



Annual Report
January 31, 2010

1-866-263-9260
www.unusalfund.com

Distributed by Northern Lights Distributors, LLC
FINRA/SIPC Member

TO SHAREHOLDERS OF THE
ADAPTIVE ALLOCATION FUND
January 31, 2010



The stock market experienced a high level of volatility during the past year. After falling sharply in the first Quarter of 2009, the market bounced back significantly in the second. This recovery was confirmed in the second half of the year as markets broke out to the upside, although there were several periods of short-term volatility. We adapted to the market as it recovered, being invested more aggressively in the past 6 months.

The average annual total return for the Adaptive Allocation Fund and the S&P 500 for the period ending January 31, 2010 are listed below:

	Past 6 months	Past 1 year	Past 2 years	Past 3 years	Since Inception (2/24/2006)
Adaptive Allocation Fund	9.6 %	23.7 %	0.7 %	-4.1 %	-2.2 %
S&P 500	9.9 %	33.1 %	-9.6 %	-7.2 %	-2.5 %

Throughout 2009, and especially in the last quarter, our individual stock selection models made relatively few selections, signaling that companies' fundamentals were not favorable from our models' perspectives. Our fundamental financial statement analysis resulted in a cautious stance. On the other hand, our technical systems were more aggressively invested, contributing much of the total return we experienced for the year.

The fund performance data quoted here represents past performance. Current performance may be lower or higher than the performance data quoted above. Investment return and principal value will fluctuate, so that shares, when redeemed, may be worth more or less than their original cost. Past performance is no guarantee of future results. A Fund's performance, especially for very short periods of time, should not be the sole factor in making your investment decisions. There is neither a front end load nor a deferred sales charge for the Adaptive Allocation Fund. Shares held for less than 90 days are subject to a 2.00% redemption fee. The total operating expense ratio as stated in the fee table to the Fund's prospectus dated June 1, 2009 is 3.00%. For performance information current to the most recent month-end, please visit www.unusualfund.com or call toll-free 866-263-9260. All performance figures reflect fee waivers and expense subsidies, without which performance figures would have been lower.

Historical performance results for investment indices and/or categories have been provided for general comparison purposes only, and generally do not reflect the deduction of transaction and/or custodial charges, the deduction of an investment management fee, nor the impact of

taxes, the incurrence of which would have the effect of decreasing historical performance results. It should not be assumed that your account holdings correspond directly to any comparative indices. Past performance may not be indicative of future results and does not reflect the impact of taxes on non-qualified accounts. The data herein is not guaranteed. You cannot invest directly in an index.

The S&P 500 Index is an unmanaged composite of 500-large capitalization companies. This index is widely used by professional investors as a performance benchmark for large-cap stocks.

Before investing, please read the Fund's prospectus and shareholder reports to learn about its investment strategy and potential risks. Mutual Fund investing involves risk including loss of principal. Investments in derivative securities may be more volatile and less liquid than traditional securities and the Fund could suffer losses on its derivative positions. An investor should also consider the Fund's investment objective, charges, expenses, and risk carefully before investing. This and other information about the Fund is contained in the fund's prospectus, which can be obtained on the web at www.unusualfund.com or by calling 1-866-263-9260. Please read the prospectus carefully before investing. The Adaptive Allocation Fund is distributed by Northern Lights Distributors, LLC, member FINRA www.finra.org

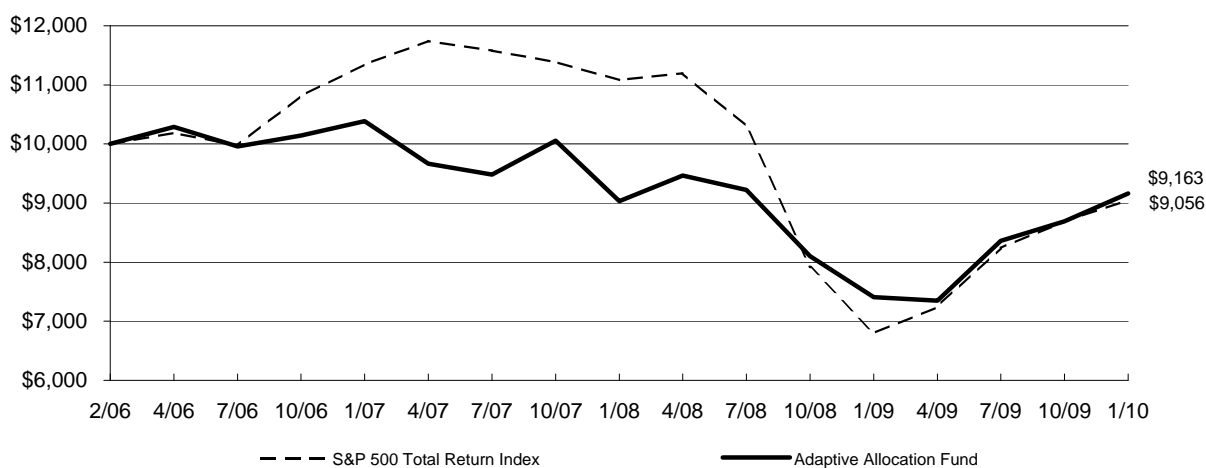
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Adaptive Allocation Fund
PORTFOLIO REVIEW
January 31, 2010 (Unaudited)

The Fund's performance figures* for the period ending January 31, 2010, compared to its benchmark:

Annualized Average Returns:	One Year	Inception ** - January 31, 2010
Adaptive Allocation Fund	23.71%	(2.20%)
S&P 500 Total Return Index	33.14%	(2.49%)

Comparison of the Change in Value of a \$10,000 Investment



* The Performance data quoted is historical. Past performance is no guarantee of future results. Current performance may be higher or lower than the performance data quoted. The principal value and investment return of an investment will fluctuate so that your shares, when redeemed, may be worth more or less than their original cost. The returns shown do not reflect the deduction of taxes that a shareholder would pay on Fund distributions or on the redemptions of Fund shares. Returns greater than 1 year are annualized. For performance information current to the most recent month-end, please call 1-866-263-9260.

** Inception date is February 24, 2006

Top Holdings By Industry

Mutual Funds
Exchange Traded Funds
Common Stock
Other, Cash & Cash Equivalents

% of Net Assets

50.6%
28.5%
3.9%
17.3%
100.3%

Adaptive Allocation Fund
PORTFOLIO OF INVESTMENTS

January 31, 2010

Shares		Value
	COMMON STOCK - 3.9 %	
	OIL & GAS - 3.9 %	
9,768	EnSCO International PLC	\$ 381,245
9,763	Noble Corp.	393,644
	TOTAL COMMON STOCK (Cost - \$852,185)	774,889
	MUTUAL FUNDS - 50.6 %	
	DEBT FUND - 27.6 %	
96,225	Nuveen High Yield Municipal Bond Fund	1,460,698
77,773	Vanguard Inflation-Protected Securities Fund	1,946,653
250,417	Western Asset High Yield Portfolio	2,106,010
		5,513,361
	EQUITY FUND - 23.0 %	
46,967	ProFunds UltraBull ProFund *	1,411,828
72,983	ProFunds UltraSmall-Cap ProFund *	880,909
8,457	Rydex Russell 2000 2x Strategy Fund *	887,474
70,251	Rydex S&P 500 2x Strategy Fund	1,431,004
		4,611,215
	TOTAL MUTUAL FUNDS (Cost - \$7,929,665)	10,124,576
	EXCHANGE TRADED FUNDS - 28.5 %	
	EQUITY FUND - 28.5 %	
134,570	ProShares Ultra Russell 2000	3,539,191
61,515	ProShares Ultra S&P 500	2,177,016
	TOTAL EXCHANGE TRADED FUNDS (Cost - \$3,997,363)	5,716,207
	SHORT-TERM INVESTMENTS - 17.3 %	
	MONEY MARKET FUND - 17.3 %	
1,730,598	Fidelity Institutional Money Market Funds - Treasury Only Portfolio, 0.01% **	1,730,598
1,732,116	Goldman Sachs Financial Square Funds - Government Fund, 0.01% **	1,732,116
	TOTAL SHORT-TERM INVESTMENTS (Cost - \$3,462,714)	3,462,714

See accompanying notes to financial statements.

Adaptive Allocation Fund
PORTFOLIO OF INVESTMENTS (Continued)
January 31, 2010

TOTAL INVESTMENTS - 100.3 % (Cost - \$16,241,927)(a)	\$ 20,078,386
OTHER ASSETS & LIABILITIES - (0.3) %	(57,816)
NET ASSETS - 100.0%	<u><u>\$ 20,020,570</u></u>

(a) Represents cost for financial reporting purposes. Aggregate cost for federal tax purposes is \$16,241,927 and differs from market value by net unrealized appreciation (depreciation) of securities as follows:

Unrealized appreciation	\$ 3,913,755
Unrealized depreciation	(77,296)
Net unrealized appreciation	<u><u>\$ 3,836,459</u></u>

* Non-Income producing security.

** Money Market Fund; Interest rate reflects seven-day effective yield on January 31, 2010.

See accompanying notes to financial statements.

Adaptive Allocation Fund
STATEMENT OF ASSETS AND LIABILITIES
January 31, 2010

ASSETS

Investment securities:	
At cost	\$ 16,241,927
At value	\$ 20,078,386
Dividends and interest receivable	8,883
Prepaid expenses and other assets	4,124
TOTAL ASSETS	20,091,393

LIABILITIES

Payable for Fund shares sold	1,800
Investment advisory fees payable	17,892
Distribution (12b-1) fees payable	13,419
Fees payable to other affiliates	9,413
Shareholder servicing fee	4,473
Accrued expenses and other liabilities	23,826
TOTAL LIABILITIES	70,823

NET ASSETS	\$ 20,020,570
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Net Assets Consist Of:

Paid in capital [\$0 par value, unlimited shares authorized]	\$ 21,500,833
Accumulated net investment loss	(7,499)
Accumulated net realized loss from security transactions	(5,309,223)
Net unrealized appreciation of investments	3,836,459
NET ASSETS	\$ 20,020,570

Shares of beneficial interest	2,193,709
Net asset value, offering and redemption price per share (a)	\$ 9.13

(a) Redemptions made within 90 days of purchase may be assessed a redemption fee of 2.00%

See accompanying notes to financial statements.

Adaptive Allocation Fund
STATEMENT OF OPERATIONS
For the Year Ended January 31, 2010

INVESTMENT INCOME	
Dividends (net of \$1,436 foreign taxes withheld)	\$ 380,309
Interest	6,727
TOTAL INVESTMENT INCOME	387,036
 EXPENSES	
Investment advisory fees	177,595
Distribution (12b-1) fees	133,196
Shareholder servicing fees	44,399
Administrative services fees	38,376
Professional fees	23,668
Accounting services fees	21,498
Transfer agent fees	18,607
Compliance officer fees	11,190
Printing and postage expenses	6,523
Trustees' fees and expenses	5,947
Custodian fees	5,199
Registration fees	2,919
Insurance expense	1,111
Other expenses	1,204
TOTAL EXPENSES	491,432
NET INVESTMENT LOSS	(104,396)
 REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS	
Net realized loss from security transactions	(896,669)
Net change in unrealized appreciation of investments	4,705,491
NET REALIZED AND UNREALIZED GAIN ON INVESTMENTS	3,808,822
 NET INCREASE IN NET ASSETS FROM OPERATIONS	\$ 3,704,426

See accompanying notes to financial statements.

Adaptive Allocation Fund
STATEMENTS OF CHANGES IN NET ASSETS

	Year Ended January 31, 2010	Year Ended January 31, 2009
FROM OPERATIONS		
Net investment loss	\$ (104,396)	\$ (238,735)
Net realized loss from security transactions	(896,669)	(2,611,234)
Distributions of realized gain from other investment companies	-	1,845
Net change in unrealized appreciation (depreciation) of investments	4,705,491	(484,238)
Net increase (decrease) in net assets resulting from operations	<u>3,704,426</u>	<u>(3,332,362)</u>
FROM SHARES OF BENEFICIAL INTEREST		
Proceeds from shares sold	915,926	1,204,999
Payments for shares redeemed	(376,192)	(2,250,216)
Net increase (decrease) in net assets from shares of beneficial interest	<u>539,734</u>	<u>(1,045,217)</u>
TOTAL INCREASE (DECREASE) IN NET ASSETS	4,244,160	(4,377,579)
NET ASSETS		
Beginning of Year	15,776,410	20,153,989
End of Year*	<u>\$ 20,020,570</u>	<u>\$ 15,776,410</u>
* Includes accumulated net investment loss of:	<u>\$ (7,499)</u>	<u>\$ (8,166)</u>
SHARE ACTIVITY		
Shares Sold	104,416	150,599
Shares Redeemed	(47,886)	(253,781)
Net increase (decrease) in shares of beneficial interest outstanding	<u>56,530</u>	<u>(103,182)</u>

See accompanying notes to financial statements.

Adaptive Allocation Fund

FINANCIAL HIGHLIGHTS

Per Share Data and Ratios for a Share of Beneficial Interest Outstanding Throughout Each Period Presented

	Year Ended January 31, 2010	Year Ended January 31, 2009	Year Ended January 31, 2008	Period Ended January 31, 2007 (1)
Net asset value, beginning of year	\$ 7.38	\$ 9.00	\$ 10.35	\$ 10.00
Activity from investment operations:				
Net investment income (loss)	(0.05)	(0.12)	(0.01)	0.02
Net realized and unrealized gain/(loss) on investments	1.80	(1.50)	(1.34)	0.37
Total from investment operations	1.75	(1.62)	(1.35)	0.39
Paid-in-Capital from Redemption fees	-	-	0.00 (2)	-
Less distributions from:				
Net investment income	-	-	-	(0.04)
Total distributions	-	-	-	(0.04)
Net asset value, end of year	\$ 9.13	\$ 7.38	\$ 9.00	\$ 10.35
Total return (3)	23.71%	(18.00%)	(13.04%)	3.88% (4)
Net assets, end of year (000s)	\$ 20,021	\$ 15,776	\$ 20,154	\$ 25,865
Ratio of expenses to average net assets (5)	2.76%	2.79%	2.59%	2.76% (6)
Ratio of net investment income (loss) to average net assets (5)	(0.59%)	(1.30%)	(0.09%)	0.19% (6)
Portfolio Turnover Rate	164%	728%	610%	694% (4)

(1) Adaptive Allocation Fund commenced operations on February 24, 2006.

(2) Amount represents less than \$.01 per shares.

(3) Total return shown excludes the effect of applicable redemption fees.

(4) Not annualized.

(5) The ratios of expenses to average net assets and net investment income (loss) to average net assets do not reflect the expenses of the underlying investment companies in which the Fund invests.

(6) Annualized

See accompanying notes to financial statements.

Adaptive Allocation Fund

NOTES TO FINANCIAL STATEMENTS

January 31, 2010

I. ORGANIZATION

The Adaptive Allocation Fund (the "Fund") is a diversified series of shares of beneficial interest of Northern Lights Fund Trust (the "Trust"), a trust organized under the laws of the State of Delaware, and is registered under the Investment Company Act of 1940, as amended (the "1940 Act"), as an open-end management investment company. The Fund seeks growth and risk-adjusted total return.

2. SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of significant accounting policies followed by the Fund in preparation of its financial statements. These policies are in conformity with accounting principles generally accepted in the United States of America ("GAAP").

Securities valuation – Securities listed on an exchange are valued at the last reported sale price at the close of the regular trading session of the exchange on the business day the value is being determined, or in the case of securities listed on NASDAQ at the NASDAQ Official Closing Price ("NOCP"). In the absence of a sale such securities shall be valued at the last bid price on the day of valuation. If market quotations are not readily available or if the Advisor believes the market quotations are not reflective of market value, securities will be valued at their fair market value as determined in good faith and evaluated as to the reliability of the fair value method used by the Fund's Board on a quarterly basis, in accordance with the Trust's Portfolio Securities Valuation Procedures (the "Procedures"). The Procedures consider, among others, the following factors to determine a security's fair value: the nature and pricing history (if any) of the security; whether any dealer quotations for the security are available; and possible valuation methodologies that could be used to determine the fair value of the security. Short-term debt obligations having 60 days or less remaining until maturity, at time of purchase, are valued at amortized cost. Investments in open-end investment companies are valued at net asset value.

Valuation of Fund of Funds - The Fund may invest in portfolios of open-end investment companies (the "Underlying Funds"). Underlying Funds are valued at their respective net asset values as reported by such investment companies. The Underlying Funds value securities in their portfolios for which market quotations are readily available at their market values (generally the last reported sale price) and all other securities and assets at their fair value to the methods established by the board of directors of the Underlying Funds.

The shares of many closed-end investment companies, after their initial public offering, frequently trade at a price per share, which is different than the net asset value per share. The difference represents a market premium or market discount of such shares. There can be no assurances that the market discount or market premium on shares of any closed-end investment company purchased by the Fund will not change.

Adaptive Allocation Fund
NOTES TO FINANCIAL STATEMENTS (Continued)
January 31, 2010

The Fund utilizes various methods to measure the fair value of most of its investments on a recurring basis. GAAP establishes a hierarchy that prioritizes inputs to valuation methods. The three levels of input are:

Level 1 – Unadjusted quoted prices in active markets for identical assets and liabilities that the Fund has the ability to access.

Level 2 – Observable inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. These inputs may include quoted prices for the identical instrument in an inactive market, prices for similar instruments, interest rates, prepayment speeds, credit risk, yield curves, default rates and similar data.

Level 3 – Unobservable inputs for the asset or liability, to the extent relevant observable inputs are not available, representing the Funds own assumptions about the assumptions a market participant would use in valuing the asset or liability, and would be based on the best information available.

The availability of observable inputs can vary from security to security and is affected by a wide variety of factors, including, for example, the type of security, whether the security is new and not yet established in the marketplace, the liquidity of markets, and other characteristics particular to the security. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments categorized in Level 3.

The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the level in the fair value hierarchy within which the fair value measurement falls in its entirety, is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities. The following tables summarize the inputs used as of January 31, 2010 for the Fund's assets and liabilities measured at fair value:

Assets	Level 1	Level 2	Level 3	Total
Common Stocks	\$ 774,889	\$ -	\$ -	\$ 774,889
Mutual Funds	10,124,576	-	-	10,124,576
Exchange Traded Funds	5,716,207	-	-	5,716,207
Money Market Funds	-	3,462,714	-	3,462,714
Total	\$ 16,615,672	\$ 3,462,714	\$ -	\$ 20,078,386

The Fund did not hold any Level 3 securities during the year.

*Refer to the Portfolio of Investments for security classifications.

Adaptive Allocation Fund
NOTES TO FINANCIAL STATEMENTS (Continued)
January 31, 2010

Security transactions and related income – Security transactions are accounted for on trade date. Interest income is recognized on an accrual basis. Discounts are accreted and premiums are amortized on securities purchased over the lives of the respective securities. Dividend income is recorded on the ex-dividend date. Realized gains or losses from sales of securities are determined by comparing the identified cost of the security lot sold with the net sales proceeds.

Dividends and distributions to shareholders – Dividends from net investment income, if any, are declared and paid annually. Distributable net realized capital gains, if any, are declared and distributed annually. Dividends and distributions to shareholders are recorded on ex-date. Dividends from net investment income and distributions from net realized gains are determined in accordance with federal income tax regulations, which may differ from GAAP. These “book/tax” differences are considered either temporary (e.g., deferred losses, capital loss carryforwards) or permanent in nature. To the extent these differences are permanent in nature, such amounts are reclassified within the composition of net assets based on their federal tax-basis treatment; temporary differences do not require reclassification. Any such reclassifications will have no effect on net assets, results of operations, or net asset values per share of the Fund.

Federal income tax – It is the Fund’s policy to continue to qualify as a regulated investment company by complying with the provisions of Subchapter M of the Internal Revenue Code that are applicable to regulated investment companies and to distribute substantially all of its taxable income and net realized gains to shareholders. Therefore, no federal income tax provision is required.

The Fund recognizes the tax benefits of uncertain tax positions only when the position is “more likely than not” to be sustained assuming examination by tax authorities. Management has reviewed the tax positions in the open tax years of 2007 through 2009 and during the year ended January 31, 2010 and concluded that no liability for unrecognized tax benefits should be recorded related to uncertain tax positions taken in the above open tax years. The Fund identifies its major tax jurisdictions as U.S. Federal and Nebraska State. The Fund recognizes interest and penalties, if any, related to unrecognized tax benefits as income tax expense in the Statements of Operations. During the year, the Fund did not incur any interest or penalties. Generally tax authorities can examine tax returns filed for the last three years.

Use of Estimates – The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of increases and decreases in net assets from operations during the reporting period. Actual results could differ from those estimates.

Indemnification – The Trust indemnifies its officers and trustees for certain liabilities that may arise from the performance of their duties to the Trust. Additionally, in the normal course of business, the

Adaptive Allocation Fund
NOTES TO FINANCIAL STATEMENTS (Continued)
January 31, 2010

Fund enters into contracts that contain a variety of representations and warranties and which provide general indemnities. The Fund's maximum exposure under these arrangements is unknown, as this would involve future claims that may be made against the Fund that have not yet occurred. However, based on experience, the Fund expects the risk of loss due to these warranties and indemnities to be remote.

3. INVESTMENT TRANSACTIONS

For the year ended January 31, 2010, cost of purchases and proceeds from sales of portfolio securities, other than short-term investment, amounted to \$24,221,504 and \$19,780,674, respectively.

4. INVESTMENT ADVISORY AGREEMENT / TRANSACTIONS WITH AFFILIATES

The business activities of the Fund are supervised under the direction of the Board, which is responsible for the overall management of the Fund. Critical Math Advisors, LLC serves as the Fund's Investment Advisor (the "Advisor"). The Fund has employed Gemini Fund Services, LLC ("GFS") to provide administration, fund accounting, and transfer agent services. A Trustee and certain officers of the Fund are also officers of GFS, and are not paid any fees directly by the Fund for serving in such capacities.

Pursuant to an Advisory Agreement with the Fund, the Advisor, under the supervision of the Board, oversees the daily operations of the Fund and supervises the performance of administrative and professional services provided by others. As compensation for its services and the related expenses borne by the Advisor, the Fund pays the Advisor a management fee, computed and accrued daily and paid monthly, at an annual rate of 1.00% of the Fund's average daily net assets.

Pursuant to a written contract (the "Waiver Agreement"), the Advisor has agreed, at least until May 31, 2010, to waive a portion of its advisory fee and has agreed to reimburse the Fund for other expenses to the extent necessary so that the total expenses incurred by the Fund (excluding taxes, leverage interest, brokerage commissions, expenses incurred in connection with any merger or reorganization, dividend expense on securities sold short, underlying fund fees and expenses or extraordinary expenses, such as litigation, not incurred in the ordinary course of the Fund's business) do not exceed 2.99% per annum of the Fund's average daily net assets.

If the Advisor waives any fee or reimburses any expense pursuant to the Waiver Agreement, and the Fund's Operating Expenses are subsequently less than 2.99% of average daily net assets, the Advisor shall be entitled to reimbursement by the Fund for such waived fees or reimbursed expenses provided that such reimbursement does not cause the Fund's expenses to exceed 2.99% of average daily net assets. If Fund Operating Expenses subsequently exceed 2.99% per annum of the Fund's average daily net assets, the reimbursements shall be suspended. The Advisor may seek reimbursement only for expenses waived or paid by it during the three fiscal years prior to such reimbursement; provided,

Adaptive Allocation Fund
NOTES TO FINANCIAL STATEMENTS (Continued)
January 31, 2010

however, that such expenses may only be reimbursed to the extent they were waived or paid after the date of the Waiver Agreement (or any similar agreement). No amounts will be paid to the Advisor in any fiscal quarter unless the Board determines that reimbursement is in the best interests of the Fund and its shareholders. As of January 31, 2010 no fees were required to be reimbursed under this agreement.

The Board has adopted a Distribution Plan and Agreement (the “Plan”) pursuant to Rule 12b-1 under the 1940 Act. The Plan provides that a monthly service and/or distribution fee is calculated by the Fund at an annual rate of 1.00% of its average daily net assets and is paid to Northern Lights Fund Distributors, LLC (the “Distributor”) to provide compensation for ongoing shareholder servicing and distribution-related activities. A portion of the fee payable pursuant to the plan, equal to 0.25% of average daily net assets, is currently characterized as a service fee, which may be paid out to entities providing maintenance of shareholder accounts and certain other shareholder services. The Advisor may receive such service fees with respect to Fund accounts for which it provides shareholder servicing.

The Distributor acts as the Fund’s principal underwriter in a continuous public offering of the Fund’s shares and is an affiliate of GFS.

The Fund pays each Trustee who is not affiliated with the Trust or Advisor a pro rata share of the total fee of \$10,000 per quarter as well as reimbursement for any reasonable expenses incurred when attending meetings. Prior to April 1, 2009 the per quarter fee was \$7,500. The “interested persons” who serve as Trustees of the Trust receive no compensation for their services as Trustees. None of the executive officers receive compensation from the Trust.

Pursuant to separate servicing agreements, GFS is compensated for providing *administration, fund accounting, transfer agency and custody administration* services to the Fund as follows:

Administration. The Fund pays GFS an asset-based fee in decreasing amounts as Fund assets reach certain breakpoints. The Fund is subject to a minimum annual fee. The Fund also pays GFS for any out-of-pocket expenses. Fees are billed monthly as follows:

The greater of:

A minimum annual fee of \$36,000 or

10 basis points or 0.10% per annum on the first \$100 million in net assets

8 basis points or 0.08% per annum on the next \$150 million in net assets

6 basis points or 0.06% per annum on net assets greater than \$250 million

Fund Accounting. Total charges for Fund Accounting services include asset-based fees and out-of-pocket expenses. Fees are calculated based upon the average net assets of the Fund for the previous month.

Adaptive Allocation Fund
NOTES TO FINANCIAL STATEMENTS (Continued)
January 31, 2010

The Fund pays GFS a base annual fee of \$21,600 plus a basis point fee in decreasing amounts as Fund assets reach certain breakpoints, as follows:

- 2 basis points or 0.02% on net assets of \$25 million to \$100 million
- 1 basis point or 0.01% on net assets greater than \$100 million

A portion of the amount paid by the Fund during the year ended January 31, 2010, was accrued for in a prior year.

Transfer Agency. For the services rendered by GFS in its capacity as transfer agent, the Fund pays GFS transfer agent fees, out-of-pocket expenses, activity charges, and special report charges. The fees are billed monthly as follows:

- The greater of the annual minimum or per account charges. The annual minimum is \$13,500 and the per account charge is \$14.00 for open accounts and \$2.00 for closed accounts.

Custody Administration. Pursuant to the terms of the Fund's Custody Administration Agreement with GFS (the "Custody Administration Agreement"), the Fund pays an asset-based fee in decreasing amounts as Fund assets reach certain breakpoints. The Fund also pays certain transaction fees and out-of-pocket expenses pursuant to the Custody Administration Agreement. GFS's fees collected for the year ended January 31, 2010 were \$4,967. The Custody fees listed in the Statement of Operations include the fees paid to GFS pursuant to the Custody Administration Agreement.

In addition, certain affiliates of GFS provide ancillary services to the Fund as follows:

Northern Lights Compliance Services, LLC ("NLCS"). an affiliate of GFS, provides a Chief Compliance Officer ("CCO") to the Trust, as well as related compliance services, pursuant to a consulting agreement between NLCS and the Trust. Under the terms of such agreement, NLCS receives from the Fund an annual fee, payable quarterly, and is reimbursed for out-of-pocket expenses. For the year ended January 31, 2010, the Fund incurred expenses of \$11,190 for compliance services pursuant to the Trust's Agreement with NLCS.

GemCom, LLC ("GemCom"). an affiliate of GFS, provides EDGAR conversion and filing services as well as print management services for the Fund on an ad-hoc basis. For EDGAR services, GemCom charges a per-page conversion fee and a flat filing fee. For the year ended January 31, 2010, GemCom collected amounts totaling \$5,645 for EDGAR and printing services performed. Such fees are included in the line item marked "Printing and postage expenses" on the Statement of Operations in this shareholder report.

Adaptive Allocation Fund
NOTES TO FINANCIAL STATEMENTS (Continued)
January 31, 2010

5. REDEMPTION FEES

The Fund may assess a short-term redemption fee of 2.00% of the total redemption amount if shareholders sell their shares after holding them for less than 90 days. The redemption fee is paid directly to the Fund. For the year ended January 31, 2010, the Fund did not assess any redemption fees.

6. DISTRIBUTIONS TO SHAREHOLDERS AND TAX COMPONENTS OF CAPITAL

There were no distributions paid for the fiscal years ended January 31, 2010 and January 31, 2009.

As of January 31, 2010, the components of accumulated earnings/(deficit) on a tax basis were as follows:

Undistributed Ordinary Income	Undistributed Long-Term Gains	Other Book/Tax Differences	Accumulated Capital Loss Carry Forwards	Unrealized Appreciation/ (Depreciation)	Total Accumulated Earnings/(Deficits)
\$ -	\$ -	\$ (27,208)	\$ (5,289,514)	\$ 3,836,459	\$ (1,480,263)

The difference between book basis and tax basis undistributed ordinary income is attributable to the unamortized portion of organizational expenses for tax purposes of \$7,499.

At January 31, 2010, the Fund had capital loss carry forwards for federal income tax purposes available to offset future capital gains through the indicated expiration dates:

January 31, 2015	January 31, 2016	January 31, 2017	January 31, 2018	Total
\$ 118,630	\$ 596,272	\$ 3,026,322	\$ 1,548,290	\$ 5,289,514

Capital losses incurred after October 31 within the fiscal year are deemed to arise on the first business day of the following fiscal year for tax purposes. The Fund incurred and elected to defer \$19,709 of such capital losses.

Permanent book and tax differences, primarily attributable to net operating losses, resulted in reclassification for the period ended January 31, 2010 as follows: a decrease in paid-in capital of \$105,063 and a decrease in accumulated net investment loss of \$105,063.

7. NEW ACCOUNTING PRONOUNCEMENTS

In January 2010, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2010-06 “Improving Disclosures about Fair Value Measurements.” ASU No. 2010-06 amends FASB Accounting Standards Codification Topic 820, Fair Value Measurements and Disclosures, to require additional disclosures regarding fair value measurements. Certain disclosures required by ASU No. 2010-06 are effective for interim and annual periods beginning after December

Adaptive Allocation Fund
NOTES TO FINANCIAL STATEMENTS (Continued)
January 31, 2010

15, 2009, and other required disclosures are effective for fiscal years beginning after December 15, 2010, and for interim periods within those fiscal years. Management is currently evaluating the impact ASU No. 2010-06 will have on the Fund's financial statement disclosures.

8. SUBSEQUENT EVENTS

The Fund is required to recognize in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the Statement of Assets and Liabilities. For non-recognized subsequent events that must be disclosed to keep the financial statements from being misleading, the Fund is required to disclose the nature of the event as well as an estimate of its financial effect, or a statement that such an estimate cannot be made. In addition, the Fund is required to disclose the date through which subsequent events have been evaluated. Management has evaluated subsequent events through the issuance of these financial statements on March 23, 2010, and has noted no such events.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders of Adaptive Allocation Fund and Board of Trustees of Northern Lights Fund Trust

We have audited the accompanying statement of assets and liabilities of Adaptive Allocation Fund, a series of shares of beneficial interest of Northern Lights Fund Trust, including the portfolio of investments, as of January 31, 2010, the related statement of operations for the year then ended, the statements of changes in net assets for each of the years in the two-year period then ended, and the financial highlights for each of the years in the three-year period then ended and for the period February 24, 2006 (commencement of operations) through January 31, 2007. These financial statements and financial highlights are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Our procedures included confirmation of securities owned as of January 31, 2010 by correspondence with the custodian. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of Adaptive Allocation Fund as of January 31, 2010, the results of its operations for the year then ended, the changes in its net assets for each of the years in the two-year period then ended, and its financial highlights for each of the years in the three-year period then ended and for the period February 24, 2006 through January 31, 2007, in conformity with accounting principles generally accepted in the United States of America.

BBD, LLP

BBD, LLP

**Philadelphia, Pennsylvania
March 23, 2010**

Adaptive Allocation Fund
TRUSTEES AND OFFICERS (Unaudited)
January 31, 2010

This chart provides information about the Trustees and Officers who oversee the Fund. Officers elected by the Trustees manage the day-to-day operations of the Fund and execute policies formulated by the Trustees. The term of office of each Trustee listed below will continue indefinitely. Unless otherwise noted, the address of each Trustee and Officer is 4020 South 147th Street, Suite 2, Omaha, Nebraska 68137.

Independent Trustees	
Name (Age) Address Position held with the Fund Principal Occupations and Other Directorships During Past 5 Years	Number of Portfolios in Fund Complex Overseen by Trustee*
L. Merrill Bryan** (65) Trustee since 2005 Retired. Formerly, Senior Vice President and Chief Information Officer of Union Pacific Corporation (a railroad company) (1966-2005). Other Directorships: AdvisorOne Funds (10 portfolios)	48
Anthony J. Hertl (59) Trustee since 2005 Consultant to small and emerging businesses (since 2000). Other Directorships: AdvisorOne Funds (10 portfolios); Satuit Capital Management Trust; The Z-Seven Fund, Inc. and Greenwich Advisors Trust	48
Gary W. Lanzen (55) Trustee since 2005 Chief Investment Officer (since 2006); President, Orizon Investment Counsel, LLC (2000-2006); Partner, Orizon Group, Inc. (a financial services company) (since 2000). Other Directorships: AdvisorOne Funds (10 portfolios)	48
Mark Taylor (45) Trustee since 2007 Professor, Department of Accountancy, Weatherhead School of Management, Case Western Reserve University (since 2009); Member, John P. Begley Endowed Chair in Accounting, Creighton University (2002 – 2009); Member Auditing Standards Board, AICPA (since 2008). Other Directorships: Lifetime Achievement Mutual Fund (LFTAX) (Director and Audit Committee Chairman)	48
Interested Trustees and Officers	
Michael Miola*** (57) Trustee since 2005 Co-Owner and Co-Managing Member of NorthStar Financial Services Group, LLC; Manager of Gemini Fund Services, LLC; Orion Advisor Services, LLC, CLS Investments, LLC, Gemcom, LLC and Northern Lights Compliance Services, LLC (since 2003). Other Directorships: AdvisorOne Funds (10 portfolios); Constellation Trust Co.	48

Adaptive Allocation Fund
TRUSTEES AND OFFICERS (Unaudited) (Continued)
January 31, 2010

Interested Trustees and Officers (Continued)	
Name (Age) Address Position held with the Fund Principal Occupations and Other Directorships During Past 5 Years	Number of Portfolios in Fund Complex Overseen by Trustee*
Andrew Rogers (40) 450 Wireless Blvd.; Hauppauge, NY 11788 President since 2006 President and Manager, Gemini Fund Services, LLC (since 2006), formerly Senior Vice President and Director of Administration (2001 - 2005); Formerly Manager, Northern Lights Compliance Services, LLC (2006 – 2008); Manager (since 2006) and President (since 2004), GemCom LLC. Other Directorships: N/A	N/A
Emile R. Molineaux (47) 450 Wireless Blvd.; Hauppauge, NY 11788 Secretary since 2005 General Counsel, CCO and Senior Vice President, Gemini Fund Services, LLC; Secretary and CCO, Northern Lights Compliance Services, LLC; (since 2003); In-house Counsel, The Dreyfus Funds (1999 – 2003). Other Directorships: N/A	N/A
Kevin E. Wolf (40) 450 Wireless Blvd.; Hauppauge, NY 11788 Treasurer since 2006 Executive Vice President and Director of Fund Administration, Gemini Fund Services, LLC (since 2008); Vice President, Fund Administration, Gemini Fund Services, LLC (2004 - 2008); Vice-President, GemCom, LLC (since 2004). Other Directorships: N/A	N/A
Lynn Bowley (51) Chief Compliance Officer since 2007 Compliance Officer of Northern Lights Compliance Services, LLC (since 2007); Vice President of Investment Support Services for Mutual of Omaha Companies (2002 – 2006). Other Directorships: N/A	N/A

* The term “Fund Complex” refers to the Northern Lights Fund Trust and the Northern Lights Variable Trust.

** From December 2006 through April 2007, L. Merill Bryan, an Independent Trustee of the Trust, invested \$143,080 in a limited liability company (the "LLC"). This investment is required to be disclosed because one of the other members of the LLC is under common control with the Fund’s distributor. As of May 2007, Mr. Bryan is no longer a member of the LLC.

*** Michael Miola is an “interested person” of the Trust as that term is defined under the 1940 Act, because of his affiliation with Gemini Fund Services, LLC, (the Trust’s Administrator, Fund Accountant, Transfer Agent) and Northern Lights Distributors, LLC (the Fund’s Distributor).

The Fund’s Statement of Additional Information includes additional information about the Trustees and is available free of charge, upon request, by calling toll-free at 1-866-263-9260.

Adaptive Allocation Fund

EXPENSE EXAMPLES

January 31, 2010 (Unaudited)

As a shareholder of the Adaptive Allocation Fund, you incur two types of costs: (1) transaction costs, including redemption fees; (2) ongoing costs, including management fees; distribution and/or service (12b-1) fees; and other Fund expenses. This example is intended to help you understand your ongoing costs (in dollars) of investing in the Adaptive Allocation Fund and to compare these costs with the ongoing costs of investing in other mutual funds.

The example is based on an investment of \$1,000 invested at the beginning of the period and held for the entire period from August 1, 2009 through January 31, 2010.

Actual Expenses

The “Actual Expenses” line in the table below provides information about actual account values and actual expenses. You may use the information below, together with the amount you invested, to estimate the expenses that you paid over the period. Simply divide your account value by \$1,000 (for example, an \$8,600 account value divided by \$1,000 = 8.6), then multiply the result by the number in the table under the heading entitled “Expenses Paid During Period” to estimate the expenses you paid on your account during this period.

Hypothetical Example for Comparison Purposes

The “Hypothetical” line in the table below provides information about hypothetical account values and hypothetical expenses based on the Adaptive Allocation Fund’s actual expense ratio and an assumed rate of return of 5% per year before expenses, which is not the Fund’s actual return. The hypothetical account values and expenses may not be used to estimate the actual ending account balances or expenses you paid for the period. You may use this information to compare this 5% hypothetical example with the 5% hypothetical examples that appear in the shareholder reports of other funds.

Please note that the expenses shown in the table are meant to highlight your ongoing costs only and do not reflect any transactional costs, such as redemption fees. Therefore, the table is useful in comparing ongoing costs only, and will not help you determine the relative total costs of owning different funds. In addition, if these transactional costs were included, your costs would have been higher.

	Beginning Account Value 8/1/09	Ending Account Value 1/31/10	Expenses Paid During Period 8/1/09 – 1/31/10*
Actual	\$1,000.00	\$1,096.50	\$14.00
Hypothetical (5% return before expenses)	\$1,000.00	\$1,011.85	\$13.44

*Expenses are equal to the Fund’s annualized expense ratio of 2.65%, multiplied by the average account value over the period, multiplied by the number of days in the period (184) divided by the number of days in the fiscal year (365).

Adaptive Allocation Fund
SUPPLEMENTAL INFORMATION
January 31, 2010 (Unaudited)

Re-Approval of Advisory Agreement – Adaptive Allocation Fund

In connection with a regular meeting held on September 24, 2009 (the “Meeting”), the Board (the “Board”) of the Northern Lights Fund Trust (the “Trust”), including a majority of the Trustees who are not interested persons of the Trust or interested persons to the investment advisory agreement (the “Independent Trustees”), considered the renewal of an investment advisory agreement (the “Agreement”) between Critical Math Advisors, LLC (“CMA” or the “Advisor”) and the Trust, on behalf of the Adaptive Allocation Fund (the “Fund”). In considering the Agreement, the Board received materials specifically relating to the Agreement from the Advisor. These materials included: (a) information on the investment performance of the Advisor, a peer group of funds and appropriate indices with respect to the Fund; (b) arrangements in respect of the distribution of the Fund’s shares; and (c) the resources available with respect to compliance with the Fund’s investment policies and restrictions and with policies on personal securities transactions. Additional information was furnished by the Advisor including information on (a) the overall organization of the Advisor, (b) investment management staffing, and (c) the financial condition of the Advisor.

In its consideration of the renewal of the Agreement for the Fund, the Board, including the Independent Trustees, did not identify any single factor as controlling. Matters considered by the Board, including the Independent Trustees, in connection with its renewal of the Agreement included the following:

Nature, Extent and Quality of Services. The Trustees discussed the extent of CMA’s research capabilities, the quality of its compliance infrastructure and the experience of its fund management personnel. The Board then reviewed CMA’s financial statements and concluded that the Advisor is sufficiently well capitalized to meet its obligations to the Fund. The Trustees concluded that the Advisor had provided a level of service consistent with the Board’s expectations.

Performance. The Board, including the Independent Trustees, considered the nature and extent of CMA’s past performance as investment advisor to the Fund, as well as other factors relating to its track record. The Trustees discussed the relative outperformance of CMA since the Fund’s inception as compared to its benchmark. The Board concluded that the Advisor’s past performance was acceptable.

Fees and Expenses. The Board noted that CMA charges a 1.00% annual advisory fee based on the average net assets of the Fund. The Board then discussed the comparison of management fees and total operating expense data and reviewed the Fund’s advisory fees and overall expenses compared to a peer group of similarly managed funds. The Trustees then discussed the management strategy of the Fund and the overall duties of the Advisor. The Board, including the Independent Trustees, considered the expense ratio for the Fund, and expense ratios of a peer group of funds. The Trustees concluded that the Fund’s advisory fees and expense ratio were acceptable in light of the quality of the services the Fund currently receives from the Advisor, and the level of fees paid by funds in the peer group.

Economies of Scale. The Board, including the Independent Trustees, considered whether there will be economies of scale in respect of the management of the Fund and whether there is potential for realization of any further economies of scale. After discussion, it was the consensus of the Board that, based on the current size of the Fund, economies of scale was not a relevant consideration.

Profitability. The Board, including the Independent Trustees, considered the profits realized by the Advisor in connection with the operation of the Fund and whether the amount of profit is a fair entrepreneurial profit for the management of the Fund. It also considered the profits realized by the Advisor from other activities related to the Fund. The Trustees concluded that the Advisor’s level of profitability from its relationship to Fund is not excessive.

Conclusion. Having requested and received such information from the Advisor as the Board believed to be reasonably necessary to evaluate the terms of the Agreement, and as assisted by the advice of independent counsel, the Board, including the Independent Trustees, concluded that the advisory fee structure is fair and reasonable and that renewal of the Agreement is in the best interests of the Trust and the Fund’s shareholders, and unanimously renewed the Agreement.

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NOTICE OF PRIVACY POLICY & PRACTICES

Your privacy is important to us. The Fund is committed to maintaining the confidentiality, integrity, and security of your personal information. When you provide personal information, the Fund believes that you should be aware of policies to protect the confidentiality of that information.

The Fund collects the following nonpublic personal information about you:

- Information we receive from you on or in applications or other forms, correspondence, or conversations, including, but not limited to, your name, address, phone number, social security number, assets, income, and date of birth; and
- Information about your transactions with us, our affiliates, or others, including, but not limited to, your account number and balance, payments history, parties to transactions, cost basis information, and other financial information.

The Fund does not disclose any nonpublic personal information about our current or former shareholders to nonaffiliated third parties, except as permitted by law. For example, the Fund is permitted by law to disclose all of the information we collect, as described above, to our transfer agent to process your transactions. Furthermore, the Fund restricts access to your nonpublic personal information to those persons who require such information to provide products or services to you. The Fund maintains physical, electronic, and procedural safeguards that comply with federal standards to guard your nonpublic personal information.

In the event that you hold shares of the Fund through a financial intermediary, including, but not limited to, a broker-dealer, bank, or trust company, the privacy policy of your financial intermediary would govern how your nonpublic personal information would be shared with non-affiliated third parties.

The Privacy Policy is not part of this shareholder report.

PROXY VOTING POLICY

Information regarding how the Fund voted proxies relating to portfolio securities for the most recent twelve month period ended June 30 as well as a description of the policies and procedures that the Fund uses to determine how to vote proxies is available without charge, upon request, by calling 1-866-263-9260 or by referring to the Security and Exchange Commission's ("SEC") website at <http://www.sec.gov>.

PORTFOLIO HOLDINGS

The Fund files its complete schedule of portfolio holdings with the SEC for the first and third quarters of each fiscal year on Form N-Q. Form N-Q is available on the SEC's website at <http://www.sec.gov> and may be reviewed and copied at the SEC's Public Reference Room in Washington, DC (1-800-SEC-0330). The information on Form N-Q is available without charge, upon request, by calling 1-866-263-9260.

INVESTMENT ADVISOR

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