S. dollar denominated corporate issues that have a remaining maturity of greater than or equal to 1 year and less than 3 years and are rated investment grade

Barclays Capital Intermediate Aggregate Bond Index measures the performance of the U.S. investment grade bond market. The index invests in a wide spectrum of public, investment-grade, taxable, fixed income securities in the United States Barclays Capital Aggregate Bond Index is a broad base index, often used to represent investment grade bonds being traded in United States

Barclays Capital Aggregate 10+ Year Bond Index is 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 ten years to final maturity

Duration - A measure of the sensitivity of the price (the value of principal) of a fixed-income investment to a change in interest rates. Duration is expressed as a number of years.

Structural Trades – investment strategies designed to exploit structural inefficiencies across markets. One example would be the persistence of extra yield available to investors in split credit rated securities – in particular when one rating is above and one below investment grade (BBB/BB), other examples would be the systematic overpayment by investors for tax advantages to municipal issue securities and the systematic return advantage to selling volatility through options, MBS, etc.

Definitions

Yield Curve Positioning - The yield curve at any given time reflects the range of yields that investors in fixed income may expect to receive on their investments over a range of terms to maturity; the natural shape is considered to be upward sloping, reflecting higher yields that investors would generally receive in exchange for investing capital for longer periods of time. Yield curve positioning looks to strategically position a bond portfolio to profit the most from an expected change in the yield curve, based on an economic or market forecast.
Relative Value Trades - Relative value is the attractiveness measured in terms of risk, liquidity, and return of one instrument, security type/sector relative to another, or for a given instrument or of one maturity relative to another. Relative value trading takes advantage of price differentials between related financial instruments.
Sector Rotation - a sector is understood to mean a group of stocks representing companies in similar lines of business. Sector rotation strategies attempt to determine which segments of the global economy are likely to be strongest, and then invest in the assets related to those specific markets. The primary driver of sector rotation is the variability of currency values (inflationary, disinflationary, or deflationary) and interest rates.
Hedge - an investment position intended to offset potential losses/gains that may be incurred by a companion investment. In simple language, a hedge is used to reduce any substantial losses/gains suffered.
Correlation - a statistical measure of how two securities move in relation to each other.
Volatility - a measure for variation of price of a financial instrument over time, in other words volatility refers to the amount of uncertainty or risk about the size of changes in a security's value.

Ratings

Aaa:	Obligations rated Aaa are judged to be of the highest quality, subject to the lowest level of credit risk
Aa:	Obligations rated Aa are judged to be of high quality and are subject to very low credit risk
A:	Obligations rated A are judged to be upper-medium grade and are subject to low credit risk
Baa:	Obligations rated Baa are judged to be medium-grade and subject to moderate credit risk and as such may possess certain speculative characteristics
Ba:	Obligations rated Ba are judged to be speculative and are subject to substantial credit risk1
B:	Obligations rated B are considered speculative and are subject to high credit ris1
Caa:	Obligations rated Caa are judged to be speculative of poor standing and are subject to very high credit risk
Ca:	Obligations rated Ca are highly speculative and are likely in, or very near, default, with some prospect of recovery of principal and interest
C:	Obligations rated C are the lowest rated and are typically in default, with little prospect for recovery of principal or interest.
NR:	No rating has been requested, or there is insufficient information on which to base a rating.

Numerical modifiers 1, 2, and 3 are appended to each generic rating classification from Aa through Caa. The modifier 1 indicates that the obligation ranks in the higher end of its generic rating category; the modifier 2 indicates a mid-range ranking; and the modifier 3 indicates a ranking in the lower end of that generic rating category.