

OBJECTIVE

Long-term growth of capital.

INVESTMENT PHILOSOPHY

We believe strong long-term investment results and wealth are best achieved through the avoidance of major losses and the compounding of reasonable gains. If we can miss the majority of major market cycle downturns and capture the majority of major market advances, we will not only protect shareholder assets, but the long-term growth of those assets will be substantially greater than market growth.

INVESTMENT STRATEGY

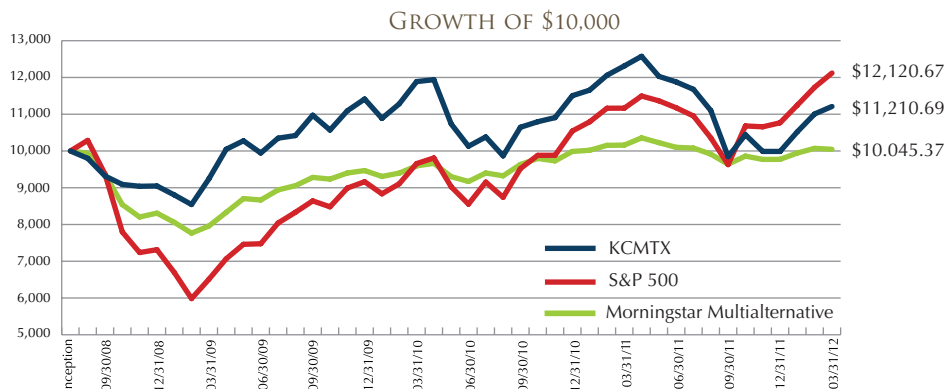
The KCM Macro Trends Fund employs a flexible strategy with the freedom to invest globally in all asset classes, long or short, making it an ideal long-term core-holding for most portfolios. We combine fundamental and technical analysis in seeking to profit from market trends, biases, and the future expectations of specific regions, countries, industries and companies.

OUR EDGE

What sets the Fund apart from other investment strategies?

- The Fund is not restricted to any “style box”. Its flexible investment strategy allows us to invest globally in companies of all sizes and in all sectors.
- Our focus on risk management — critical during periods of systemic market risk.
- We can leverage the portfolio up to 133% to accentuate market moves or hedge to reduce the portfolio’s volatility and overall risk.
- The Fund can hold 0 to 100% cash, or be net-short, giving it significant investment flexibility during dangerous markets.
- The Fund’s risk management strategies have historically led to lower stock turnover, creating tax efficiency for the investor.

PERFORMANCE AS OF 3/31/2012



INCEPTION DATE: 08/04/08

	YTD	1 YEAR	3 YEARS	ANNUALIZED	Since Inception CUMULATIVE
KCM Macro Trends Fund	12.25%	-8.95%	6.67%	3.18%	12.13%
S&P 500 TR®	12.59%	8.54%	23.42%	5.70%	22.44%
Morningstar Multialternative Category	2.73%	-1.46%	7.73%	0.12% [†]	0.45% [†]

[†]Morningstar Multialternative Category returns since inception as of 08/01/2008

The performance data quoted here represents past performance and is not a guarantee of future results. Performance current to the most recent month-end may be lower or higher and can be obtained by calling 1-800-945-2125. The investment return and principal value of an investment will fluctuate so that investor’s shares, when redeemed, may be worth more or less than their original cost. The Fund’s total annual operating expense ratio is 1.65%.

RISK MANAGEMENT

During the “Financial Crisis”, the Fund missed 67.5% of the market drawdown as measured by the decline in the S&P 500 Index from its high following the Fund’s August 2008 Inception Date through its all time low on March 9, 2009. During this period the S&P 500 was down 44.92%; KCMTX was down 14.61%. The Fund then captured 99% of the 2009 S&P 500 market gains, putting it substantially ahead of the market from its inception through 12/31/2009.

The 2010-2011 period that followed presented a different market environment which was characterized by euphoria in 2010 leading to market gains, then followed by fear and a significant sell-off in mid-2011. The Fund underperformed during this period. For that reason, in late 2011, we implemented a modification to our long-standing investment process which we feel will keep us better in sync with the market direction during periods of extreme investor sentiment.

FUND FACTS

Ticker:	KCMTX	Load Type:	No Load
Cusip:	66537T430	Audited Exp Ratio:	1.56%
Fund Type:	Global Marco Multialternative	Min. Initial Inv:	\$5,000
Number of Holdings:	36	AUM:	\$85.4 mil

PORTFOLIO FUNDAMENTALS

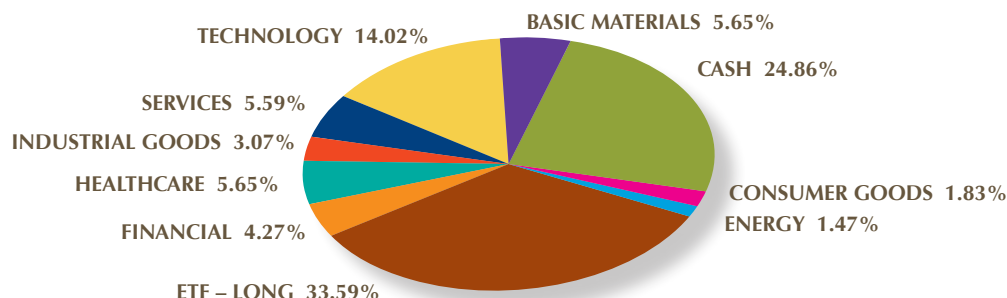
Fund Name	Earnings Growth	Sales Growth	Cash Flow Growth	Book Value Growth	P/E Ratio TTM
KCM Macro Trends Fund	20.9%	10.6%	25.7%	12.2%	15.11
S&P 500 TR®	10.0%	3.8%	9.2%	4.4%	15.48

Source: Morningstar, Inc., S&P 500 TR as of 03/31/12, KCM Macro Trends Fund as of 01/31/12.

Historical Earnings, Sales and Cash Flow rates are measurements of the share-weighted collective or cumulative growth rates for all stocks in the current portfolio. They can tell investors how quickly profits are growing and how strong the overall growth orientation is for the portfolio.

P/E Ratio TTM: The Price to Earnings (P/E) Ratio reflects the multiple of earnings at which a stock sells. Morningstar’s Price to Earnings Ratio TTM compares the total market value of the portfolio to the portfolio’s share of the underlying stocks’ earnings (or book value, cash flow, sales or dividends). This method evaluates a portfolio like a single stock and measures its overall valuation.

SECTOR WEIGHTINGS (% OF STOCKS)



NOTE: Fund holdings and asset allocations can change at any time without notice.

PORTFOLIO MANAGERS

M. Lane Kerns, MSFS

Senior Portfolio Manager
President & Chief Investment Officer

Martin L. Kerns, II, J.D.

Co-Portfolio Manager
Vice-President

The Fund's SAI provides additional information about the Portfolio Managers' compensation, other accounts managed by the Portfolio Managers and the Portfolio Managers' ownership of securities in the Fund.

TOP TEN HOLDINGS BY RETURN SINCE PURCHASE*

APPLE, INC.	266.45%
TRANSDIGM GROUP INC	246.19%
ALLIANCE DATA SYSTEMS CORP	117.86%
IBM CORP	69.03%
VIROPHARMA INCORPORATED	62.00%
ORACLE CORPORATION	57.85%
NU SKIN ENTERPRISES INC	55.58%
CHEVRON TEXACO CORPORATION	44.76%
DIREXION SHARES LARGE CAP BULL 3X SHARES	43.04%
AVAGO TECHNOLOGIES	37.99%

TOP TEN HOLDINGS BY SIZE

POWERSHARES QQQ TRUST SERIES 1	15.82%
DIREXION SHARES LARGE CAP BULL 3X SHARES	11.22%
VANGUARD EMERGING MARKETS ETF	3.46%
WISDOMTREE DIVIDEND EX-FINANCIALS	3.09%
ALLIANCE DATA SYSTEMS CORP	2.03%
IBM CORP	1.93%
CELGENE CORPORATION	1.89%
NU SKIN ENTERPRISES INC	1.83%
TRANSDIGM GROUP INC	1.76%
VIROPHARMA INCORPORATED	1.74%

*Performance of holdings is without dividends, if any.

IMPORTANT INFORMATION

Mutual Funds involve risk including possible loss of principal. Investors should carefully consider the investment objectives, risks, charges and expenses of the KCM Macro Trends Fund before investing. The Fund may invest in small, less well-known companies, which may be subject to more erratic market movements than large-cap stocks; foreign securities, which are subject to currency fluctuations and political uncertainty; and derivative securities, which may carry market, credit, and liquidity risks. The Fund may also engage in short selling activities, which are more risky than "long" positions because the potential loss on a short sell is unlimited. These risks may result in greater share price volatility. This and other important information about the Fund is contained in the prospectus, which can be obtained on the Advisor's website or by calling 1-800-945-2125. The prospectus should be read carefully before investing. The KCM Macro Trends Fund is distributed by Northern Lights Distributors, LLC. Kerns Capital Management and Northern Lights Distributors, LLC are not affiliated.

The S&P 500 TR[®] is a broad-based unmanaged index of 500 stocks, which is widely recognized as representative of the equity market in general. You cannot invest directly in an index.

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FOR MORE INFORMATION CONTACT

Kerns Capital Management, Inc.

Galleria Financial Center
5075 Westheimer Rd.
Suite 1177
Houston, TX 77056

WWW.KERNSCAPITAL.COM

800.945.2125