

JAMES ALPHA MANAGED RISK DOMESTIC EQUITY FUND

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

The S&P 500 Index continued its three-month rally, closing up 1.8% in the month of May. Comments from the April Fed meeting suggested a potential rate hike either in June or July. Overall economic numbers were mixed during the month. U.S. manufacturing in April showed continued expansion and the service sector rebounded from a first quarter slowdown. In addition, the retail sales number beat estimates, which continues to show signs of positive consumer spending.

On a negative note, the employment number released last Friday missed estimates which may lead the Fed to re-evaluate its hawkish stance on raising rates at the June meeting. Furthermore, the Organization of Petroleum Exporting Countries (OPEC) meeting reached no agreement which could put pressure on oil prices in the short term because of limited supply constraints.

Important dates to watch in June:

- Federal Open Market Committee (FOMC) meetings June 15th
- Bank of Japan (BoJ) meeting June 16th
- Brexit vote June 23rd

The James Alpha Managed Risk Domestic Equity Fund was up 0.31% in May versus 1.80% in the S&P 500 Total Return Index. The index is now up 1.60% versus -1.81% in the Fund since inception. Heading into June, the Fund's strategy is to continue downside protection while attempting to limit the short call strategy as a result of the contraction in option premium levels.



Source: Bloomberg, 20016.

Volatility as measured by the CBOE Volatility Index (VIX) was down 9.6% in May, but did not breach the year-to-date low of 12.50 on April 20th.

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S&P 500 Volatility



Source: Bloomberg, 2016.

Returns

As of 5/31/16

	1-Month	6-Month	Since Inception As of 3/31/16
JDIEX	0.31%	-1.22%	-2.21%
S&P 500	1.80%	1.93%	-0.58%

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. The Fund's management has contractually waived a portion of its management fees until December 31, 2016. The performance shown reflects the waivers without which the performance would have been lower. Total annual operating expenses reduction/reimbursement are 2.45% for A Shares, 1.99% for I Shares, and 3.20% for C Shares; total annual operating expenses before the expense reimbursement 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. 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

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.

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. The VIX is a widely used measure of market risk and is often referred to as the “investor fear gauge.”

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.

Option Premium: The income received by an investor who sells or “writes” an option contract to another party.

Organization of Petroleum Exporting Countries (OPEC): An organization consisting of the world’s major oil-exporting nations. OPEC was founded in 1960 to coordinate the petroleum policies of its members, and to provide member states with technical and economic aid. OPEC is a cartel that aims to manage the supply of oil in an effort to set the price of oil on the world market, in order to avoid fluctuations that might affect the economies of both producing and purchasing countries.

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.

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

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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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