



BTS TACTICAL FIXED INCOME VIT FUND  
Annual Report  
December 31, 2020

1-877-BTS-9820  
(1-877-287-9820)

[www.btsfunds.com](http://www.btsfunds.com)

**Distributed by Northern Lights Distributors, LLC  
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Dear Valued Shareholder,

As CEO of BTS Asset Management (“BTS”), I would like to thank you for investing with the BTS Tactical Fixed Income VIT (the “Fund”) and take a moment to review developments related to the Fund, including strategies we’ve employed, recent returns and our vision for the new year 2021!

### ***Performance Discussion***

For the year ended 12/31/2020, the Fund returned 2.42% for its investors. This positive performance Year-to-Date came despite increased volatility in both fixed income and equity markets, sparked as a result of the ongoing COVID-19 pandemic.

During the course of this volatility, the Fund was able to make a series of risk-on and risk-off moves in an attempt to manage downside risk and generate a positive return, specifically utilizing both high yield and U.S. government bonds as the BTS Investment Models dictated.

The Fund did underperform its Benchmark, the Bloomberg Barclays US Aggregate Bond Index (the “Benchmark”), which generated a 7.51% return for the year. That said, the Benchmark is an index representing broad-based U.S. investment grade fixed income securities, which were propped up from April 2020 through the summer months by the Fed’s unprecedented response to the pandemic, namely their stimulus of purchasing large amounts of corporate bonds.

While the Fund has underperformed, we believe it is better positioned moving into 2021 to achieve positive risk-adjusted returns than traditional buy and hold corporate bond investors representing the benchmark, particularly as we head into a tumultuous, unprecedented fourth quarter, where we see significant risk factors for risk assets across the board.

### ***Outlook and General Discussion***

The fourth quarter of 2020 ended up replaying events from earlier in the year. Coming into the quarter, we were playing defense—with our flagship strategy in money markets—having avoided some of the bond market’s downside in September 2020. Then, risk-asset markets turned upward. Consistent with our focus on capital preservation—and conscious of continuing downside risks—we were cautious about reentering high-yield bonds. We missed some positive returns while waiting for a positive price trend to solidify. This pattern echoed events from earlier in 2020:

- In the first quarter, the Fund avoided the 20%-plus plunge in high-yield bond prices as the pandemic hit. Then, in the second quarter, we were cautious about reentry and missed a fair amount of upside potential. We made up for some of that “missing out” through a tactical trade into Treasury bonds during a flight-to-quality event.
- In late summer and early fall 2020, our commitment to downside risk mitigation again led us to defensive positioning—sometimes in money markets and sometimes in risk assets while maintaining a Treasury bond hedge. Then, as the third quarter played out, we stuck to our models, which were still flashing “caution” as risk asset prices started accelerating upward once again. This pattern can be a frustrating one for investors, because it’s logical to think, “Good job avoiding the downside, but couldn’t you have gotten back in sooner?” The answer to that question is “sometimes yes—and sometimes no.” In retrospect, sometimes it’s clear that our models were more cautious than we would have liked. But then there are times when our caution leads us to avoid a significant leg down.

Ultimately, when we reflect on the year, we are pleased to have (1) generated a positive absolute return, (2) avoided a severe, double-digit downturn, and (3) done so with what we consider attractively low volatility.

Moving into 2021, we expect to continue to participate in the risk-on trade until risks have a material impact on the currently positive trend in high-yield bond prices. In our investment analysis, we often ask ourselves, “What would cause us to change our view?” As we look ahead, here are some quick takes on that important question:

- We believe the biggest risk in the market right now is that valuations are very high. Stocks, for example, are stretched far past historical average price-to-earnings ratios. Many unproven companies with no earnings are being pushed to exuberant valuations in a similar manner to the tech bubble of the early 2000s. Going into an economic recovery with markets in a speculative bubble is not reassuring. A reversion toward the mean—let alone to the mean—could cause a sharp and potentially prolonged downturn. Therefore, our positive view on high yields could change quickly in the face of broadbased market price drops.
- Another area for close attention is the job market. It took nearly ten years for the job market to fully recover after the 2008 financial crisis—and the damage done by COVID-19 was far worse than then. Jobless claims remain recessionary (above 300,000 weekly claims). There’s no guarantee that labor-market demand will recover to pre-COVID levels, even with widespread vaccinations.
- Inflation also demands close watching. The bond market’s breakeven levels—a barometer of inflation expectations—project higher inflation in the future. An important risk factor for bond markets is inflation straining and keeping real rates into negative territory. There’s never been a year like the one just finished. Positive or negative, we suspect the same will likely be said about the year now underway.

### ***Conclusion***

In our experience and opinion, taking a measured, unemotional approach to markets during periods of uncertainty like this has the potential to help the Fund perform better over the long-term. Stated differently, we believe, especially after almost four decades of practical research, that we would rather miss a short term upside rally than experience a sudden downside swing. It is who we are, and it is who we will continue to be, unapologetically, for investors that share in our common beliefs and entrust us with their hard earned assets.

Of course, there is no guarantee that any investment strategy will achieve its objectives, generate profits or avoid losses.

Thank you for choosing the BTS Funds, and please stay safe as we enter a new year with new promise.

Sincerely,

Matthew Pasts CMT

CEO, BTS Asset Management

The Bloomberg Barclays Capital U.S. Aggregate Bond Index is comprised of government securities, mortgage-backed securities, asset-backed securities and corporate securities with maturities of one year or more to simulate the universe of bonds in the market. Investors cannot directly invest in an index; unmanaged index returns do not reflect any fees, expenses or sales charges.

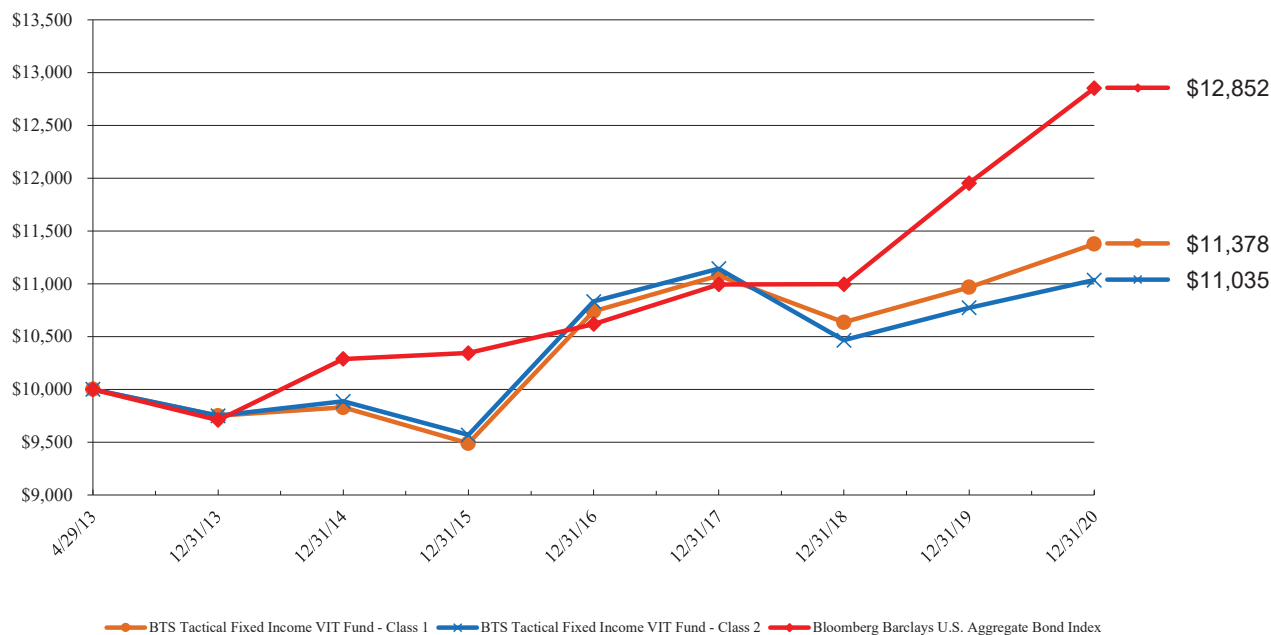
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**BTS Tactical Fixed Income VIT Fund**  
**PORTFOLIO REVIEW (Unaudited)**  
**December 31, 2020**

The Fund's performance figures\* for the periods ended December 31, 2020, compared to its benchmark:

	One Year	Annualized Five Year	Annualized Since Inception **
BTS Tactical Fixed Income VIT Fund - Class 1	3.71%	3.70%	1.70%
BTS Tactical Fixed Income VIT Fund - Class 2	2.42%	2.89%	1.29%
Bloomberg Barclays U.S. Aggregate Bond Index***	7.51%	4.44%	3.32%

**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. The total gross operating expenses as stated in the fee table to the Fund's prospectus dated May 1, 2020 are 1.76% and 2.26% for Class 1 and Class 2 shares, respectively. For performance information current to the most recent month-end, please call 1-877-287-9820.

\*\* Inception date is April 29, 2013.

\*\*\* The Bloomberg Barclays U.S. Aggregate Bond Index is a market capitalization-weighted index, meaning the securities in the index are weighted according to the market size of each bond type. Most U.S. traded investment grade bonds are represented. Municipal bonds and Treasury Inflation-Protected Securities are excluded, due to tax treatment issues. The index includes U.S. Treasury securities, government agency bonds, mortgage-backed bonds, corporate bonds, and a small amount of foreign bonds traded in U.S. dollars. The index was formerly known as the Barclays Capital U.S. Aggregate Bond Index and is still commonly referred to as such. Unlike a mutual fund, an index does not reflect any trading costs or management fees. Investors cannot directly invest in an index.

**Portfolio Composition as of December 31, 2020**

<u>Holdings By Asset Type</u>	<u>% of Net Assets</u>
Exchange Traded Funds	96.7%
Money Market Funds	3.5%
Liabilities in Excess of Other Assets	(0.2)%
	<u>100.0%</u>

Please refer to the Portfolio of Investments in this annual report for a detailed listing of the Fund's holdings.

**BTS Tactical Fixed Income VIT Fund**  
**PORTFOLIO OF INVESTMENTS**  
December 31, 2020

Shares		Fair Value
	<b>EXCHANGE TRADED FUNDS - 96.7 %</b>	
	<b>DEBT FUNDS - 92.7 %</b>	
90,468	iShares iBoxx High Yield Corporate Bond ETF	\$ 7,897,856
6,576	SPDR Bloomberg Barclays Convertible Securities ETF	544,427
66,838	SPDR Bloomberg Barclays High Yield Bond ETF	7,281,332
101,389	SPDR Bloomberg Barclays Short Term High Yield Bond ETF	2,732,434
85,823	VanEck Vectors Fallen Angel High Yield Bond ETF	2,754,918
24,080	VanEck Vectors High Yield Muni ETF	1,481,883
54,534	Xtrackers USD High Yield Corporate Bond ETF	2,731,608
		<u>25,424,458</u>
	<b>EQUITY FUNDS - 4.0 %</b>	
8,066	iShares MSCI USA Min Vol Factor ETF	547,520
3,877	Vanguard Dividend Appreciation ETF	547,316
		<u>1,094,836</u>
	<b>TOTAL EXCHANGE TRADED FUNDS (Cost \$26,080,018)</b>	<u>26,519,294</u>
	<b>SHORT-TERM INVESTMENTS - 3.5 %</b>	
	<b>MONEY MARKET FUNDS - 3.5 %</b>	
37	BlackRock Liquidity Funds Treasury Trust Fund Portfolio - Institutional Class, 0.01% *	37
111	Dreyfus Cash Management - Institutional Class, 0.07% *	111
3	Dreyfus Government Cash Management - Institutional Class, 0.03% *	3
9	Federated Hermes Government Obligations Fund - Institutional Class, 0.01% *	9
951,147	Fidelity Investments Money Market Funds - Government Portfolio - Institutional Class, 0.01% *	951,147
27	Goldman Sachs Financial Square Funds - Government Fund - Institutional Class, 0.03% *	27
113	Morgan Stanley Institutional Liquidity Fund - Prime Portfolio - Institutional Class, 0.09% *	113
	<b>TOTAL MONEY MARKET FUNDS (Cost \$951,447)</b>	<u>951,447</u>
	<b>TOTAL INVESTMENTS - 100.2 % (Cost \$27,031,465)</b>	<u>\$ 27,470,741</u>
	<b>LIABILITIES IN EXCESS OF OTHER ASSETS - (0.2) %</b>	(51,993)
	<b>NET ASSETS - 100.0 %</b>	<b>\$ 27,418,748</b>

ETF - Exchange Traded Fund

MSCI - Morgan Stanley Capital International

SPDR - Standard and Poor's Depository Receipt

\* Money market fund; interest rate reflects seven-day effective yield on December 31, 2020.

**BTS Tactical Fixed Income VIT Fund**  
**STATEMENT OF ASSETS AND LIABILITIES**  
**December 31, 2020**

**ASSETS**

Investment securities:	
At cost	\$ 27,031,465
At fair value	\$ 27,470,741
Dividends and interest receivable	15,874
Prepaid expenses and other assets	364
<b>TOTAL ASSETS</b>	<b><u>27,486,979</u></b>

**LIABILITIES**

Investment advisory fees payable	19,608
Accrued audit fees payable	18,029
Distribution (12b-1) fees payable	11,534
Payable to related parties	6,102
Payable for Fund shares repurchased	3,285
Accrued expenses and other liabilities	9,673
<b>TOTAL LIABILITIES</b>	<b><u>68,231</u></b>

**NET ASSETS**

**\$ 27,418,748**

**Net Assets Consist Of:**

Paid in capital (\$0 par value, unlimited shares authorized)	\$ 29,838,747
Accumulated losses	(2,419,999)

**NET ASSETS**

**\$ 27,418,748**

**Net Asset Value Per Share:**

Class 1 Shares:

Net Assets	\$ 11
Shares of beneficial interest outstanding	<u>1</u>
Net asset value, offering and redemption price per share (Net assets/Shares of beneficial interest)	<b><u>\$ 9.47</u></b> (a)

Class 2 Shares:

Net Assets	\$ 27,418,737
Shares of beneficial interest outstanding	<u>3,004,609</u>
Net asset value, offering and redemption price per share (Net assets/Shares of beneficial interest)	<b><u>\$ 9.13</u></b>

(a) NAV does not recalculate due to rounding of net assets and shares.

**BTS Tactical Fixed Income VIT Fund**  
**STATEMENT OF OPERATIONS**  
**For the Year Ended December 31, 2020**

<b>INVESTMENT INCOME</b>	
Dividends	\$ 531,644
Interest	66,129
Securities lending income	3,264
<b>TOTAL INVESTMENT INCOME</b>	<b>601,037</b>
 <b>EXPENSES</b>	
Investment advisory fees	231,354
Distribution (12b-1) fees:	
Class 2	136,090
Professional fees	39,947
Administrative services fees	30,252
Accounting services fees	26,049
Transfer agent fees	21,000
Compliance officer fees	18,000
Trustees' fees and expenses	11,249
Custodian fees	6,850
Printing and postage expenses	6,199
Other expenses	2,501
<b>TOTAL EXPENSES</b>	<b>529,491</b>
 <b>NET INVESTMENT INCOME</b>	 <b>71,546</b>
 <b>REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS</b>	
Net realized loss from investments	(79,070)
Net change in unrealized appreciation on investments	438,228
<b>NET REALIZED AND UNREALIZED GAIN ON INVESTMENTS</b>	<b>359,158</b>
 <b>NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS</b>	 <b>\$ 430,704</b>

See accompanying notes to financial statements.

**BTS Tactical Fixed Income VIT Fund**  
**STATEMENTS OF CHANGES IN NET ASSETS**

	For the Year Ended December 31, 2020	For the Year Ended December 31, 2019
<b>FROM OPERATIONS</b>		
Net investment income	\$ 71,546	\$ 615,216
Net realized gain (loss) from investments	(79,070)	210,498
Net change in unrealized appreciation on investments	438,228	1,048
Net increase in net assets resulting from operations	430,704	826,762
<b>DISTRIBUTIONS TO SHAREHOLDERS</b>		
Total distributions paid		
Class 1	(0) (a)	(0) (a)
Class 2	(615,145)	(891,930)
Decrease in net assets from distributions to shareholders	(615,145)	(891,930)
<b>FROM SHARES OF BENEFICIAL INTEREST</b>		
Proceeds from shares sold:		
Class 2	33,506,409	6,284,621
Net asset value of shares issued in		
Reinvestment of dividends and distributions to shareholders:		
Class 1	0 (a)	0 (a)
Class 2	615,144	891,929
Payments for shares redeemed:		
Class 2	(26,952,511)	(17,305,602)
Net increase (decrease) in net assets from shares of beneficial interest	7,169,042	(10,129,052)
<b>TOTAL INCREASE (DECREASE) IN NET ASSETS</b>	6,984,601	(10,194,220)
<b>NET ASSETS</b>		
Beginning of Year	20,434,147	30,628,367
End of Year	\$ 27,418,748	\$ 20,434,147
<b>SHARE ACTIVITY</b>		
<b>Class 1:</b>		
Share Reinvested	0 (b)	0 (b)
Net increase in shares of beneficial interest outstanding	0 (b)	0 (b)
<b>Class 2:</b>		
Shares Sold	3,595,667	667,588
Shares Reinvested	68,122	98,774
Shares Redeemed	(2,899,522)	(1,834,589)
Net increase (decrease) in shares of beneficial interest outstanding	764,267	(1,068,227)

(a) Amount is less than \$0.50.

(b) Amount is less than 0.50 shares.



**BTS Tactical Fixed Income VIT Fund**  
**FINANCIAL HIGHLIGHTS**

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

	Class 1				
	For the Year Ended December 31, 2020	For the Year Ended December 31, 2019	For the Year Ended December 31, 2018	For the Year Ended December 31, 2017	For the Year Ended December 31, 2016
Net asset value, beginning of year	\$ 9.33	\$ 9.45	\$ 10.36	\$ 10.74	\$ 9.49
Activity from investment operations:					
Net investment income (1)	0.19	0.28	0.18	0.28	0.17
Net realized and unrealized gain (loss) on investments	0.15	0.01	(0.58)	0.06	1.08
Total from investment operations	0.34	0.29	(0.40)	0.34	1.25
Less distributions from:					
Net investment income	(0.20)	(0.41)	(0.36)	(0.25)	-
Net realized gains	-	-	(0.15)	(0.47)	-
Total distributions	(0.20)	(0.41)	(0.51)	(0.72)	-
Net asset value, end of year	\$ 9.47	\$ 9.33	\$ 9.45	\$ 10.36	\$ 10.74
Total return (2)	3.71%	3.12%	(4.00)%	3.17%	13.17%
Net assets, end of year	\$ 11	\$ 11	\$ 11	\$ 11	\$ 11
Ratio of expenses to average net assets (3,4)	1.44%	1.38%	1.26%	1.30%	1.30%
Ratio of net investment income to average net assets (3,5)	1.95%	3.13%	2.93%	2.92%	3.20%
Portfolio Turnover Rate	1825%	501%	300%	28%	289%

(1) Per share amounts calculated using the average shares method, which appropriately presents the per share data for the period.

(2) Total returns shown are historical in nature and assume changes in share price and reinvestment of dividends and capital gain distributions, if any.

(3) The ratios of expenses and net investment income to average net assets do not reflect the Fund's proportionate share of income and expenses of underlying investments companies in which the Fund invests.

(4) Represents the ratio of expenses to average net assets absent fee waivers and/or fees recaptured by the advisor and/or administrator.

(5) Recognition of net investment income by the Fund is affected by the timing of the declaration of dividends by the underlying investments in which the Fund invests.

**BTS Tactical Fixed Income VIT Fund**  
**FINANCIAL HIGHLIGHTS**

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

	Class 2				
	For the Year Ended December 31, 2020	For the Year Ended December 31, 2019	For the Year Ended December 31, 2018	For the Year Ended December 31, 2017	For the Year Ended December 31, 2016
Net asset value, beginning of year	\$ 9.12	\$ 9.26	\$ 10.34	\$ 10.74	\$ 9.49
Activity from investment operations:					
Net investment income (1)	0.02	0.24	0.24	0.27	0.28
Net realized and unrealized gain (loss) on investments	0.20	0.03	(0.87)	0.05	0.97
Total from investment operations	0.22	0.27	(0.63)	0.32	1.25
Less distributions from:					
Net investment income	(0.21)	(0.41)	(0.30)	(0.25)	(0.00) (2)
Net realized gains	-	-	(0.15)	(0.47)	-
Total distributions	(0.21)	(0.41)	(0.45)	(0.72)	(0.00) (2)
Net asset value, end of year	\$ 9.13	\$ 9.12	\$ 9.26	\$ 10.34	\$ 10.74
Total return (3)	2.42%	2.95%	(6.17)%	2.97%	13.19%
Net assets, end of year (000s)	\$ 27,419	\$ 20,434	\$ 30,628	\$ 40,672	\$ 36,697
Ratio of expenses to average net assets (4,5)	1.94%	1.88%	1.76%	1.80%	1.80%
Ratio of net investment income to average net assets (4,6)	0.26 %	2.52%	2.43%	2.42%	2.70%
Portfolio Turnover Rate	1825%	501%	300%	28%	289%

(1) Per share amounts calculated using the average shares method, which appropriately presents the per share data for the period.

(2) Less than \$0.005.

(3) Total returns shown are historical in nature and assume changes in share price and reinvestment of dividends and capital gain distributions, if any.

(4) The ratios of expenses and net investment income to average net assets do not reflect the Fund's proportionate share of income and expenses of underlying investments companies in which the Fund invests.

(5) Represents the ratio of expenses to average net assets absent fee waivers and/or fees recaptured by the advisor and/or administrator.

(6) Recognition of net investment income by the Fund is affected by the timing of the declaration of dividends by the underlying investments in which the Fund invests.

# **BTS Tactical Fixed Income VIT Fund**

## **NOTES TO FINANCIAL STATEMENTS**

### **December 31, 2020**

#### **1. ORGANIZATION**

The BTS Tactical Fixed Income VIT Fund (the “Fund”) is a diversified series of shares of beneficial interest of Northern Lights Variable Trust (the “Trust”), a trust organized on November 2, 2005 under the laws of the State of Delaware and registered under the Investment Company Act of 1940, as amended (the “1940 Act”), as an open-end management investment company. The Fund’s investment objective is to seek total return. The Fund commenced operations on April 29, 2013.

The Fund currently offers two classes of shares: Class 1 shares and Class 2 shares. Class 1 and Class 2 shares are offered at net asset value. Each class of shares of the Fund has identical rights and privileges except with respect to arrangements pertaining to shareholder servicing or distribution, class-related expenses, voting rights on matters affecting a single class of shares, and the exchange privilege of each class of shares. The Fund’s share classes differ in the fees and expenses charged to shareholders. The Fund’s income, expenses (other than class specific distribution fees) and realized and unrealized gains and losses are allocated proportionately each day based upon the relative net assets of each class.

#### **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”). 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. The Fund is an investment company and accordingly follows the investment company accounting and reporting guidance of the Financial Accounting Standards Board (“FASB”) Accounting Standard Codification Topic 946 “Financial Services – Investment Companies”.

**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 primary 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 mean between the current bid and ask prices on the day of valuation. Futures and future options are valued at the final settled price or, in the absence of a settled price, at the last sale price on the day of valuation. Debt securities (other than short-term obligations) are valued each day by an independent pricing service approved by the Trust’s Board of Trustees (the “Board”) based on methods which include consideration of: yields or prices of securities of comparable quality, coupon, maturity and type, indications as to values from dealers, and general market conditions or market quotations from a major market maker in the securities. Investments valued in currencies other than the U.S. dollar are converted to U.S. dollars using exchange rates obtained from pricing services. Short-term debt obligations having 60 days or less remaining until maturity, at time of purchase, may be valued at amortized cost.

**Valuation of Underlying Funds** - The Fund may invest in portfolios of open-end or closed-end investment companies (the “Underlying Funds”). 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.

Open-end investment companies are valued at their respective net asset values as reported by such investment companies. 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 assurance that the market discount or market premium on shares of any closed-end investment company purchased by the Fund will not change.

The Fund may hold securities, such as private investments, interests in commodity pools, other non-traded securities or temporarily illiquid securities, for which market quotations are not readily available or are determined to be unreliable. These securities will be valued using the “fair value” procedures approved by the Board. The Board has delegated execution of these procedures to a fair value committee composed of one or more representatives from each of the (i) Trust, (ii) administrator, and (iii) advisor. The committee may also enlist third party consultants such as a valuation specialist at a

**BTS Tactical Fixed Income VIT Fund**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**December 31, 2020**

public accounting firm, valuation consultant or financial officer of a security issuer on an as-needed basis to assist in determining a security-specific fair value. The Board reviews and ratifies the execution of this process and the resultant fair value prices at least quarterly to assure the process produces reliable results.

**Fair Valuation Process** – As noted above, the fair value committee is composed of one or more representatives from each of the (i) Trust, (ii) administrator, and (iii) advisor. The applicable investments are valued collectively via inputs from each of these groups. For example, fair value determinations are required for the following securities: (i) securities for which market quotations are insufficient or not readily available on a particular business day (including securities for which there is a short and temporary lapse in the provision of a price by the regular pricing source), (ii) securities for which, in the judgment of the advisor, the prices or values available do not represent the fair value of the instrument. Factors which may cause the advisor to make such a judgment include, but are not limited to, the following: only a bid price or an asked price is available; the spread between bid and asked prices is substantial; the frequency of sales; the thinness of the market; the size of reported trades; and actions of the securities markets, such as the suspension or limitation of trading; (iii) securities determined to be illiquid; (iv) securities with respect to which an event that will affect the value thereof has occurred (a “significant event”) since the closing prices were established on the principal exchange on which they are traded, but prior to the Fund’s calculation of its net asset value. Specifically, interests in commodity pools or managed futures pools are valued on a daily basis by reference to the closing market prices of each futures contract or other asset held by a pool, as adjusted for pool expenses. Restricted or illiquid securities, such as private investments or non-traded securities are valued via inputs from the advisor based upon the current bid for the security from two or more independent dealers or other parties reasonably familiar with the facts and circumstances of the security (who should take into consideration all relevant factors as may be appropriate under the circumstances). If the advisor is unable to obtain a current bid from such independent dealers or other independent parties, the fair value committee shall determine the fair value of such security using the following factors: (i) the type of security; (ii) the cost at date of purchase; (iii) the size and nature of the Fund’s holdings; (iv) the discount from market value of unrestricted securities of the same class at the time of purchase and subsequent thereto; (v) information as to any transactions or offers with respect to the security; (vi) the nature and duration of restrictions on disposition of the security and the existence of any registration rights; (vii) how the yield of the security compares to similar securities of companies of similar or equal creditworthiness; (viii) the level of recent trades of similar or comparable securities; (ix) the liquidity characteristics of the security; (x) current market conditions; and (xi) the market value of any securities into which the security is convertible or exchangeable.

The Fund utilizes various methods to measure the fair value 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 on 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 Fund’s 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.

**BTS Tactical Fixed Income VIT Fund**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
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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 December 31, 2020 for the Fund's investments measured at fair value:

Assets	Level 1	Level 2	Level 3	Total
Exchange Traded Funds	\$ 26,519,294	\$ -	\$ -	\$ 26,519,294
Money Market Funds	951,447	-	-	951,447
Total	\$ 27,470,741	\$ -	\$ -	\$ 27,470,741

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

**Exchange Traded Funds** – The Fund may invest in exchange traded funds (“ETFs”). ETFs are a type of index fund bought and sold on a securities exchange. An ETF trades like common stock and represents a fixed portfolio of securities designed to track the performance and dividend yield of a particular domestic or foreign market index. The Fund may purchase an ETF to gain exposure to a portion of the U.S. or a foreign market. The risks of owning an ETF generally reflect the risks of owning the underlying securities they are designed to track, although the lack of liquidity on an ETF could result in it being more volatile. Additionally, ETFs have fees and expenses that reduce their value.

**Security Transactions and Related Income** – Security transactions are accounted for on the 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. The accounting records are maintained in U.S. dollars.

**Dividends and Distributions to Shareholders** – Dividends from net investment income, if any, are declared and paid quarterly. Distributable net realized capital gains, if any, are declared and distributed annually. Dividends from net investment income and distributions from net realized gains are recorded on ex-dividend date and are determined in accordance with federal income tax regulations, which may differ from GAAP. The “book/tax” differences are considered either temporary (i.e., deferred losses, capital loss carry forwards) 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. These reclassifications have no effect on net assets, results from operations or net asset value per share of the Fund.

**Federal Income Tax** – It is the Fund's policy to qualify as a regulated investment company by complying with the provisions 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 where the position is “more likely than not” to be sustained assuming examination by tax authorities. Management has analyzed the Fund's tax positions and has concluded that no liability for unrecognized tax benefits should be recorded related to uncertain tax positions taken on returns filed for open tax years ended December 31, 2017 to December 31, 2019, or expected to be taken in the Fund's December 31, 2020 year-end tax returns. The Fund identifies its major tax jurisdictions as U.S. federal, and Ohio (Nebraska in years prior to 2019), and foreign jurisdictions where the Fund makes significant investments. The Fund is not aware of any tax positions for which it is reasonably possible that the total amounts of unrecognized tax benefits will change materially in the next twelve months.

**Expenses** – Expenses of the Trust that are directly identifiable to a specific fund are charged to that fund. Expenses which are not readily identifiable to a specific fund are allocated in such a manner as deemed equitable, taking into consideration the nature and type of expense and the relative sizes of the funds in the Trust.

**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 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

**BTS Tactical Fixed Income VIT Fund**  
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**December 31, 2020**

occurred. However, based on experience, the risk of loss due to these warranties and indemnities appears to be remote.

**Cash and Cash Equivalents** – Cash and cash equivalents are held with a financial institution. The asset of the Fund may be placed in deposit accounts at U.S. banks and such deposits can exceed Federal Deposit Insurance Corporation (“FDIC”) insurance limits. The FDIC insures deposit accounts up to \$250,000 for each account holder. The counterparty is generally a single bank rather than a group of financial institutions; thus there may be a greater counterparty credit risk. The Fund places deposits only with those counterparties which are believed to be creditworthy and there has been no history of loss.

**Securities Lending Risk** – The Fund may lend portfolio securities to institutions, such as banks and certain broker-dealers. The Fund may experience a loss or delay in the recovery of its securities if the borrowing institution breaches its agreement with the Fund (see additional information at Note 7).

**Market and Geopolitical Risk** – The increasing interconnectivity between global economies and financial markets increases the likelihood that events or conditions in one region or financial market may adversely impact issuers in a different country, region or financial market. Securities in the Fund’s portfolio may underperform due to inflation (or expectations for inflation), interest rates, global demand for particular products or resources, natural disasters, pandemics, epidemics, terrorism, regulatory events and governmental or quasi-governmental actions. The occurrence of global events similar to those in recent years may result in market volatility and may have long term effects on both the U.S. and global financial markets. The current novel coronavirus (COVID-19) global pandemic and the aggressive responses taken by many governments, including closing borders, restricting international and domestic travel, and the imposition of prolonged quarantines or similar restrictions, as well as the forced or voluntary closure of, or operational changes to, many retail and other businesses, has had negative impacts, and in many cases severe negative impacts, on markets worldwide. It is not known how long such impacts, or any future impacts of other significant events described above, will or would last, but there could be a prolonged period of global economic slowdown, which may impact your Fund investment.

### **3. INVESTMENT TRANSACTIONS**

For the year ended December 31, 2020, cost of purchases and proceeds from sales of portfolio securities, other than short-term investments and U.S. Government Obligations, amounted to \$320,100,893 and \$313,679,912, respectively.

### **4. INVESTMENT ADVISORY AGREEMENT AND TRANSACTIONS WITH RELATED PARTIES**

BTS Asset Management, Inc. serves as the Fund’s investment advisor (the “Advisor”). Pursuant to an investment advisory agreement with the Trust, on behalf of the Fund, the Advisor, under the oversight of the Board, directs 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 an investment advisory fee, computed and accrued daily and paid monthly, at an annual rate of 0.85% of the Fund’s average daily net assets. For the year ended December 31, 2020, the Advisor earned advisory fees of \$231,354.

The Advisor has contractually agreed to waive its management fees and to make payments to limit Fund expenses, until April 30, 2021 so that the total annual operating expenses excluding (i) any front-end or contingent deferred loads; (ii) brokerage fees and commissions; (iii) acquired fund fees and expenses; (iv) fees and expenses associated with investments in other collective investment vehicles or derivative instruments (including for example options and swap fees and expenses); (v) borrowing costs (such as interest and dividend expense on securities sold short); (vi) taxes; and (vii) extraordinary expenses, such as litigation expenses (which may include indemnification of Fund officers and Trustees, contractual indemnification of Fund service providers (other than the Advisor)) of the Fund do not exceed 2.00% and 2.50% for Class 1 and Class 2 shares, respectively. These fee waivers and expense reimbursements are subject to possible recoupment from the Fund in future years (within the three years after the fees have been waived or reimbursed) if such recoupment can be achieved within the foregoing expense limits. This agreement may be terminated only by the Fund’s Board of Trustees, on 60 days’ written notice to the Advisor. During the year ended December 31, 2020 the Advisor did not waive any fees. As of December 31, 2020 there are no previously waived fees available for recapture.

**BTS Tactical Fixed Income VIT Fund**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
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*Distributor* – The distributor of the Fund is Northern Lights Distributors, LLC (“NLD” or the “Distributor”). The Trust has adopted, on behalf of the Fund, the Trust’s Master Distribution and Shareholder Servicing Plan (the “Plan”), pursuant to Rule 12b-1 under the 1940 Act, to pay for certain distribution activities and shareholder services. Under the Plan, the Fund may pay 0.50% per year of the average daily net assets of Class 2 shares. For the year ended December 31, 2020, the Fund incurred distribution fees under the Plan of \$136,090 for Class 2 shares.

The Distributor acts as the Fund’s principal underwriter in a continuous public offering of the Fund’s Class 1 and Class 2 shares and is an affiliate of GFS. For the year ended December 31, 2020, the Distributor did not receive any underwriting commissions for sales of the Fund’s shares.

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

*Gemini Fund Services, LLC* (“GFS”), an affiliate of the Distributor, provides administration, fund accounting, and transfer agent services to the Trust. Pursuant to separate servicing agreements with GFS, the Fund pays GFS customary fees for providing administration, fund accounting and transfer agency services to the Fund. Certain officers of the Trust are also officers of GFS, and are not paid any fees directly by the Fund for serving in such capacities.

*Northern Lights Compliance Services, LLC* (“NLCS”), an affiliate of GFS and the Distributor, provides a Chief Compliance Officer 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 customary fees from the Fund.

*Blu Giant, LLC* (“Blu Giant”), an affiliate of GFS and the Distributor, provides EDGAR conversion and filing services as well as print management services for the Fund on an ad-hoc basis. For the provision of these services, Blu Giant receives customary fees from the Fund.

**5. AGGREGATE UNREALIZED APPRECIATION AND DEPRECIATION – TAX BASIS**

Tax Cost	Gross Unrealized Appreciation	Gross Unrealized Depreciation	Net Unrealized Appreciation (Depreciation)
\$ 27,097,990	\$ 439,539	\$ (66,788)	\$ 372,751

**6. DISTRIBUTIONS TO SHAREHOLDERS AND TAX COMPONENTS OF CAPITAL**

The tax character of distributions paid during the fiscal years ended December 31, 2020 and December 31, 2019 were as follows:

	Fiscal Year Ended December 31, 2020	Fiscal Year Ended December 31, 2019
Ordinary Income	\$ 615,145	\$ 891,930
Long-Term Capital Gain	-	-
Return of Capital	-	-
	<u>\$ 615,145</u>	<u>\$ 891,930</u>

As of December 31, 2020, the components of accumulated earnings/ (deficit) on a tax basis were as follows:

Undistributed Ordinary Income	Undistributed Long-Term Gains	Post October Loss and Late Year Loss	Capital Loss Carry Forwards	Other Book/Tax Differences	Unrealized Appreciation/ (Depreciation)	Total Accumulated Earnings/(Deficits)
\$ 71,458	\$ -	\$ -	\$ (2,864,208)	\$ -	\$ 372,751	\$ (2,419,999)

**BTS Tactical Fixed Income VIT Fund**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**December 31, 2020**

The difference between book basis and tax basis undistributed net investment income/(loss), accumulated net realized gain/(loss), and unrealized appreciation/(depreciation) from investments is primarily attributable to the tax deferral of losses on wash sales.

At December 31, 2020, the Fund had capital loss carry forwards (“CLCF”) for federal income tax purposes available to offset future capital gains as well as capital losses utilized in the current year as follows:

Non-Expiring Short-Term	Non-Expiring Long-Term	Total	CLCF Utilized
\$ 2,864,200	\$ 8	\$ 2,864,208	\$ -

**7. SECURITIES LENDING**

Under an agreement (the “Securities Lending Agreement”) with the Securities Finance Trust Company (“SFTC”), the Fund can lend its portfolio securities to brokers, dealers and other financial institutions approved by the Board to earn additional income. For each securities loan, the borrower shall transfer collateral in an amount determined by applying the margin to the market value of the loaned available securities (102% for same currency and 105% for cross currency). Collateral is invested in highly liquid, short-term instruments such as money market funds in accordance with the Fund’s security lending procedures. The Fund continues to receive interest or dividends on the securities loaned. The Fund has the right under the Securities Lending Agency Agreement to recover the securities from the borrower on demand; if the borrower fails to deliver the securities on a timely basis, the Fund could experience delays or losses on recovery. Additionally, the Fund is subject to the risk of loss from investments made with the cash received as collateral. The Fund manages credit exposure arising from these lending transactions by, in appropriate circumstances, entering into master netting agreements and collateral agreements with third party borrowers that provide in the event of default (such as bankruptcy or a borrower’s failure to pay or perform), the right to net a third-party borrower’s rights and obligations under such agreement and liquidate and set off collateral against the net amount owed by the counterparty. As of December 31, 2020, the Fund did not have any securities out on loan. During the year ended December 31, 2020, the Fund earned \$3,264 in securities lending income.

**8. CONTROL OWNERSHIP**

The beneficial ownership, either directly or indirectly, of more than 25% of the voting securities of a fund creates presumption of control of the Fund, under Section 2(a)(9) of the 1940 Act. As of December 31, 2020, Nationwide Life Insurance Co. and Jefferson National Life Insurance Co. held approximately 65.5% and 34.5%, respectively, of the voting securities for the benefit of others.

**9. UNDERLYING INVESTMENT IN OTHER INVESTMENT COMPANIES**

The Fund currently invests a portion of its assets in the iShares iBoxx High Yield Corporate Bond ETF (the “iShares ETF”). The iShares ETF seeks to track the investment results of an index composed of U.S. dollar-denominated, high yield corporate bonds. The Fund may redeem its investment from the iShares ETF at any time if the Adviser determines that it is in the best interest of the Fund and its shareholders to do so. The performance of the Fund will be directly affected by the performance of the iShares ETF. The financial statements of the iShares ETF, including the portfolio of investments, can be found at the Securities and Exchange Commission’s (“SEC”) website [www.sec.gov](http://www.sec.gov) and should be read in conjunction with the Fund’s financial statements. As of December 31, 2020, the percentage of the net assets invested in the iShares ETF was 28.8%.

The Fund currently invests a portion of its assets in the SPDR Bloomberg Barclays High Yield Bond ETF (the “SPDR ETF”). The SPDR ETF seeks to provide a diversified exposure to US dollar-denominated high yield corporate bonds with above average liquidity. The Fund may redeem its investment from the SPDR ETF at any time if the Adviser determines that it is in the best interest of the Fund and its shareholders to do so. The performance of the Fund will be directly affected by the performance of the SPDR ETF. The financial statements of the SPDR ETF, including the portfolio of investments, can be found at the SEC’s website [www.sec.gov](http://www.sec.gov) and should be read in conjunction with the Fund’s financial statements. As of December 31, 2020, the percentage of the net assets invested in the SPDR ETF was 26.6%.



**BTS Tactical Fixed Income VIT Fund**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**December 31, 2020**

**10. SUBSEQUENT EVENTS**

Subsequent events after the date of the Statement of Assets and Liabilities have been evaluated through the date the financial statements were issued. Management has determined that no events or transactions occurred requiring adjustment or disclosure in the financial statements.

## Report of Independent Registered Public Accounting Firm

To the Board of Trustees of Northern Lights Variable Trust and  
the Shareholders of BTS Tactical Fixed Income VIT Fund

### Opinion on the Financial Statements

We have audited the accompanying statement of assets and liabilities of BTS Tactical Fixed Income VIT Fund (the Fund), including the portfolio of investments, as of December 31, 2020, the related statements of operations for the year then ended, the statements of changes in net assets for each of the two years in the period then ended and the financial highlights for each of the three years in the period then ended, including the related notes to the financial statements (collectively, the financial statements). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Fund as of December 31, 2020, the results of its operations and its cash flows for the year then ended, the changes in net assets for each of the two years in the period then ended, and the financial highlights for each of the three years in the period then ended, in conformity with accounting principles generally accepted in the United States of America.

The financial highlights for the years ended December 31, 2017 and December 31, 2016 for the Fund were audited by other auditors. Those auditors expressed an unqualified opinion on those financial statements and financial highlights in their report dated February 15, 2018.

### Basis for Opinion

These financial statements are the responsibility of the Fund's management. Our responsibility is to express an opinion on the Fund's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Fund in accordance with U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Fund is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our procedures included confirmation of securities investments owned as of December 31, 2020, by correspondence with the custodian. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ RSM US LLP

We have served as the auditor of the Fund since 2018.

Denver, Colorado  
February 16, 2021

## BTS Tactical Fixed Income VIT Fund

### EXPENSE EXAMPLES (Unaudited)

#### December 31, 2020

As a shareholder of the Fund, you incur 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 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 July 1, 2020 through December 31, 2020.

#### Actual Expenses

The “Actual” expenses lines 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” expenses lines in the table below provides information about hypothetical account values and hypothetical expenses based on the 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.

The table is useful in comparing ongoing costs only, and will not help you determine the relative total costs of owning different funds.

Actual	Fund’s Annualized Expense Ratio	Beginning Account Value 7/1/20	Ending Account Value 12/31/20	Expense Paid During Period 7/1/20 – 12/31/20*
Class 1	1.39%	\$1,000.00	\$1,012.20	\$7.03
Class 2	1.89%	\$1,000.00	\$1,001.20	\$9.53
Hypothetical (5% return before expenses)	Fund’s Annualized Expense Ratio	Beginning Account Value 7/1/20	Ending Account Value 12/31/20	Expense Paid During Period 7/1/20 – 12/31/20*
Class 1	1.39%	\$1,000.00	\$1,018.15	\$7.05
Class 2	1.89%	\$1,000.00	\$1,015.68	\$9.60

\* Expenses are equal to the Fund’s annualized expense ratio multiplied by the number of days in the period (184) divided by the number of days in the fiscal year (366).

**BTS Tactical Fixed Income VIT Fund**  
**SUPPLEMENTAL INFORMATION (Unaudited)**  
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*BTS Tactical Fixed Income VIT Fund (Adviser – BTS Asset Management, Inc.) \**

In connection with the regular meeting held on December 16-17, 2020 of the Board of Trustees (the “Trustees” or the “Board”) of the Northern Lights Variable Trust (the “Trust”), including a majority of the Trustees who are not “interested persons,” as that term is defined in the Investment Company Act of 1940, as amended, discussed the re-approval of an investment advisory agreement (the “Advisory Agreement”) between BTS Asset Management, Inc. (“Adviser”) and the Trust, with respect to the BTS Tactical Fixed Income VIT Fund (referred to as the “BTS VIT”). In considering the re-approval of the Advisory Agreement, the Board received materials specifically relating to the Advisory Agreement.

The Trustees were assisted by independent legal counsel throughout the Advisory Agreement review process. The Trustees relied upon the advice of independent legal counsel and their own business judgment in determining the material factors to be considered in evaluating the Advisory Agreement and the weight to be given to each such factor. The conclusions reached by the Trustees were based on a comprehensive evaluation of all of the information provided and were not the result of any one factor. Moreover, each Trustee may have afforded different weight to the various factors in reaching his conclusions with respect to the Advisory Agreement.

*Nature, Extent & Quality of Services.*

The Trustees noted that the adviser, established in 1979, managed approximately \$1.1 billion in assets, noting that each BTS Fund had an increase in assets over the past twelve months. They considered that the adviser provided quantitative risk managed portfolio strategies that focused on capital preservation for a variety of clients including individuals, corporations, and pensions. They reviewed the background of key investment personnel responsible for servicing the Funds, taking into consideration the education and financial industry experience of the investment team noting their long careers in asset management. They noted the adviser utilized price and momentum driven proprietary quantitative models to determine which bond sectors and securities to select for a BTS Fund’s portfolio, with an emphasis on risk management. The Trustees discussed the adviser’s risk mitigation policies, taking note that the adviser used an internal investment committee that analyzed how current market conditions, interest rates, issuers and sector volatility affected the Funds. They noted the adviser monitored compliance with each Fund’s investment limitations using pre-trade checklists and daily position reports against a post-trade checklist. They further noted the adviser considered best execution and selected broker-dealers based on an assessment of various service quality factors and product expertise. The Trustees agreed that BTS had more than sufficient resources to continue to provide high quality service to the BTS Funds for the benefit of shareholders.

*Performance.*

The Trustees noted that the Fund had performed in a similar fashion to BTS Tactical. They observed that the Fund outperformed its peer group median, and Morningstar category median over the one-year period, while underperforming the benchmark over all periods presented in the report. They acknowledged the adviser’s contention that the Fund’s underperformance was due to defensive positions taken by the adviser. They noted that the Fund’s strategy was designed to provide value during downturns in the fixed income market. The Trustees concluded that the adviser was managing the Fund according to its stated objective and strategy as disclosed in the prospectus.

*Fees and Expenses.*

The Trustees noted that the adviser’s annual fee with respect to the Fund was 0.85%, equal to the peer median but higher than the category median of 0.60%. They observed that the net expense ratio of the Fund was 1.38% which was higher than the peer group median, but in line with several peer funds. The Trustees agreed that the Fund’s advisory fee was not unreasonable given the tactical nature of the investment strategy. They considered the range of fees charged by the adviser for separately managed accounts. They discussed the adviser’s intention to renew the expense limitation agreement at current levels.

**BTS Tactical Fixed Income VIT Fund**  
**SUPPLEMENTAL INFORMATION (Unaudited) (Continued)**  
**December 31, 2020**

*Profitability.*

The Trustees reviewed the profitability analysis provided by the adviser. They noted that the adviser did not realize a profit in connection with BTS Managed but had realized a profit in connection with its relationship with BTS Tactical and BTS Tactical VIT. The Trustees concluded that the adviser's profitability on a per Fund basis was reasonable and that excessive profitability was not a concern at this time.

*Economies of Scale.*

The Trustees considered whether economies of scale had been realized in connection with the advisory services provided to each Fund. They noted the adviser's willingness to consider fee reductions as a Fund's assets continue to grow. The Trustees discussed the adviser's position on appropriate breakpoint levels and agreed to continue to monitor each Fund's asset levels and revisit the matter as each Fund continued to grow.

*Conclusion.*

Having requested and received such information from the adviser as the Trustees believed to be reasonably necessary to evaluate the terms of the advisory agreements, and as assisted by the advice of counsel, the Trustees concluded that the fee structure was not unreasonable and that renewal of the advisory agreements was in the best interests of the BTS Funds and the shareholders of each of the BTS Funds.

\*Due to the timing of the contract renewal schedule, these deliberations may or may not relate to the current performance results of the Fund.

**BTS Tactical Fixed Income VIT Fund**  
**SUPPLEMENTAL INFORMATION (Unaudited) (Continued)**  
**December 31, 2020**

**LIQUIDITY RISK MANAGEMENT PROGRAM**

The Fund has adopted and implemented a written liquidity risk management program as required by Rule 22e-4 (the “Liquidity Rule”) under the 1940 Act. The program is reasonably designed to assess and manage the Fund’s liquidity risk, taking into consideration, among other factors, the Fund’s investment strategy and the liquidity of its portfolio investments during normal and reasonably foreseeable stressed conditions; its short and long-term cash flow projections; and its cash holdings and access to other funding sources.

During the year ended December 31, 2020, the Trust’s Liquidity Risk Management Program Committee (the “Committee”) reviewed the Fund’s investments and determined that the Fund held adequate levels of cash and highly liquid investments to meet shareholder redemption activities in accordance with applicable requirements. Accordingly, the Committee concluded that (i) the Fund’s liquidity risk management program is reasonably designed to prevent violations of the Liquidity Rule and (ii) the Fund’s liquidity risk management program has been effectively implemented.

**BTS Tactical Fixed Income VIT Fund**  
**SUPPLEMENTAL INFORMATION (Unaudited)**  
**December 31, 2020**

The Trustees and the executive officers of the Trust are listed below with their present positions with the Trust and principal occupations over at least the last five years. The business address of each Trustee and Officer is 225 Pictoria Drive, Suite 450, Cincinnati, OH 45246. All correspondence to the Trustees and Officers should be directed to c/o Gemini Fund Services, LLC, P.O. Box 541150, Omaha, Nebraska 68154.

***Independent Trustees***

<b>Name, Address and Year of Birth</b>	<b>Position/Term of Office*</b>	<b>Principal Occupation During the Past Five Years</b>	<b>Number of Portfolios in Fund Complex** Overseen by Trustee</b>	<b>Other Directorships held by Trustee During the Past Five Years</b>
Mark Garbin Born in 1951	Trustee Since 2013	Managing Principal, Coherent Capital Management LLC (since 2007).	1	Northern Lights Fund Trust (for series not affiliated with the Funds since 2013); Two Roads Shared Trust (since 2012); Forethought Variable Insurance Trust (since 2013); Northern Lights Variable Trust (since 2013); OHA Mortgage Strategies Fund (offshore), Ltd. (2014 - 2017); and Altegris KKR Commitments Master Fund (since 2014); and Carlyle Tactical Private Credit Fund (since March 2018).
Mark D. Gersten Born in 1950	Trustee Since 2013	Independent Consultant (since 2012).	1	Northern Lights Fund Trust (for series not affiliated with the Funds since 2013); Northern Lights Variable Trust (since 2013); Two Roads Shared Trust (since 2012); Altegris KKR Commitments Master Fund (since 2014); previously, Ramius Archview Credit and Distressed Fund (2015-2017); and Schroder Global Series Trust (2012 to 2017).
Anthony J. Hertl Born in 1950	Trustee Since 2005; Chairman of the Board since 2013	Retired, previously held several positions in a major Wall Street firm including Capital Markets Controller, Director of Global Taxation, and CFO of the Specialty Finance Group.	1	Northern Lights Fund Trust (for series not affiliated with the Funds since 2005); Northern Lights Variable Trust (since 2006); Alternative Strategies Fund (since 2010); Satuit Capital Management Trust (2007-2019).
Gary W. Lanzen Born in 1954	Trustee Since 2005	Retired (since 2012). Formerly, Founder, President, and Chief Investment Officer, Orizon Investment Counsel, Inc. (2000-2012).	1	Northern Lights Fund Trust (for series not affiliated with the Funds since 2005) Northern Lights Variable Trust (since 2006); AdvisorOne Funds (since 2003); Alternative Strategies Fund (since 2010); and previously, CLA Strategic Allocation Fund (2014-2015).

**BTS Tactical Fixed Income VIT Fund**  
**SUPPLEMENTAL INFORMATION (Unaudited)(Continued)**  
**December 31, 2020**

***Independent Trustees (Continued)***

John V. Palancia Born in 1954	Trustee Since 2011	Retired (since 2011). Formerly, Director of Futures Operations, Merrill Lynch, Pierce, Fenner & Smith Inc. (1975-2011).	1	Northern Lights Fund Trust (for series not affiliated with the Funds since 2011); Northern Lights Fund Trust III (since February 2012); Alternative Strategies Fund (since 2012) and Northern Lights Variable Trust (since 2011).
Mark H. Taylor Born in 1964	Trustee Since 2007; Chairman of the Audit Committee since 2013	Director, Lynn Pippenger School of Accountancy Muma College of Business, University of South Florida, Tampa FL (since 2019); Chair, Department of Accountancy and Andrew D. Braden Professor of Accounting and Auditing, Weatherhead School of Management, Case Western Reserve University (2009-2019); Vice President-Finance, American Accounting Association (2017-2020); President, Auditing Section of the American Accounting Association (2012-15). AICPA Auditing Standards Board Member (2009-2012).	1	Northern Lights Fund Trust (for series not affiliated with the Funds since 2007); Alternative Strategies Fund (since 2010); Northern Lights Fund Trust III (since 2012); and Northern Lights Variable Trust (since 2007).

***Officers***

<b>Name, Address and Year of Birth</b>	<b>Position/Term of Office*</b>	<b>Principal Occupation During the Past Five Years</b>	<b>Number of Portfolios in Fund Complex** Overseen by Trustee</b>	<b>Other Directorships held by Trustee During the Past Five Years</b>
Kevin E. Wolf Born in 1969	President Since June 2017	Vice President, The Ultimus Group, LLC and Executive Vice President, Gemini Fund Services, LLC (since 2019); President, Gemini Fund Services, LLC (2012-2019) Treasurer of the Trust (2006-June 2017); Director of Fund Administration, Gemini Fund Services, LLC (2006 - 2012); and Vice-President, Blu Giant, LLC, (2004 -2013).	N/A	N/A



**BTS Tactical Fixed Income VIT Fund**  
**SUPPLEMENTAL INFORMATION (Unaudited)(Continued)**  
**December 31, 2020**

***Officers (Continued)***

Richard Malinowski Born in 1983	Vice President Since March 2018	Senior Vice President (since 2017); Vice President and Counsel (2016-2017) and Assistant Vice President, Gemini Fund Services, LLC (2012-2016).	N/A	N/A
James Colantino Born in 1969	Treasurer Since June 2017	Assistant Treasurer of the Trust (2006-June 2017); Senior Vice President - Fund Administration, Gemini Fund Services, LLC (since 2012).	N/A	N/A
Stephanie Shearer Born in 1979	Secretary Since February 2017	Assistant Secretary of the Trust (2012-February 2017); Manager of Legal Administration, Gemini Fund Services, LLC (since 2018); Senior Paralegal, Gemini Fund Services, LLC (from 2013 - 2018); Paralegal, Gemini Fund Services, LLC (2010-2013).	N/A	N/A
Michael J. Nanosky Born in 1966	Chief Compliance Officer Since January 2021	Chief Compliance Officer, of the Trust (since January 2021); Vice President-Senior Compliance Officer, Ultimus Fund Solutions (since 2020); Vice President, Chief Compliance Officer for Williamsburg Investment Trust (2020-current); Senior Vice President- Chief Compliance Officer, PNC Funds (2014-2019).	N/A	N/A

\*The term of office for each Trustee and officer listed above will continue indefinitely until the individual resigns or is removed.

\*\*As of December 31, 2020, the Trust was comprised of 15 active portfolios managed by unaffiliated investment advisers. The term "Fund Complex" applies only to the Portfolios managed by the Adviser. The Portfolios do not hold themselves out as related to any other series within the Trust for investment purposes, nor do they share the same investment adviser with any other series.

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 1-877-287-9820.

# PRIVACY NOTICE

## NORTHERN LIGHTS VARIABLE TRUST

Rev. February 2014

### FACTS

#### WHAT DOES NORTHERN LIGHTS VARIABLE TRUST DO WITH YOUR PERSONAL INFORMATION?

#### Why?

Financial companies choose how they share your personal information. Federal law gives consumers the right to limit some, but not all sharing. Federal law also requires us to tell you how we collect, share, and protect your personal information. Please read this notice carefully to understand what we do.

#### What?

The types of personal information we collect and share depends on the product or service that you have with us. This information can include:

- Social Security number and wire transfer instructions
- account transactions and transaction history
- investment experience and purchase history

When you are *no longer* our customer, we continue to share your information as described in this notice.

#### How?

All financial companies need to share customers' personal information to run their everyday business. In the section below, we list the reasons financial companies can share their customers' personal information; the reasons Northern Lights Variable Trust chooses to share; and whether you can limit this sharing.

Reasons we can share your personal information:	Does Northern Lights Variable Trust share information?	Can you limit this sharing?
For our everyday business purposes - such as to process your transactions, maintain your account(s), respond to court orders and legal investigations, or report to credit bureaus.	YES	NO
For our marketing purposes - to offer our products and services to you.	NO	We don't share
For joint marketing with other financial companies.	NO	We don't share
For our affiliates' everyday business purposes - information about your transactions and records.	NO	We don't share
For our affiliates' everyday business purposes - information about your credit worthiness.	NO	We don't share
For nonaffiliates to market to you	NO	We don't share

### QUESTIONS?

Call 1-402-493-4603

# PRIVACY NOTICE

## NORTHERN LIGHTS VARIABLE TRUST

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### What we do:

<b>How does Northern Lights Variable Trust protect my personal information?</b>	<p>To protect your personal information from unauthorized access and use, we use security measures that comply with federal law. These measures include computer safeguards and secured files and buildings.</p> <p>Our service providers are held accountable for adhering to strict policies and procedures to prevent any misuse of your nonpublic personal information.</p>
<b>How does Northern Lights Variable Trust collect my personal information?</b>	<p>We collect your personal information, for example, when you</p> <ul style="list-style-type: none"><li>• open an account or deposit money</li><li>• direct us to buy securities or direct us to sell your securities</li><li>• seek advice about your investments</li></ul> <p>We also collect your personal information from others, such as credit bureaus, affiliates, or other companies.</p>
<b>Why can't I limit all sharing?</b>	<p>Federal law gives you the right to limit only:</p> <ul style="list-style-type: none"><li>• sharing for affiliates' everyday business purposes – information about your creditworthiness.</li><li>• affiliates from using your information to market to you.</li><li>• sharing for nonaffiliates to market to you.</li></ul> <p>State laws and individual companies may give you additional rights to limit sharing.</p>

### Definitions

<b>Affiliates</b>	<p>Companies related by common ownership or control. They can be financial and nonfinancial companies.</p> <ul style="list-style-type: none"><li>• <i>Northern Lights Variable Trust does not share with our affiliates.</i></li></ul>
<b>Nonaffiliates</b>	<p>Companies not related by common ownership or control. They can be financial and nonfinancial companies.</p> <ul style="list-style-type: none"><li>• <i>Northern Lights Variable Trust does not share with nonaffiliates so they can market to you.</i></li></ul>
<b>Joint marketing</b>	<p>A formal agreement between nonaffiliated financial companies that together market financial products or services to you.</p> <ul style="list-style-type: none"><li>• <i>Northern Lights Variable Trust doesn't jointly market.</i></li></ul>

### **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 1-877-287-9820 or by referring to the Securities 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-PORT. Form N-PORT 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-PORT is available without charge, upon request, by calling 1-877-287-9820.

### **INVESTMENT ADVISOR**

BTS Asset Management, Inc.  
420 Bedford Street Suite 340  
Lexington, MA 02420

### **ADMINISTRATOR**

Gemini Fund Services, LLC  
4221 North 203rd Street, Suite 100  
Elkhorn, Nebraska 48022