

The Deer Park Total Return Credit Fund Class I Shares (the “Fund”) returned +0.57% in the Second Quarter of 2023 and has an annualized rate of return of 3.55% since the Fund’s inception on October 16, 2015. The Fund made monthly distributions per share of \$0.05 in April, \$0.05 in May, and \$0.05 in June.

*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 2023	Year to Date	One Year	Three Year	Five Year	Inception through 6/30/2023*
DPFNX Class I	0.57%	-0.12%	-4.45%	0.60%	0.38%	3.55%
DPFAX Class A	0.51%	-0.24%	-4.70%	0.35%	0.13%	3.29%
DPFAX Class A (Max Load)	-5.32%	-5.99%	-10.17%	-1.59%	-1.05%	2.50%
DPFCX Class C	0.31%	-0.61%	-5.33%	-0.37%	-0.62%	0.94%
<i>Bloomberg U.S. Aggregate</i>	<i>-0.84%</i>	<i>2.09%</i>	<i>-0.94%</i>	<i>-3.96%</i>	<i>0.77%</i>	<i>0.95%</i>

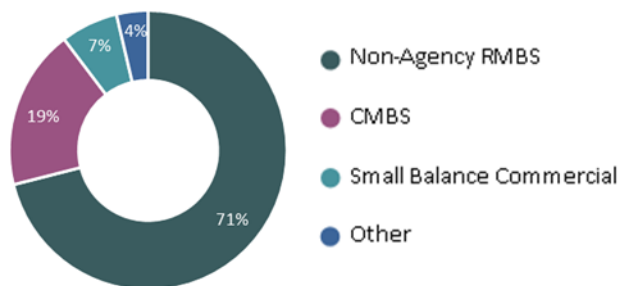
\*Inception date is October 16, 2015 for Classes A and I, and April 6, 2017 for Class C.

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 2.44%, 3.19%, and 2.19% 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, 2024. After this fee waiver, the expense ratios are 2.00%, 2.75%, and 1.75% 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 (6/30/2023)



*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 (6/30/2023)



*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.*

## Portfolio Composition

Our portfolio strategy has always been based on a comprehensive evaluation of economic and underlying-collateral forecasted scenarios, meaning that we seek to manage the portfolio to succeed within a wide range of future economic environments. We do not forecast one particular expected path and have structured the Fund portfolio to perform under various market conditions.

This approach has been integral to the historical success of the strategy and has been demonstrated through risk management within our credit analysis process as well as the identification of shifting opportunities across the structured credit market. This fundamentally driven credit analysis approach has enabled the Fund to strategically acquire a diversified portfolio of securities that we project will provide long-term cash flow and attractive default-adjusted yields. The long-structured credit holdings have generally continued to demonstrate consistent improvement in collateral performance characteristics and stable cash flow/returns.

Increasingly, we are gaining more certainty as to the probable end of the Federal Reserve's tightening cycle, with current expectations guiding toward one or two additional Fed funds rate increases. As it becomes more evident that we are nearing a terminal level for short-term interest rates and that disinflation continues to take hold, we anticipate that interest rates could begin to decline in the year(s) ahead ... Deer Park believes that this transition will further benefit the Legacy Non-Agency RMBS held by the Fund.

## Optionality

In our opinion, the legacy non-agency RMBS portfolio holdings may demonstrate an opportunistic set of favorable return dynamics, over and above base case cash flow expectations. We believe that the credit fundamentals and the possible upside contributions via optionality in legacy non-agency RMBS are attractive compared to many other sectors of credit markets that more recently have shown increasing levels of risk:

- **Discounted Prices** - Liquidity-driven selling pressure led to a dislocation in price levels over the past year. As market conditions improve, we expect to see a reversion toward spread tightening, and a commensurate recovery in price levels.
- **Bond Convexity** - The characteristics of a significant portion of our RMBS bonds (i.e., floating rate, purchased at discounts, residential mortgage collateral) have a high sensitivity to changes in interest rates relative to their duration. Should interest rates begin to decline, the price of RMBS may increase in a nonlinear fashion.
- **Increased Prepayments** - As mortgages are paid off, principal distributions within the RMBS waterfall increase. A potential future decrease in interest/mortgage rates would likely accelerate the pace of voluntary prepayment via refinancing.
- **Forbearance Recoveries** - Years of home price appreciation have increased the pace of principal forbearance recoveries and resulted in a reversal of losses with legacy non-agency RMBS. Loans that were previously modified to receive principal balance reductions have more recently generated principal forbearance recoveries associated with mortgage refinance or property sales that exceed the modified principal balance amount.
- **Excess Spread Recoveries** - Lower short-term interest rates can increase the excess interest available to the Trusts as underlying mortgage pool interest payments tend to remain more static while outgoing interest distributions decrease. This excess spread has led to increasing levels of over-collateralization as well as principal write-down recoveries.

### **Performance Update & Opportunities**

Technical headwinds within the structured credit markets have created dislocation opportunities. One contributing factor is the FDIC's sales of seized bank structured finance bonds. According to an estimate by Nomura Securities, the FDIC has liquidated about 75% of the seized Mortgage-Backed Security Pass Through portfolio (total sale portfolio size \$61.6B) and 51 % of the Collateralized Mortgage Obligation portfolio (total sale portfolio size \$22.9B), thus reducing a significant supply overhang on the market. Nomura estimates the remaining \$15.7B MBS portfolio will likely be liquidated in the next five to eight weeks.

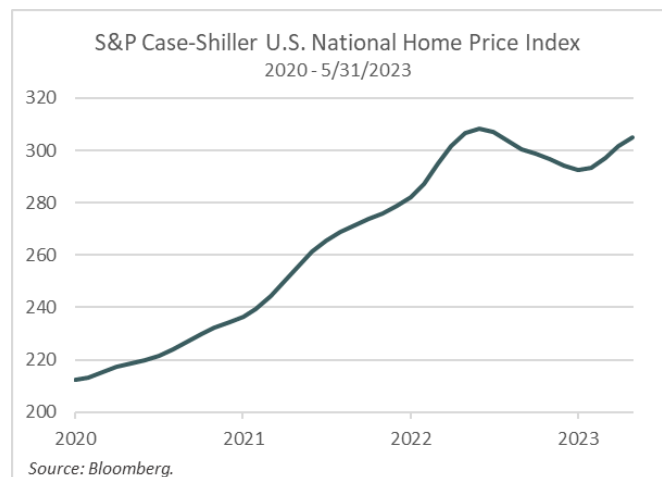
### **RMBS**

Fundamentals remain positive in legacy non-agency RMBS.

- Spread widening has resulted from technical pressures, not fundamental credit deterioration in the underlying seasoned residential mortgage loans.
- Delinquencies in non-prime mortgages have remained very steady in recent years.

Many prominent housing economists' forecasts are now calling for positive home price appreciation in 2023 and 2024, building further equity in securitized mortgages.

- Corelogic - Thru May CoreLogic's YTD HPA is 4.2% and a year-over-year increase of 4.5% from May 2023 to May 2024. This is higher than YTD increases over the same period in 2014 - 2019. Nationally, according to Core Logic, home prices are now 1% higher than the June 2022 peak.
- Goldman Sachs - Goldman recently released its US Economic and Financial Outlook and is forecasting the Case-Shiller Home Price Index will show a YoY increase of 1.3% in 2023 and 1.7% in 2024.



Consumer strength, coupled with a severe inventory shortage of existing homes, has driven the increase this far this year. Additionally, buyers have developed some tolerance for higher rates, especially in light of increasing wages and a strong labor market.

We continue to have a very positive outlook on the legacy non-agency RMBS portfolio and believe that positive fundamental collateral performance trends continue to support the long-term return potential for this sector. Similarly, recent technical price dislocation has increased our projected Default-Adjusted Yield for our core portfolio holdings. We believe that in certain market conditions the additional contribution of upside optionality within the RMBS book could push the Default-Adjusted Yield higher. We feel that RMBS is similar to the distressed period of March 2020 and even late 2015/early 2016.

## CMBS

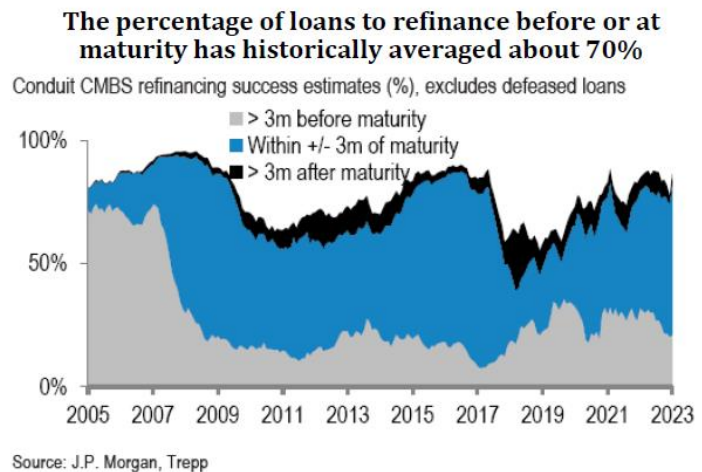
Uncertainty in the CMBS market has contributed to many investors' broad-brush dismissal of the entire commercial real estate sector. However, as shown in the chart from J.P. Morgan and Trepp, about 70% of conduit CMBS loans refinance before or within three months of their scheduled maturity date. We believe that the market's expectation that the majority of commercial real estate assets will be unable to refinance and default seems too draconian. This creates the opportunity to analyze bonds to select those with high-quality assets and the highest probability of repayment.

Point in case, we have seen many smaller CRE loans pay off - even those that appear to have an economic incentive to default will pay off maturing loans. Some commercial properties represent assets the borrowers want to retain regardless of a lower property appraisal, financial overage ratios, etc. That said, in other cases, large institutional buyers are more likely to choose default as an option, with a decision process driven primarily by economic considerations.

Overall, the CRE market continues to exhibit market stress. Trepp CMBS Research reports the June overall delinquency rate rose 28 bps to 3.90%, driven by a large jump in hotel delinquencies - the result of one large single asset, single-borrower (SASB) hotel that missed its balloon payment date (the all-time high on this basis was 10.34% registered in July 2012, while the more recent COVID high was 10.32% in June 2020). Office delinquencies rose another 48 bps in the month of June and the segment rate is now 4.50%. The CRE delinquency and default cycle will be one that plays out over the next several years.

## Market Outlook

The impact of market volatility, distressed selling pressure from structured credit portfolio managers, and the influence of higher interest rates have resulted in - what we would deem largely technical - price decreases across our core long portfolio. Given that underlying collateral performance and cash flows have remained intact, these price decreases have resulted in higher Default-Adjusted Yield expectations across the portfolio. As a result, we believe the Fund is poised to offer higher relative returns over the coming years and attractive new purchase opportunities for investors.



**Important Risk Disclosures:**

**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.