Total Return Credit Fund

Investment Commentary

Second Quarter 2022

DPFNX | DPFAX | DPFCX

The Deer Park Total Return Credit Fund Class I Shares (the “Fund”) returned -4.91% in the Second Quarter of 2022 and has an annualized rate of return of 4.80% since the Fund’s inception on October 16, 2015. The Fund made monthly distributions in April, May, and June of $0.045/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 2022	Year to Date	One Year	Three Year	Five Year	Inception through 6/30/2022*
DPFNX Class I	-4.91%	-7.10%	-4.11%	1.26%	2.76%	4.80%
DPFAX Class A	-4.98%	-7.23%	-4.35%	1.00%	2.49%	4.53%
DPFAX Class A (Max Load)	-10.44%	-12.54%	-9.86%	-0.98%	1.27%	3.62%
DPFCX Class C	-5.27%	-7.61%	-5.19%	0.21%	1.71%	2.18%
Bloomberg Barclays U.S. Aggregate	*-4.69%*	*-10.35%*	*-4.15%*	*-10.29%*	*-0.93%*	*0.88%*

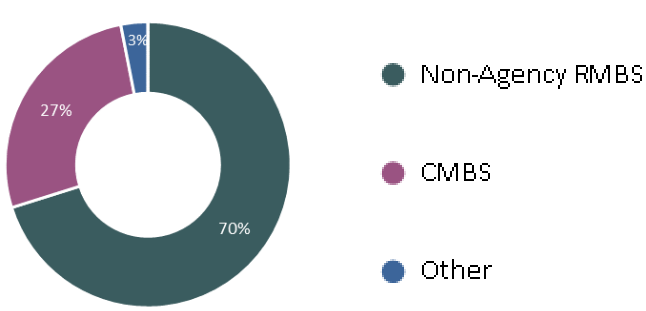
**Inception date is October 16, 2015 for Classes A and I, and April 6, 2017 for Class C.*

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.

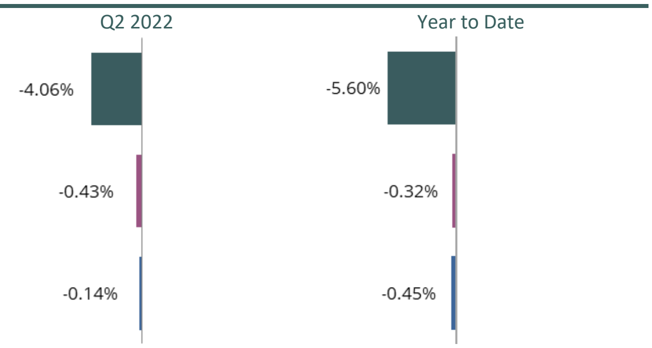
The Fund’s total annual operating expenses are 2.40%, 3.15%, and 2.15% for the Class A, C, and I shares, respectively. The Fund’s investment advisor has contractually agreed to waive management fees and to make payments to limit Fund expenses through at least January 31, 2023. After this fee waiver, the expense ratios are 2.16%, 2.91%, and 1.91% 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 (6/30/2022)



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 (6/30/2022)



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.

Credit Cycle Rotation and Distressed Credit Opportunities

Credit has begun to reprice, creating opportunities across the structured credit markets. Outflows from various fixed income and structured credit vehicles have resulted in technical driven repricing with yields and spreads moving back to 2020 levels, while fundamentals in targeted areas like legacy RMBS and select sectors of CMBS are strong on a relative and absolute basis:

- Legacy Non-Agency RMBS trading back to double-digit yields with upside optionality and strong fundamentals
- CMBS, are similarly trading to levels that price-in substantial underlying default exposure, providing additional opportunities for selective acquisition of higher quality assets at deep discounts
- Additional sector deterioration in CLO, Agency CRT and other segments of the market are pointing to a broadening window of additional distressed buying opportunities

Similar to our experience post-2008-2009, in which we were able to deploy capital into the distressed buying opportunities, we are now presented with another developing credit market event. As we have communicated over the past several years, the excesses of the past decade have created, in our opinion, the ideal opportunity to again target distressed investments across a wide range of credit sectors.

Importantly, as excess market demand has now reversed direction leading to forced selling, investors oriented to provide liquidity are now potentially able to capitalize on a long-term opportunity.

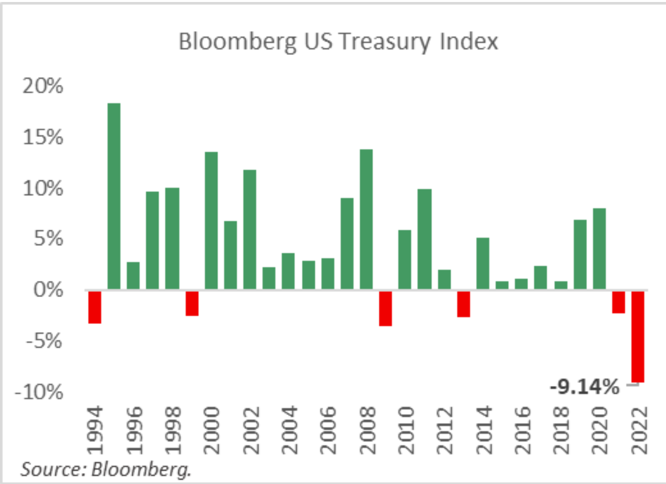
We have been closely monitoring the dynamics present across the structured product / corporate credit landscape and have outlined details in which we are seeing, in our view, the most attractive new purchase opportunities in this credit cycle event. Unlike the previous situation in which credit risk and market excess was largely associated with one asset class we currently see a broad range of investment themes available within several credit sectors.

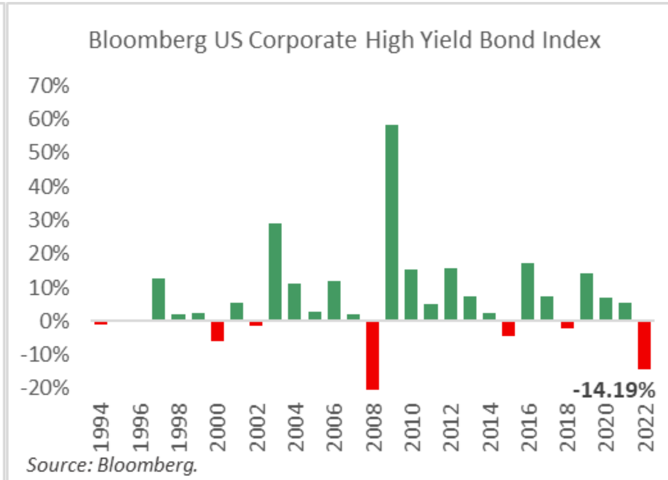
Market Overview

Federal Reserve & Forward Rate Curve - The market has fully acknowledged and priced-in that the Fed will be persistent in tightening financial conditions to bring inflation down to their 2% target. With three rate increases so far, including June's 75 bps hike (the last rate increase of this size was in 1994), the markets are now anticipating another 75 bps at the late-July meeting followed by rate hikes at the September, November and December FOMC meetings, as well as additional hikes in the first half of 2023.

The market has built these anticipated rate increases into the forward rate curve which we believe is a good indicator of the market's expectations but tends to have an upside bias and historically has not been a good predictor of actual future interest rates. We believe the most important message to be gleaned from this transition is that the Federal Reserve has clearly recognized that they are behind the curve in addressing surging inflation and are now determined to continue their path to hike rates regardless of the impact on markets. We believe this new environment will result in more dramatic swings in volatility in the near-term and result in default risk for segments of the credit market most adversely impacted by the rise in interest rates.

Market Volatility - The first half of 2022 saw record market declines in most market categories. As shown in the charts below, the Bloomberg US Treasury Index declined by 9.14% YTD and the US Corporate High Yield Bond Index declined by 14.19% YTD. The challenges and price declines the market has seen in the first six months of the year surpass anything seen in many years. Much of this has been discussed in market publications and commentary, but the importance of this shift is notable as it is a clear reflection of the new credit cycle transition that we have been anticipating for the past several years.





During periods such as this, managers that are able to affectively navigate the increase in volatility may be able to capitalize on one of the largest opportunities seen in the past several decades. The Fund has been strategically positioned to both benefit from the recent downward shift and to be prepared for what we view as an ideal distressed buying opportunity.

Spread Widening - High yield bond spreads have widened considerably in the first six months of 2022. In roughly six months, the average yield spread in the HY asset class has widened by more than 200 bps to reach nearly 550 bps. As has been the case in previous credit cycle transitions, this type of repricing of risk can provide substantial opportunities for distressed asset managers. While we believe price levels have yet to provide an attractive entry point, as market volatility increases, we are enthusiastic about expanding opportunities during this tumultuous period.

Risk Management/ Opportunities - Opportunities exist as sellers address their own idiosyncratic risk and liquidity mismatch issues. In some cases, this leads to forced selling and providing deeply-discounted price levels. Credit cycle rotations, such as the current market transition, can yield extremely attractive new purchase opportunities.

Legacy RMBS

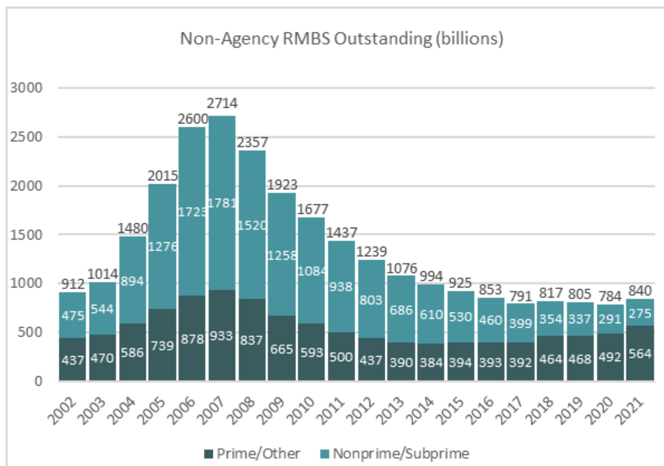
Fundamentally, the legacy mortgage market has seen strong performance post-COVID, with declining delinquency and default rates, increasing credit support, and higher forbearance recovery. Structurally, given the floating rate nature of the tranches targeted in our strategy relative to the weighted-average coupon on the underlying mortgages themselves, the amount of excess spread has led to increased amounts of credit enhancement and overcollateralization, which buffers against future possible pool losses and possible writebacks.

In 2021, Legacy RMBS yields decreased consistently as investors searched for higher yields further out on the risk spectrum in fixed income. Given the macro backdrop of low all-in yields and rising inflation to end 2021, Deer Park took advantage of a strong technical environment to rotate out of long duration/lower yielding RMBS bonds with limited principal write-back upside. With the Fed having to fight high inflation using its interest rate tools, 2022 has seen large increases in financing costs for levered bond holders and issuers, leading to forced sales as bond prices decline and redemptions pick up. Since the middle of2Q 2022, Deer Park has started to selectively buy more Legacy RMBS with potential optionality of writing back larger portions of previous losses and strong yields on mortgages originated between 2003 and 2007 then have seen LTVs move to well below 50%.

Recent Fed moves have resulted in a sharp increase in market interest rates. The short term SOFR increased from 0.05% at year-end to 1.09% at the end of June while the long-term benchmark 10-year Treasury nearly doubled from 1.52% at year-end 2021 to 2.98% at the end of June 2022. From a cash flow perspective, the increase in short-term interest rates has resulted in increased incoming interest for Legacy Non-Agency RMBS as the vast majority of these securities are floating-rate coupon bonds. This has an offsetting impact to the conventional bond duration effect which has been a headwind to traditional fixed income instruments.

Source: Bloomberg.

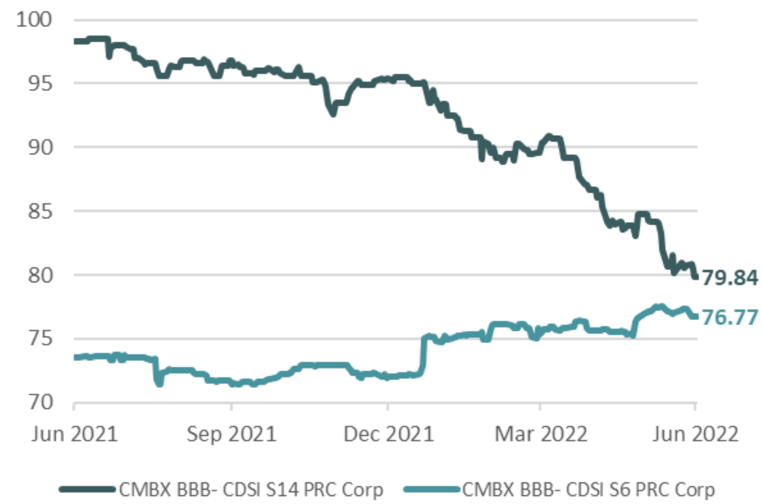
Meanwhile, the impact of liquidity-driven selling pressure coupled with general market volatility has resulted in more technical price declines across the Non-Agency RMBS market. This credit spread widening impact has resulted in a substantial increase in yield on these otherwise positively performing legacy securities. As cash-flow continues to remain positive and price levels has shifted down, we have found very attractive investment opportunities in Legacy Non-Agency RMBS as this market segment. Despite the ongoing decrease in the size of the legacy market, the overall Non-Agency RMBS market still represents a universe of approximately $840 billion outstanding, with the Nonprime/Subprime (Legacy Non-Agency RMBS) representing $275 billion. Over the past several years some managers have shifted focus to other sectors and allowed Deer Park to remain the first call when market counterparties are looking for liquidity in this unique market.



Source: SIFMA US Mortgage Backed Securities.

CMBS

Deer Park continues to see current and developing opportunities in CMBS. We believe that our expertise in structural analysis and deep credit work on the individual loans underlying each pool has led to strong success in the sector since 2020. Given declining ratings, and upcoming maturity waves of $85bn left in 2022, $137 billion in 2023, and $124 billion 2024, there is a large opportunity set remaining. Part of the concern with this wave of maturities is the refinance risk. For example, the 2012 vintage loans (CRE loans typically have a 10-year term) had an original loan rate that generally ranged from 3-4% and in 2022 we are seeing new issue CRE rates up to around 6%. This ~6% rate will lead to lower debt service coverage ratios (DSCR) producing more potential loan extensions and troubled loans. Concerns like refinance risk and idiosyncratic property type issues has led to these opportunities in the CMBS debt market with some vintage BBB- bonds trading at spreads in the mid-to-high 600s.



Source: Bloomberg.

With the market stress and spread widening experienced so far in 2022 there has been a significant performance differences in the older CRE indexes (CMBX 6) compared to newer CRE indexes (e.g., CMBX 14). The CMBX 6 represents commercial real estate vintages 2012 which have already seen significant loan workouts, refinancing and paydowns and, as a result, is up approximately 7-10% YTD. In contrast to the CMBX 14 which has seen credit deterioration and liquidity driven spread widening and has experienced price declines with a YTD loss of approximately 15%. Again, we believe that this divergent market behavior highlights the importance of proper credit analysis and risk management. While prices have declined across these more recent vintage securities, we remain cautious regarding new purchase opportunities as underlying collateral distress is still unfolding. Over the next several quarters we will continue to evaluate the market and may again target additional distressed purchases once price levels have reflected a proper account of down-side risk.

U.S. housing supply remains extremely tight across the nation and all price tiers, with month's supply of existing homes at 1.7, near an all-time low. Prospective buyers continue to far outnumber sellers and a record-low number of homes for sale remains a primary driver of rapid home price gains. Housing starts in the U.S. increased in March to a seasonally adjusted annualized rate of 1.8 million according to the U.S. Census Bureau, the highest level since June 2006. However, the U.S Census reported that 12.3 million households were formed from January 2012 to June 2021, but during that time only 7 million new single-family home were built - leaving a shortage of over 5 million homes - resulting in a housing shortage that is not going to be resolved in the near future.

Other Structured Products/ Corporate Credits
We are also closely monitoring the changing dynamics across the structured product/ corporate credit landscape and believe that future market conditions will present additional investment opportunities.

Collateralized Debt Obligations (CDOs) - Deer Park has been a strong liquidity provider in CDOs historically, given the underlying asset base centered on legacy RMBS and other hard to model esoteric structured product sectors. ABS CDOs have traded below net asset values and have strong cash flow coverage to support the floating rate nature of the liabilities backed by the same RMBS bonds we have targeted over-time.

Real Estate Investment Trusts (REITS) - REITs provide an alternative way to access the real estate market via convertible notes, preferred shares and common stock. As in the similar market environment of March 2020, Deer Park has taken a targeted approach to model and understand the current financials, strength of management, and asset base across the REIT capital stack to access this part of the market in times of volatility.

Collateralized Loan Obligations (CLOs) - CLOs have been one of the biggest beneficiaries in structured credit of the rising rate environment over the last two years. CLO mezzanine has started to come under pressure year-to-date, trading in sympathy with widening spreads across the credit complex. In our view, however, the next 12 months will see a rise in leveraged loan defaults and downgrades, the probability of which has been systemically underpriced by the CLO market throughout this cycle.

Credit Risk Transfers (CRT) - CRTs have become an on-the-run beta trade of RMBS with implicit GSE backing, as the sector has stronger daily liquidity and the ability for investors to use repo and other financing tools to add leverage to returns. In 2020 some portions of the CRT sub-stack traded as low as 30-40 in price terms given the larger expected delinquencies and losses. We see that type of market environment being possible in 2022 given recession forecasting and the need for certain holders to raise cash should housing weakness emerge.

Mortgage Originators/ Servicers Credit - Demand for mortgages continues to come under heavy pressure the last few months due to the volatile movements in interest rates, slowdown in economic activity, increasing regulation, and slowing income growth. Bonds within this sector are trading in the double-digit yields with lower duration than the average high yield issuer.

Non-QM/ RMBS 2.0 - As broader macro volatility continues, we are starting to see greater spread widening in the Non-QM and RMBS 2.0 markets, given the low credit enhancements to the mezzanine and weaker loan profiles with lower debt-to-income ratios and higher loan-to-value as compared to the legacy RMBS market. The increase in mortgage rates by 300 bps in 2022 has led a large prepayment decline and less de-leveraging of the credit structure, as well as less likelihood for the deals to be called and refinanced. This extension risk raises the likelihood of the deals being exposed to any weakness in the housing market as the credit cycle weakens, something not priced into current spreads.

Performance Update

Structured Credit holdings in the portfolio provided the majority of the Fund’s losses in the Second Quarter of 2022. The performance of these sectors reflected the impact of the broader credit market spread widening effect, despite the continued strong underlying housing fundamentals (i.e., low levels of delinquencies, foreclosures, loss severity et al).

Legacy RMBS

Legacy Non-Agency RMBS remains the largest holding in the Fund's portfolio. As noted previously, recent market volatility has resulted in an increase in spread levels across the Legacy Non-Agency RMBS market. Given the strong fundamental performance dynamics of these seasoned mortgage pools, the downward shift in price levels has resulted in a marked increase in long-term yield expectations for these assets.

CMBS

Our current position in CMBS have outperformed the Legacy Non-Agency RMBS sector through the first half of the year. These results are largely attributable to the deep distress that the asset classes encountered during the COVID crisis of 2020. During this period the Fund was able to source a number of new positions at distressed price levels. Since this time, fundamental performance trends have by-and-large improved and as a result credit spreads have gradually begun to reverse toward the positive.

The CMBS cash trading market where investors are making a Beta trade seeking outperformance relative to the overall market has seen significant declines. As shown in the chart from BofA Global Research, 7-10 year BBB tranches registered a -3.24% total return in June and a year-to-date total return of -16.6%. In general, we favor credit trades within the CMBS sector where we can analyze and model the bond fundamentals. These credit trades are generally flat-to-up on the year, with some BBB tranches increasing by approximately 10% in the month of June alone.

We continue to actively evaluate the market for additional new purchase opportunities. While we remain very focused on credit analysis and selective security identification to account for additional default risk in the CMBS sector. Notably, where we are finding value in the CMBS market is in deals that have already undergone a correction and are now trading at levels similar to those seen in 2020 and 2021.

Market Outlook

As Harry Murray, Portfolio Manager/Partner of Deer Park Road Management, LLC, recently stated, "This is the best buying opportunity we've seen in two years." The underlying residential mortgages in legacy bonds have seen the average 80-100+% loan-to-value (LTV) ratios at origination drop significantly over the past decade due to 15+ years of principal amortization and, of course, home price appreciation. This dynamic has resulted in creating a substantial equity cushion for the seasoned mortgage pools. In fact, of those loans that do default and go to liquidation, approximately 40% result in zero losses to the securitization (i.e., zero loss severity). Meanwhile, the impact of floating coupon interest payments has helped offset the impact of higher interest rates, while the past several years of positive overcollateralization has further reduced expected credit risk and in many cases translated to principal write-back recoveries. All-in-all, the fundamental outlook for the asset class looks as favorable as ever while the impact of the recent market decline has created more attractive yields on our existing holdings and increased the opportunity for new purchases.

We are optimistic about the positioning of our Fund's portfolio regardless of where interest rates go. The majority of the Structured Credit securities in the portfolio are floating rate instruments which will have higher coupons in a higher rate environment. Additionally, if interest rates rise, hard assets such as residential housing typically see gains in value resulting in improved credit fundamentals and lower credit losses.

<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.*

6800-NLD-08092022