



## BTS Tactical Fixed Income Fund

Annual Report  
December 31, 2017

1-877-BTS-9820  
(1-877-287-9820)

[www.btsfunds.com](http://www.btsfunds.com)

This report and the financial statements contained herein are submitted for the general information of shareholders and are not authorized for distribution to prospective investors unless preceded or accompanied by an effective prospectus. Nothing herein contained is to be considered an offer of sale or solicitation of an offer to buy shares of the BTS Funds. Such offering is made only by prospectus, which includes details as to offering price and other material information.

Distributed by Northern Lights Distributors, LLC  
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Dear Valued Shareholder,

As CEO of BTS Asset Management (“BTS”), I would like to thank you for investing with the BTS Tactical Fixed Income Fund (the “Fund”) and take a moment to review developments related to the Fund, including strategies we’ve employed, recent returns and our vision for the first half of 2018.

In my last letter I shared with great enthusiasm the fact that the Fund had grown to almost \$800 million through June 30, 2017. Keeping with this theme, I am happy to announce that we saw continued growth through the close of the year, with the Fund reaching over \$900 Million as of the end of 2017. We believe that as the Fund continues to grow, this may benefit you as a shareholder by potentially lowering Fund expenses through economies of scale and creating operational efficiencies. In the end, however, we strongly believe that this growth demonstrates a level of trust you have placed in us as fund manager and we sincerely look forward to working together toward greater prosperity in the months and years to come.

The Fund remained invested in high yield bonds most of 2017, with a late exit in November. As of the close of 2017, the Fund (Class A Shares) returned 2.86% (NAV), compared to its benchmark, the Bloomberg Barclays Capital US Aggregate Bond Index, which returned 3.54%.

The Fund underperformed its benchmark, in part, due to an extended period of low volatility in the high yield space. Outlook, however, remains very positive moving into 2018, especially because, since the high yield bond market lows in mid-November, prices recovered and have now moved somewhat above the late-October highs. This process has been slow—and we remained suspect that an intermediate-term trend had not been established. Now, however, we believe probabilities have increased that prices will continue to move higher, reflecting a systemically strong trend.

Intermediate-term price strength often continues while credit spreads tighten. From current levels, a 100-basis-point tightening of spreads would move the risk premium to historical lows and reflect expectation for a yet stronger economy and yet lower defaults.

The recent move up in Treasury yields may be a reason that high yields have not moved significantly over the October 2017 high. A spike higher in yields remains a risk factor. In the process, high yield bonds have not shown the typical correlation with stocks. At this point in the business and credit cycle, credit spreads are relatively tight, potentially limiting upside in high yields in the short run.

Given the strength of the stock market, high yield bonds have not been as resilient as might be expected. Furthermore, weekly price trend indicators have diverged from daily ones. These divergences suggest that defensive positioning is warranted. BTS is likely to wait for confirmation from intermediate-term weekly indicators before positioning assets into high yield.

That said it is possible that high yields may “catch up” with the stock market, especially if Treasury yields fall back. Additionally, there is the potential for spreads to tighten to all-time lows, which could lead to price appreciation in addition to income from the approximately 5.25% interest yield.

*To navigate this environment now and in the long-term, BTS thinks that employing BTS Indicators in a weighted investment model may help us achieve the Fund's goals, potentially more so than a passive approach that can lead to magnified losses. **We continue to believe at our core that an 'unconstrained approach', wherein BTS can go to cash to preserve capital and take a limited short position in an attempt to enhance returns continues to make sense during periods of volatility.** A short position involves the sale of a borrowed security, commodity or currency with the expectation that the asset will fall in value. BTS' fluid model approach is designed to be cognizant of periods of volatility and to invest on confirmation of strong price trends. Consequently, our indicators place investor assets upon confirmation of stronger underpinnings, and move defensively during volatility in the financial markets and bond sectors.*

Whenever trading and investing systems seek preservation of capital there may be times of defense investing wherein returns are missed in preference for safety of assets. In the long run, over 35 years of investing with this type of strategy with BTS Indicators, our investment team has created competitive returns through an 'unconstrained approach' rather than passive investing

Of course, there is no guarantee that any investment strategy will achieve its objectives, generate profits or avoid losses.

Thank you for choosing the BTS Tactical Fixed Income Fund and good luck in 2018!

Sincerely,

Matthew Pastis CMT

CEO, BTS Asset Management

Vilis Pastis

Founder & Director of Research

The **Bloomberg Barclays Capital U.S. Aggregate Bond Index** is comprised of government securities, mortgage-backed securities, asset-backed securities and corporate securities with maturities of one year or more to simulate the universe of bonds in the market. Investors cannot directly invest in an index; unmanaged index returns do not reflect any fees, expenses or sales charges.

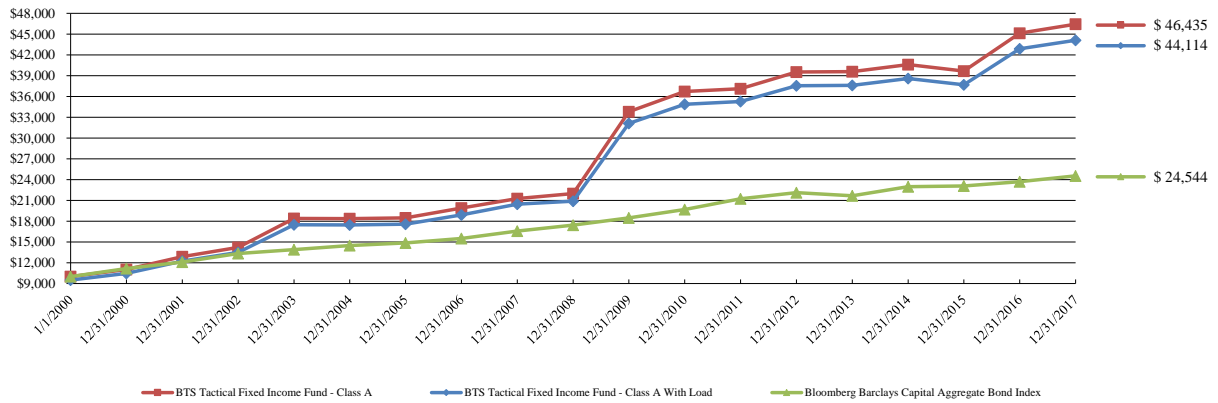
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**BTS Tactical Fixed Income Fund  
PORTFOLIO REVIEW (Unaudited)  
December 31, 2017**

The Fund's performance figures\* for the periods ending December 31, 2017, compared to its benchmark:

	Annualized						
	One Year	Five Year	Ten Year	Since Inception (a)	Since Inception (b)	Since Inception (c)	Since Inception (d)
BTS Tactical Fixed Income Fund Class A	2.86%	3.27%	7.99%	8.91%	N/A	N/A	N/A
BTS Tactical Fixed Income Fund Class A (with load)	(2.25)%	2.22%	7.44%	8.60%	N/A	N/A	N/A
BTS Tactical Fixed Income Fund Class C	2.13%	N/A	N/A	N/A	2.71%	N/A	N/A
BTS Tactical Fixed Income Fund Class I	3.16%	N/A	N/A	N/A	N/A	4.77%	N/A
BTS Tactical Fixed Income Fund Class R	2.55%	N/A	N/A	N/A	N/A	N/A	4.24%
Bloomberg Barclays Capital U.S. Aggregate Bond Index **	3.54%	2.10%	4.01%	5.12%	2.50%	2.26%	2.29%

**Comparison of the Change in Value of a \$10,000 Investment**



\* The performance data quoted is historical. **Past performance is no guarantee of future results.** Current performance may be higher or lower than the performance data quoted. The principal value and investment return of an investment will fluctuate so that your shares, when redeemed, may be worth more or less than their original cost. The returns shown do not reflect the deduction of taxes that a shareholder would pay on Fund distributions or on the redemptions of Fund shares. Returns greater than 1 year are annualized. The Fund's total operating expenses, as stated in the fee tables of the Fund's May 1, 2017 prospectus is 1.91%, 2.66%, 1.66% and 2.16% for Class A, Class C, Class I and Class R shares, respectively. Class A shares are subject to a maximum sales charge of up to 5.00% imposed on purchases and a maximum deferred sales charge of 1.00% on shares redeemed within 18 months of purchase (if the initial sales charge is waived). For performance information current to the most recent month-end, please call 1-877-287-9820.

\*\* The Bloomberg Barclays Capital U.S. Aggregate Bond Index (the "Index") is an unmanaged index comprised of U.S. investment grade, fixed rate bond market securities, including government, government agency, corporate and mortgage-backed securities between one and ten years. Index returns assume reinvestment of dividends. Investors may not invest in the Index directly. Unlike the Fund's returns, the Index does not reflect any fees or expenses.

(a) Inception date for Class A is January 1, 2000. Class A does not have performance as a mutual fund prior to May 31, 2013. The prior performance shown above is for the Fund's predecessor limited liability company (BTS Tactical Fixed Income Fund LLC, formerly known as BTS Asset Allocation/High Yield Fund LLC). The prior performance is net of management fees and other expenses. The predecessor limited liability company had been managed in the same style and by the same portfolio manager since the predecessor limited liability company's inception on January 1, 2000. The Fund's investment goals, policies, guidelines and restrictions are, in all material respects, equivalent to the predecessor limited liability company's investment goals, policies, guidelines and restrictions. The following information shows the predecessor limited liability company's annual returns and long-term performance reflecting the actual fees and expenses that were charged when the Fund was a limited liability company. From its inception on January 1, 2000 through May 31, 2013, the predecessor limited liability company was not subject to certain investment restrictions, diversification requirements and other restrictions of the 1940 Act, which if they had been applicable, might have adversely affected its performance. In addition, the predecessor limited liability company was not subject to sales loads that would have adversely affected performance. The predecessor limited liability company's past performance is not necessarily an indication of how the BTS Tactical Fixed Income Fund will perform in the future.

(b) Inception date for Class C is May 31, 2013.  
(c) Inception date for Class I is May 27, 2015.  
(d) Inception date for Class R is May 5, 2015.

**Portfolio Composition as of December 31, 2017**

Holdings By Asset Type	% of Net Assets
Other assets less liabilities	100.0%
	100.0%

Please refer to the Portfolio of Investments in this annual report for a detailed listing of the Fund's holdings.

**BTS Tactical Fixed Income Fund**  
**PORTFOLIO OF INVESTMENTS**  
December 31, 2017

TOTAL INVESTMENTS - 0.0 % (Cost \$0)	\$ -
OTHER ASSETS LESS LIABILITIES - 100.0 %	<u>914,173,030</u>
NET ASSETS - 100.0 %	<u><u>\$ 914,173,030</u></u>

See accompanying notes to financial statements.

**BTS Tactical Fixed Income Fund**  
**STATEMENT OF ASSETS AND LIABILITIES**  
**December 31, 2017**

<b>ASSETS</b>	
Cash	\$ 918,188,696
Receivable for Fund shares sold	2,120,318
Dividends and interest receivable	339,579
Receivable from related parties	109,158
Prepaid expenses and other assets	52,320
<b>TOTAL ASSETS</b>	<u>920,810,071</u>
<b>LIABILITIES</b>	
Payable for Fund shares redeemed	5,544,559
Investment advisory fees payable	779,426
Distribution (12b-1) fees payable	155,441
Accrued shareholder service fees	42,907
Payable to related parties	31,371
Accrued expenses and other liabilities	83,337
<b>TOTAL LIABILITIES</b>	<u>6,637,041</u>
<b>NET ASSETS</b>	<u><b>\$ 914,173,030</b></u>
<b>Net Assets Consist Of:</b>	
Paid in capital (\$0 par value, unlimited shares authorized)	\$ 915,987,499
Accumulated net realized loss from security transactions	(1,814,469)
<b>NET ASSETS</b>	<u><b>\$ 914,173,030</b></u>
<b>Net Asset Value Per Share:</b>	
Class A Shares:	
Net Assets	\$ 233,069,237
Shares of beneficial interest outstanding (\$0 par value, unlimited shares authorized)	22,543,437
Net asset value and redemption price per share (Net assets/Shares of Beneficial Interest)	<u>\$ 10.34</u>
Maximum offering price per share (Maximum sales charge of 5.00%) (1)	<u>\$ 10.88</u>
Class C Shares:	
Net Assets	\$ 119,524,364
Shares of beneficial interest outstanding (\$0 par value, unlimited shares authorized)	11,609,346
Net asset value, offering price and redemption price per share (Net assets/Shares of Beneficial Interest)	<u>\$ 10.30</u>
Class I Shares:	
Net Assets	\$ 552,095,890
Shares of beneficial interest outstanding (\$0 par value, unlimited shares authorized)	53,555,652
Net asset value, offering price and redemption price per share (Net assets/Shares of Beneficial Interest)	<u>\$ 10.31</u>
Class R Shares:	
Net Assets	\$ 9,483,539
Shares of beneficial interest outstanding (\$0 par value, unlimited shares authorized)	918,681
Net asset value, offering price and redemption price per share (Net assets/Shares of Beneficial Interest)	<u>\$ 10.32</u>

(1) On investments of \$5 million or more, the maximum sales charge will not apply. However, the investment may be subject to a 1.00% contingent deferred sales charge if redeemed during the first 18 months.

**BTS Tactical Fixed Income Fund**  
**STATEMENT OF OPERATIONS**  
**For the Year Ended December 31, 2017**

<b>INVESTMENT INCOME</b>	
Dividends	\$ 33,689,901
Interest	665,679
<b>TOTAL INVESTMENT INCOME</b>	<u>34,355,580</u>
<b>EXPENSES</b>	
Investment advisory fees	7,902,717
Distribution (12b-1) fees, Class A shares	684,598
Distribution (12b-1) fees, Class C shares	1,036,648
Distribution (12b-1) fees, Class R shares	35,564
Administrative services fees	468,839
Transfer agent fees	369,731
Shareholder servicing fees	360,016
Printing and postage expenses	107,996
Custodian fees	73,169
Registration fees	50,518
Compliance officer fees	37,318
Accounting services fees	24,551
Audit fees	16,001
Legal fees	15,593
Insurance expense	15,059
Trustees fees and expenses	13,501
Other expenses	91,809
<b>TOTAL EXPENSES</b>	<u>11,303,628</u>
<b>NET INVESTMENT INCOME</b>	<u>23,051,952</u>
<b>REALIZED AND UNREALIZED GAIN (LOSS) FROM INVESTMENTS</b>	
Net realized gain from security transactions	263,914
Net change in unrealized appreciation of investments	(5,358,637)
<b>NET REALIZED AND UNREALIZED LOSS ON INVESTMENTS</b>	<u>(5,094,723)</u>
<b>NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS</b>	<u><u>\$ 17,957,229</u></u>



**BTS Tactical Fixed Income Fund**  
**STATEMENTS OF CHANGES IN NET ASSETS**

	<b>For the Year Ended December 31, 2017</b>	<b>For the Year Ended December 31, 2016</b>
<b>FROM OPERATIONS</b>		
Net investment income	\$ 23,051,952	\$ 12,192,155
Net realized gain from investments	263,914	18,080,907
Net change in unrealized appreciation/(depreciation) of investments	<u>(5,358,637)</u>	<u>5,358,637</u>
Net increase in net assets resulting from operations	<u>17,957,229</u>	<u>35,631,699</u>
<b>DISTRIBUTIONS TO SHAREHOLDERS</b>		
From net investment income:		
Class A	(7,010,861)	(5,829,292)
Class C	(1,822,178)	(1,176,214)
Class I	(14,142,858)	(5,101,613)
Class R	(184,466)	(87,350)
From net realized gains:		
Class A	-	(4,733,502)
Class C	-	(1,513,973)
Class I	-	(3,834,034)
Class R	-	(81,900)
From return of capital:		
Class A	-	(270,612)
Class C	-	(87,303)
Class I	-	(219,190)
Class R	-	(4,682)
From distributions to shareholders	<u>(23,160,363)</u>	<u>(22,939,665)</u>
<b>FROM SHARES OF BENEFICIAL INTEREST</b>		
Proceeds from shares sold:		
Class A	171,075,799	212,214,106
Class C	59,417,881	49,949,443
Class I	459,163,472	223,432,381
Class R	6,343,445	4,226,918
Net asset value of shares issued in reinvestment of dividends and distributions to shareholders:		
Class A	6,177,719	9,312,941
Class C	1,662,969	2,570,157
Class I	12,482,885	8,540,646
Class R	175,260	169,363
Redemption fee proceeds:		
Class A	11,494	17,320
Class C	2,580	9,950
Class I	9,315	12,572
Class R	114	208
Payments for shares redeemed:		
Class A	(199,896,525)	(75,912,311)
Class C	(23,163,553)	(10,459,056)
Class I	(143,980,516)	(45,973,085)
Class R	<u>(1,411,330)</u>	<u>(241,727)</u>
Net increase in net assets from shares of beneficial interest	<u>348,071,009</u>	<u>377,869,826</u>
<b>TOTAL INCREASE IN NET ASSETS</b>	<b>342,867,875</b>	<b>390,561,860</b>
<b>NET ASSETS</b>		
Beginning of Year	571,305,155	180,743,295
End of Year *	<u>\$ 914,173,030</u>	<u>\$ 571,305,155</u>
* Includes undistributed net investment income of:	<u>\$ -</u>	<u>\$ -</u>

**BTS Tactical Fixed Income Fund**  
**STATEMENTS OF CHANGES IN NET ASSETS (Continued)**

	<b>For the Year Ended December 31, 2017</b>	<b>For the Year Ended December 31, 2016</b>
<b>SHARE ACTIVITY</b>		
Class A:		
Shares sold	16,312,408	20,452,117
Shares reinvested	589,580	905,935
Shares redeemed	(19,021,109)	(7,356,655)
Net increase/(decrease) in shares of beneficial interest outstanding	<u>(2,119,121)</u>	<u>14,001,397</u>
Class C:		
Shares sold	5,703,829	4,826,670
Shares reinvested	159,355	251,777
Shares redeemed	(2,224,367)	(1,020,115)
Net increase in shares of beneficial interest outstanding	<u>3,638,817</u>	<u>4,058,332</u>
Class I:		
Shares sold	43,726,939	21,523,482
Shares reinvested	1,195,233	831,268
Shares redeemed	(13,733,804)	(4,401,428)
Net increase in shares of beneficial interest outstanding	<u>31,188,368</u>	<u>17,953,322</u>
Class R:		
Shares sold	603,993	409,957
Shares reinvested	16,759	16,502
Shares redeemed	(135,019)	(23,203)
Net increase in shares of beneficial interest outstanding	<u>485,733</u>	<u>403,256</u>

See accompanying notes to financial statements.

## BTS Tactical Fixed Income Fund - Class A

### FINANCIAL HIGHLIGHTS

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

	For the Year Ended December 31, 2017	For the Year Ended December 31, 2016	For the Year Ended December 31, 2015	For the Year Ended December 31, 2014	For the Period Ended December 31, 2013 (1)
Net asset value, beginning of period	\$ 10.32	\$ 9.52	\$ 9.83	\$ 9.79	\$ 10.00
Activity from investment operations:					
Net investment income (2)	0.31	0.35	0.06	0.15	0.26
Net realized and unrealized gain (loss) on investments	(0.01)	0.95	(0.29)	0.10	(0.32) (8)
Total from investment operations	0.30	1.30	(0.23)	0.25	(0.06)
Paid-in-capital from redemption fees (2)	0.00 (3)	0.00 (3)	0.00 (3)	0.00 (3)	0.01
Less distributions from:					
Net investment income	(0.28)	(0.29)	(0.06)	(0.18)	(0.14)
Net realized gains	-	(0.20)	(0.02)	(0.03)	(0.02)
Return of capital	-	(0.01)	-	-	-
Total distributions	(0.28)	(0.50)	(0.08)	(0.21)	(0.16)
Net asset value, end of period	\$ 10.34	\$ 10.32	\$ 9.52	\$ 9.83	\$ 9.79
Total return (4)	2.86%	13.79%	(2.31)%	2.61%	(0.48)% (5)
Net assets, at end of period (000's)	\$ 233,069	\$ 254,435	\$ 101,489	\$ 98,360	\$ 66,686
Ratio of net expenses to average net assets (7)	1.45%	1.50%	1.58%	1.64%	1.78% (6)
Ratio of net investment income to average net assets (7,9)	2.98%	3.39%	0.58%	1.50%	4.59% (6)
Portfolio Turnover Rate	66%	180%	660%	190%	17% (5)

(1) Class A shares commenced operations May 31, 2013.

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

(3) Represents less than \$0.01 per share.

(4) Total returns shown exclude the effect of applicable sales loads/redemption fees and assumes reinvestment of dividends and capital gain distributions, if any.

(5) Not annualized.

(6) Annualized.

(7) The ratios of expenses and net investment income to average net assets do not reflect the Fund's proportionate share of expenses of underlying investment companies in which the Fund invests.

(8) Realized and unrealized gain (loss) per share does not correlate to the aggregate of the net realized and unrealized gain in the Statements of Operations for the period ended December 31, 2013, primarily due to the timing of the sales and repurchases of the Fund's shares in relation to the fluctuating values for the Fund's portfolio.

(9) The recognition of investment income by the Fund is affected by the timing of the declaration of dividends by the underlying funds in which the Fund invests.

## BTS Tactical Fixed Income Fund - Class C

### FINANCIAL HIGHLIGHTS

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

	For the Year Ended December 31, 2017	For the Year Ended December 31, 2016	For the Year Ended December 31, 2015	For the Year Ended December 31, 2014	For the Period Ended December 31, 2013 (1)
Net asset value, beginning of period	\$ 10.26	\$ 9.44	\$ 9.77	\$ 9.77	\$ 10.00
Activity from investment operations:					
Net investment income (loss) (2)	0.22	0.27	0.01	(0.04)	0.28
Net realized and unrealized gain (loss) on investments	-	0.95	(0.30)	0.22	(0.36) (8)
Total from investment operations	0.22	1.22	(0.29)	0.18	(0.08)
Paid-in-capital from redemption fees (2,3)	0.00	0.00	0.00	0.00	0.00
Less distributions from:					
Net investment income	(0.18)	(0.19)	(0.02)	(0.15)	(0.13)
Net realized gains	-	(0.20)	(0.02)	(0.03)	(0.02)
Return of capital	-	(0.01)	-	-	-
Total distributions	(0.18)	(0.40)	(0.04)	(0.18)	(0.15)
Net asset value, end of period	\$ 10.30	\$ 10.26	\$ 9.44	\$ 9.77	\$ 9.77
Total return (4)	2.13%	12.94%	(3.02)%	1.84%	(0.67)% (5)
Net assets, at end of period (000's)	\$ 119,524	\$ 81,758	\$ 36,933	\$ 23,278	\$ 1,654
Ratio of net expenses to average net assets (7)	2.20%	2.25%	2.33%	2.39%	2.53% (6)
Ratio of net investment income (loss) to average net assets (7,9)	2.14%	2.60%	0.08%	(0.39)%	6.20% (6)
Portfolio Turnover Rate	66%	180%	660%	190%	17% (5)

(1) Class C shares commenced operations May 31, 2013.

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

(3) Represents less than \$0.01 per share.

(4) Total returns shown exclude the effect of applicable sales loads/redemption fees and assumes reinvestment of dividends and capital gain distributions, if any.

(5) Not annualized.

(6) Annualized.

(7) The ratios of expenses and net investment income/(loss) to average net assets do not reflect the Fund's proportionate share of expenses of underlying investment companies in which the Fund invests.

(8) Realized and unrealized gain (loss) per share does not correlate to the aggregate of the net realized and unrealized gain in the Statements of Operations for the period ended December 31, 2013, primarily due to the timing of the sales and repurchases of the Fund's shares in relation to the fluctuating values for the Fund's portfolio.

(9) The recognition of investment income by the Fund is affected by the timing of the declaration of dividends by the underlying funds in which the Fund invests.

## BTS Tactical Fixed Income Fund - Class I

### FINANCIAL HIGHLIGHTS

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

	For the Year Ended December 31, 2017	For the Year Ended December 31, 2016	For the Period Ended December 31, 2015 (1)
Net asset value, beginning of period	\$ 10.31	\$ 9.52	\$ 10.01
Activity from investment operations:			
Net investment income (2)	0.32	0.39	0.24
Net realized and unrealized gain (loss) on investments	0.01	0.94	(0.65)
Total from investment operations	0.33	1.33	(0.41)
Paid-in-capital from redemption fees (2,3)	0.00	0.00	0.00
Less distributions from:			
Net investment income	(0.33)	(0.33)	(0.06)
Net realized gains	-	(0.20)	(0.02)
Return of capital	-	(0.01)	-
Total distributions	(0.33)	(0.54)	(0.08)
Net asset value, end of period	\$ 10.31	\$ 10.31	\$ 9.52
Total return (4)	3.16%	14.06%	(4.08)% (5)
Net assets, at end of period (000's)	\$ 552,096	\$ 230,651	\$ 42,039
Ratio of net expenses to average net assets (7)	1.20%	1.25%	1.33% (6)
Ratio of net investment income to average net assets (7,8)	3.06%	3.71%	4.12% (6)
Portfolio Turnover Rate	66%	180%	660% (5)

(1) Class I shares commenced operations May 27, 2015.

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

(3) Represents less than \$0.01 per share.

(4) Total returns shown exclude the effect of applicable sales loads/redemption fees and assumes reinvestment of dividends and capital gain distributions, if any.

(5) Not annualized.

(6) Annualized.

(7) The ratios of expenses and net investment income to average net assets do not reflect the Fund's proportionate share of expenses of underlying investment companies in which the Fund invests.

(8) The recognition of investment income by the Fund is affected by the timing of the declaration of dividends by the underlying funds in which the Fund invests.

## BTS Tactical Fixed Income Fund - Class R

### FINANCIAL HIGHLIGHTS

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

	For the Year Ended December 31, 2017	For the Year Ended December 31, 2016	For the Period Ended December 31, 2015 (1)
Net asset value, beginning of period	\$ 10.31	\$ 9.51	\$ 9.99
Activity from investment operations:			
Net investment income (2)	0.26	0.35	0.26
Net realized and unrealized gain (loss) on investments	(0.00) (3)	0.93	(0.67)
Total from investment operations	0.26	1.28	(0.41)
Paid-in-capital from redemption fees (2,3)	0.00	0.00	0.00
Less distributions from:			
Net investment income	(0.25)	(0.27)	(0.05)
Net realized gains	-	(0.20)	(0.02)
Return of capital	-	(0.01)	-
Total distributions	(0.25)	(0.48)	(0.07)
Net asset value, end of period	\$ 10.32	\$ 10.31	\$ 9.51
Total return (4)	2.55%	13.55%	(4.09)% (5)
Net assets, at end of period (000's)	\$ 9,484	\$ 4,462	\$ 282
Ratio of net expenses to average net assets (7)	1.70%	1.75%	1.83% (6)
Ratio of net investment income to average net assets (7,8)	2.52%	3.36%	4.01% (6)
Portfolio Turnover Rate	66%	180%	660% (5)

(1) Class R shares commenced operations May 5, 2015.

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

(3) Represents less than \$0.01 per share.

(4) Total returns shown exclude the effect of applicable sales loads/redemption fees and assumes reinvestment of dividends and capital gain distributions, if any.

(5) Not annualized.

(6) Annualized.

(7) The ratios of expenses and net investment income to average net assets do not reflect the Fund's proportionate share of expenses of underlying investment companies in which the Fund invests.

(8) The recognition of investment income by the Fund is affected by the timing of the declaration of dividends by the underlying funds in which the Fund invests.

# **BTS Tactical Fixed Income Fund**

## **NOTES TO FINANCIAL STATEMENTS**

### **December 31, 2017**

#### **1. ORGANIZATION**

BTS Tactical Fixed Income Fund (the “Fund”) is a diversified series of shares of beneficial interest of Northern Lights Fund Trust (the “Trust”), a trust organized under the laws of the State of Delaware on January 19, 2005 and is registered under the Investment Company Act of 1940, as amended (the “1940 Act”), as an open-end management investment company. The Fund commenced operations on May 31, 2013. The investment objective of the Fund is to seek to provide total return.

The Fund currently offers four classes of shares: Class A shares, Class C shares, Class I shares and Class R shares. Class A shares and Class C shares commenced operations on May 31, 2013, Class I shares commenced operations on May 27, 2015 and Class R shares commenced operations on May 5, 2015. Class A shares are offered at net asset value plus a maximum sales charge of 5.00%. Class C shares, Class I shares and Class R shares are offered at net asset value. Each class of shares of the Fund has identical rights and privileges, except with respect to arrangements pertaining to shareholder servicing or distribution, class-related expenses, voting rights on matters affecting a single class of shares, and the exchange privilege of each class of shares. The Fund share classes differ in the fees and expenses charged to shareholders. 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 the preparation of its financial statements. These policies are in conformity with accounting principles generally accepted in the United States of America (“GAAP”). The preparation of financial statements in conformity with GAAP 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 increases and decreases in net assets from operations during the reporting 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”.

**Securities 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 Trust’s 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 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) advisor. 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) advisor. 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 advisor, the prices or values available do not represent the fair value of the instrument. Factors which may cause the advisor to make such a judgment include, but are not limited to, the following: only a bid price or an asked price is available; the

**BTS Tactical Fixed Income Fund**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**December 31, 2017**

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 the 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 advisor 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 advisor 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.

**Exchange Traded Funds** – The Fund may invest in exchange traded funds (“ETFs”). ETFs are a type of index fund bought and sold on a securities exchange. An ETF trades like common stock and represents a fixed portfolio of securities designed to track the performance and dividend yield of a particular domestic or foreign market index. The Fund may purchase an ETF to gain exposure to a portion of the U.S. or a foreign market. The risks of owning an ETF generally reflect the risks of owning the underlying securities they are designed to track, although the lack of liquidity on an ETF could result in it being more volatile. Additionally, ETFs have fees and expenses that reduce their value.

**Valuation of Fund of Funds** – The Fund may invest in portfolios of open-end or closed-end investment companies (the “Underlying Funds”). 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 to the methods established by the board of directors of the Underlying Funds.

Open-end investment companies are valued at their respective net asset values as reported by such investment companies. 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 utilizes various methods to measure the fair value of all 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.



**BTS Tactical Fixed Income Fund**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**December 31, 2017**

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. As of December 31, 2017 the Fund did not have any investments measured at fair value.

The Fund did not hold any Level 2 or Level 3 securities during the period.

There were no transfers into and out of Level 1 and Level 2 during the period. It is the Fund's policy to recognize transfers into or out of Level 1 and Level 2 at the end of the reporting period.

**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.

**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 recorded on ex dividend date and are determined in accordance with federal income tax regulations, which may differ from GAAP. These “book/tax” differences are considered either temporary (i.e., deferred losses, capital loss carry forwards) 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 the Federal tax-basis treatment; temporary differences do not require reclassification. These reclassifications have no effect on net assets, results from operations or net asset value 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 its shareholders. Therefore, no Federal income tax provision 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 December 31, 2014 to December 31, 2016, or expected to be taken in the Fund's December 31, 2017 year-end tax return. The Fund identified its major tax jurisdictions as U.S. Federal, Nebraska and foreign jurisdictions where the Fund may make significant investments. 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.

**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.

**Cash and cash equivalents** - Cash and cash equivalents are held with a financial institution. The assets of the Fund may be placed in deposit accounts at U.S. banks and such deposits generally exceed Federal Deposit Insurance Corporation (“FDIC”) insurance limits. The FDIC insures deposit accounts up to \$250,000 for each accountholder. The counterparty is generally a single bank rather than a group of financial institutions; thus there may be a greater counterparty credit risk. The Fund places deposits only with those counterparties which are believed to be creditworthy and there has been no history of loss.

### **3. INVESTMENT TRANSACTIONS**

For the year ended December 31, 2017, cost of purchases and proceeds from sales of portfolio securities, other than short-term investments, amounted to \$487,560,668 and \$987,827,248, respectively.

**BTS Tactical Fixed Income Fund**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**December 31, 2017**

**4. INVESTMENT ADVISORY AGREEMENT AND TRANSACTIONS WITH RELATED PARTIES**

BTS Asset Management, Inc. serves as the Fund's investment advisor (the "Advisor"). Pursuant to an investment 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 an investment advisory fee, computed and accrued daily and paid monthly, at an annual rate of 1.00% of the Fund's average daily net assets. For the year ended December 31, 2017, the Advisor earned advisory fees of \$7,902,717.

Pursuant to a written contract (the "Waiver Agreement"), the Advisor has agreed to waive all or part of its advisory fees and/or make payments to limit Fund expenses (exclusive of any front-end or contingent deferred loads, brokerage fees and commissions, acquired fund fees and expenses, fees and expenses associated with investments in other collective investment vehicles or derivative instruments (including for example option and swap fees and expenses), borrowing costs (such as interest and dividend expense on securities sold short), taxes, and extraordinary expenses, such as litigation expenses (which may include indemnification of Fund officers and Trustees, contractual indemnification of Fund service providers (other than the Advisor))) at least until April 30, 2018, so that the total annual operating expenses of the Fund do not exceed 2.00%, 2.75%, 1.75%, and 2.25% of the average daily net assets of each of the Fund's Class A, Class C, Class I, and Class R shares, respectively. Contractual waivers and expense payments may be recouped by the Advisor from the Fund, to the extent that overall expenses fall below the expense limitation, within three years of when the amounts were waived. For the year ended December 31, 2017 the advisor did not waive any fees or reimburse any expenses.

Distributor – The distributor of the Fund is Northern Lights Distributors, LLC (the "Distributor"). The Trust has adopted, on behalf of the Fund, the Trust's Master Distribution and Shareholder Servicing Plans (the "Plans"), as amended, for Class A, Class C and Class R shares pursuant to Rule 12b-1 under the 1940 Act, to pay for certain distribution activities and shareholder services. Under the Plan, the Fund may pay an annual rate of 0.25% of the average daily net assets of the Fund's Class A shares, 1.00% of the average daily net assets for the Fund's Class C shares, and 0.50% of the average daily net assets for the Fund's Class R shares for distribution and shareholder service activities. For the year ended December 31, 2017, the Fund incurred distribution fees of \$684,598, \$1,036,648 and \$35,564 for Class A, Class C, and Class R, respectively.

The Distributor acts as the Fund's principal underwriter in a continuous public offering of the Fund's shares. For the year ended December 31, 2017, the Distributor received \$1,320,655 in underwriting commissions for sales of the Fund's Class A shares, of which \$160,924 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")*, an affiliate of the Distributor, provides administration, fund accounting, and transfer agent services to the Trust. Pursuant to a separate servicing agreement 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")*, 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")*, 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 a shareholder sells their shares after holding them for less than 30 days. The redemption fee is paid directly to the Fund. For the year ended December 31, 2017 the Fund assessed \$11,494, \$2,580, \$9,315 and \$114 in redemption fees for Class A, Class C, Class I and Class R shares, respectively. As of September 11, 2017, the Fund no longer charges a short-term redemption fee of 1.00% of the total redemption amount if a shareholder sells their shares after holding them for less than 30 days.

**BTS Tactical Fixed Income Fund**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**December 31, 2017**

**6. DISTRIBUTIONS TO SHAREHOLDERS AND TAX COMPONENTS OF CAPITAL**

The tax character of fund distributions paid for the year ended December 31, 2017 and December 31, 2016 was as follows:

	Fiscal Year Ended December 31, 2017	Fiscal Year Ended December 31, 2016
Ordinary Income	\$ 23,160,363	\$ 22,357,878
Return of Capital	-	581,787
	<u>\$ 23,160,363</u>	<u>\$ 22,939,665</u>

As of December 31, 2017, the components of accumulated earnings/(deficit) on a tax basis were as follows:

Undistributed Ordinary Income	Undistributed Long-Term Gains	Post October Loss	Capital Loss Carry Forwards	Other Book/Tax Differences	Unrealized Appreciation/ (Depreciation)	Total Accumulated Earnings/(Deficits)
\$ -	\$ -	\$ (502,523)	\$ (1,311,946)	\$ -	\$ -	\$ (1,814,469)

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 \$502,523.

At December 31, 2017, the Fund had capital loss carry forwards for federal income tax purposes available to offset future capital gains as follows:

Non-Expiring Short-Term	Non-Expiring Long-Term	Total
\$ 1,311,946	\$ -	\$ 1,311,946

Permanent book and tax differences, primarily attributable to distribution reclasses for tax purposes, resulted in reclassification for the year ended December 31, 2017 as follows:

Paid In Capital	Undistributed Net Investment Income (Loss)	Accumulated Net Realized Gains (Loss)
\$ (108,411)	\$ 108,411	\$ -

**7. 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 December 31, 2017, NFS LLC held approximately 26.64% of the voting securities of the Fund for the benefit of others. The Fund has no knowledge as to whether all or any portion of the shares owned on record by NFS LLC are also owned beneficially by any party who would be presumed to control the Fund.

**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.



## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

### To the Board of Trustees of Northern Lights Fund Trust and the Shareholders of BTS Tactical Fixed Income Fund

#### Opinion on the Financial Statements

We have audited the accompanying statement of assets and liabilities of BTS Tactical Fixed Income Fund, a series of shares of beneficial interest in Northern Lights Fund Trust (the “*Fund*”), including the portfolio of investments, as of December 31, 2017, and the related statement of operations for the year then ended, the statements of changes in net assets for each of the years in the two-year period then ended and the financial highlights for each of the years and periods in the four-year period then ended and for the period from May 31, 2013 (commencement of operations) through December 31, 2013, and the related notes (collectively referred to as the “*financial statements*”). In our opinion, the financial statements and financial highlights present fairly, in all material respects, the financial position of the Fund as of December 31, 2017, and the results of its operations for the year then ended, the changes in its net assets for each of the years in the two-year period then ended and its financial highlights for each of the years and periods in the four-year period then ended and for the period from May 31, 2013 (commencement of operations) through December 31, 2013, in conformity with accounting principles generally accepted in the United States of America (“*GAAP*”).

#### Basis for Opinion

These financial statements and financial highlights are the responsibility of the Fund's management. Our responsibility is to express an opinion on the Fund's financial statements and financial highlights based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (“*PCAOB*”) and are required to be independent with respect to the Fund in accordance with the U.S. federal securities law and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement, whether due to error or fraud. The Fund is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting 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.

Our audits included performing procedures to assess the risk of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our procedures included confirmation of cash deposits as of December 31, 2017 by correspondence with the custodian. Our audits also included evaluating the accounting principles used

and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

*BBD, LLP*  
**BBD, LLP**

We have served as the auditor of one or more of the Funds in the Northern Lights Fund Trust since 2006.

**Philadelphia, Pennsylvania**  
**February 28, 2018**

## BTS Tactical Fixed Income Fund EXPENSE EXAMPLES (Unaudited) December 31, 2017

### Example

As a shareholder of the Fund, you will pay (1) transaction costs (loads and redemption fees) and (2) ongoing expenses, such as advisory fees, distribution and service fees (12b-1), and other fund expenses. The following examples are intended to help you understand the ongoing cost (in dollars) of investing in a Fund and to compare these costs with the ongoing costs of investing in other mutual funds. Please note the expenses shown in the tables are meant to highlight ongoing costs only and do not reflect any transactional costs, such as sales charges (loads), or contingent deferred sales charges on redemptions which may be assessed by mutual funds. This Example is based on an investment of \$1,000 invested at the beginning of the period in a fund and held for the entire period from July 1, 2017 to December 31, 2017.

### Actual Expenses

The columns under the heading entitled “Actual” help you estimate the actual expenses you paid over the period. The “Actual Ending Account Value” shown is derived from the Fund’s actual return, and the “Actual Expenses Paid During Period” shows the dollar amount that would have been paid by an investor who started with \$1,000 in the Fund. To estimate the expenses you paid on your account during this 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 column under the heading entitled “Actual Expenses Paid During Period”.

### Hypothetical Examples for Comparison Purposes

The columns under the heading entitled “Hypothetical” provide information about hypothetical account value and hypothetical expenses based on the Funds 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 Fund and other funds. To do so, 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 which may be applicable to your account. Therefore, the last column of the table (Hypothetical Expenses Paid During Period) 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.

	<i>Actual</i>				<i>Hypothetical</i> (5% return before expenses)	
	<i>Fund's Annualized Expense Ratio</i>	<i>Beginning Account Value 7/1/17</i>	<i>Ending Account Value 12/31/17</i>	<i>Expenses Paid During Period *</i>	<i>Ending Account Value 12/31/17</i>	<i>Expenses Paid During Period *</i>
BTS Tactical Fixed Income Fund – Class A	1.41%	\$1,000.00	\$996.50	\$ 7.10	\$1,018.10	\$ 7.17
BTS Tactical Fixed Income Fund – Class C	2.16%	\$1,000.00	\$993.50	\$10.85	\$1,014.32	\$ 10.97
BTS Tactical Fixed Income Fund – Class I	1.16%	\$1,000.00	\$998.10	\$ 5.84	\$1,019.36	\$ 5.90
BTS Tactical Fixed Income Fund – Class R	1.66%	\$1,000.00	\$995.20	\$ 8.35	\$1,016.84	\$ 8.44

\*Expenses are equal to the Fund’s annualized expense ratio, multiplied by the number of days in the period (184) divided by the number of days in the fiscal year (365).

**BTS Tactical Fixed Income Fund**  
**SUPPLEMENTAL INFORMATION (Unaudited)**  
**December 31, 2017**

*BTS Tactical Fixed Income Fund (Adviser – BTS Asset Management, Inc.)\**

In connection with the regular meeting held on December 12-13, 2017 of the Board of Trustees (the “Trustees” or the “Board”) of the Northern Lights Fund Trust (the “Trust”), including a majority of the Trustees who are not “interested persons,” as that term is defined in the Investment Company Act of 1940, as amended, discussed the re-approval of an investment advisory agreement (the “Advisory Agreement”) between BTS Asset Management, Inc. (“Adviser”) and the Trust, with respect to the BTS Tactical Fixed Income Fund (referred to as the “BTS Tactical”). In considering the re-approval of the Advisory Agreement, the Board received materials specifically relating to the Advisory Agreement.

The Trustees were assisted by independent legal counsel throughout the Advisory Agreement review process. The Trustees relied upon the advice of independent legal counsel and their own business judgment in determining the material factors to be considered in evaluating the Advisory Agreement and the weight to be given to each such factor. The conclusions reached by the Trustees 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 Advisory Agreement.

*Nature, Extent and Quality of Service.* The Trustees noted that BTS was founded in 1979 and managed approximately \$1.6 billion in discretionary assets with an additional \$800 million in assets under advisement. They considered that the adviser provided quantitative risk managed portfolio strategies that focused on capital preservation for a variety of clients including individuals, corporations, and pensions. They reviewed the background of key investment personnel responsible for servicing the Funds, taking into consideration their education and financial industry experience of the investment team noting their long careers in asset management. They noted the adviser utilized price and momentum driven proprietary quantitative models to determine which bond sectors and securities to select for a Fund’s portfolio, with an emphasis on risk management. The Trustees considered that the adviser’s investment committee met regularly to review and adjust its technical models that have been in place for over 30 years. They considered that the adviser had identified the various fixed income related risks and monitors the entire fixed income landscape, considering how it may affect the strategy. They noted the adviser monitored compliance with the Fund’s investment limitations using pre-trade checklists and daily position reports against a post-trade checklist to ensure compliance. They further noted the adviser considered best execution and selects broker-dealers based on an assessment of various service quality factors and product expertise. The Board noted the positives of the investment team’s longevity, experience and consistency of service over more than 30 years. They agreed that the adviser maintained adequate resources to support its operation and service to the Funds it managed. The Board concluded that the adviser should continue to provide high quality service to the Funds.

*Performance.* With respect to BTS Tactical, the Trustees noted that the Fund’s institutional shares had only 2 years of performance history, but since inception performance of the Fund had ranked in the top quartile based on net return. They considered that the since inception standard deviation was high, but noted there was enough net return to show a 2nd quartile rank for the Sharpe ratio. The Trustees noted that the Fund’s one year standard deviation, Sharpe ratio and Sortino ratio all ranked in the top quartile relative to the peer group, and over the two year period the Fund’s net returns outpaced both its Morningstar category and peer group medians and the Barclays Aggregate benchmark index. The Trustees concluded that the adviser was providing reasonable total return with reasonable risk scores.

*Fees and Expenses.* The Trustees noted BTS Tactical was charged an advisory fee of 1.00%, which was slightly higher than the peer group average of 0.96% but equal to the peer group median and well within the range of fees charged by peer group funds and Morningstar Non-Traditional Bond category funds. The Trustees considered the Fund’s tactical nature, noting the additional time and skill necessary to tactically manage assets. They noted the Fund’s advisory fee was generally lower than the fee charged by the adviser to its separately managed account clients. The Trustees considered the impact of the Fund’s expense cap noting the benefit realized by shareholders from the cap. The Trustees concluded that the advisory fee was not unreasonable.

*Economies of Scale.* The Trustees considered whether economies of scale had been realized in connection with the advisory services provided to each Fund. They noted the adviser’s willingness to consider fee reductions as a Fund’s

**BTS Tactical Fixed Income Fund**  
**SUPPLEMENTAL INFORMATION (Unaudited) (Continued)**  
**December 31, 2017**

assets continue to grow. The Trustees discussed the adviser's position on breakpoints and agreed to continue to monitor each Fund's asset levels and revisit the matter as each Fund continued to grow.

*Profitability.* The Trustees reviewed the profitability analysis provided by the adviser. They agreed that although the adviser realized a profit in connection with its relationship with each Fund, the adviser's profitability on a per Fund basis was not unreasonable and that excessive profitability was not a concern at this time.

*Conclusion.* Having requested and received such information from the adviser as the Trustees believed to be reasonably necessary to evaluate the terms of the advisory agreements, and as assisted by the advice of counsel, the Trustees concluded that the fee structure was not unreasonable and that renewal of the advisory agreements was in the best interests of the Funds and the shareholders of each of the BTS Funds.

\*Due to the timing of the contract renewal schedule, these deliberations may or may not relate to the current performance results of the Fund.



**BTS Tactical Fixed Income Fund**  
**SUPPLEMENTAL INFORMATION (Unaudited)**

**December 31, 2017**

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. Unless otherwise noted, the address of each Trustee and Officer is 17605 Wright Street, Suite 2, Omaha, Nebraska 68130.

***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>
Mark Garbin Born in 1951	Trustee Since 2013	Managing Principal, Coherent Capital Management LLC (since 2007).	1	Northern Lights Fund Trust (for series not affiliated with the Funds since 2013); Two Roads Shared Trust (since 2012); Forethought Variable Insurance Trust (since 2013); Northern Lights Variable Trust (since 2013); OHA Mortgage Strategies Fund (offshore), Ltd. (since 2014); Altegris KKR Commitments Master Fund (since 2014)
Mark D. Gersten Born in 1950	Trustee Since 2013	Independent Consultant (since 2012); Senior Vice President – Global Fund Administration Mutual Funds & Alternative Funds, AllianceBernstein LP (1985 – 2011).	1	Northern Lights Fund Trust (for series not affiliated with the Funds since 2013); Northern Lights Variable Trust (since 2013); Two Roads Shared Trust (since 2012); Altegris KKR Commitments Master Fund (since 2014); previously, Ramius Archview Credit and Distressed Fund (2015-2017); Schroder Global Series Trust (2012 to 02-2017)
Anthony J. Hertl Born in 1950	Trustee Since 2005; Chairman of the Board since 2013	Retired, previously held several positions at a major investment bank including CFO-Specialty Finance Group, Director of Global Taxation and Capital Markets Controller. Prior thereto he spent 10 years at a global public accounting firm in the emergency companies and multi-national audit practices. Consultant to small and emerging businesses (since 2000).	1	Northern Lights Fund Trust (for series not affiliated with the Funds since 2005); Alternative Strategies Fund (since 2010); Satuit Capital Management Trust (since 2007); Northern Lights Variable Trust (since 2006); previously, AdvisorOne Funds (2004-2013); The World Funds Trust (2010-2013)

**BTS Tactical Fixed Income Fund**  
**SUPPLEMENTAL INFORMATION (Unaudited)(Continued)**  
**December 31, 2017**

***Independent Trustees (Continued)***

Gary W. Lanzen Born in 1954	Trustee Since 2005	Retired since 2012. Formerly, founder, President, and Chief Investment Officer, Orizon Investment Counsel, Inc. (2000-2012).	1	Northern Lights Fund Trust (for series not affiliated with the Funds since 2005); AdvisorOne Funds (since 2003); Alternative Strategies Fund (since 2010); Northern Lights Variable Trust (since 2006); previously, CLA Strategic Allocation Fund (2014-2015)
John V. Palancia Born in 1954	Trustee Since 2011	Retired (since 2011). Formerly, Director of Futures Operations, Merrill Lynch, Pierce, Fenner & Smith Inc. (1975-2011).	1	Northern Lights Fund Trust (for series not affiliated with the Funds since 2011); Northern Lights Variable Trust (since 2011); Northern Lights Fund Trust III (since 2012); Alternative Strategies Fund (since 2012)
Mark H. Taylor Born in 1964	Trustee Since 2007; Chairman of the Audit Committee since 2013	Chair, Department of Accountancy and Andrew D. Braden Professor of Accounting and Auditing, Weatherhead School of Management, Case Western Reserve University (since 2009); Vice President-Finance, American Accounting Association (2017-2020); President, Auditing Section of the American Accounting Association (2012-15). AICPA Auditing Standards Board Member (2009-2012). Former Academic Fellow, United States Securities and Exchange Commission (2005-2006).	1	Northern Lights Fund Trust (for series not affiliated with the Fund since 2007); Northern Lights Variable Trust (since 2007); Northern Lights Fund Trust III (since 2012); Alternative Strategies Fund (since 2010);

**BTS Tactical Fixed Income Fund**  
**SUPPLEMENTAL INFORMATION (Unaudited)(Continued)**  
**December 31, 2017**

*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>
Andrew Rogers* Born in 1969	Trustee Since 2013***	Chief Executive Officer, FusionIQ (since 2017); President of the Trust (2006-June 2017); Chief Executive Officer, Gemini Alternative Funds, LLC (2013 – April 2017); Chief Executive Officer, Gemini Hedge Fund Services, LLC (2013 – April 2017); Chief Executive Officer, Gemini Fund Services, LLC (2012 – April 2017); President and Manager, Gemini Fund Services, LLC (2006 – 2012)	1	Northern Lights Fund Trust (for series not affiliated with the Funds since 2013); Northern Lights Variable Trust (since 2013)
Kevin E. Wolf 80 Arkay Drive Hauppauge, NY 11788 Born in 1969	President Since June 2017	President, Gemini Fund Services, LLC (since 2012); Treasurer of the Trust (2006-June 2017); Director of Fund Administration, Gemini Fund Services, LLC (2006 - 2012); and Vice-President, Blu Giant, (2004 - 2013).	N/A	N/A
James Colantino 80 Arkay Drive Hauppauge, NY 11788 Born in 1969	Treasurer Since June 2017	Assistant Treasurer of the Trust (2006-June 2017); Senior Vice President - Fund Administration (2012-Present).	N/A	N/A
Stephanie Shearer 80 Arkay Drive Hauppauge, NY 11788 Born in 1979	Secretary Since February 2017	Assistant Secretary of the Trust (2012-February 2017); Senior Paralegal, Gemini Fund Services, LLC (since 2013); Paralegal, Gemini Fund Services, LLC (2010-2013).	N/A	N/A
Lynn Bowley Born in 1958	Chief Compliance Officer Since 2007	Senior Compliance Officer of Northern Lights Compliance Services, LLC (since 2007).	N/A	N/A

\*The term of office for each Trustee and officer listed above will continue indefinitely until the individual resigns or is removed.

\*\*As of December 31, 2017, the Trust was comprised of 88 active portfolios managed by unaffiliated investment advisers. The term “Fund Complex” applies only to the Fund. The Fund does not hold itself out as related to any other series within the Trust for investment purposes, nor does it share the same investment adviser with any other series.

\*\*\*Andrew Rogers is an “Interested Trustee” of the Trust as that term is defined under the 1940 Act, because of his past affiliation with Gemini Fund Services, LLC, the Trust’s Administrator, Fund Accountant and Transfer Agent.

The Fund’s SAI includes additional information about the Trustees and is available free of charge, upon request, by calling toll-free at 1-877-287-9820.

# ***PRIVACY NOTICE***

## **NORTHERN LIGHTS FUND TRUST**

Rev. February 2014

### **FACTS**

#### **WHAT DOES NORTHERN LIGHTS FUND TRUST 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?**

The types of personal information we collect and share depends on the product or service that you have with us. This information can include:

- Social Security number and wire transfer instructions
- account transactions and transaction history
- investment experience and purchase history

When you are *no longer* our customer, we continue to share your information as described in this notice.

#### **How?**

All financial companies need to share customers' personal information to run their everyday business. In the section below, we list the reasons financial companies can share their customers' personal information; the reasons Northern Lights Fund Trust chooses to share; and whether you can limit this sharing.

<b>Reasons we can share your personal information:</b>	<b>Does Northern Lights Fund Trust share information?</b>	<b>Can you limit this sharing?</b>
<b>For our everyday business purposes</b> - such as to process your transactions, maintain your account(s), respond to court orders and legal investigations, or report to credit bureaus.	<b>YES</b>	<b>NO</b>
<b>For our marketing purposes</b> - to offer our products and services to you.	<b>NO</b>	<b>We don't share</b>
<b>For joint marketing with other financial companies.</b>	<b>NO</b>	<b>We don't share</b>
<b>For our affiliates' everyday business purposes</b> - information about your transactions and records.	<b>NO</b>	<b>We don't share</b>
<b>For our affiliates' everyday business purposes</b> - information about your credit worthiness.	<b>NO</b>	<b>We don't share</b>
<b>For nonaffiliates to market to you</b>	<b>NO</b>	<b>We don't share</b>

**QUESTIONS?** Call 1-402-493-4603

# PRIVACY NOTICE

## NORTHERN LIGHTS FUND TRUST

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### What we do:

<b>How does Northern Lights Fund Trust protect my personal information?</b>	<p>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.</p> <p>Our service providers are held accountable for adhering to strict policies and procedures to prevent any misuse of your nonpublic personal information.</p>
<b>How does Northern Lights Fund Trust collect my personal information?</b>	<p>We collect your personal information, for example, when you</p> <ul style="list-style-type: none"><li>• open an account or deposit money</li><li>• direct us to buy securities or direct us to sell your securities</li><li>• seek advice about your investments</li></ul> <p>We also collect your personal information from others, such as credit bureaus, affiliates, or other companies.</p>
<b>Why can't I limit all sharing?</b>	<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> <ul style="list-style-type: none"><li>• <i>Northern Lights Fund Trust does not share with our affiliates.</i></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>• <i>Northern Lights Fund Trust does not share with nonaffiliates so they can market to you.</i></li></ul>
<b>Joint marketing</b>	<p>A formal agreement between nonaffiliated financial companies that together market financial products or services to you.</p> <ul style="list-style-type: none"><li>• <i>Northern Lights Fund Trust doesn't jointly market.</i></li></ul>

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### **PROXY VOTING POLICY**

Information regarding how the Fund voted proxies relating to portfolio securities for the most recent twelve month period ended June 30 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 1-877-287-9820 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 1-877-287-9820.

### **INVESTMENT ADVISOR**

BTS Asset Management, Inc.  
420 Bedford Street Suite 340  
Lexington, MA 02420

### **ADMINISTRATOR**

Gemini Fund Services, LLC  
80 Arkay Dr. Suite 110  
Hauppauge, NY 11788