Performance Update

March 31, 2020

The Boyar Value Fund

A Multi-Cap Value Fund Seeking Long-Term Capital Appreciation

BOYAX

Overall

The Boyar Value Fund is a Lipper Leader in Tax Efficiency for the 10 year period out of 370 funds.

The Lipper ratings are subject to change every month and are based on an equal-weighted average of percentile ranks for the Tax Efficiency metrics over three-, five-, and ten-year periods (if applicable). The highest 20% of funds in each peer group are named Lipper Leaders, the next 20% receive a score of 4, the middle 20% are scored 3, the next 20% are scored 2, and the lowest 20% are scored 1.

Lipper Leader ratings are not intended to predict future results and Lipper does not guarantee the accuracy of this information. The Boyar Value Fund received the following ratings for the 3 year, 5 year and Overall period 5/5/98 - 3/31/20 (number of funds rated) 4(623), 4(528) and 4(623).

Lipper ratings for Tax Efficiency reflect a fund's historical success in postponing taxable distributions relative to peers, as of 3/31/2020. Tax Efficiency offers no benefit to investors in tax-sheltered accounts such as 401(k) plans.

More information is available at www.lipperleaders.com. Lipper Leader ratings © 2020 Reuters, All Rights Reserved.

Portfolio Manager: *Mark Boyar, President, Boyar Asset Management*
Jonathan Boyar, Principal, Boyar Asset Management

Investment Objective: *Long-term capital appreciation by primarily investing in multi-cap stocks that Mr. Boyar perceives to be undervalued relative to their intrinsic value*

Inception Date: *5/5/98*

Minimum Investment: *5,000 ($3,000 for IRAs)*

Nasdaq Symbol: *BOYAX*

Historical Competitive Returns

Share price and investment return will fluctuate such that an investor's shares may be worth more or less than their original cost upon redemption. Performance data quoted represents past performance. The S&P Composite 1500 Value index was launched after the fund was started and therefore a since inception date is not available

Average Annual Returns *(periods ended 3/31/20)*

	1 Year	*5 Year*	*10 Year*	*Since Inception**
At NAV	-16.76%	0.16%	6.89%	5.30%
Inclusive of sales charges	-20.92%	-0.86%	6.34%	5.05%
After taxes on distribution	-21.68%	-1.56%	5.86%	4.70%
After taxes on distribution and the sale of shares	-11.65%	-0.56%	5.15%	4.24%
S&P Composite 1500 Value Index TR	-13.82%	2.98%	8.05%	N/A
S&P 500 TR Index	-6.98%	6.73%	10.53%	5.90%

**(5/5/98)*

Past performance is not indicative of future results. Current performance may be lower or higher than the performance data quoted. For current, to the most recent month end, performance please go to www.boyarassetmanagement.com. The Boyar Value Fund has a maximum sales charge of 5.00%. The total annual fund operating expense is 1.80%. After-tax returns are calculated using the highest historical individual federal income tax rate and do not reflect the additional impact of state and local taxes. Actual after-tax returns depend on a shareholder's tax situation and may differ from those shown. After-tax returns are not relevant for shareholders who hold fund shares in tax-deferred accounts or to shares held by non-taxable entities. It is important to note that the Fund is currently waiving a portion of fees and at such time as the fee waiver is no longer in place, future returns may be lower than past returns.

The S&P Composite 500 and the S&P 1500 Value Index are both unmanaged index of stocks trading in the United States. Index performance illustrated is hypothetical and is not indicative of any mutual fund investment. Investors cannot invest in an index. The Russell 1000 Growth index measures the performance of the Russell 1000's growth segment. The Russell 1000 Value index measures the performance of the Russell 1000's value segment.

The value of the portfolio will fluctuate as the underlying securities move in response to overall market movements and other factors beyond the control of the advisor, and investments in the fund may result in the loss of principal. The fund may invest in stocks of several different capitalization levels and it is important to note that historically, small- and mid-cap stocks have experienced greater volatility than stocks of larger, more established companies.

Boyar value fund

Mark Boyar

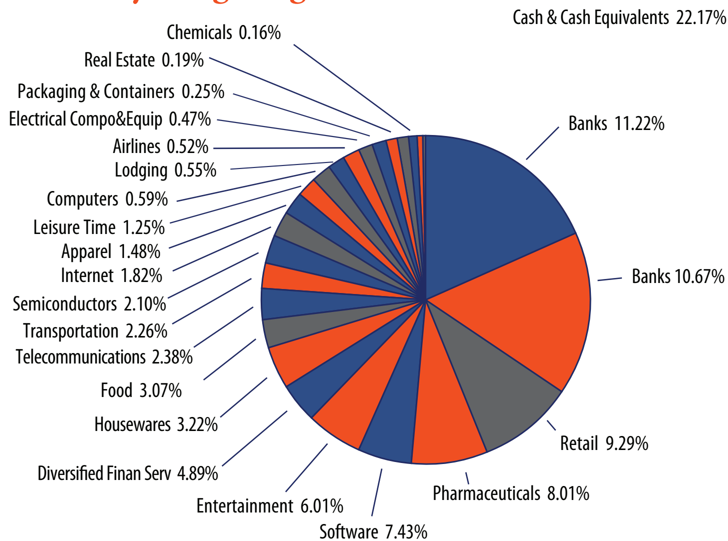
Mark began his career as a securities analyst in 1968. In 1975, he founded Asset Analysis Focus, a subscription-based, institutional research service focused on value investing. He quickly began managing money for high net worth clients and later formed Boyar Asset Management, a registered investment advisor, in 1983. He began managing the Boyar Value Fund in1998. His opinions are often sought by such media outlets as Barron's Business Week, CNBC, Forbes, Financial World, The New York Times and The Wall Street Journal.

Top Ten Equity Holdings *(As of 3/31/20)*

Holdings		
1.	Microsoft Corp	7.43%
2.	Home Depot Inc/The	5.77%
3.	JPMorgan Chase & Co	4.69%
4.	Walt Disney Co/The	4.44%
5.	Madison Square Garden Co/The	4.23%
6.	Ameriprise Financial Inc	4.22%
7.	Comcast Corp	3.04%
8.	Bank of America Corp	3.00%
9.	Pfizer Inc	2.53%
10.	McDonald's Corp	2.40%
Total		41.75%

The above illustrates the Fund's ten largest equity holdings, as a percentage of total assets, as of 3/31/20 and are subject to change.

Industry Weightings *(As of 3/31/20)*



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Overview

After having hit a record high of 29,551 on February 12, 2020, the Dow Jones Industrial Average had lost more than 10,000 points, or about 37%, by March 23, 2020—and the preceding decade of relative tranquility in the stock market made this sudden shock seem even more severe. Thankfully, market declines of this magnitude are highly unusual, but since the beginning of 1950 we've seen 37 market corrections, which economists define as any drop in value of 10% or more from the previous high. On average, that's a correction every 1.87 years—making downward moves in the marketplace a bit more common than many of us might imagine.

Once the market hits a panic low, as it did on March 23, it normally experiences a relief rally, which we saw when the market had its biggest three-day gain since 1931. But as history has taught us, the market usually goes on to retest that low.

Although the low could indeed be tested, now isn't the time for panic. With many companies and sectors already having sold off substantially from recent highs (and much more than the major averages), we're expecting a dispersion in performance during any later downdraft compared with the broad-based liquidity-driven selling we saw during the initial decline. In fact, once the bottom is made, we could see a remarkable sustainable advance—and the opportunity for stock pickers to outperform in such an environment can be substantial.

In a recent *Barron's* article, Nicolas Jasinski said the following:

> *"While anyone predicting with certainty whether the Dow or S&P 500 has already bottomed out is likely overconfident, it's a fair bet that many individual stocks have already achieved their lows. During the financial-crisis bear market, the S&P 500 didn't hit its 666-point trough until March 2009. But many individual stocks didn't go below their November 2008 lows after the most indiscriminate phase of the selloff eased. The same pattern occurred after the dot-com bubble burst."*

There Has Been No Place to Hide

U.S. equity investors have had no place to hide. Through April 20, 2020, every sector has been in negative territory. **But the selloff has been far from democratic.** Some sectors have held up relatively well, but others have trailed the market meaningfully. The greatest pain has been felt in energy, financial, and industrial names, which are down 42%, 26.6%, and 22%, respectively. By contrast, health care, technology, and consumer staples shares have fared best, losing "only" 0.6%, 2.1%, and 3.1%. Interestingly, after the recent selloff in energy stocks, that sector has advanced a mere 12.6% from its March 2009 low—unlike technology shares, which have advanced a staggering 819%.

Technology Shares Have Outperformed During the Downturn

Name	% Weighting S&P 500	YTD Performance as of 4/21/20
Microsoft Corp.	5.68	11.31
Apple Inc.	4.92	-5.46
Amazon.com Inc.	4.24	29.53
Facebook Inc	1.82	-13.15
Johnson & Johnson	1.70	4.65
Alphabet Inc.	3.22	-5.26
Berkshire Hathaway Inc.	1.57	-16.66
Procter & Gamble Co.	1.28	-2.86
JPMorgan Chase & Co.	1.22	-33.07
Visa Inc.	1.19	-1.1

Alphabet's weighting combines both class A&C shares

Investors should consider the investment objectives and policies, risk considerations, charges and expenses of this fund carefully before investing. The prospectus contains this and other information relevant to an investment in the fund. Please read the accompanying prospectus carefully before you invest or send money. If a free prospectus did not accompany this literature, please contact your securities representative or the Boyar Value Fund, 32 West 39th Street, 9th Floor, New York, NY 10018, 212-995-8300.

NOT FDIC-INSURED • NOT BANK-GUARANTEED • MAY LOSE VALUE

The Boyar Value fund is distributed by Northern Lights Distributors, LLC member FINRA/SIPC.
Northern Lights Distributors and Boyar Asset Management, Inc. are not affiliated.

Of the 500+ stocks that make up the S&P 500 (despite its name, the index includes just over 500 stocks), ~87 are in positive territory for 2020. The average gain for these top 87 stocks has been ~11.3%, compared with the bottom 87's staggering average loss of 53% (as of April 21st, 2020). The best-performing stock in the index has been Regeneron Pharmaceutical, which has advanced by 51%, followed by Newmont, which has gone up 37%. The worst-performing issues have been Carnival Corp., which has lost 75% of its value, and by Norwegian, which has lost roughly 80%.

The carnage has certainly not been limited to U.S. equities. Except for fixed income, which has advanced by 4.7% for the year, almost every other asset class is down substantially. High-yield bonds have lost an average of 10.7%, REITS are down 16.6%, and commodities (as measured by the Bloomberg Commodity Index) have lost 23% of their value.

2019 Performance

The Boyar Value Fund lost 24.67% for the first quarter versus a loss of 19.6% for the S&P 500 & a decline of 26.29% for the S&P 1500 Value. The underperformance versus the S&P 500 is directly attributable to our significant underweighting in technology companies as well as value-oriented shares being out of favor.

What Is the Uptick in Volatility Telling Us?

The market volatility experienced thus far in 2020 has been gut-wrenching. According to Jessica Rabe of DataTrek, over the past 6+ decades, the S&P has increased or decreased by 1% on an average of 53 days a year (or a little more than once a week). In 2020 (through April 21), there have been 42 such days (and we're only in late April!). According to Ms. Rabe, Q1 2020 had 30 such days versus a Q1 average of 13 since 1958, and thus far Q2 has seen 12 such days (just 1 day below the historical Q2 average, and we're still in the first month of the quarter).

Datatrek then analyzed other periods where there were an elevated number of 1% daily including:

- *974: Q3 (38 one percent days) and Q4 (32).*
- *1982: Q4 (30 one percent days).*
- *1987: Q4 (42 one percent days).*
- *2000-2003: Q1 2000 (30 one percent days), Q4 2000 (30), Q3 2002 (44), Q4 2002 (34), and Q1 2003 (31).*
- *2008-2010: Q1 2008 (31 one percent days), Q3 2008 (36), Q4 2008 (50), Q1 2009 (41), Q2 2009 (34), and Q2 2010 (30).*
- *2011: Q3 (33 one percent days) and Q4 (36).*

DataTrek drew some interesting observations:

1) When the S&P registers at least 30 one percent days in a quarter like Q1 2020, the next quarter almost always experiences above average volatility (more than +13 one percent days).

2) Heightened volatility does not necessarily lead to negative returns. After the 17 times the S&P had +30 one percent days in a quarter before this year, the index was up 65% of the time in the following quarter: the average next quarter return was +4.3%.

3) Amplified volatility did persist for many quarters during the dot-com bubble bursting and the Financial Crisis. In contrast, there were just two +30 one percent day quarters in 1974 amid a recession due in part to the Saudi oil embargo. There was also only one in 1982 from a short recession as the Federal Reserve used contractionary monetary policy to fight inflation. And of course, one in 1987 from the stock market crash of '87.

They concluded by stating that one percent days are a useful indicator of how effective and appropriate Federal government/Fed policy responses are to a given set of economic challenges. 2008 and 2009 had the greatest number of quarters with +30 one percent days versus any other period due to delays in fiscal stimulus.

In their opinion, even taking into account the large-scale economic and monetary stimulus, the presence of so many 1% days is signaling that something is wrong with the market. DataTrek is looking for a reduction in the amount of 1% days to <30 a quarter as a sign that the market is confident in the policy responses.

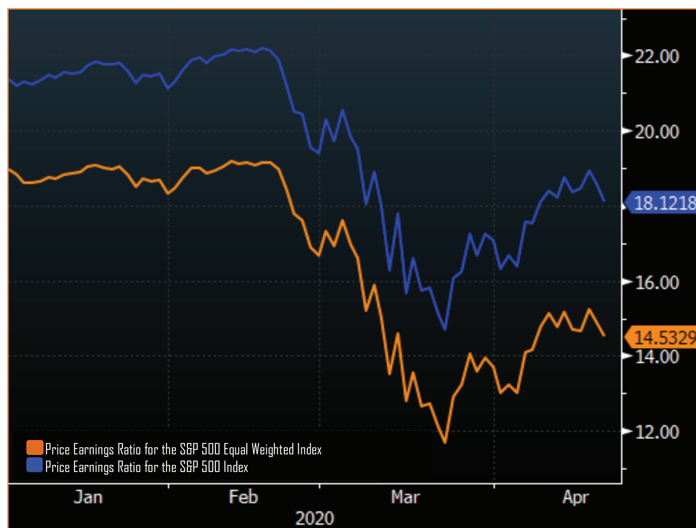
A Thought on Bear Markets and Reasons for Optimism

Since World War II, we've seen 10 bear markets, which brought an average decline of ~35%. During the previous bear market, which lasted from October 2007 to March 2009, the market dropped 57% (from peak to trough); not until 2013 did we reach a new high. On average, bear markets have lasted 14.5 months and taken 2 years to recover.

Most investors despise bear markets, forgetting that they're an integral part of the investment process. Downturns may let investors purchase high-quality businesses at attractive prices, making possible outsized returns later on. During bear markets investors often worry that "things will never improve," describing the current downturn as "the worst one ever"—and now is certainly no exception. The current situation has been made particularly painful because we are contending not only with significant economic pain but also with unspeakable human tragedy.

Despite the frightening headlines, as value-oriented investors we're excited to see how inexpensive many stocks of high-quality businesses with solid balance sheets have become. As we've noted, many of these companies' stock prices have dropped much more than the major indices have. We think it especially telling that the S&P 500 equal-weighted index is down 21.1% YTD and is selling at ~14.5x (up significantly from its low on March 23, 2020, when it had lost ~37.7% and was selling at <12x earnings) while the S&P 500 still trades at a healthy 18.1x (as of April 20, 2020) and is down a mere 12%. Clearly the mega-cap technology stocks (which are weighted heavily within the S&P 500--see chart on page 2) are hiding the pain that the "average" stock has experienced.

Many of the companies we follow are selling far below what we believe an acquirer would pay for the entire business, and we believe that investors who buy these stocks at current levels will be quite pleased with their returns several years from now. **However, investors should proceed with caution considering what a remarkable advance we've seen in such a short time. (See the following chart comparing historical valuation levels for small-, mid-, and large-cap shares for the value, growth, and blend categories from March 23, 2020, the end of 1Q 2020, and April 20, 2020.) Uncertainty about corporate earnings and how soon the economy will meaningfully reopen do not (in our opinion) support such a rapid rise in share prices, and investors could have the opportunity to buy shares at better prices.**



Source: Bloomberg Finance LP

Notably, small-cap value names traded at 9.7x earnings on March 23, 2020, versus their historical 20-year average of 16.4x, ended the quarter selling at 11.9x earnings, and now sell at a more reasonable 15.2x.

Current P/E vs. 20 - year avg. P/E as of 3/23/20 (current P/E / 20-year avg. P/E)

	Value	Blend	Growth
Large	10.1 / 13.6	13.0 / 15.5	17.3 / 19.0
Mid	9.4 / 14.2	11.9 / 16.1	18.0 / 20.6
Small	9.7 / 16.4	15.9 / 20.5	32.5 / 29.6

Current P/E vs. 20 - year avg. P/E as of 3/31/20

	Value	Blend	Growth
Large	12.2 / 13.6	15.4 / 15.5	20.1 / 18.9
Mid	11.6 / 14.2	14.5 / 16.1	21.4 / 20.6
Small	11.9 / 16.4	19.5 / 20.5	39.8 / 29.6

Current P/E vs. 20 - year avg. P/E as of 4/20/20

	Value	Blend	Growth
Large	15.4 / 13.6	18.9 / 15.4	23.6 / 18.9
Mid	14.1 / 14.2	17.8 / 16.1	26.3 / 20.5
Small	15.2 / 16.4	26.4 / 20.5	62.0 / 29.7

Current P/E as % of 20-year avg. P/E (3/23/20)

	Value	Blend	Growth
Large	74.1%	84.2%	91.1%
Mid	66.4%	74.0%	87.3%
Small	59.4%	77.6%	109.7%

Current P/E as % of 20-year avg. P/E (3/31/20)

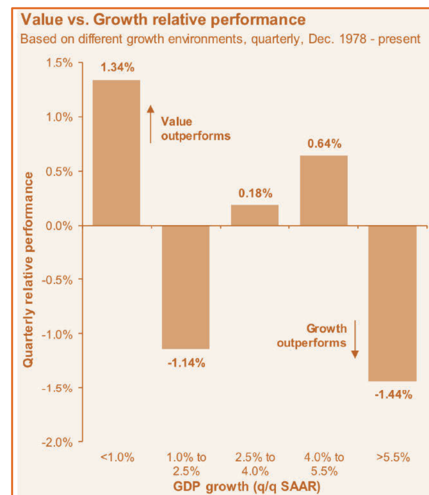
	Value	Blend	Growth
Large	89.7%	99.8%	106.3%
Mid	81.7%	90.0%	104.3%
Small	73.0%	95.1%	134.3%

Current P/E as % of 20-year avg. P/E (4/20/20)

	Value	Blend	Growth
Large	113.1%	122.5%	125.2%
Mid	99.3%	110.5%	128.4%
Small	93.2%	128.9%	209.2%

Source: J.P. Morgan Asset Management.

Contrast these figures with those for small-cap growth shares, which traded at 32.5x versus their historical average of 29.6x on March 23, ended the quarter selling at 39.8x earnings, and now sell for a nosebleed 62x earnings.



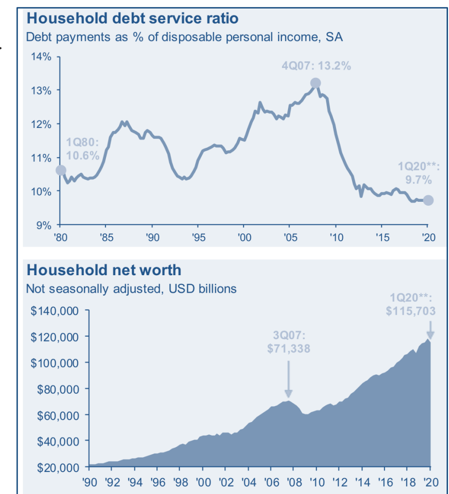
Source: JP Morgan Guide to the Markets.

Although we are bottom-up stock pickers, we can't ignore macroeconomic factors, especially at times like this. Clearly GDP will be contracting meaningfully for the foreseeable future. Historically (see the following chart) this type of macroeconomic environment has favored a value-oriented approach to investing. Since 1978, during times when GDP growth has been less than 1%, the Russell 1000 Value Index has significantly outperformed the Russell 1000 Growth Index.

No economy, let alone most individuals, can adequately prepare for a shock to the global economy like the one we're experiencing, but it's worth mentioning that the average household is in much better financial shape than it was before the Great Recession, having significantly less debt and a meaningfully higher net worth. Although we can expect much pain to come, starting the recession with a strong economy and a strong consumer should certainly help ease the blow.

What's more, the fiscal and monetary response from Washington have been nothing short of extraordinary. The amount of fiscal stimulus unleashed thus far has equated to roughly 10.8% of GDP. Critically, a meaningful percentage of the stimulus is being used to encourage businesses to keep employees on the payroll—or put them back on it.

Although there have certainly been significant flaws with how the aid has been disbursed thus far (as well as with who has qualified for it), and despite the very real significant long-term impact of massive deficit spending and the Federal Reserve's expansion of its balance sheet, we believe that this response not only was necessary but also makes the worst-case scenario of another Great Depression (which was partially caused by a weak fiscal and monetary response) unlikely.



Source: JP Morgan Guide to the Markets.

If you have any questions, we're always available.

Best Regards,

Mark A. Boyar

Jonathan I. Boyar

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