

JAMES ALPHA GLOBAL REAL ESTATE INVESTMENTS FUND

Performance Commentary

Provided by Ranger Global Real Estate Advisors, LLC

Second Quarter 2018

SECOND QUARTER MARKET AND FUND PERFORMANCE

Global real estate stocks performed well in the second quarter of 2018, extending the rally that began after the U.S. election in late 2016, as the stimulative effect of tax cuts and regulatory reform in the U.S. and continued accommodative monetary policy outside the U.S. fueled investor expectations for stronger economic growth. The FTSE EPRA/NAREIT Developed Real Estate Index (the “Index”) had a total return of **5.53%** for the quarter, while the James Alpha Global Real Estate Investments Fund (the “Fund”) demonstrated its superior stock selection by posting a total return of **6.22%**, **outperforming the Index by 69 basis points**.

During the quarter, continued improvement in fundamentals and solid earnings growth drove real estate stock prices higher, reversing the sell-off in the first quarter, fueled by fears of rising interest rates as the U.S. Fed adopted a slightly more hawkish tone. While a move higher in short-term interest rates typically can cause transitory dislocation among yield-sensitive asset classes, including the listed property company sector, history suggests that property company shares ultimately benefit from the underlying forces that cause long-term rates to move higher, namely economic growth that drives more demand for capital and also for commercial space. The revealed truth is that listed real estate tends to generate positive returns during periods of rising interest rates, at least for the patient investor. Throughout the quarter, global real estate stocks moved steadily higher, with the U.S. market outperforming international markets, driven by the improving economic outlook in the U.S. and despite less accommodative monetary policy.

Both U.S. and international consumers and businesses are significantly more positive about the outlook than they were at the end of last year. We expect the economic and real estate cycles to remain in a prolonged recovery stage. The still-slow pace of economic growth, subdued development starts and a low inflation/low interest rate environment should ensure continued investor demand for real estate. We estimate that listed property companies globally trade at an average 9% discount to our estimates of the private market value of the real estate they own, thus commercial real estate is “on sale” in the listed markets.

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 and the most recent data point to a tick down in new construction. Gains will be tougher to come by which means that selectivity and stock-picking will continue to be important.

SECOND QUARTER ATTRIBUTION ANALYSIS

Attached is the [Attribution Analysis Report](#) from FactSet for Q2 2018. Notable take-aways are:

- By Property Sector, JARIX posted total attribution of 116 basis points
- JARIX benefited from its overweight in Specialty property types — an outperforming sector — while its holdings in Specialty also substantially outperformed the benchmark, generating 8.25% in total return vs. the benchmark's 5.38%, which together resulted in 53 basis points of alpha

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- JARIX benefited from its underweight in Residential — an underperforming sector — while its holdings in Residential also substantially outperformed the benchmark's, generating 5.36% in total return vs. the benchmark's 4.12%, which together resulted in 20 basis points of alpha with almost all of it (17 basis points) generated by stock selection
- In Retail, JARIX continued to benefit despite being underweight to a slightly outperforming sector, as its holdings in Retail significantly outperformed the benchmark's (10.57% vs. 6.36%), resulting in a small (5 basis points) positive attribution
- Within the Specialty sector, notable contributors to JARIX's outperformance were Prisons (65 basis points), Student Housing (5 basis points) and Data Centers (19 basis points). The Fund's positions in these companies benefited from supply-demand imbalance and their resulting strong long-term growth prospects
- By Region, JARIX's underweight to Asia, along with the outperformance of its holdings (4.16% vs. the benchmark's 0.46%) combined to generate 117 basis points of alpha with the majority of it (78 basis points) generated by stock selection. In Europe, JARIX's holdings performed significantly better than the benchmark's (1.66% vs. 0.07%), contributing 12 basis points of alpha with more than 100% of it (44 basis points) generated by stock selection

NOTABLE CONTRIBUTORS AND DETRACTORS FROM PERFORMANCE DURING THE QUARTER

- The Fund's top 10 contributors generated in aggregate +263 basis points of alpha. Notably, six of the Fund's top 10 contributors for the quarter are Specialty property types
- The Fund's bottom 10 detracted a smaller -207 basis points
- Equinix, the largest standalone owner and operator of data centers in the world, contributed 12 basis points in the quarter as our investment thesis favoring well-managed companies that benefit from growth in internet traffic was validated by strong demand for the company's state-of-the-art data centers to meet the growing need for "cloud computing"
- Mitsui Fudosan, one of Japan's premier owners of high-quality real estate including significant exposure to Tokyo's Marunouchi District (equivalent to New York City's Times Square), added 30 basis points as its shares appreciated 12% in the quarter in response to strong cash flow growth driven by robust secular demand for office and residential space
- Colony Capital, a manager of a diverse portfolio of assets representing the combination of Colony Capital and NorthStar Realty, added 31 basis points during the quarter as the re-configuration of the company's strategy demonstrated the success of its efforts to rationalize its business model
- McCarthy & Stone, the UK's largest developer of senior housing, subtracted 42 basis points from Fund performance during the quarter as a result of increased uncertainty around the UK government's plan to adopt a more aggressive program to support seniors in their efforts to sell their existing homes in order to move into one of the company's developments
- Hang Lung Properties, an owner of a portfolio of upscale shopping centers located in Hong Kong and China, reduced Fund performance by 23 basis points as a result of retail industry headwinds driven by fears of the disruptive impact of e-commerce, which was exacerbated by a slow-down in consumer spending in response to higher prices from the imposition of tariffs on certain imported goods

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2017 ATTRIBUTION ANALYSIS

- For 2017, JARIX generated 653 basis points of positive alpha, with the vast majority of it (501 basis points) generated by stock selection
- Specialty REITs generated by far the highest attribution (269 basis points) of any sector

2012-2017 ATTRIBUTION ANALYSIS

- JARIX's superior 2017 performance contributed to the Fund's long-term record of outperformance, boosting its alpha generation over the period to +2,223 basis points with 1,238 basis points generated by stock selection
- Specialty REITs continued as the sector with the highest alpha generation (759 basis points)

PAYMENT OF Q2 2018 CASH DISTRIBUTION

The Fund's Q2 2018 distribution was paid on 6/27/18 at \$0.39 per share (on the I Shares). Note that after paying out \$0.39 for Q2, a meaningful amount of the Fund's distributable income was retained. This brings marks the **26th consecutive quarter that the Fund has had a positive distribution**, reflecting the execution of our income-enhancing overlay in an environment that has often been challenging. Looking ahead into the remainder of 2018, we remain highly confident in our ability to meet our strategy.

DEFINITIONS

Alpha: The excess return of the fund relative to the return of the benchmark index is a fund's alpha.

FTSE EPRA/NAREIT Developed Global REIT Index: An index whose constituents include publicly-traded real estate investment trusts ("REITs") located on both domestic and foreign exchanges in developed countries. The Index includes securities of companies that derived in the previous full fiscal year at least 75% of its total earnings before interest, depreciation and amortization ("EBIDA") from the ownership, trading and development of income-producing real estate.

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JA Global Real Estate Investments Fund					
As of 6/30/18					
	YTD	1-Year	3-Year	5-Year	Since Inception
I Shares	2.70%	10.42%	9.09%	7.95%	9.00%
A Shares (NAV)	2.54%	9.97%	8.57%	7.34%	10.22%
A Shares (5.75% max load)	-3.35%	3.63%	6.46%	6.07%	9.26%

The inception date for A Shares and A Shares (5.75% max load) was October 26, 2009; Inception for I Shares was August 1, 2011. 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. 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; the performance data above does not reflect the deduction of the fee that would reduce the performance quoted. For more performance numbers current to the most recent month-end please call 888.814.8180.

The Fund's management has contractually waived a portion of its management fees until December 31, 2018. The performance shown reflects the waivers without which the performance would have been lower. Total annual operating expenses before the expense reduction/reimbursement are 1.69% for A Shares, 1.44% for I Shares, and 2.44% for C Shares; total annual operating expenses after the expense reduction/reimbursement are 1.69% for A Shares, 1.19% for I Shares, and 2.37% for C Shares.

ABOUT THE AUTHOR, ANDREW J. DUFFY, CFA®

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 25 years of global real estate securities investment experience.

Mr. Duffy co-founded Ranger Global Real Estate Advisors, LLC in 2016 and serves as the Chief Investment Officer. Prior he served as the Senior Portfolio Manager with Ascent Investment Advisors. 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® designation in 1996.

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RISKS AND 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. Certain members of James Alpha Advisors are also registered representatives of FDX Capital, LLC, member FINRA/SIPC. Saratoga Capital Management, LLC, FDX Capital, LLC and Ranger Global Real Estate Advisors, LLC are not affiliated with Northern Lights Distributors. The Saratoga Advantage Trust's Funds are distributed by Northern Lights Distributors, LLC, Member FINRA/SIPC. 11/11 © Saratoga Capital Management, LLC; All Rights Reserved.

Investors should carefully consider the investment objectives, risks, charges and expenses of the Fund. This and other information is contained in the Fund's 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.

THE OPINIONS STATED HEREIN ARE THAT OF THE AUTHOR AND ARE NOT REPRESENTATIVE OF THE COMPANY. NOTHING WRITTEN IN THIS COMMENTARY OR WHITE PAPER SHOULD BE CONSTRUED AS FACT, PREDICTION OF FUTURE PERFORMANCE OR RESULTS, OR A SOLICITATION TO INVEST IN ANY SECURITY.

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