



## PRESS RELEASE

### FOR IMMEDIATE RELEASE

For additional information contact:  
Isaac Braley, BTS Asset Management  
(800) 343-3040 ext. 343  
[ibraley@btsmanagement.com](mailto:ibraley@btsmanagement.com)

Clare Bergquist, The Lowe Group  
(414) 614-1583  
[clare@lowecom.com](mailto:clare@lowecom.com)

## **BTS TACTICAL FIXED INCOME FUND NOW AVAILABLE ON SCHWAB'S MUTUAL FUND ONESOURCE® SERVICE**

Converted Hedge Fund Featuring a Tactical Bond Investment Style  
Offers an Unconstrained Approach

**LEXINGTON, MA October 15, 2013** – [BTS Asset Management](#) announced today that the BTS Tactical Fixed Income Fund (BTFAX) is now available to investors through the Schwab Mutual Fund OneSource® service. The Fund has a goal to maximize total return and seeks to deliver equity-like returns with traditional bond-like risk. However, there is no assurance that the Fund will achieve its investment objective.

The tactical approach to investing is nothing new for BTS Asset Management; they have been tactical investment practitioners for over 30 years, refining and honing their methodology and models. “Now is not the time for a buy and hold approach to bonds” said [Matthew Pasts](#), CEO. “Our methodology seeks to identify the best bond asset class using our quantitative models. Our unconstrained approach also allows us to move between asset classes, completely into cash or even to take a short position.”

The BTS Tactical Fixed Income Fund, originally a hedge fund that was converted to a '40 Act fund earlier this year, has a 13 year track record. Pasts continues, “Traditionally, hedge funds have only been available to wealthy individuals or institutional investors. We think retail investors are likely to discover the potential benefits of tactical investing, especially given current bond market conditions. Our approach seeks to avoid drawdowns and provide total return.”

The following Q&A with BTS CEO and Investment Committee member Matthew Pasts explores the conversion of the BTS Tactical Fixed Income Fund from a hedge fund to a '40 Act fund, unconstrained bond investing, and the current bond market.

## **Q&A**

### **Q. Why did you convert the fund from a hedge fund to a mutual fund earlier this year?**

Many retail investors are seeking the potential benefits of tactical investing, especially when guided by their investment advisor. Our tactical approach tries to avoid major drawdowns and provide total return. With interest rates where they are, a lot of traditional retail investors seek the risk management that this fund may provide. The added value for us was that our approach could just as easily be managed in a '40 Act fund which, unlike a hedge fund, provides access, liquidity and transparency for investors.

We had calls with our legal team to determine if the performance we had built for our shareholders would be carried over to the mutual fund. When they said it could, it made sense to move forward with a '40 Act fund and still demonstrate a dozen-plus year track record.

### **Q. Many bond funds have experienced significant redemptions this year. Have you also experienced redemptions?**

We have not experienced many redemptions this year and we attribute this to our tactical approach. Since we may move between bond asset classes and even go 100% into cash, we are not handcuffed like other bond funds that are limited by prospectus to remain fully invested in bonds. We believe that you need to be in the right bond at the right time. In the BTS Tactical Fixed Income Fund, we have the ability to invest in High Yield bonds, U.S. Treasuries or cash — and not necessarily be invested in all three at the same time. We may even invest in just one type of bond asset class depending on our indicators. Or, we may take a short position with a portion of the holdings. Our unconstrained approach allows us to go 100% to cash if needed in an attempt to preserve capital.

### **Q. After a 30 year bond bull market, we are now experiencing uncertainty and concern about potentially rising rates. How have you adjusted to market conditions?**

Many income-focused investors are discouraged with the historic low yields offered by traditional income investments. Now they are also concerned about what could happen to bond prices in a rising rate or uncertain environment. Unlike traditional bond funds that invest primarily for income, the BTS Tactical Fixed Income Fund tactically invests in High Yield bonds, U.S. Government bonds, and cash. The tactical allocations allow the Fund to increase exposure to bond sectors when indicators are positive and to decrease exposure when indicators are negative. Given this total return approach, BTS sees bonds as an integral part of an investor's portfolio even in a rising interest rate environment. We seek to focus on the right bond asset class at the right time versus a widely diversified bond approach. We believe that investing in bonds with low correlations to one another may offer upside potential and downside protection. Our approach seeks to offer a better sequence of returns.

## **About BTS Asset Management**

Founded in 1979 by [Vilis Pasts](#), [BTS Asset Management](#) is one of the nation's oldest 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 has multi-year track records in tactical fixed income and equity management dating as far back as 32 years, providing advisors and clients alike with the experience and service of an established money manager.

###

Mutual funds involve risk, including possible loss of principal.

*Taking a short position involves the sale of a borrowed security, commodity or currency with the expectation that the asset will fall in value.*

*The use of Credit Default Swaps involves investment techniques and risks different from those associated with ordinary portfolio security transactions, such as potentially heightened counterparty, concentration and exposure risks. There is a risk that issuers and counterparties will not make payments on securities and other investments held by the Fund, resulting in losses to the Fund. 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 values of foreign investments may be affected by changes in exchange control regulations, application of foreign tax laws changes in governmental administration or economic or monetary policy or changed circumstances in dealings between nations. In addition to the risks generally associated with investing in securities of foreign companies, countries with emerging markets also may have relatively unstable governments, social and legal systems that do not protect shareholders, economies based on only a few industries, and securities markets that trade a small number of issues. 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. The use of leverage by the Fund or an Underlying Fund will indirectly cause the Fund to incur additional expenses and magnify the Fund's gains or losses. The Fund may engage in short selling activities which are significantly different from the investment activities commonly associated with conservative fixed income funds. Underlying Funds are subject to investment advisory and other expenses, which will be indirectly paid by the Fund. As a result, your cost of investing in the Fund will be higher than the cost of investing directly in the Underlying Funds.*

**Investors should carefully consider the investment objectives, risks, charges, and expenses of the BTS Tactical Fixed Income 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](http://www.btsfunds.com), by calling toll free 1-877-287-9820 (1-877-BTS-9820), or by calling your financial representative. The BTS Tactical Fixed Income Fund is distributed by Northern Lights Distributors, LLC, Member FINRA. BTS Asset Management, Inc. is not affiliated with Northern Lights Distributors, LLC.**

2465-NLD-10/14/2013