

PROBABILITIES FUND MANAGEMENT,LLC

Probabilities Fund Management, LLC

CRD# 144313

Part 2A Form ADV (Fund)

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Probabilities Fund Management, LLC, is a registered investment adviser. The use of the term registered investment adviser does not imply a certain level of skill or training.

This brochure provides information about the qualifications and business practices of Probabilities Fund Management, LLC. If you have any questions about the contents of this brochure, please contact us at (800) 519 0438 and/or mgray@probabilitiesfund.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Probabilities Fund Management, LLC is also available on the SEC's website at <http://www.adviserinfo.sec.gov>.

Material Changes

Probabilities Fund Management, LLC ("PFM") has transitioned from state registration to registration with the Securities and Exchange Commission ("SEC"). PFM became eligible for SEC registration because PFM serves as an investment adviser to Probabilities VIT Fund, an investment company registered under the Investment Company Act of 1940. Probabilities VIT Fund is a series of Northern Lights Variable Trust.

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ADVISORY BUSINESS

Advisory Firm Description

Probabilities Fund Management, LLC ("PFM" or the "Firm") has been in business since October 2007. The principal owner is Mr. Joseph B. Childrey.

Types of Services

PFM provides investment management and Advisory services to the Probabilities Fund, LP ("the Fund"). The Fund has the following classes of Limited Partnership Interests:

- Class "A" Limited Partners: Only "Qualified Clients" (as defined in Rule 205-3 under the Investment Advisers Act of 1940) or persons who are not residents of the United States are eligible to become Class A Limited Partners.
- Class "B" Limited Partners: Only residents of the United States who are not "Qualified Clients" are eligible to become Class B Limited Partners.
- "Special Limited Partners": These partners are allowed to invest in the Fund at the discretion of the Fund's General Partner which is PFM.

The Fund is exempt from registration under the Investment Company Act of 1940. Interests in the affiliated Fund are offered to investors satisfying the applicable eligibility and suitability requirements either in private placement transactions within the United States or in offshore transactions. *This is not a public offer of the Fund.*

PFM also offers separately managed account services alongside the Fund.

Client Assets Under Management

As of March 13, 2013, PFM managed \$40,000,000 on a discretionary basis. PFM does not manage assets on a non-discretionary basis.

FEES AND COMPENSATION

Management Fee

Limited Partner Class	Management Fee	Incentive Allocation
Class A	One quarter of 1.5% of net assets paid quarterly in advance (1.5% annualized)	20% Incentive Allocation (subject to a "High Water Mark" provision) paid quarterly
Class B	One quarter of 3% of net assets paid quarterly in advance (3% annualized).	None
Special Limited	No fee will be charged with all or a portion of its proportionate share of the Management Fee and/or the Incentive Allocation. To the extent that a Special Limited Partner makes a capital contribution to the Fund such Special Limited Partner shall have all the rights and liabilities of a Limited Partner.	

The fee schedule also applies to separately managed accounts.

Fees will be automatically deducted from the Fund. An annual fee of 3% is considered in excess of industry norm and similar Advisory services can be obtained for less.

The Incentive Allocation is subject to a loss carry forward limitation (a "High Water Mark") such that no reallocation will be made with respect to a Limited Partner until prior net losses, if any, allocated to the Limited Partner have been recouped. A loss carry forward of a Limited Partner will be proportionately reduced to take into account any distributions or withdrawals to or by such Limited Partner. For purposes of determining the Incentive Allocation, the Partnership's net assets will be determined as described in "Net Asset Value." Upon a withdrawal by a Limited Partner at any time other than the end of the fiscal period, the Partnership will deduct from the proceeds of the withdrawal, and pay to the General Partner, an amount equal to the Incentive Allocation that would be payable with respect to the portion of the Partnership Interest withdrawn determined as if the withdrawal date were the last day of the fiscal period.

Other Fees and Expenses

Besides PFM's management fee (discussed above), there are other fees to note:

Portfolio expenses: There are no up-front or deferred sales charges. Investment funds have annual expenses and may assess other fees that are described in each fund's prospectus or equivalent, which are in addition to and separate from the fee paid to PFM. The internal expense ratios of the ETF/Mutual Fund portfolios PFM constructs typically range from 0.15-0.3%. This is how the fund companies are paid.

Custodian/Clearing expenses: Trades through Wells Fargo Prime Services, LLC are generally \$0.02 per trade with few, if any other charges. Wells Fargo Prime Services, LLC may assess other fees as well, such as wire and exchange fees, IRA fees, etc.

Termination

A Limited Partner is admitted into the Partnership such Limited Partner shall have the right to make withdrawals in whole or in part from its capital account. A Limited Partner may close its capital account at the end of each calendar quarter (or at such other times as the General Partner shall determine) by giving not less than 30 days prior written notice to the General Partner. In the case of a partial withdrawal by a Limited Partner of less than 95% of such Limited Partner's capital account, the full amount of such withdrawal will be distributed to such Limited Partner within 10 business days after the end of the calendar quarter.

In the case of a full withdrawal by a Limited Partner, or a withdrawal of 95% or more of such Limited Partner's capital account, up to 95% of such Limited Partner's closing capital account will be distributed to such Limited Partner within 10 business days after the end of the calendar quarter or other withdrawal date if permitted by the General Partner. The balance of the Limited Partner's closing capital account shall be segregated and shall be distributed within 10 days after completion of the audited financial statements. The General Partner will have the right to withdraw any portion of its capital account at its discretion.

Separately managed account clients will have a period of five (5) business days from the date of signing an advisory agreement to unconditionally rescind the agreement and receive a full refund of all fees. Thereafter, either party may terminate the advisory agreement with 30 days written notice. Upon termination, fees will be prorated to the date of termination and the unearned portion will be refunded.

PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

Please refer to the “Fees and Compensation” section above for this information. Some limited partners pay performance fees on their investment in the Fund, which creates an incentive for PFM to favor the higher paying Fund over other accounts in allocating limited investment opportunities or time. PFM seeks to mitigate this conflict of interest by monitoring all trade allocations for compliance with internal policies requiring that all clients be treated fairly and equitably.

TYPES OF CLIENTS

PFM provides its services to individuals to include their trusts, and estates, a private pooled investment vehicle, and a registered investment company.

The general investment minimum required for investing in the Fund is \$1,000,000. PFM has the discretion to accept investments for lesser amounts. The Firm prefers a minimum investment of \$5,000,000 for a separately managed account. Family accounts may be aggregated in order to meet the minimum account size. The Firm has discretion to waive minimum investments both in the Fund and in separate accounts.

METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

Methods of Analysis

PFM uses a combination of the following types of analysis in evaluating investments for the Fund. These include, but are not limited to:

- Technical—Analysis which assumes past performance is a predictor of future performance
- Charting—Analysis of charts of past stock performance
- Cyclical—Analysis of up and down market cycles

PFM uses the following sources of information in its analysis:

- Financial newspapers and magazines
- Inspections of corporate activities
- Research materials prepared by others
- Annual reports, prospectuses, and other filings with the Securities and Exchange Commission
- Company press releases and conference calls

PFM may speak and visit with company management or attend or replay investor conferences sponsored by broker-dealers or fund companies in which PFM may invest.

Investment Strategies

PFM's goal is to achieve consistent performance over a long term horizon by implementing a systematic calendar driven strategy coupled with current event tactical decisions that seeks to take advantage of seasonal and other long term variations in the Dow Jones Industrial Average ("DJIA").

PFM employs a systematic approach, taking long, short or leveraged positions in large capitalization index funds (such as the DJIA or S & P 500 and/or Russell 1000) to capitalize on long term variations of the respective (indices). Accordingly, it is anticipated that the vast majority of the Fund's underlying assets will consist of the large US stocks that make up the composition of these induces through funds (typically ETFs).

The Fund ordinarily will invest in securities (primarily ETFs) that trade in sufficient volume to allow for swift execution of transactions. Positions in securities may be held for very short periods, even as little as a portion of one day. PFM may engage in transactions in exchange-listed options in conjunction with or in lieu of taking a position in underlying securities, including writing options. PFM also may engage in short sales of securities and margin transactions. The Fund may also invest or trade in cash commodities, commodity futures, or commodity options contracts after securing all necessary registrations from the N.F.A., C.F.T.C., or other regulatory agencies. PFM has the power to do any and all acts necessary, appropriate, proper, advisable, incidental or convenient to or for the furtherance of the investment management and Advisory services it provides to the Fund.

Risk of Loss

PFM does not guarantee the future performance of the account or any specific level of performance, the performance of any investment decision or strategy that PFM may use, or the performance of PFM's overall management of the Fund or client accounts. Clients are reminded that investment decisions made for the account by PFM are subject to various market, currency, economic, political and business risks, and that those investment decisions will not always be profitable. Investing in securities entails risk of loss. More specifically, these risks include, but are not limited to:

Short Selling Risk

The Fund may sell securities and other investment instruments "short" as an integral part of its strategies.

A short sale of a security is effected by selling a security that the Fund does not own, or selling a security which the Fund owns but that it does not deliver upon consummation of the sale. In order to make delivery to the buyer of a security sold short, the Fund must borrow the security. In so doing, it incurs the obligation to replace that security, whatever its price may be, at the time it is required to re-deliver such asset to the lender.

The Fund must also pay to the lender of the security any dividends or interest payable on the security during the borrowing period and may have to pay a premium to borrow the security.

This obligation must, unless the Fund then owns or has the right to obtain, without payment, securities identical to those sold short, be collateralized by a deposit of cash or marketable securities with the lender.

Short-selling is subject to a theoretically unlimited risk of loss because there is no limit on how much the price of a security may appreciate before the short position is closed out. There can be no assurance that the securities necessary to cover the short position will be available for purchase by the Fund.

In addition, purchasing securities to close out the short position can itself cause the price of the relevant securities to rise further, thereby increasing any loss incurred. Furthermore, the Fund may be forced to close out a short position prematurely if a counterparty from which the Fund borrowed securities demands their return, resulting in a loss on what might otherwise have been a profitable position. PFM typically will use leveraged or non-leveraged "inverse" ETFs to accomplish a short position.

Foreign Securities Risk

Investing in securities or funds involving foreign issuers involves risks not associated with U.S. investments, including settlement risks, currency fluctuation, local withholding and other taxes, different financial reporting practices and regulatory standards, high costs of trading, changes in political conditions, expropriation, investment and repatriation restrictions and settlement and custody risks.

Emerging Market Risk

PFM may invest in funds that invest in issuers located in emerging markets. Emerging market countries may have relatively unstable governments, less diverse economies and less liquid securities markets. Companies in emerging markets are often smaller, less seasoned and more recently organized.

Fixed Income Risk

Investing in fixed income securities or funds that own fixed income securities creates additional risks, which include, credit risk, interest risk, maturity risk, investment grade securities risk and municipal securities risk.

These risks could affect the value of a particular investment by the Fund or a client account, possibly causing the total return to be reduced and fluctuate more than other types of investments.

Commodity Risk

Investing in funds or securities that invest in or are tied to the commodities market may create greater volatility than investments in traditional securities. Commodities include metals, agricultural products, livestock and minerals. Funds may buy certain commodities (such as gold) or may invest in commodity-linked derivative instruments.

Leverage

The Fund strategy may leverage investment activities not only through selling securities short, but also through borrowing funds, purchasing securities on margin and possibly using options, repurchase and reverse repurchase agreements and swaps or most likely, through "leveraged ETFs". Leverage increases the magnitude of both profits and losses. It also results in interest expense on the borrowings used to leverage its positions.

Interest rate

There is an inverse relationship between the directional movement of interest rates and the price of interest rate sensitive assets such as fixed income securities. The spread between the interest rates of two securities with different duration, the shape of the yield curve or in any other interest rate relationship can adversely impact the value of securities held in the Fund.

Key person

Due to the size of PFM the retirement, death, incapacitation, and permanent or temporary loss of Mr. Joseph B. Childrey would have a catastrophic impact on PFM because he holds multiple positions within the Firm. In addition to be the owner of PFM he is also the Chief Investment Officer who is solely responsible for an investment decisions. PFM would likely be unable to continue as a business.

Liquidity

Limited Partners cannot make withdrawals or completely remove their money from the Partnership for at least two years after being admitted. Any exception to this policy shall be at the sole discretion of the General Partner. Limited Partners must insure that they have enough liquid assets to meet their expected needs and adequate reserves assets to handle potential emergencies during the 2-year period. There is also a limited secondary market for interest in the Partnership and any resale is at the discretion of the General Partner.

Market timing risks

Limited Partners may miss out on beneficial movements in price due to an error in timing. It is also difficult to consistently time the market.

DISCIPLINARY INFORMATION

Neither PFM, nor any of its officers or principals has been involved in any investment-related criminal or civil actions in a domestic, foreign or military court.

Neither PFM, nor any of its officers or principals has been found (1) to have caused an investment-related business to lose its authorization to do business or (2) to have been involved in a violation of an investment-related statute or regulation and the subject of an order in connection with any administrative proceedings before the Securities and Exchange Commission, any other federal regulatory agency, any state regulatory agency or any foreign financial regulatory authority.

Neither PFM, nor any of its officers or principals has been involved in any self-regulatory organization proceedings.

OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Neither PFM, nor any of its officers or principals, is registered as a broker-dealer. Mr. Childrey and Mr. Albert Davis are registered representatives of Ausdal Financial Partners, Inc., a broker-dealer, a member of the Financial Industry Regulatory Authority ("FINRA") the Securities Investor Protection Corporation ("SIPC") and a registered investment adviser.

Through these relationships, they hold securities licenses but don't trade for PFM clients through this firm. They maintain small books of business which creates a potential conflict of interest with PFM clients, as they collect commissions on trades enacted through Ausdal, but not through PFM. Ms. Mary Gray also holds securities licenses through Ausdal Financial Partners, Inc. but only serves as a registered assistant to Mr. Childrey and doesn't have clients.

Ms. Gray is in charge of operations, and client services. Mr. Albert Davis works to introduce the Probabilities Variable Annuity Program to broker dealers. Ms. Gray and Mr. Davis are paid salaries by the firm.

Neither PFM nor any of its officers or principals is registered, or has an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or is an associated person of any of the above.

Joseph Childrey and Mary Gray are insurance agents appointed with various insurance companies. Ms. Gray is insurance licensed in order to facilitate insurance related activities on behalf of Mr. Childrey and doesn't sell insurance products.

Mr. Childrey may recommend insurance products, and receive commissions and other compensation if products are purchased through any firms with which he is appointed. This creates an incentive to recommend insurance products which creates a potential conflict of interest exists between his interests and those of the advisory clients. However, clients are under no obligation to act upon any of his recommendations or execute any transactions through him if they decide to follow his recommendations.

Due to the nature of certain insurance products there is sometimes an incentive to exchange one product for a similar product with the primary purpose of generating commissions. Depending on the timing of the exchanges clients may pay additional charges to surrender the old insurance products.

Insurance products can be complex because of the various riders that may be attached, redemption or surrender policies, penalties or tax consequences, liquidity, various charges, loans policies, and the impact on account values and death benefits by withdrawals. A professional could use a position of trust to recommend complex products to clients with limited understanding of the products they are purchasing. PFM addresses these potential conflicts by adhering to suitability and disclosure obligations and making sure that adequate training is provided.

In addition all insurance related activities are supervised by and all paperwork is routed through and approved by Ausdal Financial Partners, Inc., which has Principal review and approval obligations. In addition Ausdal Financial Partners, Inc., has to establish and maintain supervisory procedures subject to audit by FINRA.

PFM's business also includes providing investment management and Advisory services tailored to the unique needs of annuity owners.

CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

Code of Ethics

PFM has adopted a Code of Ethics which describes the general standards of conduct that PFM expects of all Firm personnel (collectively referred to as "employees"). Failure to uphold the Code of Ethics may result in disciplinary sanctions, including termination with PFM. Any client or prospective client may request a copy of PFM's Code of Ethics which will be provided at no cost by contacting Mary Gray at 800.519.0438.

The following basic principles guide all aspects of PFM's business and represent the minimum requirements to which PFM expects employees to adhere:

- Clients' interests come before employees' personal interests and before PFM's interests.
- PFM must fully disclose all material facts about conflicts of which it is aware between PFM and its employees' interests on the one hand and client and PFM's interests on the other.
- Employees must operate on PFM's behalf and on their own behalf consistently with PFM's disclosures and to manage the impacts of those conflicts.
- PFM and its employees must not take inappropriate advantage of their positions of trust with or responsibility to clients.
- PFM and its employees must always comply with all applicable securities laws.

The Code of Ethics focuses on specific areas where employee conduct has the potential to adversely affect the client:

Personal Securities Trading

Trading by PFM personnel in Personal Accounts is subject to review and, in many cases, prior approval by the CCO. Employees are allowed to trade in their personal accounts only in mutual funds, bonds, ETFs, and pre-approved private placements. This creates a potential conflict of interest with respect to recommendations to buy or sell securities. In all cases, recommendations are made in the best interests of the client.

Employees may invest simultaneously with clients as long as the same price is obtained. Personal trades must be reported quarterly to the PFM CCO and holdings are reported annually. Both personal trades and holdings are reviewed on a periodic basis to ensure compliance with PFM's policy. Breaches to the policy are taken seriously and may be met with disciplinary action including termination of employment.

Outside Business Activities

Employees are required to report any outside business activities generating revenue. If any are deemed to be in conflict with clients, such conflicts will be fully disclosed.

Private Fund Manager

PFM offers its clients an opportunity to invest in a private fund to which PFM is a general partner. PFM will furnish each offeree with a copy of the offering documents, which disclose the relationship between PFM and the private fund.

BROKERAGE PRACTICES

Broker Selection

PFM utilizes Wells Fargo Prime Services, LLC to execute securities transactions for the Fund. Consequently, these transactions may not always result in the "best execution" for its clients' securities transactions. What constitutes "best execution" and determining how to achieve it are inherently uncertain. In evaluating whether a broker will provide best execution, a range of factors is considered. These include, among others:

- Historical net prices (after markups, markdowns or other transaction-related compensation) on other transactions;
- The execution, clearance and settlement and error correction capabilities of the broker generally and in connection with securities of the type and in the amounts to be bought or sold;
- The broker's willingness to commit capital;
- The broker's reliability and financial stability; and
- The availability of investment products.

By selecting Wells Fargo Prime Services, LLC as the broker, PFM is not required to select the broker that charges the lowest transaction cost, even if that broker provides execution quality comparable to Wells Fargo Prime Services, LLC. PFM expects at times to pay more than the lowest transaction cost available in order to obtain for itself and/or its clients services and products other than securities transactions execution. Lower fees for comparable service may be available from other sources.

Research and Other Soft-Dollar Benefits

“Soft dollars” is a term applied to commission revenue generated by client trades which is then used to pay for services provided to an investment adviser. These services must apply to benefit clients and include research and other related services as defined by Section 28(e) of the Securities and Exchange Act of 1934. PFM has no formal soft dollar relationships, although it receives benefits as a result of the assets it manages which are held with Wells Fargo Prime Services, LLC (“the Custodian”) or other custodians. These benefits include access to electronic trading platforms, manager and investment research, marketing materials, investment policy guidelines, practice management assistance, seminars and conferences.

Brokerage for Client Referrals

PFM does not directly or indirectly compensate any person or broker for client referrals.

Directed Brokerage

Client directed brokerage is not permitted.

Order Aggregation

As a general policy, PFM attempts to trade as a firm – to trade in such a manner that its clients and products are not competing against one another in the marketplace. At a PFM trader’s discretion, client trades may be bunched in a single order (a “block”) in an effort to obtain best execution at the best security price available.

If a block order is filled (full or partial fill) at several prices through multiple trades, an average price will be calculated for all trades executed, and all participants in the block trade will receive the average price. Only trades executed within the block on the single day may be combined for purposes of calculating the average price.

Trades are allocated to underlying client accounts after completion of each trade, but no later than by day-end. All partial fills are generally allocated to client accounts on a *pro rata* basis subject to rounding. In all cases, PFM tries to ensure trade allocations are fair to its clients.

While this policy is applied consistently, PFM may deviate from this policy if it determines the standard method of aggregating or allocating trades would result in unfair or inequitable treatment to some or all of its clients. Wells Fargo Prime Services, LLC does not provide a commission expense advantage to participants in block trades. Each participating account participating in a block trade pays transaction fees (when applicable) as if the trade had occurred on an account by account basis. The sole advantage to enacting block trades for clients at Wells Fargo Prime Services, LLC is for all clients trading in the same security on the same day to receive the same price.

REVIEW OF ACCOUNTS

The Fund is reviewed on at least a weekly basis and separately managed accounts are reviewed at least monthly by Mr. Childrey.

Core Fund Solutions ("Core") is an alternative investment fund administration and consulting company that provides various operations and accounting services. Core sends monthly written Fund performance reports to the investors. Investors receive annual audited financial statements and tax reports on the Fund. Separate account holders receive statements on at least a quarterly basis directly from their account custodian.

CLIENT REFERRALS AND OTHER COMPENSATION

PFM does not, nor do any of its principals or employee, receive any economic benefit from non-clients for providing Advisory services to its clients. Employees are compensated by salary.

CUSTODY

Wells Fargo Prime Services, LLC will use J.P. Morgan Chase & Co. for clearing firm and custodial services on behalf of PFM. Because PFM generally has the authority to instruct the account custodian to deduct the investment management fee directly from the client's account, PFM is considered to have "custody" of client assets.

PFM withdraws fees directly from client accounts. Assets are held by qualified custodians. Clients receive information about the qualified custodian's name, address, and the manner in which the funds or securities are maintained. The qualified custodian also sends account statements on at least a quarterly basis. PFM will send itemized invoices to clients each time that an advisory fee is deducted. These invoices will include the formula used to calculate the fee, the amount of assets under management the fee is based on, and the time period covered by the fee.

INVESTMENT DISCRETION

PFM manages securities portfolios and on a discretionary basis and has limited power of attorney to execute transactions without obtaining specific consent prior to every transaction. For the Fund this authority is limited to its cash and securities.

VOTING CLIENT SECURITIES

Proxy Voting Fund

PFM is responsible for voting proxies with respect to the Fund. PFM strives to vote proxies in the Fund's best economic interest. PFM maintains a policy designed to reasonably ensure PFM will not be influenced by outside sources whose interests conflict with the interest of clients, and to ensure any conflict of interest identified will be resolved in the best interest of the Fund.

PFM maintains written proxy voting guidelines which summarize its approach to voting proxy matters. PFM will generally support management's recommendations on proxy issues related to business operations matters since management's ability is a key factor PFM considers in selecting equity securities. However, when PFM believes the company's management is acting in an inconsistent manner with the Fund's best interests, or when PFM determines to play an "activist role" with respect to a specific proxy issue, PFM may vote against management's recommendations. A copy of PFM's Proxy Voting Policy is available upon request.

Class Action Litigation

PFM may from time to time receive notices of pending class action litigation involving securities held in the Fund or client accounts. PFM generally reviews class action notices, conducts a preliminary cost-benefit analysis and makes a determination on a case-by-case basis if participation is in the best interest of the Fund and its investors. PFM does not review class action notices on behalf of clients. Custodians are directed to forward all shareholder related materials to the owner of the account.

Proxy Voting SMA

PFM does not accept authority to vote proxies on behalf of clients as a matter of policy. Clients will receive their proxy information directly from their custodian. Clients may contact PFM with questions about a particular solicitation by telephone at (800) 519 0438 or email at mgray@probabilitiesfund.com.

FINANCIAL INFORMATION

There is no financial condition that is reasonably likely to impair PFM's ability to meet its contractual commitments to its clients.