DEER PARK
Total Return Credit Fund

Investment Commentary

Second Quarter 2020

DPFNX | DPFAX | DPFCX

The Deer Park Total Return Credit Fund Class I Shares (the "Fund") returned 10.64% in the Second Quarter of 2020 and has an annualized rate of return of 5.47% since the Fund's inception on October 16, 2015. The Fund made its quarterly distribution in June of $0.10/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 2020	One Year	Three Year	Inception through 6/30/2020*
DPFNX Class I	10.64%	-2.58%	2.44%	5.47%
DPFAX Class A	10.59%	-2.84%	2.16%	5.20%
DPFAX Class A (Max Load)	4.23%	-8.45%	0.15%	3.89%
DPFCX Class C	10.32%	-3.65%	1.38%	2.16%
Bloomberg Barclays U.S. Aggregate	2.90%	8.74%	5.32%	4.21%

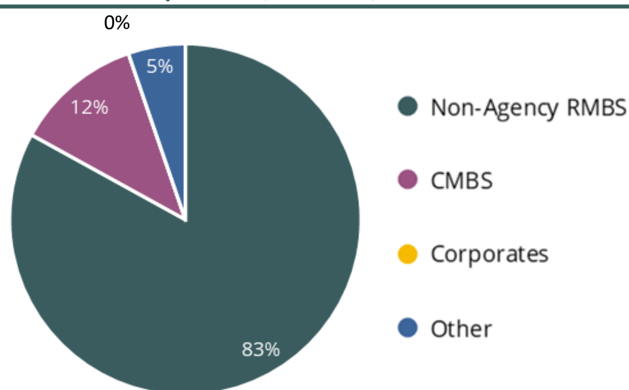
**Inception date is October 16, 2015 for Classes A and I, and April 6, 2017 for Class C.*

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.

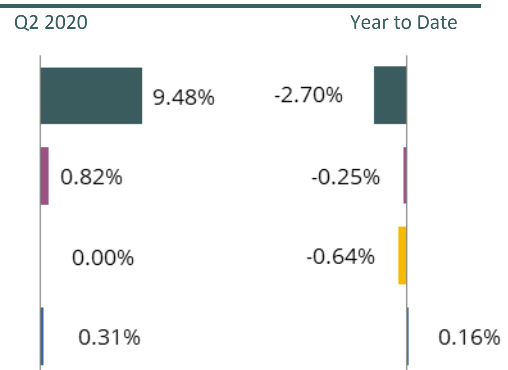
The Fund's total annual operating expenses are 2.36%, 3.11%, and 2.11% for the Class A, C, and I shares, respectively. The Fund's investment advisor has contractually agreed to waive management fees and to make payments to limit Fund expenses. After this fee waiver, the expense ratios are 2.15%, 2.90%, and 1.90% 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.

Portfolio Composition (06/30/2020)



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 (06/30/2020)



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 Update

Record levels of Federal Reserve stimulus coupled with the hopeful recovery of economic activity associated with the reopening of U.S. businesses has driven an unprecedented rebound in equity and credit markets. In just over three months following the market low of late March, we have seen the S&P 500 regain 39%, the NASDAQ recover 47% (now in positive territory for the year), and the CDX High Yield Generic Index spreads have contracted significantly. While we are all enthusiastic about re-establishing more normalized business activities and acknowledge the severe negative impact the shut-down has had on both individuals and businesses alike, the reality is that this transition back to full economic expansion will likely be more prolonged than these market actions appear to reflect.

Much of the recent gains have been boosted by the significant efforts conducted by the Fed and the three stimulus packages passed through the government supporting individuals and businesses alike. The immediate impact of the Fed's announcement to expand its Primary and Secondary Market Credit Facilities to include BB rated investment grade corporate debt (fallen angels), and including AAA rated CMBS and new issue CLOs had the expected result of compressing spreads across credit products by injecting an abundance of liquidity. This market behavior was later buoyed by the Bureau of Labor employment reading for May indicating employment grew by over 2.5 million jobs, bringing the unemployment rate down to 13.3%, exceeding consensus expectations which anticipated an increase in unemployment of over 7 million. However, it later became recognized that the BLS has had reporting issues for the past several months, including mis-reporting approximately 4.9 million as employed, correcting this change alone would push the unemployment rate to over 16% for May.

Despite these discrepancies, this recent indication of an improving recovery to the job market was heralded as a clear indication of a rapidly recovering economy linked to the reopening of businesses, prompting market prices back to extremes. Uncertainties associated with the recovery are likely being overlooked, as the potential for a second wave of the virus (or even just a minor resurgence of new cases) could prolong resumption of consumer activity, the "improved" unemployment rate of over 13%, much less 16+%, remains well above the highest level seen in 2010 of just 10%, and the longer-term increase in corporate bankruptcy rates clearly points to further corporate debt and commercial mortgage default levels.

We have often hailed the importance of fundamental risk management, prudent collateral analysis, and the importance of avoiding excesses of temporary market driven price movements. These past several months have brought these key facets of portfolio management to the forefront. While many market participants have enjoyed the benefit of the stimulus driven recovery to the market, fundamental risk metrics portray a far less sanguine outlook for several credit sectors. The dramatic efforts of the Federal Reserve and central banks globally have made a clear impact on these credit markets; however, the unfortunate effects on the economy will likely have a more permanent impact on default rates over the mid-term. We remain focused on our prudent approach to asset selection, maintaining our primary holdings in legacy Non-Agency RMBS, which has benefitted from the strength of the U.S. housing market. As we have seen in prior credit cycles, these shifts in the market create extremely attractive buying opportunities for those properly positioned to capitalize them.

U.S. Housing Market Outlook

The impact of the Covid-19 shutdown has had an adverse impact on the U.S. economy and on individuals affected by the virus or furloughs/job loss because of the containment and social distancing response. While the future path to economic recovery is less well-known as businesses begin the reopening process, one relatively bright spot through this period has been the U.S. housing market. Over the past several months home prices have remained relatively flat, as observed in the most recent FHFA US House Price Index report as of March month-end the annualized rate of home price appreciation actually increased to 5.77%, an increase of 0.47% over the 12/31/2019 rate of 5.30%, maintaining the general trend of year-over-year growth observed for the past ten years.

While this metric does reflect slightly lagged transactional information, there are a number of factors that support the notion that the housing market may likely maintain a more positive performance trend, despite what could be a prolonged contraction in overall economic growth. One of the primary points of consideration is the state of the market preceding this recent event. Notably, following the Great Financial Crisis, which was predominantly caused by excessive mortgage origination and woeful lapses in underwriting standards, the resulting market response was to implement far more conservative underwriting standards. Similarly, these same excesses led to a more subdued expansion of new construction of single-family homes. As a result, there has been a persistent imbalance in the supply/demand relationship in U.S. housing. As of April, the National Association of Realtors reported the existing home month's supply rate only increased slightly to 4.1 months, remaining near the lowest levels observed in the past 15 years.

It is also important to note that both the "work-from home" response to containing the virus as well as the Federal Reserve's immediate reduction the Fed Funds rate to near zero (a level they have recently announced will likely be maintained through 2022!) each provide additional support for the housing market. The clear benefit of a sustained low interest rate is that it continues to keep affordability levels high aiding the demand side of the equation. Meanwhile, one of the more unique facets of the Covid-19 response is that it appears to have shown an early indication of increased suburban home demand as many individuals previously content to live in an urban setting have been motivated to consider new home purchases outside of densely populated areas. While it is too early to determine how persistent this demographic shift may be, and certainly a more prolonged economic recession will likely cause some detraction to U.S. home prices, in concert the support mechanisms look very strong for the mid- to lower priced single-family home market.

Positioning & Fund Outlook

We want to thank everyone for your commitment to Deer Park during these challenging times. We believe the current positioning of the Fund may have the ability to generate near-term gains during periods of market dislocation, while still benefitting from core strength in our current holdings. Broader potential macro effects on financial markets and volatility levels are evolving daily and may offer us opportunities moving forward. We continue to have a favorable outlook on the legacy RMBS market and have selectively added positions through the past quarter. Meanwhile. the uncertainty of the broader economic outlook presents a number of concerns for other sectors of credit.

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.*

7078-NLD-8/4/2020