

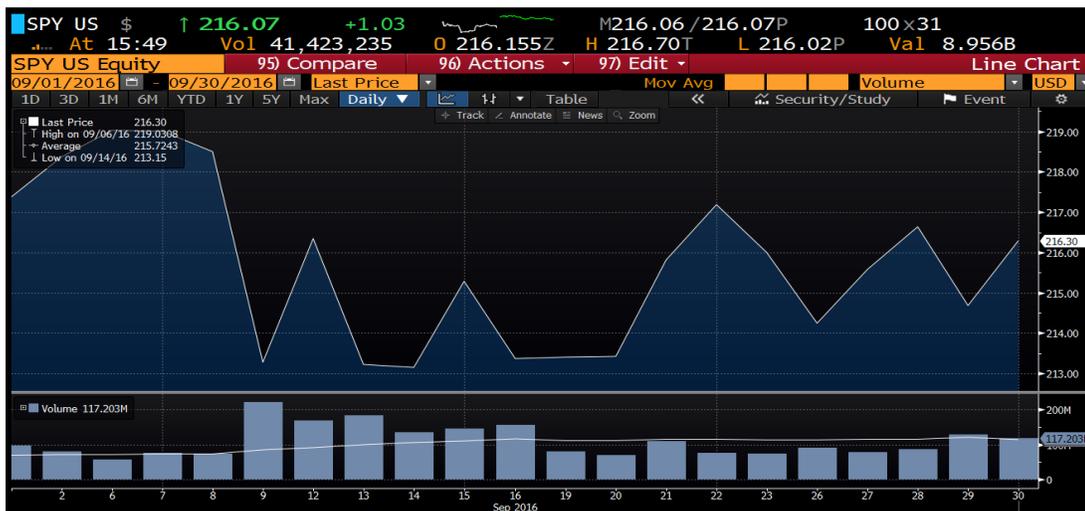
# JAMES ALPHA MANAGED RISK DOMESTIC EQUITY FUND

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

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The S&P 500 continued its seven month winning streak in September rising 0.02%. The markets were range bound for most of the month waiting for the Fed and Bank of Japan (BoJ) announcements. The Fed pushed off a rate hike again, probably looking to raise rates in December after the election. Energy stocks rallied as oil seems to have found a floor at the \$40 level. Utility and telecom stocks lagged behind the broader market indicating that the yield trade may be starting to unwind. Credit concerns at Deutsche Bank (DB) late last week tried to put pressure on the markets but news that the Department of Justice (DoJ) will levy a smaller fine initiated a rally in DB stock on Friday and the U.S. markets followed.

The James Alpha Managed Risk Domestic Equity Fund was down 0.70% in September versus a gain of 0.02% in the S&P 500 Total Return Index. The Fund had a small daily carry for most of the month in anticipation of the Fed announcement. The Fund continues to be leveraged in put spreads and has a lower than normal short call position with volatility trading at such low levels.



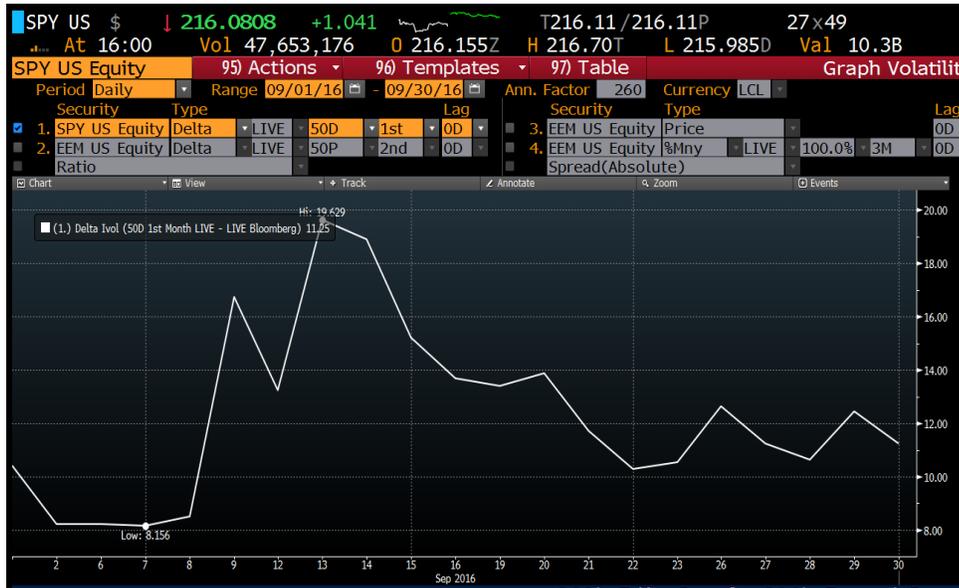
Source: Bloomberg, 2016.

Volatility, as measured by the CBOE Volatility Index (VIX), was essentially unchanged in September after spiking mid-month up to 20.51. We expect volatility to stay bid as we approach Election Day.

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## S&P 500 Volatility



Source: Bloomberg, 2016.

## Returns

|         | As of 9/30/16 |         |        |                 |
|---------|---------------|---------|--------|-----------------|
|         | 3-Month       | 6-Month | 1-Year | Since Inception |
| JDIEX   | 0.71%         | 1.75%   | 5.17%  | -0.43%          |
| S&P 500 | 3.85%         | 6.40%   | 15.43% | 4.93%           |

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. The maximum sales charge on purchases of A Shares is 5.75%. 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.

**Calls:** An option contract giving the owner the right (but not the obligation) to buy a specified amount of an underlying security at a specified price within a specified time.

**Carry Trades:** The borrowing of a currency in a low interest rate country, converting it to a currency in a higher interest rate country and investing it in the highest rated bonds of that country.

**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."

**Department of Justice:** Department of the federal executive branch, headed by the attorney general, which administers the Federal Bureau of Investigation (FBI), prosecutes violations of federal law, and is responsible for enforcing all civil rights legislation.

**Put Spreads:** An option spread strategy that is created when equal number of put options are bought and sold simultaneously. Unlike the put buying strategy in which the profit potential is unlimited, the maximum profit generated by put spreads are limited but they are also, however, relatively cheaper to employ.

**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 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.

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## 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, LLC 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](http://www.SaratogaCap.com) or [www.JamesAlphaAdvisors.com](http://www.JamesAlphaAdvisors.com).***

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7839-NLD-10/14/2016