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# Managed Futures' "Giant Step"

January 24, 2012

**TRUSTED ALTERNATIVES.  
INTELLIGENT INVESTING.**



## Jon Sundt, Founder, President & CEO

- Leading expert on alternative investments with a specialization in managed futures
- Co-portfolio manager of Altegris's mutual funds
- Championed the development of Altegris.net performance reporting system, the Altegris 40 Index, and Altegris Analytics
- Former Director of Managed Accounts and SVP of the Managed Investments Division of Man Financial
- Majored in Computer Science, Minored in Economics at University of California, San Diego (UCSD)
- Active member of Young Presidents' Organization (YPO) and Vistage International
- Institutional Investor Mutual Fund Rising Star of 2011 winner



## Meet Altegris

- Founded in 2002, 100+ employees
- Exclusively focused on alternative investments
- Platform of what we believe are best-of-breed actively managed mutual funds and private funds

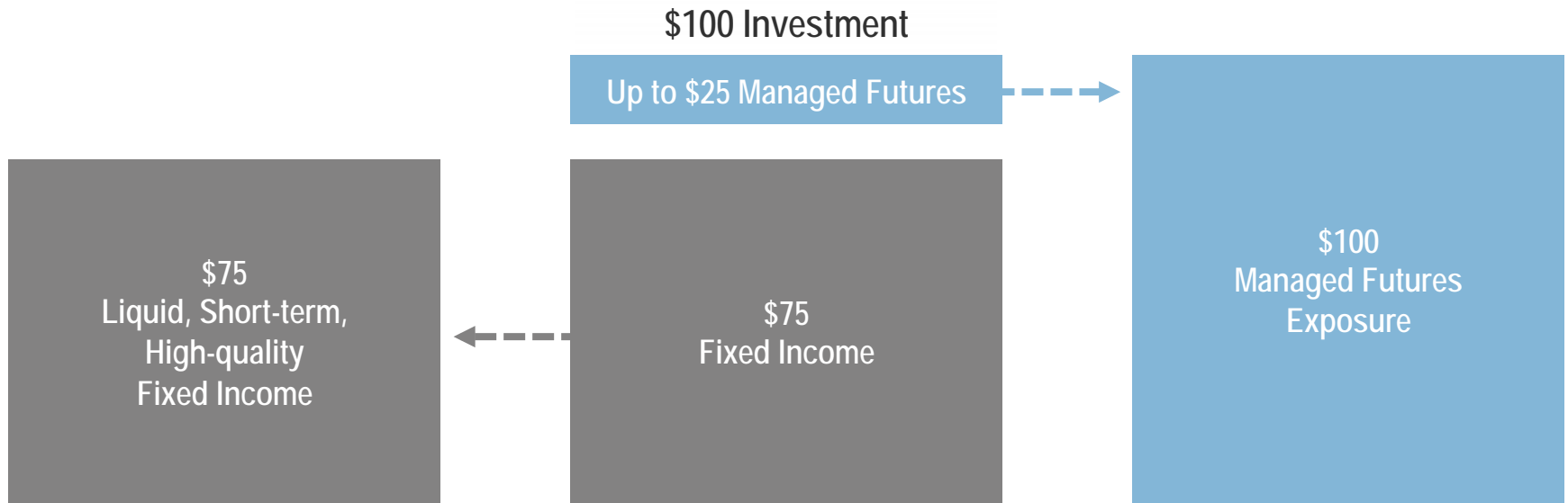
**Altegris has one core mission:**  
Find the best alternative investment managers in the industry. In fact, our clients deserve and demand this.

*There is no guarantee that any investment will achieve its objectives, generate profits or avoid losses.*

# Fund Structure: Sample Managed Futures Funds

## Managed futures funds:

- Allocate approximately 25% to managed futures strategies
  - Designed to capture returns related to trends in the commodity and financial futures markets by investing in managed futures strategies
- Allocate approximately 75% to fixed income
  - Designed to generate interest income by investing in a variety of investment grade fixed income securities

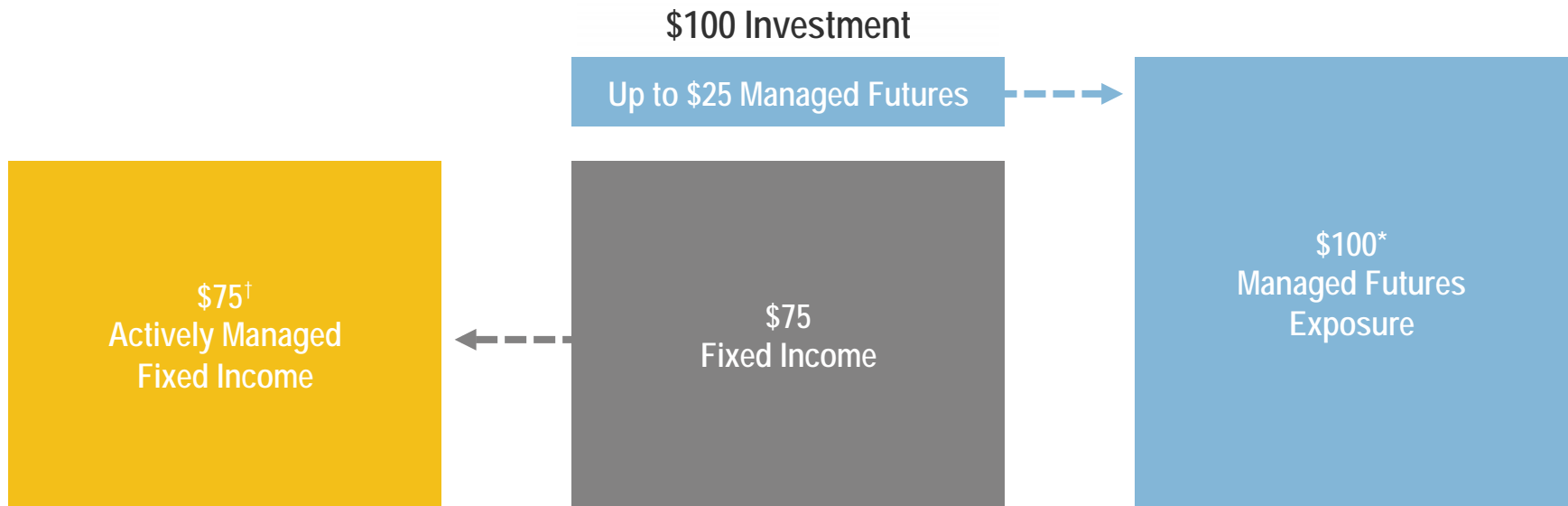


*THE ABOVE CHART IS FOR ILLUSTRATIVE PURPOSES ONLY AND IS NOT MEANT TO REPRESENT ANY PARTICULAR FUND. There is no guarantee that any investment will achieve its objectives, generate profits or avoid losses. The allocation ranges of any particular fund to each strategy may be higher or lower. For a definition and an example of notional funding see page 40.*

# Fund Structure: Altegris Futures Evolution Strategy Fund

## Altegris Futures Evolution Strategy Fund:

- Allocate approximately 25% to managed futures strategies
  - Designed to capture returns related to trends in the commodity and financial futures markets by investing in managed futures strategies
- Allocate approximately 75%<sup>†</sup> to fixed income
  - Designed to generate interest income and capital appreciation by investing in various active fixed income sub-strategies

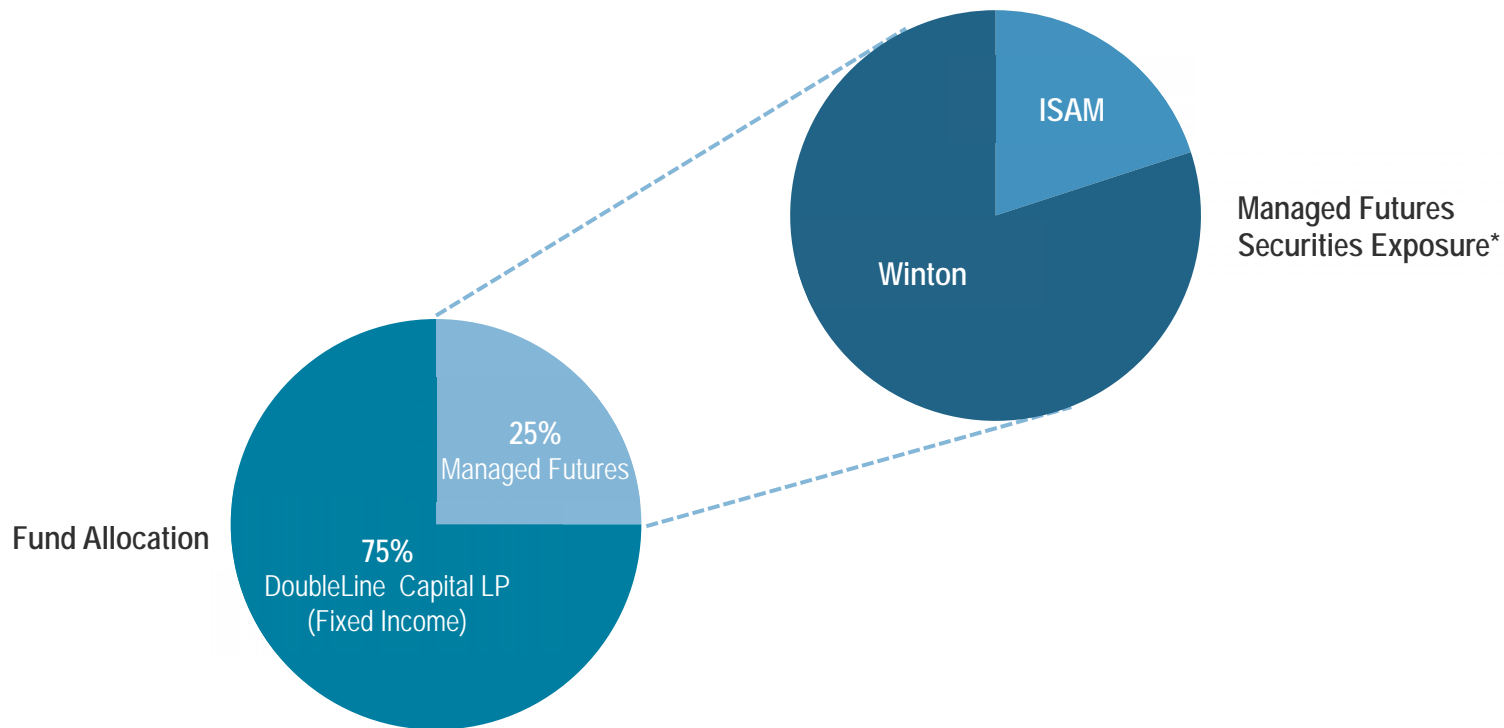


\*Typical managed futures strategy exposure will be 100%, up to a maximum of 125%. <sup>†</sup>Typically, 70%-80% of the Fund's total net assets will be invested in fixed income strategies. For additional information about Fund allocations and exposures, see the Principal Investment Strategies section of the Prospectus.

*The Fund seeks to achieve its investment objectives by allocating its assets between a managed futures strategy and a fixed income strategy. The Fund may invest up to 25% of its total assets in a wholly owned subsidiary, which will invest in underlying managed futures securities. The remainder is invested in fixed income strategies. However, the allocation ranges to each strategy may be higher or lower. The Fund may invest in managed futures as if 100% to 125% of the portfolio is invested in managed futures programs. There is no guarantee that any investment product will achieve its objectives, generate profits or avoid losses. For additional information see the Prospectus. For a definition and an example of notional funding see page 40.*

# Altegris Futures Evolution Fund Holdings

As of December 31, 2011



*Portfolio holdings, investment strategies, and managed futures exposures are presented to illustrate examples of allocations the adviser expects the Fund to have and the diversity of areas in which the Fund may be invested, and may not be representative of the Fund's current or future holdings or exposures. Portfolio holdings and managed futures exposures are subject to change at any time and should not be considered investment advice. The Fund utilizes two principal strategies: managed futures (15-25%) and fixed income (70-80%). Allocations may be higher or lower based on market conditions. The Fund may invest in managed futures as if 100% to 125% of the portfolio is invested in managed futures programs. There is no guarantee that any investment product will achieve its objectives, generate profits or avoid losses. PAST PERFORMANCE IS NOT INDICATIVE OF FUTURE RESULTS. See Additional Disclosure.*

# Winton Capital Management Overview



## David Winton Harding, Founder, Chairman and Head of Research

- One of the pioneers of trend-following systematic trading in Europe
- Graduated from Cambridge University with a First Class Honours degree in Natural Sciences specializing in Theoretical Physics
- In 1987, he formed Adam, Harding and Lueck Ltd (“AHL”)
- In 1997, Mr. Harding founded Winton and continues to lead Winton’s research efforts

# Winton Capital Management Overview

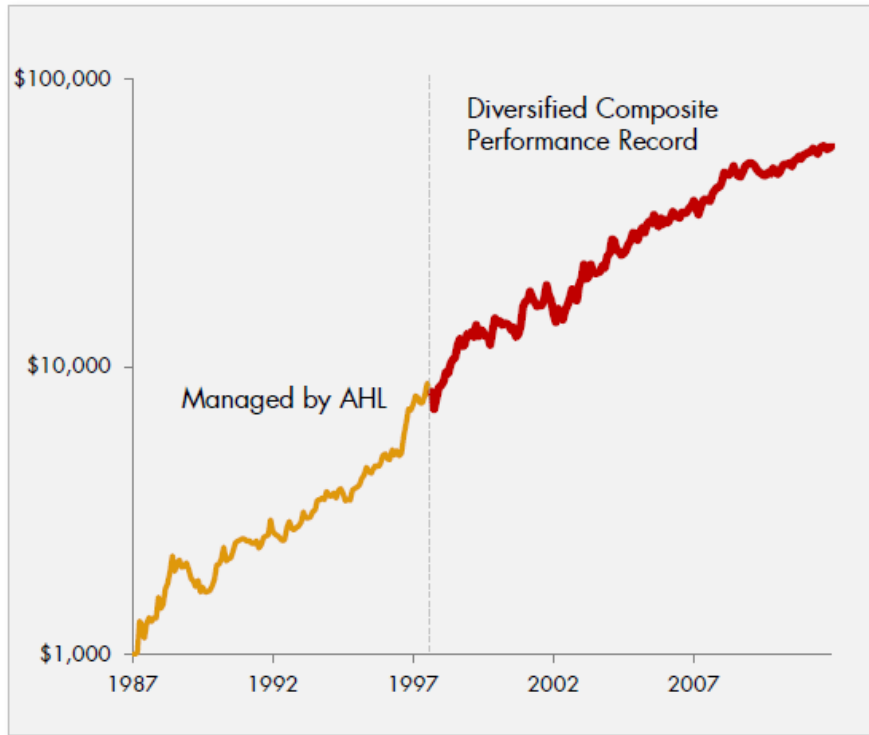


## Meet Winton Capital Management

- Founded in 1997, currently manages over \$28 billion in assets (as of January 2012)
- Led by scientist, David Harding, with 25-year track record
- One of world's leading systematic trading managers
- Pursues long-term trend following strategy
- Leader in empirical scientific research and financial mathematics
- Research team of over 100

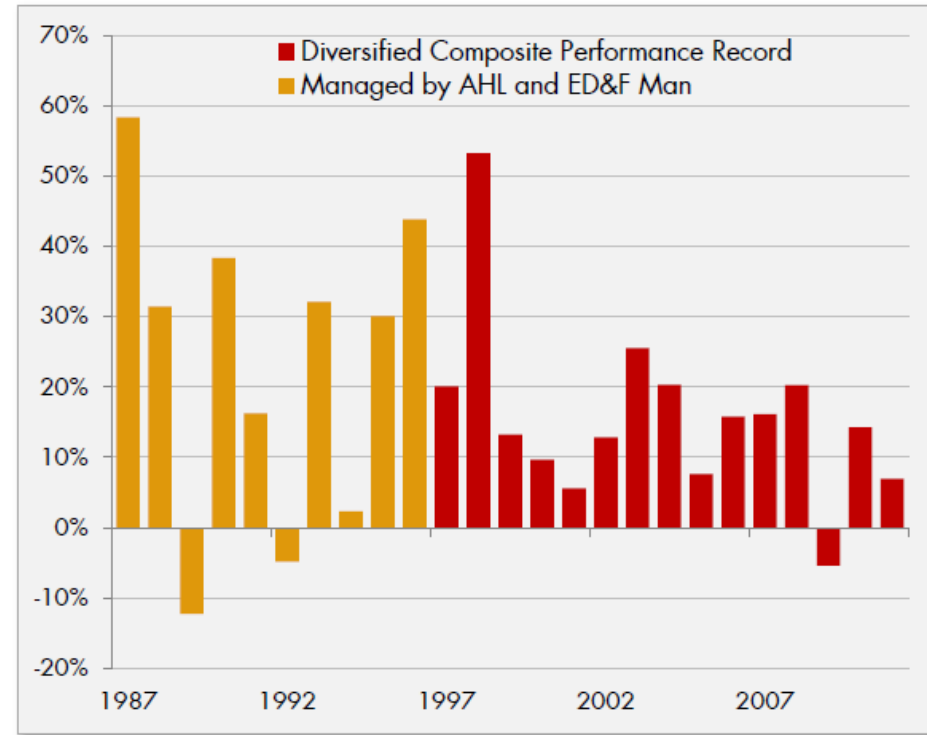


## David Harding's 24 year track record – Net of Fees



**Note:** Returns for AHL and ED&F Man have been adjusted by Winton to reflect Winton fee structure. Compound growth of \$1,000 shown above.  
**Source:** AHL, ED&F Man Plc, Winton Capital Management Ltd as at 30<sup>th</sup> Dec 2011.

## David Harding's 24 year track record – Net of Fees



**Note:** Returns for AHL and ED&F Man have been adjusted to reflect Winton fee structure. Calendar year returns shown above.  
**Source:** AHL, ED&F Man Plc, Winton Capital Management Ltd as at 30<sup>th</sup> Dec 2011.



# Winton Diversified Program: Performance

## Winton Diversified Program – Composite (includes cash equities)

NET MONTHLY RETURNS (%)

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Jan		1.50	-1.51	-3.66	4.58	-10.81	5.30	2.65	-5.16	3.93	4.03	3.92	0.92	-2.51	0.11
Feb		3.27	3.55	1.75	0.57	-6.14	11.95	11.93	5.72	-2.74	-6.39	8.21	-0.32	2.29	1.62
Mar		8.02	-4.24	-3.13	7.48	11.44	-11.14	-0.50	4.70	3.88	-4.13	-0.92	-1.78	4.64	0.20
Apr		-1.48	10.09	1.53	-5.23	-4.66	2.07	-8.27	-4.03	5.68	6.13	-0.97	-3.08	1.58	3.06
May		8.53	-8.58	-0.50	-3.32	-3.80	10.18	-0.16	6.49	-3.21	5.04	1.95	-2.08	-0.85	-2.22
Jun		3.23	5.31	-1.28	-2.95	7.32	-5.85	-3.12	2.85	-1.34	1.83	5.22	-1.31	1.46	-2.55
Jul		1.35	-1.93	-4.33	0.72	4.79	-1.15	0.88	-2.15	-0.62	-1.38	-4.66	-1.55	-2.83	4.90
Aug		11.06	-3.64	2.82	0.02	5.48	0.69	2.64	7.66	4.58	-0.96	-3.09	0.31	4.92	1.59
Sep		4.52	-0.16	-7.54	4.48	7.42	0.71	4.78	-6.50	-1.43	6.83	-0.38	2.73	0.84	0.20
Oct	-12.97	-5.65	-6.13	2.50	12.45	-7.76	5.46	3.37	-3.02	1.43	2.38	3.65	-1.54	2.62	-2.55
Nov	9.96	1.18	13.12	7.10	-7.56	-1.09	-2.68	6.38	7.05	3.10	2.45	4.48	5.01	-2.23	1.02
Dec	8.34	9.19	9.20	16.04	-4.02	13.46	10.00	-0.58	-4.59	2.03	0.12	1.93	-2.53	3.89	1.66e
YTD	3.68	53.26	13.24	9.72	5.56	12.86	25.52	20.31	7.65	15.83	16.13	20.25	-5.39	14.27	6.97e

Note: e = estimate

Cash equities were included in the strategy from June 2010

Source: Arthur Bell Accountants as at 30<sup>th</sup> Dec 2011.

PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE RESULTS

# DoubleLine Capital Overview



## Jeffrey E. Gundlach, CEO and CIO, Co-founder

- Leading expert on fixed income investment and asset allocation
- Former TCW Chief Investment Officer and head of fixed income activities
- Graduate of Dartmouth College (summa cum laude) with BA in Mathematics and Philosophy
- Attended Yale University as PhD candidate in Mathematics
- Morningstar's Fixed Income Manager of the Year (winner in 2006, nominated multiple years)
- Morningstar's Fixed Income Manager of the Decade nomination (2009)
- SmartMoney Power 30 and one of seventeen most influential people by The Mutual Fund Wire

# DoubleLine Capital Overview

## Meet DoubleLine

- Co-founded by Jeffrey Gundlach
- Independent, employee owned asset management firm
- Objective is to deliver better risk-adjusted fixed income returns to its clients
- Fixed Income Asset Allocation team of portfolio managers have worked together for an average of 10+ years, each with over 20+ years of industry experience.



# “To Have and Have Not”

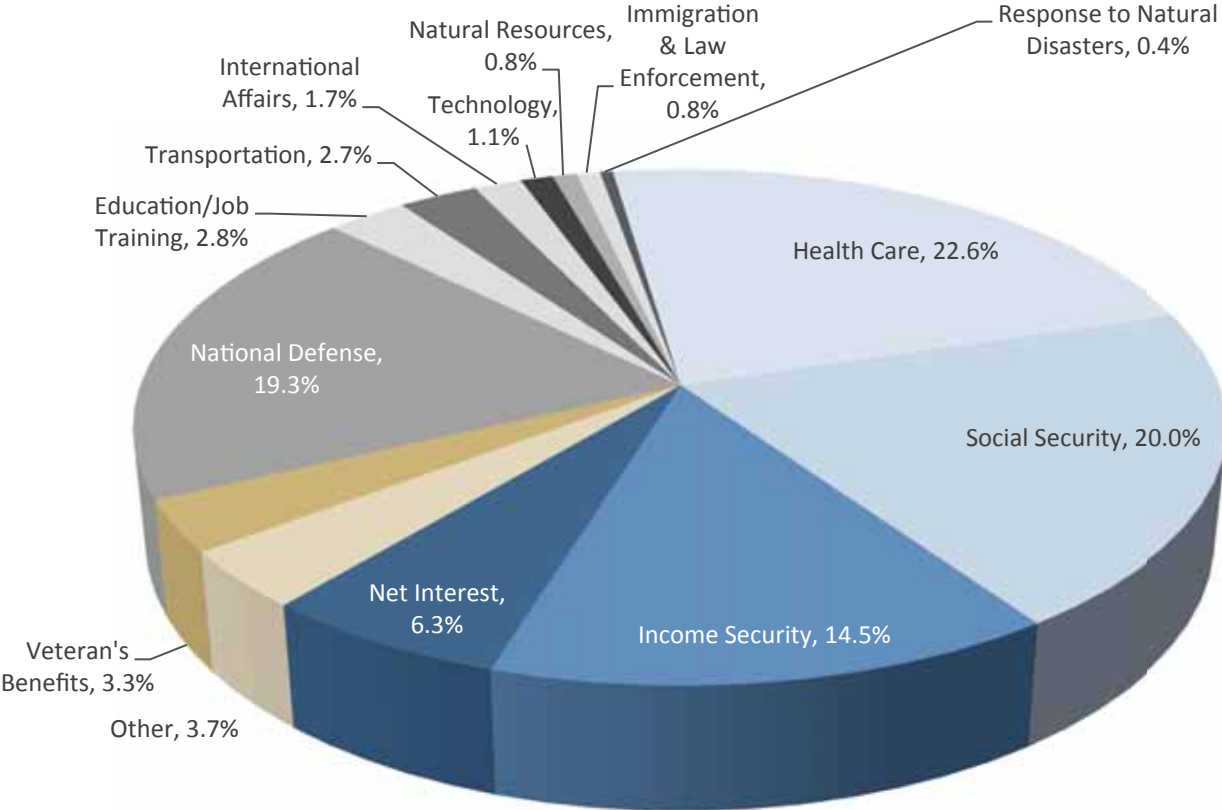
**Jeffrey Gundlach**

Chief Executive Officer

**January 24, 2012**



# Fiscal Year 2011 Requested Budget



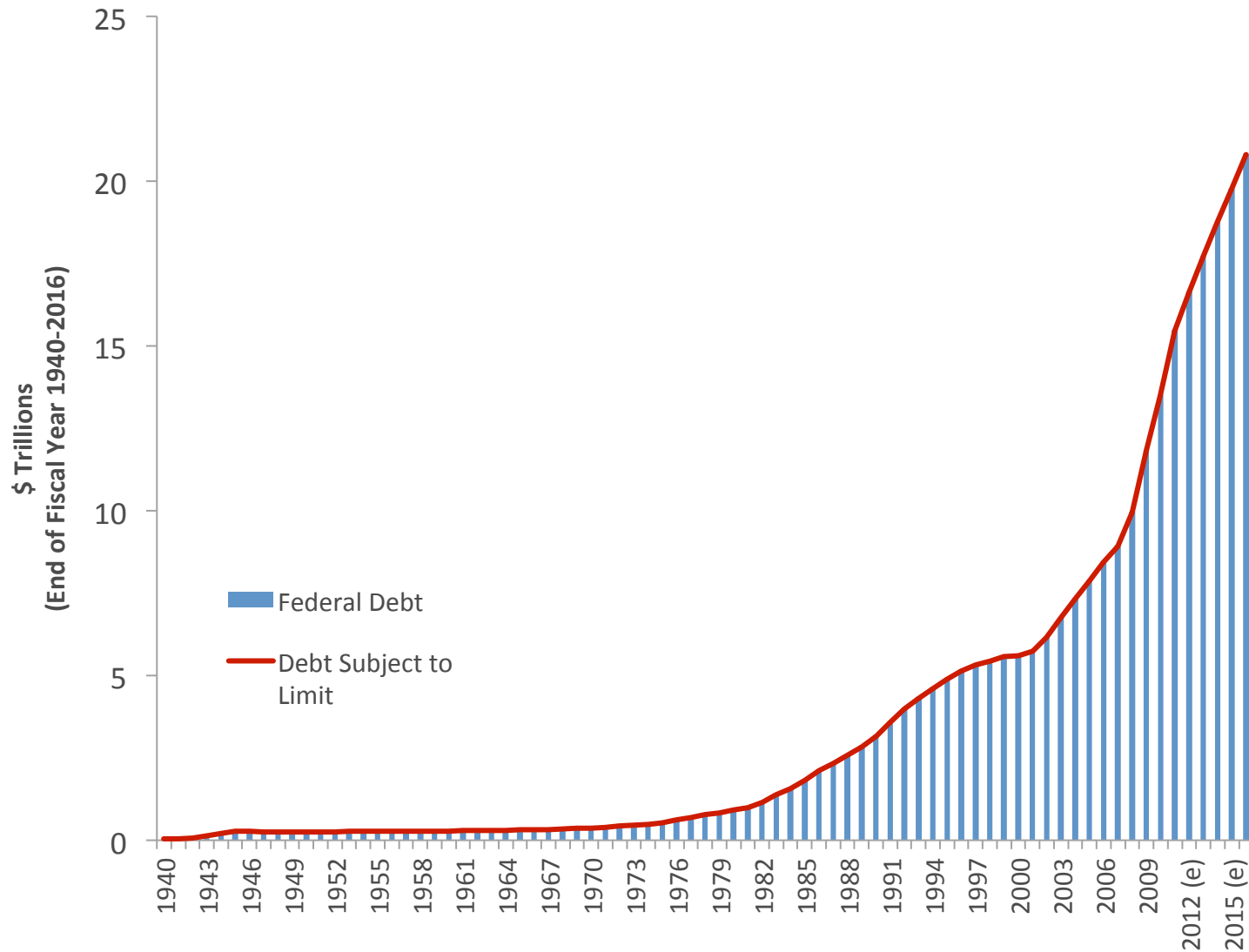
**Blue indicates Mandatory Spending**

**Grey indicates Discretionary Spending**

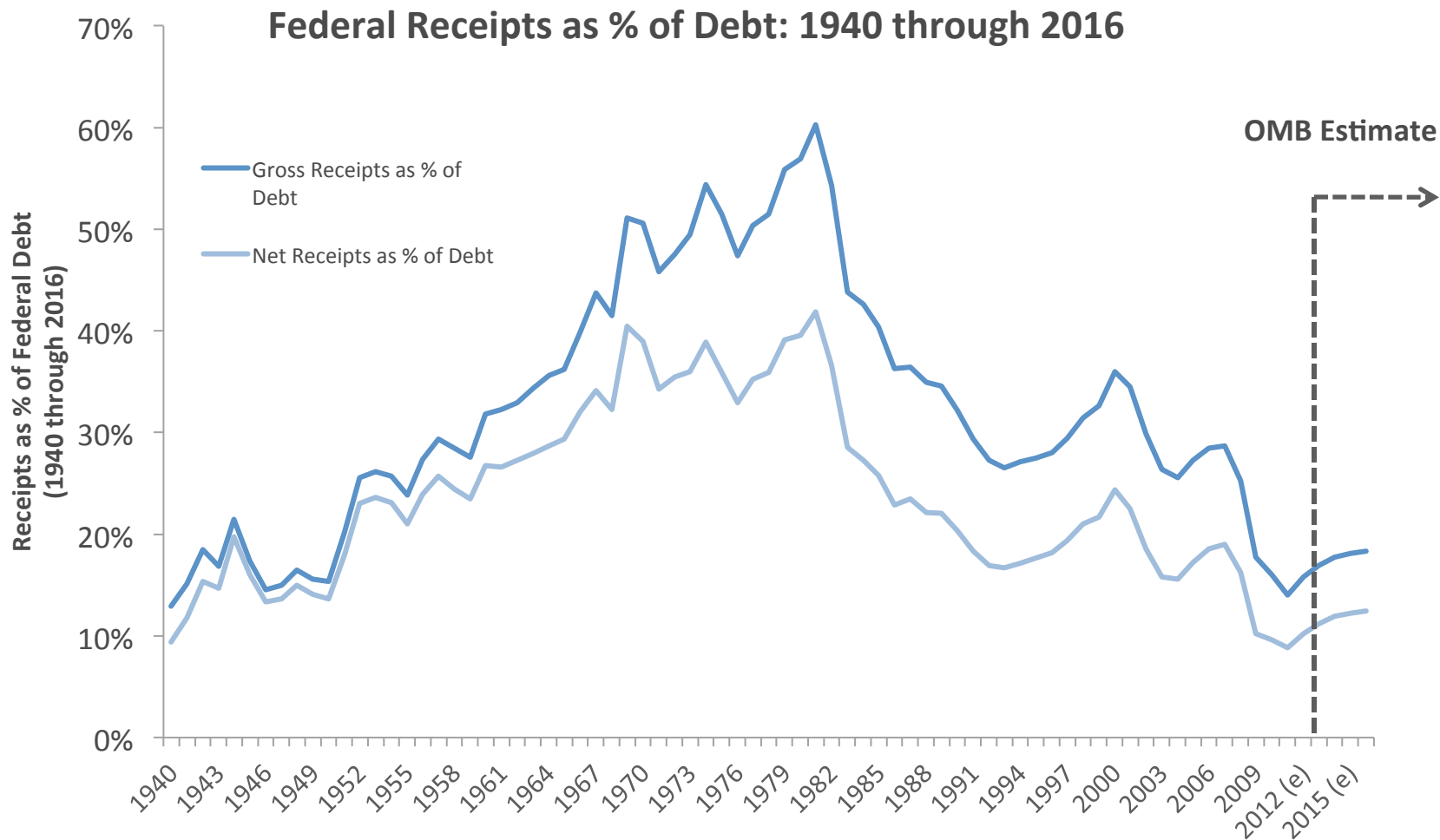
**Brown indicated Both Mandatory & Discretionary Spending**

# National Debt Ceiling versus Gross Federal Debt

Statutory limits have been reduced 5 times since 1940

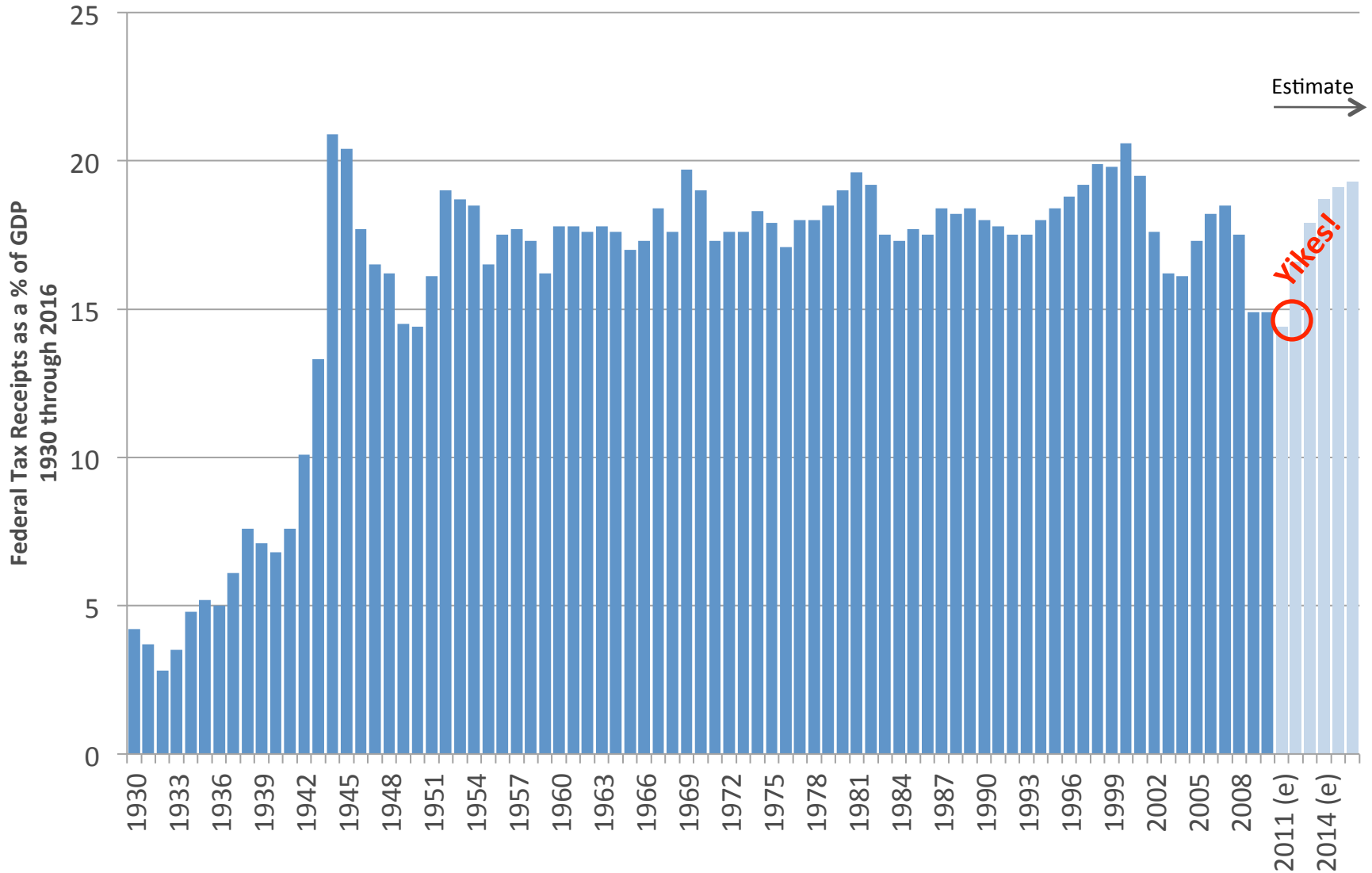


# Federal Receipts as % of Debt: 1940 through 2016



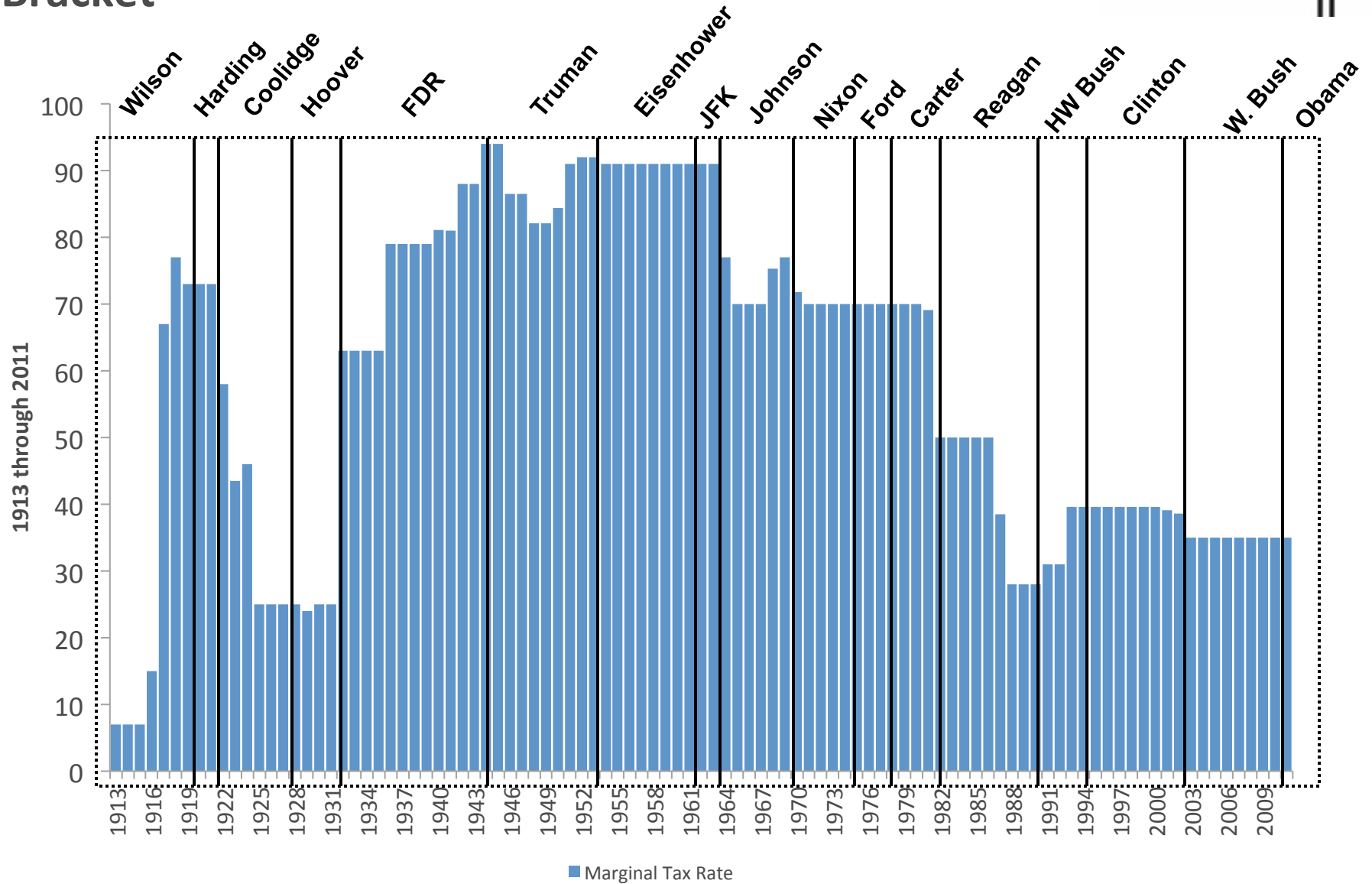
*Gross Receipts equal Individual Tax, Corporate Tax, Excise Tax and Social Insurance and Retirement Receipts  
Net Receipts equal Gross Receipts less Social Insurance and Retirement Receipts*

# Federal Tax Receipts as a % of GDP



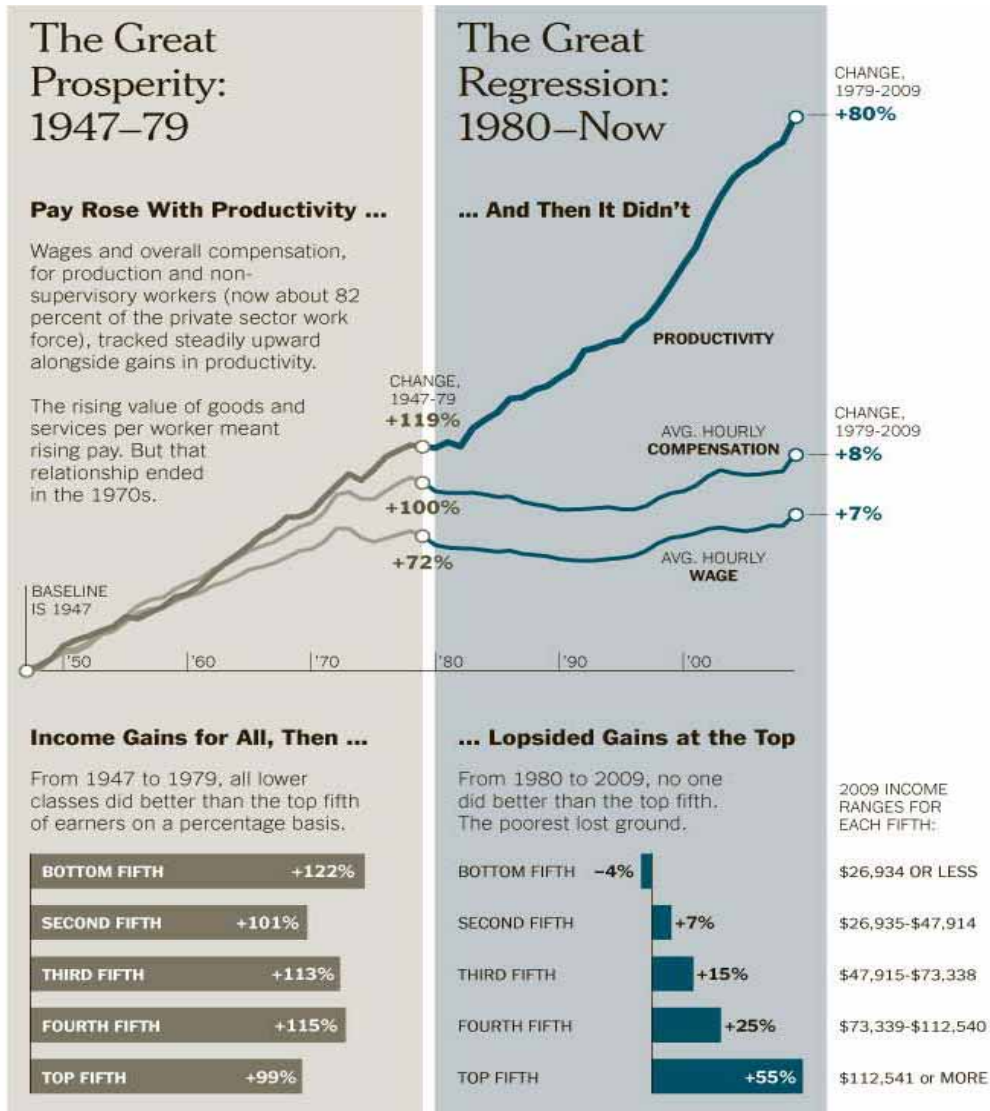
Source: Office of Management and Budget, DoubleLine Capital  
 GDP = Gross Domestic Product refers to the market value of all final goods and services produced within a country in a given period.

# Marginal Tax Rate on Highest Individual Income Bracket

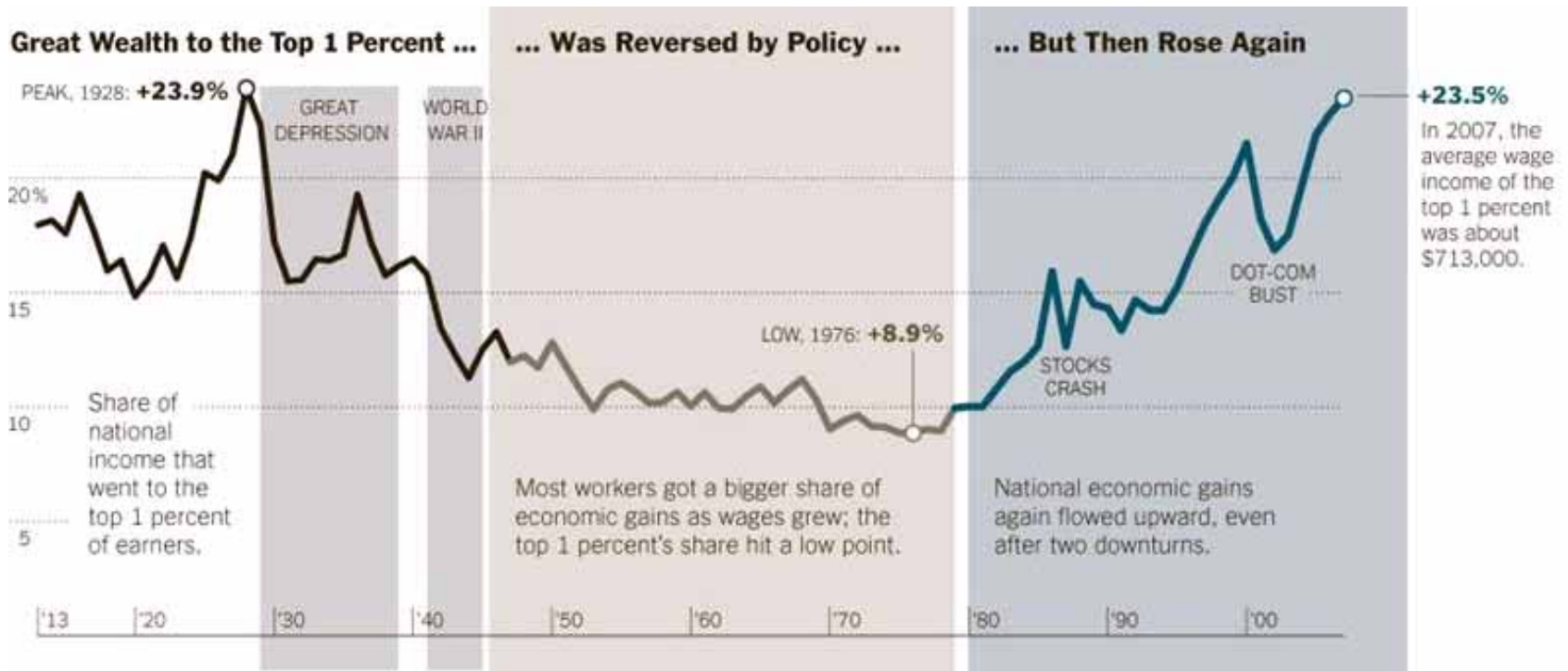


Source: Internal Revenue Service, DoubleLine Capital LP as of December 31, 2009

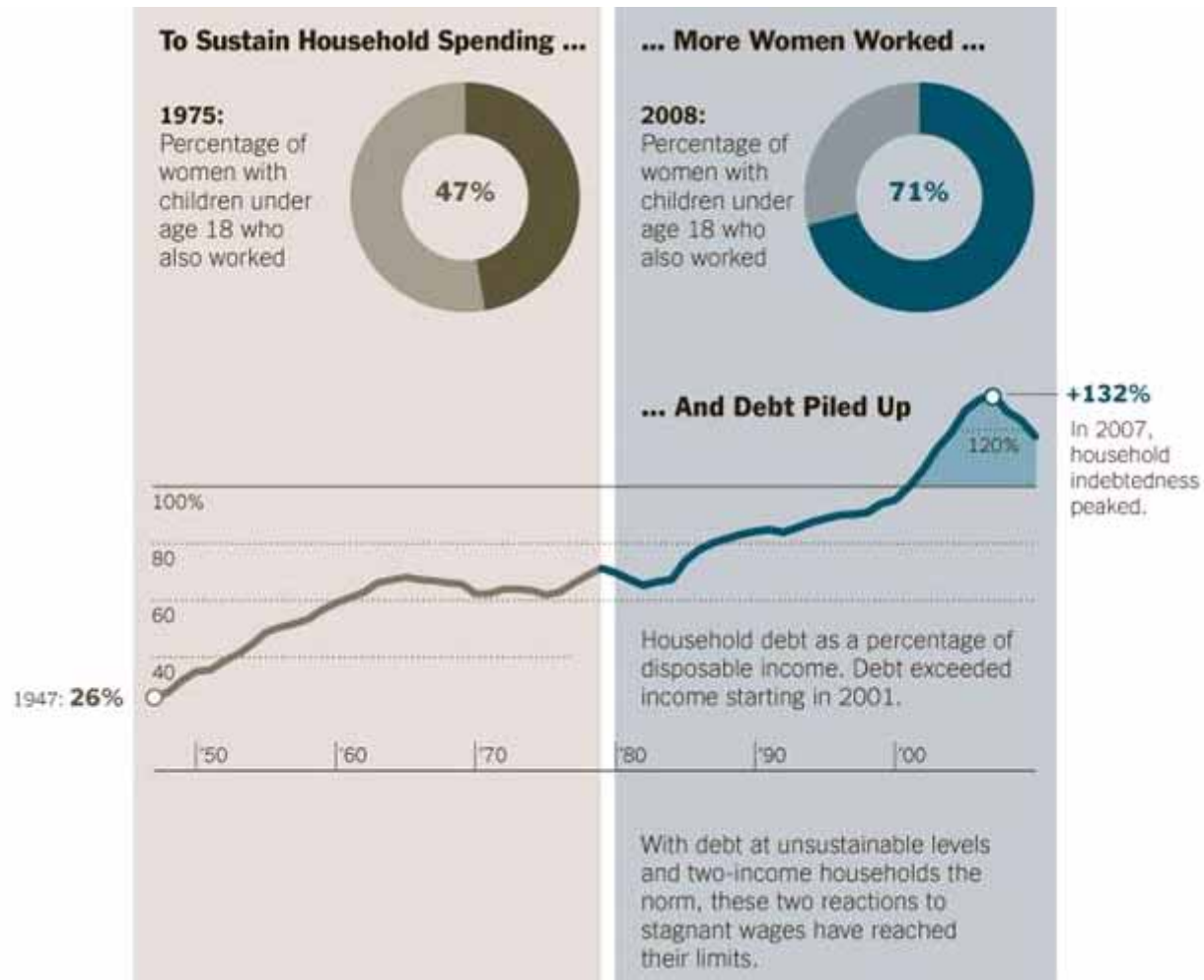
# US Wealth Discrepancy Increases



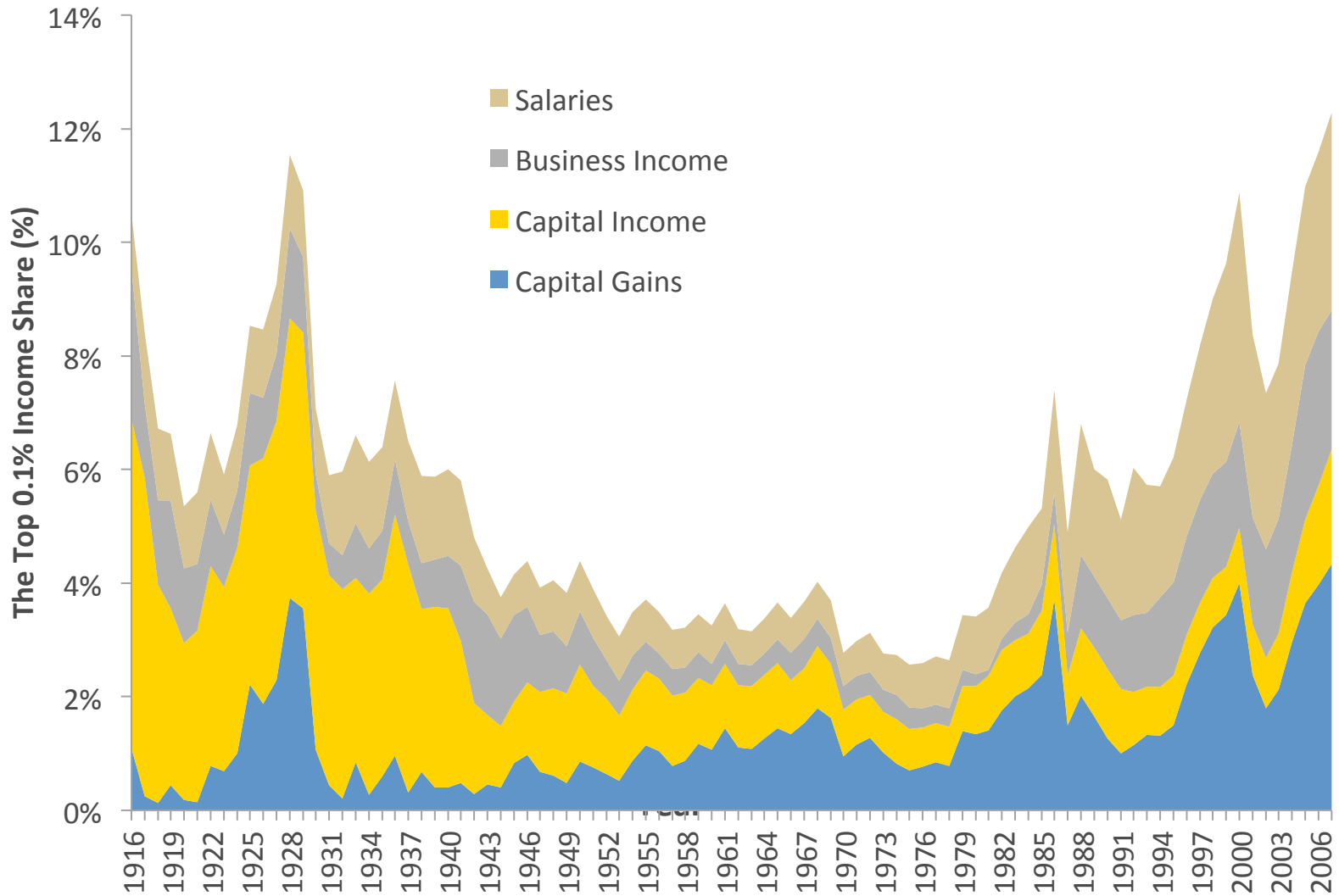
# Top 1% Wealth Earners Increases



# US Declining Middle Class



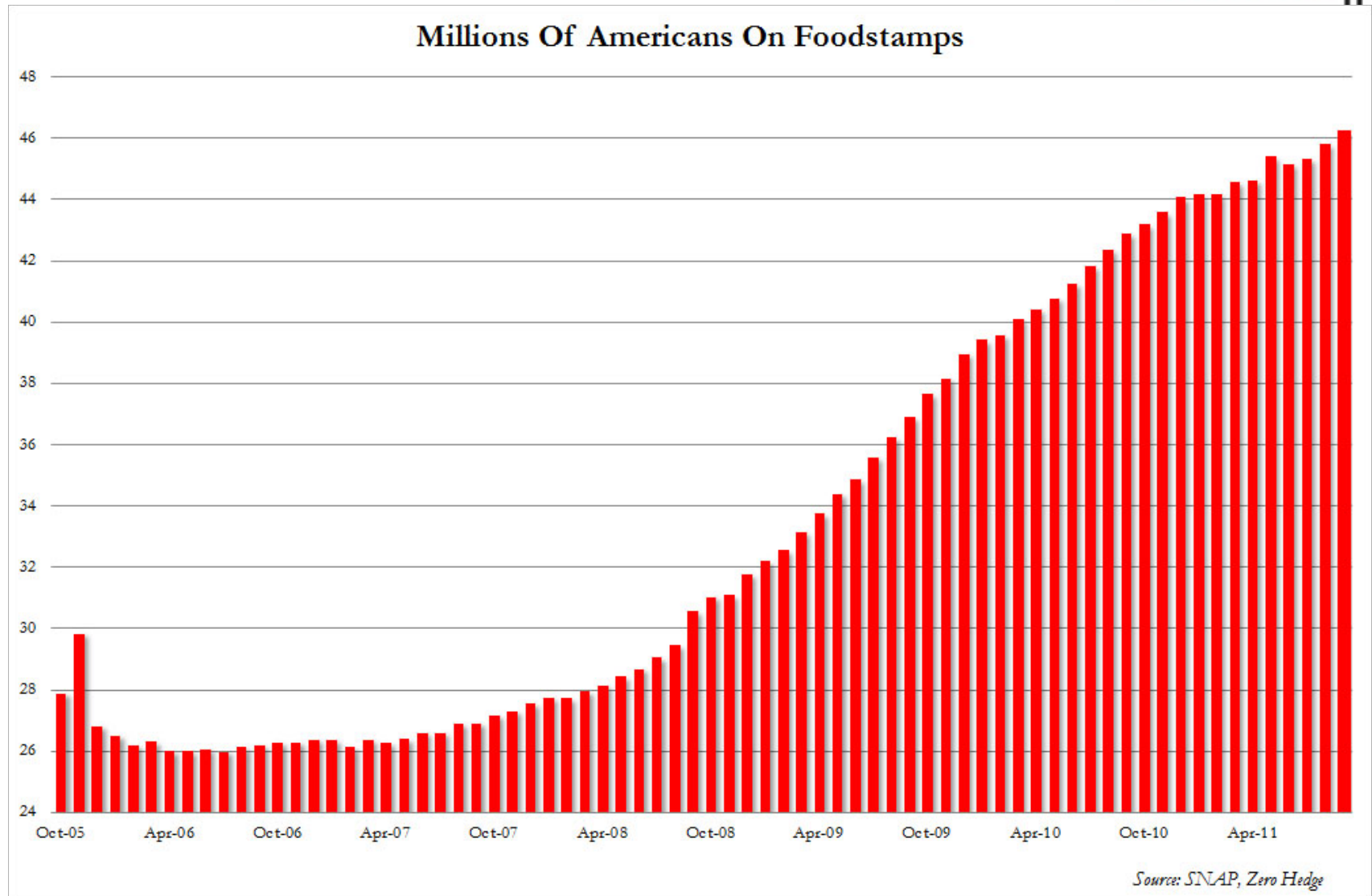
# Top U.S. 0.1% Income Share and Composition 1916-2007



Source: Piketty and Saez (2003), series updated to 2007

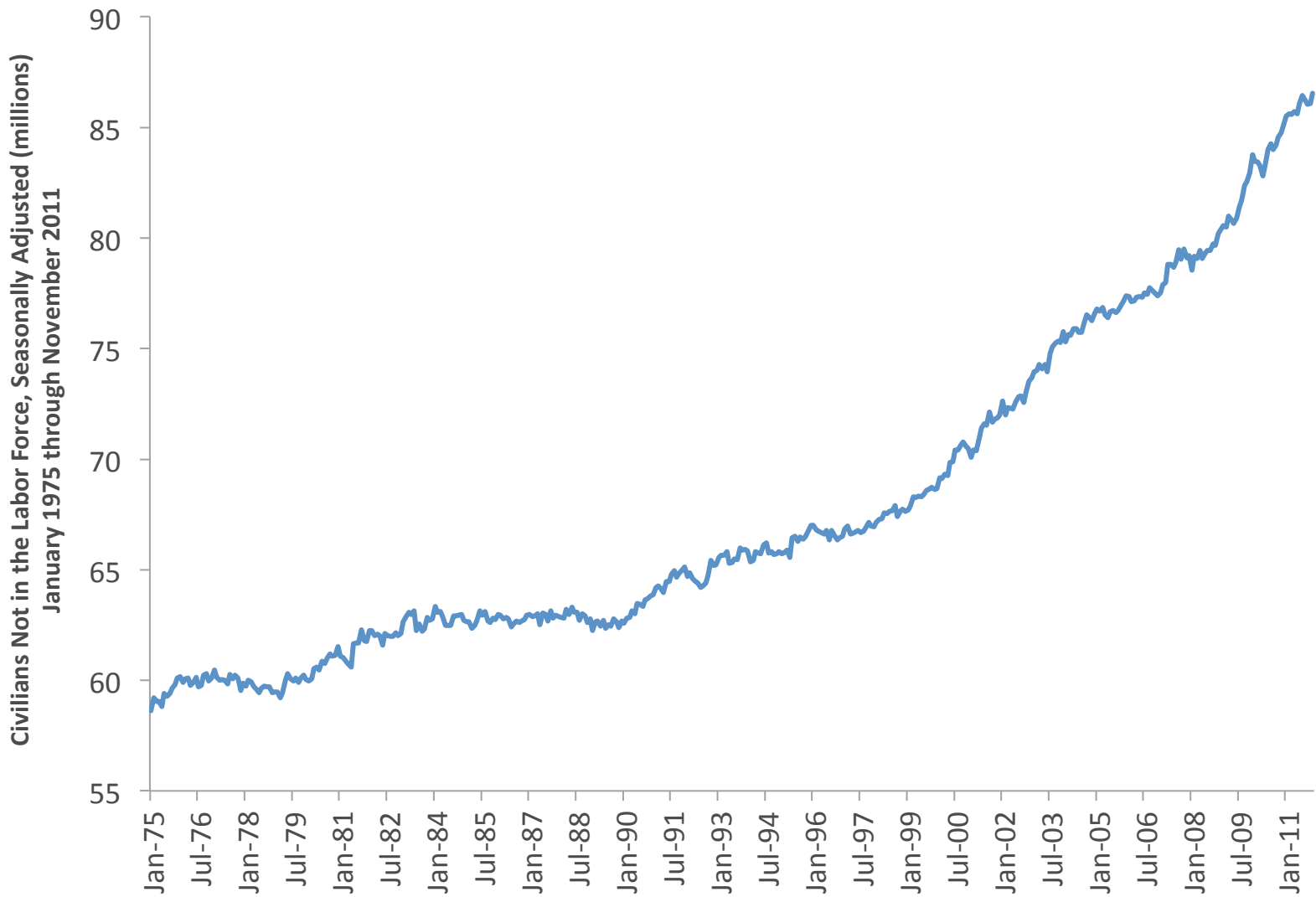
The Figure displays the top 0.1% income share and its composition. Income is defined as market income including capital gains (excludes all government transfers). Salaries include wages and salaries, bonus, exercised stock-options, and pensions. Business income includes profits from sole proprietorships, partnerships, and S-corporations. Capital income includes interest income, dividends, rents, royalties, and fiduciary income. Capital gains includes realized capital gains net of losses.

# U.S. Food Stamp Participation



# Civilians Not in the Labor Force

December 1976 through November 2011

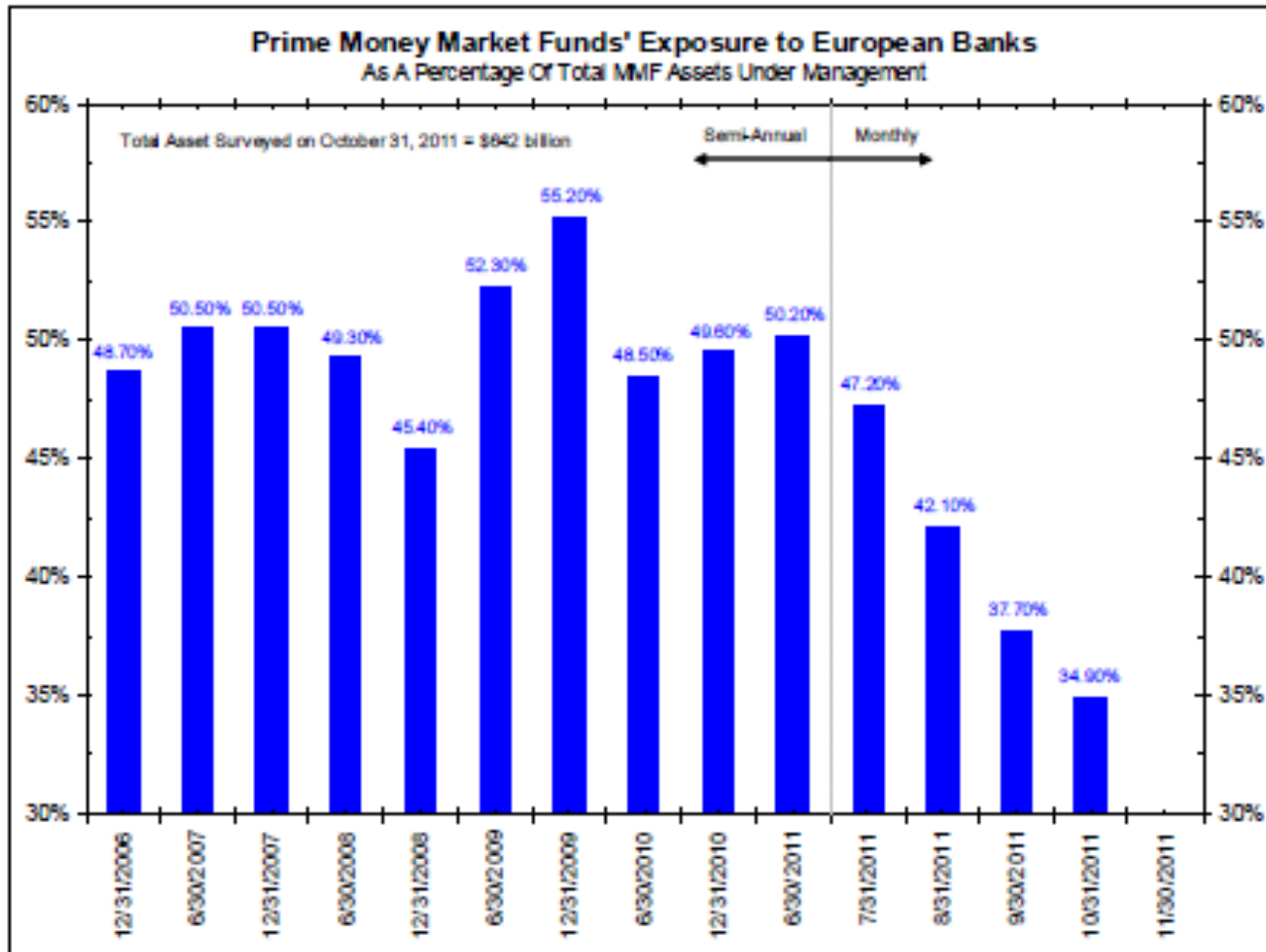


# Recent Public Opinion Poll

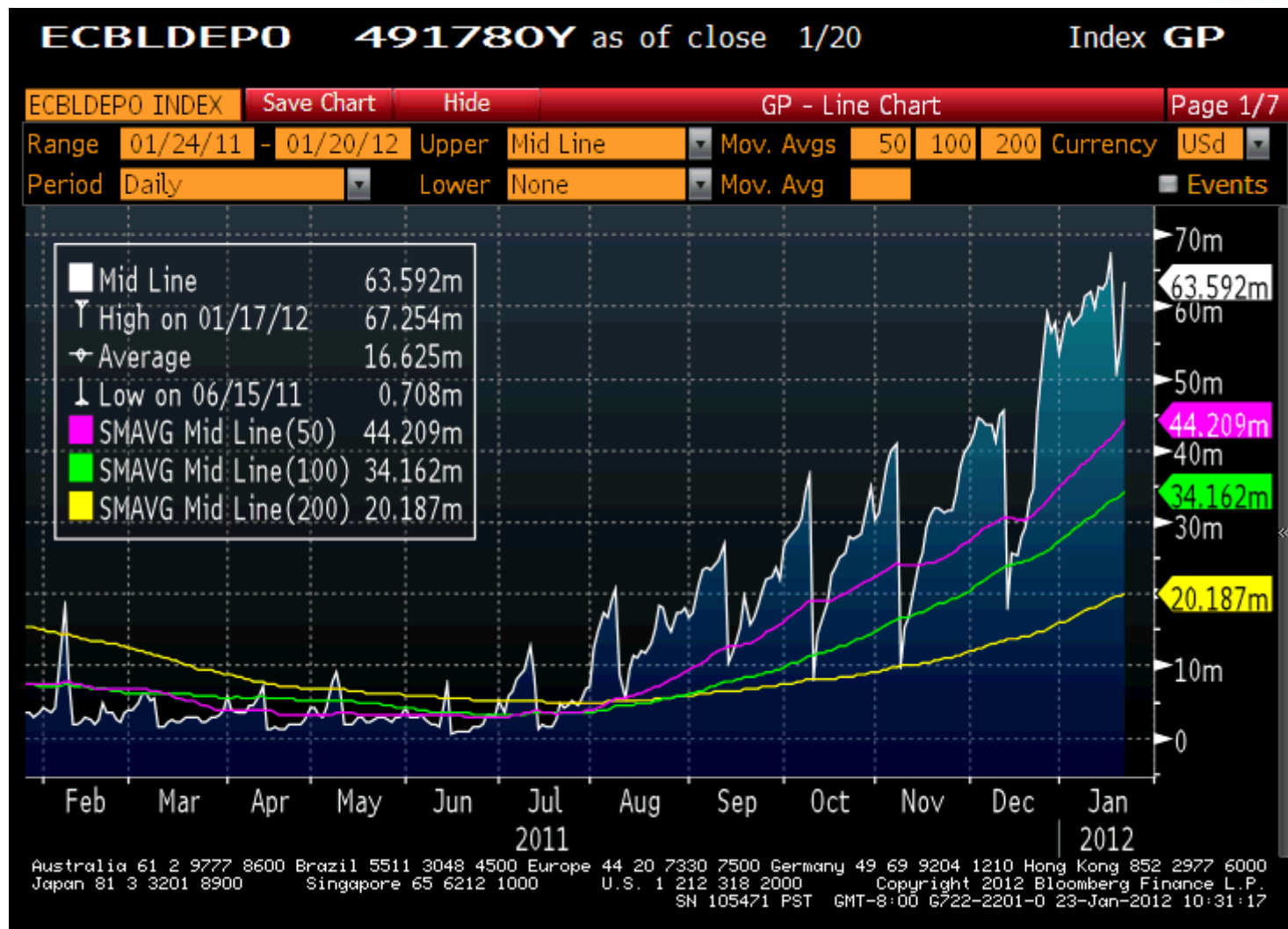


- 67%** In favor of increasing taxes on higher income Americans
- 61%** In favor of a surcharge on income of \$1 million or more “millionaire’s tax”
- 81%** Not in favor of major cuts to Social Security and Medicare
- 51%** In favor of cutting defense spending

# Money Market Funds



# Euro Bank Borrowing From European Central Banks (ECB)

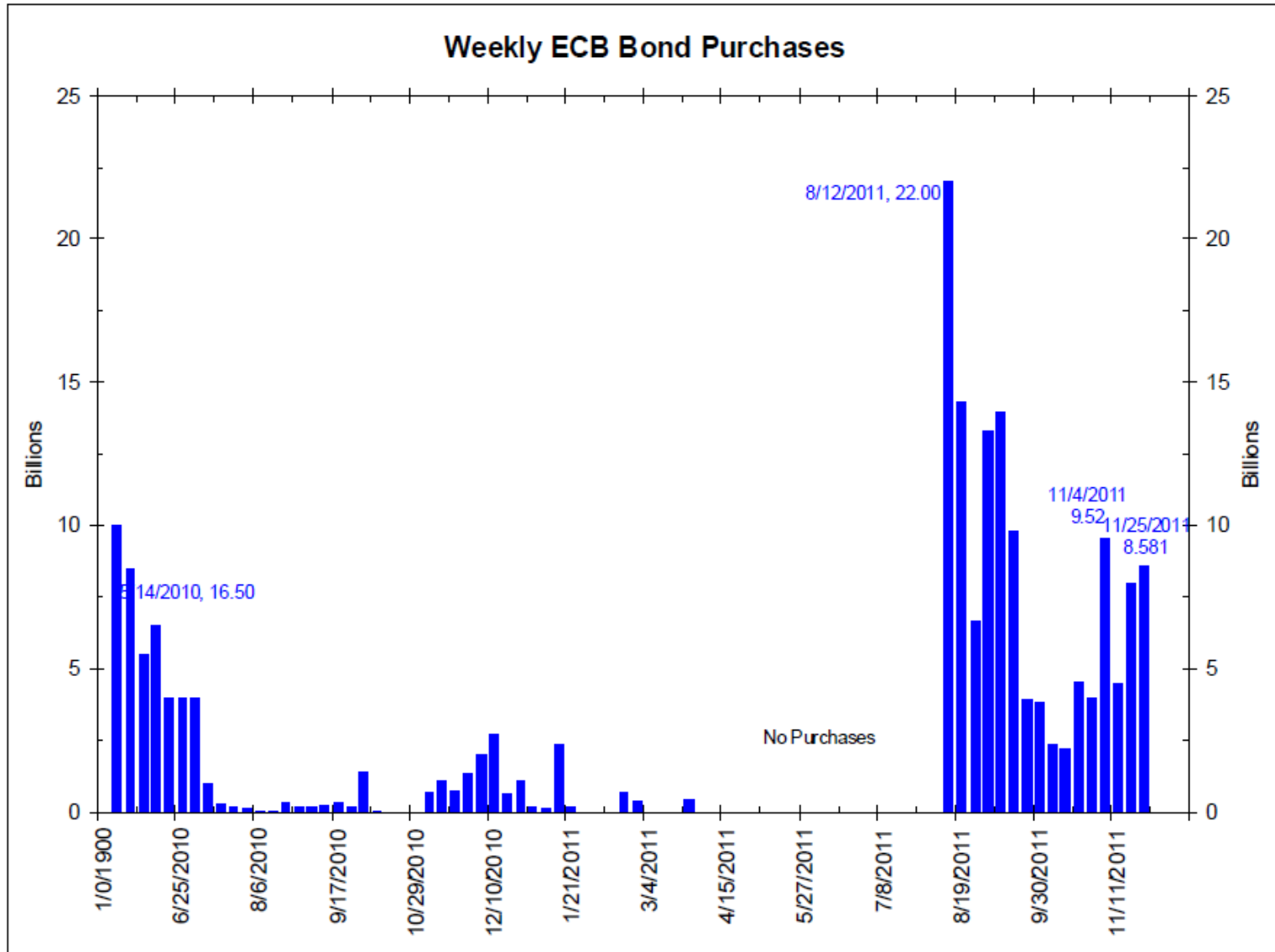


Source: Bloomberg, European Central Banks

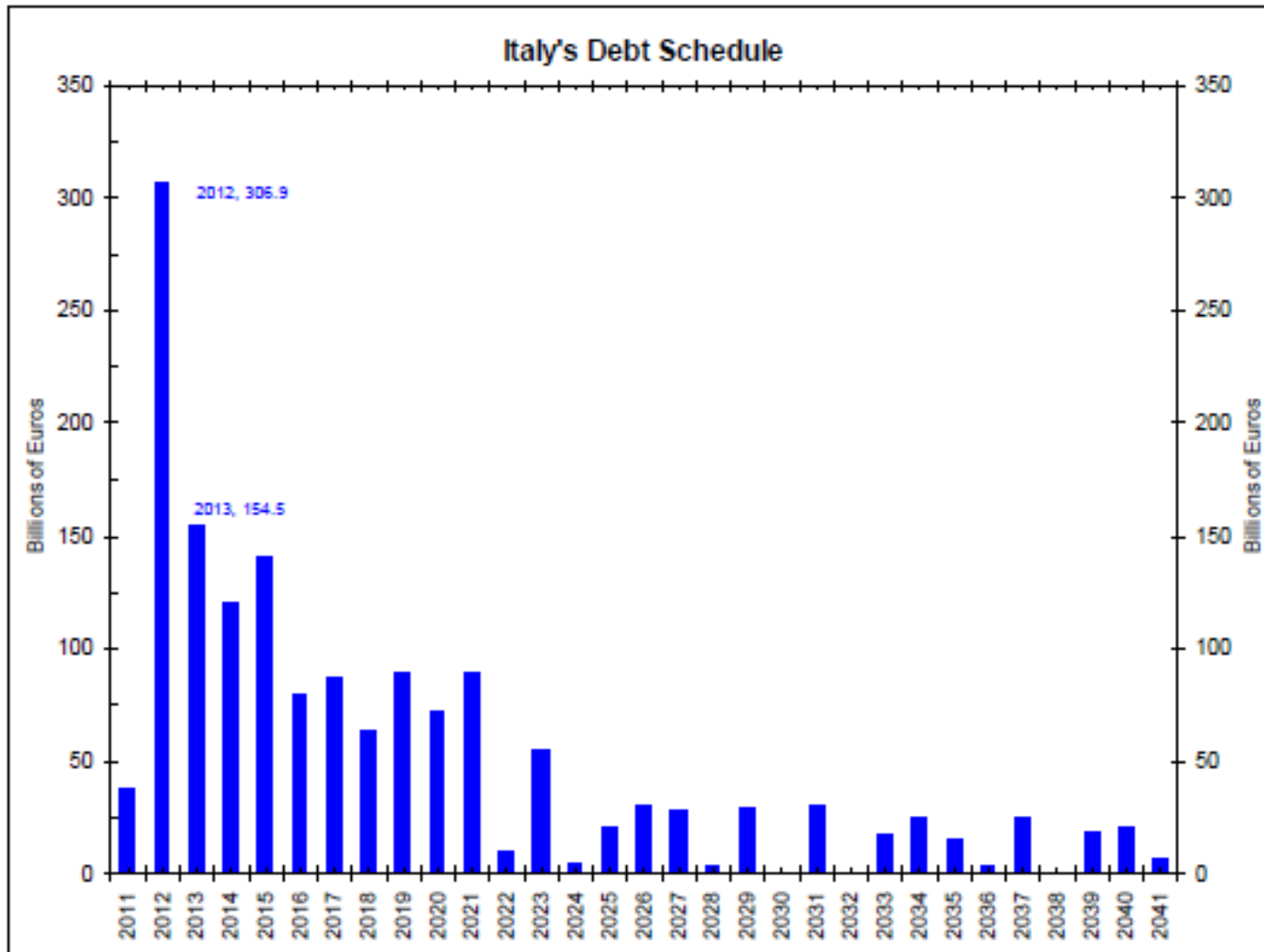
ECBLDEPO Index = ECB Eurozone Liquidity Recourse to the Deposit Facility. Eurozone includes 27 member states: Austria, Belgium, Bulgaria, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Spain, Sweden and the United Kingdom.

An investment cannot be made directly in an index.

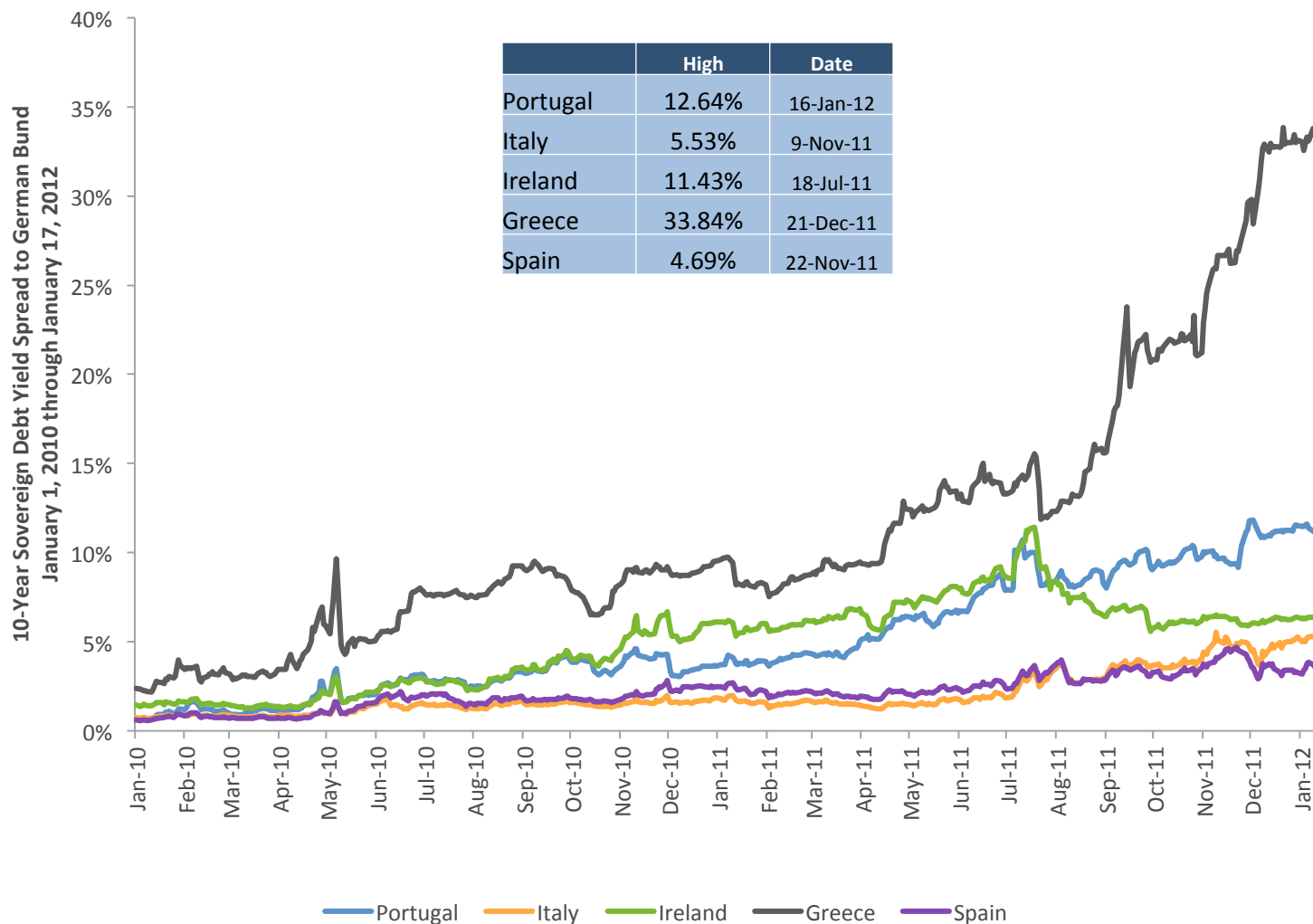
# Weekly ECB Bond Purchase



# Italy's Debt Schedule



# PIIGS 10 –Year Sovereign Debt Spread to German Bund

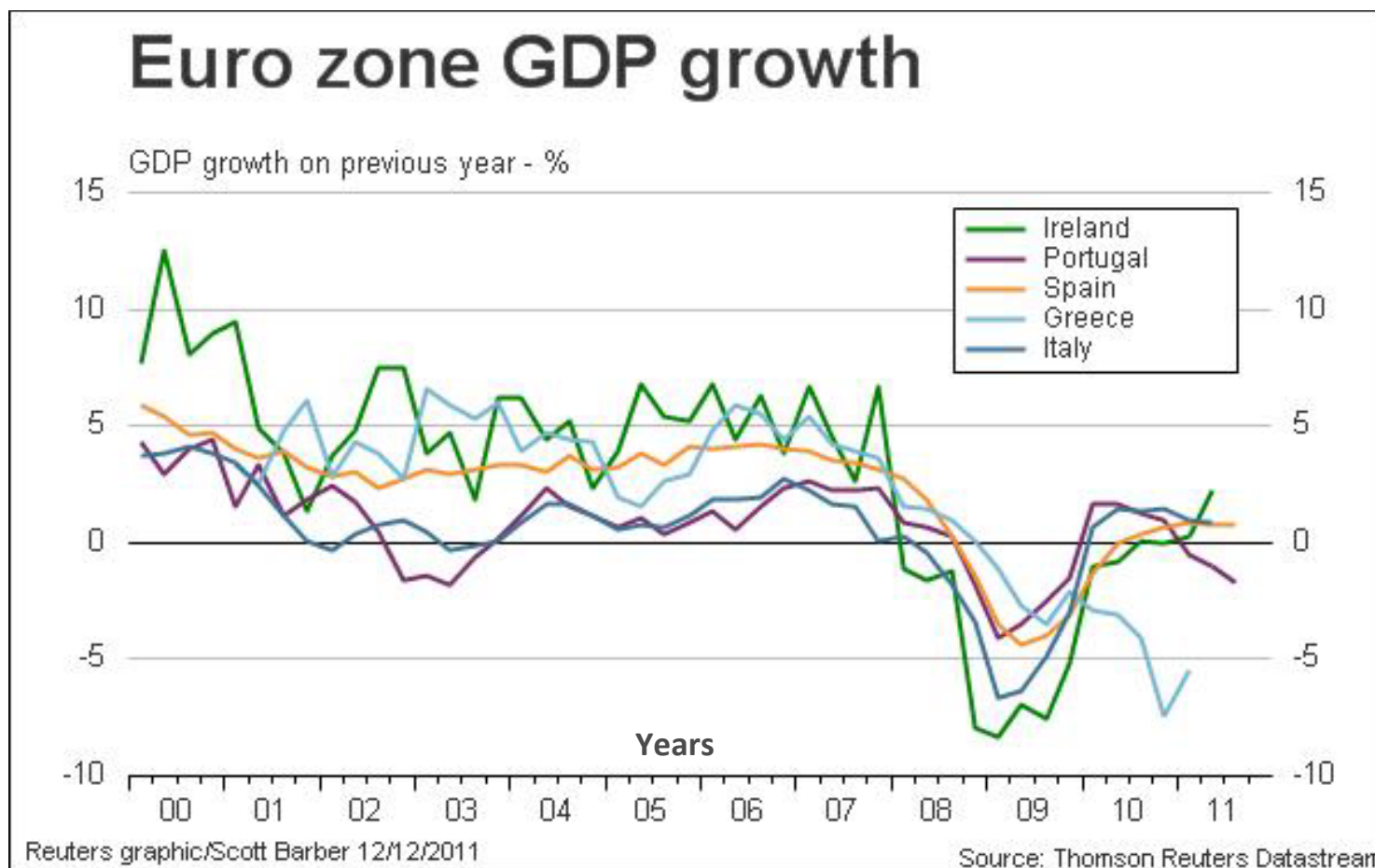


Source: Bloomberg Financial Services.

PIIGS 10 = Portugal, Ireland, Italy, Greece and Spain 10-year Treasury Yield spreads versus the German Bund 10-Year Treasury yield.

# EuroZone GDP

Year Period Ending 12/12/11



Eurozone includes 27 member states: Austria, Belgium, Bulgaria, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Spain, Sweden and the United Kingdom.

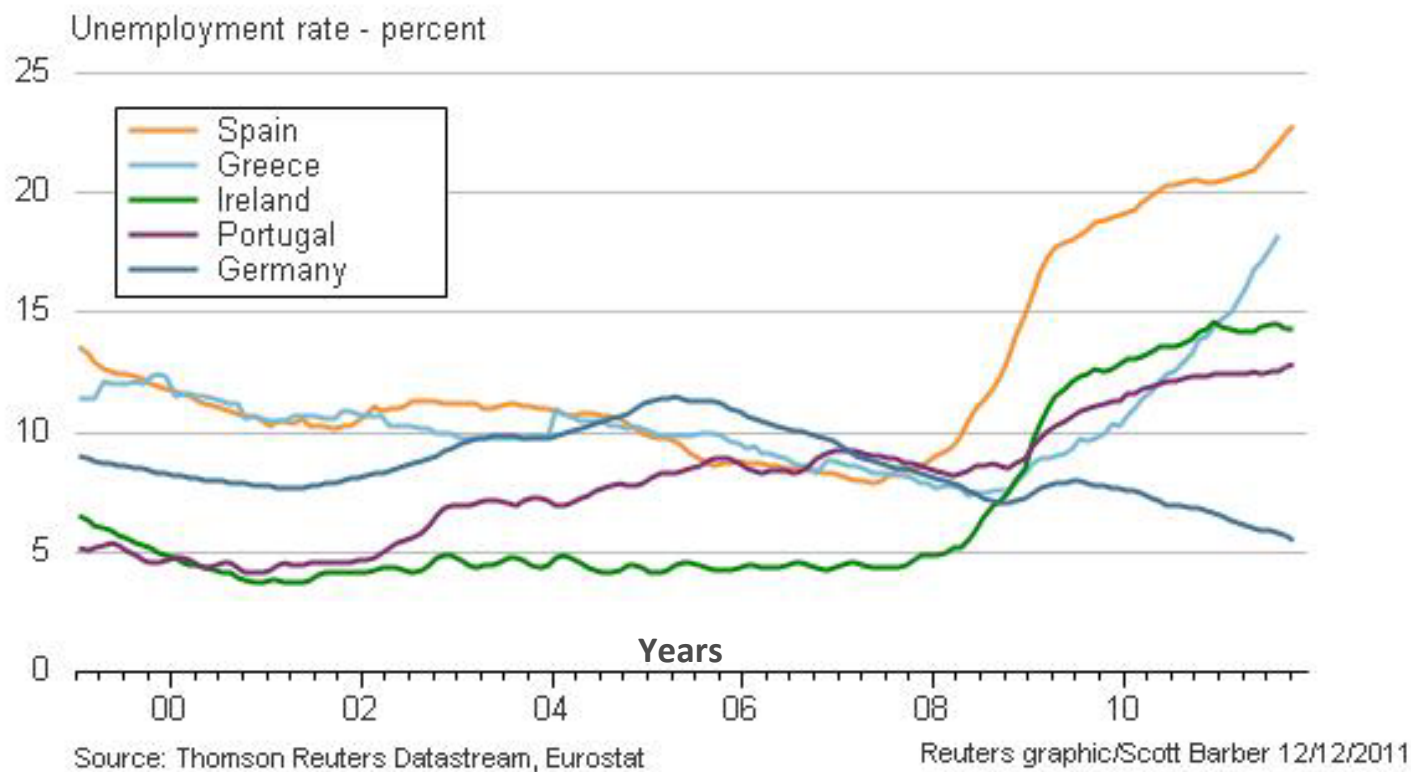
GDP = Refers to the gross Domestic Product or market value of all final goods and services produced within a country in a given period.

# EuroZone Unemployment

Year Period Ending 12/12/11

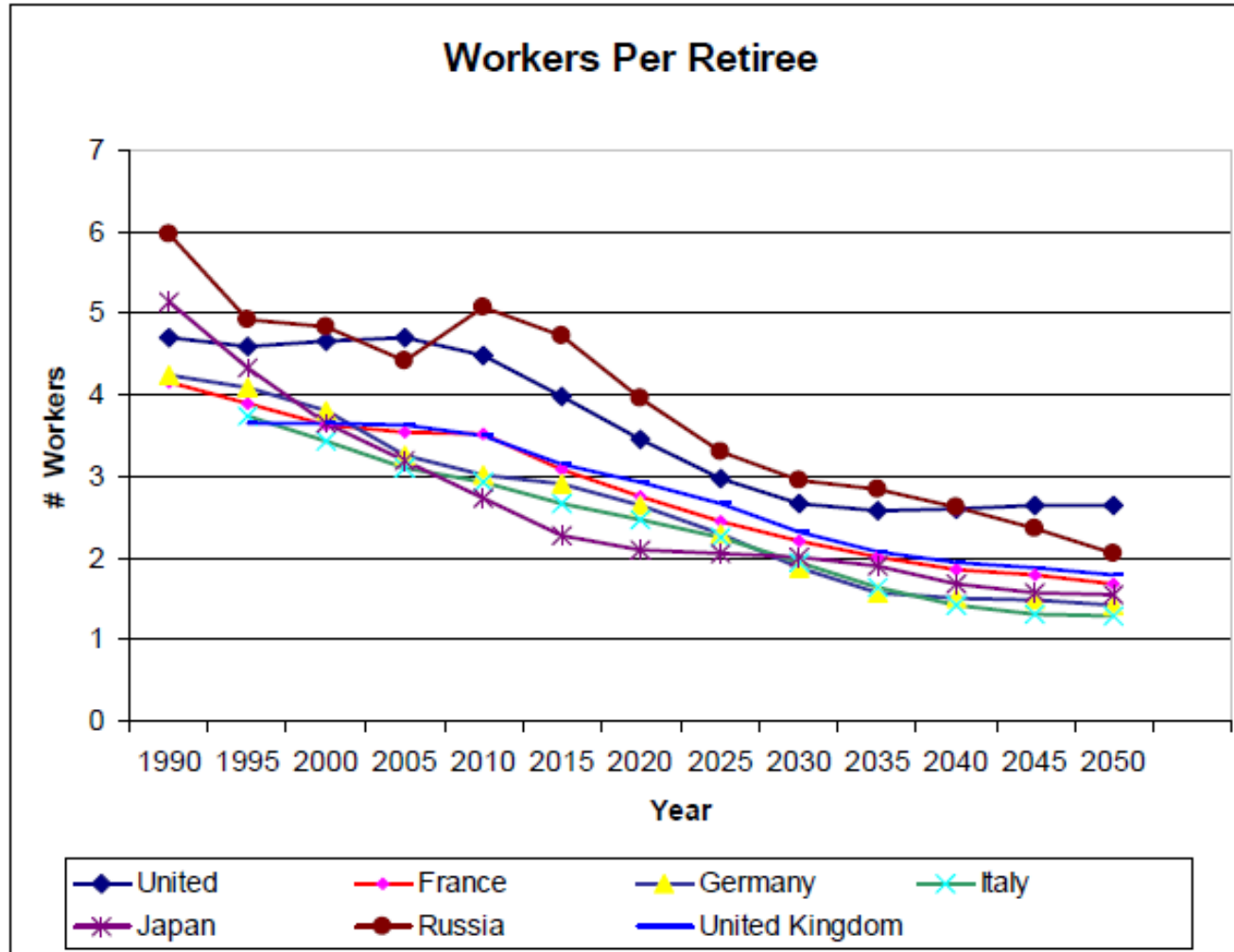


## Euro zone unemployment



Eurozone includes 27 member states: Austria, Belgium, Bulgaria, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Spain, Sweden and the United Kingdom.

# Workers Per Retiree



# Disclaimer



## Important Information Regarding This Report

Issue selection processes and tools illustrated throughout this presentation are samples and may be modified periodically. Such charts are not the only tools used by the investment teams, are extremely sophisticated, may not always produce the intended results and are not intended for use by non-professionals. DoubleLine has no obligation to provide revised assessments in the event of changed circumstances. While we have gathered this information from sources believed to be reliable, DoubleLine cannot guarantee the accuracy of the information provided. Securities discussed are not recommendations and are presented as examples of issue selection or portfolio management processes. They have been picked for comparison or illustration purposes only. No security presented within is either offered for sale or purchase. DoubleLine reserves the right to change its investment perspective and outlook without notice as market conditions dictate or as additional information becomes available.

## Important Information Regarding Risk Factors

Investment strategies may not achieve the desired results due to implementation lag, other timing factors, portfolio management decision-making, economic or market conditions or other unanticipated factors. The views and forecasts expressed in this material are as of the date indicated, are subject to change without notice, may not come to pass and do not represent a recommendation or offer of any particular security, strategy, or investment. Past performance is no guarantee of future results.

## Important Information Regarding DoubleLine

In preparing the client reports (and in managing the portfolios), DoubleLine and its vendors price separate account portfolio securities using various sources, including independent pricing services and fair value processes such as benchmarking.

To receive a complimentary copy of DoubleLine's current Form ADV Part II (which contains important additional disclosure information), a copy of the DoubleLine's proxy voting policies and procedures, or to obtain additional information on DoubleLine's proxy voting decisions, please contact DoubleLine's Client Services.

## Important Information Regarding DoubleLine's Investment Style

DoubleLine seeks to maximize investment results consistent with our interpretation of client guidelines and investment mandate. While DoubleLine seeks to maximize returns for our clients consistent with guidelines, DoubleLine cannot guarantee that DoubleLine will outperform a client's specified benchmark. Additionally, the nature of portfolio diversification implies that certain holdings and sectors in a client's portfolio may be rising in price while others are falling; or, that some issues and sectors are outperforming while others are underperforming. Such out or underperformance can be the result of many factors, such as but not limited to duration/interest rate exposure, yield curve exposure, bond sector exposure, or news or rumors specific to a single name. DoubleLine is an active manager and will adjust the composition of client's portfolios consistent with our investment team's judgment concerning market conditions and any particular security. The construction of DoubleLine portfolios may differ substantially from the construction of any of a variety of bond market indices. As such, a DoubleLine portfolio has the potential to underperform or outperform a bond market index. Since markets can remain inefficiently priced for long periods, DoubleLine's performance is properly assessed over a full multi-year market cycle.

Opinions expressed are subject to change at any time, are not a guarantee and should not be considered investment advice.

# Fund Facts



Fund Name	Altegris Futures Evolution Strategy Fund
Investment Objective	The Fund seeks to achieve long-term capital appreciation.
Ticker / CUSIP	Class A: <b>EVOAX</b> / 66537Y629 Class N: <b>EVONX</b> / 66537Y587 Class I: <b>EVOIX</b> / 66537Y595
Minimum Initial / Subsequent Investment	Class A: \$2,500 / \$250 Class N: \$2,500 / \$250 Class I: \$1,000,000 / \$500
Redemption Fee	1% fee on shares redeemed within the first 30 days
Income Distribution	Monthly
Fund Type	Alternative Investment Fund
Contact Information	<a href="http://www.altegris.com">www.altegris.com</a> (888)524.9441

*The Fund's adviser has contractually agreed to reduce fees and absorb expenses of the Fund until at least October 31, 2012. This agreement may be terminated by the Fund's Board of Trustees on 60 days written notice to the adviser. Maximum sales charge for Class A is 5.75%. Class A Share investors may be eligible for a reduction in sales charge. See the prospectus for more information. Class A, Class I, and Class N Inception: October 31, 2011. See Additional Disclosure on pages 40-44.*

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**Program ID:** 01242012

**Hours Granted:** 1.00

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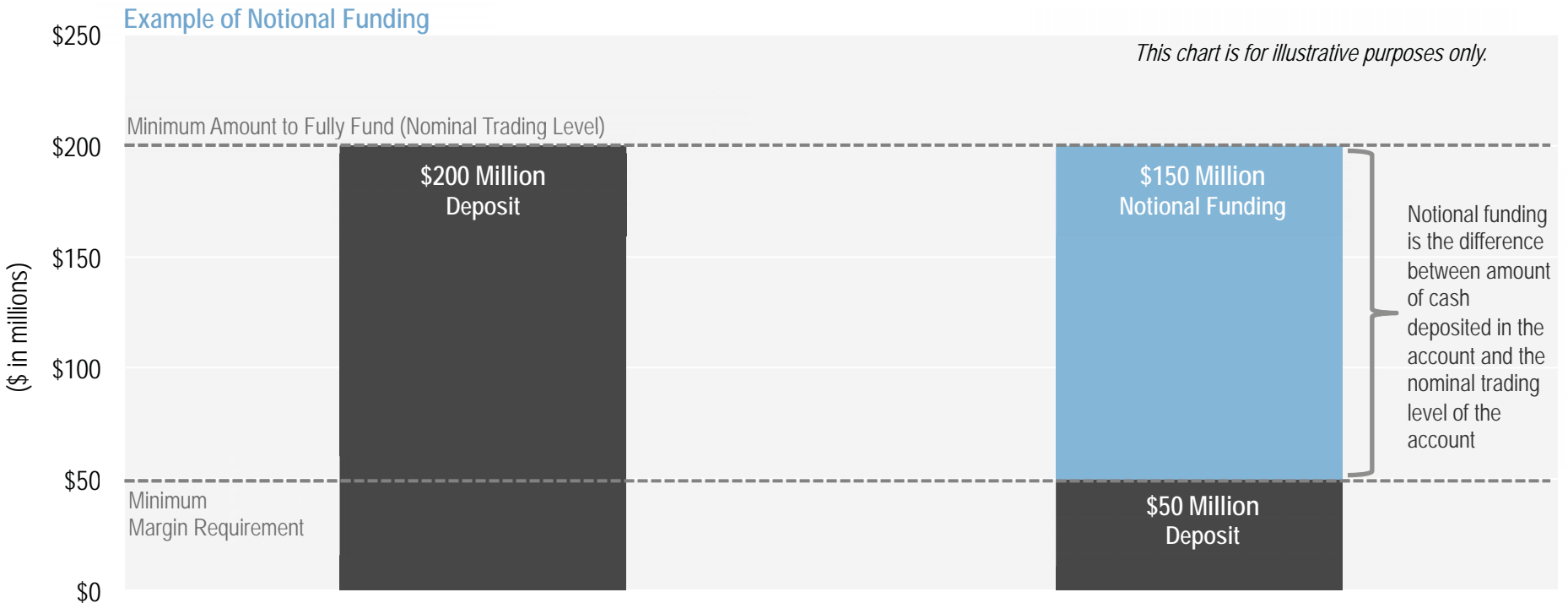
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# Notional Funding Definition and Example

Each Underlying Pool, or share classes of the Underlying Pool, is managed by a manager or trading adviser, pursuant to a proprietary strategy. The Underlying Pools use “notional funding” – that is the nominal trading level for an Underlying Pool will exceed the cash deposited in its trading accounts.



*There is no guarantee that any investment will achieve its objectives, generate profits or avoid losses. To stay flexible and to respond to various changes in market conditions, the allocation ranges to each strategy may be higher or lower. For additional information see page 16 of the Prospectus.*

## Additional Disclosure

*Investors should carefully consider the investment objectives, risks, charges and expenses of the Altegris Macro Strategy Fund. This and other important information about the Fund is contained in the Prospectus, which can be obtained by calling (877) 772-5838. The Prospectus should be read carefully before investing. The Altegris Macro Strategy Fund is distributed by Northern Lights Distributors, LLC member [FINRA](#). Altegris Advisors, J.P. Morgan Investment Management and Northern Lights Distributors are not affiliated.*

### *MUTUAL FUNDS INVOLVE RISK INCLUDING POSSIBLE LOSS OF PRINCIPAL*

*The Fund is "non-diversified" for purposes of the Investment Company Act of 1940, which means that the Fund may invest in fewer securities at any one time than a diversified fund. When the Fund invests in fixed income securities or derivatives, the value of your investment in the Fund will fluctuate with changes in interest rates. Typically, a rise in interest rates causes a decline in the value of fixed income securities or derivatives owned by the Fund. In general, the market price of debt securities with longer maturities will increase or decrease more in response to changes in interest rates than shorter-term securities. Other risk factors include credit risk (the debtor may default) and prepayment risk (the debtor may pay its obligation early, reducing the amount of interest payments). These risks could affect the value of a particular investment by the Fund possibly causing the Fund's share price and total return to be reduced and fluctuate more than other types of investments. To respond to adverse market, economic, political or other conditions, the Fund may invest 100% of its total assets, without limitation, in high-quality short-term debt securities and money market instruments.*

*The Fund's indirect and direct exposure to foreign currencies subjects the Fund to the risk that those currencies will decline in value relative to the U.S. Dollar, or, in the case of short positions, that the U.S. Dollar will decline in value relative to the currency that the Fund is short. Currency rates in foreign countries may fluctuate significantly over short periods of time for a number of reasons, including changes in interest rates and the imposition of currency controls or other political developments in the U.S. or abroad. In addition, the Fund may incur transaction costs in connection with conversions between various currencies. The Fund will invest a percentage of its assets in derivatives, such as futures and options contracts. The use of such derivatives may expose the Fund to additional risks that it would not be subject to if it invested directly in the securities and commodities underlying those derivatives. The Fund may experience losses that exceed losses experienced by funds that do not use futures contracts and options. There may be an imperfect correlation between the changes in market value of the securities held by the Fund and the prices of futures and options on futures.*

## Additional Disclosure (cont.)

*Although futures contracts are generally liquid instruments, under certain market conditions there may not always be a liquid secondary market for a futures contract. As a result, the Fund may be unable to close out its futures contracts at a time which is advantageous. Trading restrictions or limitations may be imposed by an exchange, and government regulations may restrict trading in futures contracts and options. Because option premiums paid or received by the Fund are small in relation to the market value of the investments underlying the options, buying and selling put and call options can be more speculative than investing directly in securities. Over-the-counter transactions are subject to little, if any, regulation and may be subject to the risk of counterparty default. A portion of the Fund's assets may be used to trade OTC commodity interest contracts, such as forward contracts, option contracts in foreign currencies and other commodities, or swaps or spot contracts.*

*A substantial portion of the trades of the global macro programs are expected to take place on markets or exchanges outside the United States. Some foreign markets present additional risk, because they are not subject to the same degree of regulation as their U.S. counterparts. Trading on foreign exchanges is subject to the risks presented by exchange controls, expropriation, increased tax burdens and exposure to local economic declines and political instability. An adverse development with respect to any of these variables could reduce the profit or increase the loss earned on trades in the affected international markets. International trading activities are subject to foreign exchange risk.*

*The Fund may employ leverage and may invest in leveraged instruments. The more the Fund invests in leveraged instruments, the more this leverage will magnify any losses on those investments. Leverage will cause the value of the Fund's shares to be more volatile than if the Fund did not use leverage. The Fund may take short positions, directly and indirectly through the Subsidiary, in derivatives. If a derivative in which the Fund has a short position increases in price, the underlying Fund may have to cover its short position at a higher price than the short sale price, resulting in a loss.*

*Structured notes involve leverage risk, tracking risk and issuer default risk.*

*Taxation Risk involves investing in commodities indirectly through the Subsidiary, through which the Fund will obtain exposure to the commodities markets within the federal tax requirements that apply to the Fund. However because the Subsidiary is a controlled foreign corporation, any income received from the Subsidiary's investments in Underlying Funds/Pools will be passed through to the Fund as ordinary income, which may be taxed at less favorable rates than capital gains.*

## Additional Disclosure (cont.)

*Underlying Funds/Pools in which the Subsidiary invests will retain investment managers and be subject to investment advisory and other expenses which are indirectly paid by the Fund. As a result, the cost of investing in the Fund may be higher than other mutual funds that invest directly in stocks and bonds. Each Underlying Fund/Pool will pay management fees, brokerage commissions, operating expenses and performance based fees to each manager it retains. Performance based fees will be paid without regard to the performance of any other managers retained or to the overall profitability of the Underlying Fund/Pool. Underlying Funds/Pools are subject to specific risks, depending on the nature of the managers they retain. There is no guarantee that any of the trading strategies used by the managers retained by an Underlying Fund/Pool will be profitable or avoid losses.*

*Alternative investment products, including hedge funds and Macro, involve a high degree of risk, often engage in leveraging and other speculative investment practices that may increase the risk of investment loss, can be highly illiquid, are not required to provide periodic pricing or valuation information to investors, may involve complex tax structures and delays in distributing important tax information, are not subject to the same regulatory requirements as mutual funds, often charge high fees which may offset any trading profits, and in many cases the underlying investments are not transparent and are known only to the investment manager. Alternative investment performance can be volatile. An investor could lose all or a substantial amount of his or her investment. Often, alternative investment fund and account managers have total trading authority over their funds or accounts; the use of a single adviser applying generally similar trading programs could mean lack of diversification and, consequently, higher risk.*

*There is often no secondary market for an investor's interest in alternative investments, and none is expected to develop. There may be restrictions on transferring interests in any alternative investment.*

*Alternative investment products often execute a substantial portion of their trades on non-U.S. exchanges. Investing in foreign markets may entail risks that differ from those associated with investments in U.S. markets.*

*Additionally, alternative investments often entail commodity trading, which involves substantial risk of loss.*

**PAST RESULTS ARE NOT NECESSARILY INDICATIVE OF FUTURE RESULTS.**

## Additional Disclosure (cont.)

*Lower-quality fixed income securities, known as "high yield", 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.*

*Mortgage Backed Securities are sensitive to overall economic conditions and are subject to prepayment risk, which may lower their value, and credit risk because the underlying loan borrowers may default.*

*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. In addition, the credit quality of securities held by the Fund may be lowered if an issuer's financial condition changes. The value of fixed income securities typically falls when an issuer's credit quality declines and may even become worthless if an issuer defaults. Typically, a rise in interest rates causes a decline in the value of fixed income securities.*

*The value of securities issued by a REIT may be affected by changes in the value of the underlying property owned by the REITs and the value of mortgage REITs may be affected by the quality of loan assets. Investment in REITs involves risks similar to those associated with investing in small capitalization companies, and REITs (especially mortgage REITs) are subject to interest rate risks.*

*Altegris Advisors, LLC is registered as an investment adviser with the SEC and is the investment adviser to the Altegris Macro Strategy Fund, a series of the Northern Lights Fund Trust which is registered with the SEC as an open-end management investment company. Altegris Advisors, LLC is an affiliated company within the Altegris Companies. The Altegris Companies are wholly owned subsidiaries of Genworth Financial, Inc., and include: (1) Altegris Advisors, LLC, an SEC registered investment adviser; (2) Altegris Investments, Inc., an SEC-registered broker-dealer and FINRA member; (3) Altegris Portfolio Management, Inc. (dba Altegris Funds), a CFTC-registered commodity pool operator, NFA member and California registered investment adviser; and (4) Altegris Clearing Solutions, LLC, a CFTC-registered futures introducing broker and commodity trading advisor and NFA member.*

*The Altegris Companies have a financial interest in the products they sponsor, advise and/or recommend, as applicable. Depending on the investment, the Altegris Companies and their affiliates and employees may receive sales commissions, a portion of management or incentive fees, investment advisory fees, 12b-1 fees or similar payment for distribution, a portion of commodity futures trading commissions, margin interest and other futures-related fee revenue, and/or advisory consulting fees.*

## Additional Disclosure (cont.)

*The term **due diligence** as it relates to securities offerings has its origins in the Securities Act of 1933 and provided a defense to underwriters in public offerings who could demonstrate that they made a reasonable investigation and reasonable determination that the terms of the registration statement were correct. The terms "reasonable investigation and made a reasonable determination" came to mean the standard of reasonableness that a prudent man would exercise in dealing with his property. Originally the term was limited to public offerings of equity investments, but over time it has come to be associated with investigations relating to private and other offerings as well. Of course, due diligence is not a panacea against investment failures or even against fraud. Even a well run fund can fail due to unpredictable market conditions, unforeseen competition, or technical setbacks. All investments contain risks and alternative investments are subject to a set of unique risks. Similarly, some frauds are difficult or impossible to detect regardless of the thoroughness of the due diligence effort. As a result, the due diligence efforts on the part of Altegris Advisors, LLC or any of its officers, directors, managers, employees or affiliates are not a guarantee that any the fund or other investment product will succeed or that every instance of fraud or potential fraud can be uncovered. Rather, due diligence is intended to assist in making a determination that the management and operations of the investment products being investigated have sound operating and trading infrastructures and to increase the odds that that their managers are doing what they say they do and will continue to do so. Although there are components of due diligence efforts that are common to all types of investment products, each due diligence effort will rise or fall on in light of the particular facts and circumstances of each product being examined during the course of the due diligence effort. The descriptions of due diligence efforts of Altegris Advisors, LLC or its officers, directors, managers, employees or affiliates on this site are presented in general terms, and may reflect only a starting point for a comprehensive due diligence inquiry. The descriptions are not exhaustive and not all items listed may be components of every investment review. While checklists or summary descriptions can provide a useful starting point, there is no "one size fits all" due diligence inquiry. For example some investments products may provide complete trade transparency, while others may offer little or no trade transparency.*

# Additional Risk Disclosure



*Lower-quality fixed income securities, known as “high yield,” 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.*

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# Term and Trading Discipline Definitions

**Correlation:** *A statistical measure of how two securities move in relation to each other. Correlation is computed into what is known as the correlation coefficient, which ranges between -1 and +1. Perfect positive correlation (a correlation co-efficient of +1) implies that as one security moves, either up or down, the other security will move in lockstep, in the same direction. Alternatively, perfect negative correlation means that if one security moves in either direction the security that is perfectly negatively correlated will move by an equal amount in the opposite direction. If the correlation is 0, the movements of the securities are said to have no correlation; they are completely random*

**Drawdown:** *A drawdown is any losing period during an investment time frame. It is calculated by taking the peak to valley loss relative to the peak for a stated time period. The figure is expressed as a percentage.*

**Standard deviation:** *A statistical measure of how consistent returns are over time; a lower standard deviation indicates historically less volatility.*

**Trend-following:** *Core managed futures strategy that generally seeks to profit from the continuation of medium to long-term directional price moves in a market. For example, trend following managers will generally be positioned long after prices in a market have moved higher for a period of time and they will generally be positioned short after prices in a market have moved lower for a period of time.*

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