



PRINCETON  
PREMIUM FUND

STRIVING TO PROFIT FROM THE SCIENCE AND ART OF TAKING RISK



PRINCETON FUND  
ADVISORS, LLC

# DISCLOSURES

***Investors should carefully consider the investment objective, risks, charges and expenses of the Princeton Premium Fund. This and other information is contained in the prospectus and should be read carefully before investing. For a prospectus please call the Princeton Premium Fund at 1-888-868-9501. The Fund is distributed by Northern Lights Distributors, LLC, member FINRA/SIPC. Northern Lights Distributors, LLC and Princeton Fund Advisors, LLC are not affiliated.***

*Mutual funds involve risk, including possible loss of principal.*

*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. The value of the Fund's investments in fixed income securities will fluctuate with changes in interest rates. Options involve risks possibly greater than the risks associated with investing directly in securities. There is no guarantee that the sub-adviser's options strategy will be effective or that suitable transactions will be available.*

*The Fund uses options to increase the Fund's combined long and short exposure which creates leverage, which can magnify the Fund's potential for gain or loss. The Fund expects its premium collection options strategy to be market neutral and therefore the Fund does not expect to participate fully in positive markets which may not generate positive returns as intended. Liquidity risk may prevent the Fund from selling 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.*

*As a non-diversified fund, the Fund may invest more than 5% of its total assets in the securities of one or more issuers. Dramatic or abrupt volatility within the market would negatively impact the Fund's premium collection options strategy. The Fund's return may not match the return of the S&P 500 Index because it is not investing the equity securities that comprise such index. The Fund incurs operating expenses not applicable to the Index, and incurs costs in buying and selling securities.*

*The Fund is a new mutual fund and prior to its recent commencement of operations had no history of operations for investors to evaluate. The adviser's and any sub-adviser's judgments about the long-term returns the Fund may generate through its principal investment strategies may prove to be incorrect and may not produce the desired results. The Fund's principal investment strategies may not achieve their intended results and each strategy could negatively impact the Fund.*

*There is no guarantee the fund will meet its objective.*

# PRINCETON PREMIUM FUND – EXECUTIVE SUMMARY

## **The Fund's goal is to profit from the science and art of taking risk:**

- We take an approach similar to an insurance company in our investment strategy: To focus on the probability of success and the management of risk.
- The Fund's goal is to collect small amounts of premium each week by selling call and put options on the S&P 500 (SPX) that have a one week time frame to expiration.
- Seeking to limit risk, the Fund will purchase a call and put option on the same S&P 500 (SPX) contract with the same terms other than the strike price.
- The Fund may hold significant assets in cash, treasuries, or short-term fixed instruments.
- The Fund's goal is to deliver compelling, non-correlated absolute returns.
- Because the options are treated as Section 1256 contracts under the Internal Revenue Code 60% of gains or losses will be treated as long-term and 40% as short-term capital gains.

*Options are subject to changes in the underlying securities or index of securities on which such instruments are based which create leverage and can magnify the Fund's potential for gain or loss. The value of the Fund's investment in fixed income securities will fluctuate with changes in interest rates. Investors cannot directly invest in an index and unmanaged index returns do not reflect any fees, expenses or sales charges.*



## **We believe our success comes from focusing on the risk of each trade:**

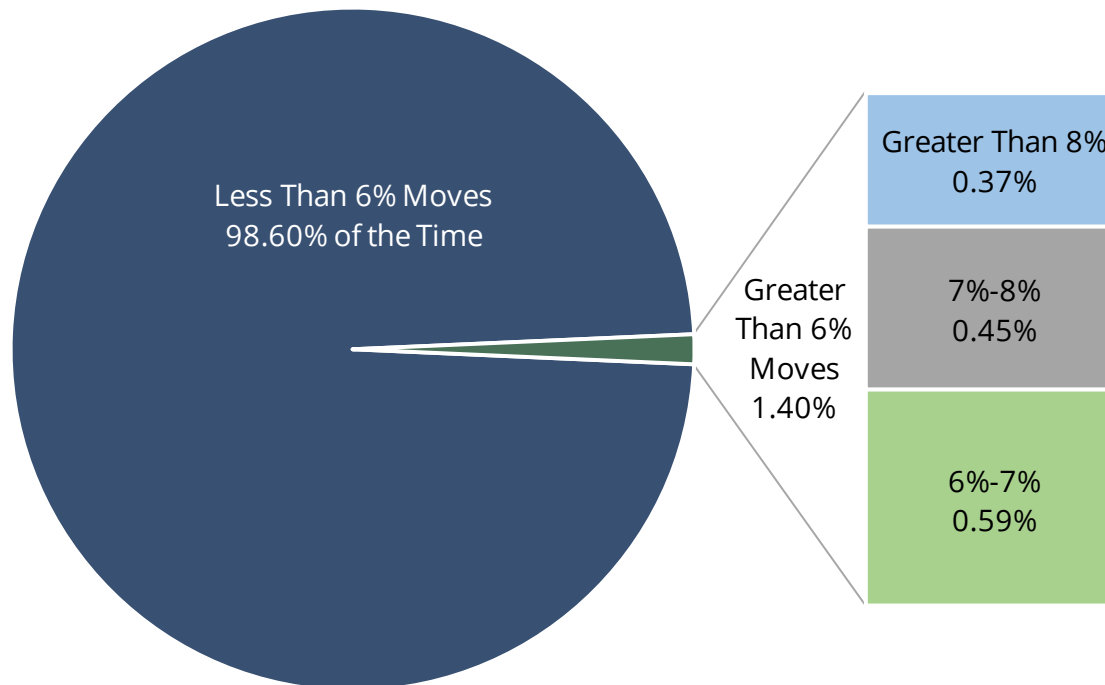
- By maintaining a weekly investment horizon and relying on over 65 years of history on market movement, we believe it is possible to realize positive returns through options transactions while maintaining acceptable risk limits.
- The Fund employs a rules-based system that is replicated weekly
  - Options-based strategy that seeks to generate a small weekly profit
  - Tactical portfolio management overlays to potentially mitigate weekly volatility
- As shown on page 5, we believe the probability of success is significantly skewed in our favor.

# S&P 500 IN PERSPECTIVE – “ODDS IN OUR FAVOR”

**Historically, The S&P 500 index is relatively stable week to week. The strategy is designed to take advantage of these facts:**

- Since January 1950 through March 2018, in 3,561 weeks, the market has moved up or down less than 6% 98.60% of the time.
- With VIX below 20% there have been no declines in the S&P 500 greater than 6% in any week.

S&P 500 Weekly Moves



*Investors cannot directly invest in an index and unmanaged index returns do not reflect any fees, expenses or sales charges.*

# “SCIENCE” AND “ART”

A combination of “Science” and “Art” are utilized to manage the investment portfolio

**Science:** The calculation of the probability that a put or call option will expire worthless

The sale of the options is based on the determination of a proprietary, systematic model as to where the strike price will have a high percentage chance of expiring worthless

**Sale of Put:** Based on our model, a 99.50% probability of expiring worthless

**Sale of Call:** Based on our model, a 90% probability of expiring worthless

**Art:** Refining touches to the strategy to attempt to minimize loss and maximize potential profits

The timeframe for each trade is limited to one week or less

Amount of capital allocated to the strategy is adjusted based on market conditions

**Trading positions are closed early to:**

Lock in profits

Reduce Risk

Mitigate loss scenarios

Investment process focused on risk where return is the goal, replicated weekly.

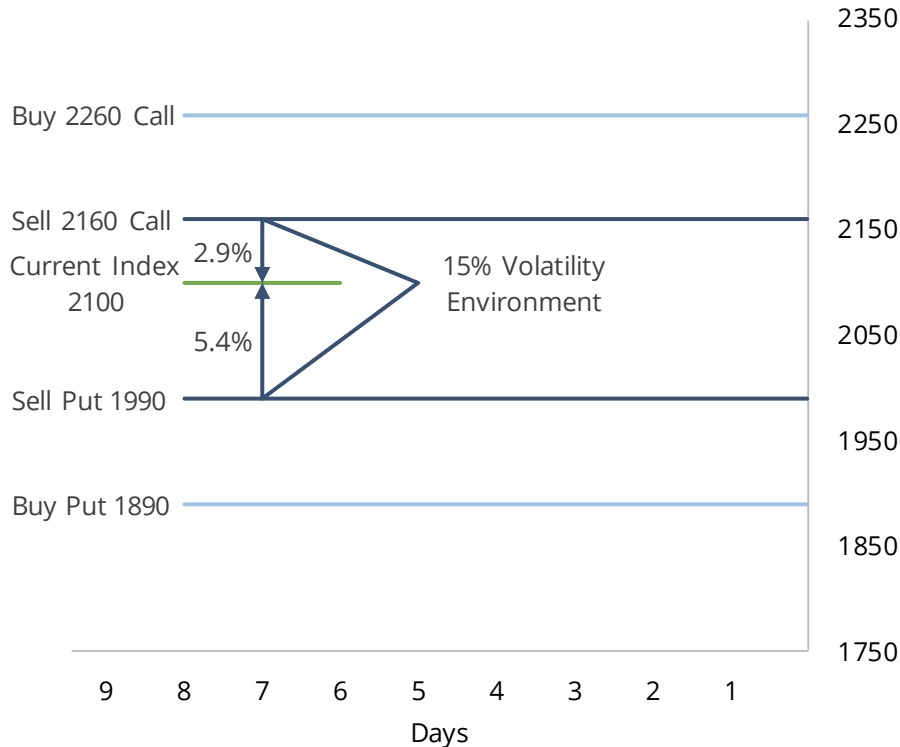
Model Inputs	Model Outputs
Volatility as measured by VIX	<b>Strike prices that meet our probability standards</b>
Time to expiration	<b>Put spreads:</b> Generally written at what we believe to be a 99.5% probability of success
Mean	
Standard Deviation	<b>Call spreads</b> Generally written at what we believe to be a 90.0% or higher probability of success
Current S&P 500 Index level	
The 1 year Treasury Interest Rate	

## The Investment Process adjusts to market risk.

As risk (volatility) increases, option contracts are written farther out of the money at the same probability of success. In both cases, puts and calls are sold at what we believe are a 99.5% and 90.0% probability of expiring worthless.

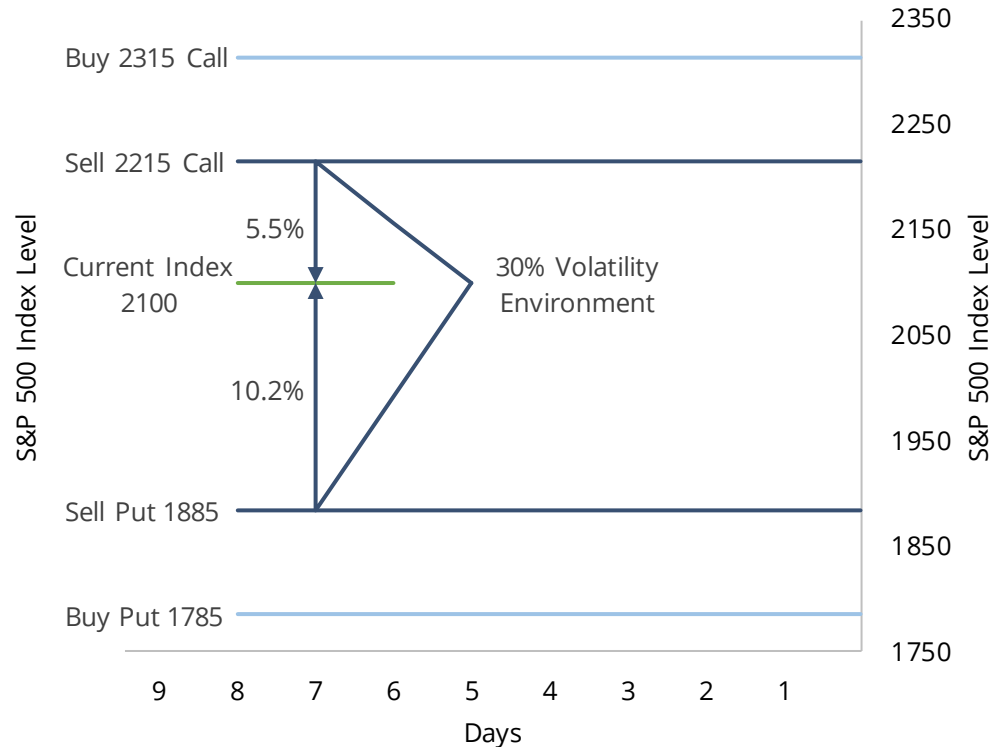
Case 1: VIX = 15 at time of option writing

Lower volatility environments allow for a strike price closer to the current index level.



Case 2: VIX = 30 at time of option writing

Higher volatility environments require strikes to be further out of the money to maintain our probability of success



The above graphical illustration is meant to show how the strategy can be utilized and is not meant to represent fund performance.



## Managing the Risk Return Profile of the Investment Strategy:

- Time period for each trade – A weekly investment cycle has fewer unknowns than a monthly, quarterly, or annual cycle
- Capital allocated to the trading strategy is based on a target return/risk profile established for the Fund
- Allocated capital may be adjusted by the adviser in an attempt to take advantage of increasing market opportunities or to minimize risk
- The strike price of the options is determined by the strategy's risk controls – a decision to place a trade is then determined based upon the premium available at that strike price
- Trading positions will be closed or reduced:
  - In an attempt to lock in profits if they are in a target range
  - If the cost to close the trades reaches a predetermined level
  - In an attempt to mitigate loss scenarios

## **Risk Management Techniques utilized:**

- One for one protective puts and calls purchased in an effort to define risk and maximize portfolio margining.
- Long VIX options may be utilized in an attempt to hedge catastrophic market declines.
- Collateral usage per contract is adjusted to permit trading flexibility and in an attempt to control volatility.
- The strike price where options are sold is adjusted for each trade based upon market volatility at the time each trade is placed.
- Repurchase or roll down puts, or repurchase and roll up calls, if the probability of success declines to 66.6%.
- Position size is managed in an effort to control volatility.

*Options are subject to changes in the underlying securities or index of securities on which such instruments are based which create leverage and can magnify the Fund's potential for gain or loss.*

## **The adviser will tactically allocate a specific amount of Fund capital to the strategy each week.**

- 50% in normal market conditions
- 50-75% when market conditions may allow for a short-term tactical increase
  - For example, after a spike in volatility and after volatility begins to decline
- The portfolio team may decide not to turn on one side of the trade in a given week if the opportunity of the trade is minimal.
- The portion of the Fund not allocated to the options strategy will be allocated primarily to cash, Treasuries, or short-term fixed income.

# FUND PERFORMANCE

## Historical Performance

As of March 31, 2018	Q1 2018	Year To Date	One Year	Since Inception*
PPFIX Class I (NAV)*	-7.68%	-7.68%	-1.02%	0.91%
PPFAX Class A (NAV)*	-7.70%	-7.70%	-1.22%	0.70%
PPFAX Class A (Max Load)*	-13.01%	-13.01%	-6.87%	-3.56%
S&P 500 Total Return Index	-0.76%	-0.76%	13.99%	17.45%

## Monthly Performance: I Share Class

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year		
													PPFIX	S&P 500	
2018	-1.59%	-8.28%	2.28%											-7.68%	-0.76%
2017	1.00%	0.50%	1.19%	1.17%	1.35%	0.86%	0.47%	0.94%	0.65%	0.65%	-0.09%	0.99%		10.12%	21.83%
2016	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0.20%	-0.60%		-0.40%	3.10%

\*Inception date for the I and A share classes is 11/16/2016. Performance shown for November and 2016 is for a partial month and year.

Performance shown for periods longer than one year is 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. The Fund's total annual operating expenses are 3.82% and 3.57% for the Class A 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 2.67% and 2.41% for the Class A 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. For performance information current to the most recent month-end, please call toll-free (888) 868-9501.

Investors cannot directly invest in an index and unmanaged index returns do not reflect any fees, expenses or sales charges.

# FUND FACTS

Share Class	Ticker	CUSIP	Investment Minimum*	AIP/AWP & Subsequent Minimum	Redemption Fee	Management Fee	Class Structure	12B-1 Fee	Inception Date
A Share	PPFAX	66539A405	\$2,500	\$100	NONE	1.75%	5.75% Load*	0.25%	11/16/2016
I Share	PPFIX	66539A603	\$100,000	\$100	NONE	1.75%	No Load	None	11/16/2016

Role	Organization
Investment Adviser	Princeton Fund Advisors, LLC
Investment Sub-Adviser	Horse Cove Partners LLC
Administrator/Transfer Agent/Fund Accountant	Gemini Fund Services
Outside Counsel	Thompson Hine LLP
Custodian	Union Bank, NA
Distributor	Northern Lights Distributors, LLC
Auditor	RSM US LLP

\*The load and investment minimum may be waived at the discretion of the advisor.

The Fund's total annual operating expenses are 3.82% and 3.57% for the Class A and I shares, respectively. The Fund's investment advisor has contractually agreed to reduce its fees and/or absorb expenses until at least January 29, 2019. After this fee waiver, the expense ratios are 2.67% and 2.41% for the Class A and I shares, respectively. These fee waivers and expense reimbursements are subject to possible recoupment from the Fund in future years. Please review the Fund's prospectus for more information regarding the Fund's fees and expenses, including other share classes.



# MANAGEMENT TEAM

## Adviser:



Princeton Fund Advisors, LLC, together with its affiliates, manages approximately \$2.7 billion of assets (as of 12/31/2017) for institutional and private clients worldwide. Princeton Fund Advisors, LLC is a Registered Investment Advisor (“RIA”) with the SEC. The firm’s two Investment Committee Members contribute more than 60 years of alternative asset management experience to the portfolio construction and management process. The company has offices in Denver, Colorado and Minneapolis, Minnesota.

## Sub-Adviser:



Horse Cove Partners LLC is a dynamic option trading firm built on the pillars of trust, confidence and results. Based in Atlanta, Georgia and founded by industry experts Sam DeKinder and Kevin Ellis, Horse Cove Partners serves clients' alternative investment needs; delivering absolute returns from a forward-thinking investment alternative harvesting option premiums.

# PRINCETON FUND ADVISORS TEAM

## **Portfolio Managers:**

### **Greg D. Anderson, *Manager and President***

Prior to founding Princeton Fund Advisors, LLC and its affiliated entities, Mr. Anderson was a Senior Vice President and Managing Director of Investment Manager Search, Evaluation, and Due Diligence at Portfolio Management Consultants, Inc. Mr. Anderson was previously employed with Deloitte & Touche where he specialized in the areas of estate planning, health care and non-profit organizations, and tax and personal finance planning for high net worth individuals. Mr. Anderson holds a B.A. degree from Hamline University in Minnesota and a J.D. from the University of Minnesota School of Law. Mr. Anderson is a Certified Public Accountant (inactive).

### **John L. Sabre, *Manager and Chief Executive Officer***

Prior to founding Princeton Fund Advisors, LLC and its affiliated entities, Mr. Sabre was a Senior Managing Director at Bear Stearns & Co. and Head of the Mezzanine Capital Group. Mr. Sabre previously served as President of First Dominion Capital, which managed \$3.0 billion of assets and is now owned by Credit Suisse First Boston. Prior to his position at First Dominion Capital, Mr. Sabre was a Managing Director and founding partner of Indosuez Capital, the merchant banking division of Credit Agricole Indosuez. Mr. Sabre holds a B.S. degree from the Carlson School at the University of Minnesota and an M.B.A. degree from the Wharton School at the University of Pennsylvania.

## **Other Team Members:**

### **Marc E. Friedman, *Senior Vice President, Director of Research***

Prior to joining Princeton Fund Advisors, LLC and its affiliated entities, Mr. Friedman was with Bard Capital Group, a private equity firm focused on leveraged buyouts of middle market operating companies. He was responsible for acquisition due diligence and execution as well as various financial initiatives with portfolio companies. Previously, he was an investment banker in the Corporate Finance Department of Stifel Nicolaus & Company, Inc. He has experience across a broad range of industries and has led the execution of many M&A and financing transactions. Prior to Stifel, he was an Associate with Morgan Stanley. Mr. Friedman received a B.S. from the University of Colorado at Boulder and earned an M.B.A. and M.S. in Finance from the Daniels College of Business at the University of Denver.

### **Zachary R. Slater, *Vice President, Portfolio Strategy***

Mr. Slater joined Mount Yale and its affiliated entities in 2011 to conduct and oversee research on new investment opportunities. His experience includes evaluating and monitoring traditional, alternative and private investment strategies. Additionally, he has experience transitioning strategies into different investment vehicles. Mr. Slater is responsible for sourcing new managers, conducting due diligence on potential managers and ongoing monitoring of current managers and investments. He holds a B.S. from the Daniels College of Business at the University of Denver.



# HORSE COVE PARTNERS TEAM

## **Samuel T. DeKinder, *Managing Director***

Samuel T. DeKinder has over 40 years of investment experience. He is the Founder of Horse Cove Partners. Following his retirement from Invesco Ltd in 2006., Mr. DeKinder was a partner and Vice President of Marketing for FISCO Appreciation Management LLC. Mr. DeKinder served as a member on the Board of Directors of Invesco, MIM PLC (the predecessor to Invesco Ltd.), in addition to a variety of executive capacities during his nearly 20 years with Invesco. He currently serves as a member of the Board of Directors of Kennedy Capital Management. Previously, Mr. DeKinder was a Co-Founding Principal of DeMarche Associates, one of the nation's most prominent investment consulting firms. He graduated from the University of Oklahoma with degrees in Economics and Statistics.

## **Kevin Ellis, *Managing Director***

Mr. Ellis brings more than 30 years of financial, administrative and operations experience to the Firm. Additionally, he is COO and a principal of FISCO Appreciation Management LLC. Previously, Mr. Ellis served as a Founding Principal, Managing Director and COO at Labyrinth Group, LLC, an investment management firm utilizing structured securities. Prior to that, he was Manager of Corporate Development at Arthur Anderson, LLP, where he focused on finance, mergers and acquisitions. Earlier in his career, he served as Vice President of Business Planning at SUPERVALU, Inc. Mr. Ellis is a graduate of Minnesota State University-Mankato BA Finance and earned a Juris Doctorate from William Mitchell College of Law and was admitted to the bar in Minnesota in 1983.



# GLOSSARY

- *The **S&P 500 Index** is a capitalization-weighted index of 500 stocks. The index is designed to measure performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries.*
- ***VIX** is the ticker symbol for the Chicago Board Options Exchange (CBOE) Volatility Index, which shows the market's expectation of 30-day volatility.*
- ***A Call or Put Option** is an agreement that gives an investor the right, but not the obligation, to buy or sell (respectively) a stock, bond, commodity or other instrument at a specified price within a specific time period.*
- ***Correlation** is a statistic that measures the degree to which two things move in relation to each other.*
- ***Volatility** is a statistical measure of the dispersion of returns for a given security or market index.*
- ***Mean, or Average** is a number expressing the central or typical value in a set of data, in particular the mode, median, or (most commonly) the mean, which is calculated by dividing the sum of the values in the set by their number.*
- ***Standard Deviation** is a measure of the dispersion of a set of data from its mean. If the data points are further from the mean, there is higher deviation within the data set.*
- ***Long** refers to buying an asset such as a stock, commodity or currency, with the expectation that the asset will rise in value. The inherent risk is a decrease in the price of the security that may result in a loss.*

# CONTACT Us

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