BTS Tactical Fixed Income Fund **Q4** | December 31, 2018

BTS FUNDS
FIND OPPORTUNITY

Class A Shares:	Class C Shares:	Class I Shares:	Class R Shares:
BTFAX	**BTFCX**	**BTFIX**	**BTFRX**

About BTS

BTS Asset Management (BTS) serves as the investment adviser to the fund. Founded in 1979, BTS Asset Management is one of the oldest nontraditional risk managers, managing traditional assets with a nontraditional approach.

BTS:

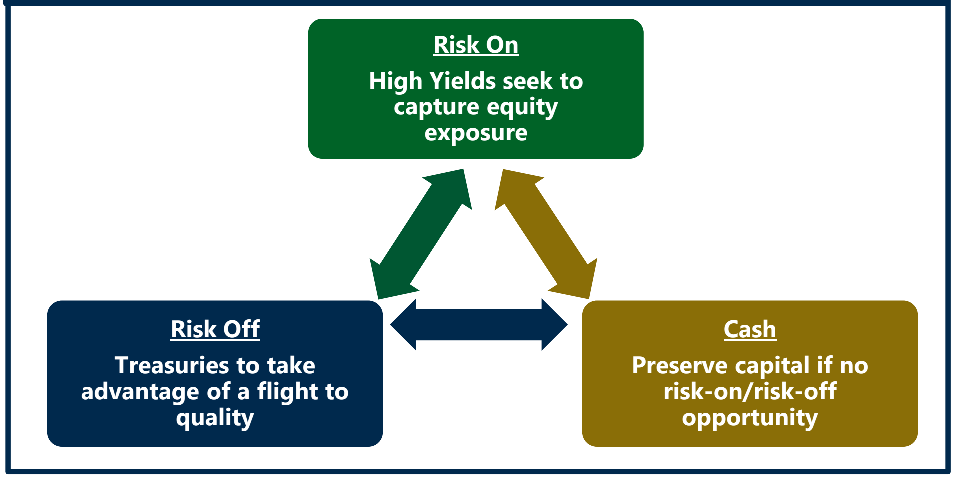
Seeks to provide defensive capital preservation and total return.

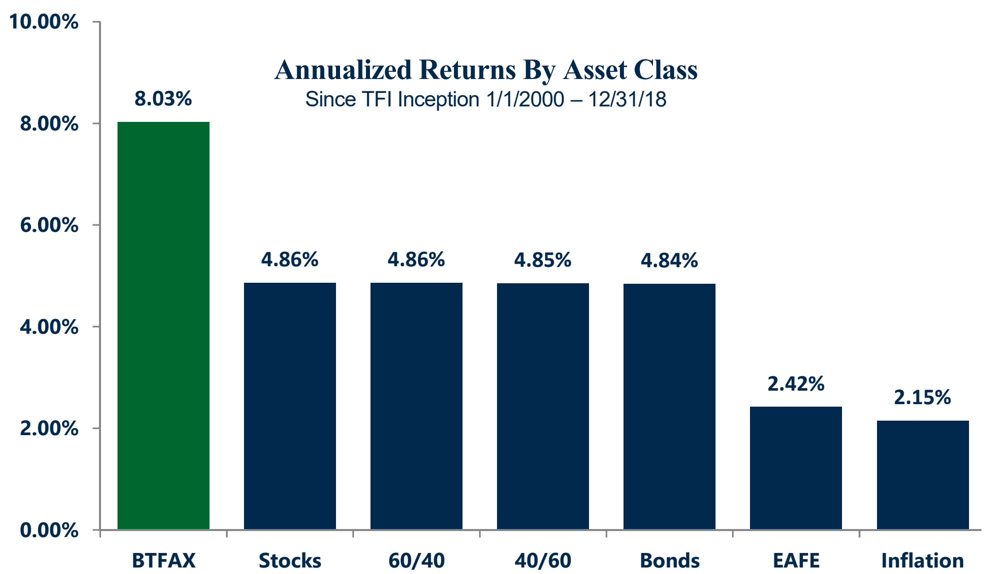
Portfolio Management

Vilis Pasts, Co-Portfolio Manager
Matthew Pasts, CMT, Co-Portfolio Manager
Isaac Braley, Co-Portfolio Manager

Tactical Risk On / Risk Off Approach

Move 100% Assets Between 3 Uncorrelated Asset Classes





Source: Morningstar. Indexes used are as follows: EAFE: MSCI EAFE, Stocks: S&P 500 Index, Bonds: Bloomberg Barclays Aggregate Bond Index, Inflation: CPI, 60/40: A balanced portfolio with 60% invested in S&P 500 Index and 40% invested in Bloomberg Barclays Aggregate Bond Index, 40/60: A balanced portfolio with 40% invested in S&P 500 Index and 40% invested in Bloomberg Barclays Aggregate Bond Index. Returns are annualized (and total return where applicable) and represent the period starting 1/1/2000 and ending 12/31/17. Each of these asset classes has its own set of investment characteristics and risks and investors should consider these risks carefully prior to making any investments. Investors cannot invest directly in an index.

Annual Return History Class A (NAV)

Year	2000	2001	2002	2003	2004	2005	2006	2007	2008
Fund	10.23%	16.73%	10.50%	29.40%	-0.20%	0.67%	7.70%	8.11%	2.20%
BBgBarc Agg	11.63%	8.42%	10.27%	4.11%	4.34%	2.43%	4.33%	6.96%	5.24%

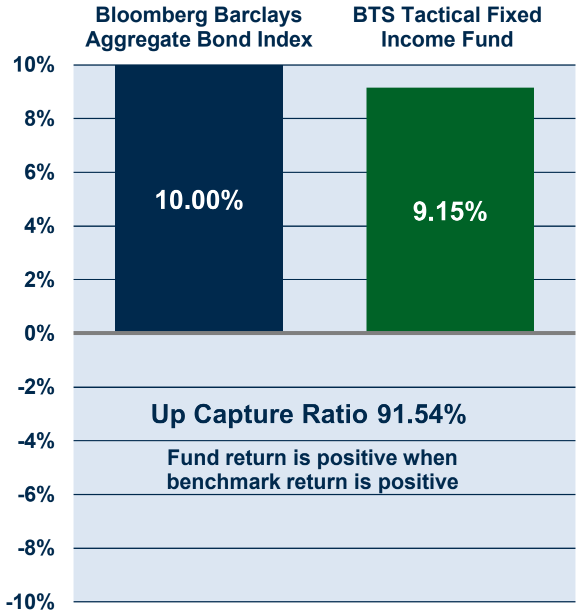
Year	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Fund	53.63%	8.60%	1.16%	6.46%	0.12%	2.61%	-2.31%	13.79%	2.86%	-6.52%
BBgBarc Agg	5.93%	6.56%	7.86%	4.23%	-2.02%	5.97%	0.55%	2.65%	3.54%	0.01%

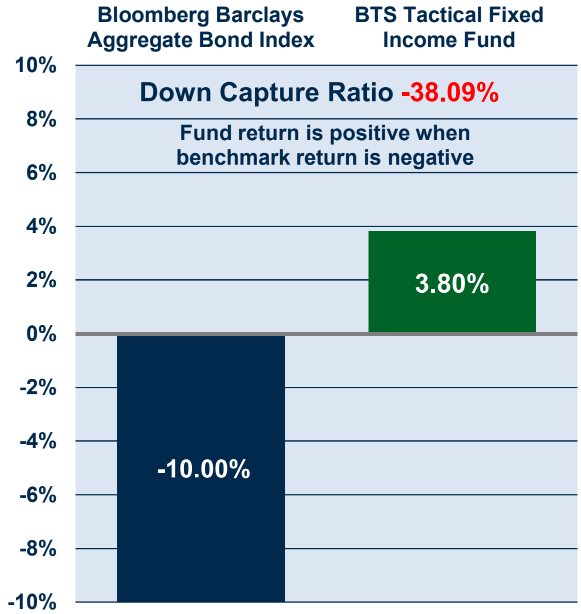
The performance data quoted here represents past performance. Current performance may be lower or higher than the performance data quoted above. Investment return and principal value will fluctuate, so that shares, when redeemed, may be worth more or less than their original cost. Past performance is no guarantee of future results. For performance information current to the most recent month-end, please call toll-free 1-877-287-9820.

There is no assurance that the Fund will achieve its investment objective. Past performance is No Guarantee of future results.

How do we distinguish ourselves from our benchmark?

Hypothetical Up/Down Capture Ratio Converted to Total Return Class A (NAV),
Since inception 1/1/2000 through 12/31/18 **vs. Bloomberg Barclays Aggregate Bond Index**





Up/Down Capture Ratio Converted to Total Return: If the fund's total return is the same amount as the benchmark, the Up Capture Ratio is 100%. If the fund's return is 8% when the benchmark is up 10%, the Up Capture Ratio is 80%. If the fund's return is 8% when the benchmark return is negative 10%, the Down Capture Ratio is negative -80%.

Statistical Analysis vs. Benchmarks Class A (NAV), 10 years from 10/1/08 through 12/31/18

	Cumulative Return	Downside Deviation	Sortino Ratio (0.0%)	Standard Deviation	Correlation	Beta	Alpha
BTS Tactical Fixed Income Fund	97.28%	1.99%	3.43	7.48%	—	—	—
BBgBarc Agg Bond Index	40.86%	1.59%	2.16	2.84%	0.19	0.49	5.50%
S&P 500 BBgBarc Agg 50-50	126.61%	3.88%	2.12	6.81%	0.38	0.41	3.64%

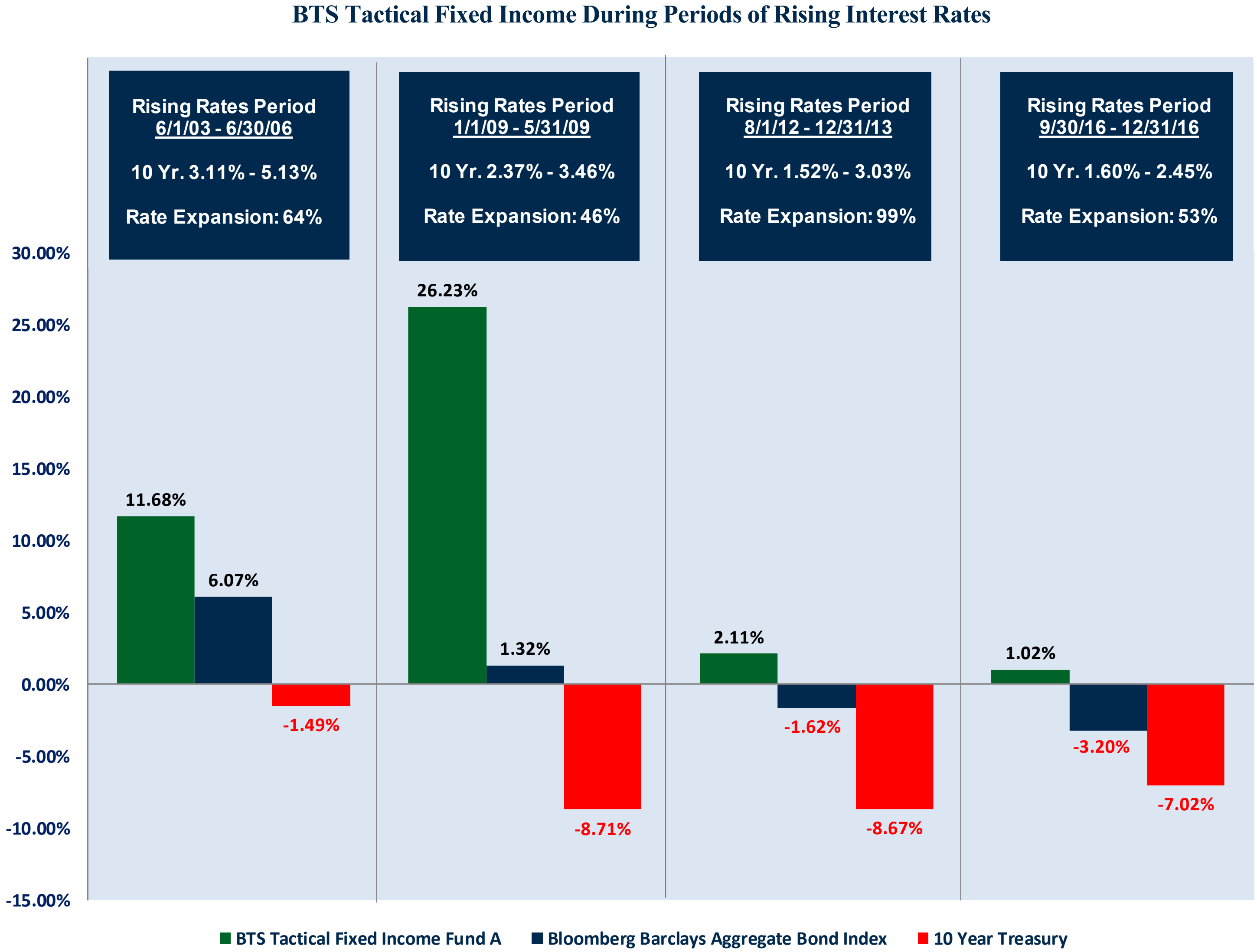
Investors cannot invest directly in an index. Unmanaged index returns do not reflect any fees, expenses or sales charges.

Annual Return History, Average Drawdown, Correlation
Class A (NAV), 10 years from 10/1/08 through 12/31/18

	10 Year Annual Return	Average Drawdown	Correlation
BTS Tactical Fixed Income Fund Class A	7.03%	-2.25	1.00
ICE BofAML US HY Index	10.99%	-3.68	0.63
Citi Treasury Benchmark 10 Yr Index	2.23%	-5.01	-0.11
Long Government Bond	3.86%	-8.75	-0.08
BBgBarc Agg Bond Index	3.48%	-1.68	0.20
S&P 500 Index	13.12%	-8.72	0.34
Nontraditional Bond	3.67%	-1.56	0.62
Bank Loan Bond	7.37%	-1.92	0.61
Inflation Protected Bond	2.95%	-2.73	0.18
Emerging Markets Bond	5.98%	-5.72	0.48
Muni National Long Bond	5.16%	-2.80	0.22

There is no assurance that the Fund will achieve its investment objective. Past performance is No Guarantee of future results.

Rising Rates and Their Impact on Your Portfolio



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- During periods of rising rates in US Government bonds, investors often think all other bonds act alike.
- Realizing the driving force behind each bond's yield and price movement is crucial.
- Treasuries and Investment Grade Corporate Bonds typically have high interest rate risk and low default risk.
- High Yield Bonds typically have low interest rate risk and high default risk.
- By taking a tactical approach, opportunities may present themselves in different bond asset classes.

Creating Income is Important

$10,000 Hypothetical Investment with a 5% Initial Withdrawal Inflated by 3% Each Year

Year	Withdrawal Amount	BTS Tactical Fixed Income Class A (NAV)	Bonds	Stocks & Bonds 50-50	Stocks
Initial Investment		$10,000	$10,000	$10,000	$10,000
2000	$500				
2001	$515				
2002	$530				
2003	$546				
2004	$563				
2005	$580				
2006	$597				
2007	$615				
2008	$633				
2009	$652				
2010	$672				
2011	$692				
2012	$713				
2013	$734				
2014	$756				
2015	$779				
2016	$802				
2017	$826				
2018	$851	$22,222	$7,541	$4,679	$0*
Total Withdrawal	$12,556				*As of 12/31/18

The above table illustrates a $10,000 hypothetical investment into the BTS Tactical Fixed Income Fund Class A (NAV), Barclays Aggregate Bond Index, S&P 500 Barclays Aggregate Bond Index 50-50 Index, and the S&P 500 Index, with a 5% annual withdrawal inflated by 3% each year. This does not represent performance of an actual investor portfolio. It is not possible to invest directly in an index. Unmanaged index returns do not reflect any fees, expenses or sales charges.

- ♦ **Creating an income stream is important for most bond fund investors.**
- ♦ **We believe investors need to look beyond just yield and also consider the investment amount after distribution.**
- ♦ **What remains in the portfolio above tells the true story.**

Understanding Sequence of Returns Risk

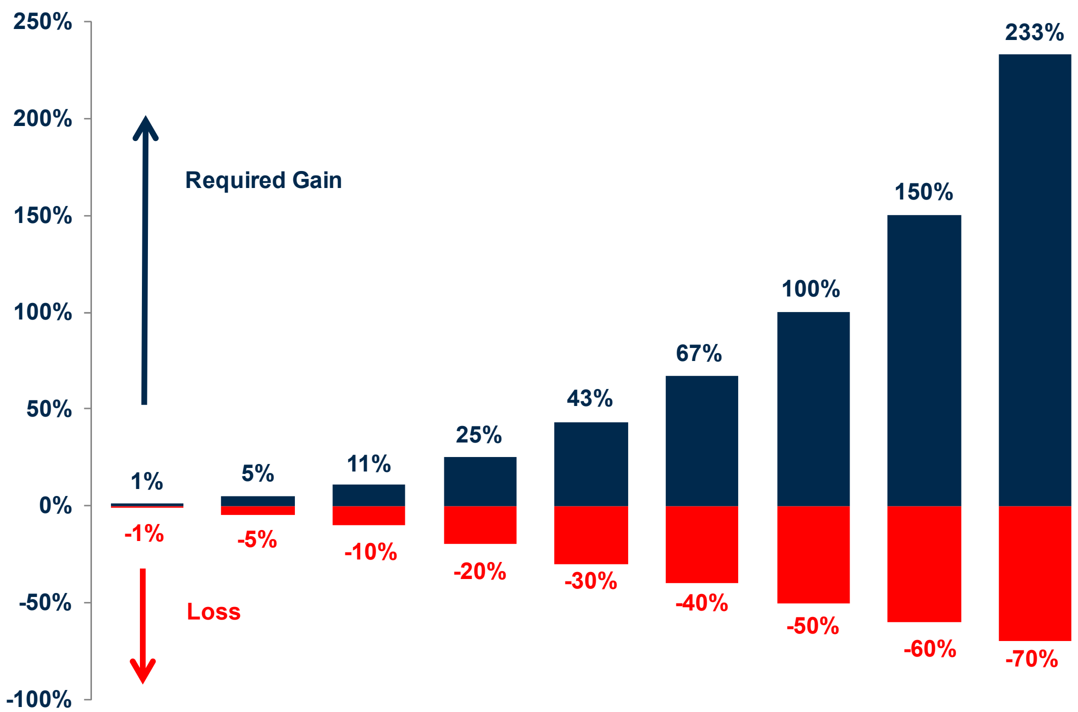
Hypothetical Example: 4 Year Returns*,
Initial Investment of $10,000

	Investor A	Investor B
Year 1	+10%	+5%
Year 2	+10%	+5%
Year 3	-10%	+5%
Year 4	+10%	+5%
	$11,979.00	$12,155.06

**This table is intended for illustrative purposes and is not intended to indicate that BTS Asset Management returns 5% a year, nor imply that BTS can't lose money.*

- ♦ **A steady positive sequence of returns may be more important than a higher more volatile sequence of returns.**
- ♦ **The graph above indicates that Growth comes from the absence of loss.**
- ♦ **The table of hypothetical returns illustrates the possible impact of even one down year on a portfolio.**

Gain Required To Fully Recover From A Loss



For Illustrative Purposes Only.

- ♦ **From a mathematical standpoint, higher declines are more difficult to overcome.**
- ♦ **The more you lose, the more return you need to breakeven.**

How BTS Can Impact Your Existing Portfolio

Hypothetical Return % - Downside Deviation % - Sortino Ratio

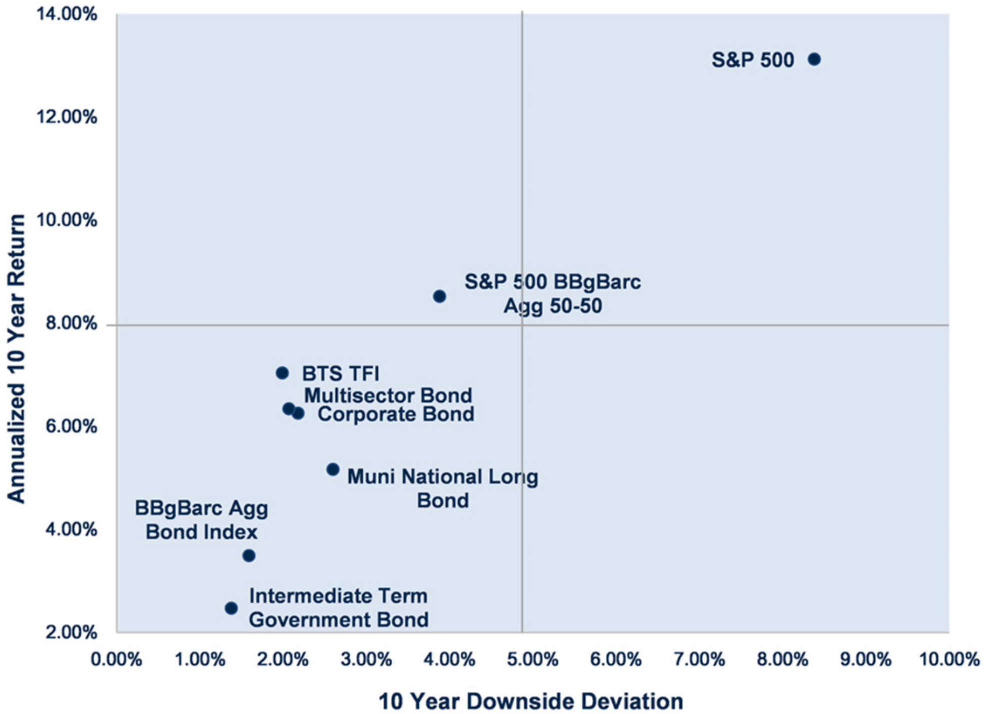
Bonds & BTS Tactical Fixed Income Fund Class A (NAV), 10 Years from 10/1/08 through 12/31/18

Portfolio Allocation	Return (Annualized)	Downside Deviation	Sortino Ratio
100% Bonds	3.49%	1.59%	2.16
20% BTS TFI; 80% Bonds	4.29%	1.42%	2.96
40% BTS TFI; 60% Bonds	5.05%	1.36%	3.62
60% BTS TFI; 40% Bonds	5.75%	1.44%	3.90
80% BTS TFI; 20% Bonds	6.41%	1.65%	3.77
100% BTS TFI	7.03%	1.99%	3.43

Bonds are represented by the Bloomberg Barclays Aggregate Bond Index. This does not represent the performance of an actual portfolio. It is not possible to invest directly in an index. Unmanaged index returns do not reflect any fees, expenses or sales charges.

Hypothetical Return % - Downside Deviation %

Class A (NAV), 10 years from 10/1/08 through 12/31/18



- ♦ Blindly reaching for the highest rate of return without understanding risk may lead to disaster. Managing risk may be the key to long-term success.
- ♦ Downside Deviation considers returns that fall below the minimum acceptable return. 0% is used for the minimum acceptable return. Sortino Ratio is a risk-adjusted performance measure (the incremental average return over the minimum acceptable return - represented as 0% - divided by risk), where risk is defined by downside deviation. A higher Sortino Ratio may indicate higher risk-adjusted returns.
- ♦ The Sortino Ratio measures the risk-adjusted return of an investment strategy. The highest Sortino Ratio is observed at 80% BTS Tactical Fixed Income Fund / 20% Bonds.
- ♦ Historically, adding the BTS Tactical Fixed Income Fund to a Bond portfolio has increased return and Sortino Ratio while lowering downside deviation compared to a Bond portfolio alone.

Investors cannot invest directly in an index. Unmanaged index returns do not reflect any fees, expenses or sales charges.

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Fund Performance as of 12/31/18

Average Annualized Total Returns as of 12/31/18	YTD[2]	1 Year	3 Years	5 Years	10 Years	Since Inception 1/1/00
Class A[1] (NAV)	-6.52%	-6.52%	3.04%	1.86%	7.03%	8.03%
Class A (max. 5% load)	-11.16%	-11.16%	1.30%	0.81%	6.49%	7.74%
Class C	-7.15%	-7.15%	2.28%	1.11%	N/A	0.85%
Class I (Inception 5/28/15)	-6.29%	-6.29%	3.31%	N/A	N/A	1.60%
Class R (Inception 5/5/15)	-6.76%	-6.76%	2.78%	N/A	N/A	1.11%
BBgBarc Agg Bond Index	0.01%	0.01%	2.06%	2.52%	3.48%	4.84%
Nontraditional Bond	-1.21%	-1.21%	2.55%	1.40%	3.67%	3.08%
S&P 500 BBgBarc Agg 50-50	-1.81%	-1.81%	5.80%	5.63%	8.52%	5.27%

The performance data quoted here represents past performance. Current performance may be lower or higher than the performance data quoted above. Investment return and principal value will fluctuate, so that shares, when redeemed, may be worth more or less than their original cost. Past performance is no guarantee of future results. A Fund's performance, especially for very short periods of time, should not be the sole factor in making your investment decisions. For performance information current to the most recent month-end, please call toll-free 1-877-287-9820.
Total Expense Ratios: Class A: 1.80%; Class C: 2.55%; Class I: 1.55%; Class R: 2.05%

[1]The BTS Tactical Fixed Income Fund does not have performance as a mutual fund prior to May 31, 2013. Performance prior to May 31, 2013 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 the date of the prospectus, 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.
[2]Performance for periods less than one year are not annualized.

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ICE BofAML US High Yield tracks the performance of US dollar denominated below investment grade corporate debt publicly issued in the US domestic market. Qualifying securities must have a below investment grade rating (based on an average of Moody's, S&P and Fitch), at least 18 months to final maturity at the time of issuance, at least one year remaining term to final maturity as of the rebalancing date, a fixed coupon schedule and a minimum amount outstanding of $100 million. In addition, qualifying securities must have risk exposure to countries that are members of the FX-G10, Western Europe or territories of the US and Western Europe. The FX-G10 includes all Euro members, the US, Japan, the UK, Canada, Australia, New Zealand, Switzerland, Norway and Sweden. Citi Treasury Benchmark 10 Yr tracks the 10 Year Treasury. 10 Year Treasury is Citi Treasury Benchmark 10-year USD. Nontraditional Bond category contains funds that pursue strategies divergent in one or more ways from conventional practice in the broader bond-fund universe. Many funds in this group describe themselves as "absolute return" portfolios, which seek to avoid losses and produce returns uncorrelated with the overall bond market; they employ a variety of methods to achieve those aims. Another large subset are self-described "unconstrained" portfolios that have more flexibility to invest tactically across a wide swath of individual sectors, including high-yield and foreign debt, and typically with very large allocations. Funds in the latter group typically have broad freedom to manage interest-rate sensitivity, but attempt to tactically manage those exposures in order to minimize volatility. The category is also home to a subset of portfolios that attempt to minimize volatility by maintaining short or ultra-short duration portfolios, but explicitly court significant credit and foreign bond market risk in order to generate high returns. Funds within this category often will use credit default swaps and other fixed income derivatives to a significant level within their portfolios. Bank Loan Bond portfolios primarily invest in floating-rate bank loans instead of bonds. In exchange for their credit risk, these loans offer high interest payments that typically float above a common short-term benchmark such as the London Interbank Offered Rate, or LIBOR. Inflation Protected Bond portfolios invest primarily in debt securities that adjust their principal values in line with the rate of inflation. These bonds can be issued by any organization, but the U.S. Treasury is currently the largest issuer for these types of securities. Emerging Markets Bond portfolios invest more than 65% of their assets in foreign bonds from developing countries. The largest portion of the emerging-markets bond market comes from Latin America, followed by Eastern Europe. Africa, the Middle East, and Asia make up the rest. Muni National Long portfolios invest in bonds issued by various state and local governments to fund public projects. The income from these bonds is generally free from federal taxes. To lower risk, these portfolios spread their assets across many states and sectors. These portfolios have durations of more than 7.0 years (or, if duration is unavailable, average maturities of more than 12 years).

Long Government
Long-government portfolios have at least 90% of their bond holdings invested in bonds backed by the U.S. government or by government-linked agencies. This backing minimizes the credit risk of these portfolios, as the U.S. government is unlikely to default on its debt. They are not risk-free, though. Because these portfolios have durations of typically more than 6.0 years, they are more sensitive to interest rates, and thus riskier, than portfolios that have shorter durations. Morningstar calculates monthly breakpoints using the effective duration of the

Morningstar Core Bond Index in determining duration assignment. Long term is defined as 125% of the three-year average effective duration of the MCBI. Intermediate Government portfolios have at least 90% of their bond holdings in bonds backed by the U.S. government or by government-linked agencies. This backing minimizes the credit risk of these portfolios, as the U.S. government is unlikely to default on its debt. These portfolios have durations typically between 3.5 and 6.0 years. Consequently, the group's performance--and its level of volatility--tends to fall between that of the short government and long government bond categories. Morningstar calculates monthly breakpoints using the effective duration of the Morningstar Core Bond Index in determining duration assignment. Intermediate is defined as 75% to 125% of the three-year average effective duration of the MCBI. Corporate Bond portfolios concentrate on bonds issued by corporations. These tend to have more credit risk than government or agency-backed bonds. These portfolios hold more than 65% of their assets in corporate bonds, hold less than 40% of their assets in foreign bonds, less than 35% in high yield bonds, and have an effective duration of more than 75% of the Morningstar Core Bond Index. Multisector Bond portfolios seek income by diversifying their assets among several fixed income sectors, usually U.S. government obligations, U.S. corporate bonds, foreign bonds, and high-yield U.S. debt securities. These portfolios typically hold 35% to 65% of bond assets in securities that are not rated or are rated by a major agency such as Standard & Poor's or Moody's at the level of BB (considered speculative for taxable bonds) and below.

S&P 500 includes 500 leading companies in leading industries of the U.S. economy and is a proxy for the total stock market. BBgBarc Agg Bond Index refers to the Bloomberg Barclays Aggregate Bond Index, which 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. S&P 500 BBgBarc Agg 50-50 is a blended benchmark made up of 50% S&P 500 TR and 50% Bloomberg Barclays Aggregate Bond Index and uses indexes to represent a stock/bond allocation that a conservative or moderate investor might have.

Important Fund Information

Up Capture Ratio measures the portfolio's compound return when the benchmark was up divided by the benchmark's compound return when the benchmark was up. Down Capture Ratio measures the portfolio's compound return when the benchmark was down divided by the benchmark's compound return when the benchmark was down. Up/Down Capture Ratio Converted to Total Return: If the funds total return is the same amount as the benchmark, the upside capture ratio is 100%. If the funds return is 8% when the benchmark is up 10%, the Upside Capture Ratio is 80%. If the funds return is 8% when the benchmark return is negative 10%, the Down Capture ratio is negative –80%. Cumulative Return is the total gain, expressed as a percentage of the initial value. Standard Deviation measures the degree of variation of returns around the average return; the higher the volatility, the higher the standard deviation. Sharpe Ratio is a risk-adjusted performance measure (the incremental average return over the risk-free rate - represented as 3% - divided by risk), where risk is defined by standard deviation. A higher Sharpe ratio may indicate higher risk-adjusted returns. Sortino Ratio is a risk-adjusted performance measure (the incremental average return over the minimum acceptable return - represented as 0% - divided by risk), where risk is defined by downside deviation. A higher Sortino Ratio may indicate higher risk-adjusted returns. Downside Deviation considers returns that fall below the minimum acceptable return. 0% is used for the minimum acceptable return. Correlation measures how two securities move in relation to one another. Alpha measures a manager's value-added return over a benchmark index by comparing its actual return to the return expected based on the risk level. Beta measures sensitivity to market movements relative to a benchmark index. Alpha, Beta, and Correlation show the value for the BTS portfolio versus the listed benchmark. Average Drawdown is the arithmetic average of all drawdowns over a given period of time.

Mutual funds involve risk, including possible loss of principal.
Investors cannot directly invest in an index and unmanaged index returns do not reflect any fees, expenses, or sales charges.

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, 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/SIPC. BTS Asset Management, Inc. is not affiliated with Northern Lights Distributors, LLC.

BTS FUNDS

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