

JAMES ALPHA MANAGED RISK DOMESTIC EQUITY FUND

Market Commentary Newsletter
Provided by EAB Investment Group, LLC
February 2016

February proved to be another volatile month for the S&P 500. The index sold off the first two weeks of the month before bottoming out on February 11th. The same factors that created the sell-off in January continue to affect the markets. The sell-off in commodity prices, high yield bonds and rumors of problems at a few major banks such as Deutsche Bank were a few examples of issues causing the volatility. Oil prices finally stabilized mid-month and the market rallied 5.77% to finish the month down 13 basis points.

Six Month Chart of the SPY



Source: EAB Investment Group, 2016.

The James Alpha Managed Risk Domestic Equity Fund finished the month up 11 basis points. We were able to outperform the benchmark by selling expensive out-of-the-money (OTM) calls to offset our hedging costs and add Alpha to overall returns. Volatility as measured by CBOE Volatility Index (VIX) peaked on February 11th at 30.90 before closing at the end of the month at 20.55. As a result of the 33% drop in volatility, we have been able to roll into cheaper put protection in April.

We continue to believe that trading shorter term options and a passive strategy shorting upside calls creates the optimal hedging structure in the current environment.

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Monthly Returns

	2015					2016	
	AUG	SEP	OCT	NOV	DEC	JAN	FEB
JDIEX	-4.10%	-1.36%	5.07%	0.00%	-1.12%	-3.58%	0.11%
S&P 500	-6.03%	-2.47%	8.44%	0.30%	1.58%	-4.96%	-0.13%

Return Metrics Since Inception

8/3/2015

	As of 12/31/15		As of 2/29/16	
	JDIEX	S&P 500	JDIEX	S&P 500
Returns	-1.71%	-1.90%	-5.13%	-6.90%
Volatility	7.52%	12.04%	8.00%	12.55%
Max Drawdown	-5.40%	-8.36%	-5.40%	-8.36%

Investors cannot directly invest in an index and unmanaged index returns do not reflect any fees, expenses or sales charges. 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. Total annual operating expenses are 2.42% for A Shares, 2.17% for I Shares and 3.17% 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 performance information current to the most recent month-end, please call 888.814.8180.

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DEFINITIONS

CBOE Volatility Index (VIX): Shows the market's expectation of 30-day volatility. It is constructed using the implied volatilities of a wide range of S&P 500 index options. This volatility is meant to be forward-looking and is calculated from both calls and puts. This VIX is widely used measure of market risk and is often referred to as the "investor fear gauge."

Max Drawdown: The maximum loss from a peak to a trough of a portfolio, before a new peak is obtained. Maximum drawdown is an indicator of downside risk over a specified time period. It can be used both as a standalone measure and as an input into other metrics such as "return over maximum drawdown" and Calmar Ratio.

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.

SPY: The Spider Trust Series I (NYSE: SPY) is an exchange traded fund (ETF) that tracks the performance of the S&P 500 index. The fund is managed by the State Street Global Advisors and is traded on the New York Stock Exchange.

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.

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ABOUT EAB INVESTMENT GROUP, LLC

EAB Investment Group, LLC specializes in risk mitigation strategies and works with hedge funds, family offices, high net worth individuals, investment companies and other advisors. EAB Investment Group uses equity and index option strategies based on a proprietary process with the goal to reduce portfolio risk and increase the probability of success. A deep understanding of options pricing enables EAB Investment Group to manage carry and attempt to mitigate costs over time, and potentially optimize monetization.

RISKS AND DISCLOSURES

The portfolio will borrow money for investment purposes. Leveraging investments, by purchasing securities with borrowed money, is a speculative technique that increases investment risk while increasing investment opportunity. Derivatives may be volatile and some derivatives have the potential for loss that is greater than the Portfolio's initial investment. If the Portfolio sells a put option, there is risk that the Portfolio may be required to buy the underlying investment at a disadvantageous price. If the Portfolio purchases a put option or call option, there is risk that the price of the underlying investment will move in a direction that causes the option to expire worthless. The Portfolio's ability to achieve its investment objective may be affected by the risks attendant to any investment in equity securities.

Shares of ETFs have many of the same risks as direct investments in common stocks or bonds. In addition, their market value is expected to rise and fall as the value of the underlying index or bond rises and falls. It is possible that the hedging strategy could result in losses and/or expenses that are greater than if the Portfolio did not include the hedging strategy. The use of leverage by the Fund or an Underlying Fund, such as borrowing money to purchase securities or the use of derivatives, will indirectly cause the Fund to incur additional expenses and magnify the Fund's gains or losses. Because a large percentage of the Portfolio's assets may be invested in a limited number of issuers, a change in the value of one or a few issuers' securities will affect the value of the Portfolio more than would occur in a diversified fund.

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 EAB Investment Group, 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.

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