



**TWO OAKS DIVERSIFIED
GROWTH AND INCOME FUND**

Semi-Annual Report
September 30, 2018

The Two Oaks Diversified Growth and Income Fund September 30, 2018

Dear Fellow Shareholders of The Two Oaks Diversified Growth and Income Fund, it has been over twelve years since we took over the portfolio management of the Montecito Fund on November 1, 2005. The fund we inherited started operations on April 15, 2002 and had a publishable 10-year track record a few years ago. However, the current management and investment disciplines have been in place since November 1, 2005. We are pleased that we now have a publishable 12-year track record for the fund that shows the results of our investment philosophy. On November 1, 2005 the Net Asset Value of the fund was \$10.09 per share. Since November 1, 2005 there have been \$5.3244 in distributions and the Net Asset Value per Class A share was \$14.08 as of September 30, 2018. This has resulted in a total positive return of \$9.31 per share. As of the end of September the portfolio was invested 48.19% in Equities, 35.76% in Real Estate and Asset Based securities, 16.03% in Fixed Income and held 0.02% in Cash. The benchmark selected for our fund is a blend of 60% Standard and Poor's 500 and 40% Bloomberg Barclay's U.S. Aggregate Bond Index. From November 1, 2005 until September 30, 2018 this index showed a cumulative rate of return of 151.91% and an Average Annual Return of 7.41%. During this same time frame our fund at Net Asset Value showed a cumulative rate of return of 125.22% and an Average Annual Return of 6.49%. For the year ended September 30, 2018 our Class A shares were up 8.10%. This return consisted of appreciation of \$.59 per share and distributions of \$0.4826 per share. Trailing 1 year returns can be attributed to solid returns from our equity holdings and weakness in our more interest rate sensitive real estate and fixed income holdings.

The performance data quoted here represents past performance. Current performance may be lower or higher than the performance data quoted above. Investment return and principal value will fluctuate, so that shares, when redeemed, may be worth more or less than their original cost. Past performance is no guarantee of future results. A Fund's performance, especially for very short periods of time, should not be the sole factor in making your investment decisions. For performance information current to the most recent month-end, please call 888.806.8633.

MARKET THOUGHTS

Economic growth in the U.S. remains solid, interest rates are starting to climb off their historic lows, valuations for certain equities appear stretched, and earnings growth appears to be robust. Let's dig a little deeper into some of these topics.

ACCELERATION (FINALLY)

As we wrote in our most recent Annual Letter, our Main Message entering 2018 was that for the first time in a long time the economy was showing signs of acceleration. We have here in parenthesis FINALLY, trying to emphasize a bit of sarcasm due to the fact that this has indeed been one of the longest economic recoveries in history, however, it has also been one of the slowest.

When looking back over the past 9 years as we began this recovery, you can see just how slow and unexciting it's been. We've experienced an average growth rate of just over 2% during this time and witnessed not one single year where growth exceeded 3%. During this time, we heard a lot of supposed experts proclaim that the US was in a "New Normal" and that we should all just accept that the country's ability to grow at a faster rate was well behind us. We never accepted this New Normal. Instead, we believed our economy lacked confidence due to an uncertain business & regulatory environment. We believe this confidence is back helped by rapid innovation and a more business friendly environment via lower taxes and reduced regulations.

Looking at recent GDP Growth, this increased confidence is on full display as both Q2 and Q3 2018 grew faster than 3.5% which is a rate the economy hasn't been able to achieve since 2005. We are excited to finally see the overall economy show proof of this acceleration and pick up in growth that many believed to be unachievable.

The next example highlighting Acceleration is based upon the work we do in managing the fund. We spend a great deal of time analyzing companies we own, listening to their conference calls, reading their quarterly and annual filings, and making sure we believe management has a solid vision and strategy for the future. In doing this, over the past several quarters we began to hear a message of growing demand and more optimistic outlooks from many of these companies. Although this hadn't been reflected in the overall economic growth rates, many CEOs were sharing a vision of true strength in their underlying businesses.

Obviously, the impact from the tax cut has helped business confidence and impacted earnings per share figures. This is why we've focused on owning companies showing solid top-line sales growth. We believe sales growth can capture true business demand and once again is showing signs of acceleration. We believe innovation is a significant, long-term driver of this acceleration. Technology is advancing at a rapid pace and affecting every industry and economy around the world. We and many others believe we're in the midst of a technological boom that will have the world looking vastly different 10 years from now. As long as this advancement is allowed to take place, eventually the new efficiencies and creativity will be reflected in stock prices.

THOUGHTS ON PORTFOLIO POSITIONING

This year marked the 9 year anniversary of the bear market low hit on March 9, 2009. Investors who held firm to a long-term view have been well rewarded for their discipline & patience. The S&P 500 Index is up over 200% since the March 9, 2009 bottom.

To find opportunity we first analyze the marketplace. Please note, today's observations share some of the observations we made at this time last year as our investment outlook is truly long-term in nature:

- From a historical valuation perspective, the S&P 500 Index looks to be within its "Fair Value" range but was pushing towards the upper limit. We certainly do not believe we are near a valuation peak (1999) nor a valuation trough (2009) but do believe the market could see some multiple compression. Normally, you would expect this to happen by the price of the market coming down. However, we believe the price of the market is more likely to stay around where we entered the year and instead see multiple compression take place by the earnings growth rising substantially from last year. As previously mentioned, earnings growth potential remains robust with solid organic growth coupled with tax savings.
- Fixed Income markets have risen considerably from last year but continue to offer little yield with the 10 year U.S. Treasury bond yielding 3.06% at quarter end. However, it is getting better and we are pleased to see interest rates getting back to a state of normalcy.

- While we would like to find more yield in the Fixed Income sector of our portfolio, we feel the principal risk associated with extending the duration is not justified by the low current yields.
- Sacrificing credit quality to chase yield is not something we do.
- Many Real Estate Investment Trusts (REITs) entered 2018 trading at premium valuations & offered little to no additional yield when compared to several “blue-chip” companies. With interest rates climbing and fears of rates rising faster than anticipated, REITs have pulled back significantly.

We continue to believe that it is more prudent than ever to focus on a bottoms-up, fundamental based approach to the markets. Up until recently you were able to achieve success by merely having exposure to the broad markets. However, now more than halfway through 2018, we’ve all been reminded of just how volatile markets can be. We continue to believe success will be earned by focusing on long-term investment themes, unique company-specific ideas, & investing in less followed asset classes such as the following:

- Demographics of our country are changing - Baby Boom generation is aging and 10,000 are reaching traditional retirement age every day. Further, the Millennial generation has now surpassed the size of the Baby Boom generation. We have a new demographic force shaping the future of our economy.
- Productivity & Connectivity is happening like never before through technological advancements
- U.S. remains on course to eventually become Energy Independent and has a new role as the world-wide swing producer.
- Manufacturing is changing due to cheap energy feedstocks & advances in automation
- Customization is key as consumers are being empowered with more choices than ever before
- Water & the availability of potable water are essential to our global economy
- Real Assets will play a vital role in portfolio construction for their reliable income, upside potential, fundamental growth trends, low volatility, inflation protection, & diversification benefits
- Global standard of living increases as emerging economies continue to develop
- Find better values by sifting through currently out of favor companies with correctable issues, and if able to be paid to be patient, invest for the long term
- Find companies taking market share. Business is competition & we believe the market will be willing to pay up for businesses that are taking market share from competitors

- Find companies with potential catalysts. When we talk about catalysts we mean a potential event that can create some positive buzz around a company. This may include being acquired by another company, buying another company, a top-level management change, having financial opportunities such as a dividend raise or share buyback, breaking off or an outright sale of a business line that no longer fits with the company's strategic vision, etc.
- In Fixed Income markets find issues offering a potential hedge against a rising interest rate environment such as a floating rate coupon or conversion feature. Also, if we are going to own a "traditional coupon bond", keep the maturity short.
- Although several "Institutional Darlings" in the Real Estate market looked overvalued, we believe there continues to be many exciting opportunities in this often over looked asset class that will offer investors the opportunity for a growing income stream from a high quality real estate portfolio.

We believe our current asset allocation & portfolio holdings reflect these points. Looking forward, we believe the greatest value & opportunities will be found by keeping the asset allocation near a maximum weighting in equities, minimum in fixed income, & neutral in real estate / asset based securities.

CONCERNS

We would be remiss if we did not address some of the major concerns that we see as well. Things don't go on forever, and when they change, they can change in disconcerting ways rather rapidly.

- Change in political leadership - there was certainly a great deal of optimism surrounding a new political agenda. We now have the reality of lower taxes & less regulation largely seen as a positive by the markets. However, due to the new style of communication coming out of the White House, market volatility has definitely increased from years past. Fears of trade wars and unfair deals have unsettled the market at times. However, we remain of the mind that countries around the world are desperate to enjoy a period of significant economic growth and do not want to risk upsetting the momentum that has been unleashed by the animal spirits now at work in the market.
- Valuations do matter - we've noted in the past, we do not view the entire U.S. market as undervalued or overvalued currently. In an accelerating economic world with low but rising interest rates, what should the valuation of the market be? Only time will give us this answer. However, we are of the mind that owning high quality businesses that pay a solid income stream in the form of dividends, and also have the ability to give shareholders a raise, will continue to see demand from investors.

CLOSING THOUGHTS

We continue to believe that owning high quality investment assets that pay an income that grows over time and diversifying those holdings is an excellent equation for investors to achieve financial independence. Our disciplines dictate that we be balanced, with 15% to 50% in each of the three major asset categories - Equities, Fixed Income, and Real Estate and Asset Based. Adding to that asset allocation is our own proprietary research and analytical tools that are the

hallmarks of our “common sense investing” for the long term. Thank you for your continued confidence and the opportunity to manage our fund. We take very seriously our responsibility and will always endeavor to be responsive to your questions and concerns. As always, we welcome and encourage your comments and feedback.

Blake Todd
Portfolio Manager

Jarrett Perez, CFA
Portfolio Manager

The material herein has been provided by Two Oaks Investment Management, LLC and is for informational purposes only.

Two Oaks Investment Management, LLC is not affiliated with Northern Lights Distributors, LLC.

Bloomberg Barclays Capital U.S. Aggregate Bond Index covers the USD-denominated, investment-grade, fixed-rate, taxable bond market of SEC-registered securities. The index includes bonds from the Treasury, Government- Related, Corporate, MBS (agency fixed-rate and hybrid ARM pass-throughs), ABS, and CMBS sectors. The U.S. Aggregate Index is a component of the U.S. Universal Index in its entirety. Fixed Income securities are subject to risks including inflationary and interest rate changes, among others.

S&P 500 Index is an unmanaged composite of 500 large capitalization companies. This index is widely used by professional investors as a performance benchmark for large-cap stocks. You cannot invest directly in an index and unmanaged index returns do not reflect any fees, expenses or sales charges.

Two Oaks Diversified Growth and Income Fund Portfolio Review (Unaudited)

The Fund's performance figures for the periods ending September 30, 2018, compared to its benchmarks:

	Six Months	1 Year	Annualized		Since Inception 4/15/2002
			5 Years	10 Years	
Two Oaks Diversified Growth and Income Fund ⁽¹⁾ – Class A:					
Without Sales Charge	7.61%	8.10%	7.64%	7.62%	5.21%
With Sales Charge ⁽²⁾	1.44%	1.90%	6.38%	6.99%	4.83%
S&P 500	11.41%	17.91%	13.95%	11.97%	8.26%
60% S&P 500/40% Bloomberg Barclays U.S. Aggregate Bond	6.67%	9.99%	9.22%	8.91%	6.88%

⁽¹⁾ Effective November 1, 2005, the strategy of the Montecito Fund changed and Blake Todd assumed the role of Portfolio Manager.

⁽²⁾ Adjusted for initial maximum sales charge of 5.75%.

The S&P 500 is a market capitalization-weighted index of 500 widely held common stocks. The Bloomberg Barclays U.S. Aggregate Bond Index is an unmanaged market index representative of the U.S. taxable fixed income securities.

Past performance is not predictive of future results and current performance may be lower or higher than the performance data quoted. The Fund's total annual gross operating expenses, as stated in the fee table to the Portfolio's prospectus dated July 31, 2018, are 1.72% for Class A. 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. The returns shown do not reflect the deduction of taxes that a shareholder would have to pay on Fund distributions or the redemption of the Fund shares. Investment performance current to the most recent month-end may be obtained by calling (855) 896-6257.

HOLDINGS BY ASSET CLASS** (Unaudited)

Common Stock	57.5%
Real Estate Investment Trusts	24.2%
Corporate Bonds	16.0%
Closed-End Funds	2.0%
Short-Term Investments	0.1%
Other Assets Less Liabilities	0.2%
	100.0%

**Based on Total Net Assets as of September 30, 2018.

Two Oaks Diversified Growth and Income Fund
SCHEDULE OF INVESTMENTS (Unaudited)

September 30, 2018

Shares	Security	Fair Value
	COMMON STOCK - 57.5 %	
	APPAREL - 0.9 %	
15,000	Hanesbrands, Inc.	\$ 276,450
	COMMERCIAL SERVICES - 1.5%	
10,000	Service Corporation International	442,000
	COMPUTERS - 6.9 %	
5,000	Apple, Inc.	1,128,700
5,750	International Business Machines Corp.	869,458
		<u>1,998,158</u>
	DIVERSIFIED FINANCIAL SERVICES - 6.2 %	
20,000	BGC Partners, Inc., Class - A	236,400
15,000	Charles Schwab Corp.	737,250
7,500	T Rowe Price Group, Inc.	818,850
		<u>1,792,500</u>
	ELECTRIC - 3.8 %	
27,750	Brookfield Infrastructure Partners LP	1,106,670
	FOOD - 2.3 %	
7,000	Calavo Growers, Inc.	676,200
	HEALTHCARE - SERVICES - 3.5 %	
3,800	UnitedHealth Group, Inc.	1,010,952
	HOME FURNISHINGS - 1.4 %	
3,500	Whirlpool Corp.	415,625
	HOUSEWARES - 0.8 %	
2,800	The Scotts Miracle-Gro Co.	220,444
	MACHINERY - DIVERSIFIED - 2.9 %	
4,500	Rockwell Automation, Inc.	843,840
	MEDIA - 4.5 %	
10,000	Comcast Corp.	354,100
8,200	Walt Disney Co.	958,908
		<u>1,313,008</u>
	OIL & GAS - 8.7 %	
12,500	Apache Corp.	595,875
45,000	Marathon Oil Corp.	1,047,600
8,000	Phillips 66	901,760
		<u>2,545,235</u>
	PHARMACEUTICALS - 1.8 %	
24,000	Bayer AG - ADR	531,360
	RETAIL - 3.4 %	
4,900	McDonald's Corp.	819,721
2,200	PriceSmart, Inc.	178,090
		<u>997,811</u>
	SEMICONDUCTORS - 1.6 %	
10,000	Intel Corp.	472,900
	TELECOMMUNICATIONS - 1.2 %	
10,000	AT&T, Inc.	335,800
	TRANSPORTATION - 3.1 %	
3,700	FedEx Corp.	890,923
	WATER - 3.0 %	
63,709	Consolidated Water Co., Ltd.	882,369
	TOTAL COMMON STOCK	<u>16,752,245</u>
	(Cost - \$12,310,971)	

The accompanying notes are an integral part of these financial statements.

Two Oaks Diversified Growth and Income Fund
SCHEDULE OF INVESTMENTS (Unaudited)(Continued)

September 30, 2018

Shares	Security	Fair Value
REAL ESTATE INVESTMENT TRUSTS (REITS) - 24.2 %		
APARTMENTS - 3.4 %		
100,000	Bluerock Residential Growth REIT, Inc.	\$ 980,000
DIVERSIFIED - 13.0 %		
43,000	Armada Hoffer Properties, Inc.	649,730
20,000	CorEnergy Infrastructure Trust, Inc.	751,600
6,200	Digital Realty Trust, Inc.	697,376
20,500	EPR Properties - Convertible Preferred, 5.7500 %	573,795
50,000	Lexington Realty Trust	415,000
45,000	UMH Properties, Inc.	703,800
		<u>3,791,301</u>
HEALTH CARE - 3.2 %		
70,000	Global Medical REIT, Inc.	659,400
10,000	HCP, Inc.	263,200
		<u>922,600</u>
OFFICE PROPERTY - 2.3 %		
54,343	City Office REIT, Inc.	685,809
WAREHOUSE/INDUSTRIAL - 2.3 %		
40,000	Monmouth Real Estate Investment Corp.	668,800
		<u>668,800</u>
	TOTAL REAL ESTATE INVESTMENTS TRUSTS	7,048,510
	(Cost - \$5,498,352)	

Principal Amount		Coupon Rate (%)	Maturity Date	
CORPORATE BONDS - 16.0 %				
BANKS - 3.4 %				
\$ 500,000	Barclays Bank PLC, 3 mo. LIBOR + 1.25% ^(b)	3.5873	4/11/2023	491,811
500,000	Goldman Sachs Group, Inc., 3mo. LIBOR + 1.15% ^(b)	3.0349	5/20/2020	501,380
				<u>993,191</u>
ELECTRIC - 1.7 %				
500,000	Public Service Enterprise Group, Inc.	2.0000	11/15/2021	476,526
ENVIRONMENTAL CONTROL - 1.1 %				
347,000	Waste Management, Inc.	2.4000	5/15/2023	331,254
MISCELLANEOUS MANUFACTURING - 1.7 %				
500,000	General Electric Co., 3 mo. LIBOR + 1.00% ^(b)	2.7202	4/15/2023	504,311
OIL & GAS - 1.7 %				
500,000	Chevron Corp.	2.4980	3/3/2022	488,546
PHARMACEUTICALS - 1.7 %				
500,000	McKesson Corp.	3.7960	3/15/2024	496,886
RETAIL - 3.0 %				
900,000	Dollar General Corp.	3.2500	4/15/2023	879,605
TELECOMMUNICATIONS - 1.7 %				
500,000	AT&T, Inc.	3.0000	6/30/2022	488,047
	TOTAL CORPORATE BONDS			4,658,366
	(Cost - \$4,710,488)			

Two Oaks Diversified Growth and Income Fund
SCHEDULE OF INVESTMENTS (Unaudited)(Continued)

September 30, 2018

Shares	Security	Fair Value
22,000	CLOSED-END FUND - 2.0 % Tortoise Energy Infrastructure Corp.	
	TOTAL CLOSED-END FUND (Cost - \$503,323)	\$ 592,460
	SHORT-TERM INVESTMENTS - 0.1 %	
6,588	Dreyfus Institutional Preferred Government Money Market Fund Premier Shares, 1.67% ^(a)	6,588
	TOTAL SHORT-TERM INVESTMENTS (Cost - \$6,588)	
	TOTAL INVESTMENTS - 99.8 % (Cost - \$23,029,722)	\$ 29,058,169
	CASH AND OTHER ASSETS LESS LIABILITIES - 0.2 %	60,832
	NET ASSETS - 100.0 %	\$ 29,119,001

ADR - American Depositary Receipt

LP - Limited Partnership

PLC - Public Limited Company

REITS - Real Estate Investment Trusts

LIBOR - London Interbank Offered Rate

^(a) Money market fund; interest rate reflects the seven-day effective yield on September 30, 2018.

^(b) Variable rate security; the rate shown represents the rate at September 30, 2018.

Two Oaks Diversified Growth and Income Fund
STATEMENT OF ASSETS AND LIABILITIES (Unaudited)

September 30, 2018

Assets:	
Investments in Securities at Fair Value (Identified cost \$23,029,722)	\$ 29,058,169
Cash	9,782
Receivables:	
Dividends and Interest	105,545
Prepaid Expenses and Other Assets	3,910
Total Assets	<u>29,177,406</u>
Liabilities:	
Payables:	
Accrued Advisory Fees	14,400
Fund Shares Repurchased	7,007
Accrued Distribution Fees	6,000
Payable to Related Parties	3,418
Accrued Expenses and Other Liabilities	27,580
Total Liabilities	<u>58,405</u>
Net Assets	<u>\$ 29,119,001</u>
Class A Shares:	
Net Asset Value and Redemption Price Per Share (\$0 par value, unlimited shares authorized) (\$29,119,001/2,067,585 shares)	<u>\$ 14.08</u>
Maximum Offering Price Per Share (\$14.08/0.9425)	<u>\$ 14.94</u>
Composition of Net Assets:	
At September 30, 2018, Net Assets consisted of:	
Paid-in-Capital	22,065,226
Accumulated Undistributed Net Investment Income	169,521
Accumulated Net Realized Gain From Security Transactions	855,807
Net Unrealized Appreciation on Investments	6,028,447
Net Assets	<u>\$ 29,119,001</u>

The accompanying notes are an integral part of these financial statements.

Two Oaks Diversified Growth and Income Fund
STATEMENT OF OPERATIONS (Unaudited)

For the Six Months Ended
September 30, 2018

Investment Income:

Dividend Income (net of 11,953 foreign taxes)	\$	430,752
Interest Income		77,881
Total Investment Income		508,633

Expenses:

Investment Advisory Fees		86,454
Distribution Fees - Class A		36,023
Administration Fees		20,470
Trustee Fees		17,148
Transfer Agent Fees		14,276
Fund Accounting Fees		12,129
Legal Fees		10,939
Chief Compliance Officer Fees		10,027
Audit Fees		8,524
Registration & Filing Fees		7,521
Printing Expenses		6,484
Shareholder Service Fees		3,325
Custody Fees		1,379
Insurance Expense		1,003
Miscellaneous Expense		1,003
Total Expenses		236,705
Net Investment Income		271,928

Net Realized and Unrealized Gain on Investments:

Net Realized Gain From Security Transactions		419,665
Net Change in Net Unrealized Appreciation on Investments		1,410,703
Net Realized and Unrealized Gain on Investments		1,830,368

Net Increase in Net Assets Resulting From Operations **\$ 2,102,296**

The accompanying notes are an integral part of these financial statements.

Two Oaks Diversified Growth and Income Fund
STATEMENTS OF CHANGES IN NET ASSETS

	Six Month Ended September 30, 2018	Year Ended March 31, 2018
	(Unaudited)	
Operations:		
Net Investment Income	\$ 271,928	\$ 224,808
Net Realized Gain From Security Transactions	419,665	937,064
Net Change in Net Unrealized Appreciation on Investments	1,410,703	93,415
Net Increase in Net Assets Resulting From Operations	2,102,296	1,255,287
Dividends and Distributions to Shareholders From:		
Net Investment Income:		
Class A (\$0.08 and \$0.13 per share, respectively)	(165,293)	(262,469)
Net Realized Gains:		
Class A (\$0.00 and \$0.36 per share, respectively)	-	(732,556)
Total Distributions to Shareholders	(165,293)	(995,025)
Capital Share Transactions:		
Class A:		
Proceeds from Shares Issued (26,903 and 241,210 shares, respectively)	375,340	3,231,249
Exchanges from Class C (0 and 187,007 shares, respectively)	-	2,451,663
Reinvestment of Dividends (11,916 and 73,068 shares, respectively)	164,891	989,756
Cost of Shares Redeemed (78,264 and 309,554 shares, respectively)	(1,079,386)	(4,137,948)
Class C**:		
Proceeds from Shares Issued (0 and 2,260 shares, respectively)	-	29,194
Exchanges to Class A (0 and 188,589 shares, respectively)	-	(2,451,663)
Cost of Shares Redeemed (0 and 1,124 shares, respectively)	-	(14,535)
Total Capital Share Transactions	(539,155)	97,716
Total Increase in Net Assets	1,397,848	357,978
Net Assets:		
Beginning of Period	27,721,153	27,363,175
End of Period*	\$ 29,119,001	\$ 27,721,153
*Includes accumulated undistributed net investment income of:	\$ 169,521	\$ 62,886

**Class C shares were converted into Class A on May 20, 2017.

Two Oaks Diversified Growth and Income Fund
FINANCIAL HIGHLIGHTS

The table below sets forth financial data for one share of capital stock outstanding throughout each period presented.

	Class A (g)					
	For the Six Months Ended September 30, 2018 (Unaudited)	For the Year Ended March 31,				
	2018	2017	2016	2015	2014	
Net Asset Value, Beginning of Period	\$ 13.16	\$ 13.02	\$ 11.52	\$ 12.04	\$ 12.19	\$ 11.88
From Operations:						
Net investment income (a)	0.13	0.12	0.11	0.20	0.19	0.20
Net gain (loss) from securities (both realized and unrealized)	0.87	0.51	1.57	(0.25)	0.34	0.78
Total from operations	1.00	0.63	1.68	(0.05)	0.53	0.98
Distributions to shareholders from						
Net investment income	(0.08)	(0.13)	(0.18)	(0.16)	(0.17)	(0.12)
Net realized gains	-	(0.36)	-	(0.28)	(0.51)	(0.55)
Return of capital	-	-	-	(0.03)	-	-
Total distributions	(0.08)	(0.49)	(0.18)	(0.47)	(0.68)	(0.67)
Net Asset Value, End of Period	\$ 14.08	\$ 13.16	\$ 13.02	\$ 11.52	\$ 12.04	\$ 12.19
Total Return (b)	7.61% (d)	4.70%	14.63%	(0.31)%	4.46%	8.53%
Ratios/Supplemental Data						
Net assets, end of period (in 000's)	\$ 29,119	\$ 27,721	\$ 24,940	\$ 22,059	\$ 23,837	\$ 23,785
Ratio of expenses to average net assets, before recapture (e)	1.64% (c)	1.70%	1.75%	1.81%	1.74%	1.75%
net of recapture (e)	1.64% (c)	1.75% (f)	1.75%	1.75%	1.75% (f)	1.59%
Ratio of net investment income to average net assets (e)	1.89% (c)	0.86%	0.90%	1.71%	1.55%	1.65%
Portfolio turnover rate	5% (d)	22%	24%	28%	25%	43%

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

(b) Total returns are historical in nature and assume changes in share price, reinvestment of dividends and capital gains distributions, if any, and do not assume the effects of any sales charges. Had the Adviser not waived a portion of its fee during 2014 and 2016-2017, total returns would have been lower.

(c) Annualized.

(d) Not annualized.

(e) Does not include expenses of the investment companies in which the Fund invests.

(f) Inclusive of Adviser's recapture of waived/reimbursed fees from prior periods.

(g) Class C shares were merged into Class A on May 20, 2017. The amounts presented represent the results of the Class A shares for the periods prior to the merger and the results of the combined share class for the period subsequent to the merger.

1. ORGANIZATION

Two Oaks Diversified Growth and Income Fund (the “Fund”) is a diversified series of Northern Lights Fund Trust II (the “Trust”), a Delaware statutory trust organized on August 26, 2010. The Fund is registered under the Investment Company Act of 1940, as amended (the “Act”), as an open-end management investment company. The Fund commenced operations on April 15, 2002. The investment objective of the Fund is long-term growth of capital and income.

The Fund currently only offers Class A shares. On May 20, 2017, \$2,451,663 and 188,589 shares of Class C were converted into 187,007 Class A shares. Class A shares are offered at net asset value plus a maximum sales charge of 5.75%. Each class represents an interest in the same assets of the Fund and classes are identical except for differences in their sales charge structures and 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of significant accounting policies followed by the Fund in preparation of the financial statements. These 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 is an investment company and accordingly follows the investment company accounting and reporting guidance of the Financial Accounting Standards Board (FASB) Accounting Standard Codification Topic 946 “Financial Services – Investment Companies” including FASB Accounting Standard Update ASU 2013-08.

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. Debt securities (other than short-term obligations) are valued each day by an independent pricing service approved by the Board of Trustees (the “Board”) based on methods which include consideration of: yields or prices of securities of comparable quality, coupon, maturity and type, indications as to values from dealers, and general market conditions or market quotations from a major market maker in the securities. 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.

The Fund may invest in portfolios of open-end or closed-end investment companies (the “underlying funds”). Open-end underlying funds are valued at their respective net asset values as reported by such investment companies. The underlying funds value securities in their portfolios for which market quotations are readily available at their market values (generally the last reported sale price) and all other securities and assets at their fair value by the methods established by the Boards of the underlying funds. The shares of many closed-end investment companies, after their initial public offering, frequently trade at a price per share, which is different than the net asset value per share. The difference represents a market premium or market discount of such shares. There can be no assurances that the market discount or market premium on shares of any closed-end investment company purchased by the Fund will not change.

The Fund may hold securities, such as private investments, 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 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 representatives from each of the (i) Trust, (ii) administrator, and (iii) adviser. The team may also enlist third party consultants such as a valuation specialist at a public accounting 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 representatives from each of the (i) Trust, (ii) administrator, and (iii) adviser. The applicable investments are valued collectively via inputs from each of these groups. For example, fair value determinations are required for the 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, the prices or values available do not represent the fair value of the instrument. Factors which may cause the 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 investments or non-traded securities are valued via inputs from the 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 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 most 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 investing in those securities. The following table summarizes the inputs used as of September 30, 2018 for the Fund’s assets measured at fair value:

Assets*	Level 1	Level 2	Level 3	Total
Common Stock	\$ 16,752,245	\$ -	\$ -	\$ 16,752,245
REITS	7,048,510	-	-	7,048,510
Corporate Bonds	-	4,658,366	-	4,658,366
Closed-End Fund	592,460	-	-	592,460
Short-Term Investments	6,588	-	-	6,588
Total	\$ 24,399,803	\$ 4,658,366	\$ -	\$ 29,058,169

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

There were no transfers between Level 1 and Level 2 during the current period presented. It is the Fund's policy to record transfers into or out of all Levels at the end of the reporting period.

*Please refer to the Schedule of Investments for industry classifications.

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 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.

Distributions received from investments in securities that represent a return of capital or capital gain are recorded as a reduction of cost of investment or as a realized gain, respectively. The calendar year-end amounts of ordinary income, capital gains, and return of capital included in distributions received from the Fund's investments in real estate investment trusts ("REITS") and master limited partnerships ("MLPS") are reported to the Fund after the end of the calendar year; accordingly, the Fund estimates these amounts for accounting purposes until the characterization of REIT and MLP distributions is reported to the Fund after the end of the calendar year. Estimates are based on the most recent REIT and MLP distribution information available.

Dividends and distributions to shareholders – Dividends from net investment income, if any, are declared and paid quarterly. 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, and are recorded on the ex-dividend date. 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 should be recorded related to uncertain tax positions taken on returns filed for open tax years ended March 31, 2016 to March 31, 2018, or expected to be taken in the Fund's March 31, 2019 year-end tax return. The Fund identified its major tax jurisdictions as U.S. Federal, Nebraska state 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.

Foreign Currency – The accounting records of the Fund 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.

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 ADVISORY AGREEMENT AND TRANSACTIONS WITH RELATED PARTIES

Pursuant to the Investment Advisory Agreement (the “Advisory Agreement”), investment advisory services are provided to the Fund by Two Oaks Investment Management, LLC (the “Adviser”). Under the terms of the Advisory Agreement, the Adviser receives monthly fees calculated at an annual rate of 0.60% of the average daily net assets of the Fund. For the six months ended September 30, 2018, the Adviser earned advisory fees of \$86,454.

The Trust, on behalf of the Fund, has adopted the Trust’s Master Distribution and shareholder serving 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 by the Funds at an annual rate of 0.25% of the average daily net assets attributable to the Class A shares and is paid to Northern Lights Distributors, LLC (the “Distributor”) to provide compensation for ongoing distribution-related activities or services and/or maintenance of the Funds’ shareholder accounts, not otherwise required to be provided by the Adviser. The Plan is a compensation plan, which means that compensation is provided regardless of 12b-1 expenses incurred.

The Plan further provides for periodic payments to brokers, dealers and other financial intermediaries, for providing shareholder services and for promotional and other sales-related costs. For the six months ended September 30, 2018, the Fund paid distribution fees of \$36,023.

The Distributor acts as the Fund’s principal underwriter in a continuous public offering of the Funds’ shares. For the six months ended September 30, 2018, the Distributor received \$15,425 in underwriting commissions for sales of shares, of which \$2,431 was retained by the principal underwriter.

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

Gemini Fund Services, LLC (“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. Certain officers of the Trust are also officers of GFS, and are not paid any fees directly by the Fund for serving 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.

4. INVESTMENT TRANSACTIONS

The cost of purchases and proceeds from the sale of securities, other than short-term securities, for the six months ended September 30, 2018 amounted to \$1,510,923 and \$1,706,892, respectively.

5. AGGREGATE UNREALIZED APPRECIATION AND DEPRECIATION – TAX BASIS

The identified cost of investments in securities owned by the Fund for federal income tax purposes, and its respective gross unrealized appreciation and depreciation at September 30, 2018, were as follows:

Tax Cost	Gross Unrealized Appreciation	Gross Unrealized Depreciation	Net Unrealized Appreciation
\$ 23,000,402	\$ 7,129,762	\$ (1,071,995)	\$ 6,057,767

6. DISTRIBUTIONS TO SHAREHOLDERS AND TAX COMPONENTS OF CAPITAL

The tax character of distributions for the following years was as follows:

	Fiscal Year Ended March 31, 2018	Fiscal Year Ended March 31, 2017
Ordinary Income	\$ 626,900	\$ 359,165
Long-Term Capital Gain	368,125	-
	<u>\$ 995,025</u>	<u>\$ 359,165</u>

As of March 31, 2018, the components of distributable earnings/(deficit) on a tax basis were as follows:

Undistributed Ordinary Income	Undistributed Long-Term Gains	Post October Loss and Late Year Loss	Capital Loss Carry Forwards	Other Book/Tax Differences	Unrealized Appreciation/ (Depreciation)	Total Accumulated Earnings/(Deficits)
\$ 33,566	\$ 436,142	\$ -	\$ -	\$ -	\$ 4,647,064	\$ 5,116,772

The difference between book basis and tax basis unrealized appreciation and undistributed ordinary income/loss is primarily attributable to tax adjustments for partnerships, and C-Corporation return of capital distributions.

Permanent book and tax differences, primarily attributable to the book/tax basis treatment of partnerships and contingent payment debt instruments, resulted in reclassification for the year ended March 31, 2018 as follows:

Paid In Capital	Undistributed Net Investment Income (Loss)	Accumulated Net Realized Gains (Loss)
\$ (6,224)	\$ 210,785	\$ (204,561)

7. RECENT ACCOUNTING PRONOUNCEMENTS AND REPORTING UPDATES

In August 2018, the FASB issued Accounting Standards Update (“ASU”) No. 2018-13, which changes certain fair value measurement disclosure requirements. The new ASU, in addition to other modifications and additions, removes the requirement to disclose the amount and reasons for transfers between Level 1 and Level 2 of the fair value hierarchy, and the policy for the timing of transfers between levels. For investment companies, the amendments are effective for financial statements issued for fiscal years beginning after December 15, 2019, and interim periods within those fiscal years. Early adoption is allowed. At this time, management is evaluating the implications of the ASU and any impact on the financial statement disclosures.

In September 2018, the Securities and Exchange Commission released Final Rule 33-10532 captioned “Disclosure Update and Simplification” which is intended to amend certain disclosure requirements that have become redundant, duplicative, overlapping, outdated or superseded, in light of other Commission disclosure requirements, GAAP, or changes in the information environment. These changes will be effective November 5, 2018. Management is currently evaluating the impact that this release will have on the Fund’s financial statements and related disclosures.

8. 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 determined that no events or transactions occurred requiring adjustment or disclosure in the financial statements.

As a shareholder of the Fund you incur two types of costs: (1) transaction costs, including sales charges (loads) on purchase payments and contingent deferred sales charges on redemptions and (2) ongoing costs, including management fees; distribution and/or service (12b-1 fees) fees; and other Fund expenses. This Example is intended to help you understand your ongoing costs (in dollars) of investing in the Funds and to compare these costs with the ongoing costs of investing in other mutual funds.

This Example is based on an investment of \$1,000 invested at the beginning of the period and held for the entire period as indicated below.

Actual Expenses: The first section of the table provides information about actual account values and actual expenses. You may use the information in this line, 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 first line under the heading entitled “Expenses Paid During the Period” to estimate the expenses you paid on your account during the period.

Hypothetical Examples for Comparison Purposes: The second section of 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 balance or expenses you paid for the period. You may use this information to compare the ongoing costs of investing in the Funds and other funds. To do so, compare this 5% hypothetical example with the 5% hypothetical examples that appear in the shareholder reports of the 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 sales charges (loads) or contingent deferred sales charges on redemptions. Therefore, the second line of 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 (4/1/18)	Ending Account Value (9/30/18)	Expense Ratio (Annualized)	Expenses Paid During the Period* (4/1/18-9/30/18)
Actual: Class A	\$1,000.00	\$1,076.10	1.64%	\$ 8.54
Hypothetical (5% return before expenses): Class A	\$1,000.00	\$1,016.85	1.64%	\$ 8.29

*Expenses are equal to the Fund’s annualized expense ratio multiplied by the average account value over the period, multiplied by 183/365 (to reflect the one-half year period).

FACTORS CONSIDERED BY THE TRUSTEES WITH THE APPROVAL OF THE RENEWAL OF THE INVESTMENT ADVISORY AGREEMENT

At a Meeting (the “Meeting”) of the Board of Trustees (the “Board”) of Northern Lights Fund Trust II (the “Trust”) held on July 23 and 24, 2018, the Board, including the disinterested Trustees (the “Independent Trustees”), considered the renewal of an Investment Advisory Agreement between the Trust, on behalf of the Two Oaks Diversified Growth and Income Fund (“Two Oaks”), and Two Oaks Investment Management, LLC (“TOIM”) (“Two Oaks Advisory Agreement”).

Based on their evaluation of the information provided by TOIM, in conjunction with Two Oaks’ other service providers, the Board, by a unanimous vote (including a separate vote of the Independent Trustees), approved the renewal of the Two Oaks Advisory Agreement with respect to Two Oaks.

In advance of the Meeting, the Board requested and received materials to assist them in considering the Two Oaks Advisory Agreement. The materials provided contained information with respect to the factors enumerated below, including the Two Oaks Advisory Agreement, a memorandum prepared by the Independent Trustees legal counsel discussing in detail the Trustees’ fiduciary obligations and the factors they should assess in considering the renewal of the Two Oaks Advisory Agreement and comparative information relating to the advisory fee and other expenses of Two Oaks. The materials also included due diligence materials relating to TOIM (including due diligence questionnaire completed by TOIM, TOIM’s Forms ADV, select financial information of TOIM, bibliographic information regarding TOIM’s key management and investment advisory personnel, and comparative fee information relating to Two Oaks) 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 reviewed and discussed the written materials that were provided in advance of the Meeting and deliberated on the renewal of the Two Oaks 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 Two Oaks 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 Two Oaks Advisory Agreement. In considering the renewal of the Two Oaks 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 reviewed materials provided by TOIM related to the renewal of the Two Oaks Advisory Agreement, including TOIM’s ADV, a description of the manner in which investment decisions are made and executed and a review of the professional personnel performing services for Two Oaks, including the individuals that primarily monitor and execute the investment process. The Board discussed the extent of TOIM’s research capabilities, the quality of its compliance infrastructure and the experience of its Fund management personnel. Additionally, the Board received satisfactory responses from representatives of TOIM with respect to a series of important questions, including: whether TOIM was involved in any lawsuits or pending regulatory actions; whether TOIM’s management of other accounts would conflict with its management of Two Oaks; and whether TOIM has procedures in place to adequately allocate trades among its respective clients. The Board reviewed the description provided by TOIM of its practices for monitoring compliance with Two Oaks’ investment limitations, noting that TOIM’s CCO would continually review the portfolio managers’ performance of their duties to ensure compliance under TOIM’s compliance program. The Board also discussed TOIM’s compliance program with the CCO of the Trust. The Board noted that the CCO of the Trust continued to represent that TOIM’s policies and procedures were reasonably designed to prevent violations of applicable securities laws. The Board then reviewed the capitalization of TOIM based on representations made by TOIM and concluded that TOIM was sufficiently well-capitalized, or that its control persons had the ability to make additional contributions in order to meet its obligations to Two Oaks. The Board concluded that TOIM had sufficient quality and depth of personnel, resources, investment methods and compliance policies and procedures essential to performing its

duties under the Two Oaks Advisory Agreement and that the nature, overall quality and extent of the management services to be provided by TOIM to Two Oaks were satisfactory.

Performance. The Board discussed the reports prepared by Broadridge and reviewed the performance of the Fund as compared to its peer group, Morningstar category and benchmark for the one year, three year, five year, and since inception periods ended June 30, 2018. The Board noted that Two Oaks outperformed its peer group and Morningstar category for the one year and three year periods, underperformed its Morningstar category but outperformed its peer group for the five year period, underperformed its Morningstar category and peer group for the since inception period and underperformed its benchmark for all periods. In reviewing Two Oaks' performance, the Board noted that the Fund's primary benchmark was the S&P 500 Index while a blended index, 60% of which is based on the S&P 500 Index and 40% on the Barclays U.S. Aggregate Bond Index was used as a secondary benchmark. The Board discussed the benchmark with TOIM, noting that the S&P 500 Index is a broad based equity securities index while the Fund is a blend of equities, fixed income and real estate/asset-based securities. TOIM discussed with the Board the difficulty in finding an exact benchmark because the Fund's allocation among asset classes vary. After considering other factors relating to TOIM's and the portfolio managers' track record, the Board concluded that the overall performance of Two Oaks under the management of TOIM was satisfactory.

Fees and Expenses. As to the costs of the services to be provided by TOIM, the Board reviewed and discussed the Two Oaks' advisory fee and total operating expenses as compared to its peer group and Morningstar category as presented in the Broadridge Report noting that the 0.60% advisory fee is less than the Morningstar category and peer group average of 0.64% and 0.61%, respectively. The Board also noted that, although its net total annual operating expenses are the highest in its peer group, it was significantly lower than the highest such fee in its Morningstar category. After further discussion, the Board concluded that based on TOIM's experience, expertise and services to Two Oaks, the advisory fee charged by TOIM was not unreasonable.

Profitability. The Board also considered the level of profits that could be expected to accrue to TOIM with respect to Two Oaks based on break even and profitability reports and analyses reviewed by the Board and the selected financial information provided by TOIM. After review and discussion, the Board concluded that, based on the services provided by TOIM and the projected growth of the Fund, anticipated profits from TOIM's relationship with Two Oaks would not be excessive.

Economies of Scale. As to the extent to which Two Oaks 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 the current size of the Fund, TOIM's expectations for growth of the Fund, and 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 Two Oaks Advisory Agreement and the weight to be given to each such factor. Accordingly, having requested and received such information from TOIM as the Trustees believed to be reasonably necessary to evaluate the terms of the Two Oaks Advisory Agreement, and as assisted by the advice of independent counsel, the Board, including a majority of the Independent Trustees, unanimously concluded with respect to the Two Oaks Advisory Agreement, that (a) the terms of the Two Oaks Advisory Agreement are reasonable; (b) the advisory fee is reasonable; and (c) the Two Oaks Advisory Agreement is in the best interests of Two Oaks and its shareholders. In considering the renewal of the Two Oaks Advisory Agreement, the Trustees did not identify any one factor as all important, but rather considered these factors collectively and determined that approval of the renewal of the Two Oaks Advisory Agreement was in the best interests of Two Oaks 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 Two Oaks Advisory Agreement.

Privacy Policy

Rev. July 2018

FACTS		WHAT DOES NORTHERN LIGHTS FUND TRUST II ("NLFT II") DO WITH YOUR PERSONAL INFORMATION?	
Why?	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.		
What?	<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"> • Social Security number • Employment information • Account balances • Account transactions • Income • Investment experience <p>When you are no longer our customer, we continue to share your information as described in this notice.</p>		
How?	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.		
Reasons we can share your personal information		Does NLFT II share?	Can you limit this sharing?
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
Questions?	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"> • open an account • give us your income information • provide employment information • provide account information • give us your contact information <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"> • sharing for affiliates' everyday business purposes—information about your creditworthiness • affiliates from using your information to market to you • sharing for nonaffiliates to market to you <p>State laws and individual companies may give you additional rights to limit sharing.</p>
Definitions	
Affiliates	<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"> • CLS Investments, LLC • NorthStar Financial Services Group, LLC • NorthStar CTC Holdings, Inc. • NorthStar Topco, LLC • Blu Giant, LLC • Gemini Fund Services, LLC • Gemini Alternative Funds, LLC • Gemini Hedge Fund Services, LLC • Northern Lights Compliance Services, LLC • Northern Lights Distributors, LLC • NorthStar EYBA, LLC • Orion Advisor Services, LLC • Constellation Trust Company • FTJ Fundchoice, LLC
Nonaffiliates	<p>Companies not related by common ownership or control. They can be financial and nonfinancial companies.</p> <ul style="list-style-type: none"> • NLFT II does not share with nonaffiliates so they can market to you.
Joint marketing	<p>A formal agreement between nonaffiliated financial companies that together market financial products and services to you.</p> <ul style="list-style-type: none"> • Our joint marketing partners include other financial service companies.

INVESTMENT ADVISOR

Two Oaks Investment Management, LLC
7110 North Fresno Street, Suite 450
Fresno, CA 93720

ADMINISTRATOR

Gemini Fund Services, LLC
80 Arkay Drive
Hauppauge, NY 11788

**How to Obtain Proxy Voting Information**

Information regarding how the Fund votes proxies relating to portfolio securities for the 12 month period ended June 30th as well as a description of the policies and procedures that the Fund used to determine how to vote proxies is available without charge, upon request, by calling 1-855-896-6257 or by referring to the Securities and Exchange Commission's ("SEC") website at <http://www.sec.gov>.

How to Obtain 1st and 3rd Fiscal Quarter 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 1-855-896-6257.

For more complete information about the Two Oaks Diversified Growth and Income Fund, including charges and expenses, please call (855) 896-6257 and request a free prospectus. Read the prospectus carefully before you invest or send money. For more information about the Fund's Board of Directors, please call or write to request the Fund's Statement of Additional Information.

**TWO OAKS DIVERSIFIED
GROWTH AND INCOME FUND****Semi-Annual Report**
September 30, 2018