



BTS BOND ASSET ALLOCATION FUND

Ticker

BTSAX
BTSCX

CUSIP

Class A 66537V 823
Class C 66537V 815

Inception of Fund

January 4, 2010

Fund Assets

As of December 31, 2011
\$118 Million

Founded in 1979, BTS Asset Management has been one of the nation's premier third party money managers, providing quantitative risk management and portfolio solutions for mutual fund and variable annuity clients looking for income and/or total returns. BTS manages approximately \$2 billion in 15,000 individual, corporate, and pension accounts, and works with over 3,000 financial planners and registered representatives. BTS has multi-year track records in tactical fixed income and equity management dating as far back as 30 years, providing advisors and clients alike with the experience and service of an established money manager.

Investment Committee

Lead Portfolio Managers

Vilis Pasts

Chairman of the Board of Directors and the Director of Research

Mr. Pasts is a graduate of Babson College and has over 40 years of experience in the securities field. Mr. Pasts founded BTS Asset Management in 1979.

Matthew A. Pasts

CEO, Treasurer, and Director

Mr. Pasts joined BTS in 1989 and has been a portfolio manager since 1996. Mr. Pasts graduated from Babson College. Mr. Pasts is a member of the Market Technicians Association (MTA) and carries a Chartered Market Technician (CMT) designation. He has over 20 years of experience in the securities field.

Isaac Braley

President and Director

Adonis Berzins

Senior Investment Analyst

FUND GOAL

The goal of this fund is to maximize total return while emphasizing preservation of capital. The fund seeks equity-like returns with traditional bond-level risk. The fund aims to rotate to the bond classes that have the highest potential return while implementing stop-loss measures to reduce downside volatility.

POTENTIAL BENEFITS TO INVESTORS

- ◆ Seeks enhanced returns
- ◆ Seeks to preserve capital during market declines
- ◆ A tactical approach to investing in bonds
- ◆ Greater potential returns in a rising interest rate environment
- ◆ Seeks to create a better sequence of returns for steady income distribution
- ◆ A strategy that removes the emotion from the portfolio with disciplined sell side

DISTINGUISHING FACTS

With 30 years of experience in bond portfolio management, BTS believes it brings a distinct approach to our investors. Many investors look for bonds to primarily provide them income. BTS believes that there is much more to bonds. By utilizing the price side of bonds, BTS believes that it has been able to offer clients favorable returns while reducing downside volatility. Now we bring our 3 decades worth of experience to the mutual fund arena, giving investors easier access to our investment approach. By taking the approach of the "right bond at the right time" instead of an over diversified approach we believe that bonds can still be the answer even in a rising interest rate environment.

CORE STRATEGY

High Yield Bonds
Government Bonds
Cash Equivalents

SATELLITE STRATEGY

International Bonds
Corporate Bonds
Municipal Bonds
Equities

As of December 31, 2011					Since Inception ⁽²⁾
BTS Bond Asset Allocation Fund	3 M	6M	YTD ⁽¹⁾	1 Y	
Class A without sales charge	1.62%	1.83%	0.72%	0.72%	1.50%
Class A including max sales charge of 5%	-3.50%	-3.31%	-4.32%	-4.32%	-1.10%
Class C	1.44%	1.34%	-0.03%	-0.03%	0.77%

BTS Bond Asset Allocation Fund A Shares — Expense Ratio: 1.86%

BTS Bond Asset Allocation Fund C Shares — Expense Ratio: 2.61%

The performance data quoted here represents past performance. Current performance may be lower or higher than the performance data quoted above. Investment return and principle 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 toll-free 1-877-287-9820.

(1) Performance for periods less than one year are not annualized.

(2) Average Annual Returns.

Investment Products are not FDIC insured, do not have a bank guarantee and may lose value.

Prospectus and Questions 877 287 9820
Marketing and Sales 800 343 3040
Visit our Web Site at www.btsfunds.com

BOND SECTOR RESULTS CAN VARY GREATLY

As shown in the chart to the right, the returns for major bond sectors can vary by large percentages year to year.

Obviously, being invested in the bond sector producing the highest returns - or out of bonds entirely if none of the sectors are producing positive returns - can increase total returns substantially over time.

In fact, if you were invested in the best performing sector in each of the 15 years shown in the chart to the right, **your annual average return would have been 17.67%^{1!}**

On the other hand, if you were invested in the worst performing sector in each of the 15 years, **your average return would have been only -2.09%^{2!}**

Most investors lump all bonds together and do not realize the varying returns that they may offer. BTS believes focusing on a set of core and satellite bond investments with low correlation to one another offers significant upside potential, but the more important upside is that there is a place to allocate assets when most traditional investments are losing value. That means that we are willing to allocate our portfolio to 100% cash if we believe that full safety is needed. This is what separates us from most mutual funds, the willingness to admit that buy and hold approaches are risky and not appropriate for most baby-boomers.

Note:

This chart is for illustrative purposes only and does not represent the future performance of any specific investment option, nor imply actual allocation recommendations. Past performance is no guarantee of future results.

**Total Annual Returns of
Three Popular Bond Sectors Over a 15-Year Period
January 1, 1997 through December 31, 2011**

Year	Domestic High Yield Bond Sector ³	U.S. Long-Term Government Bond Sector ⁴	U.S. Short-Term T-Bill Sector ⁵
1997	12.63	15.12	5.31
1998	0.58	13.41	5.02
1999	3.28	-8.73	4.87
2000	-5.21	20.29	6.32
2001	5.78	4.34	3.67
2002	3.11	16.99	1.68
2003	27.93	2.61	1.05
2004	11.96	7.94	1.43
2005	2.26	6.61	3.34
2006	11.93	2.06	5.07
2007	2.66	9.65	4.77
2008	-26.17	22.69	1.51
2009	54.22	-12.19	0.16
2010	14.42	9.43	0.14
2011	5.47	29.15	0.06

1, 2 The results are for illustrative purposes only and are not intended to represent the past and future performance of any BTS Program.

3 Morningstar, Inc., CSFB High Yield Index updated through 12/31/11. Morningstar defines the CSFB High Yield Index as an unmanaged, trader-priced index constructed to mirror the characteristics of the high yield market. The index includes issues rated BB and below by S&P or Moody's with par amounts greater than \$75 million.

4 Morningstar, Inc., Barclays Capital Long Term Government Bond Index updated through 12/31/11. Morningstar defines the BarCap Long Term Government Bond Index as including those funds in the BarCap Government index which have a maturity of 10 years or more. The returns published for this index are total returns, which include the reinvestment of dividends.

5 Morningstar, Inc., Morningstar Three-Month Treasury Bill Index updated through 12/31/11.

There is no assurance that the Fund will achieve its investment objective.

Mutual Funds involve risk, including possible loss of principle.

The Fund may invest in derivatives. Even a small investment in options may give rise to leverage risk, and can have a significant impact on the Fund's performance. Derivatives are subject to credit risk and liquidity risk. The Fund invests in fixed income securities, derivatives on fixed income securities or Underlying Funds that invest in fixed income securities, the value of the Fund will fluctuate with changes in interest rates. Defaults by fixed income issuers in which the Fund invests could also harm performance. Lower-quality bonds known as "high yield" or "junk" bonds, present greater risk than bonds of higher quality, including an increased risk of default. An economic downturn or period of rising interest rates could adversely affect the market for these bonds and reduce the Fund's ability to sell its bonds. The lack of a liquid market for these bonds could decrease the Fund's share price.

Investors should carefully consider the investment objectives, risks, charges, and expenses of the BTS Bond Asset Allocation Fund. This and other information about the Fund is contained in the prospectus and should be read carefully before investing. The prospectus can be obtained on our web site, www.btsfunds.com, by calling toll free 1-877-287-9820 (1-877-BTS-9820), or by calling your financial representative. The BTS Bond Asset Allocation Fund is distributed by Northern Lights Distributors, LLC, Member FINRA. BTS Asset Management, Inc. is not affiliated with Northern Lights Distributors, LLC.



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