Investment Commentary

Second Quarter 2019

DPFNX | DPFAX | DPFCX

The Deer Park Total Return Credit Fund Class I Shares (the "Fund") returned +1.60% in the Second Quarter of 2019 and has an annualized rate of return of 7.76% since the Fund's inception on October 16, 2015. The Fund made its quarterly distribution in June of $0.15/share.

The Fund's distribution policy is to make quarterly distributions to shareholders. The level of quarterly distributions (including return of capital) is not fixed. However, this distribution policy is subject to change. Shareholders should not assume that the source of a distribution from the Fund is net profit. A portion of the distributions consist of a return of capital based on the character of the distributions received from the underlying holdings. The final determination of the source and tax characteristics of all distributions will be made after the end of the year. Shareholders should note that return of capital will reduce the tax basis of their shares and potentially increase the taxable gain, if any, upon disposition of their shares. There is no assurance that the Fund will continue to declare distributions or that they will continue at these rates.

	Q2 2019	One Year	Three Year	Inception through 06/30/2019*
DPFNX Class I	1.60%	2.74%	7.38%	7.76%
DPFAX Class A	1.54%	2.51%	7.11%	7.49%
DPFAX Class A (Max Load)	-4.34%	-3.41%	5.03%	5.79%
DPFCX Class C	1.38%	1.76%	n/a	4.88%
Bloomberg Barclays U.S. Aggregate	*3.08%*	*7.87%*	*2.31%*	*3.02%*

**Inception date is October 16, 2015 for Classes A and I, and April 6, 2017 for Class C.*

Returns for periods longer than one year are annualized.

The performance data quoted here represents past performance. Current performance may be lower or higher than the performance data quoted above. Investment return and principal value will fluctuate so that shares, when redeemed, may be worth more or less than their original cost. Past performance is no guarantee of future results. For performance information current to the most recent month-end, please call toll-free (888) 868-9501.

The Fund's total annual operating expenses are 2.34%, 3.09%, and 2.09% for the Class A, C, and I shares, respectively. The Fund's investment advisor has contractually agreed to waive management fees and to make payments to limit Fund expenses. After this fee waiver, the expense ratios are 2.25%, 3.00%, and 2.00% for the Class A, C, and I shares, respectively. These fee waivers and expense reimbursements are subject to possible recoupment from the Fund in future years. The maximum sales load for the Class A shares is 5.75%. A fund's performance, especially for very short periods of time, should not be the sole factor in making your investment decisions.

Fund Characteristics and Statistics

Fund Characteristics *(November 2015 – June 2019)*		
	DPFNX	Index**
Standard Deviation	2.46%	2.98%
Sharpe Ratio	2.64	0.68
Correlation to Index**	0.05	1.00
Up Capture to Index**	87%	100%
Down Capture to Index**	-105%	100%

Daily Statistics *(Inception – June 2019)*		
	DPFNX	Index**
Positive/Flat Days	817	503
Negative Days	113	426
% Positive/Flat Days	88%	54%
% Negative Days	12%	46%

Inception date is 10/16/2015.

**Index is the Bloomberg Barclay's US Aggregate Bond Index.

Market Update

April: DPFNX Performance +0.64%
April performance reflected a continuation of the asset appreciation and "risk-on" rotation that emerged from the Q1 2019 recovery. Through the month we observed a gradual tightening of credit spreads across most fixed-income asset categories. Within the U.S. corporate high yield market spreads on the CDX declined by an additional 25 bps to close the period at 324 bps. European markets reflected a similar degree of movement as the iTraxx Europe Crossover Generic index (representing a basket of 75 sub-investment grade European corporate bonds) spreads fell by 21 bps to close at 249 bps effectively bringing spreads back down near the low points observed over the past four years. Meanwhile, despite ongoing positive trends in the collateral and cash flow performance in the legacy non-agency Residential Mortgage Backed Securities (RMBS) space, market activity has remained more subdued.

May: DPFNX Performance +0.91%
The gains generated in May were the result of the positive influence of the portfolio's non-agency RMBS portfolio as they have continued to provide steady incremental returns, consistent with fundamental performance trends and little to no correlation to other markets. May saw a clear shift in perspective over the past several months, as the investment community appears to be jockeying between conflicting notions of global economic growth concerns and the offsetting concept of Federal Reserve intervention. From a growth perspective, the U.S. China trade negotiations made a distinct impact on the growth outlook, as the shift to combative rhetoric shook investor confidence in a likely near-term resolution. The result was enough to send equities markets into decline with the S&P 500 falling by -6.35% for the month. Meanwhile, as has been the case over the past several years, the second order of impact was reflected in the markets expectation of Fed policy (and by effect on stimulation of growth). In stark contrast to last year, where market participants were anticipating two to three rate increases through 2019, the recent shift in outlook now has expectations concentrated on two to three rate cuts. While the path the Fed intends to pursue remains uncertain, the immediate impact will likely be seen in more volatility.

June: DPFNX Performance +0.04%
June market performance reflected a sharp reprisal of investors' enthusiasm for risk assets as strong buying activity was again buoyed by indications of further accommodative central bank policies. The latest of these continued dovish signals again came on the heels of further weakening in global economic data; notably a decline in world manufacturing PMI which dropped for the 14th straight month to 49.4 in June – the longest decline on record and to the lowest level since October 2012. In response to this data, as well as continued uncertainties in trade agreement negotiations, the ensuing speculation of a significant Fed rate cut in July spurred further rallying in equities, credit markets and also Treasuries. The similar positive directionality of risk assets with risk-free assets in response to negative economic news is emblematic of late cycle behavior. Manifestations of this behavior have been recurring and reflect the differing views of whether central banks' policies can bolster the global economy against the backdrop of increasing market fragility. The current price levels across several classes of risk assets from the latest June rally are indicative of a future successful outcome by these entities. However, as we have seen with the volatility of the past few quarters, the scorecard of the potential of the central banks to successfully continue this 11-year market expansion given can rapidly change.

Despite the pace of market exuberance observed year-to-date, underlying risk factors in segments of credit markets are reflecting more concerning dynamics. Within the asset-backed securitization market, Subprime Auto issuance has already shown signs of distress as delinquency levels have continued to ramp upward over the past several years and currently stand at levels equivalent to late 2009 (at the peak of the great recession). In a similar fashion, student loan delinquencies have yet to recede following the last crisis and remain at record high levels. Notably, these downward trends in performance are occurring in the midst of strong job growth and record low levels of unemployment. On the corporate debt front the risk picture is less immediately visible as the past years of accommodative lending have supported an abundance of interest in corporate debt. Importantly, this increasing rate of demand has led to a fundamental decline in credit quality. Investment-grade corporate debt issuance reflects record levels of BBB rated credit, representing nearly 59% of the debt outstanding that is rated just one notch above the investment grade threshold. Subtle changes in performance may lead to dramatic changes in the market, as many institutional investors may be faced with portfolio rebalancing challenges upon any downgrades.

Portfolio Update:

The stable performance characteristic shown in the legacy non-agency RMBS sector demonstrates a meaningful contrast to these more turbulent trends in other markets. For their own part these seasoned mortgage pools maintain a positive pace of fundamental performance improvement as seen in declining default rates and lower collateral losses. The ongoing improvement of these assets continues to be supported by the strength of the U.S. housing market. Despite some recent signs of softening in select major metropolitan areas (e.g. San Francisco, New York, etc.), broader areas of the housing market show a positive rate of growth. The most recent March report for the FHFA U.S. House Price Index year-over-year shows an appreciation rate of 5.09%, reflecting steady price appreciation above the long-term trend.

We have often communicated the many favorable factors at work in the seasoned mortgage-backed security sector and maintain a bias toward these assets due to their long-term risk-adjusted return and monthly cash-flow characteristics. Notably, the ongoing improvement in the underlying loans collateralizing these deals has also translated to higher whole loan value. This effect further improves the incentive to execute the optional termination (or “call”) provision for many of these seasoned deals. Over the past several years, we have articulated the significant upside for discounted tranches as we anticipated that call-right holders are likely to be motivated to collapse more of these legacy deals, resulting in upside “optionality” for our discounted RMBS positions: highlighting just one of the many attractive characteristics for these seasoned mortgage assets.

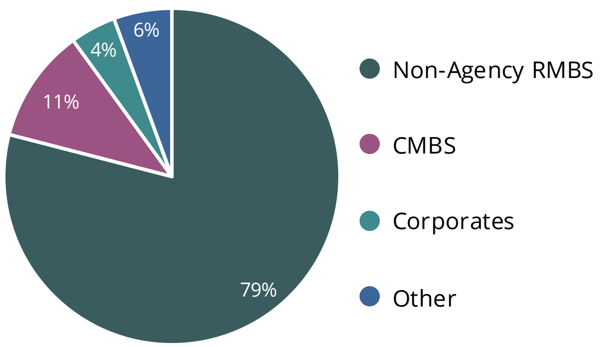
Our positions in non-agency legacy RMBS continue to perform well. Importantly, the overall current embedded value across the portfolio resulting from these sharp market moves is worth noting. It is also important to note that we are not moving away from Legacy RMBS (these bonds have held up well and the fundamentals are still improving).

While simplistic, it is critical to note that at the end of the day, we are long securities with improving fundamentals. We see this environment, as well as the current embedded value in the portfolio, as an attractive time for our portfolio and strategy.

Portfolio Attribution

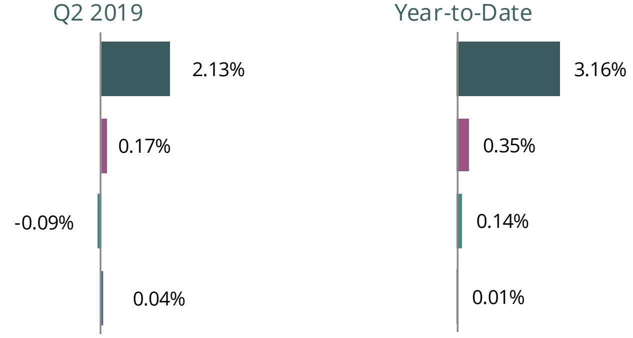
The portfolio's returns from a sector/sub-type for 2019 reflect an ongoing increase in demand for legacy RMBS coupled with a steady improvement in collateral performance dynamics. Yield and market price appreciation of the portfolio provided gains across the full spectrum of residential mortgage backed securities.

Portfolio Composition (06/30/2019)



Portfolio composition is subject to change and should not be considered investment advice. Portfolio composition excludes cash and equivalents. Weights may not equal 100% due to rounding.

Attribution (06/30/2019)



The attribution data will not match the performance results of the Fund as it is an estimate and does not include Fund expenses, the results of residual cash balances and other timing considerations.

Market Outlook

We are enthusiastic about how the Fund's holdings have performed in the current environment. Ongoing improvements in collateral performance in non-agency RMBS and other positions has continued to provide stable cash flows at the portfolio level. This trend is underpinned by the stability of the U.S. housing market. The favorable outlook for the housing market remains intact as numerous metrics such as affordability, constrained inventory, and increasing new household formation (as well as others) point to ongoing strength.

We continue to find solid investment opportunities in Legacy Non-Agency RMBS. We believe that improving fundamentals and attractive return potential present a favorable investment alternative to the U.S. equity markets, corporate bonds, and other global investment opportunities. We continue to believe that now is a good entry point into the RMBS markets.

There is no assurance these opinions or forecasts will come to pass and past performance is no assurance of future results.

<u>Important Risk Disclosures:</u>

Investors should carefully consider the investment objectives, risks, charges and expenses of the Deer Park Total Return Credit Fund. This and other important information about the Fund is contained in the Prospectus, which can be obtained by contacting your financial advisor, or by calling 1.888.868.9501. The Prospectus should be read carefully before investing. The Deer Park Total Return Credit Fund is distributed by Northern Lights Distributors, LLC member FINRA/SIPC. Princeton Fund Advisors, LLC and Northern Lights Distributors are not affiliated.

Mutual Funds involve risk including the possible loss of principal. Long investing involves buying a security such as a stock, commodity or currency, with the expectation that the asset will rise in value. A hedge refers to making an investment to reduce the risk of adverse price movements in an asset. Normally, a hedge consists of taking an offsetting position in a related security, such as a futures contract. ***RMBS*** *(Residential Mortgage-Backed Securities) are a type of security whose cash flows come from residential debt such as mortgages, home-equity loans and subprime mortgages. RMBS focus on residential instead of commercial debt.* ***The Barclays Capital U.S. Aggregate Index*** *provides a measure of the performance of the U.S. investment grades bonds market.* ***The Case-Shiller National Home Price Index*** *seeks to measure changes in the total value of all existing single-family housing stock.*

ABS, RMBS and CMBS *are subject to credit risk because underlying loan borrowers may default. Additionally, these securities are subject to prepayment risk because the underlying loans held by the issuers may be paid off prior to maturity. The value of these securities may go down as a result of changes in prepayment rates on the underlying mortgages or loans. During periods of declining interest rates, prepayment rates usually increase and the Fund may have to reinvest prepayment proceeds at a lower interest rate. CMBS are less susceptible to this risk because underlying loans may have prepayment penalties or prepayment lock out periods. There is a risk that issuers and counterparties will not make payments on securities and other investments held by the Fund, resulting in losses to the Fund. In addition, the credit quality of securities held by the Fund may be lowered if an issuer's financial condition changes.* ***Futures, options and swaps*** *involve risks possibly greater than the risks associated with investing directly in securities including leverage risk, tracking risk and counterparty default risk.*

Option positions *may expire worthless exposing the Fund to potentially significant losses. The value of the Fund's investments in fixed income securities will fluctuate with* ***changes in interest rates****. Typically, a rise in interest rates causes a decline in the value of fixed income securities.* ***Foreign investing*** *involves risks not typically associated with U.S. investments, including adverse fluctuations in foreign currency values, adverse political, social and economic developments, less liquidity, greater volatility, less developed or less efficient trading markets, political instability and differing auditing and legal standards. Investing in emerging markets imposes risks different from, or greater than, risks of investing in foreign developed countries.* ***Lower-quality*** *fixed income securities, known as "high yield" or "junk" bonds, present greater risk than bonds of higher quality, including an increased risk of default. An economic downturn or period of rising interest rates could adversely affect the market for these bonds and reduce the Fund's ability to sell its bonds. The lack of a liquid market for these bonds could decrease the Fund's share price. Repayment of defaulted securities and obligations of distressed issuers (including insolvent issuers or issuers in payment or covenant default, in workout or restructuring or in bankruptcy or in solvency proceedings) is subject to significant uncertainties. Investments in defaulted securities and obligations of distressed issuers are considered speculative as are junk bonds in general.*

The value of a specific security *can be more volatile than the market as a whole and can perform differently from the value of the market as a whole. The value of securities of smaller issuers can be more volatile than those of larger issuers. The value of certain types of securities can be more volatile due to increased sensitivity to adverse issuer, political, regulatory, market, or economic developments.* ***Liquidity risk*** *exists when particular investments of the Fund would be difficult to purchase or sell, possibly preventing the Fund from selling such illiquid securities at an advantageous time or price, or possibly requiring the Fund to dispose of other investments at unfavorable times or prices in order to satisfy its obligations.* ***The advisor's and sub-advisors' judgments*** *about the attractiveness, value and potential appreciation of particular asset classes and securities in which the Fund invests (long or short) may prove to be incorrect and may not produce the desired results. Additionally, the advisor's judgments about the potential performance of the sub-advisors may also prove incorrect and may not produce the desired results.*

Overall equity and fixed income securities *and derivatives market risks may affect the value of individual instruments in which the Fund invests. Factors such as domestic and foreign economic growth and market conditions, interest rate levels, and political events affect the securities and derivatives markets. When the value of the Fund's investments goes down, your investment in the Fund decreases in value and you could lose money. The Fund will incur a loss as a result of a short position if the price of the short position instrument increases in value between the date of the short position sale and the date on which the Fund purchases an offsetting position. Short positions may be considered speculative transactions and involve special risks, including greater reliance on the ability to accurately anticipate the future value of a security or instrument. Underlying funds are subject to investment advisory and other expenses, which will be indirectly paid by the Fund. As a result, the cost of investing in the Fund will be higher than the cost of investing directly in an underlying Fund and may be higher than other mutual funds that invest directly in stocks and bonds. Underlying Funds are subject to specific risks, depending on the nature of the fund.*

6703-NLD-07/30/2019