



MARKET REVIEW

The U.S. equity markets continued their strong performance in the third quarter of 2009. The S&P 500 advanced 15.61% on more signs of economic stabilization and another round of corporate profits that exceeded expectations, mostly due to broad cost cutting. The quarter began on a relatively weak note as some of the mixed economic data we began to see in June carried into July. While the bulk of the data from the second quarter surprised to the upside, more recent data points such as non-farm payrolls, consumer confidence, and consumption were somewhat of a disappointment relative to increasingly high expectations. Meanwhile, the data on the housing market and manufacturing showed upticks, driven by the federal first time home buyer tax credit and inventory rebuilding, respectively. While the U.S. economy has stabilized and shown some signs of improvement over the past year, it still remains weak particularly with unemployment at 9.8% and still rising (with "real" unemployment likely much higher). Despite this, enough economic indicators have turned positive enough to suggest the recession has ended. The question that remains for us is how robust (or lack thereof) the recovery will be.

As for the third quarter, the major catalyst was another very strong earnings season, which saw roughly 75% of S&P 500 companies beat analysts' earnings expectations. We believe the composition of the earnings report was similar to 2Q as most of the earnings surprises were driven by aggressive cost controls rather than revenue gains. Market strength was concentrated in Financials, Industrials, Materials, Discretionary, and Technology while Telecom, Utilities, Healthcare, Energy, and Staples lagged.

PORTFOLIO REVIEW

The Bull Path Long Short Fund generated returns of 0.28% net of fees during the third quarter of 2009. As is typical for us, we entered the quarter positioned in high quality names with defensive business models and those names underperformed as the rally was again dominated by high beta, heavily shorted stocks. We do note that August was particularly challenging for us even with the strong market performance. We did not make any significant fundamental mistakes but did see some profit taking in some of our largest long positions following strong earnings reports.

On the long side, our performance was driven by gains in Core holdings such as Liberty Media (LMDIA) and Equinix (EQIX) as well as Life Insurers such as Principal Financial Group (PFG) and Lincoln National (LNC). Additionally, we were able to generate a significant profit on both the long side and short side in one particular Healthcare name during the quarter as the risk/reward profile shifted from a downside skew to an upward bias. On the short side, we were able to generate a profit in roughly 25% of our positions despite the market strength. However, we lost money in our short book overall driven by losses in Technology Hardware, Energy, Healthcare, and Financial stocks. We highlight that the risk/reward profile on many of these names remain heavily skewed to the downside and are trading at historically high valuations even with expectations of higher than consensus earnings estimates. We remain short many of these names.

In terms of holdings, we continued to add to longs with favorable risk/reward profiles including Hasbro (HAS), Popular (BPOP), and Federated Investors (FII). We exited our position in the Life Insurers after a sizable gain. On the short side, we added to several Healthcare, Regional Bank, and Packaging shorts while closing out some Consumer Discretionary positions.

Performance	BPFIX	S&P 500
Quarter (%)	0.28	15.61
YTD (%)	5.27	19.26
1-Year Annualized (%)	-9.18	-6.91
3-Year Annualized (%)	-1.31	-5.43
5-Year Annualized (%)	3.99	1.02
Annualized Since Inception (%)	8.79	5.86
Portfolio Characteristics		
# of Long/Short Holdings	17/13	N/A
Avg. Gross Exposure Qtr [YTD] (%)	64.4 [57.9]	N/A
Avg. Net Exposure Qtr [YTD] (%)	22.3 [13.8]	N/A
Key Statistics*		
Annualized Alpha (%)	7.02	0.00
Annualized Std. Dev. (%)	8.14	15.10
Beta	0.29	1.00
Sharpe (0%)	1.08	0.45
Sortino (0%)	1.53	0.52
Correlation	0.54	1.00
Largest Month Gain (%)	5.56	9.57
Largest Month Loss (%)	-10.50	-16.80
Gain/Loss Ratio	0.95	0.72
Max Drawdown (%)	-24.22	-50.95
Portfolio Management		
Robert Kaimowitz, Portfolio Manager		
Scott Lisbon, CFA, Director of Research		
* As of fund inception (Oct. 1, 2002)		
<p>The data quoted above represent past performance and do not indicate future returns. The value of an investment in the Funds and the return on investment both will fluctuate and redemption proceeds may be higher or lower than an investor's original cost. Total return is calculated assuming reinvestment of all dividends. Total returns would have been lower had the Adviser, the Distributor, the Administrator, and Custodian not waived or reimbursed a portion of their fees. The Fund's investment adviser has contractually agreed to reduce its fees and/or absorb expenses of the fund, at least until August 31, 2010, to ensure that the net annual fund operating expenses will not exceed 1.50% for I class, subject to possible recoupment from the Fund in future years. Please review the Fund's prospectus for more detail on the expense waiver. The total Net operating expense for the I class is 1.99%. For more performance numbers current to the most recent month-end, please call 1-888-899-2726.</p> <p>The prior performance is net of management fees and other expenses but does not include the effect of the performance fee. The Long Short Fund has been managed in the same style and by the same portfolio manager since the predecessor limited partnership's inception on October 1, 2002. The Fund's investment goals, policies, guidelines and restrictions are, in all material respects, equivalent to the predecessor limited partnership. From its inception date, the predecessor limited partnership was not subject to certain investment restrictions, diversification requirements and other restrictions of the 1940 Act of the Code, if they had been applicable, it might have adversely affected its performance. In addition, the predecessor limited partnership was not subject to sales loads that would have adversely affect performance. Performance of the predecessor fund is not an indicator of future results.</p> <p>Current performance may be higher or lower than that quoted.</p> <p>Source: Annualized and calendar returns from Morningstar Direct; performance statistics from PerTrac Analytical Platform. The S&P 500 Index is an unmanaged composite of 500 large capitalization companies. The index is widely used by professional investors as a performance benchmark for large cap stocks. You cannot invest directly in an index.</p>		



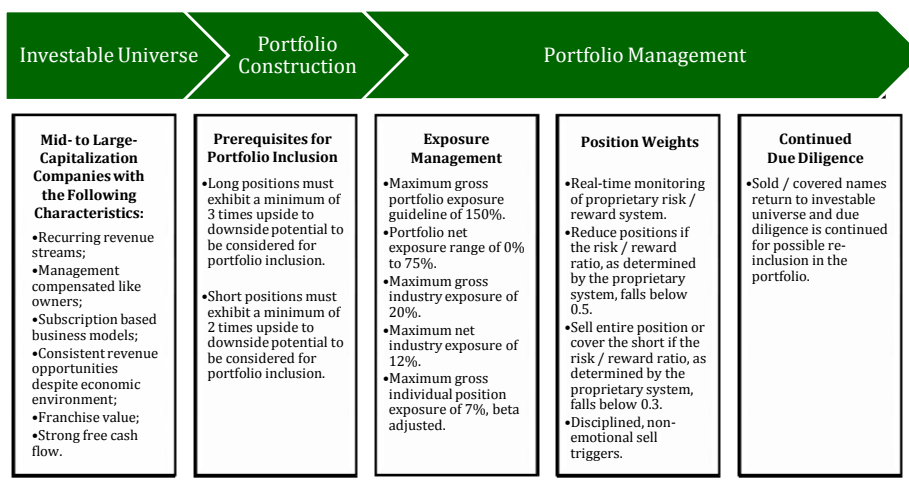
OUTLOOK

Despite the 56% rise in the market since the March 9th low, the S&P 500 is still more than 30% below its all-time high and has produced a negative return over the past 10 years. We believe this type of volatility could continue for the foreseeable future. As we stated earlier, there is no question that the U.S. economy has improved over the past year and that the outlook is brighter today than it was last Fall. Our view is that it *should* look better given the fact that short-term interest rates moved to zero and the government committed trillions of dollars to stabilize and then stimulate the financial, housing, and auto sectors. The Fed's balance sheet has doubled and the federal deficit has soared while the value of the U.S. dollar has collapsed. These actions have stabilized the financial system and instilled much needed confidence in the markets.

However, these actions have consequences and we believe significant risks remain on the horizon. At some point, the Federal Reserve is going to have to skillfully manage a withdrawal of these stimulative measures without pushing the economy back into recession and without causing significant inflation. Meanwhile, policy makers will need to address the federal deficit which currently stands at \$1.42 trillion, up from just \$459 billion a year ago. We cannot discount the risk of dramatically higher inflation and interest rates in the coming years at a time when the American consumer will likely still be battling high levels of debt and an uncertain labor market. We are by no means trying to forecast a doomsday scenario for the economy and markets, but we are highlighting the fact that major risks still remain – a fact that can be lost in the midst of such a sharp market rally. It is difficult to predict or time the precise moment at which these risk factors might be priced into markets so we need to remain disciplined in our investment decisions. Coming off a horrendous year for investors in 2008, we are seeing a shift from a fear of being "in" the market to a fear of not being "in". This has happened in a relatively short period of time and has contributed to the recent historic rally. We will continue to manage our portfolio based on underlying, bottom up fundamentals with a goal of creating alpha on both the long and short side of our portfolio. We will not chase stocks or sectors that are "working". We believe this discipline will result in more consistent and superior risk-adjusted returns over time.

INVESTMENT OBJECTIVE AND PROCESS

The Bull Path Long Short Fund is fundamentally driven, bottom-up focused which utilizes a proprietary risk / reward investment process to target alpha and favorable risk adjusted returns over a complete market cycle. The Fund seeks positive total returns on both long and short positions.



Fund Identification & Expenses

Share Class	A	C	I
Ticker	BPFAX	BPFCX	BPFIX
CUSIP	66537V50	66537V60	66537V70
Max Sales Load	5.75%	None	None
Redemption Fee	None	None	None
Management Fee	1.25%	1.25%	1.25%
12b-1	0.25%	1.00%	0.00%
Other Expenses*	0.69%	0.69%	0.69%
Acquired Fund Fees/Expenses	0.05%	0.05%	0.05%
Net Operating Expenses	2.24%	2.99%	1.99%
Expense Limit	1.75%	2.50%	1.50%
Minimum Investment	\$1,000	\$1,000	\$100,000

* Includes custodian, administration, transfer agency and other customary fund expenses and are based on estimated amounts for the Fund's current fiscal year

Top 5 Long Holdings

1. Ball Corp (BLL)
2. Liberty Media (LMDIA)
3. Activision Blizzard (ATVI)
4. Popular Inc. (BPOP)
5. XTO Energy (XTO)

Top 5 Short Holdings

1. Oil Services Holders (OIH)
2. Lexmark Int'l (LXK)
3. Pactiv (PTV)
4. Avery Dennison (AVY)
5. Genomic Health (GHDX)

Source: Gemini Fund Services based on month end-value. Portfolio holdings are subject to change and should not be considered investment advice. Holdings are ranked as percentage of total assets.

Mutual funds involve risk including the possible loss of principal. The Fund uses short selling which incurs significant additional risk. Potential loss on an uncovered short sale is unlimited where as the potential loss on a long position is limited to the original purchase. The Fund is subject to smaller company risk. Smaller company stocks may be subject to more abrupt or erratic market movements than those of larger, more established companies.

Before investing you should carefully consider the investment objectives, risks, charges and expenses of the Bull Path Funds. This and other important information about the Fund is contained in the prospectus, which can be obtained at www.bullpathfunds.com or by calling 1-888-899-2726. The prospectus should be read carefully before investing. The Bull Path Funds are distributed by Northern Lights Distributors, LLC member FINRA/SIPC.



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Alpha is a measure of performance on a risk-adjusted basis. Alpha takes the volatility of a mutual fund and compares its risk-adjusted performance to a benchmark index. The excess return of the fund relative to the benchmark index is the fund's alpha.

Average Gross Exposure is calculated by adding the percentage of the fund's equity invested in short sales to the percentage of its equity used for long positions.

Average Net Exposure is calculated by subtracting the percentage of the fund's equity invested in short sales from the percentage of its equity used for long positions.

Beta is a measure of volatility of a security or a portfolio in comparison to the marker as a whole.

Correlation is a statistical measure of how two securities, mutual funds or indexes move in relation to each other, measured on a scale of -1 to +1. Perfect positive correlation (+1) implies that as one security moves, either up or down, the other security will move in lockstep, in the same direction. A measure of -1 means they move in perfectly opposite directions.

Max Drawdown represents the peak-to-trough decline during a specific record period of an investment, fund or index.

Sharpe ratio measures the return in excess of the risk-free rate relative to the volatility of the return.

Sortino measures the risk-adjusted return of a portfolio

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