

JAMES ALPHA GLOBAL REAL ESTATE INVESTMENTS FUND

Provided by Ranger Global Real Estate Advisors, LLC
Special Report - November 2018

A CLOSER LOOK AT JARIX'S PERFORMANCE IN NOVEMBER

During the month of October, the global REIT market lost its focus on industry fundamentals and was instead driven by exogenous factors, notably:

- Concerns over rising interest rates prompted by U.S. Fed tightening;
- Escalating trade tensions between the U.S. and China;
- Geopolitical stress in Europe over the outcome of Brexit negotiations and the Italy-EU budget stand-off;
- The "Tech wreck" induced by Amazon's Q3 earnings miss; and
- Tax loss selling by mutual funds ahead of their October 31 tax year-end.

During such periods of market fixation on exogenous (i.e., non-fundamental) factors, industry fundamentals and stock-picking are overwhelmed by a flight to benchmark that can impose headwinds on portfolios managed with high Active Share which will also magnify the impact on the portfolio's relative return.

James Alpha Global Real Estate Investments Fund's (JARIX's) ownership of higher-quality REITs during a period when lower-quality/higher-yielding REITs are favored by yield-starved "renters" of REITs — so-called "junk rallies" — can also be a performance headwind.

Just as in the three previous such episodes (virtually all of 2014, post the Brexit vote in 2016, and during the month of August this year) JARIX's relative performance in October can be characterized as anomalous and transitory. In order to validate this assertion, let's first take a closer look at JARIX's relative performance in October. As a starting point, below is JARIX's performance against its Morningstar Global Real Estate category peers through 9/30/18:

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Total Return % (9/30/2018)	1-Month	YTD	1-Year	3-Year	5-Year	Since Inception
JARIX	-0.92	3.47	8.57	10.41	8.09	8.79
Category (GR)	-1.86	-0.94	3.49	6.19	5.13	5.43
+/- Category (GR)	+0.93	+4.41	+5.08	+4.22	+2.95	+3.36
% Rank in Category	N/A	N/A	2	1	2	N/A
# of Funds in Category	N/A	N/A	222	200	162	N/A

And here is the performance data for JARIX and the Global Real Estate Morningstar category a month later at the end of October:

Total Return % (10/31/2018)	1-Month	YTD	1-Year	3-Year	5-Year	Since Inception
JARIX	-8.01	-4.82	-1.11	5.45	6.02	7.44
Category (GR)	-4.62	-5.50	-1.24	2.68	3.65	4.68
+/- Category (GR)	-3.39	+0.68	0.13	2.77	2.37	+2.76
% Rank in Category	N/A	N/A	55	4	6	N/A
# of Funds in Category	N/A	N/A	222	201	161	N/A

Data for I Shares, other share classes will have different rankings. Inception date 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. 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. 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.

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The key points to note:

- 1) over the **22 trading days** from the end of September through the end of October, while holding **virtually the same portfolio**, JARIX's relative performance vs. the Global Real Estate category for the trailing 1-month **dropped from +93 bp to -339 bp**;
- 2) despite its under-performance in October, for the trailing 3-year period JARIX's rank in category dropped only slightly, **from top 1% to top 4% of the Global Real Estate Morningstar Category**; and,
- 3) For the trailing 5-year period, JARIX's long-term performance continued to rank **in the top 10% of the category**.

ATTRIBUTION OF OCTOBER'S UNDERPERFORMANCE

The most notable factors of portfolio positioning that were penalized in this market environment are:

- The geopolitical stress in Europe and trade tensions with China were particularly impactful given our bottom-up driven overweights to Europe and Asia.
- Our underweight to retail, which saw significant buying into the perceived safety of mall owners despite continued weak fundamentals due to the disruptive effect of e-commerce
- Our overweight to data centers, which were caught up in the selling of all things tech.
- Tax loss selling weighed on several of our holdings that we bought after pull-backs which made them attractive targets for loss generation. This selling pressure typically unwinds when the calendar turns to November.

HOW LONG CAN THE UNDERPERFORMANCE PERSIST?

Without a crystal ball, we can only look to the portfolio's history as a guide to what to expect:

- In the case of 2014, the underperformance lasted almost the entire year ending with a sharp and sustained upturn beginning in early 2015.
- In the case of 2016's Brexit vote, it was less than five months with the portfolio ending that calendar year in the top decile of its global REIT category, then sustaining that ranking through 2017 and through September 2018
- In the case of August 2018, it took the portfolio less than 30 days to recover its outperformance of the Global Real Estate Morningstar category, as shown in the sequence below:

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First is the performance as of 7/31/18:

Total Return % (7/31/2018)	1-Month	YTD	1-Year	3-Year	5-Year	Since Inception
JARIX	1.58	4.32	8.11	8.79	8.30	9.14
Category (GR)	0.89	0.67	5.23	4.93	5.85	5.80
+/- Category (GR)	+0.69	+3.66	+2.88	+3.85	+2.45	+3.34

Here is the performance as of 8/31/18:

Total Return % (8/31/2018)	1-Month	YTD	1-Year	3-Year	5-Year	Since Inception
JARIX	0.16	4.49	9.28	10.86	9.42	9.04
Category (GR)	0.24	0.92	5.12	7.10	6.80	5.77
+/- Category (GRE)	-0.08	+3.57	+4.16	+3.76	+2.62	+3.27

And here is the performance snapshot as of 9/30/18:

Total Return % (9/30/2018)	1-Month	YTD	1-Year	3-Year	5-Year	Since Inception
JARIX	-0.92	3.47	8.57	10.41	8.09	8.79
Category (GR)	-1.86	-0.94	3.49	6.19	5.13	5.43
+/- Category (GR)	+0.93	+4.41	+5.09	+4.22	+2.95	+3.36

Data for I Shares, other share classes will have different rankings. Inception date 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. For more performance numbers current to the most recent month-end please call 888.814.8180.

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The key points to note:

- 1) over the month of August, while holding **virtually the same portfolio**, JARIX's relative performance vs. the Global Real Estate category for the trailing 1-month **dropped from +69 bp to -8 bp**;
- 2) then, over the month of September, JARIX went from underperforming by 8 bp to outperforming by 143 bp;
- 3) even more notable, JARIX's long-term (trailing 5-year) performance remained **in the top 2-3% throughout the entire period**.

CONCLUSION

Periods of underperformance resulting from market anomalies like we saw in October create pressure on PMs to respond by "throwing in the towel" and selling out of what isn't working and buying what is. PMs who succumb to this temptation often do so at exactly the wrong time - i.e., right before the market inevitably returns to its historical focus on fundamentals and preference for quality.

We have high conviction in our fundamental research and confidence in the management teams of the companies we own. As such, we believe our portfolios are well-positioned to ride out the current market environment and recover when it ultimately turns. In the first nine trading days of November the fund was up 3.48%, outperforming its benchmark index by +74 bp.

How do we respond to episodes like October? We stay the course and look to deploy additional capital into our highest-conviction positions that have been unfairly punished, such as data centers that were sold off to compelling price levels.

As always, we continue to monitor the broader markets and real estate-specific metrics – for example, new supply remains muted, a positive for real estate share prices.

JARIX is managed by investors (not speculators) who focus on stock-picking and seek to own quality (the best path to long-term outperformance). **Real estate is a long-duration asset class that should be owned as an allocation in a diversified portfolio, not a trade driven by an attempt to either chase short-term performance or react to transitory market anomalies.**

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DEFINITIONS

10-Year Treasury: The 10-year Treasury note is a debt obligation issued by the United States government with a maturity of 10 years upon initial issuance. A 10-year Treasury note pays interest at a fixed rate once every six months and pays the face value to the holder at maturity.

Abenomics: nickname for the multi-pronged economic program of Japanese Prime Minister Shinzō Abe. The program seeks to remedy two decades of stagnation by increasing the nations' money supply, boosting government spending and enacting reforms to make the economy more competitive.

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

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.

JA Global Real Estate Investments Fund					
As of 9/30/18					
	YTD	1-Year	3-Year	5-Year	Since Inception
I Shares	3.47%	8.57%	10.41%	8.09%	8.79%
A Shares (NAV)	3.21%	8.14%	9.91%	7.50%	9.99%
A Shares (5.75% max load)	-2.71%	1.93%	7.76%	6.23%	9.07%

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. For more performance numbers current to the most recent month-end please call 888.814.8180.

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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 26 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.

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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