JAMES ALPHA ADVISORS INVESTMENT OUTLOOK

Market Commentary Newsletter
June 2016

Strategic Asset Allocation — James Alpha Advisors

For the month of June, the fund generated a positive return of 0.60%, marking the fifth consecutive monthly gain for the strategy and extending the year-to-date (YTD) performance to 2.55%. This contrasts with the Morningstar Long-Short Equity Category benchmark that has now lost money four out the first six months of the year and remains in negative territory YTD, down 2.23%.

2016 has shaped up to be a year marked by elevated volatility and the month of June was no different. June was defined by the Brexit referendum and performance for most managers hinged on how they positioned portfolios in the days leading up to the vote and how they reacted (or did not react) in the days that followed. In late May we began repositioning a portion of the portfolio to add hedged high yield credit and mortgage-backed credit exposures. These strategies have very little, to negative, correlation to the overall equity markets and thereby helped reduce the Fund's exposure to the post-Brexit market volatility. Both strategies performed well in the days leading up to and following the event and they are exposures we will maintain as we expect uncertainty and volatility to persist in the coming weeks.

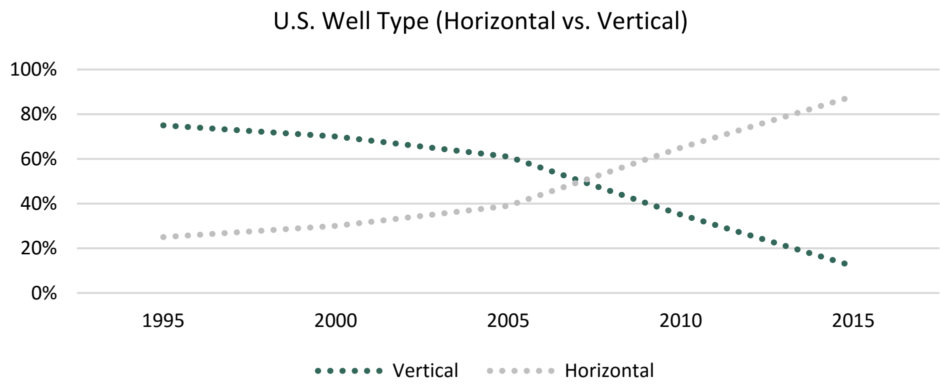
Portfolio diversification and asset class selection have been the key drivers that have allowed the Fund to post consistent month-to-month gains in the first half of year. A strong run in crude oil prices, and the Fund's exposure to MLPs, has been one of the largest contributors to performance. At the end of the second quarter, crude was up 23% YTD, helping to pull MLP prices up by nearly 10%, one of the strongest performing asset classes of the year. Real estate exposure in the Fund was not far behind, posting a strong YTD gain of 7.7%. Real estate is benefitting from an extremely low yield environment, with the yield on the 10-year treasury close to all-time lows, at 1.47% as of month end. This has made average yield on REITs of 4.5% very attractive as investors search for yield. With central banks continuing to ease around the globe, and the uncertainty introduced by Brexit, we expect U.S. rates to remain very attractive and may push even lower in the coming weeks. As foreign capital flows increase in the U.S. we will see real estate and other financial assets benefit. We also expect this to be a very strong tailwind for the Fund's MLP exposure, which currently has an average yield of 7.6%.

As we move into the dog days of summer, liquidity in global markets will begin to thin, and with the uncertainty surrounding Brexit, global terrorism and a U.S. election just a few months away — we expect volatility to persist. We will continue to adjust the portfolio in ways we see prudent for the current environment and remain very optimistic with respect to the current positioning of the fund.

MLPs — Yorkville Capital Management

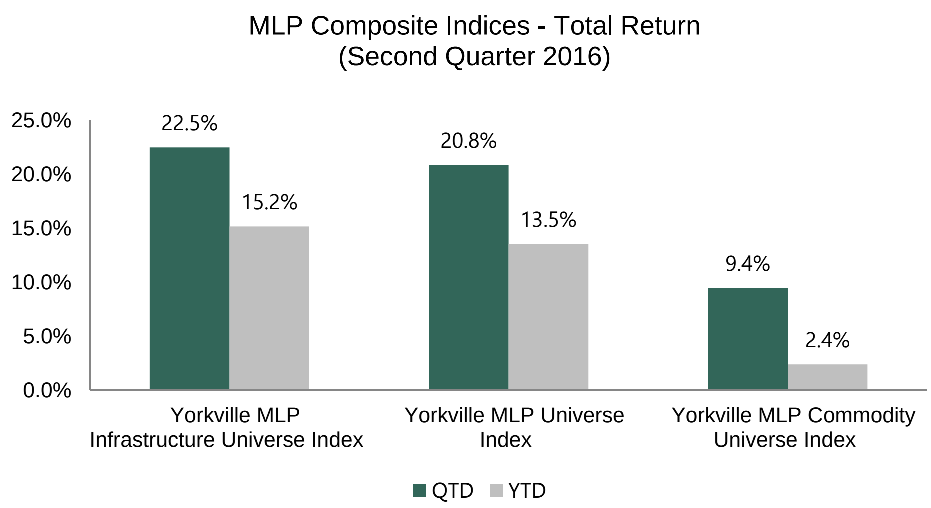
Significant technological developments in recent years have led to improved oil recovery rates and reduced costs per barrel. This has made it easier and cheaper to get oil out of the ground, which was previously unobtainable or uneconomic to produce.

These advances have spurred the development of whole new oil economies, such as North Dakota, whose oil production has grown tenfold over the past decade as a result of the advent of hydraulic fracturing and horizontal drilling.



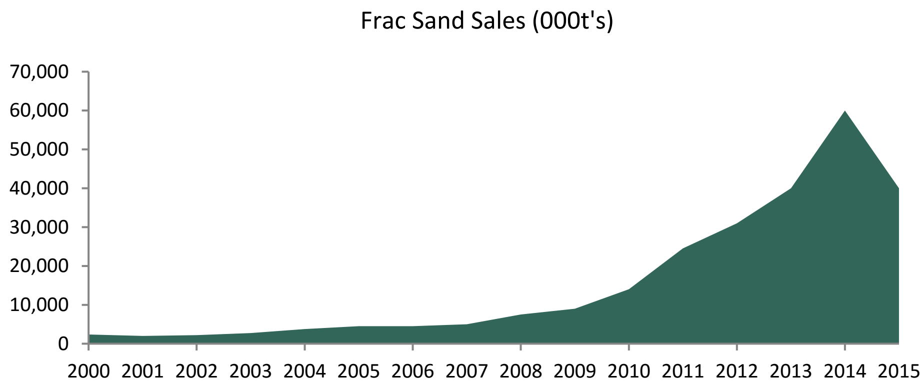
Source: *Yorkville Capital Management.*

One commodity which has benefited exponentially as a result of this move towards horizontal wells and improved recovery rates has been proppants such as fracking sand which are used to help get more oil out of the ground. Due to its relatively low unit cost, ready availability and overall improved retention rates, fracking sand has the highest consumption tonnage of all proppants consumed in the oil industry.



Source: Yorkville Capital Management.

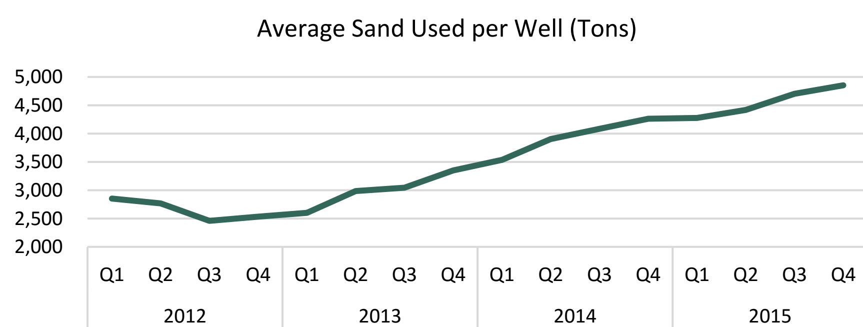
Since 2000, as the process of using fracking sand to boost recovery rates has been proven, fracking sand demand in the oil industry has grown exponentially, as conveyed in the chart below. In 2000, roughly 2 million tons were consumed. In 2014, at the peak of the current cycle, consumption had increased approximately 30x to 60 million tons per annum from 2000's levels.



Source: Yorkville Capital Management.

The current downturn has led to a significant reduction in drilling activity and the number of horizontal wells being spudded in the U.S. For example, in April 2015 the number of horizontal wells spudded was 1150, in April 2016, the number was 517, a roughly 55% decline. While this has led to a reduction in overall fracking sand demand since the 2014 peak, fracking sand volumes per well have continued to increase significantly during this period.

Fracking sand volumes per well increased in excess of 20% from 2014 to 2015, and in certain regions have now grown 50% versus 2014 levels. Leading industry operators, depending on the region, have increased their sand volumes per well between 10%-30% year-over-year. Wall Street analysts forecast overall sand volumes to grow 70% in 2017 and 80% in 2018.



Source: Yorkville Capital Management.

While we are currently in the midst of a decline in U.S. petroleum and liquid production, the long term forecasts for production are very bullish. With this backdrop of rising U.S. production levels, the increasing number of horizontal wells associated with this increase, and the higher utilization of sand volumes per well, the fundamentals for the fracking sand investment thesis appear fully intact and the long term outlook exceptionally positive.

Increasing recovery rates, driven by cheaper and more efficient technologies, will help drive the increase in absolute production volumes moving forward. This should leave the U.S. well positioned not only as one of the largest, but also as one of the cheapest oil producers globally.

MLP Composite Performance – Total Returns

The Yorkville MLP Universe Index increased for the first time in seven quarters during the second quarter of 2016 (2Q16), gaining 20.8%, including distributions. This represented the best quarterly performance for the Yorkville MLP Universe Index since its inception in 1986. The index has now rallied 56% from its February 2016 lows, resulting in total returns of 13.5% year-to-date. The rebound elevated MLPs into place amongst the top performing asset classes of 2016.

MLP Sector Performance – Total Returns

After a quarter where eight of ten sectors suffered declines, 2Q16 saw every sector generate positive returns, ranging from 3.5% to 51.8%. The Energy Services sector was the best performing sector, returning 51.8%, followed by Gathering & Processing which generated similarly impressive returns of 41.8%. The General Partners sector returned 35.4%, Crude Oil Pipelines returned 21.8%, and Natural Gas Pipelines returned 17.4%. Eight out of ten sectors have now generated positive returns year-to-date, with Downstream (-4.7%) and Exploration & Production (-2.0%) the only sectors to be negative on the year. Underperformance in the Downstream space has been largely driven by disappointing performance by propane wholesalers, who have suffered from a warm winter, and refiners, who have experienced contracting margins as crack spreads continue to tighten.

MLP Composite Current Yields & Distribution Growth

As of June 30, 2016, the Yorkville MLP Universe Index yielded 7.0%, compared to 8.5% for the previous quarter. This was primarily driven by price appreciation in the underlying equities during the period. Infrastructure MLPs yielded 6.8%, almost 80% as much as Commodity MLPs, which yielded 8.4% during the period. Average distribution growth was an impressive 8.4% year-over-year for Infrastructure MLPs, whilst the wider Yorkville MLP Universe Index distribution growth declined by 0.9%. Notably, Commodity MLPs distributions declined by 15.7% on average.

MLP Sector Current Yields & Distribution Growth

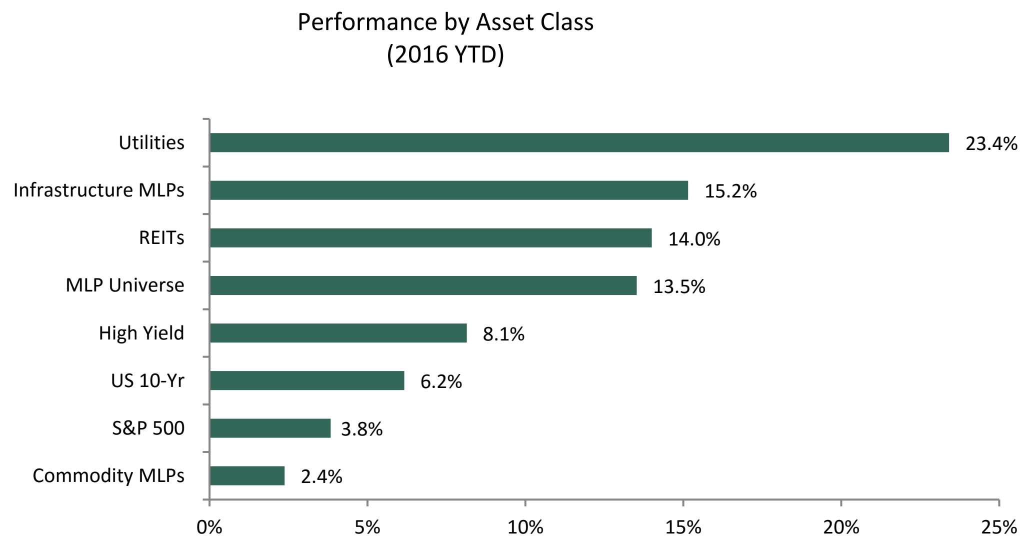
At quarter end, the highest yielding MLP sector was Energy Services, yielding 10.1%, followed closely by Marine Transportation, yielding 9.1%. Crude Oil Pipelines and Refined Product Pipelines were the fastest growing sectors with year-over-year distribution growth of 12.5% and 10.8%, respectively. Gathering & Processing also posted impressive year-over-year distribution growth of 7.5%. Throughout the period, half of the ten sectors had negative distribution growth – Downstream, Natural Resources, Energy Services, Marine Transportation and Exploration &

Production. The Exploration & Production index has underperformed substantially, resulting in distribution growth of -56.0% year-over-year. The sector is currently yielding 4.7%.

As of the end of the second quarter, the ten highest yielding MLPs ranged from yields of 15.1% to 22.1%. Whilst a reduction compared to last quarter's range of 26.3% to 60.7%, these yields still imply that the market is pricing the potential for additional distribution cuts and potential bankruptcies.

MLP Composite Performance & Yield vs. Other Asset Classes

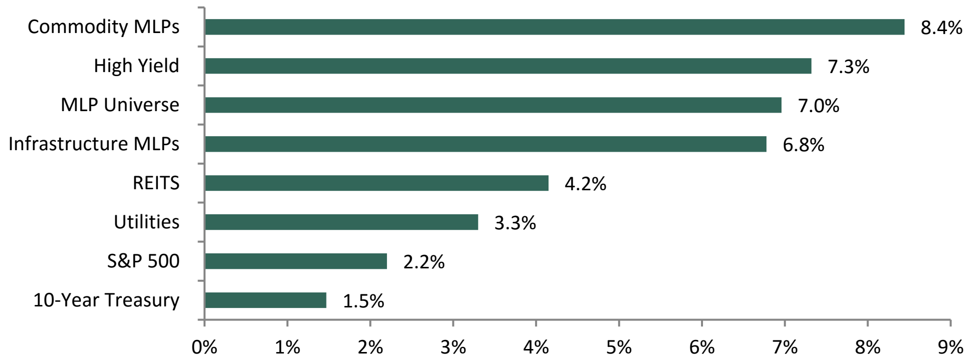
After significant losses earlier in the year, MLPs experienced their first quarter of price appreciation in seven quarters, in what was the asset class' greatest quarter of performance since inception. The Yorkville MLP Universe Index now sits at 13.5% year-to-date. Utilities outperformed this quarter once again, returning 6.8% which has helped to drive year-to-date returns of 23.4%. Despite heightened volatility levels during the quarter, and the eventual vote by Britain to exit from the European Union, the S&P 500 gained 3.8% this quarter, recovering the majority of its immediate losses in the days following the Brexit vote.



Source: Yorkville Capital Management.

The Yorkville MLP Universe Index yielded 7.0% as of June 30th, approximately 520 basis points above the 10-Year Treasury and well above the historical average spread, indicating an attractive relative valuation for the asset class. We noted last quarter, when spreads were at 670 basis points, that historically when trading at a spread greater than 500 bps, MLPs have produced positive returns over the next twelve months 100% of the time; this is a trend that now looks very much underway. At quarter end, Commodity MLPs yielded 8.4%, while Infrastructure MLPs yielded 6.8%, for a segment spread of 160 basis points, 50% lower than last quarter's spread.

Yield by Asset Class
(as of 6/30/16)



Source: Yorkville Capital Management.

Yields on REITs (4.2%) and Utilities (3.3%) are significantly lower than MLPs, while the S&P 500 is yielding 2.2%. Of particular note are the record lows recently set by 10-Year Treasury yields, which are currently sitting at 1.5%, down 30 basis points over the course of the quarter.

MLP Corporate Actions

Despite the challenging market environment in the first quarter, MLPs began tapping the capital markets and raised an additional $634 million in equity through secondary offerings. This is a trend which has continued and improved into the second quarter, with secondary offerings increasing almost 5x quarter-over-quarter. There were no initial public offerings (IPOs) in the second quarter of 2016, and have been no IPOs to date in 2016.

After a sustained period of limited activity, equity capital markets appear very much back open for the MLP sector. We have seen a flurry of activity, particularly towards the back-end of the second quarter, which sets good momentum for capital markets moving into the third quarter. For the quarter, there were $2.9 billion worth of secondary offerings, with an average gain to date of 10.9%.

In the first quarter, debt issuances were modest, with a total value of approximately $1.9 billion, and all three issuances coming from investment grade partnerships. The second quarter has seen a roughly 4.5x increase in the value of new debt offerings, totaling $8.5 billion, spread across 13 separate transactions. In total, eight companies undertook debt offerings during the period, with an average coupon of 5.7% and an average maturity date of 2026. MLP merger and acquisition (M&A) activity picked up in 2Q16, increasing to $4.5 billion from $3 billion the previous quarter.

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Investment Performance

	As of 6/30/16			
Share Class	**Q2 2016**	**6-Month**	**1-Year**	**Since Inception (03/31/15)**
I Shares	21.89%	8.49%	-27.14%	-26.64%
A Shares (NAV)	21.82%	8.38%	-27.23%	-26.77%
A Shares (5.75% Max Load)	14.77%	2.18%	-31.43%	-30.16%

Performance data quoted above is historical. Past performance does not guarantee future results and current performance may be lower or higher than the performance data quoted. The investment return and principal value of an investment will fluctuate, so that shares when redeemed may be worth more or less than their original cost. The Fund's management has contractually waived a portion of its managed fees until March 31, 2017. The performance shown reflects the waivers without which the performance would have been lower. Total annual operating expenses after the expense reimbursement are 2.75% for A Shares, 2.50% for I Shares and 3.50% for C Shares; total annual operating expenses before the expense reimbursement are 3.79% for A Shares, 3.54% for I Shares and 4.54% for C Shares. 5.75% is the maximum sales charge on purchases of A Shares. A redemption fee of 2% will be levied on shares held 30 days or less. For more performance data please call 888.814.8180.

Small Cap Equity — Bullseye Asset Management

The markets gyrated in advance of the Brexit vote in the UK. As the Leave camp gained strength, the equity markets sold off, only to rebound once the Remain fared better in the polls. The bookies in London had the probability pegged at more than 75% that the UK would vote to remain in the European Union (EU). In a stunning outcome 51% voted to leave the EU after 40 years. However, the vote was not quite as decisive given that voter turnout was 72%, thus about 37% of eligible voters voted to exit the EU. Nonetheless, the result stands and the equity market globally sold off dramatically in the days following the referendum. We had lowered the Fund's net exposure since U.S. stocks had rallied substantially prior to the vote, and believed even a positive outcome was largely priced in.

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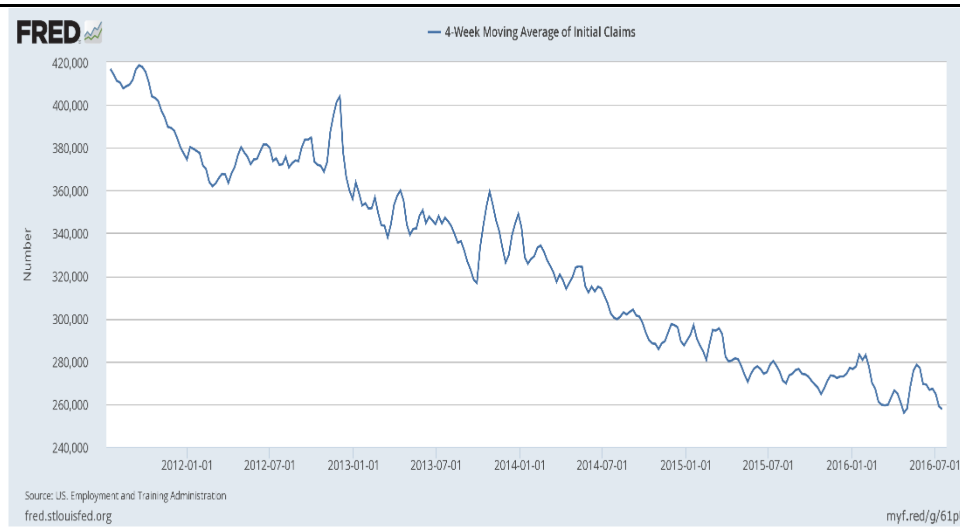
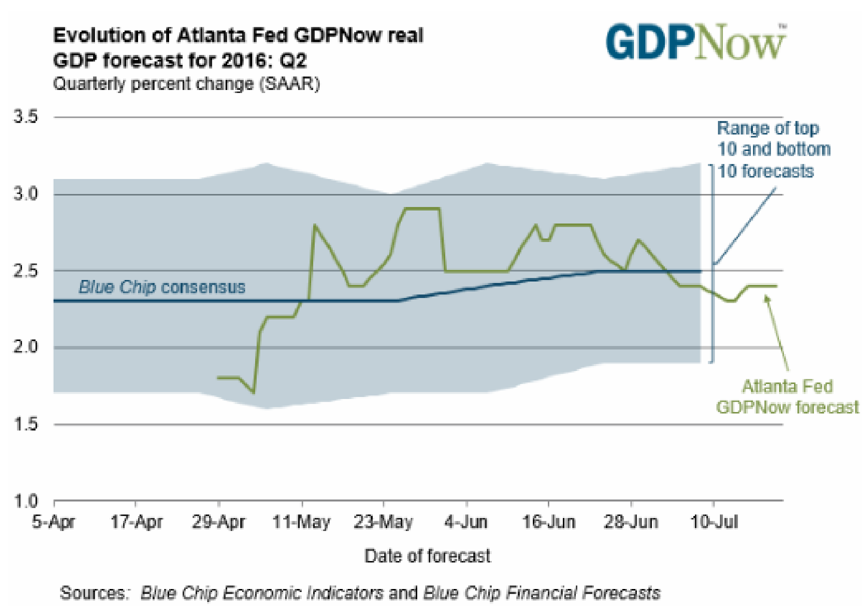


Following the two days of decline, the stock market reversed course and rallied strongly to record highs. The bad news of the UK leaving the EU, and potential impact on the rest of the EU, seemed to not matter. We are guessing that there will be a short-term negative impact on the UK, while the long-term prognosis might be somewhat better. However, much is still undetermined with months of negotiations ahead to establish the terms of trade between the UK and the EU. Meanwhile, the EU is now truly a continental organization, and is probably largely unaffected for the time being. However, the EU is in dire need of deep reforms that encompasses a full-fledged banking union, the ability to issue EU-backed bonds, as well as a complete overhaul of the decision making process of the now 27-member union. Weak banks across Europe, but in Italy in particular, need to be shored up and receive additional capital injections. This reform process will likely take some time but it is clear that the electorate in the various EU countries are fed up with bureaucrats in Brussels, stagnant growth, and, very importantly, immigration.



State side the macro picture is appearing less complicated. The U.S. labor market looks to be in great shape. Initial unemployment claims continue to be impressively low with the latest reading at 258,000. The Atlanta Fed's GDPNow model has economic growth picking up relative to the previous quarter. Its estimate for the second quarter now stands at 2.4% growth.

We are on the cusp of mid-year earnings reporting season, and the earnings recession for large cap companies may finally be over. Oil prices have increased from their low of $26 per barrel to the mid-40s, which should aid energy companies and, to some extent, industrial companies as well. We expect many of our portfolio holdings should report great results benefitting from a reasonably solid US economy and limited international exposure.

Merger Arbitrage — Kellner Private Fund Management

Performance was driven by a confluence of negative events that occurred within a few weeks of each other: the breakup of the Allergan (AGN) and Pfizer (PFE) deal, concern about the Alere, Inc. (ALR) and Abbott Laboratories (ABT) transaction and a federal judge upholding the Federal Trade Commission's (FTC) decision to block the merger between Office Depot (ODP) and Staples (SPLS). In early April, the Secretary of the Treasury, Jacob Lew, issued new guidelines in an attempt to curb corporate tax inversions, a strategy where a U.S. company buys a company in a country with a lower tax rate then re-domiciles. Despite a statement from the Treasury to the contrary, we believe these guidelines were directly aimed at the $160 billion deal between AGN and PFE. The risk of additional guidelines from the Treasury, subsequent to ones issued in the summer of 2014, was factored into our investment thesis. Our belief was that any additional guidelines would most likely be related to the use of earnings stripping, a method of reducing taxes through intercompany debt, and that the companies would reluctantly accept these guidelines and move forward with the deal. However, added restrictions the Treasury implemented included a three-year look-back on inversions, essentially stripping AGN of its foreign company status and limiting PFE's ability to bring cash back into the U.S. to be used to finance the transaction and invest in research and devlopment, which were all major drivers of the deal. While this outcome was unexpected and disappointing, the position was sized within our stated risk parameters.

Also weighing on performance was the sell-off of ALR, a maker of medical diagnostic equipment that is being purchased by ABT. A few weeks into the deal, ALR announced that it would delay the filing of its 10-K for 2015 due to revenue recognition issues, and that it received a grand jury subpoena with regards to its sales practices and dealings with third-parties in Africa, Asia and Latin America. In addition, the company said it would be reviewing its 2013 and 2014 10-Ks over similar concerns. The merger agreement between the companies provides little room for ABT to get out of the deal. We suspect that ABT management may be attempting to renegotiate the price, as they paid a substantial premium to acquire ALR. Until ALR files its 10-Ks, we expect the stock to remain volatile.

Early May brought the 15-month battle between the FTC and SPLS to a conclusion with a judge ruling that the company's merger with ODP violated antitrust laws. The government's case rested on a narrow market definition where Fortune 100 businesses would face higher prices for office supplies if ODP and SPLS did not continue to compete head-to-head. We do not think the FTC properly accounted for the increased challenge that newer competitors such as Amazon are bringing to the office supply market. The decision caused both stocks to trade off heavily as their business models have been struggling for some time as Amazon continues to steal market share from both companies.

After a lull at the end of the first quarter, deal activity rebounded last quarter, although overall volumes fell 18% year-over-year. About $1.6 trillion in deals have been announced for the first half of 2016, down 19% from the same time last year. However, the actual number of deals only decreased by 5%. Merger and acquisition activity is driven by confidence. Deal cancellations, along with the vagueness of the Fed's next move on rates and British voter's decision to leave the European Union, are factors that normally would cause activity to slow. Mitigating these uncertainties is the fact that economic growth is still tepid making it difficult to grow businesses organically. This, along with favorable borrowing rates, is providing a fertile environment for merger activity that we expect to continue going forward.

Despite the volatility and regulatory scrutiny, deal activity persisted in the second quarter. Among the larger deals announced were Microsoft's $26.2 billion deal for LinkedIn and Abbott Lab's $25 billion acquisition of medical device maker, St. Jude Medical. Other notable deals include AmSurg Corporation's $7.5 billion deal with Envision Healthcare, Thermo-Fisher Scientific's $4 billion buyout of FEI Co., and Comcast Corporation's $3.8 billion acquisition of DreamWorks Animation. There have also been several large offers made that bode well for future activity with Bayer AG making a $62 billion offer for Monsanto Co. and Sanofi's $10 billion offer for oncology specialist Medivation, Inc. with several other suitors circling the waters.

While we are disappointed with our performance in the second quarter, history shows our ability to recover losses following a drawdown. Our process of trading out of broken deals over time has helped to mitigate losses in the past. We believe the markets will be volatile over the course of the year and that this will enable us to be aggressive during market sell-offs when spreads widen and to be patient when we think returns are not commensurate with the risks. Merger arbitrage spreads have seen increased volatility for several reasons this year: a lack of dedicated money in the strategy, a general risk aversion in the event driven space, and increased complexity of deals that have been announced. All that said, we have confidence in our investment process and believe the portfolio is poised for a strong second half of 2016.

Global Real Estate — Ascent Investment Advisors

Britain's surprising vote to leave the European Union (EU) shook equity markets in late June. While the full ramifications of Brexit will play out over a period of years, the volatility unleashed by Britain's vote may cause the Fed to further slow its pace on interest rate hikes this year and into 2017. With the European Central Bank (ECB) committed to opening the monetary spigots if necessary to shore up the EU economy, it's difficult to see how the Fed can move much, if at all, on rates without creating unwanted strength for the U.S. dollar. This pattern has been reliable for several years now — markets get stressed whenever the Fed makes noise about monetary tightening, and they relax again when lackluster data (or market shocks like Brexit) prompts the Fed to wait for better news.

The U.S. is faring best among the world's largest economies, but it has yet to achieve "escape velocity," and there are few indications of inflation even with unemployment under 5%. The Fed clearly wants to lift interest rates toward what it considers normal levels, but not at the risk of derailing the fragile recovery. Full employment and stable prices may be the Fed's official mandates, but in recent years the health of the world economy has been an equally important consideration.

Low interest rates, housing market gains, favorable labor market dynamics, and cheap gasoline have all contributed to the U.S. consumer remaining resilient and confident. Balance sheets are strong, debt levels are reasonable, and household net worth continues to hit new highs. The two pillars of U.S. economic strength have been the consumer and housing markets. As a contributor to GDP, investment in residential housing has grown at an annualized rate of 8% or better for the last eight quarters. Building activity has steadily increased in recent years, homebuilder sentiment hit new post-crisis highs in recent months, and annual home price gains have accelerated over the past year. Mortgage rates, already attractive, have declined in 2016 to the lowest level since May 2013. Provided buyers are not priced out of the rising market, housing should continue to be a positive.

Even prior to the Brexit vote, global REITs displayed heightened volatility as risk assets contended with slowing global growth, negative U.S. earnings growth, weak energy demand and rising high yield default rates. Safe-haven assets are in high demand — the premium placed on the 10-Year Treasury has pushed yields to their lowest level since 2012. The low yields continue to provide a tailwind for commercial real estate by lowering debt costs and exerting downward pressure on cap rates.

The economic recovery in Europe and Japan continued to trail that of the U.S., but the threat of a deflationary spiral is largely diminished. The vexing migrant issue and now Brexit have dominated headlines out of Europe, overshadowing a number of economic positives — increasing growth, expanding credit and higher wages among them.

The World Bank and the International Monetary Fund (IMF) both acknowledged a stabilization and rebound in China. China's exports are increasing again, imports are down, and the consumer is holding up well. Unfortunately, the same cannot be said of Japan, which has experienced unfavorable developments. Deflation is once again a problem and economic growth remains a challenge. A Brexit-induced flight to quality has also driven the Yen dramatically higher. This negatively impacts inflation, exports, and corporate earnings. In light of broad global weakness, and despite a preponderance of negative and low rates already, central banks are expected to accelerate stimulus measures. The Bank of England, Bank of Japan, European Central Bank, and the People's Bank of China have all announced a willingness and inclination to do more. For now, the belief in accommodative central banks to the rescue has appeased investors.

Relative to the U.S. REITs, the European REIT market looks more attractive on a valuation basis. Projected earnings growth is higher, and the European Central Bank has expanded its monetary stimulus plan to try to coax more economic growth. That said, we are reviewing our positioning as a result of the Brexit vote and its aftermath.

MARKET OUTLOOK

Going forward, Brexit uncertainty, currency wars, and a worldwide epidemic of negative interest rates will be key economic drivers. Economic growth in the four largest economies (Eurozone, U.S., China, and Japan) is expected to slow somewhat in 2016 but remain above recessionary levels.

James Alpha Advisors Investment Outlook

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We maintain a positive view of the U.S. property market based on healthy operating fundamentals coupled with muted levels of new supply, the steady growth of the U.S. economy, and a dovish central bank outlook. However, after strong performance from February's lows, valuations are not as compelling as they were. Cash flows should continue at a moderately strong pace, consistent with improvements in occupancy and rent levels. Interest rates remain near historically low levels, and with Brexit making the Fed more cautious, low rates should continue for longer, supporting property valuations. We generally favor U.S. property sectors that offer an attractive combination of growth and value, as well as less cyclical REITs trading at attractive valuations, based on their defensive growth characteristics at a time of heightened uncertainty.

With the full ramifications of Brexit not yet known and further clarity unlikely to be achieved until year-end and possibly later, we believe economic uncertainty in the U.K. could persist for months. While the Bank of England is expected to provide additional stimulus to maintain financial stability, our base case is that the U.K. economy will slow to a standstill in 2017 from about 1.5% growth in 2016. Much of the long-term economic effect will depend on how favorable a deal the U.K. is able to negotiate with the EU. A negotiated exit will be at least a two-year ordeal and won't begin until the British Parliament triggers Article 50.

In terms of sector positioning, we favor U.K. companies that we believe are more economically defensive or exhibit room for mild cap rate compression and/or operational growth. These include landlords in sectors such as logistics, student housing and healthcare. The industrial sector in the U.K. has seen rising demand for logistics, driven by the growth of e-commerce, which is in secular expansion. The student housing market is economically insensitive and experiencing significantly greater demand for space, pushing up property values. And healthcare property owners should benefit from steady, economically defensive cash-flow growth owing to the fact that rents are paid by the National Health Services department of the U.K. government.

On the continent, Brexit has raised political risks, as the Leave vote might encourage other European countries to consider their own exits. The interim negotiations between the U.K. and the EU will be watched closely for implications of other potential exiting nations. In this light, we expect the ECB to at least maintain recent levels of easing, given the bank's aim to protect the region from external shocks. While we are monitoring events closely, for now we maintain a generally constructive view of Europe's property markets, particularly dominant shopping centers in major cities that offer attractive valuations and the opportunity to benefit from a recovery in retail spending. We also favor residential landlords in Germany, which are benefiting from a combination of strong job and wage growth, and low levels of new construction.

In Hong Kong, retail sales have been declining rapidly due to slowdowns in tourist spending and the local economy. However, we have seen recent signs of a moderating of the decline. Meanwhile, valuations for mall owners have been adjusted downward, in some cases to levels we find compelling. For Hong Kong's residential market, we are seeing some signs of a rebound in transaction volume driven by pent-up demand and improving mortgage rates, following record low levels in the first quarter. Office fundamentals in the core Central business district have been supported by low vacancies, although deceleration in China's economy and continued pressure on global banks may eventually lead to lower incremental demand. In our view, the large-cap diversified landlords that own some of the most dominant office and mall properties in Hong Kong offer superior defensiveness as these trends play out, and some appear undervalued, so we maintain an overweight in these best-in-class operators.

In Japan, we maintain our positive view on J-REITs and developers. The internal growth prospects for some office J-REITs appear to be improving in our view, backed by rent increases. The Tokyo office market is experiencing solid growth in occupancy and rental rates to historically high levels. We remain positive on selective J-REITs and developers that we believe can offer attractive valuation and deliver strong dividend yields and/or earnings growth.

Australia's economy has stabilized in recent months at a below-trend rate of growth. This has driven healthy retail spending at shopping centers in major cities, a trend that has been accelerated by the country's weak currency, which has encouraged residents to spend at home rather than abroad, including less online shopping at non-Australian retailers. After many quarters of poor operating results, Sydney's office market is beginning to exhibit net demand growth, which may begin to result in occupancy gains over coming quarters.

In Singapore, we prefer quality retail landlords that may be able to deliver resilient earnings in the lackluster economic environment. We remain cautious toward Singapore office REITs, as the strong pipeline of new supply continues to pressure market rents. Given the open nature of Singapore's economy, Brexit could have a negative, but likely small, impact on the country.

On balance, our outlook for the remainder of 2016 is for a continuation of the bull market in global REITs, predicated on:

1) Continued strong industry fundamentals (cash flow growth);
2) Long-term rates remaining a tailwind (10-Year Treasury yield below 3.5% and likely to stay below 3% as Fed tightening acts to "tap on the brakes" and slow an already-weak economy, reducing the marginal demand for (and cost of) capital;
3) Muted supply, as additions from development are still tracking below the rate of demolition of old, obsolete space; and,
4) Geographically, non-U.S. will outperform U.S. as the major foreign central banks (ECB, BoJ, PBoC) are still in the early stages of easing cycles.

With global central bankers still willing to provide support until job creation broadens and growth becomes self-sustaining, we believe the bull case for global REITs remains intact. Despite the length of the current bull market, we remain focused on the truism that bull markets don't die of old age, they die of excesses. For real estate, that means excess new supply from development, which continues to be muted. Gains will be tougher to come by which means that selectivity and stock-picking have become increasingly important.

We note that the only scenario wherein the Fed would begin to actually tighten is a scenario of sustainable economic growth — which is also inherently bullish for commercial real estate fundamentals, thus offsetting much of the negative impact of higher interest rates. We expect there will be occasional corrections as equities adjust to higher rates, but we intend to use those pullbacks to add to growth-oriented REITs, particularly in Europe and Asia-Pac.

There's also the wild card in the form of the S&P's announced plan to elevate REITs as a standalone category in their Global Industry Classification Standard (GICS) in August 2016. Currently, REITs are classified under Financials where they've been "hidden" from institutional allocators, allowing most of them to ignore REITs and get their real estate exposure via direct real estate and private equity funds. When REITs are placed in the S&P GICS spotlight, institutions will then be forced to take a stand on REITs and justify their lack of exposure if they have none. If we assume that the institutions that have been ignoring REITs simply adopt a neutral-weight position, that alone would drive inflows of many tens of billions. Indeed, one estimate published in *Pensions & Investment* placed the number as high as $100 billion. To put that in context, the total AUM of all REIT mutual funds is approximately $140 billion. Clearly, this could be a game changer for REITs and keep a strong bid under REIT shares as investors acknowledge the higher profile of listed real estate. The creation of a dedicated real estate sector also acknowledges that there are fundamental differences between real estate companies and other businesses. Segmenting coverage and performance attribution of real estate will promote awareness of the sector's distinct investment characteristics and serve as a catalyst for continued growth of the listed real estate market, giving investors access to a wider range of opportunities.

DEFINITION OF TERMS

Article 50: Part of the Lisbon Treaty which sets out the rules for the process of a member state leaving the European Union.

Bank of Japan (BoJ): The Bank of Japan is the Japanese central bank. The bank is responsible for issuing and handling currency and treasury securities, implementing monetary policy, maintaining the stability of the Japanese financial system, and providing settling and clearing services.

Brexit: An abbreviation of "British exit" that mirrors the term Grexit, refers to the possibility of Britain's withdrawal from the European Union.

Commodity: A basic good used in commerce that is interchangeable with other commodities of the same type. Commodities are most often used as inputs in the production of other goods or services. The quality of a given commodity may differ slightly, but it is essentially uniform across producers. When they are traded on an exchange, commodities must also meet specified minimum standards, also known as a basis grade.

Drawdown: The peak-to-trough decline during a specific recorded period of an investment, fund or commodity.

European Central Bank (ECB): The central bank of the euro and administers monetary policy of the Eurozone, which consists of 19 EU member states and is one of the largest currency areas in the world.

Global Industry Classification Standard (GICS): A standardized classification system for equities developed jointly by Morgan Stanley Capital International (MSCI) and Standard & Poor's. The GICS methodology is used by the MSCI indexes, which include domestic and international stocks, as well as by a large portion of the professional investment management community.

Gross Domestic Product (GDP): The monetary value of all the finished goods and services produced within a country's borders in a specific time period.

International Monetary Fund (IMF): The IMF plays three major roles in the global monetary system. The Fund surveys and monitors economic and financial developments, lends funds to countries with balance-of-payment difficulties, and provides technical assistance and training for countries requesting it.

People's Bank of China (PBoC): The central bank of the People's Republic of China with the power to control monetary policy and regulate financial institutions in mainland China. The PBoC has more financial assets than any single public institution, and is second only to the Federal Reserve System of the United States in terms of overall central bank assets.

Proppant: A solid material, typically sand, treated and or manmade ceramic materials, designed to keep an induced hydraulic fracture open, during or following a fracturing treatment.

S&P 500 Index: An index of 500 stocks chosen for market size, liquidity and industry grouping, among other factors. The S&P 500 is designed to be a leading indicator of U.S. equities and is meant to reflect the risk/return characteristics of the large cap universe.

Volatility: A statistical measure of the dispersion of returns for a given security or market index. Volatility can either be measured by using the standard deviation or variance between returns from that same security or market index.

World Bank: An international banking organization established to control the distribution of economic aid among member nations, and to make loans to them in time of financial crisis.

Yorkville MLP Universe Index: The Yorkville MLP Universe Index is a market capitalization weighted index, consisting of the entire universe of MLPs.

ABOUT THE AUTHORS

James Alpha Advisors

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Michael is James Alpha Advisors' Chief Operating Officer, and is responsible for daily operations of James Alpha Advisors as well as independent risk monitoring for our funds.

Most recently Michael worked as a Portfolio Manager for a global macro fund primarily responsible for commodity research and trading. Michael previously served as a Portfolio Manager for Chapin Hill Advisors, Inc., overseeing asset allocation, trading, and investment activity. Prior to Chapin Hill Advisors, Mike served as a Portfolio Manager for the Cayuga MBA Fund LLC, a long/short equity hedge fund. He began his career with Schlumberger where he spent six years working as a Senior Geophysicist in Schlumberger's Oilfield Services division.

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Mr. Holm received a Master's degree from Thunderbird School of Global Management in international management, focusing on finance and earned a Bachelor's degree in economics from Augustana College, where he graduated cum laude. He holds the Chartered Financial Analyst designation and is a member of the CFA Institute and the CFA Society of Colorado. Mr. Holm has 16 years of professional investment experience.

Yorkville Capital Management
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Prior to founding Yorkville Capital Management, Mr. Schuringa was a Partner with the energy-focused investment firm of Estabrook Capital Management. Mr. Schuringa was co-portfolio manager of an energy-centric mutual fund and he managed over $1.0B in institutional fund structures and managed accounts. His clients included some of world's largest pension funds and institutional investors.

Mr. Schuringa received a BA in Finance from the University of Western Ontario and an MBA in Finance from the Crummer School of Business at Rollins College. He is also a Chartered Financial Analyst (CFA), a member of New York Society of Security Analysts (NYSSA), and a member of National Association of Publicly Traded Partnerships (NAPTP).

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Andrew Duffy is the Senior Portfolio Manager of the Global Real Estate Investments Fund (JAREX / JACRX / JARIX), a mutual fund that invests in publicly traded global REIT securities. Mr. Duffy has more than 18 years of global real estate securities investment experience.

Prior to joining Ascent Investment Advisors, Mr. Duffy was a Managing Director with Citigroup Principal Strategies, where he managed a long/short portfolio of global real estate securities. From February 2005 until January 2008 he was with Hunter Global Investors, L.P. where he was the Co-Portfolio Manager of the Hunter Global Real Estate Fund, LP. Before that he was a portfolio manager at TIAA-CREF for over six years, during which time he was directly responsible for managing over $3 billion in global real estate equity and debt securities. Between 1993 and 1999, Mr. Duffy was a Senior Research Analyst at Eagle Asset Management, where he launched and managed a dedicated real estate securities investment program.

Prior to his career in investments, Mr. Duffy served for five years as an officer in the United States Army, where his assignments included serving in the 7th Special Forces Group and the 82nd Airborne Division. Mr. Duffy received a BS from the United States Military Academy at West Point in 1979 as a Distinguished Graduate (top 5% of class) and an MBA from Harvard Business School in 1986. He earned the Chartered Financial Analyst (CFA) designation in 1996.

IMPORTANT DISCLOSURES

Past performance is not a guarantee or a reliable indicator of future results. As with any investment, there are risks. There is no assurance that the portfolio will achieve its investment objective. Mutual funds involve risk, including possible loss of principal. Saratoga Capital Management, LLC, James Alpha Advisors, LLC, Bullseye Asset Management, LLC, Yorkville Capital Management, LLC, Kellner Private Fund Management, LLC and Ascent Investment Advisors, LLC are not affiliated with Northern Lights Distributors, LLC member FINRA/SIPC. The Saratoga Advantage Trust's Funds are distributed by Northern Lights Distributors, LLC, Member FINRA/SIPC. Certain associates of James Alpha Advisors are securities registered with FDX Capital LLC, member FINRA/SIPC.

Investors should carefully consider the investment objectives, risks, charges and expenses of the Fund. This and other information about the Fund is contained in the prospectus, which can be obtained by calling 888.814.8180 and should be read carefully before investing. Additional Fund literature may be obtained by visiting www.SaratogaCap.com or www.JamesAlphaAdvisors.com.

As with any investment, there are multiple risks associated with REITs. Risks include declines from deteriorating economic conditions, changes in the value of the underlying property, and defaults by borrowers, to name a few. Please see the prospectus for a full disclosure of all risks and fees.

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