



**PRICE** Asset Management

Commodities & Managed Futures

PCS Commodity Strategy Fund

Annual Report  
August 31, 2015

1-844-828-3242



Dear Fellow Shareholders:

We are pleased to present you with the Annual Report for the PCS Commodity Strategy Fund (the “Fund”) covering the activities of the Fund since inception, December 10, 2014, through August 31, 2015.<sup>1</sup> Commodities were generally lower during this period; the Fund’s Class I Share’s total return was -17.70%<sup>2</sup>, compared with -17.97% for the Bloomberg Commodity Total Return Index<sup>3</sup>, -1.21% for the S&P 500 Total Return Index<sup>4</sup>, and -18.12% for the Rogers International Commodity Index<sup>5</sup>.

In using the Rogers International Commodity Index<sup>®</sup> for obtaining exposure to the commodity futures asset class, the Fund invests in 37 futures contracts across three principal sectors: agriculture, energy, and metals. During the period, all three commodity sectors suffered from negative performance. The RICI<sup>®</sup>s (Rogers International Commodity Index) Energy Sector was the worst performing sector and declined -25.80%. The Metals and Agricultural Sector declined -17.12% and -13.29%, respectively. The collateral and cash management portion of the investment strategy, consisting primarily of short duration U.S. Treasury obligations, did not contribute in a material fashion given the low interest rate environment in which we currently operate.

Outlook:

Commodities are normally counter cyclical to asset classes like equities and fixed income, and the years since the “risk on/risk off” period of 2008-2010 were fairly typical of this pattern, this time with equities significantly outperforming commodities. The month of August, 2015 was interesting due to the dramatic divergence of returns in the equity vs. commodity markets that we began to experience. The Fund outperformed the S&P 500 Index by 5.31% for the month, and by 8.73% in the last 2 weeks (August 18 through August 31). Commodities like crude oil (WTI) that had been testing recent cycle low prices began to display rapid, “V-shaped” recovery price action (Oct 15 WTI crude oil futures rose 27.46% in the 3 day period from August 27 through August 31).

Recall that the Fund’s commodity selection and weightings attempt to mirror the *consumption* and not the *production* of commodities, which ideally should position investors on the more inelastic side of supply vs. demand, and less subject to a responsive increase in production due to higher prices, which in turn could drive prices lower. These weightings are rebalanced back to index weight on a monthly basis. During periods of decline in a particular commodity, the Fund’s methodology calls for adding to the commodity as it declines relative to other commodities in the portfolio. We believe that this strategy positions the Fund for subsequent recoveries in price better than adhering to static weightings that are never adjusted intra-year.

As we approach near-term lows in multiple sectors of the commodity markets, it is important to remember that commodity prices tend to mean-revert over long periods of time. Protracted periods of higher prices provide the stimulus for improved production economics, and also imply that demand for non-essential raw materials may decline. Conversely, periods of low prices tend to both stimulate demand and foster production destruction as commodities become less economical to bring to market. We believe that the market forces of supply/demand equilibration tend to trump macroeconomic considerations, and that the current environment may offer a better opportunity to invest in commodities than in the most recent period.

We thank you for being a shareholder in the PCS Commodity Strategy Fund.

Sincerely,

John D. Reese  
CEO of Price Asset Management, Inc.

4675-NLD-10/8/2015

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<sup>1</sup> Past performance is no guarantee of future results. Investment return and principal value will vary. Investors’ shares when redeemed may be worth more or less than original cost. Returns do not reflect the deduction of taxes a shareholder would pay on distributions or redemption of fund shares. The PCS Commodity Strategy Fund made no distributions during the period under review. The Fund’s prospectus contains more complete information, including fees, expenses and risks involved in investing in commodity futures contracts and should be read carefully before investing.

<sup>2</sup> Annual period reflects the Fund’s inception on December 10, 2014 through August 31, 2015. Return reflected above is for Class I shares; the return for Class A shares and Class C shares were -17.90% and -18.00%, respectively. Returns do not reflect the sales charges associated with each such class of shares.

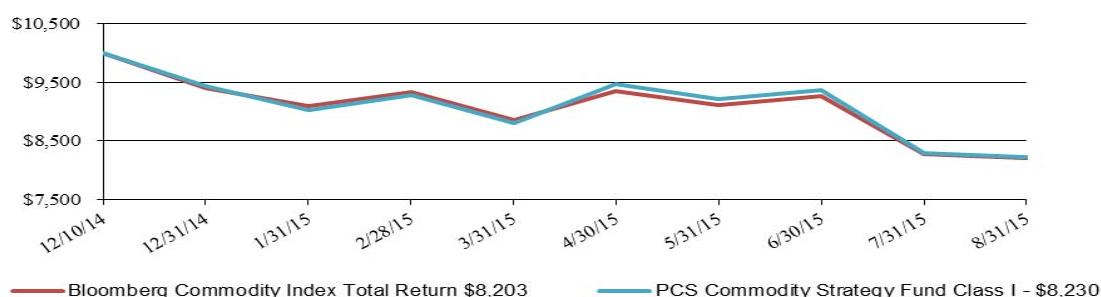
<sup>3</sup> The Bloomberg Commodity Index Total Return<sup>®</sup> (formerly known as the Dow Jones-UBS Commodity Index Total Return<sup>®</sup>) is an unmanaged index composed of futures contracts on physical commodities. The Index is designed to be a highly liquid and diversified benchmark for commodities as an asset class. An investment cannot be made directly in an index.

<sup>4</sup> The S&P 500 Total Return Index<sup>®</sup> is an unmanaged market-value weighted index consisting of 500 stocks chosen for market size, liquidity, sector performance and other factors. The index tracks the performance of the large cap U.S. equity market. An investment cannot be made directly in an index.

<sup>5</sup> The Rogers International Commodity Index<sup>®</sup> is a U.S. dollar-based, total return index. The Index was designed to meet the need for consistent investing in a broad based international vehicle; it represents the value of a basket of commodities consumed in the global economy, including agricultural, energy and metal products. An investment cannot be made directly in an index.

**PCS Commodity Strategy Fund  
PORTFOLIO REVIEW (Unaudited)  
August 31, 2015**

**Comparison of the change in value of a \$10,000 investment**



**Total Returns as of August 31, 2015**

	Since Inception*
PCS Commodity Strategy	
Class A	
Without sales charge	(17.90)%
With sales charge	(22.40)%
Class C	(18.00)%
Class I	(17.70)%
Bloomberg Commodity Index Total Return	(17.97)%

\* The Fund commenced operations on December 10, 2014.

The Bloomberg Commodity Index (“BCOM” or the “Index”) is designed to be a highly liquid and diversified benchmark for commodities investments. The principal potential benefits of including commodities in a diversified financial portfolio include positive returns over time and low correlation with equities and fixed income. BCOM provides broad-based exposure to commodities as an asset class, since no single commodity or commodity sector dominates the Index. Rather than being driven by micro-economic events affecting one commodity market or sector, the diversified commodity exposure of BCOM potentially reduces volatility in comparison to non-diversified commodity baskets. Investors cannot invest directly in an index or benchmark.

Past performance is not predictive of future results. The investment return and principal value of an investment will fluctuate. An investor’s shares, when redeemed, may be worth more or less than the original cost. Total return is calculated assuming reinvestment of all dividends and distributions. Total returns would have been lower had the adviser not waived its fees and reimbursed a portion of the Fund’s expenses. The Fund’s total gross annual operating expenses, per its prospectus dated December 3, 2014 including underlying funds, are 1.93%, 2.68% and 1.68% for Class A, Class C and Class I, respectively. Class A shares are subject to a maximum sales load imposed on purchases of 5.50%. The chart does not reflect the deduction of taxes that a shareholder would have to pay on fund distributions or the redemption of the fund shares. For performance information current to the most recent month-end, please call 1-844-828-3242.

**Portfolio Composition as of August 31, 2015 (Unaudited)**

	Percent of Net Assets
Short Term Investments	70.47%
Open Futures Contracts Long	0.73%
Other Assets Less Liabilities	28.80%
<b>Net Assets</b>	<b>100.00%</b>

**PCS Commodity Strategy Fund**  
**CONSOLIDATED PORTFOLIO OF INVESTMENTS**

August 31, 2015

Shares		Value
<b>SHORT TERM INVESTMENTS - 70.47 %</b>		
<b>MONEY MARKET FUNDS - 6.88 %</b>		
200,000	Blackrock Temp Fund, 0.00% +	\$ 200,000
200,000	Morgan Stanley, 0.01% +	200,000
		400,000
<b>U. S. TREASURY BILLS - 63.59 %</b>		
		<b>Interest</b>
		<b>Rate **</b>
		<b>Maturity</b>
		<b>Date</b>
500,000	US Treasury Bill	0.0175% 11/12/2015 499,980
2,000,000	US Treasury Bill	0.0025 9/10/2015 2,000,005
1,200,000	US Treasury Bill	0.0400 12/17/2015 1,199,893
		3,699,878
<b>TOTAL SHORT-TERM INVESTMENTS</b>		<b>4,099,878</b>
(Cost - \$4,099,878)		
<b>TOTAL INVESTMENTS - 70.47 % (Cost - \$4,099,878) (a)</b>		<b>\$ 4,099,878</b>
<b>OTHER ASSETS LESS LIABILITIES - 29.53 % (b)</b>		<b>1,718,187</b>
<b>NET ASSETS - 100.00 %</b>		<b>\$ 5,818,065</b>

+ Money market fund; Interest rate reflects seven-day effective yield on August 31, 2015.

\*\* Discount rate at the time of purchase.

(a) Represents cost for financial reporting purposes. Aggregate cost for federal tax purposes is \$4,099,878 and does not differ from market value.

(b) Includes net unrealized appreciation on open futures contracts.

<u>Contracts</u>	<b>OPEN FUTURES CONTRACTS LONG ^</b>	<b>Unrealized Appreciation/ (Depreciation)</b>
5	Brent Crude Future October 2015 (Underlying Face Amount at Value \$270,750)	\$ 25,250
11	Brent Crude Future November 2015 (Underlying Face Amount at Value \$604,890)	26,430
2	Cocoa Future December 2015 (Underlying Face Amount at Value \$99,305)	(1,184)
13	Corn Future December 2015 (Underlying Face Amount at Value \$243,913)	(3,500)
6	Cotton December 2015 (Underlying Face Amount at Value \$189,000)	(3,075)
6	Crude Oil Future October 2015 (Underlying Face Amount at Value \$295,200)	28,200
15	Crude Oil Future November 2015 (Underlying Face Amount at Value \$748,950)	29,200
2	Frozen Concentrated OJ November 2015 (Underlying Face Amount at Value \$38,715)	705
1	Gas Oil Future November 2015 (Underlying Face Amount at Value \$49,300)	-
1	Gasoline RBOB October 2015 (Underlying Face Amount at Value \$62,962)	1,168
2	Gasoline RBOB November 2015 (Underlying Face Amount at Value \$123,782)	4,360
1	Gold December 2015 (Underlying Face Amount at Value \$113,250)	3,650
1	Lean Hogs October 2015 (Underlying Face Amount at Value \$27,210)	750

See accompanying notes to consolidated financial statements.

**PCS Commodity Strategy Fund**  
**CONSOLIDATED PORTFOLIO OF INVESTMENTS (Continued)**  
**August 31, 2015**

<u>Contracts</u>	<b>OPEN FUTURES CONTRACTS LONG (Continued) ^</b>	<b>Unrealized Appreciation/ (Depreciation)</b>
1	Lean Hogs December 2015 (Underlying Face Amount at Value \$25,450)	\$ 610
1	Live Cattle October 2015 (Underlying Face Amount at Value \$57,280)	(3,470)
1	Live Cattle December 2015 (Underlying Face Amount at Value \$58,172)	(280)
4	LME Aluminum October 2015 (Underlying Face Amount at Value \$161,475)	1,256
2	LME Aluminum November 2015 (Underlying Face Amount at Value \$80,088)	-
1	LME Copper Future October 2015 (Underlying Face Amount at Value \$128,575)	(1,913)
1	LME Copper Future November 2015 (Underlying Face Amount at Value \$128,450)	-
2	LME Lead Future October 2015 (Underlying Face Amount at Value \$86,575)	1,363
1	LME Lead Future November 2015 (Underlying Face Amount at Value \$43,300)	-
1	LME Nickel Future October 2015 (Underlying Face Amount at Value \$60,300)	(5,910)
1	LME Tin Future October 2015 (Underlying Face Amount at Value \$71,550)	(10,100)
1	LME Zinc Future October 2015 (Underlying Face Amount at Value \$45,250)	(2,325)
1	LME Zinc Future November 2015 (Underlying Face Amount at Value \$45,263)	-
2	Lumber Future November 2015 (Underlying Face Amount at Value \$48,972)	(7,161)
6	Milling Wheat December 2015 (Underlying Face Amount at Value \$65,127)	(3,165)
3	Natural Gas Future October 2015 (Underlying Face Amount at Value \$80,670)	(3,880)
7	Natural Gas Future November 2015 (Underlying Face Amount at Value \$193,270)	(930)
1	NY Harbor ULSD Futures October 2015 (Underlying Face Amount at Value \$71,450)	10,677
1	NY Harbor ULSD Futures November 2015 (Underlying Face Amount at Value \$72,173)	4,692
2	Oat Future December 2015 (Underlying Face Amount at Value \$23,025)	(1,588)
1	Platinum Future January 2016 (Underlying Face Amount at Value \$50,550)	(545)
1	Platinum Future October 2015 (Underlying Face Amount at Value \$50,525)	(1,190)
3	Rapeseed November 2015 (Underlying Face Amount at Value \$69,079)	(4,608)
7	Robusta Coffee Future November 2015 (Underlying Face Amount at Value \$112,770)	(3,340)

See accompanying notes to consolidated financial statements.

**PCS Commodity Strategy Fund**  
**CONSOLIDATED PORTFOLIO OF INVESTMENTS (Continued)**  
**August 31, 2015**

<u>Contracts</u>	<b>OPEN FUTURES CONTRACTS LONG (Continued) ^</b>	<b>Unrealized Appreciation/ (Depreciation)</b>
2	Rough Rice Futures November 2015 (Underlying Face Amount at Value \$48,640)	\$ 2,160
3	Silver December 2015 (Underlying Face Amount at Value \$218,790)	(1,785)
4	Soybean Future November 2015 (Underlying Face Amount at Value \$177,500)	(7,600)
1	Soybean Meal December 2015 (Underlying Face Amount at Value \$186,780)	1,930
8	Soybean Oil Future December 2015 (Underlying Face Amount at Value \$135,600)	(15,204)
2	TOCOM Rubber January 2016 (Underlying Face Amount at Value \$118)	(1,836)
6	TOCOM Rubber February 2016 (Underlying Face Amount at Value \$357)	(268)
11	Wheat Future December 2015 (Underlying Face Amount at Value \$266,750)	(9,825)
2	Wheat Future (KCB) December 2015 (Underlying Face Amount at Value \$48,775)	(2,425)
2	White Sugar October 2015 (Underlying Face Amount at Value \$34,140)	(2,310)
1	White Sugar December 2015 (Underlying Face Amount at Value \$17,040)	(15)
3	World Sugar #11 March 2016 (Underlying Face Amount at Value \$39,547)	(213)
1	World Sugar #11 October 2015 (Underlying Face Amount at Value \$11,973)	(45)
	<b>TOTAL OPEN FUTURES CONTRACTS LONG</b>	<b>\$ 42,711</b>

^ Part or all of these securities are holdings in PCS Fund Limited (Note 2).

**PCS Commodity Strategy Fund**  
**CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES**  
**August 31, 2015**

**ASSETS**

Investment securities:		\$	4,099,878
At cost			4,099,878
At value			4,099,878
Cash			729,675
Deposits with Broker			923,925
Receivable from investment advisor			45,268
Unrealized appreciation on futures contracts, net			42,711
Prepaid expenses and other assets			25,846
<b>TOTAL ASSETS</b>			<b>5,867,303</b>

**LIABILITIES**

Distribution (12b-1) fees payable			956
Accrued audit fees			20,500
Accrued transfer agent fees			8,250
Accrued legal fees			7,000
Accrued administration fees			5,900
Accrued fund accounting fees			4,666
Accrued expenses and other liabilities			1,966
<b>TOTAL LIABILITIES</b>			<b>49,238</b>

**NET ASSETS**

**\$ 5,818,065**

**Net Assets Consist Of:**

Paid in capital		\$	6,358,184
Accumulated net investment loss			(24,519)
Accumulated net realized loss from security transactions and future contracts			(557,205)
Net unrealized appreciation on future contracts and foreign exchange translations			41,605

**NET ASSETS**

**\$ 5,818,065**

**Class A Shares:**

Net Assets		\$	642,095
Shares of beneficial interest outstanding [\$0 par value, unlimited shares authorized]			78,183
Net asset value and redemption price per share (Net assets/Shares of Beneficial Interest)*		\$	8.21
Offering price per share (8.21/0.945)		\$	8.69

**Class C Shares:**

Net Assets		\$	1,111,353
Shares of beneficial interest outstanding [\$0 par value, unlimited shares authorized]			135,497
Net asset value, offering and redemption price per share (Net assets/Shares of Beneficial Interest)*		\$	8.20

**Class I Shares:**

Net Assets		\$	4,064,617
Shares of beneficial interest outstanding [\$0 par value, unlimited shares authorized]			493,990
Net asset value, offering and redemption price per share (Net assets/Shares of Beneficial Interest)*		\$	8.23

\* The Fund charges a redemption fee of 1% on redemptions of shares held for less than 30 days.



**PCS Commodity Strategy Fund**  
**CONSOLIDATED STATEMENT OF OPERATIONS**  
For the Period Ended August 31, 2015 \*

<b>INVESTMENT INCOME</b>	\$ <u>                    -</u>
<b>EXPENSES</b>	
Legal fees	84,602
Transfer agent fees	43,435
Administrative services fees	37,936
Registration fees	36,951
Audit and tax fees	20,500
Accounting services fees	18,667
Investment advisory fees	15,292
Chief Ccompliance Officer Fees	15,183
Printing and postage expenses	10,447
Trustee Fees	4,435
Custodian fees	4,323
Distribution (12b-1) fees- Class C	3,599
Distribution (12b-1) fees- Class A	176
Interest expense	118
Insurance expense	62
Non 12b-1 shareholder servicing fee	14
<b>TOTAL EXPENSES</b>	<u>295,740</u>
Fees waived/expenses reimbursed by the Advisor	(271,139)
<b>NET EXPENSES</b>	<u>24,601</u>
<b>NET INVESTMENT LOSS</b>	<u>(24,601)</u>
<b>REALIZED AND CHANGE IN UNREALIZED GAIN (LOSS)</b>	
<b>ON INVESTMENTS AND FUTURE CONTRACTS</b>	
Net realized loss from:	
Security Transactions	(6,248)
Future contracts	(550,957)
Net realized loss	<u>(557,205)</u>
Net Change in Unrealized Appreciation (Depreciation) on:	
Foreign currency translations	(1,106)
Futures	42,711
Net change in unrealized appreciation (depreciation)	<u>41,605</u>
<b>NET REALIZED AND CHANGE IN UNREALIZED LOSS ON INVESTMENTS, FUTURE CONTRACTS, AND FOREIGN CURRENCY TRANSLATIONS</b>	<u>(515,600)</u>
<b>NET DECREASE IN NET ASSETS FROM OPERATIONS</b>	<u><u>\$ (540,201)</u></u>

\*The Fund commenced operations on December 10, 2014.

See accompanying consolidated notes to financial statements.

**PCS Commodity Strategy Fund**  
**CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS**

	<u>For the Period Ended August 31, 2015*</u>
<b>FROM OPERATIONS</b>	
Net investment loss	\$ (24,601)
Net realized loss on investments and future contracts	(557,205)
Net change in unrealized appreciation of future contracts and foreign currency translations	41,605
Net decrease in net assets resulting from operations	<u>(540,201)</u>
<b>FROM SHARES OF BENEFICIAL INTEREST</b>	
<b>Class A:</b>	
Proceeds from shares sold	638,157
Redemption fee proceeds	9
Payments for shares redeemed	(69)
Net increase in net assets from shares of beneficial interest	<u>638,097</u>
<b>Class C:</b>	
Proceeds from shares sold	1,290,405
Redemption fee proceeds	29
Payments for shares redeemed	(44,477)
Net increase in net assets from shares of beneficial interest	<u>1,245,957</u>
<b>Class I:</b>	
Proceeds from shares sold	4,814,672
Redemption fee proceeds	194
Payments for shares redeemed	(340,654)
Net increase in net assets from shares of beneficial interest	<u>4,474,212</u>
Net increase in net assets from shares of beneficial interest	<u>6,358,266</u>
<b>TOTAL INCREASE IN NET ASSETS</b>	<u>5,818,065</u>
<b>NET ASSETS</b>	
Beginning of Period	-
End of Period +	<u>\$ 5,818,065</u>
+ Includes accumulated net investment loss of:	<u>\$ (24,519)</u>
<b>SHARE ACTIVITY</b>	
<b>Class A</b>	
Shares Sold	78,190
Shares Redeemed	(7)
Net increase in shares of beneficial interest outstanding	<u>78,183</u>
<b>Class C</b>	
Shares Sold	140,582
Shares Redeemed	(5,085)
Net increase in shares of beneficial interest outstanding	<u>135,497</u>
<b>Class I</b>	
Shares Sold	536,610
Shares Redeemed	(42,620)
Net increase in shares of beneficial interest outstanding	<u>493,990</u>

\*The Fund commenced operations on December 10, 2014.

See accompanying consolidated notes to financial statements.

## PCS Commodity Strategy Fund - Class A

### CONSOLIDATED FINANCIAL HIGHLIGHTS

Per Share Data and Ratios for a Share of Beneficial Interest Outstanding Throughout the Period Presented

	<b>For the Period Ended August 31, 2015 (1)</b>
Net asset value, beginning of period	\$ 10.00
Activity from investment operations:	
Net investment loss (2)	(0.08)
Net realized and unrealized loss on investments and future contracts	(1.71)
Total from investment operations	(1.79)
Redemptions fees (7)	0.00
Net asset value, end of period	\$ 8.21
Total return (3)	(17.90)%
Net assets, end of period (000s)	\$ 642
Ratio of expenses to average net assets:	
Before waiver/reimbursement (5,6)	15.33%
Net of waiver/reimbursement (5)	1.35%
Ratio of net investment income to average net assets (5):	(1.35)%
Portfolio Turnover Rate (4,8)	29,155%

(1) Class A commenced operations December 10, 2014

(2) Per share amounts calculated using the average shares method, which more appropriately presents the per share data for the period.

(3) Total returns are historical in nature and assume changes in share price, reinvestment of dividends and capital gains distributions, if any. Had the Adviser not absorbed a portion of Fund expenses, total returns would have been lower. Total returns for periods less than one year are not annualized.

(4) Not annualized for periods less than one year.

(5) Annualized for periods of less than one year.

(6) Represents the ratio of expenses to average net assets absent fee waivers and/or expense reimbursements by the Adviser.

(7) Less than 0.005 per share

(8) The portfolio turnover rate excludes investments whose maturities or expiration dates at the time of acquisition were one year or less. For this reason all futures contracts, money market funds and U.S Treasury Bills that were traded throughout the period are excluded from the calculation. The timing of the Funds limited amount of purchases and sales of long term securities that occurred over a 3 month period produced the resulting portfolio turnover percentage that appears inflated due to the nature of the calculation. Had the Fund's core investments been included in the calculation, the turnover calculation would have been much lower.

See accompanying consolidated notes to financial statements.

## PCS Commodity Strategy Fund - Class C

### CONSOLIDATED FINANCIAL HIGHLIGHTS

Per Share Data and Ratios for a Share of Beneficial Interest Outstanding Throughout the Period Presented

	<b>For the Period Ended August 31, 2015 (1)</b>
Net asset value, beginning of period	\$ 10.00
Activity from investment operations:	
Net investment loss (2)	(0.13)
Net realized and unrealized loss on investments and future contracts	(1.67)
Total from investment operations	(1.80)
Redemptions fees (7)	0.00
Net asset value, end of period	\$ 8.20
Total return (3)	(18.00)%
Net assets, end of period (000s)	\$ 1,111
Ratio of expenses to average net assets:	
Before waiver/reimbursement (5,6)	16.08%
Net of waiver/reimbursement (5)	2.10%
Ratio of net investment income to average net assets (5):	(2.10)%
Portfolio Turnover Rate (4,8)	29,155%

(1) Class C commenced operations December 10, 2014

(2) Per share amounts calculated using the average shares method, which more appropriately presents the per share data for the period.

(3) Total returns are historical in nature and assume changes in share price, reinvestment of dividends and capital gains distributions, if any. Had the Adviser not absorbed a portion of Fund expenses, total returns would have been lower. Total returns for periods less than one year are not annualized.

(4) Not annualized for periods less than one year.

(5) Annualized for periods of less than one year.

(6) Represents the ratio of expenses to average net assets absent fee waivers and/or expense reimbursements by the Adviser.

(7) Less than 0.005 per share

(8) The portfolio turnover rate excludes investments whose maturities or expiration dates at the time of acquisition were one year or less. For this reason all futures contracts, money market funds and U.S Treasury Bills that were traded throughout the period are excluded from the calculation. The timing of the Funds limited amount of purchases and sales of long term securities that occurred over a 3 month period produced the resulting portfolio turnover percentage that appears inflated due to the nature of the calculation. Had the Fund's core investments been included in the calculation, the turnover calculation would have been much lower.

See accompanying consolidated notes to financial statements.

## PCS Commodity Strategy Fund - Class I

### CONSOLIDATED FINANCIAL HIGHLIGHTS

Per Share Data and Ratios for a Share of Beneficial Interest Outstanding Throughout the Period Presented

	<b>For the Period Ended August 31, 2015 (1)</b>
Net asset value, beginning of period	\$ 10.00
Activity from investment operations:	
Net investment loss (2)	(0.07)
Net realized and unrealized loss on investments and future contracts	(1.70)
Total from investment operations	(1.77)
Redemption fees (7)	0.00
Net asset value, end of period	\$ 8.23
Total return (3)	(17.70)%
Net assets, end of period (000s)	\$ 4,065
Ratio of expenses to average net assets:	
Before waiver/reimbursement (5,6)	15.08%
Net of waiver/reimbursement (5)	1.10%
Ratio of net investment income to average net assets (5):	(1.10)%
Portfolio Turnover Rate (4,8)	29,155%

- (1) Class I commenced operations December 10, 2014
- (2) Per share amounts calculated using the average shares method, which more appropriately presents the per share data for the period.
- (3) Total returns are historical in nature and assume changes in share price, reinvestment of dividends and capital gains distributions, if any. Had the Adviser not absorbed a portion of Fund expenses, total returns would have been lower. Total returns for periods less than one year are not annualized.
- (4) Not annualized for periods less than one year.
- (5) Annualized for periods of less than one year.
- (6) Represents the ratio of expenses to average net assets absent fee waivers and/or expense reimbursements by the Adviser.
- (7) Less than 0.005 per share
- (8) The portfolio turnover rate excludes investments whose maturities or expiration dates at the time of acquisition were one year or less. For this reason all futures contracts, money market funds and U.S Treasury Bills that were traded throughout the period are excluded from the calculation. The timing of the Funds limited amount of purchases and sales of long term securities that occurred over a 3 month period produced the resulting portfolio turnover percentage that appears inflated due to the nature of the calculation. Had the Fund's core investments been included in the calculation, the turnover calculation would have been much lower.

See accompanying consolidated notes to financial statements.

# **PCS Commodity Strategy Fund**

## **CONSOLIDATED NOTES TO FINANCIAL STATEMENTS**

### **August 31, 2015**

#### **I. ORGANIZATION**

PCS Commodity Strategy Fund (the "Fund") is a non-diversified series of shares of beneficial interest of Northern Lights Fund Trust II (the "Trust"), a trust organized under the laws of the State of Delaware on August 26, 2010, and is registered under the Investment Company Act of 1940, as amended (the "1940 Act"), as an open-end management investment company. The Fund's investment objective is to seek to provide long term total return. The fund commenced operations on December 10, 2014 and currently offers Class A, Class C and Class I shares. Class A shares are offered at net asset value plus a maximum sales charge of 5.50%. Class C and Class I shares are offered at net asset value. Each class represents an interest in the same assets of the Fund and classes are identical except for differences in their ongoing service and distribution charges. All classes of shares have equal voting privileges except that each class has exclusive voting rights with respect to its service and/or distribution plans. The Fund's income, expenses (other than class specific distribution fees) and realized and unrealized gains and losses are allocated proportionately each day based upon the relative net assets of each class.

#### **2. SIGNIFICANT ACCOUNTING POLICIES**

The following is a summary of significant accounting policies followed by the Fund in preparation of its financial statements. The policies are in conformity with accounting principles generally accepted in the United States of America ("GAAP"). The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses for the period. Actual results could differ from those estimates. The fund follows the specialized accounting and reporting requirements under GAAP that are applicable to investment companies.

**Security Valuation** – Securities listed on an exchange are valued at the last reported sale price at the close of the regular trading session of the primary exchange on the business day the value is being determined, or in the case of securities listed on NASDAQ at the NASDAQ Official Closing Price ("NOCP"). In the absence of a sale such securities shall be valued at the mean between the current bid and ask prices on the day of valuation. Investments valued in currencies other than the U.S. dollar are converted to U.S. dollars using exchange rates obtained from pricing services. Short-term debt obligations having 60 days or less remaining until maturity, at time of purchase, may be valued at amortized cost. Investments in open-end investment companies are valued at net asset value. Futures and future options are valued at the final settled price or, in the absence of a settled price, at the last sale price on the day of valuation.

The Fund may hold securities, such as private placements, interests in commodity pools, other non-traded securities or temporarily illiquid securities, for which market quotations are not readily available or are determined to be unreliable. These securities will be valued at their fair market value as determined using the "fair value" procedures approved by the Board. The Board has delegated execution of these procedures to a fair value team composed of one or more officers from each of the (i) Trust, (ii) administrator, and (iii) adviser and/or sub-adviser. The team may also enlist third party consultants such as an audit firm, valuation consultant or financial officer of a security issuer on an as-needed basis to assist in determining a security-specific fair value. The Board has also engaged a third party valuation firm to attend valuation meetings held by the Trust, review minutes of such meetings and report to the Board on a quarterly basis. The Board reviews and ratifies the execution of this process and the resultant fair value prices at least quarterly to assure the process produces reliable results.

**Fair Valuation Process.** As noted above, the fair value team is composed of one or more officers from each of the (i) Trust, (ii) administrator, and (iii) adviser and/or sub-adviser. The applicable investments are valued collectively via inputs from each of these groups. For example, fair value determinations are required for the

# PCS Commodity Strategy Fund

## CONSOLIDATED NOTES TO FINANCIAL STATEMENTS

### August 31, 2015 (Continued)

following securities: (i) securities for which market quotations are insufficient or not readily available on a particular business day (including securities for which there is a short and temporary lapse in the provision of a price by the regular pricing source), (ii) securities for which, in the judgment of the adviser or sub-adviser, the prices or values available do not represent the fair value of the instrument. Factors which may cause the adviser or sub-adviser to make such a judgment include, but are not limited to, the following: only a bid price or an asked price is available; the spread between bid and asked prices is substantial; the frequency of sales; the thinness of the market; the size of reported trades; and actions of the securities markets, such as the suspension or limitation of trading; (iii) securities determined to be illiquid; (iv) securities with respect to which an event that will affect the value thereof has occurred (a “significant event”) since the closing prices were established on the principal exchange on which they are traded, but prior to a Fund’s calculation of its net asset value. Specifically, interests in commodity pools or managed futures pools are valued on a daily basis by reference to the closing market prices of each futures contract or other asset held by a pool, as adjusted for pool expenses. Restricted or illiquid securities, such as private placements or non-traded securities are valued via inputs from the adviser or sub-adviser based upon the current bid for the security from two or more independent dealers or other parties reasonably familiar with the facts and circumstances of the security (who should take into consideration all relevant factors as may be appropriate under the circumstances). If the adviser or sub-adviser is unable to obtain a current bid from such independent dealers or other independent parties, the fair value team shall determine the fair value of such security using the following factors: (i) the type of security; (ii) the cost at date of purchase; (iii) the size and nature of the Fund’s holdings; (iv) the discount from market value of unrestricted securities of the same class at the time of purchase and subsequent thereto; (v) information as to any transactions or offers with respect to the security; (vi) the nature and duration of restrictions on disposition of the security and the existence of any registration rights; (vii) how the yield of the security compares to similar securities of companies of similar or equal creditworthiness; (viii) the level of recent trades of similar or comparable securities; (ix) the liquidity characteristics of the security; (x) current market conditions; and (xi) the market value of any securities into which the security is convertible or exchangeable.

The Fund utilizes various methods to measure the fair value of its investments on a recurring basis. GAAP establishes a hierarchy that prioritizes inputs to valuation methods. The three levels of input are:

**Level 1** – Unadjusted quoted prices in active markets for identical assets and liabilities that the Fund has the ability to access.

**Level 2** – Observable inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly or indirectly. These inputs may include quoted prices for the identical instrument in an inactive market, prices for similar instruments, interest rates, prepayment speeds, credit risk, yield curves, default rates and similar data.

**Level 3** – Unobservable inputs for the asset or liability, to the extent relevant observable inputs are not available; representing the Fund’s own assumptions about the assumptions a market participant would use in valuing the asset or liability, and would be based on the best information available.

The availability of observable inputs can vary from security to security and is affected by a wide variety of factors, including, for example, the type of security, whether the security is new and not yet established in the marketplace, the liquidity of markets, and other characteristics particular to the security. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments categorized in Level 3.

The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the level in the fair value hierarchy within which the fair value measurement falls in its entirety, is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with

**PCS Commodity Strategy Fund**  
**CONSOLIDATED NOTES TO FINANCIAL STATEMENTS**  
**August 31, 2015 (Continued)**

investing in those securities. The following tables summarize the inputs used as of August 31, 2015 for the Fund's assets and liabilities measured at fair value:

Assets	Level 1	Level 2	Level 3	Total
Investments:				
Money Market Funds	\$ 400,000	\$ -	\$ -	\$ 400,000
U.S. Treasury Bills	-	3,699,878	-	3,699,878
Total:	\$ 4,099,878	\$ -	\$ -	\$ 4,099,878
Derivatives:				
Futures	\$ 42,711	\$ -	\$ -	\$ 42,711
Total:	\$ 42,711	\$ -	\$ -	\$ 42,711

There were no transfers into or out of Level 1, Level 2, and Level 3 during the current period presented.

It is the Fund's policy to record transfers into and out of any Level at the end of the reporting period.

The Fund did not hold any Level 3 securities during the period.

**Futures Contracts** – The Fund is subject to equity price risk and foreign currency exchange rate risk in the normal course of pursuing its investment objectives. The Fund may purchase or sell futures contracts to gain exposure to, or hedge against, changes in the value of equities, interest rates or foreign currencies or commodities. Initial margin deposits required upon entering into futures contracts are satisfied by the segregation of specific securities or cash as collateral for the account of the broker (the Fund's agent in acquiring the futures position). During the period the futures contracts are open, changes in the value of the contracts are recognized as unrealized gains or losses by "marking to market" on a daily basis to reflect the market value of the contracts at the end of each day's trading. Variation margin payments are received or made depending upon whether unrealized gains or losses are incurred. When the contracts are closed, the Fund recognizes a realized gain or loss equal to the difference between the proceeds from, or cost of, the closing transaction and the Fund's basis in the contract. If the Fund were unable to liquidate a futures contract and/or enter into an offsetting closing transaction, the Fund would continue to be subject to market risk with respect to the value of the contracts and continue to be required to maintain the margin deposits on the futures contracts. Amounts reflected as deposits with brokers in the Statement of Assets and Liabilities include restricted balances held with the broker as collateral. The Fund segregates liquid securities having a value at least equal to the amount of the current obligation under any open futures contract. Risks may exceed amounts recognized in the Statement of Assets and Liabilities. With futures, there is minimal counterparty credit risk to the Fund since futures are exchange traded and the exchange's clearinghouse, as counterparty to all exchange traded futures, guarantees the futures against default.

**Disclosures About Offsetting Assets and Liabilities** - The following table presents the Fund's asset and liability derivatives available for offset under a master netting arrangement net of collateral pledged as of August 31, 2015:

Assets:	Gross Amounts of Recognized Assets	Gross Amounts Offset in the Consolidated Statement of Assets & Liabilities	Net Amounts of Assets Presented in the Consolidated Statement of Assets & Liabilities	Gross Amounts Not Offset in the Consolidated Statement of Assets & Liabilities		Net Amount
				Financial Instruments	Cash Collateral Pledged (1)	
Futures Contracts	\$ 142,399	\$ (99,688)	\$ 42,711	\$ -	\$ (42,711)	\$ -



**PCS Commodity Strategy Fund**  
**CONSOLIDATED NOTES TO FINANCIAL STATEMENTS**  
**August 31, 2015 (Continued)**

(1) The amount is limited to the net unrealized appreciation on futures contracts balance, and accordingly, does not include excess collateral pledged. Cash collateral is included in deposits with broker on the Consolidated Statement of Assets and Liabilities.

**Derivatives Disclosure – Fair Values of Derivative Instruments in the Fund as of August 31, 2015:**

Contract Type/ Primary Risk Exposure	Asset Derivatives		Fair Value
	Statement of		
	Assets and Liabilities		
	Location		
<u>Commodity contracts:</u>			
Futures	Futures unrealized appreciation, net		
		Assets - Unrealized Appreciation	142,399
		Liabilities - Unrealized Depreciation	(99,688)
			<u>\$ 42,711</u> *

\* Represents cumulative appreciation/(depreciation) on open futures contracts as reported in the Consolidated Portfolio of Investments.

The effect of Derivative Instruments on the Consolidated Statement of Operations for the period ended August 31, 2015:

Contract Type/ Primary Risk Exposure	Location of Gain or (Loss) On Derivatives	Realized	Unrealized
		Loss on Derivatives	Appreciation\ (Depreciation) on Derivatives
Commodity contracts	Net realized loss from futures contracts	\$ (550,957)	
	Net change in unrealized appreciation from futures contracts		\$ 42,711
Total		<u>\$ (550,957)</u>	<u>\$ 42,711</u>

The notional value of the derivative instruments outstanding as of August 31, 2015 as disclosed in the Consolidated Portfolio of Investments and the amounts realized and changes in unrealized gains and losses on derivative instruments during the period as disclosed above and within the Consolidated Statement of Operations serve as indicators of the volume of derivative activity for the Fund.

**Foreign Currency** – The accounting records of the Funds are maintained in U.S. dollars. Investment securities and other assets and liabilities denominated in a foreign currency, and income receipts and expense payments are translated into U.S. dollars using the prevailing exchange rate at the London market close. Purchases and sales of securities are translated into U.S. dollars at the contractual currency rates established at the approximate time of the trade. Net realized gains and losses on foreign currency transactions represent net gains and losses from currency realized between the trade and settlement dates on securities transactions and the difference between income accrued versus income received. The effects of changes in foreign currency exchange rates on investments in securities are included with the net realized and unrealized gain or loss on investment securities.

**Security transactions and related income** – Security transactions are accounted for on trade date. Interest income is recognized on an accrual basis. Discounts are accreted and premiums are amortized on securities purchased over the lives of the respective securities. Dividend income is recorded on the ex-dividend date. Realized gains or losses from sales of securities are determined by comparing the identified cost of the security lot

# PCS Commodity Strategy Fund

## CONSOLIDATED NOTES TO FINANCIAL STATEMENTS

### August 31, 2015 (Continued)

sold with the net sales proceeds. Withholding taxes on foreign dividends have been provided for in accordance with the Fund's understanding of the applicable country's tax rules and rates.

**Consolidation of Subsidiaries – PCS Fund Limited (PCSFL)** – In order to achieve its investment objectives, the Fund invests up to 25% of its total assets (measured at the time of purchase) in a wholly-owned subsidiary, PCSFL, incorporated under the laws of the Cayman Islands. PCSFL acts as an investment vehicle in order to enter into certain investments for the Fund consistent with its investment objectives and policies specified in the Fund's Prospectus and Statement of Additional Information. The consolidated financial statements of the Fund include the investment activity and financial statements of PCSFL. All intercompany balances and transactions have been eliminated in consolidation.

For tax purposes, PCSFL is an exempted Cayman investment company. PCSFL has received an undertaking from the government of the Cayman Islands exempting it from all local income, profits and capital gains taxes. No such taxes are levied in the Cayman Islands at the present time. For U.S. income tax purposes, PCSFL is a Controlled Foreign Corporation which generates and is allocated no income which is considered effectively connected with U.S. trade or business and as such is not subject to U.S. income tax. However, as a wholly-owned Controlled Foreign Corporation, PCSFL's net income and capital gain, to the extent of its earnings and profits, will be included each year in the Fund's investment company taxable income.

PCSFL will utilize commodity futures, options on futures, swap contracts and structured notes to facilitate the Fund's pursuit of its investment objective. In accordance with its investment objective and through its exposure to the aforementioned commodity based products, PCSFL may have increased or decreased exposure to one or more of the risk factors defined in the Principal Investment Risks section of the Fund's prospectus.

A summary of the Fund's investment in the PCSFL is as follows:

	Inception Date of CFC	CFC Total Assets at August 31, 2015	% Of Fund Total Assets at August 31, 2015
PCS Fund Limited	12/10/2014	\$ 985,530	16.53%

**Dividends and distributions to shareholders** – Dividends from net investment income, if any, are declared and paid at least annually. Distributable net realized capital gains, if any, are declared and distributed annually.

Dividends from net investment income and distributions from net realized gains are determined in accordance with federal income tax regulations, which may differ from GAAP. These “book/tax” differences are considered either temporary (e.g., deferred losses, capital loss carryforwards) or permanent in nature. To the extent these differences are permanent in nature, such amounts are reclassified within the composition of net assets based on their federal tax-basis treatment; temporary differences do not require reclassification. Any such reclassifications will have no effect on net assets, results of operations, or net asset values per share of the Fund.

**Federal income tax** – The Fund intends to continue to comply with the requirements of the Internal Revenue Code applicable to regulated investment companies and to distribute all of its taxable income to shareholders. Therefore, no provision for Federal income tax is required.

The Fund recognizes the tax benefits of uncertain tax positions only where the position is “more likely than not” to be sustained assuming examination by tax authorities. Management has analyzed the Fund's tax positions, and has concluded that no liability for unrecognized tax benefits are expected to be taken in the Fund's 2015 tax returns. The Fund identified its major tax jurisdictions as U.S. Federal, Nebraska and foreign jurisdictions where the Fund makes significant investments; however, the Fund is not aware of any tax positions for which it is reasonably possible that the total amounts of unrecognized tax benefits will change materially in the next twelve months.

# PCS Commodity Strategy Fund

## CONSOLIDATED NOTES TO FINANCIAL STATEMENTS

### August 31, 2015 (Continued)

**Expenses** – Expenses of the Trust that are directly identifiable to a specific Fund are charged to that Fund. Expenses, which are not readily identifiable to a specific Fund, are allocated in such a manner as deemed equitable, taking into consideration the nature and type of expense and the relative sizes of the funds in the Trust.

**Indemnification** – The Trust indemnifies its officers and trustees for certain liabilities that may arise from the performance of their duties to the Trust. Additionally, in the normal course of business, the Fund enters into contracts that contain a variety of representations and warranties and which provide general indemnities. The Fund's maximum exposure under these arrangements is unknown, as this would involve future claims that may be made against the Fund that have not yet occurred. However, based on experience, the risk of loss due to these warranties and indemnities appears to be remote.

### 3. INVESTMENT TRANSACTIONS

For the period ended August 31, 2015, cost of purchases and proceeds from sales of portfolio securities, other than short-term investments and U.S. Government securities, amounted to \$659,391 and \$653,143, respectively.

### 4. INVESTMENT ADVISORY AGREEMENT / TRANSACTIONS WITH AFFILIATES

Price Asset Management, Inc., (the "Advisor") serves as the Fund's Investment Advisor (the "Advisor"). Pursuant to an Advisory Agreement with the Trust, on behalf of the Fund, the Advisor, under the supervision of the Board, oversees the daily operations of the Fund and supervises the performance of administrative and professional services provided by others. As compensation for its services and the related expenses borne by the Advisor, the Fund pays the Advisor a management fee, computed and accrued daily and paid monthly, at an annual rate of 0.79% of the Fund's average daily net assets. For the period ended August 31, 2015, the Fund incurred \$15,292 of investment advisory fees.

Pursuant to a written contract (the "Waiver Agreement"), the Advisor has agreed, at least until December 31, 2015 to waive a portion of its advisory fee and has agreed to reimburse the Fund for other expenses to the extent necessary so that total expenses incurred (excluding brokerage fees and commissions, acquired fund fees and expenses, borrowing costs, interest and tax expenses, dividends on short positions and extraordinary expenses) do not exceed 1.35%, 2.10% and 1.10% for Class A, Class C and Class I shares, respectively, with respect to the average daily net assets for each share class. These amounts will herein be referred to as the "expense limitations."

If the Advisor waives any fee or reimburses any expenses pursuant to the Waiver Agreement, and the Fund's operating expenses are subsequently lower than their respective expense limitation, the Advisor shall be entitled to reimbursement by the Fund provided that such reimbursement does not cause the Fund's operating expense to exceed the respective expense limitation. If any Fund's operating expenses subsequently exceed the respective expense limitation, the reimbursements for the Fund shall be suspended. For the period ended August 31, 2015, expenses of \$271,139 incurred by the Fund were waived/reimbursed by the Advisor, which are subject to potential recovery by August 31, 2018.

*Distributor*- The Board has adopted the Trust's Master Distribution and Shareholder Service Plan (the "Plan") pursuant to Rule 12b-1 under the 1940 Act. The Plan provides that a monthly service and/or distribution fee is calculated at an annual rate of 0.25% and 1.00% of the average daily net assets for Class A shares and Class C shares, respectively, and is paid to Northern Lights Distributors, LLC (the "Distributor") to provide compensation for ongoing shareholder servicing and distribution-related activities or services and/or maintenance of the Fund's shareholder accounts not otherwise required to be provided by the Advisor. For the period ended August 31, 2015, pursuant to the Plan, Class A shares and Class C shares paid \$176 and \$3,599, respectively.

The Distributor acts as the Fund's principal underwriter in a continuous public offering of the Fund's shares. For

**PCS Commodity Strategy Fund**  
**CONSOLIDATED NOTES TO FINANCIAL STATEMENTS**  
**August 31, 2015 (Continued)**

the period ended August 31, 2015, the Distributor received \$12,924 in underwriting commissions for sales of Class A shares, of which \$1,249 was retained by the principal underwriter or other affiliated broker-dealers.

In addition, certain affiliates of the distributor provide services to the Fund as follows:

Gemini Fund Services, LLC (“GFS”) – GFS, an affiliate of the Distributor, provides administration, fund accounting, and transfer agent services to the Trust. Pursuant to separate servicing agreements with GFS, the Fund pays GFS customary fees for providing administration, fund accounting and transfer agency services to the Fund. A Trustee and certain officers of the Fund are also officers of GFS, and are not paid any fees directly by the Fund for servicing in such capacities.

Northern Lights Compliance Services, LLC (“NLCS”) - NLCS, an affiliate of GFS and the Distributor, provides a Chief Compliance Officer to the Trust, as well as related compliance services, pursuant to a consulting agreement between NLCS and the Trust. Under the terms of such agreement, NLCS receives customary fees from the Fund.

Blu Giant, LLC (“Blu Giant”) – Blu Giant, an affiliate of GFS and the Distributor, provides EDGAR conversion and filing services as well as print management services for the Fund on an ad-hoc basis. For the provision of these services, Blu Giant receives customary fees from the Fund.

**5. REDEMPTION FEES**

The Fund may assess a short-term redemption fee of 1.00% of the total redemption amount if shareholders sell their shares after holding them for less than 30 days or if shares are redeemed for failure to maintain the Fund’s minimum account balance requirement. The redemption fee is paid directly to the Fund. For the period ended August 31, 2015, the Fund assessed \$9, \$29, and \$194 in redemption fees for Class A, Class C, and Class I shares, respectively.

**6. CONTROL OWNERSHIP**

The beneficial ownership, either directly or indirectly, of more than 25% of the voting securities of a fund creates presumption of control of the fund, under Section 2(a)9 of the 1940 Act. As of August 31, 2015, RBC Capital Markets LLC, an account holding shares for the benefit of others in nominee name, held 27% and 92% of the voting securities of the Fund’s Class A and Class C shares, respectively. As of August 31, 2015, Monarch Fire Protection District Welfare Benefit Plan & Trust, an account holding shares for the benefit of others in nominee name, held 52% the voting securities of the Fund’s Class A shares. The Fund has no knowledge as to whether any beneficial owner included in these nominee account holds more than 25% of the voting shares of either class.

**7. TAX COMPONENTS OF CAPITAL**

As of August 31, 2015, the components of accumulated earnings/(deficit) on a tax basis were as follows:

Other Book/ Tax Differences	Post October Loss and Late Year Loss	Unrealized Depreciation	Total Accumulated Earnings
\$ (480,859)	\$ (30,649)	\$ (28,611)	\$ (540,119)

The difference between book basis and tax basis unrealized appreciation (depreciation), accumulated net investment loss and accumulated net realized loss from security transactions are primarily attributable to adjustments for the Fund’s wholly owned subsidiary.

**PCS Commodity Strategy Fund**  
**CONSOLIDATED NOTES TO FINANCIAL STATEMENTS**  
**August 31, 2015 (Continued)**

Capital losses incurred after October 31 within the fiscal year are deemed to arise on the first business day of the following fiscal year for tax purposes. The Fund incurred and elected to defer such capital losses of \$6,248.

Late year losses incurred after December 31 within the fiscal year are deemed to arise on the first business day of the following fiscal year for tax purposes. The Fund incurred and elected to defer such late year losses of \$24,401.

Permanent book and tax differences, primarily attributable to the tax treatment of net operating losses, resulted in reclassification for the Fund for the period ended August 31, 2015 as follows:

Paid In Capital	Undistributed Net Investment Income
\$	\$
(82)	82

**8. NEW ACCOUNTING PRONOUNCEMENT**

In May 2015, the FASB issued Accounting Standards Update (“ASU”) No. 2015-07 “Disclosure for Investments in Certain Entities that Calculate Net Asset Value per Share (or Its Equivalent)”. The amendments in ASU No. 2015-07 remove the requirement to categorize within the fair value hierarchy investments measured using the NAV practical expedient. The ASU also removes certain disclosure requirements for investments that qualify, but do not utilize, the NAV practical expedient. The amendments in the ASU are effective for fiscal years beginning after December 15, 2015, and interim periods within those fiscal years. Management is currently evaluating the impact these changes will have on the Funds’ financial statements and related disclosures.

**9. SUBSEQUENT EVENTS**

Subsequent events after the date of the Statement of Assets and Liabilities have been evaluated through the date the financial statements were issued. Management has concluded that there is no impact requiring adjustment or disclosure in the financial statements.

## Report of Independent Registered Public Accounting Firm

To the Board of Trustees of Northern Lights Fund Trust II  
and the Shareholders of PCS Commodity Strategy Fund

We have audited the accompanying consolidated statement of assets and liabilities, including the consolidated portfolio of investments, of PCS Commodity Strategy Fund (the Fund), a series of the Northern Lights Fund Trust II as of August 31, 2015, and the related consolidated statements of operations, changes in net assets, and the financial highlights for the period from December 10, 2014 (commencement of operations) through August 31, 2015. These consolidated financial statements and financial highlights are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. The Fund is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Our procedures included confirmation of securities owned as of August 31, 2015, by correspondence with the custodian and brokers. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of PCS Commodity Strategy Fund as of August 31, 2015, and the results of their operations, the changes in their net assets, and the financial highlights for the period from December 10, 2014 (commencement of operations) through August 31, 2015 in conformity with accounting principles generally accepted in the United States of America.

/s/ RSM US LLP

Denver, Colorado  
October 30, 2015

# PCS Commodity Strategy Fund

## EXPENSE EXAMPLES (Unaudited)

**August 31, 2015**

As a shareholder of the Fund you incur ongoing costs, including management fees; distribution and/or service (12b-1) fees and other Fund expenses. This example is intended to help you understand your ongoing costs (in dollars) of investing in the Fund and to compare these costs with the ongoing costs of investing in other mutual funds.

The example is based on an investment of \$1,000 invested at the beginning of the period and held for the entire period as disclosed in the table below.

### Actual Expenses

The “Actual Expenses” line in the table below provides information about actual account values and actual expenses. You may use the information below, together with the amount you invested, to estimate the expenses that you paid over the period. Simply divide your account value by \$1,000 (for example, an \$8,600 account value divided by \$1,000 = 8.6), then multiply the result by the number in the table under the heading entitled “Expenses Paid During Period” to estimate the expenses you paid on your account during this period.

### Hypothetical Example for Comparison Purposes

The “Hypothetical” line in the table below provides information about hypothetical account values and hypothetical expenses based on the Fund’s actual expense ratio and an assumed rate of return of 5% per year before expenses, which is not the Fund’s actual return. The hypothetical account values and expenses may not be used to estimate the actual ending account balances or expenses you paid for the period. You may use this information to compare this 5% hypothetical example with the 5% hypothetical examples that appear in the shareholder reports of other funds.

Please note that the expenses shown in the table are meant to highlight your ongoing costs only and do not reflect any transactional costs, such as contingent deferred sales charges (loads), or redemption fees. Therefore, the table is useful in comparing ongoing costs only, and will not help you determine the relative total costs of owning different funds. In addition, if these transactional costs were included, your costs would have been higher.

	Beginning Account Value 3/1/15	Ending Account Value 8/31/15	Annualized Expense Ratio	Expense Paid During Period 3/1/15-8/31/15 *
<b>Actual</b>				
Class A	\$1,000.00	\$ 884.70	1.35%	\$ 6.41
Class C	\$1,000.00	\$ 882.70	2.10%	\$ 9.97
Class I	\$1,000.00	\$ 885.90	1.10%	\$ 5.23
<b>Hypothetical (5% return before expenses)</b>	Beginning Account Value 3/1/15	Ending Account Value 8/31/15	Annualized Expense Ratio	Expense Paid During Period 3/1/15-8/31/15 *
Class A	\$1,000.00	\$ 1,018.40	1.35%	\$ 6.87
Class C	\$1,000.00	\$ 1,014.62	2.10%	\$ 10.66
Class I	\$1,000.00	\$ 1,019.66	1.10%	\$ 5.60

\* Expenses are equal to the average account value over the period, multiplied by the Fund’s annualized expense ratio, multiplied by the number of days in the six month period ended August 31, 2015 (184) divided by the number of days in the fiscal year (365).

## **FACTORS CONSIDERED BY THE TRUSTEES IN APPROVAL OF AN INVESTMENT ADVISORY AGREEMENT (UNAUDITED)**

At a Regular meeting (the “Meeting”) of the Board of Trustees (the “Board”) of Northern Lights Fund Trust II (the “Trust”) held on April 24-25, 2014, the Board, including the disinterested Trustees (the “Independent Trustees”), considered the approval of an Investment Advisory Agreement between the Trust, on behalf of the PCS Commodity Strategy Fund (“PCS Commodity”) and Price Asset Management, Inc. (“Price Asset Management”) (the “Price Advisory Agreement”).

Based on their evaluation of the information provided by Price Asset Management, in conjunction with PCS Commodity’s other service providers, the Board, by a unanimous vote (including a separate vote of the Independent Trustees), approved the Price Advisory Agreement with respect to PCS Commodity.

In advance of the Meeting, the Board requested and received materials to assist them in considering the Price Advisory Agreement. The materials provided contained information with respect to the factors enumerated below, including the Price Advisory Agreement, a memorandum prepared by the Trust’s outside legal counsel discussing in detail the Trustees’ fiduciary obligations and the factors they should assess in considering the continuation of the Price Advisory Agreement and comparative information relating to the advisory fee and other expenses of PCS Commodity. The materials also included due diligence materials relating to Price Asset Management (including due diligence questionnaires completed by Price Asset Management, select financial information of Price Asset Management, bibliographic information regarding Price Asset Management’s key management and investment advisory personnel, and comparative fee information relating to PCS Commodity) and other pertinent information. At the Meeting, the Independent Trustees were advised by counsel that is experienced in Investment Company Act of 1940 matters and that is independent of fund management and met with such counsel separately from fund management.

The Board then reviewed and discussed the written materials that were provided in advance of the Meeting and deliberated on the approval of the Price Advisory Agreement. The Board relied upon the advice of independent legal counsel and their own business judgment in determining the material factors to be considered in evaluating the Price Advisory Agreement and the weight to be given to each such factor. The conclusions reached by the Board were based on a comprehensive evaluation of all of the information provided and were not the result of any one factor. Moreover, each Trustee may have afforded different weight to the various factors in reaching his conclusions with respect to the Price Advisory Agreement. In considering the approval of the Price Advisory Agreement, the Board reviewed and analyzed various factors that they determined were relevant, including the factors enumerated below.

*Nature, Extent and Quality of Services.* The Board noted that Price Asset Management had previously provided the Board with materials related to the Price Advisory Agreement, including information on the firm’s related investment performance with its existing clients. During the discussions with Price Asset Management, the Board reviewed materials provided by Price Asset Management relating to the Price Advisory Agreement, including a description of the manner in which investment decisions are made and executed and a review of the professional personnel performing services for PCS Commodity including the team of individuals that primarily monitor and execute the investment process. The Board then discussed the extent of Price Asset Management’s research capabilities, the quality of its compliance infrastructure and the experience of its fund management personnel. The Board considered Price Asset Management’s specific responsibilities in all aspects of the day-to-day management of PCS Commodity. Additionally, the Board received satisfactory responses from the representative of Price Asset Management with respect to a series of important questions, including: whether Price Asset Management is involved in any lawsuits or pending regulatory actions; whether the management of other accounts would conflict with its management of PCS Commodity; and whether Price Asset Management has procedures in place to adequately allocate trades among its respective clients. The Board reviewed the descriptions provided by Price Asset Management of its practices for monitoring compliance with PCS Commodity’s investment limitations, noting that Price Asset Management’s CCO will periodically review the portfolio managers’ performance of their duties with respect to PCS Commodity to ensure compliance under Price Asset Management’s compliance program. The Board then reviewed the capitalization of Price Asset Management based on financial information and other materials provided and discussed with Price Asset Management and concluded that Price Asset Management was sufficiently well-capitalized, or its control persons or principals had the ability to make additional contributions in order to meet its obligations to PCS Commodity. The Board



concluded that Price Asset Management had sufficient quality and depth of personnel, resources, investment methods and compliance policies and procedures necessary to perform its duties under the Price Advisory Agreement with respect to PCS Commodity and that the nature, overall quality and extent of the management services to be provided by Price Asset Management were satisfactory and reliable.

*Performance.* The Board considered Price Asset Management's past performance as well as other factors relating to Price Asset Management's track record. The Board reviewed the performance of Price Asset Management's composite track records for the proposed strategy, noting that performance was acceptable. The Board concluded that Price Asset Management was expected to obtain an acceptable level of investment return to shareholders.

*Fees and Expenses.* As to the costs of the services to be provided and profits to be realized by Price Asset Management, the Board reviewed and discussed a comparison of PCS Commodity's proposed management fee and overall expense ratio to a peer group of funds constructed by Price Asset Management with similar investment objectives and strategies. The Board reviewed the proposed contractual arrangements for PCS Commodity, which stated that Price Asset Management had agreed to waive or limit its management fee and/or reimburse expenses at least until December 31, 2015 in order to limit net annual operating expenses, exclusive of certain fees, so as not to exceed 1.35%, 2.10%, 1.10%, 1.35% and 1.60% of the average net assets for Class A, Class C, Class I, Class N and Class R shares, respectively and found such arrangements to be beneficial to shareholders. The Board concluded that the advisory fee and expense caps for PCS Commodity were reasonable. It was the consensus of the Board that, based on Price Asset Management's experience and expertise, and the services to be provided by Price Asset Management to PCS Commodity, the advisory fees to be charged by Price Asset Management were reasonable.

*Profitability.* The Board also considered the level of profits that could be expected to accrue to Price Asset Management with respect to PCS Commodity based on break even and profitability reports and analyses reviewed by the Board and the selected financial information provided by Price Asset Management. With respect to Price Asset Management, the Board concluded that based on the services provided and the projected growth of PCS Commodity, the fees were reasonable and that anticipated profits from Price Asset Management's relationship with the Fund were not excessive.

*Economies of Scale.* As to the extent to which PCS Commodity will realize economies of scale as it grows, and whether the fee levels reflect these economies of scale for the benefit of investors, the Board discussed Price Asset Management's expectations for growth of the Fund. After consideration, the Board concluded that any material economies of scale would not be achieved in the near term.

*Conclusion.* The Board relied upon the advice of counsel, and their own business judgment in determining the material factors to be considered in evaluating the Price Advisory Agreement and the weight to be given to each such factor. Accordingly, having requested and received such information from Price Asset Management as the Trustees believed to be reasonably necessary to evaluate the terms of the Price Advisory Agreement, and as assisted by the advice of independent counsel, the Board, including a majority of the Independent Trustees, determined that, with respect to the Price Advisory Agreement, (a) the terms of the Price Advisory Agreement are reasonable; (b) the advisory fee is reasonable; and (c) the Price Advisory Agreement is in the best interests of PCS Commodity and its shareholders. In considering the approval of the Price Advisory Agreement, the Board did not identify any one factor as all important, but rather considered these factors collectively and determined that the approval of the Price Advisory Agreement was in the best interest of PCS Commodity and its shareholders. Moreover, the Board noted that each Trustee may have afforded different weight to the various factors in reaching his conclusions with respect to the Price Advisory Agreement.

**PCS Commodity Strategy Fund**  
**SUPPLEMENTAL INFORMATION (Unaudited)**  
**August 31, 2015**

This chart provides information about the Trustees and Officers who oversee the Fund. Officers elected by the Trustees manage the day-to-day operations of the Fund and execute policies formulated by the Trustees. The following is a list of the Trustees and executive officers of the Trust and each person's principal occupation over the last five years. The address of each Trustee and Officer is 17605 Wright Street, Suite 2, Omaha, Nebraska 68130 unless otherwise noted.

**Independent Trustees**

<b>Name, Address and Year of Birth</b>	<b>Position/Term of Office*</b>	<b>Principal Occupation During the Past Five Years</b>	<b>Number of Portfolios in Fund Complex Overseen by Trustee</b>	<b>Other Directorships held by Trustee During the Past Five Years</b>
Thomas T. Sarkany 1946	Trustee since October 2011	President, TTS Consultants, LLC since 2010 (financial services); Director of Marketing and of Asset Management; Director of Index Licensing, Value Line (from 1994 to 2010).	32	Director, Value Line Funds; Director, Value Line, Inc.; Director, Aquila Distributors, Trustee, Arrow ETF Trust, Trustee, Arrow Investments Trust
Anthony H. Lewis 1946	Trustee Since May 2011	Chairman and CEO of The Lewis Group USA (executive consulting firm).	32	Director, Chairman of the Compensation Committee, and Member of the Audit Committee of Torotel Inc. (Magnetics, Aerospace and Defense), Trustee, Wildermuth Endowment Strategy Fund
Keith Rhoades 1948	Trustee Since May 2011	Retired since 2008.	32	NONE
Randal D. Skalla 1962	Trustee since May 2011	President, L5 Enterprises, Inc. since 2001 (financial services company).	32	Orizon Investment Counsel (financial services company) Board Member

**PCS Commodity Strategy Fund**  
**SUPPLEMENTAL INFORMATION (Unaudited) (Continued)**  
**August 31, 2015**

*Interested Trustees and Officers*

<b>Name, Address and Year of Birth</b>	<b>Position/Term of Office*</b>	<b>Principal Occupation During the Past Five Years</b>	<b>Number of Portfolios in Fund Complex Overseen by Trustee</b>	<b>Other Directorships held by Trustee During the Past Five Years</b>
Brian Nielsen** 1972	Trustee Since May 2011	Secretary (since 2001) and General Counsel (from 2001 to 2014) of CLS Investments, LLC; Secretary (since 2001) and General Counsel (from 2001 to 2014) of Orion Advisor Services, LLC; Manager (from 2012 to 2015), General Counsel and Secretary (since 2003) of NorthStar Financial Services Group, LLC; CEO (since 2012), Secretary (since 2003), Manager (since 2005), President (from 2005 to 2013) and General Counsel (from 2003 to 2014) of Northern Lights Distributors, LLC; Secretary and Chief Legal Officer (since 2003) of AdvisorOne Funds; Director, Secretary and General Counsel (since 2004) of Constellation Trust Company; Manager (from 2008 to 2015), CEO (since 2015), General Counsel and Secretary (since 2011) and Assistant Secretary (from 2004 to 2011) of Northern Lights Compliance Services, LLC; Trustee (since 2011) of Northern Lights Fund Trust II; General Counsel and Secretary (since 2011) and Assistant Secretary (from 2004 to 2011) of Blu Giant, LLC; Secretary (since 2012), Assistant Secretary (from 2003 to 2012) and General Counsel (from 2012 to 2014) of Gemini Fund Services, LLC; Manager (since 2012) of Arbor Point Advisors, LLC; Secretary and General Counsel (from 2013 to 2015) of NorthStar Holdings, LLC; Secretary (since 2013) and General Counsel (from 2013 to 2014) of Gemini Hedge Fund Services, LLC; Secretary (since 2013) and General Counsel (from 2013 to 2014) of Gemini Alternative Funds, LLC; Secretary of NorthStar CTC Holdings, Inc. (since 2015); Assistant Secretary (from 2011 to 2013) of Northern Lights Fund Trust; and Assistant Secretary (from 2011 to 2013) of Northern Lights Variable Trust	32	NONE
Kevin E. Wolf	President	President, Gemini Fund Services, LLC	N/A	N/A

**PCS Commodity Strategy Fund**  
**SUPPLEMENTAL INFORMATION (Unaudited) (Continued)**  
**August 31, 2015**

80 Arkay Drive Hauppauge, NY 11788 1969	Since January 2013	(since 2012); Director of Fund Administration, Gemini Fund Services, LLC (2006 - 2012); and Vice President, Gemcom, LLC (2004 -2012).		
James P. Ash 80 Arkay Drive. Hauppauge, NY 11788 1976	Secretary Since May 2011	Senior Vice President, Gemini Fund Services, LLC (since 2012); Vice President, Gemini Fund Services, LLC (2011 - 2012); Director of Legal Administration, Gemini Fund Services, LLC (2009 - 2011); Assistant Vice President of Legal Administration, Gemini Fund Services, LLC (2008 - 2011).	N/A	N/A
Emile R. Molineaux 80 Arkay Drive Hauppauge, NY 11788 1962	Chief Compliance Officer and Anti Money Laundering Officer Since May 2011	General Counsel, CCO and Senior Vice President, Gemini Fund Services, LLC (2003 - 2011); CCO of Various clients of Northern Lights Compliance Services, LLC, (Secretary 2003-2011 and Senior Compliance Officer since 2011).	N/A	N/A
Erik Naviloff 80 Arkay Drive Hauppauge, NY 11788 1968	Treasurer, Since January 2013	Vice President of Gemini Fund Services, LLC (since 2012); Assistant Vice President, Gemini Fund Services, (2007 - 2012).	N/A	N/A

\*The term of office for each Trustee and Officer listed above will continue indefinitely.

\*\* Brian Nielsen is an "interested person" of the Trust as that term is defined under the 1940 Act, because of his affiliation with Gemini Fund Services, LLC, (the Trust's Administrator, Fund Accountant, and Transfer Agent) and Northern Lights Distributors, LLC (the Fund's Distributor), Northern Lights Compliance Services, LLC (the Fund's Compliance provider) and Blu Giant, LLC (the Fund's Edgar and printing service provider).

The Fund's Statement of Additional Information includes additional information about the Trustees and is available free of charge, upon request, by calling toll-free at 1-844-828-3242.

# Privacy Policy

Rev. July 2015

<b>FACTS</b>	<b>WHAT DOES NORTHERN LIGHTS FUND TRUST II ("NLFT II") DO WITH YOUR PERSONAL INFORMATION?</b>		
<b>Why?</b>	Financial companies choose how they share your personal information. Federal law gives consumers the right to limit some but not all sharing. Federal law also requires us to tell you how we collect, share, and protect your personal information. Please read this notice carefully to understand what we do.		
<b>What?</b>	<p>The types of personal information we collect and share depend on the product or service you have with us. This information can include:</p> <ul style="list-style-type: none"> <li>• Social Security number</li> <li>• Employment information</li> <li>• Account balances</li> <li>• Account transactions</li> <li>• Income</li> <li>• Investment experience</li> </ul> <p>When you are no longer our customer, we continue to share your information as described in this notice.</p>		
<b>How?</b>	All financial companies need to share a customer's personal information to run their everyday business - to process transactions, maintain customer accounts, and report to credit bureaus. In the section below, we list the reasons financial companies can share their customer's personal information; the reasons NLFT II chooses to share; and whether you can limit this sharing.		
<b>Reasons we can share your personal information</b>		<b>Does NLFT II share?</b>	<b>Can you limit this sharing?</b>
For our everyday business purposes -- such as to process your transactions, maintain your account(s), respond to court orders and legal investigations, or report to credit bureaus		Yes	No
For our marketing purposes -- to offer our products and services to you		Yes	No
For joint marketing with other financial companies		Yes	No
For our affiliates' everyday business purposes -- information about your transactions and experiences		Yes	No
For our affiliates' everyday business purposes -- information about your creditworthiness		No	We don't share
For nonaffiliates to market to you		No	We don't share
<b>Questions?</b>	Call 1-402-493-4603		

Who we are	
Who is providing this notice?	Northern Lights Fund Trust II
What we do	
How does NLFT II protect my personal information?	To protect your personal information from unauthorized access and use, we use security measures that comply with federal law. These measures include computer safeguards and secured files and buildings.
How does NLFT II collect my personal information?	<p>We collect your personal information, for example, when you</p> <ul style="list-style-type: none"> <li>• open an account</li> <li>• give us your income information</li> <li>• provide employment information</li> <li>• provide account information</li> <li>• give us your contact information</li> </ul> <p>We also collect your personal information from others, such as credit bureaus, affiliates, or other companies.</p>
Why can't I limit all sharing?	<p>Federal law gives you the right to limit only</p> <ul style="list-style-type: none"> <li>• sharing for affiliates' everyday business purposes—information about your creditworthiness</li> <li>• affiliates from using your information to market to you</li> <li>• sharing for nonaffiliates to market to you</li> </ul> <p>State laws and individual companies may give you additional rights to limit sharing.</p>
Definitions	
<b>Affiliates</b>	<p>Companies related by common ownership or control. They can be financial and nonfinancial companies.</p> <p><i>The following companies may be considered affiliates of NLFT II:</i></p> <ul style="list-style-type: none"> <li>• CLS Investments, LLC</li> <li>• NorthStar Financial Services Group, LLC</li> <li>• NorthStar CTC Holdings, Inc.</li> <li>• NorthStar Topco, LLC</li> <li>• Blu Giant, LLC</li> <li>• Gemini Fund Services, LLC</li> <li>• Gemini Alternative Funds, LLC</li> <li>• Gemini Hedge Fund Services, LLC</li> <li>• Northern Lights Compliance Services, LLC</li> <li>• Northern Lights Distributors, LLC</li> <li>• Orion Advisor Services, LLC</li> <li>• Constellation Trust Company</li> </ul>
<b>Nonaffiliates</b>	<p>Companies not related by common ownership or control. They can be financial and nonfinancial companies.</p> <ul style="list-style-type: none"> <li>• NLFT II does not share with nonaffiliates so they can market to you.</li> </ul>
<b>Joint marketing</b>	<p>A formal agreement between nonaffiliated financial companies that together market financial products and services to you.</p> <ul style="list-style-type: none"> <li>• Our joint marketing partners include other financial service companies.</li> </ul>



### **PROXY VOTING POLICY**

Information regarding how the Fund voted proxies relating to portfolio securities for the most recent twelve month period ended June 30<sup>th</sup> as well as a description of the policies and procedures that the Fund uses to determine how to vote proxies is available without charge, upon request, by calling 1-844-828-3242 or by referring to the Securities and Exchange Commission's ("SEC") website at <http://www.sec.gov>.

### **PORTFOLIO HOLDINGS**

The Fund files its complete schedule of portfolio holdings with the SEC for the first and third quarters of each fiscal year on Form N-Q. Form N-Q is available on the SEC's website at <http://www.sec.gov> and may be reviewed and copied at the SEC's Public Reference Room in Washington, DC (1-800-SEC-0330). The information on Form N-Q is available without charge, upon request, by calling 1-844-828-3242.

### **INVESTMENT ADVISOR**

Price Asset Management, Inc.  
141 W Jackson Blvd, Suite 1320A  
Chicago, IL 60604

### **ADMINISTRATOR**

Gemini Fund Services, LLC  
80 Arkay Drive, Suite 110  
Hauppauge, New York 11788