James Alpha Management Investment Outlook

February 2015

Strategic Asset Allocation — James Alpha Management

Risk assets during the month of February performed well, leading to strong gains and positive performance across each of the managers in the portfolio. Domestic equities experienced one of the strongest monthly rallies in over three years with the S&P 500 up +5.75%. European markets faired even better as fears of a Greek exit from the Eurozone eased with a four month bailout extension, leading some European markets to rally more than 7+%.

Energy markets also found some relief during the month, with crude posting its first monthly gain since the selloff began more than eight months ago. As these markets settled, it allowed master limited partnerships (MLPs) to find some support — posting their first monthly gain and positive contribution to performance since the fund launched in October.

The strong rally in risk assets led to a considerable selloff in safe haven assets such as gold and U.S. treasuries. During the month of January we saw the yield on the 10-year treasury drop from 2.17% to a low of 1.64%. In February, treasuries completely reversed course with the yield on the 10-year trading all the way back at 2.16%. This strong move in rates put pressure on some of the fixed income components in the portfolio. Profit-taking on some of these positions in January helped to mitigate losses, but still resulted in a drag in performance for the month.

The strong move in rates also put pressure on global real estate investment trusts (REITs), with the Global REIT Index (RUGL) down -0.56% for the month. The real estate sleeve in the portfolio, however, proved to be a star performer, positing a +3.94% gain in February. A preference for lower-yielding, higher-quality REITs allowed the James Alpha portfolio to perform well, while the lower-quality "junk" REITs suffered considerably.

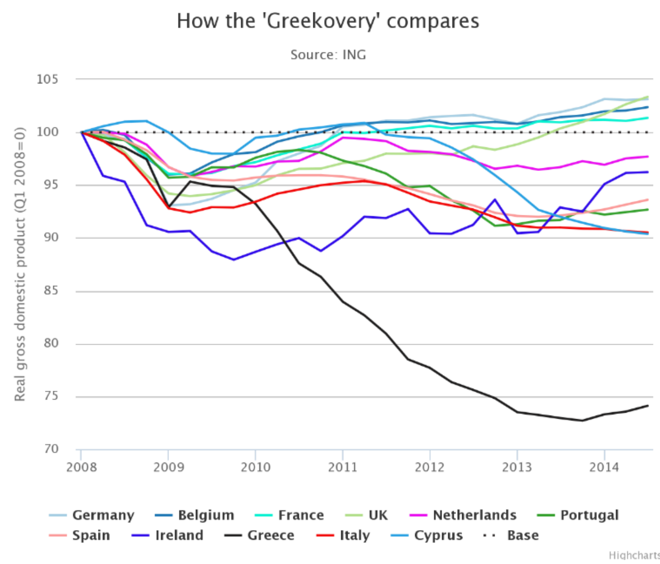
Looking forward, we continue to expect strong economic data out of the United States. Continued job growth, rising wages and declining oil prices all point to increased consumer confidence and the likelihood of Fed tightening in the coming months. As markets adjust to the end of this historic period of quantitative easing, we expect the potential for continued market volatility and will look to adjust the portfolio accordingly.

Small Cap Equity — Bullseye Asset Management

After a pleasant December in the stock market, stocks floundered in January. Earnings reports had yet to be delivered and thus focus shifted to the broader investment environment. Much of the action during the month occurred in the foreign exchange markets and in the fixed income markets.

The Eurozone continues to struggle with weak economic growth that is exacerbating the economic hardship felt in the PIIGS countries (Portugal, Ireland, Italy, Greece, and Spain). Germany's insistence on fiscal austerity is also partly to blame for the deflation now afflicting the continent. The European Central Bank (ECB) is attempting to counter this by undertaking quantitative easing. The fiscal austerity, however, has been hard to swallow for the affected populations. In a vote of rejection of the establishment, the Greeks recently voted into power the socialist Syriza party, hoping new radical politicians can magically improve their financial situation. It is hard to blame the Greeks for being disenchanted given the more than 25% decline in total GDP since the beginning of the crisis, in essence subjecting Greece to its own Great Depression.

The crux of the matter is the repayment and rollover of bailout loans at the end of February. Eurozone governments and Greece are attempting to reach some accord. However, the new Greek government's proposal of rolling back structural reforms is not going over well with Chancellor Merkel & Co. Talks of a Greek exit (Grexit) from the Euro are resurfacing, but the calculus appears somewhat different relative to the summer of 2011. Most of the Greek debt is held by various European central banks and little by commercial banks, thus shielding Europe's banking system from any potential damage. This time Greece really does need the cash or it will literally (not just figuratively) run out of money. In 2011, yield spreads between PIIGS' government debt and German government debt exploded. Currently, only the spread between Greek and German debt has expanded dramatically while the other spreads have remained benign.

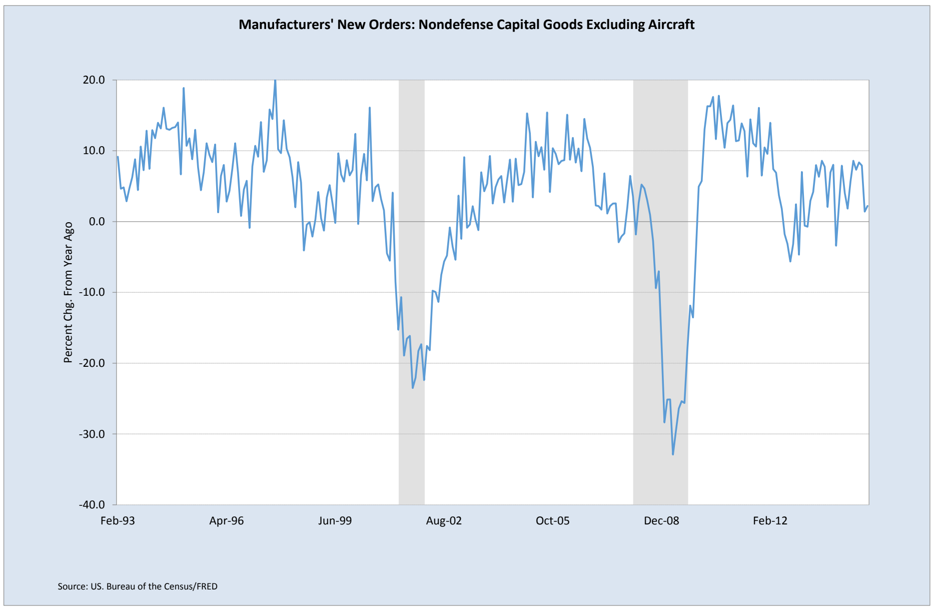


However, any high stakes negotiation with an extremely negative outcome is usually not great for markets. Both sides have plenty to lose, but one cannot wonder if the Eurozone will be the longer-term loser with Grexit. Greece will surely suffer tremendously for several years, but its debt burden will likely be reduced substantially due to the inevitable debt default.

The worries about Europe's handling of the Greek situation along with anemic economic growth and the shadow war with crazy Vladimir Putin has caused the Euro to decline substantially in value. Since May 2014, the euro has declined by more than 18% against the U.S. dollar. Switzerland had also seen massive inflows into the Swiss franc and gave up defending the self-imposed peg in January, causing a rather abrupt one day rise of 17%. Similarly, investors have been buying U.S. treasury bills and bonds, sending the yield on the 10-year Treasury bond to below 1.7% briefly.

Stock markets around the globe continue to trade at or close to all-time highs. As such, all eyes are on profit growth relative to valuation levels. The S&P 500 is trading at approximately 16.2 times estimated earnings for 2015, a fair valuation in our view. U.S. companies are facing some profit headwinds in the form of a much stronger dollar that will dampen overseas sales. Energy companies are experiencing a collapse in profits as crude oil has moved from $110 per barrel to about $50 recently. Despite the economic headwinds overseas, the U.S. economy appears to be on reasonable, but not great, footing.

U.S. GDP has been growing at a lackluster 2.5% since 2010 despite a massive amount of monetary easing courtesy of the Federal Reserve Bank. U.S. consumers continue to purchase cars and light trucks at a healthy pace — at the latest count up 9% in January from a year ago. Industrial production expanded 4.8% in January, though the ISM Manufacturing Index has declined during the last three months from 57.9 to 53.5. Offsetting some of these better data points are a weak labor force participation rate of 62.7%, not seen since the Carter Administration, and hourly earnings that are rising at a measly 2% per annum. Also, new orders for non-defense capital goods (excluding



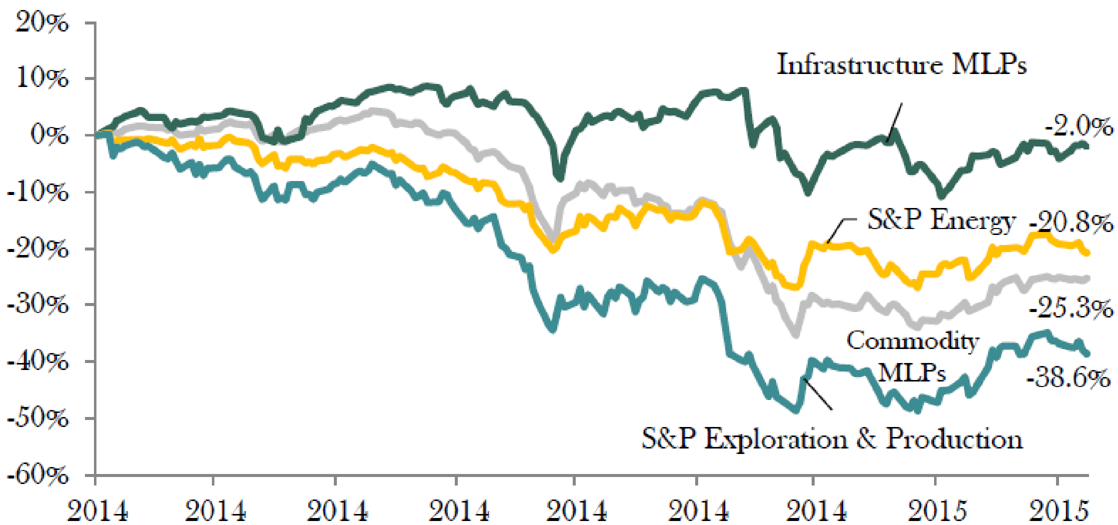
aircrafts) have not been particularly strong as of late as can be seen in the chart above. However, none of these indicators point to a U.S. economy on the brink of a recession in our view. We do acknowledge the U.S. economy is not immune to a much slower growing global economy or irrational political and military moves in Europe. Analysts are currently expecting the earnings to grow almost 8% for the companies in the S&P 500, though this may prove difficult with the entire energy sector suffering from declining oil prices and other companies facing headwinds from a substantially stronger dollar. However, further gains in the stock market are likely predicated on profit growth. We see small caps currently being better positioned to generate revenue and profit growth that is somewhat independent of slowing overseas economies and a stronger dollar.

Most of the Fund's negative return during January was due to a decline among the information technology holdings as investors fretted over the upcoming earnings reports. Some of the stocks have rebounded nicely as actual results were posted in February. Each of the other sectors contributed little to the Fund's January return. We expect most of the portfolio's holdings to report revenue and earnings growth well in excess of the overall market. Many companies in the Fund benefit from secular trends such as "service as a service" and should thus be less susceptible to a softer global economic environment and change in foreign currency rates.

MLPs — Yorkville Capital Management

All energy stocks are not created equal. On June 20, 2014, West Texas Intermediate (WTI) crude oil closed at $107 per barrel, the highest level since September 2013. This closing price represented the peak in oil prices, which have since dropped by $57, closing February at a price of $49.76, or 54% lower than just eight months earlier. Over the course of this significant decline in the price of oil, investors in the energy market have generally struggled. The S&P

500 Energy Index has lost 20.8% of its value, including dividends, while the S&P Exploration and Production Index has lost almost 40%. Commodity MLPs, as defined by the Yorkville MLP Commodity Universe Index, have lost about a quarter of their value (see graph below).



However, infrastructure/midstream MLPs, as represented by the Yorkville Infrastructure MLP Universe Index, have managed to weather the storm, only falling by 2%. These performance differences highlight the fundamental differences between the MLP business model, particularly that of infrastructure MLPs and other energy companies. The cash flows and profits of most energy companies in the S&P 500 are directly tied to oil and gas prices. However, infrastructure MLPs (which represent about 85% of the total MLP universe market capitalization) have their cash flows tied to the *volume* of the energy they are transporting, storing or processing with pricing tied to long-term contracts insulated from commodity prices. While rig counts have declined, production and volumes are still on the rise and are projected to be greater in 2015 that 2014.

As a result, one in every three infrastructure MLPs has actually produced a positive total return since oil's June 20, 2014 peak. Meanwhile, 91% of energy companies in the S&P 500 are down over this time horizon and 89% of the S&P Exploration & Production Index have fallen. 87% of commodity MLPs have declined as well, highlighting that while MLPs are generally immune to commodity price fluctuations, the fundamentals of a small percentage of MLPs and MLP sectors are susceptible to commodity price movements. Is it is critical investors make these distinctions and understand that one MLP may be very different from another in terms of the assets it owns. The total returns (TR) of the ten MLP sectors as classified by Yorkville (and their respective indices) since June 20, 2014 are highlighted in the table on the next page.

INDEX NAME	BLOOMBERG TICKER	SEGMENT	TR (SINCE OIL PEAK)
Yorkville MLP Refined Product Pipelines Index	YRPPTX	Infrastructure	9.4%
Yorkville MLP General Partners Index	YGENPX	Mostly Infrastructure	7.8%
Yorkville MLP Crude Oil Pipelines Index	YOILPX	Infrastructure	-1.0%
Yorkville MLP Natural Gas Pipelines Index	YNGLPX	Infrastructure	-3.2%
Yorkville MLP Downstream Index	YPROPX	Commodity	-3.8%
Yorkville MLP Universe Index	YMLPUX	MLP Universe	-6.1%
Yorkville MLP Natural Resources Index	YNATRX	Commodity	-12.5%
Yorkville MLP Gathering & Processing Index	YGGNPX	Infrastructure	-12.9%
Yorkville MLP Marine Transportation Index	YTRANX	Commodity	-21.2%
Yorkville MLP Energy Services Index	YESVCX	Commodity	-34.1%
Yorkville MLP Exploration & Production Index	YEXNPX	Commodity	-50.5%

During times of energy price volatility, the leasing business model employed by MLPs provides safety over other commodity-exposed energy sectors. Additionally, infrastructure MLPs provide investors with a way to invest in the U.S. shale energy revolution without having to bet on commodity prices. We advise all investors to familiarize themselves with the fundamental differences among energy investments and sectors within the rapidly expanding MLP asset class. In the month of February alone there was a 14.3% performance differential between the best and worst MLP sector, and more than a 90% difference between the best and worst MLPs. As a result, stock picking and expert active management in the MLP space has become critical leading to great differences between the returns of successful active managers and simple passive benchmarks.

Global Real Estate - Ascent Investment Advisors

We expect global growth to improve somewhat in 2015, helped by the collapse in oil prices and more stimulative monetary and fiscal policies outside the U.S., but tempered by the fact that we now are probably about six months away from the beginning of the Fed's tightening cycle, a very different type of monetary regime than the one we've know in recent years. This policy transition will almost certainly be met with increased volatility. Looking into 2015, we expect the U.S. economy to remain the principal engine of the global recovery, with growth moving above trend, while Japan rebounds from 2014 weakness. We expect the eurozone and emerging markets to accelerate modestly, albeit with growth still weak relative to potential.

We view the announcement that the Greek government accepted the terms of its bailout extension as just another episode of can-kicking. As this latest deal between Greece and its creditors lasts only four months, markets will likely revisit the issue over the summer. The economy has weakened and internal politics relating to Syriza's fragile coalition could cloud the execution of the reforms required by the agreement. That said, there was something positive to learn from the latest round of Greek-related jitters: The ECB appears to have successfully ring-fenced all the peripheral economies and their bond markets. For Europe in general, it appears that the stream of economic forecast downgrades may be over. Key leading indicators have been rising, and there are signs that the worst of the credit crunch may be in the past. We are not talking about robust growth here, but 1.5% could be achievable, given the tailwinds from easy monetary policy and record low bond yields, as well as the boost from a weak euro and the collapse in oil prices. This may lead to more good news, although Europe has experienced mini-booms before and they have all fizzled. The key for longer-term economic success is structural reforms, which are tough to implement because they hurt growth in the short-term and are politically unpopular. Nevertheless, with growth improving and the ECB promising maximum monetary stimulus, we may have such a window now.

The U.S. economy appears to have slowed in the first quarter to around 2.5% annualized growth from the 3.9% pace of the prior nine months. We expect the much-improved labor market — where monthly job gains have averaged 282,000 over the past six months — and the drop in energy prices to boost consumer spending and manufacturing production, while low rates should support housing. Reduced capital spending in the energy sector and the headwind from a stronger dollar are offsets, but the consensus view remains that a run-rate of growth between 2.5% and 3% is achievable.

The U.S. Fed is trying to retain both transparency and flexibility in the run-up to its initial rate hike. During her semi-annual congressional testimony, Chair Yellen signaled that we could see a rate hike at any policy meeting from June on. Now that the labor market has improved after more than six years of rates at the zero bound and a massive expansion of the balance sheet, low inflation is keeping the Fed on hold. The market senses that the Federal Open Market Committee (FOMC) sees greater risk in tightening too soon than in tightening too late, which will tend to keep global liquidity intact and rates lower at the margin — both good for the continued recovery in commercial real estate. Yellen does not want to say or do anything that would cause the financial markets to price in an immediate or aggressive tightening cycle similar to the taper tantrum in 2013, when U.S. Treasury yields rose and stocks sold off. Though the economy is in better shape today than it was then, the Fed still wants to manage overall financial conditions in response to a rate hike. In such an environment, we believe that commercial real estate and listed REITs will continue to perform well. Nevertheless, uncertainty reinforces our bottom-up focus on property types with genuine pricing power and companies with robust business models — particularly specialty REITs with disequilibrium of demand over supply.

Japanese companies have benefited from the weaker yen, and European equities have performed well so far this year. The full benefits of the nearly 50% drop in the price of oil have yet to come through. In many regions — including the U.S., Europe, Japan and China — the growth drag from fiscal austerity is receding, which bodes well for a recovery in growth. Particularly in Europe, the combination of stronger-than-expected fourth-quarter earnings and marginally better data on economic growth and lending has further bolstered investor interest. Against a backdrop in which the Fed will probably raise rates as the U.S. economy improves while other central banks are still cutting rates to spur growth, we believe the drivers of the global economy remain intact. The emergence of currency-related volatility reminds us that there is always something for investors to worry about. We recognize that the equity risk premium has fallen as many of the macro tail risks in the wake of the financial crisis have been addressed. With returns on fixed-income assets low and getting lower, we continue to see solid support for global equities, especially for high-quality REITs that demonstrate pricing power and the ability to weather macro disruptions.

In China, we're less sanguine about Beijing’s ability to nudge economic growth to its target and keep it there. Much of the growth since the 2000s was based on a vast rise in debt owed by local governments and state-owned enterprises. With the labor force now shrinking, productivity growth slowing, considerable excess industrial capacity, the property market on the ropes, and debt-financed expansion near its limit, economic growth will be hard-pressed to hit 7% again. A more likely target for 2015 is 6.5%, with trend growth to slow more in future years. Nevertheless, as a major oil importer, China will be a big beneficiary of the collapse in oil prices. Lower oil costs plus mild stimulus may allow growth to pick up a bit as 2015 progresses.

With 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. We repeat our mantra that we continue to see commercial real estate, and by extension global REITs, as in the middle stages of a long-term bull market predicated on the "goldilocks scenario." 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 below the rate of demolition of old, obsolete space.

We also 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.

DEFINITION OF TERMS

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.

ISM Manufacturing Index: An index based on surveys of more than 300 manufacturing firms by the Institute of Supply Management. The ISM Manufacturing Index monitors employment, production inventories, new orders and supplier deliveries.

FTSE EPRA NAREIT DEVELOPED Total Return Index USD (RUGL): An index designed to track the performance of listed real estate companies and REITS worldwide. It incorporates real estate investment trusts (REITs) and real estate holding & development companies.

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.

Purchasing Managers Index (PMI): An indicator of the economic health of the manufacturing sector. The PMI index is based on five major indicators: new orders, inventory levels, production, supplier deliveries and the employment environment.

Consumer Price Index (CPI): A measure that examines the weighted average of prices of a basket of consumer goods and services, such as transportation, food and medical care. The CPI is calculated by taking price changes for each item in the predetermined basket of goods and averaging them; the goods are weighted according to their importance. Changes in CPI are used to assess price changes associated with the cost of living.

Federal Open Market Committee (FOMC): The branch of the Federal Reserve Board that determines the direction of monetary policy. The FOMC meets eight times per year to set key interest rates, such as the discount rate, and to decide whether to increase or decrease the money supply, which the Fed does by buying and selling government securities.

West Texas Intermediate (WTI) Crude Oil: Light, sweet crude oil commonly referred to as "oil" in the Western world. WTI is the underlying commodity of the New York Merchantile Exchange's oil futures contracts.

S&P 500 Energy Index: comprises those companies included in the S&P 500 that are classified as members of the GICS® energy sector, which comprises companies engaged in exploration & production, refining & marketing and storage & transportation of oil & gas and coal & consumable fuels. It also includes companies that offer oil & gas equipment and services.

S&P Oil and Gas Exploration and Production Index: The index comprises stocks in the S&P Total Market Index (which is designed to track the broad equity market, including large-, mid-, small-, and micro-cap stocks) that are classified in the GICS oil & gas exploration & production sub-industry.

Yorkville MLP Commodity Universe Index: The Yorkville MLP Commodity Universe Index (YCOMU) is a market capitalization weighted index, consisting of the entire universe of MLPs in the following main business segments: Exploration & Production, Natural Resources, Marine Transportation, Downstream, Energy Services and General Partners.

Yorkville Infrastructure MLP Universe Index: The Yorkville MLP Infrastructure Universe Index (YINFU) is a market capitalization weighted index, consisting of the entire universe of MLPs in the following main business segments: Refined Product Pipelines, Gathering & Processing, Natural Gas Pipelines, Crude Oil Pipelines and General Partners.

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

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Michael J. Montague

Michael is James Alpha Management's Chief Operating Officer, and is responsible for daily operations of James Alpha Management 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.

Michael holds a B.S. degree in Geophysics from Pennsylvania State University and a MBA degree from Cornell University.

Bullseye Capital Management
Jakob V. Holm, CFA:

Jakob Holm serves as Co-Portfolio Manager of the Bullseye Disciplined Long Short Fund LP. He previously served as the Portfolio Manager at Janus Capital Management where he was responsible for the Janus Adviser Small Company Value Fund, Janus Aspen Small Company Value Fund and separately managed portfolios in the Small Company Value discipline. Prior to joining Janus in July 2005, Mr. Holm spent five years at Bay Isle Financial in Oakland, California, managing small-cap value portfolios since March 2002. In addition, he spent four years with Sand Hill Advisors in Menlo Park, California as a Research Analyst, covering a wide variety of industries including communications, financials, REITs, and technology.

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
Darren R. Schuringa

Mr. Schuringa is a globally recognized authority on investing in U.S. energy infrastructure and U.S. energy assets through the MLP structure. He makes regular appearances on CNBC, Bloomberg, Fox, and BNN and is often quoted by major financial publications as an expert on the asset class.

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).

Ascent Investment Advisors
Andrew J. Duffy, CFA:

Andrew Duffy is the President of Ascent Investment Advisors, LLC and 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 B.S. from the United States Military Academy at West Point in 1979 as a Distinguished Graduate (top 5% of class) and an M.B.A. from Harvard Business School in 1986. He earned the Chartered Financial Analyst 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. Certain members of James Alpha Management are also registered representatives of FDX Capital, LLC and /or Ascent Real Estate Securities LLC, members FINRA/SIPC. Saratoga Capital Management, LLC, James Alpha Management, LLC, Bullseye Asset Management, LLC, Yorkville Capital Management, LLC and Ascent Investment Advisors, LLC are not affiliated with Northern Lights Distributors, LLC member FINRA/SIPC. Certain associates of James Alpha Management are securities registered with Ascent Real Estate Securities LLC, and/or FDX Capital LLC, both members 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.

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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