James Alpha Management Investment Outlook

April 2015

Strategic Asset Allocation — James Alpha Management

April was a relatively quiet month as domestic equities remained largely range-bound and risk measures trended lower. Both the NASDAQ and the S&P 500 briefly touched new all times highs before quickly reversing course, ending the month with modest gains of +0.83% and +0.85%, respectively. A combination of sector allocation strength and alpha generation by the underlying sub-advisors allowed the fund to outperform the S&P 500 for the second consecutive month.

Energy markets were by far the top performing asset class in April, with a very aggressive snap back in crude prices. WTI crude rallied +25%, closing at a four month high — marking one of the strongest four week rallies we've seen in years. Crude has now bounced back by more than +40% from the lows we saw just six weeks ago. The jump in energy prices pushed the fund investment in MLPs up by more than +5.0%, making this allocation the strongest contributor to performance for the month.

The sleeve of the portfolio managed by James Alpha Management was also a strong contributor to performance in April. Allocations to high yield credit and emerging market currencies benefited from both the strong move in energy prices as well as continued weakness in the dollar. Foreign equity investments also outperformed as economic indicators in the eurozone continued to improve. In March, both the euro-zone manufacturing PMI and the broader composite PMI rose for the fourth consecutive month. This proved to be a global bright-spot as we saw similar reports from both China and Japan point to further weakness. We will monitor the Greek bailout situation closely and will look to add to international exposure as we continue to see improvements across Europe.

As we look forward, we see the potential for interest rates to begin to drift higher as the Fed draws closer to ending the near-zero interest rate environment we have experienced for the past 6+ years. As we move into the second half of 2015 we expect to see the base effect of declining energy prices and a strengthening dollar begin to fade and by early 2016 core inflation could potentially climb back in range of the Fed's 2% target, prompting the potential for more aggressive rate hikes. As a result, we will look to add to investments that will benefit in a rising rate environment and expect to begin making the first of these allocations as we enter the month of May.

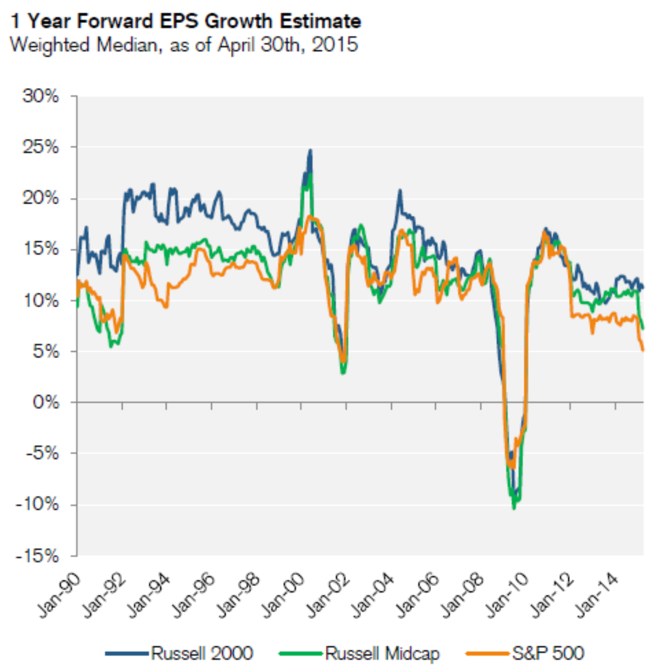
Small Cap Equity — Bullseye Asset Management

The equity market has entered the twilight zone, or so it feels. Will the market grind higher? When will the Fed increase rates? Will Greece once again disturb the investment markets? Small cap stocks had enjoyed a stretch of outperformance relative to large cap equities that had lasted more than six months but that ended in April. As the dollar rally stalled and reversed course, small cap stocks with their lower dollar exposure retreated. However, both large and small cap stocks seem to be looking for queues as to which direction to move next.

Investors are keenly focused on when the Federal Reserve's first rate hike will occur. It was supposed to have taken place in the first half of 2015, but weak macroeconomic data delayed this initial rate hike. The economic recovery continues to be subpar and uneven. Look no further than the first quarter: GDP grew by a measly 0.2%. Not exactly what the Fed had in mind when they forecasted 2.8% GDP growth for 2015 in September of last year. By March, the Fed had already lowered its forecast to 2.5%, and this was before the disappointing first quarter GDP number was announced. The Fed's soft promise is now to raise rates in September, but the U.S. economy will probably have to show a marked improvement for that to occur.

And yet the data from the job market is better than the first quarter GDP growth would indicate. Initial unemployment claims continue to plumb new lows at 264,000, while the headline unemployment rate has dropped to 5.4%. However, the increase in U.S. non-farm payrolls continues at an uneven pace. The March data disappointed with a small increase of only 85,000, while April was better with 223,000 jobs added.

Meanwhile, most U.S. companies have reported earnings for the first quarter. Among S&P 500 companies, roughly 74% beat earnings per share (EPS) estimates on par with a typical earnings season. This statistic and the following are courtesy of Credit Suisse's strategist Lori Calvasina. However, only 48% of S&P companies beat revenue estimates quite a bit lower than the 65% that beat only three quarters ago. The forward EPS growth estimates have also been declining slowly and S&P 500 earnings are expected to grow only 5% year over year, while small cap stocks are expected to growth 11%, or double the pace of their larger brethren. Some of this growth differential is likely due to small cap stocks' lower exposure to exports and the appreciating dollar as well as less impact from declining earnings at energy companies.



Source: Credit Suisse

These data points argue for the Fed to proceed cautiously with any interest rate increases as it would not take much to stall earnings growth entirely. The Fed's desire to raise rates is certainly not based on an economy that is overheating as in a normal business cycle, but rather a hypothetical notion of not wanting to continue the easy monetary policy forever.

Small cap stocks declined about 2.5% during the month. This was the result the long holdings declining 1.9%, which was almost entirely offset by our short book contributing 1.9%. (These and the remainder of the performance numbers cited are gross of fees and incentive allocation) Four of the five top contributors this month were short positions, while all top five detractors were long holdings.

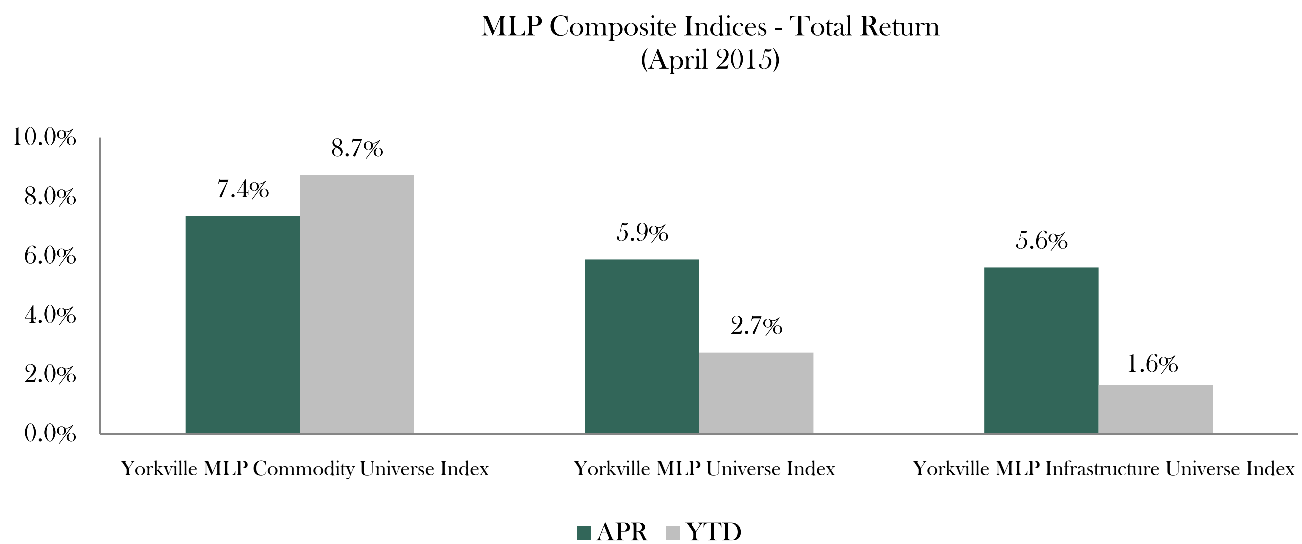
This month, consumer staples stocks was the best performing sector. This was entirely the result of our consumer staples shorts performing well during the month, in particular two specialty grocery chains. The second best performing sector was consumer discretionary.

The worst performing sector was industrials, where neither our longs nor our shorts worked. The long side suffered primarily due to a weak earnings report from one company. On the short side a logistics company made an accretive acquisition that caused the stock to rise, thus going against us. We have since covered this short position.

The Fund's health care holdings cost the Fund during April. Our longs did not fare well, dragging performance down by slightly. The not-so-good performance of the Fund's long health care stocks was somewhat offset by the short equities. Most of the short performance was attributable to the short position in a medical imaging company.

MLPs — Yorkville Capital Management

In the month of April, there was a performance differential of 59% between the best and worst MLPs. If you invested in the wrong MLP, you were down 24.8%, and nearly a quarter of your investment was lost. If you purchased the right MLP, you achieved a 34.1% total return. This all took place in just a month's time — and it's not unusual in the MLP asset class. Not only do MLPs operate in different businesses, but they are managed in different ways, have different commodity exposures and different contract types. Not every MLP owns pipelines and not every MLP produces oil. These details are crucial in determining the right MLP investment. It is imperative an investor understand the business model. If you don't, investing in MLPs can be a money losing-experience.



Source: Yorkville Capital Management. The referenced indices are shown for general market comparisons and are not meant to represent the Fund. Investors cannot directly invest in an index; unmanaged index returns do not reflect any fees, expenses or sales charges. Past performance is no guarantee of future results.

Since 2000, the best MLP in a given quarter has averaged a gain of 57%. Meanwhile, the worst MLP has lost -41%. This represents an average difference of 98% per quarter. Over the last three years, this differential has increased to 101%; it has averaged 112% over the past eight quarters. As the MLP asset class has rapidly expanded, various new

MLPs have come to market operating in different structures (i.e. variable distributions) and in different industries (i.e. frac sand production). The result has been a steady increase in differentials over time. As is the case, expert active management in MLPs is crucial in trying to avoid mistakes and making the right calls.

While it is apparent that MLPs in different businesses and sectors will behave unlike one another, our analysis shows that even when looking within a given sector, company specific factors result in over-performance or under-performance. For example, the best performing partnership in the Natural Gas Pipeline sector gained 79% in 2014. Meanwhile, the worst performer, which is involved primarily in natural gas storage, dropped by 77%. This is not unique to Natural Gas Pipelines. In 2014 alone, there was a performance difference between the top and bottom MLPs of at least 49% in each sector. Additionally, all 10 sectors had MLPs that were up for the year and MLPs that finished down for the year. The conclusions we can draw are relatively straightforward. In the world of MLPs, successful investing is not simply a matter of picking the right sector, or even the right industry, but rather the right company and the right management team. Yorkville believes it has been successful in finding the best of breed investments in the asset class.

Global Real Estate - Ascent Investment Advisors

Global REITs moved lower in April, with non-U.S. markets outperforming the United States. At the end of the month, volatility picked up, with investors appearing to unwind certain widely-held positions. For the month as a whole, credit spreads tightened a bit, bond yields edged higher and the dollar retreated about 4%. This configuration of outcomes occurred without much support from economic data, which generally disappointed. Indeed, the most striking market development in April — a China-led surge in emerging market equities — appeared to reflect policy stimulus and local investor position shifts, and came in the face of weak economic news.

Despite the mixed data, the global economy is still expected to grow just over 3% in 2015, with global PMI data suggesting a rebound in coming quarters and importantly, the U.S. economy is also expected to accelerate again over the remainder of the year following weakness related to the weather and port strikes on the West Coast during the first quarter. The U.S. Fed's policy transition will almost certainly be met with increased volatility. 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 to accelerate modestly, albeit with growth still weak relative to potential. 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 (e.g., data centers, wireless towers, student housing and medical office buildings) with disequilibrium of demand over supply.

Long-term interest rates have never been this low for this long, and we expect them to rise modestly this year. Volatility remains below the long-term average, but it’s on the rise in both the stock and currency markets, and the spike thus far in 2015 suggests a more volatile year to come.

In the U.S., improved data, including signs of a strengthening labor market, will likely prompt the Fed to raise short-term interest rates as early as September. The normalization of rates should further boost the dollar, hurting corporate profitability. As forward earnings estimates have come down with virtually no change in stock prices, forward earnings multiples have risen, making U.S. stocks look relatively expensive. We therefore expect to shift exposure to cheaper international markets like Europe and Japan, where valuations are more forgiving and monetary policy more accommodative. While U.S. stocks are some of the most expensive among global markets, valuations are still below the market peaks of the past 20 years. By most measures, there are few signs of an impending recession, and monetary conditions will probably stay accommodative for the foreseeable future.

In Europe, the improved tone in the eurozone economy, the ECB's asset purchases and a weaker euro are all helping to boost forward earnings estimates of European companies. Despite delivering meaningful outperformance in euro terms so far this year, European REITs still trade at a considerable discount to their U.S. counterparts. While slower economic growth, low inflation and geopolitical risks related to Greece and the Russia/Ukraine standoff may justify some of Europe's discount, current valuations for most of the region are still below the long-term average. We continue to search for compelling risk-adjusted return opportunities in Germany, the U.K. and the Scandinavian countries.

We are also constructive on Japanese REITs. Fundamentals in Japan remain mixed: although this spring's wage negotiations produced healthy gains for a second straight year, the economy is still stuck in the doldrums following last year's consumption tax hike. Consequently, the Bank of Japan is holding fast to its bond-buying program and efforts to force down interest rates, especially as more Japanese pension funds mimic the Government Pension Investment Fund's decision to reallocate away from bonds into stocks. Japanese equities remain inexpensive even after outpacing the U.S. market year-to-date, and we think more dividend hikes and share repurchases are likely.

In the U.K., despite relatively strong employment and economic growth, productivity has barely advanced since the global financial crisis and ranks second worst among G7 nations (ahead of only Japan). Meanwhile, upcoming May elections have the potential to amplify market volatility: a Conservative-led cabinet would pave the way for a 2017 referendum on the country's European Union membership, while a Labor-led coalition with key Scottish National Party backing could create a disunited kingdom.

While we are cautiously optimistic on Chinese property stocks, we continue to invest only in Hong Kong-listed H-shares. China's economy is still struggling under the weight of weak global demand, and policies aimed at rebalancing the economy away from investment toward consumption. Moreover, Chinese equities' recent gains have been driven primarily by multiple expansion, as investors bid up equities on hopes for further monetary and fiscal stimulus.

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

Alpha: The excess return of the fund relative to the return of the benchmark index is a fund's alpha.

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.

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.

NASDAQ: National Association of Securities Dealers (NASD) Composite, an index of more than 3,000 stocks listed on the NASDAQ exchange that includes the world's foremost technology and biotech giants such as Apple, Google, Microsoft, Oracle, Amazon, Intel and Amgen.

Russell 2000: An index measuring the performance approximately 2,000 small-cap companies in the Russell 3000 Index, which is made up of 3,000 of the biggest U.S. stocks. The Russell 2000 serves as a benchmark for small-cap stocks in the United States.

Russell Midcap: A market capitalization weighted index representing the smallest 800 companies in the Russell 1000 Index. The average Russell Midcap Index member has a market cap of $8 billion to $10 billion, with a median value of $4 billion to $5 billion.

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 Mercantile Exchange's oil futures contracts.

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.

Earnings Per Share (EPS): The portion of a company's profit allocated to each outstanding share of common stock. Earnings per share serves as an indicator of a company's profitability.

Small Cap: stocks with a relatively small market capitalization. The definition of small cap can vary among brokerages, but generally it is a company with a market capitalization of between $300 million and $2 billion.

Large Cap: refers to companies with a market capitalization value of more than $10 billion.

Long position: The buying of a security such as a stock, commodity or currency, with the expectation that the asset will rise in value. An investor who owns 100 shares of XYZ stock is said to be long 100 shares.

Short position: The sale of a borrowed security, commodity or currency with the expectation that the asset will fall in value. The sale of a borrowed security, commodity or currency with the expectation that the asset will fall in value.

ABOUT THE AUTHORS

James Alpha Management
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; All Rights Reserved. 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. The Saratoga Advantage Trust's Funds are distributed by Northern Lights Distributors, LLC, Member FINRA/SIPC. Certain associates of James Alpha Management are securities registered with Catalyst Mutuals Fund Distributors 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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