

A faint, grayscale background image of a classical statue of an archer, holding a bow and arrow, positioned behind the main title text.

# Altegris Managed Futures Strategy Fund

First Quarter 2011

**TRUSTED ALTERNATIVES.  
INTELLIGENT INVESTING.®**



- + Altegris Intro
- + The Problem
- + The Alternative Solution
- + Managed Futures



Our mission: to provide access to premier alternative investment managers across diversified strategies

- + Uncompromising focus on alternative investments
- + More than 70 professionals
- + \$3.0 billion in client allocation\*

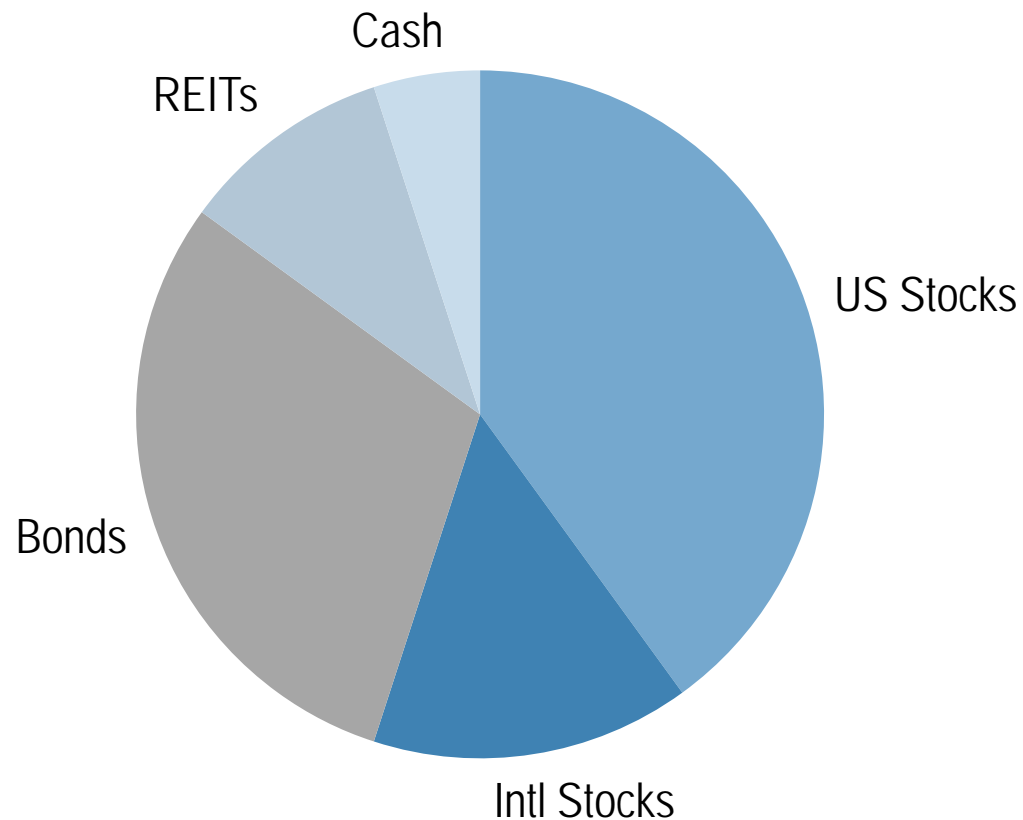
*\* Altegris and its affiliates currently have approximately \$2.2 billion in client assets. Altegris provides clearing services to accounts representing \$800 million in institutional assets.*



# Historic Allocation Models

## The Search for Diversification

This chart is for illustrative purposes only.

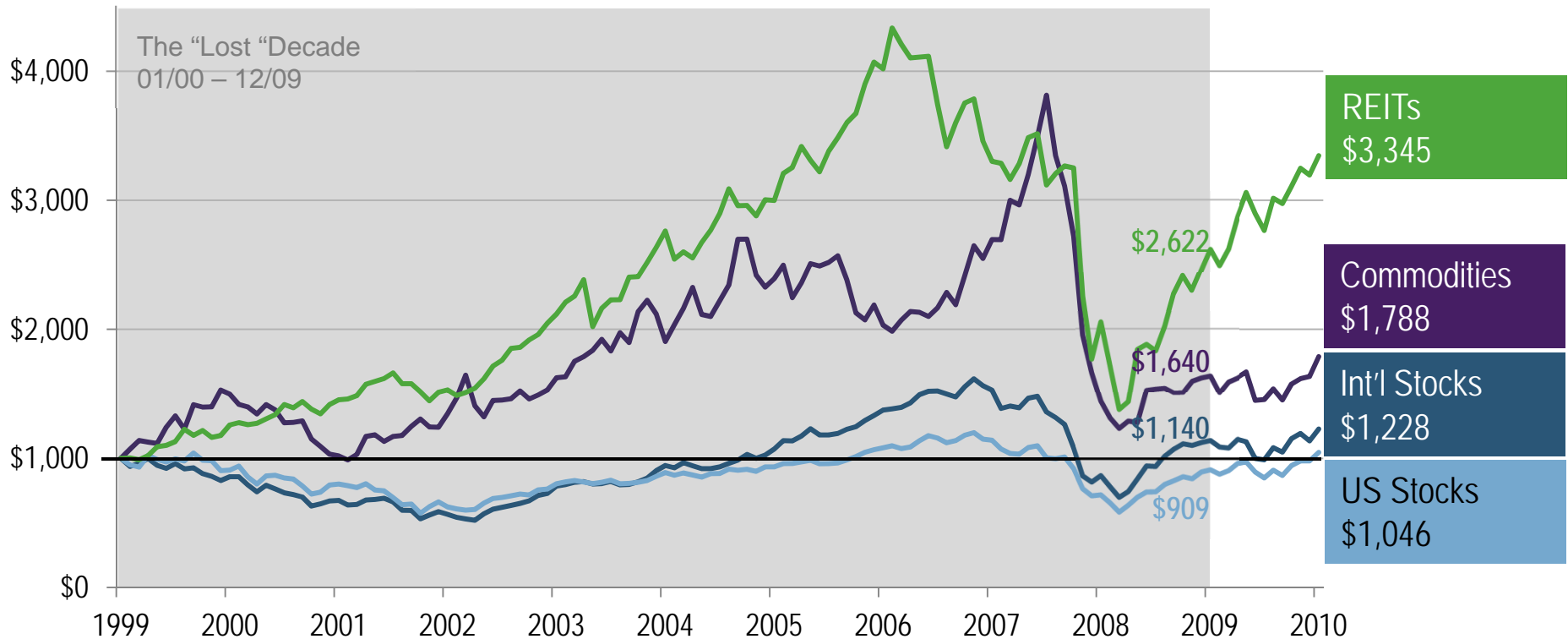


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# The "Lost Decade" of Stocks With Traditional Diversifiers



## Value of an Initial \$1,000 Investment 01/00 – 12/10

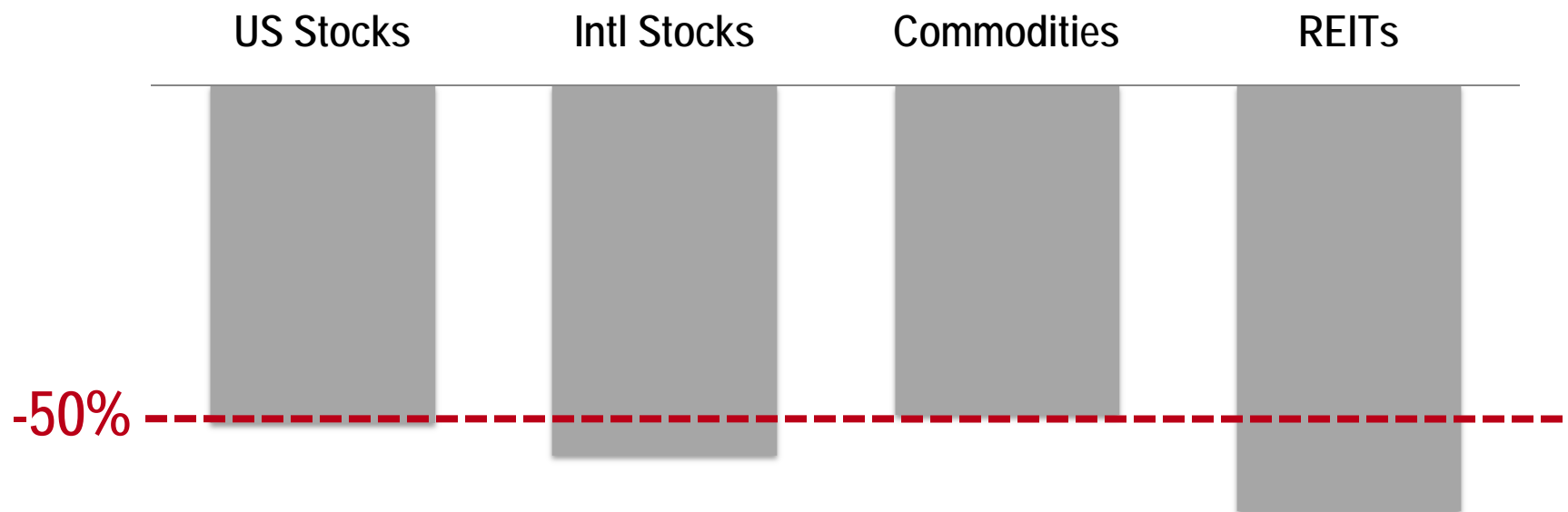


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# Problem: Nowhere to Hide

The Credit Crisis 10/07 – 02/09



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# Asset Class Correlation

## Historical Correlation

	10 Year	5 Year	3 Year
US Stocks-Intl Stocks	0.89	0.92	0.93
US Stocks-REITs	0.67	0.82	0.84
US Stocks-Commodities	0.29	0.52	0.61

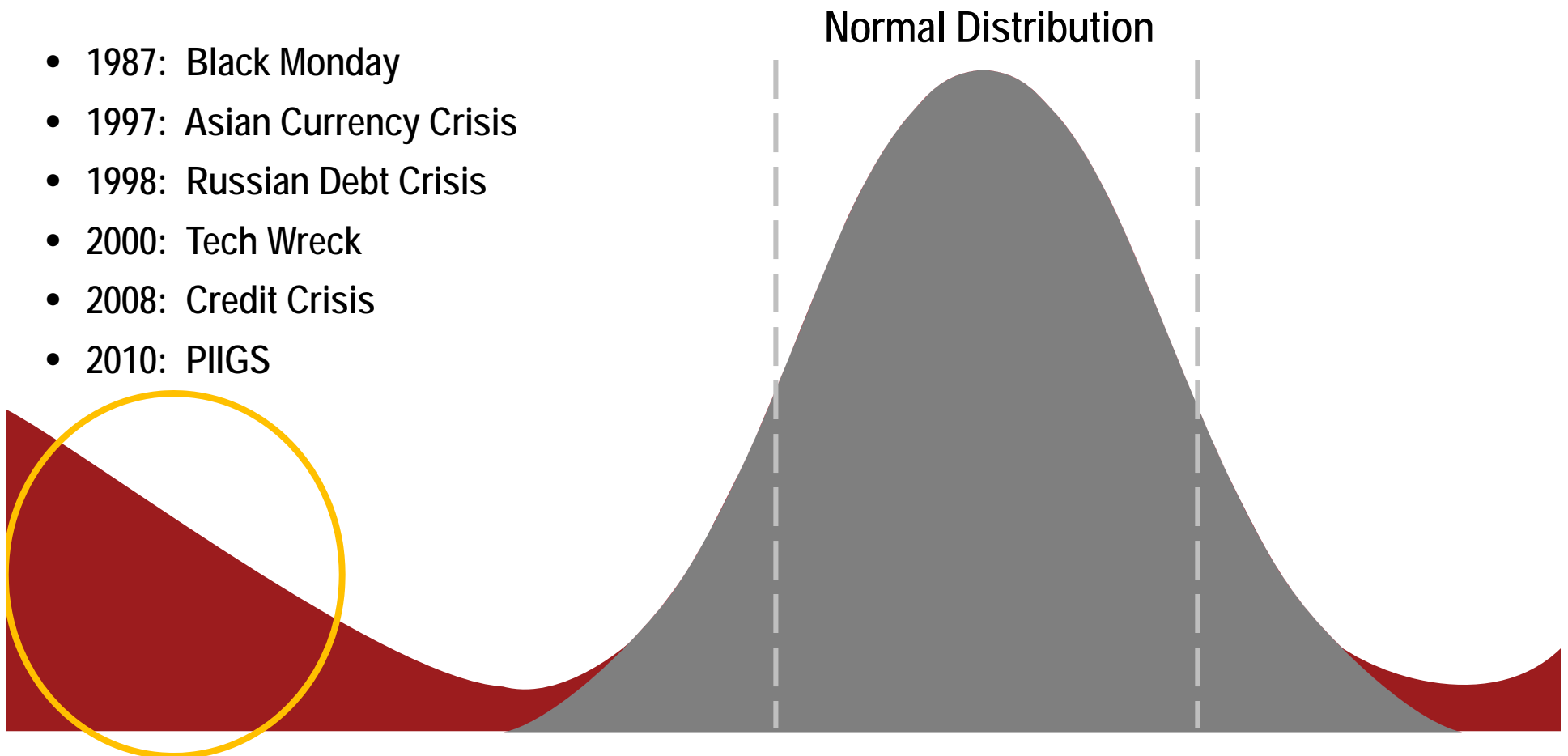
As of Dec-10



*Correlations by definition will vary over time, and while this data is true for the historical performance over this time period, there is no guarantee that these correlations will persist. INDICES: US Stocks: S&P 500 Total Return Index; US Bonds: Barclays Capital US Aggregate Index; Intl Stocks: Morgan Stanley Capital International, Inc. EAFE Net Index; REITs: NAREIT Composite Total Return Index; Commodities: GSCI Total Return Index. The referenced indices are shown for general market comparisons. SOURCE: Altegris.*



- 1987: Black Monday
- 1997: Asian Currency Crisis
- 1998: Russian Debt Crisis
- 2000: Tech Wreck
- 2008: Credit Crisis
- 2010: PIIGS



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Can investors rely on  
past models to structure  
their current portfolios  
to meet their future  
needs?



+ Altegris Intro

+ The Problem

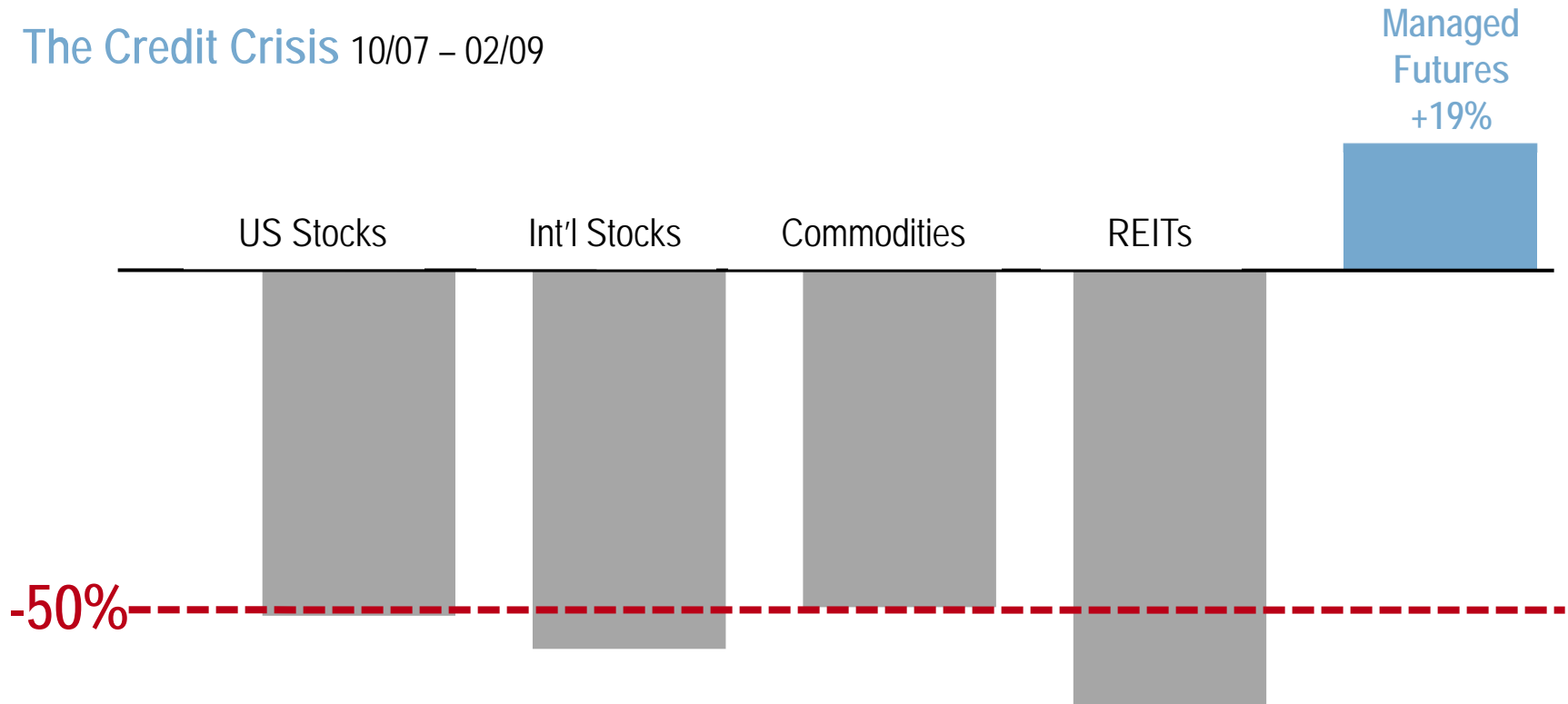
**+ The Alternative Solution**

+ Managed Futures



# The Alternative Solution

The Credit Crisis 10/07 – 02/09

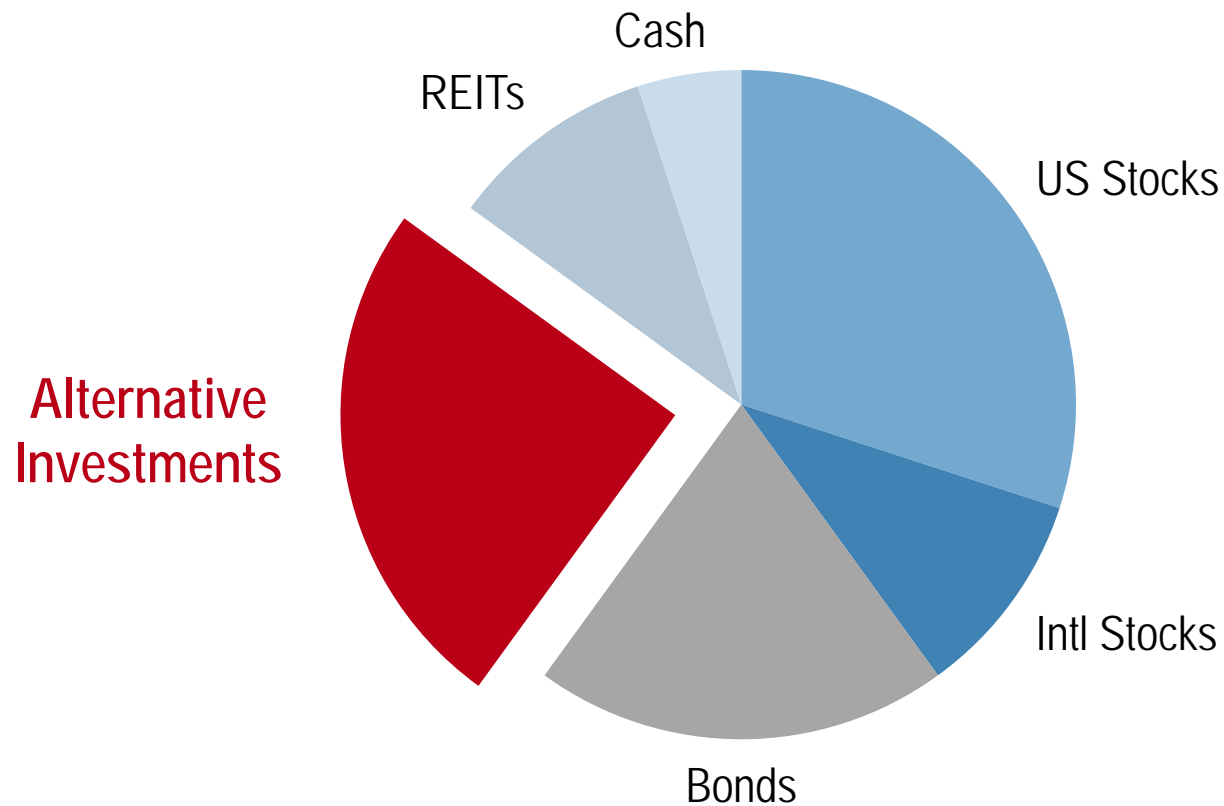


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# Future Allocation Models

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# What are Alternative Investments?



## Traditional

- Long only
- Stocks, bonds, commodities
- Constrained
- Market direction sensitive

versus

## Alternatives

- Long and short
- All asset classes
- Unconstrained
- Market direction agnostic

*Of course, there is no guarantee that any investment will achieve its objectives, generate profits or avoid losses. PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE RESULTS.*

# What are Managed Futures?

## Managed Futures

- + An alternative investment to traditional asset classes
- + Over \$240 billion in assets\*
- + Professionally managed portfolios that invest in futures and options contracts
  - A universe of 150+ global futures markets with exposure to all four major asset classes (equities, bonds, commodities, currencies)
  - Managers have flexibility to take long and short positions
  - Multiple trading disciplines: Trend Following (multiple time periods) and Specialized (Short-term, Discretionary, etc.)

*\*Source: Barclays Capital Markets. 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.*



## The Altegris 40™ Index

Tracks the 40 leading managed futures programs

- Ranks our proprietary database of approximately 500 CTA programs
- The top 40 based on ending monthly equity
- Measures dollar-weighted average performance each month

Approximately 75% of managed futures managers are Trend Followers

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# Potential Benefits of Managed Futures



## Managed Futures

The potential to  
thrive in any  
environment

- 1 Historically Strong Performance
- 2 Historically Lower Correlation
- 3 Liquidity & Transparency
- 4 Flexible Investment Opportunities

Of course, managed futures will experience periods of volatility and there is no guarantee that these benefits will be realized in the future.

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## Managed Futures

The potential to  
thrive in any  
environment

1

Historically Strong Performance

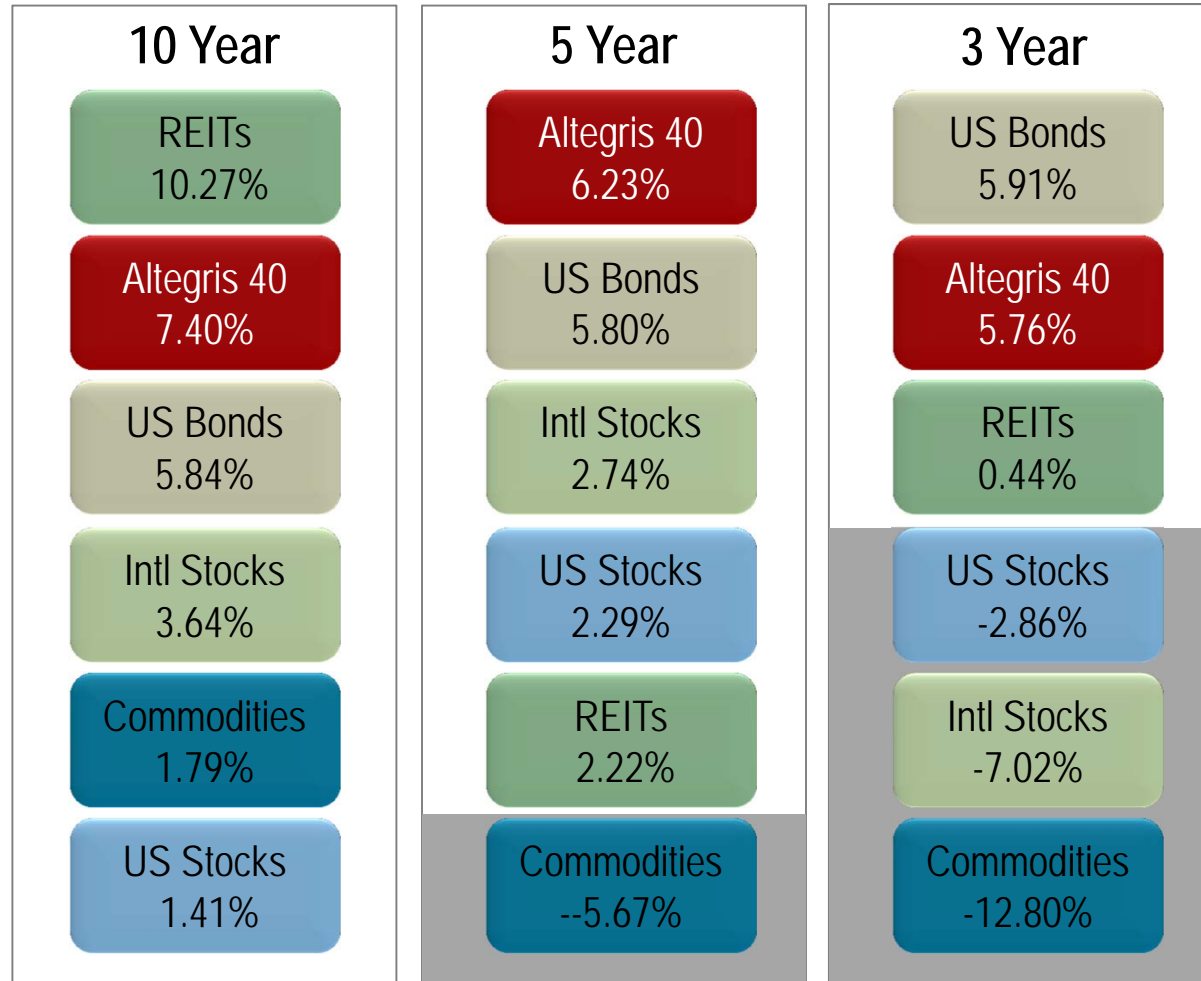
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# 1 Historical Annualized Performance

ANNUALIZED RATE OF RETURN



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# 1 Historical Annualized Standard Deviation

ANNUALIZED STD. DEVIATION

	10 Year	5 Year	3 Year
US Bonds	3.79%	3.62%	4.16%
Altegris 40	11.02%	9.54%	9.76%
US Stocks	16.31%	17.67%	21.85%
Intl Stocks	18.55%	21.37%	26.24%
REITs	23.83%		
Commodities	25.00%	27.49%	31.50%
		30.62%	37.03%

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# 1 Historical Worst Drawdown

WORST DRAWDOWN

	10 Year	5 Year	3 Year
US Bonds	-3.82%	-3.82%	-3.82%
Altegris 40	-13.24%	-10.27%	-10.27%
US Stocks	-50.95%	-50.95%	-48.45%
Intl Stocks	-56.68%	-56.68%	-54.18%
Commodities	-67.65%	-67.65%	REITs -60.76%
REITs	-68.17%	-68.17%	Commodities -67.65%

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## Managed Futures

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2

Historically Lower Correlation

Of course, managed futures will experience periods of volatility and there is no guarantee that these benefits will be realized in the future.

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### Correlation of Monthly Returns

PAST PERFORMANCE IS NOT INDICATIVE OF FUTURE RESULTS.

	10 Year	5 Year	3 Year
US Stocks-Intl Stocks	0.89	0.92	0.93
US Stocks-REITs	0.67	0.82	0.84
US Stocks-Commodities	0.29	0.52	0.61
<b>US Stocks-Managed Futures</b>	<b>-0.16</b>	<b>-0.01</b>	<b>-0.14</b>

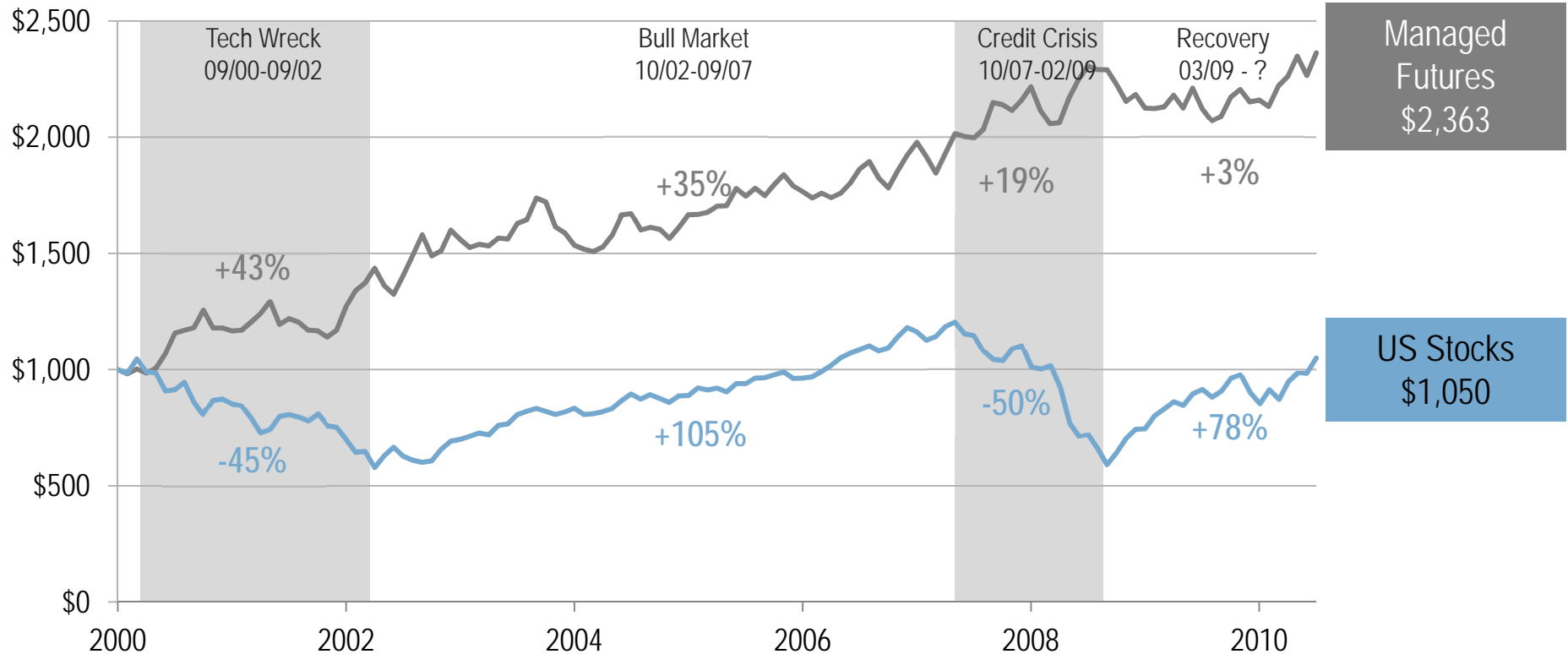
As of Dec-10

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# Managed Futures: Performance



Value of an initial \$1,000 investment 07/00 – 12/10



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## Managed Futures: Calendar Year Performance



	Managed Futures	US Stocks
2010	11.33%	15.05%
2009	-7.98%	26.45%
2008	15.47%	-36.99%
2007	7.18%	5.50%
2006	6.70%	15.79%
2005	4.51%	4.89%
2004	2.57%	10.87%
2003	15.99%	28.69%
2002	15.22%	-22.10%
2001	5.39%	-11.88%
2000*	15.67%	-8.71%

*\*2000 performance includes July – December only. 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. An investor cannot invest directly in an index. Moreover, indices do not reflect commissions or fees that may be charged to an investment product based on the index, which may materially affect the performance data presented. INDICES: US Stocks: S&P 500 Total Return; Managed Futures: Altegris 40 Index. SOURCE: Altegris.*



## Managed Futures

The potential to  
thrive in any  
environment

3

Liquidity & Transparency

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### *Trade in:*



Exchange-traded contracts



Daily pricing

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## Managed Futures

The potential to  
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4

### Flexible Investment Opportunities

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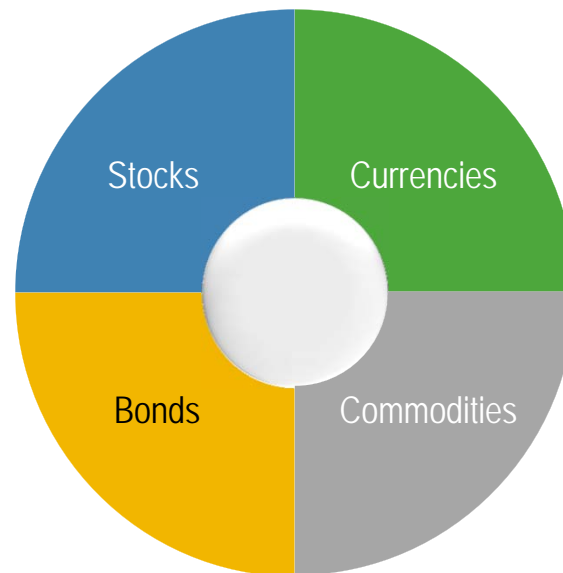


## Stock Indices

- Dow
- FTSE 100
- Canada TSX
- Nikkei
- Singapore
- Taiwan
- Australia
- German DAX
- EU EuroStoxx 50
- Hong Kong Hang Seng

## Bonds

- 10 Year Treasury Note
- Canadian Gov. Bonds
- Sydney T-Bills
- Euro-Bobl (MT Bond)
- Euro-Bund (LT Bond)
- Euro-Schatz (ST Bond)
- Swiss Bund
- New Zealand Bank Bills

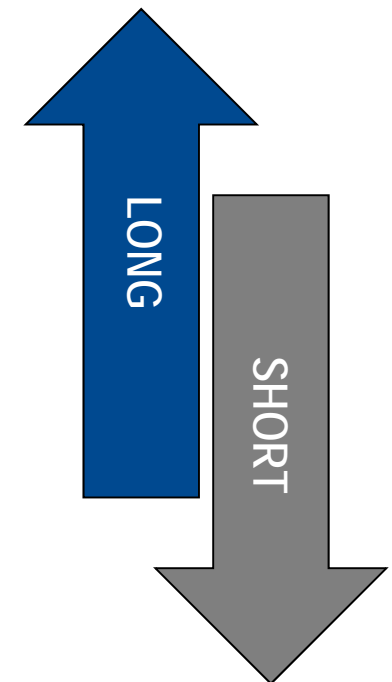


## Currencies

- Australian Dollar
- British Pound
- Canadian Dollar
- Swiss Franc
- Euro
- Japanese Yen
- Mexican Peso
- New Zealand Dollar

## Commodities

- Metals
  - Gold, Silver
- Energy
  - Crude, Natural Gas
- Agriculture
  - Soybeans, Corn
- Softs & Meats
  - Lumber, Sugar



This chart is for illustrative purposes only.

*Not all managed futures managers trade across all asset classes. 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.*



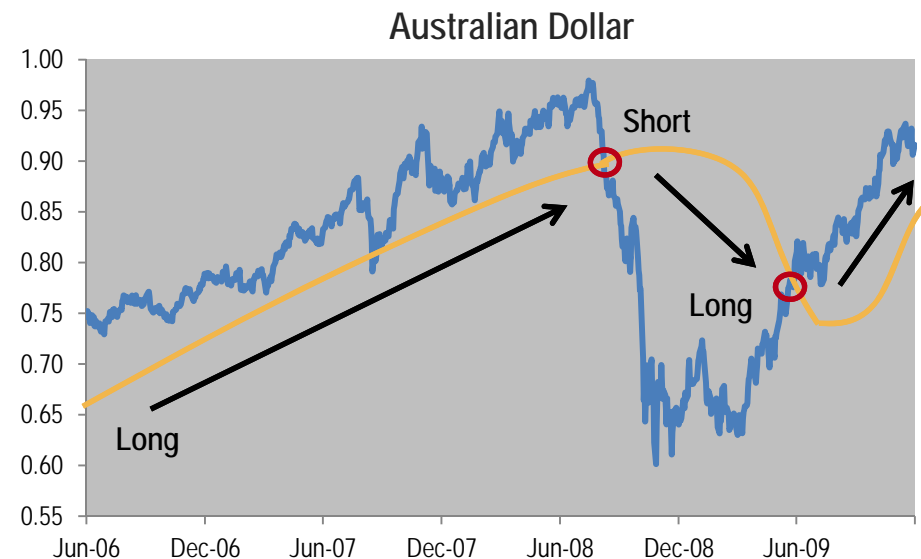
Systematic, proprietary, **computer-driven models** typically drive trend following managers' investment decisions.

## Price Action Sets the Trend

**Price:** The primary driver

**Patience:** Wait until a trend develops

**Persistence:** Follow the trend

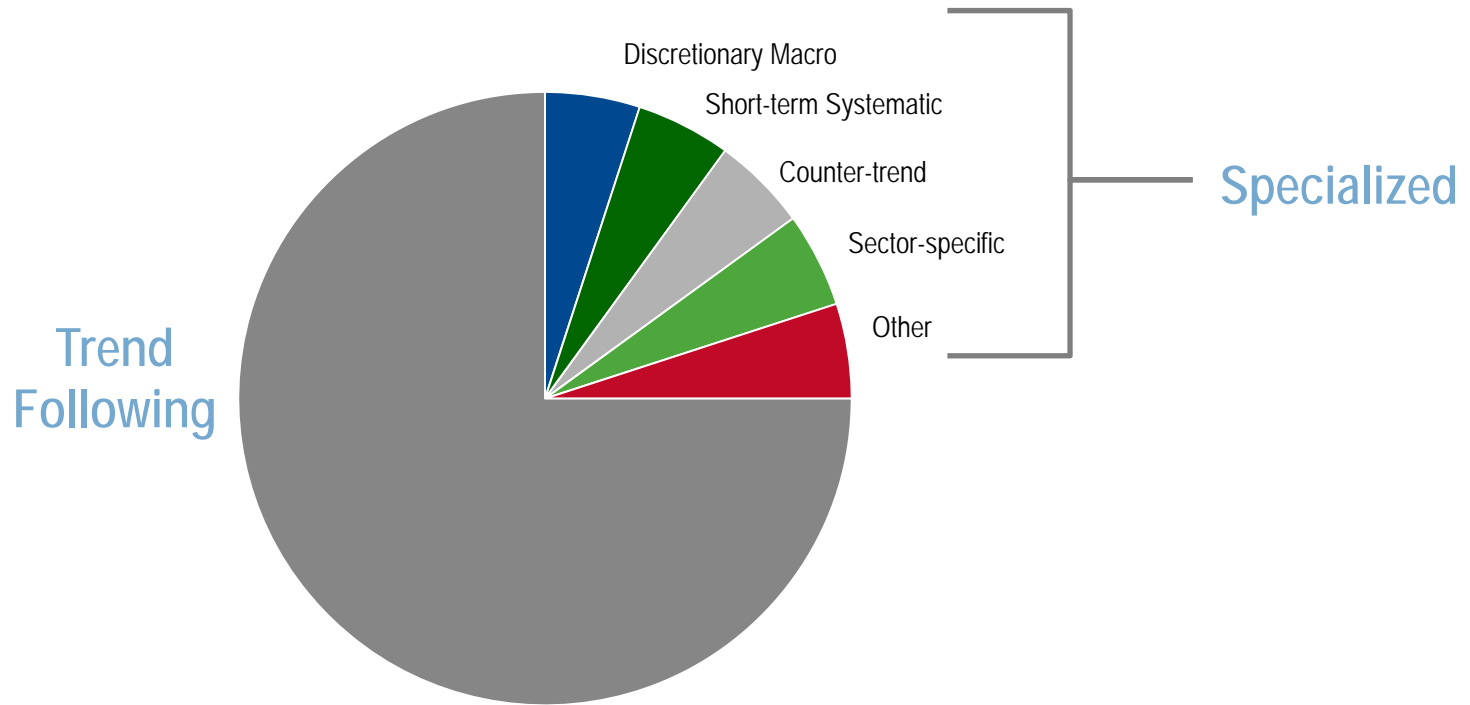


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Managed futures investment managers utilize a **variety of trading disciplines** to exploit various market inefficiencies.



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Investment decisions may be discretionary or systematic, short or long term, and may be diversified or sector-specific

### A Variety of Approaches

- + Discretionary Macro
- + Short-term Systematic
- + Counter-trend
- + Sector-specific
- + Other

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## Altegris Managed Futures Strategy Fund

### *Fund Objective:*

The Fund seeks to achieve **positive absolute returns** in rising and falling equity markets while experiencing **less volatility** than major equity market indices.

To achieve its objectives, the Fund utilizes two principal strategies—*Managed Futures and Fixed Income*.

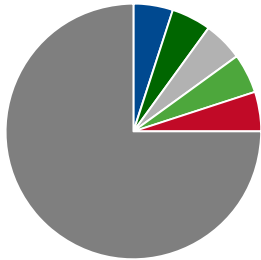
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# Fund Strategy



Designed to capture returns related to trends in commodity and futures markets

May invest directly in various security types to gain exposure to managed futures strategies such as:



- Trend following programs

- Specialized programs including: discretionary macro, short-term systematic, counter-trend, and sector-specific strategies

Capital not allocated to managed futures strategies will be invested in a fixed income strategy sub-advised by Rodney Square, a subsidiary of Wilmington Trust

*The fund utilizes two principal strategies: Managed Futures and Fixed Income. Allocations may be higher or lower based on market conditions. However, to stay flexible and to respond to various changes in market conditions, the allocation ranges to each strategy may be higher or lower. The Fund may invest in managed futures as if 100% of the portfolio is invested in CTA 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.*



## Top 5 Portfolio Holdings\*

Holdings	Manager Program	Allocation <sup>§</sup>	Managed Futures Primary Sub- Strategy
WNTN	Winton Capital Management: Diversified Program	25%	Trend Following
Altis	Altis Partners: Global Futures Portfolio	20%	Trend Following
Welton	Welton Investment Corporation: Global Directional Portfolio	20%	Trend Following
Abraham	Abraham Trading Company: Diversified Program	20%	Trend Following
QIM	Quantitative Investment Management: Global Program	15%	Specialized

*\*Fund holdings are classes of the Alternative Strategies Limited Fund. <sup>§</sup> As a percentage of managed futures strategy allocation, excludes cash, cash equivalents and fixed income securities. The portfolio holdings, investment strategies, and allocation are presented to illustrate examples of the securities that the Fund intends to buy and the diversity of areas in which the Fund may invest, and may not be representative of the Fund's current or future investments. The top holdings do not include money market and fixed income instruments. Portfolio holdings are subject to change and should not be considered investment advice. The fund utilizes two principal strategies: managed futures (25%) and fixed income (75%). Allocations may be higher or lower based on market conditions. The Fund may invest in managed futures as if 100% of the portfolio is invested in CTA 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. As of Dec-10.*

# Fund Performance



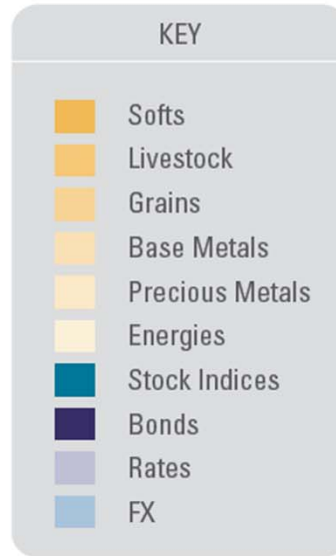
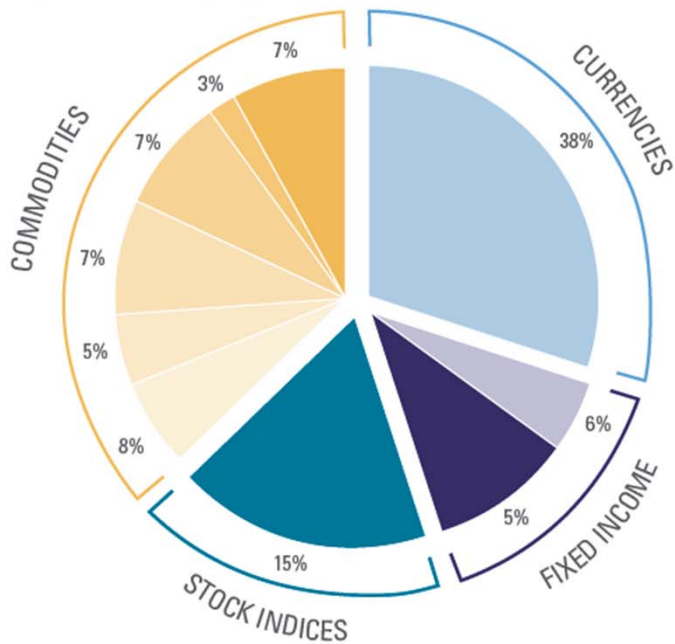
	Q4 2010	YTD	1-year	Since Inception (08/26/10)
Class A (NAV)	4.64%	NA	NA	4.95%
Class A (max load)	-1.36%	NA	NA	-1.08%
Class I (NAV)	4.77%	NA	NA	5.09%
BofA Merrill Lynch 3 month T-Bill Index	0.04%	NA	NA	0.04%

*The performance data quoted here represents past performance. Current performance may be lower or higher than the performance data quoted above. Past performance is no guarantee of future results. 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. Past performance is no guarantee of future results. The Fund's investment adviser has contractually agreed to reduce its fees and/or absorb expenses of the Fund, at least until December 31, 2011, to ensure that the net annual fund operating expenses will not exceed 2.00% for Class A and 1.75% for Class I. Without these waivers, the Fund's total annual operating expenses would be 2.22% for Class A and 1.97% for Class I, subject to possible recoupment from the Fund in future years. The maximum sales charge (load) for Class A is 5.75%. Class A Share investors may be eligible for a reduction in sales charges. Please review the Fund's Prospectus for more detail on the expense waiver. Results shown reflect the waiver, without which the results could have been lower. A Fund's performance, especially for very short periods of time, should not be the sole factor in making your investment decisions. See end of presentation for Index descriptions. For performance information current to the most recent month-end, please call toll-free (877) 772-5838. As of Dec-10. Class C Inception: February 1, 2011.*

# Fund Allocation & Sector Performance

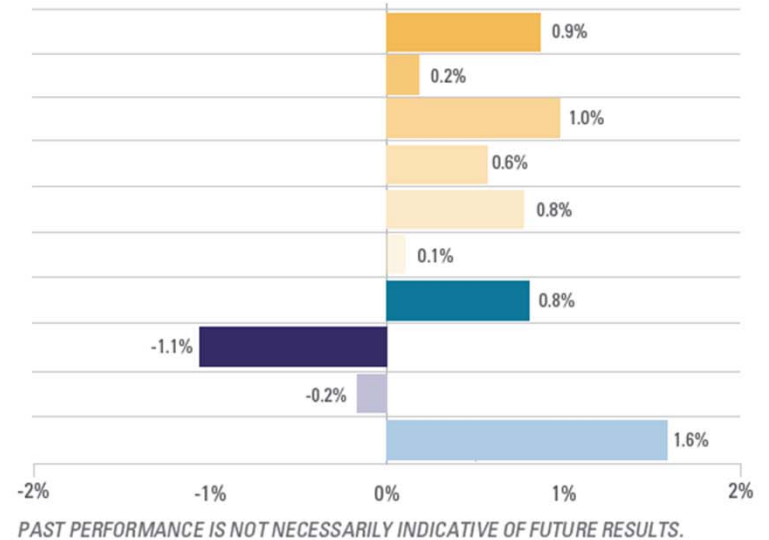


## Fund Allocation†



## Fund Performance by Sector

Time frame: 4<sup>th</sup> Quarter 2010; Class A



† Fund Allocation reflects aggregate of margin used in futures contracts and sectors held within managed futures securities and do not include fixed income securities, cash, or cash equivalents. Sector allocations and positions held may vary depending on market conditions and may not be representative of the Fund's current or future allocations. The performance data quoted here represents past performance. Current performance may be lower or higher than the performance data quoted above. Past performance is no guarantee of future results. 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. Past performance is no guarantee of future results. The Fund's investment adviser has contractually agreed to reduce its fees and/or absorb expenses of the Fund, at least until December 31, 2011, to ensure that the net annual fund operating expenses will not exceed 2.00% for Class A and 1.75% for Class I. Without these waivers, the Fund's total annual operating expenses would be 2.22% for Class A and 1.97% for Class I, subject to possible recoupment from the Fund in future years. Please review the Fund's Prospectus for more detail on the expense waiver. Results shown reflect the waiver, without which the results could have been lower. A Fund's performance, especially for very short periods of time, should not be the sole factor in making your investment decisions. As of Dec-10.

## Potential Fund Benefits



Altegris Managed Futures Strategy Fund gives **investors access** to what we believe are premier **managed futures** investment managers with:

- + Active management
- + Daily liquidity
- + Low minimum investment
- + No investor qualifications
- + Diversification
- + Transparency
- + 1099 tax reporting
- + Individual and institutional share classes available

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Fund Name	Altegris Managed Futures Strategy Fund
Investment Objective	The Fund seeks to achieve positive absolute returns in rising and falling equity markets while experiencing less volatility than major equity market indices.
Ticker / CUSIP	Class A: <b>MFTAX</b> / 66537V351 Class C: <b>MFTCX</b> / 66537V 344 Class I: <b>MFTIX</b> / 66537V336
Minimum Initial / Subsequent Investment	Class A: \$2,500 / \$500 Class C: \$500 / \$500 Class I: \$1,000,000 / \$500
Fund Fees & Expenses Gross / Net	Class A: 2.22% / 2.00%* Class C: 2.97% / 2.75% Class I: 1.97% / 1.75%
Redemption Fee	1% fee on shares redeemed within the first 30 days
Dividend Distribution	Annual
Fund Type	Alternative Investment Fund
Website	<a href="http://www.altegrismutualfunds.com">www.altegrismutualfunds.com</a>

*The Fund's adviser has contractually agreed to reduce fees and absorb expenses of the Fund until at least December 31, 2011. 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 Inception: August 26, 2010. Class C Inception: February 1, 2011.*

## Additional Disclosure

*Altegris Advisors, Rodney Square Management Corporation, and Northern Lights Distributors are not affiliated.*

*Investors should carefully consider the investment objectives, risks, charges and expenses of the Altegris Managed Futures 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 Managed Futures Strategy Fund is distributed by Northern Lights Distributors, LLC member [FINRA](#).*

### *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



*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.*

## Additional Disclosure (cont.)



*Alternative investment products, including hedge funds and Managed Futures, 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.*

*Altegris Advisors, LLC is registered as an investment adviser with the SEC and is the investment adviser to the Altegris Managed Futures 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.*

## Index Descriptions

**US Stocks:** *The S&P 500 Total Return Index is the total return version of S&P 500 index. The S&P 500 index is unmanaged and is generally representative of certain portions of the U.S. equity markets. For the S&P 500 Total Return Index, dividends are reinvested on a daily basis and the base date for the index is January 4, 1988. All regular cash dividends are assumed reinvested in the S&P 500 index on the ex-date. Special cash dividends trigger a price adjustment in the price return index.*

**Int'l Stocks:** *The MSCE EAFE Index is a capitalization-weighted index widely accepted as a benchmark of non-US stocks compiled by Morgan Stanley. It represents an aggregate of 21 individual country indices that collectively represent many of the major markets of the world.*

**US Bonds:** *The Barclays Capital U.S. Aggregate Index represents securities that are SEC-registered, taxable, and dollar denominated. The index covers the U.S. investment grade fixed rate bond market, with index components for government and corporate securities, mortgage pass-through securities, and asset-backed securities. These major sectors are subdivided into more specific indices that are calculated and reported on a regular basis. These specific indices include the Government/Credit Index, Government Index, Treasury Index, Agency Index, and Credit Index.*

**REITs:** *The NAREIT Composite Total Return Index includes both price and income returns of all publicly traded REITs (Equity, Mortgage, and Hybrid). The index began on December 31, 1971 with a base value of 100.*

**Managed Futures:** *The Altegris 40 Index tracks the performance of the 40 leading managed futures programs, by ending monthly equity (assets) for the previous month, as reported to Altegris Investments, Inc. The Altegris 40 Index represents the dollar-weighted average performance of those 40 programs.*

**Commodities:** *The GSCI Total return Index measures a fully collateralized commodity futures investment. Currently, the GSCI includes 24 commodity nearby futures contracts.*

**BofA Merrill Lynch 3 month T-Bill Index:** *The BofA Merrill Lynch 3 month T-Bill Index is an unmanaged index that measures returns of three-month Treasury Bills.*

## Term 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*

**Counter-trend:** *Specialized managed futures strategy that generally seeks to make profits by capitalizing on the reversal of a market trend. For example, they may be long after prices in a market fall abruptly and may be short after prices rise rapidly.*

**Discretionary Macro:** *Specialized managed futures strategy that generally seeks to make profits by capitalizing on the manager's view of economic imbalances and their impact on markets. For example, they may be long gold if central banks are pursuing inflationary policies and may be short gold if inflation is expected to decline.*

**Sector-specific:** *Specialized managed futures strategy that generally seeks to make profits by capitalizing on opportunities in one specific sector or market, such as equities, interest rates, currencies, or commodities. A wide variety of techniques may be employed, but are often similar to trend, counter-trend, short-term systematic, or discretionary macro strategies.*

**Short-term systematic:** *Specialized managed futures strategy that generally seeks to make profits by capitalizing on the short-term fluctuations in a market. A wide variety of techniques may be employed, but are often similar to trend or counter-trend strategies applied with a shorter time horizon.*