

JAMES ALPHA MANAGED RISK DOMESTIC EQUITY FUND

Market Commentary Newsletter
Provided by EAB Investment Group, LLC
December 2015

In December, the broad market continued the choppy and directionless trend it experienced most of the year. The S&P 500 had a 4.6% trading range and settled down -1.58% for the month. While the market attempted to mount a Santa Claus rally mid-month, ultimately the markets concerns were too much to overcome. The S&P 500 finished the year up 1.38%. A rising interest rate environment, fear of slowing global demand and declining oil prices weighed heavily on the markets in the 2nd half of the year.



Implied volatility, as measured by the Chicago Board Options Exchange (CBOE) Volatility Index (VIX), came into the month trading 3% below its average on the year. This quickly changed as the markets fell over 2.5% going into the most anticipated Fed announcement in recent years. The VIX topped out almost 40% over its average for the year. The peak in volatility occurred two days prior to the announcement. The VIX reverted back toward its yearly average after the announcement as we moved into the seasonally slow holiday period. These changes in volatility levels allowed the Fund to opportunistically sell premium and ultimately optimize our hedging strategy.



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For the month of December, the James Alpha Managed Risk Domestic Equity Fund (JDIEX) had a monthly return of -1.12% versus a -1.58% decline for the S&P 500. The Fund had another solid month by reducing the downside risk of the broad market exposure. Since inception, JDIEX had an annualized volatility of 11.64% and a max drawdown of 7.85% versus 18.65% and 11.78% for the S&P 500, respectively. The hedging strategy of the Fund has reduced volatility by 37.6% since inception.

Monthly Returns

2015	AUG	SEPT	OCT	NOV	DEC	TOTAL
S&P 500	-6.03%	-2.47%	8.44%	0.30%	-1.58%	-1.90%
JDIEX	-4.10%	-1.36%	5.07%	0.00%	-1.12%	-1.71%

Return Metrics Since Inception

8/3/2015

	S&P 500	JDIEX
Returns	-1.90%	-1.71%
Volatility	18.65%	11.64%
Max Drawdown	-11.78%	-7.85%

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.

We are pleased with the results of the Fund since inception. At times, directionless periods like we saw in December risk higher hedging costs. The Fund benefitted from its tactical call selling strategy as it was able to sell enough calls to create a positive daily carry without significantly capping the strategy's upside potential.

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DEFINITIONS

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."

Chicago Board Options Exchange (CBOE): The CBOE is an exchange that focuses on options contracts for individual equities, indexes and interest rates. The CBOE is the world's largest options market. It captures a majority of the options traded. It is also a market leader in developing new financial products and technological innovation, particularly with electronic trading.

Downside Risk: An estimation of a security's potential to suffer a decline in value if the market conditions change, or the amount of loss that could be sustained as a result of the decline. Downside risk explains a "worst case" scenario for an investment, or how much the investor stands to lose.

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.

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.

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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