



September 2017 Investor Presentation

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1. Executive Summary

Executive Summary

1.1 Established History in Asset Management

- 1996** Founded by M. Lane Kerns to provide advisory services to corporate pension plans, including fiduciary oversight and investment management. This attention to prudence and our appreciation for the wealth devastation of bear markets has guided our evolution and development of products designed to help investors grow and protect their portfolios
- 2001** Kerns establishes four risk-based model portfolios (Aggressive, Moderate, Conservative and Stable)
- 2008** Kerns launches its flagship mutual fund, the KCM Macro Trends Fund (KCMTX)
- 2015** Valarian™ strategies created to provide institutional investors and investment advisors with a full range of asset allocation strategies
- 2017** Institutional share class for the KCM Macro Trends Fund (KCMIX) introduced

With \$180 million* in assets under management, Kerns Capital Management has a track record of delivering innovative investment and advisory solutions for institutions, family offices, high net worth individuals, investment professionals, and retirement plans.

*Source: Form ADV dated March 21, 2017.

Executive Summary

1.2 Unemotional Buy/Sell Discipline to Actively Manage Risk

Our Disciplined, Top-Down Approach is Built on Several Driving Factors . . .

- Apply rules-based assessment of equity markets to determine equity exposure level
- Rules based on technical analysis of price, momentum, breadth, volatility and volume

. . . With a Focus on Quantitative Stock Selection Models

- Implement highly scalable investment strategy
 - Manage risk by position size, liquidity, sector exposure caps, and correlation
- Identify investment opportunities among equities
- Exploit market inefficiencies identified by original research
- Remove emotion and behavioral bias from the investment decision

. . . Unless our Rules Warn that the Stock Market is Too Risky for our Shareholders

- Identify investment opportunities among alternative assets
- Seek returns in asset classes uncorrelated with equities during unfavorable risk level

2. Investment Strategy

Investment Strategy

2.1 Disciplined Rules-Based Risk Assessment and Buy/Sell Implementation

Risk Perception Drives Quantitative vs. Qualitative Strategy Implementation

- Risk-On Environment (Invest in Equities)
 - *Quantitative* models drive analysis, portfolio construction, security selection, and buy/sell discipline
- Risk-Off Environment (Reduce Equity Exposure)
 - *Qualitative* analysis conducted while hedging equity exposure to market-neutral

Multi-Asset Opportunistic Investing

- Top-down macro strategy applies quantitative, fundamentally-based portfolio construction
- U.S. equity-focused long/short (long bias)

Long-Term Risk-Adjusted Capital Growth

- Manage portfolio risk and sector exposures
- Actively hedge to control volatility, preserve capital, and improve returns

Investment Strategy

2.2 Diversified Investing + Active Hedging

Security Selection

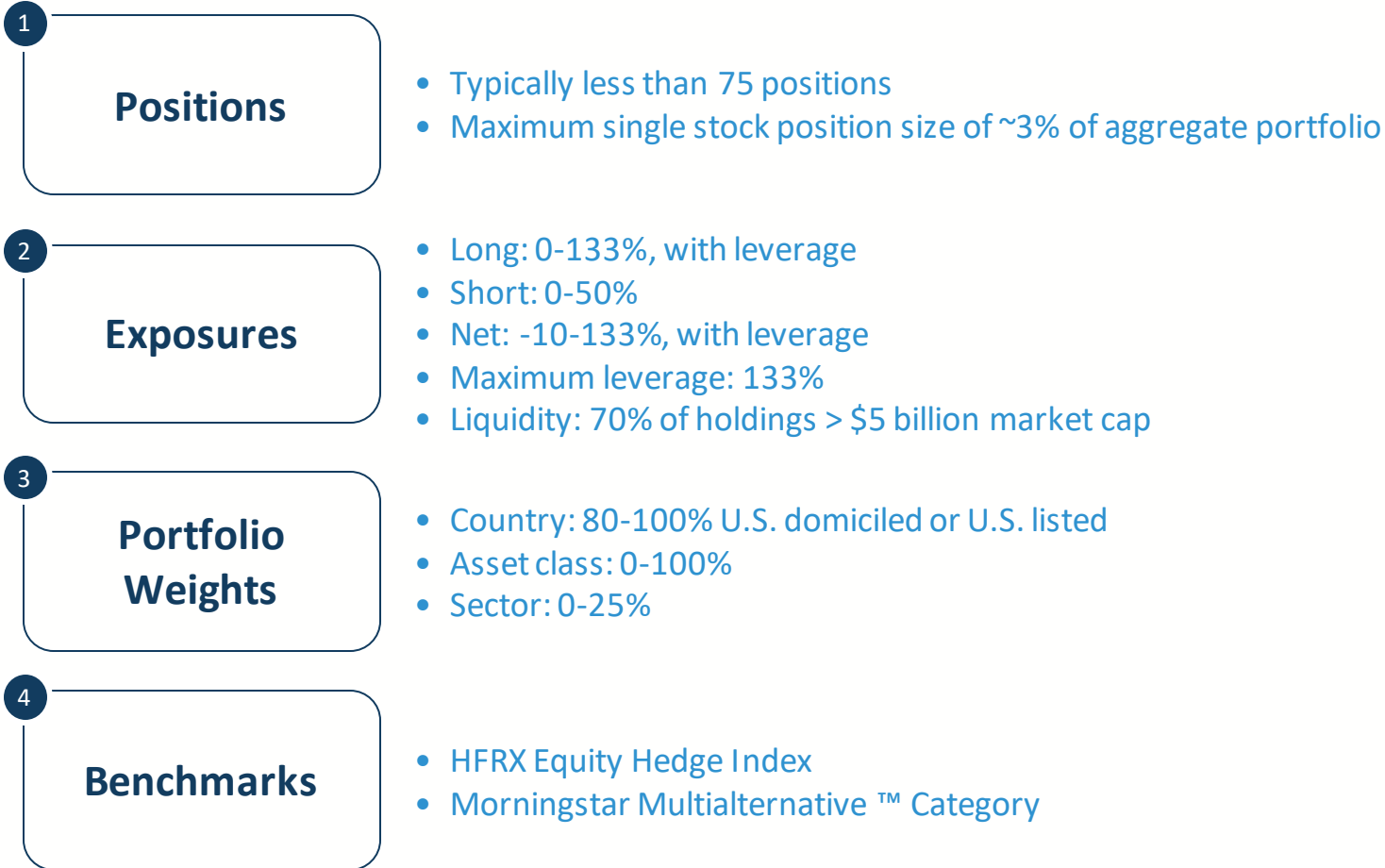
- Diversified across sectors, market caps and countries
- Stocks with high EBITDA:Enterprise Value ratios
- Liquid investments
- High dividend, lower volatility
- Significant sales growth
- Substantial free cash flow
- Industry-leading ADRs

Active Equity Hedge

- Hedge against the most vulnerable markets
 - Apply hedging signals by shorting the index or basket of securities
- Quantitative rules-based strategy considering price, momentum, breadth, volatility and volume
- Cash, Options, and Inverse ETFs

Investment Strategy

2.3 Managing Risk by Applying Guidelines to Positions, Exposures, and Portfolio Weights

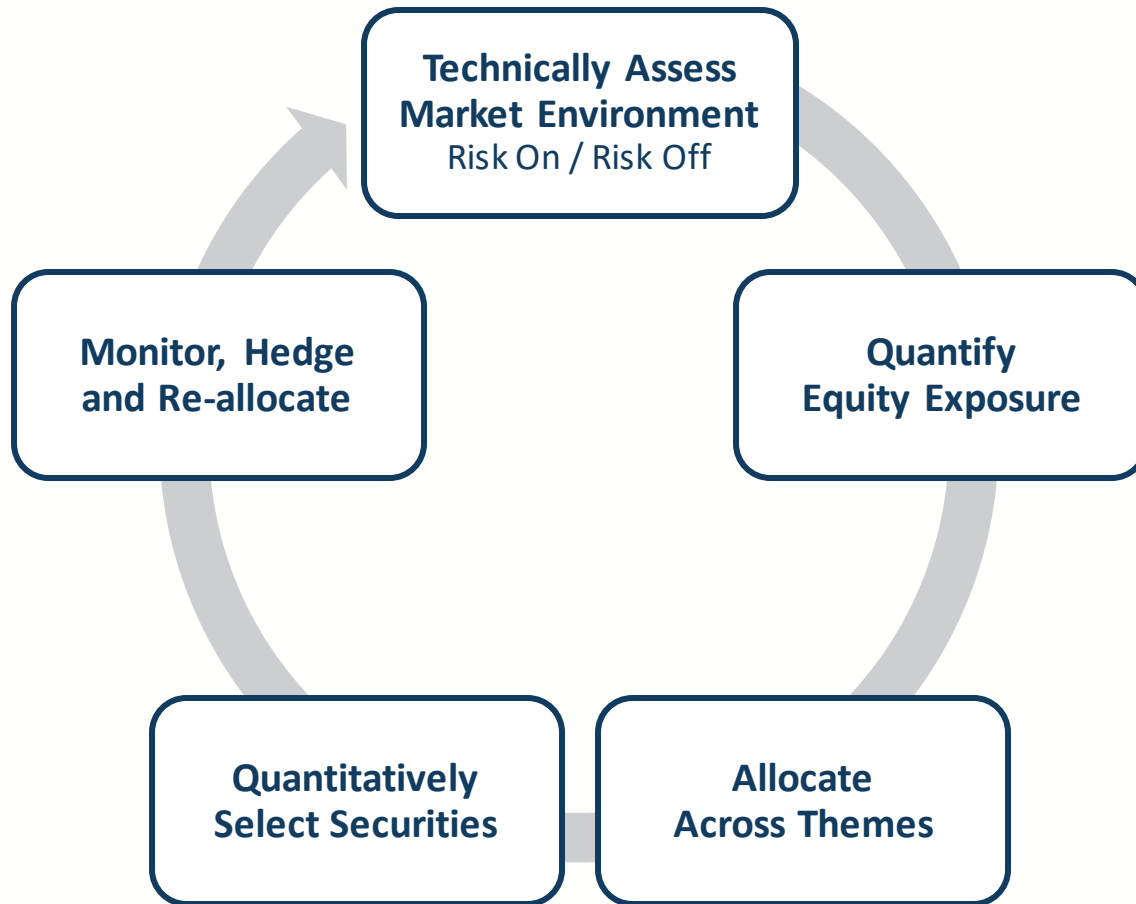


Note: This summary of risk guidelines is provided as a general overview, and is subject to customization with a separately managed account.

3. Investment Process

Investment Process

3.1 Implementing a Quantitative, Scalable and Liquid Strategy



Investment Process

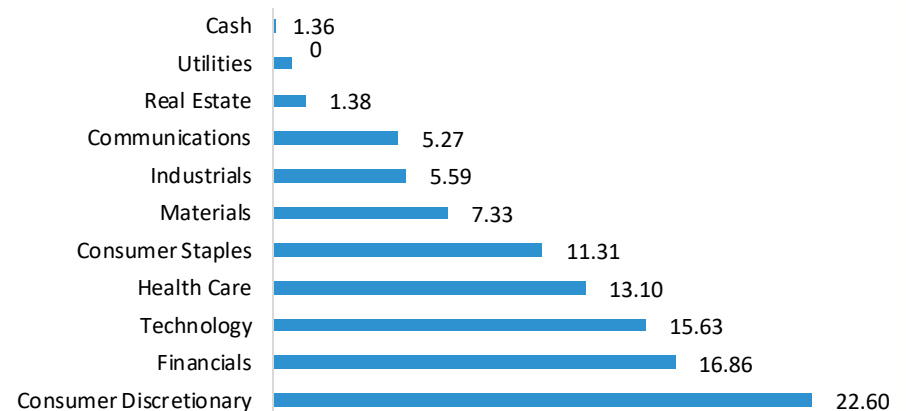
3.2 Risk On: Allocate Among Equity-Focused Investments



**Diversified Across
Thematic Opportunity**



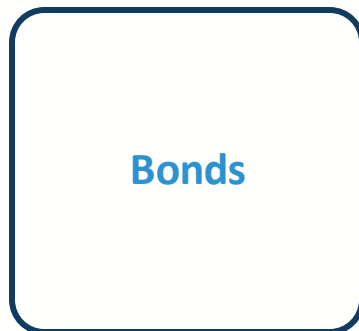
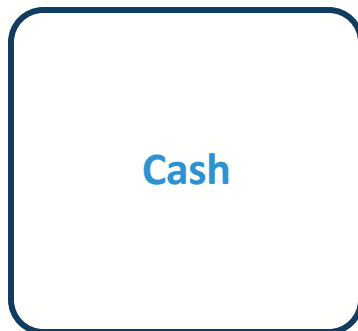
Top Sectors (%)



Note: Top Sectors as of July 31, 2017. The Risk On strategies are value-oriented, and are expected to be successful in most market environments.

Investment Process

3.3 Risk Off: Pursue Market Neutral Investments Based on Qualitative Analysis



4. Performance

Performance

4.1 Award-Winning Results and a Scalable Process

5-Star Overall Rating from Morningstar®

- Rated 4 or 5 stars by Morningstar since 2014

Top-Ranked Fund

- **Top 1% Morningstar® Multialternative fund** for both one and the five-year periods
- Top 5% in its category for three-year period

Scalable Process Designed to Capture the Upside, while Providing Downside Protection

- Continuous refinement of models and algorithms...

...has led to outperformance and positioning for bear markets

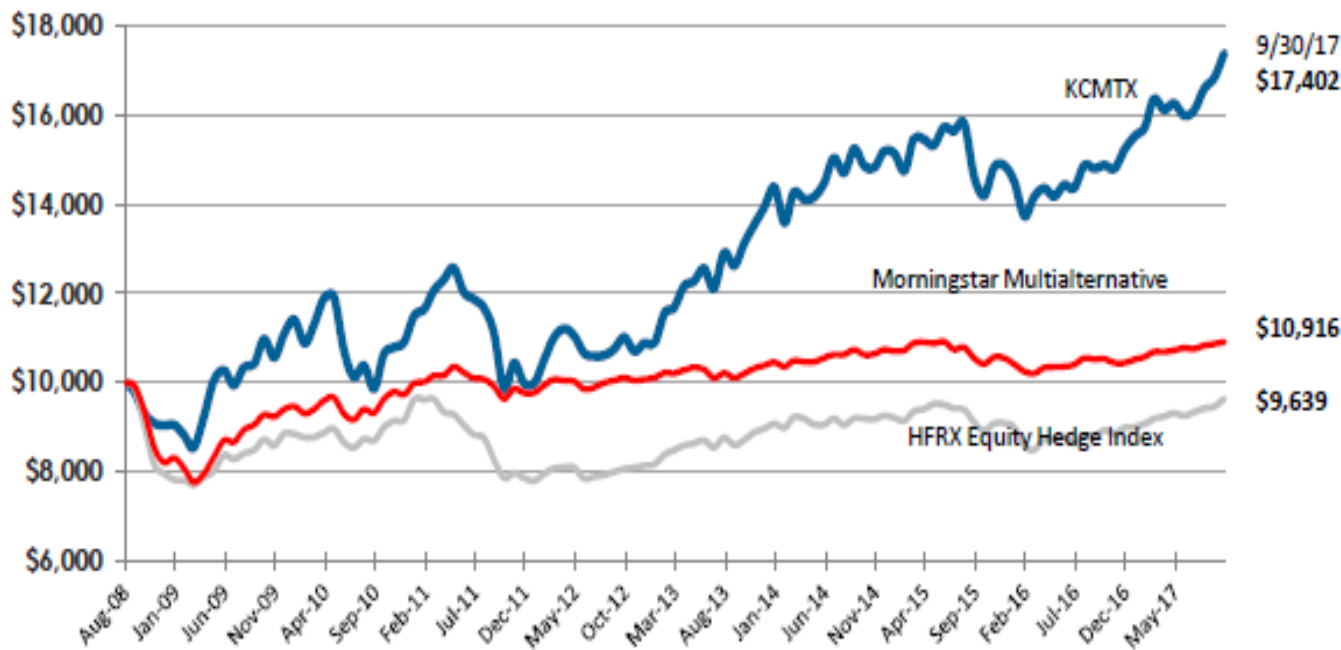


Note: Past performance, ratings and ranking are not a guarantee of future results. There is no guarantee that any investment will achieve its objective, generate positive returns, or avoid losses. Rank based on total return as of September 30, 2017 for 5-year performance out of 147 funds, top 1% for 1-year performance out of 364 funds, and top 5% for 3-year performance out of 234 funds.

Performance

4.2 Significant Outperformance vs. Benchmarks

Performance of a \$10,000 Investment



Performance since KCMTX inception on August 4, 2008. **Past performance 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 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%. The indices and categories shown are for informational purposes only and are not reflective of any investment. As it is not possible to invest in the indices or category, the data shown does not reflect or compare features of an actual investment, such as its objectives, costs and expenses, liquidity, safety, guarantees or insurance, fluctuation of principal or return, or tax features. The HFRX Equity Hedge Index is a benchmark for equity hedge strategies. Source: Hedge Fund Research, Inc.

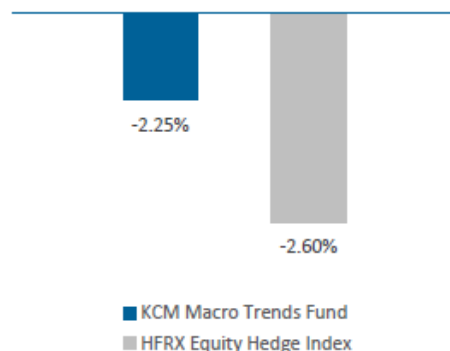
Performance

4.3 Setting a New Benchmark

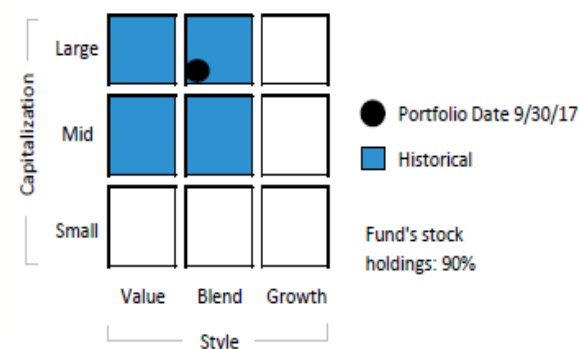
Risk Measures vs. HFRX (3-Year)

	Class R1
Alpha	3.12
Beta	1.40
R-Squared	0.61
Correlation	0.78
Sharpe Ratio	0.58
Standard Deviation	9.23

Maximum Drawdown (1-Year)



Style Map®



Performance vs. Benchmarks

	Annualized					10 yrs.	Since Inception (8/4/08)
	YTD	1 yr.	3 yrs.	5 yrs.	10 yrs.		
KCM Macro Trends Fund	12.03%	16.91%	5.36%	9.56%	N/A	6.24%	
Morningstar Multialternative Category	3.57%	3.74%	1.34%	2.60%	N/A	0.96%	
HFRX Equity Hedge Index	7.07%	7.91%	1.60%	3.64%	N/A	-0.40%	

Past performance is not a guarantee of future results. Risk measures as of 9/30/17. Performance current to the most recent month-end may be lower or higher, and can be obtained by calling 800.945.2125. The investment return and principal value of an investment will fluctuate so that an 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%. The indices and categories shown are for informational purposes only and are not reflective of any investment. As it is not possible to invest in the indices or category, the data shown does not reflect or compare features of an actual investment, such as its objectives, costs and expenses, liquidity, safety, guarantees or insurance, fluctuation of principal or return, or tax features. The HFRX Equity Hedge Index is a benchmark for equity hedge strategies. Source: Hedge Fund Research, Inc.

5. Management Team

Our Team

5.1 Financial Leadership



Marty Kerns is the President and Chief Executive Officer of Kerns Capital Management, Inc., and is the lead portfolio manager of the KCM Macro Trends Fund, which he and his father launched in 2008. Prior to joining Kerns in 2007, Mr. Kerns practiced law for 15 years and was a partner in the Houston law firm of Beirne, Maynard & Parsons, L.L.P. He is a former board member of the Guggenheim/Rydex Dynamic Advisory Board and the National Association of Active Investment Managers. Mr. Kerns holds a B.B.A. in finance from the University of Texas at Austin and a J.D. from South Texas College of Law.



Parker Binion is the Chief Investment Officer of Kerns Capital Management, Inc., and is co-portfolio manager of the KCM Macro Trends Fund. He also manages the firm's separately managed account strategies and hedging/net exposure strategies. Prior to joining Kerns in 2014, Mr. Binion worked as an investment advisor representative for Heritage Capital, and practiced law for 17 years at several prestigious Houston law firms. Mr. Binion holds an A.B. in political science with a concentration in economics from Duke University and a J.D. with honors from the University of Texas at Austin where he served as an Articles Editor on the Texas Law Review.

6. Appendix

Appendix

6.1 Summary Terms and Service Providers

KCM Macro Trends Fund	KCMTX	KCMIX	Separate Account
Investment Advisor	Kerns Capital Management, Inc.		
Inception	Aug. 4, 2008	Mar. 20, 2017	Available
Minimum Initial Amount	\$5,000	\$250,000	\$500,000
Liquidity	Daily	Daily	Daily
Sales & Redemption Fees	None	None	None
Management/Performance Fees	1.0%/None	1.0%/None	0%/30%
Operating Expenses	1.65%	1.40%	N/A
Load Type	No Load	No Load	N/A

For informational purposes only. This summary is not complete and is qualified in its entirety by reference to the more detailed discussion contained in the Fund Prospectus.

Fund Distributor	Northern Lights Distributors
Custodian	Fifth Third Bank
Auditor	Tait, Weller & Baker
Administrator	Gemini Fund Services
Legal	Thompson Hine

Appendix

6.2 Definitions

ADR. Stands for American Depositary Receipt. An ADR is a negotiable certificate issued by a U.S. bank representing a specified number of shares (or one share) in a foreign stock traded on a U.S. exchange. ADRs are denominated in U.S. dollars, with the underlying security held by a U.S. financial institution overseas. Holders of ADRs realize any dividends and capital gains in U.S. dollars, but dividend payments in euros are converted to U.S. dollars, net of conversion expenses and foreign taxes.

EBITDA. Stands for earnings before interest, taxes, depreciation and amortization. EBITDA is one indicator of a company's financial performance and is used as a proxy for the earning potential of a business. Further, EBITDA strips out the cost of debt capital and its tax effects by adding back interest and taxes to earnings.

Hedge. A hedge is an investment to reduce the risk of adverse price movements in an asset. Normally, a hedge consists of taking an offsetting position in a related security, such as a futures contract.

Long. The buying of a security such as a stock, commodity or currency with the expectation that the asset will rise in value.

Long/Short (long-bias). An investing strategy of taking long positions in stocks that are expected to appreciate, and short positions in stocks that are expected to decline. A long/short equity strategy seeks to minimize market exposure, while profiting from stock gains in the long positions, and price declines in the short positions. A long-bias fund maintains a differing ratio of long positions (compared to short positions) that usually exceeds 40% in order to benefit during rising markets.

Market Liquidity. Market liquidity refers to the extent to which a market, such as a country's stock market or a city's real estate market, allows assets to be bought and sold at stable prices. Cash is the most liquid asset, while real estate, fine art and collectibles are relatively illiquid.

Quant Fund. An investment fund that selects securities based on quantitative analysis. In a quant fund, the managers build computer-based models to determine whether an investment is attractive.

Short. A sale that is completed by the delivery of a security borrowed by the seller. Short sellers assume they will be able to buy the stock at a lower amount than the price at which they sold short.

Top-Down, Macro Trends Analysis. Top-down investing is an investment approach that involves analyzing the overall picture of the economy and breaking down the various components into finer details. After considering the macro-economic conditions around the world, analysts examine different industrial sectors to select those that are forecast to outperform the market. From this point, they further analyze stocks of specific companies to choose potentially successful investments. Macro refers to a large-scale trend.

Whipsaw. A condition in which a security's price heads in one direction, but is followed quickly by a movement in the opposite direction. A trader is considered to be "whipsawed" when the price of a security he just invested in abruptly moves in the opposite direction of what was expected.

Appendix

6.3 Disclosures

Past performance is not a guarantee of future results. Current performance may be lower or higher than the performance quoted. Past performance, ratings and ranking are not a guarantee of future results and are just three forms of performance measurement. There is no guarantee that any investment will achieve its objective, generate positive returns, or avoid losses.

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For each fund with at least a three-year history, Morningstar calculates a Morningstar Rating based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a fund's monthly performance (including the effects of sales charges, loads, and redemption fees), placing more emphasis on downward variations and rewarding consistent performance. The top 10% of the funds in each category received 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars and the bottom 10% receive 1 star. The Overall Morningstar Rating for a fund is derived from a weighted average of the performance figures associated with its three-, five- and ten- year (if applicable) Morningstar Rating metrics. KCMTX was rated against 253 and 154 U.S.-domiciled Multialternative funds for the three- and five-year periods ending 9/30/17. KCMTX received Morningstar ratings of five stars for the three-year and five-year periods.

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 sale is unlimited. The Fund may use leveraging and/or hedging techniques that could fail if changes in the value of the derivative do not correlate with the securities being hedged. These risks may result in greater share price volatility.

Investors should carefully consider the investment objectives, risks, charges and expenses of the KCM Macro Trends Fund. This and other important information about the fund is contained in the prospectus, which can be obtained at www.kernscapital.com or by calling 800-945-2125. The prospectus should be read carefully before investing.

The KCM Macro Trends Fund is distributed by Northern Lights Distributors, LLC, member FINRA/SIPC. Kerns Capital Management, Inc. and Northern Lights Distributors, LLC are not affiliated.

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For more information, please visit
www.kernscapital.com



Kerns Capital Management, Inc.
Corporate Headquarters
9821 Katy Freeway, Suite 400
Houston, Texas 77024
www.kernscapital.com

Main:	713.993.0949
Toll-Free:	800.945.2125