



# PRINCETON PREMIUM FUND

Striving to Take Advantage of the Difference Between Perceived and Real Risk in  
the Market

***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.*

## **The Fund seeks capital appreciation and income.**

### **The Fund's goal is to take advantage of the difference between perceived and real risk in the market:**

- We take an approach similar to an insurance company in our investment strategy.
- The Fund's goal is to collect small amounts of premium each week by selling put options on the S&P 500 (SPX) that typically have a one week time frame to expiration.
- Seeking to limit risk, the Fund will purchase a put option on the same S&P 500 (SPX) contract with the same terms as the put option sold 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 from the options will be treated as long-term and 40% as short-term capital gains.

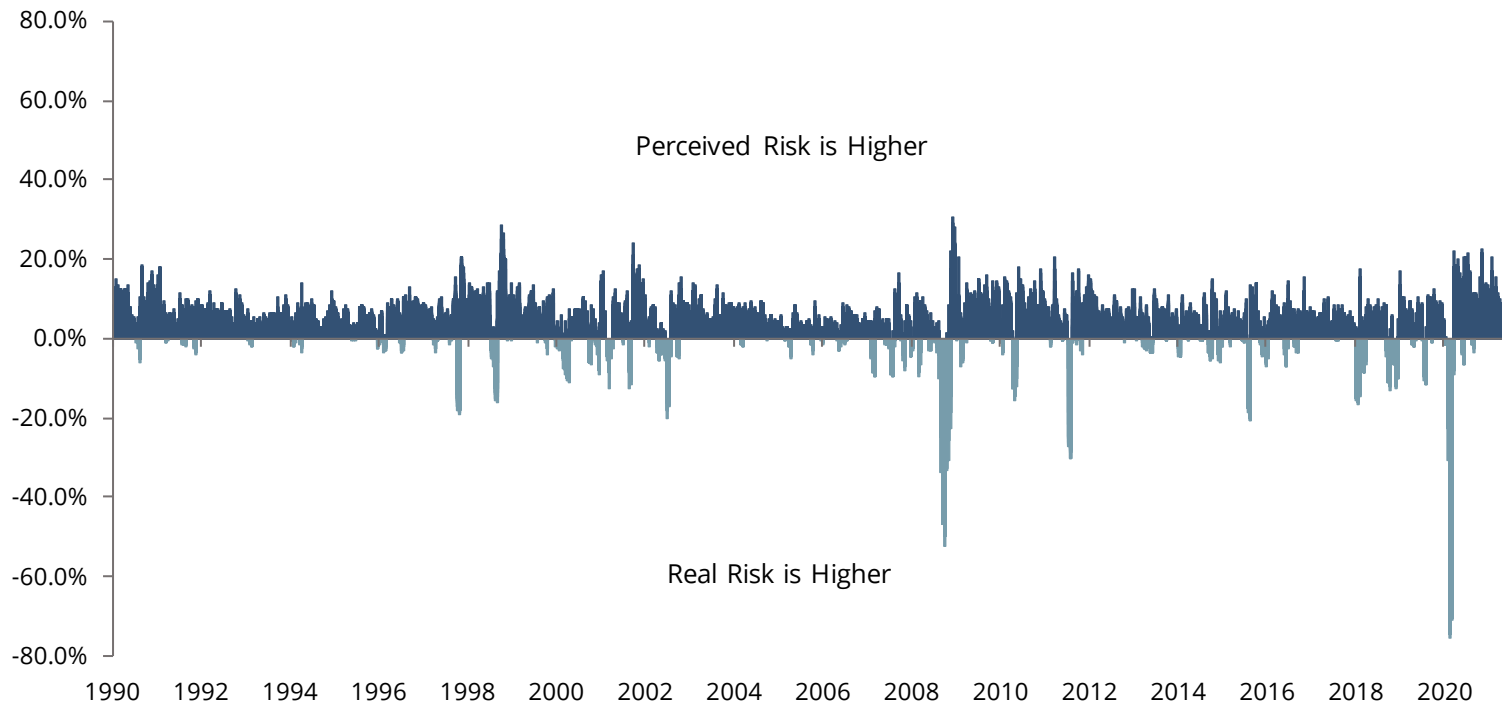
*Options are subject to changes in the underlying securities or index of securities on which such instruments are based which create leverage and can magnify the Fund's potential for gain or loss. The value of the Fund's investment in fixed income securities will fluctuate with changes in interest rates.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

**Since 1990, for the S&P 500, the perceived risk in the market is higher than the real risk approximately 85% of the time.**

There are several factors that cause perceived risk to be higher than real risk a majority of the time:

- Behavioral Biases
- Economic Factors
- Structural Issues

Difference between VIX and realized Vol 20 (trading) days later (1/1/1990 - 6/30/2021)



These factors lead to a “premium” being available in the market for investors who sell options.

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## Behavioral Biases

- **Risk Aversion**  
A tendency for investors to give up return potential for reduced volatility.
- **Loss Aversion**  
Investors feel more pain from losses than they do joy from gains and are willing to sacrifice returns to avoid losses.

## Economic Factors

- Some investors are always willing to pay for some level of “insurance” for their portfolio against such factors as tail risk and correlation risk.
- This “insurance” carries a premium that varies based on whether perceived risk is low or high.

## Structural Issues

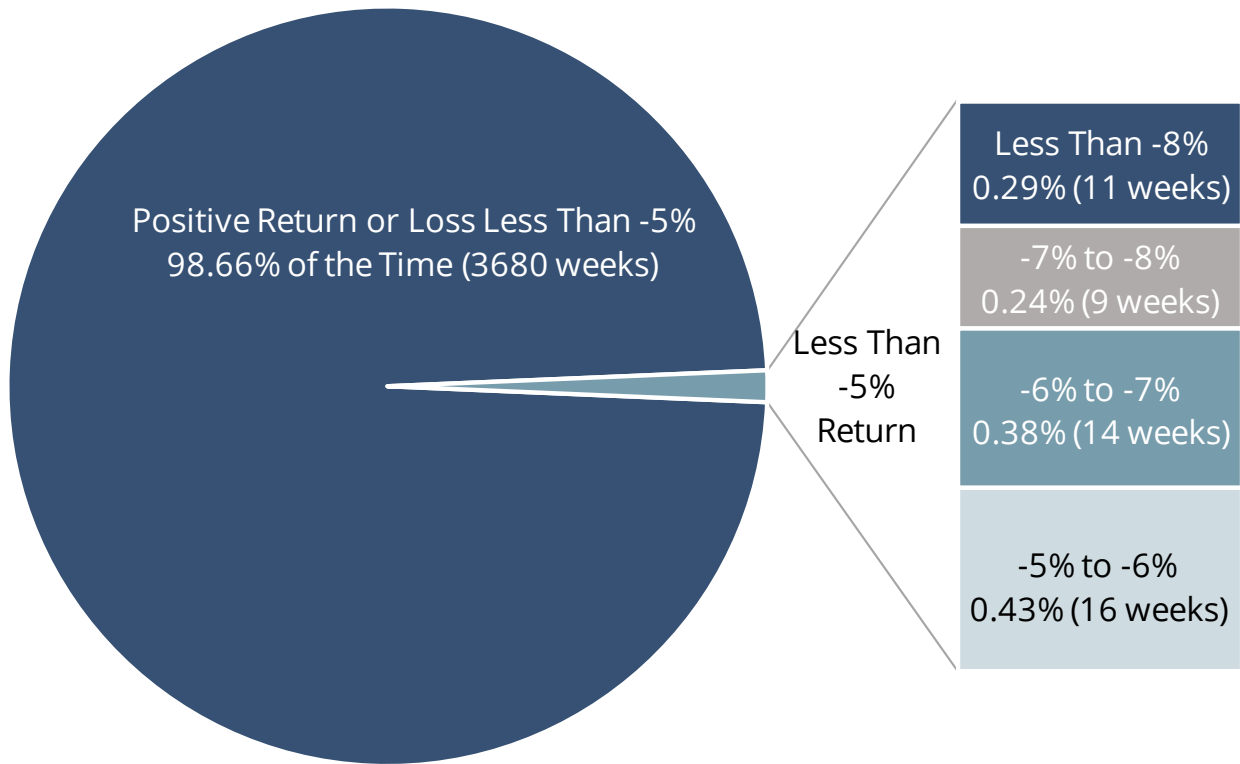
- There is an imbalance between investors seeking to purchase protection and those willing to sell it.
- The economic law of supply and demand forces those willing to purchase protection to pay a relatively high cost to entice more sellers.

These are some of the factors that cause perceived risk to be higher than real risk a majority of the time.

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

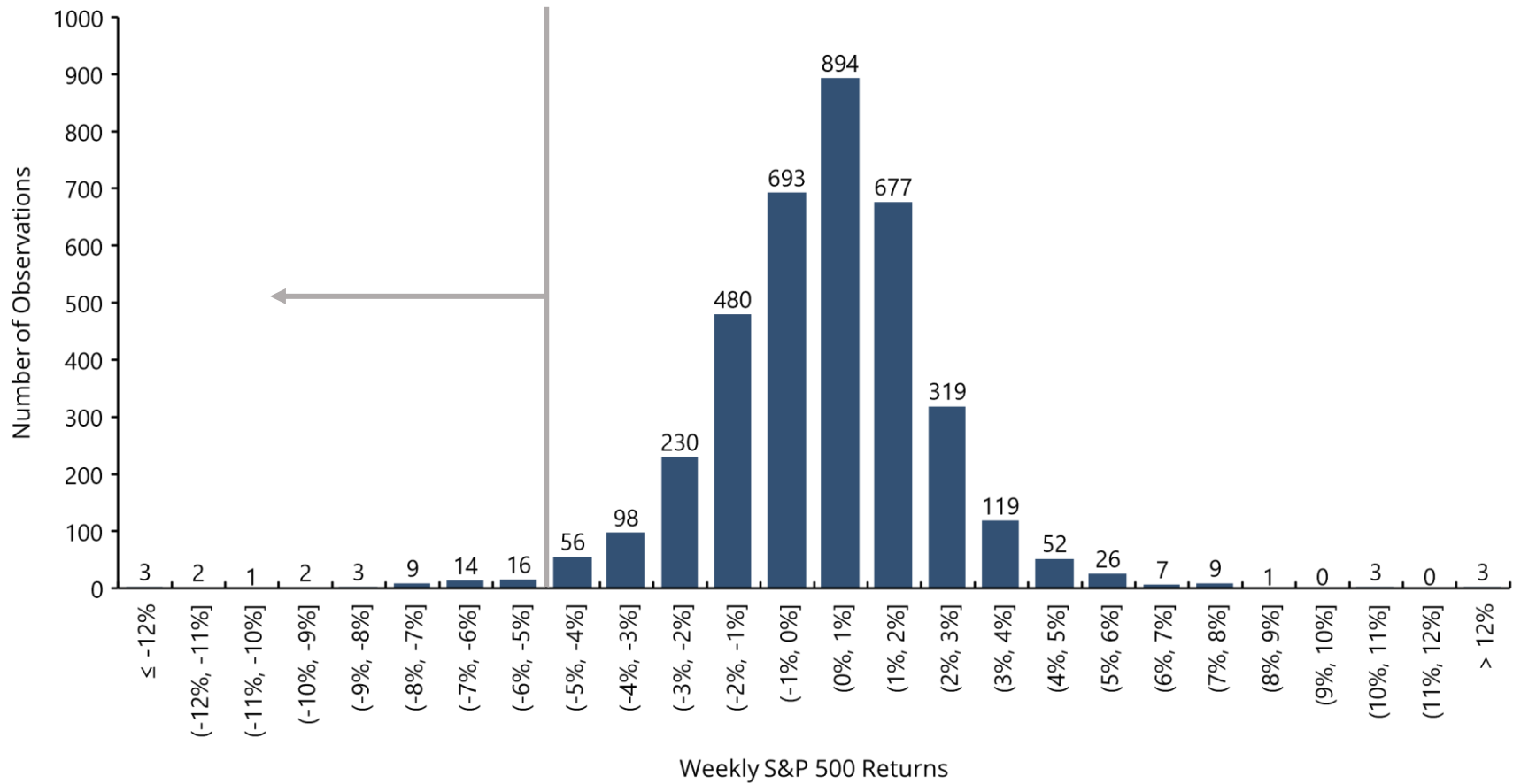
- Since January 1950 through June 2021, in 3,730 weeks, the market has had a weekly return worse than -5%, just 1.34% of the time (50 weeks).

S&P 500 Weekly Returns



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

Histogram of Weekly S&P 500 Moves  
01/1950 - 06/2021



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

A combination of quantitative and qualitative elements are utilized in the strategy:

## Quantitative Foundation

Calculation of the probability that a put option will expire worthless.

- A proprietary, systematic model is used to determine what strike prices will have a high percentage chance of expiring worthless.
- Model inputs include time to expiration, volatility, and current S&P 500 Index level.

**Puts are Sold at 99.50%** or greater probability of expiring worthless using our model.

## Qualitative Refinement

Refinement (*using historical data*) in an attempt to minimize loss and therefore maximize potential profits.

- Timeframe of each trade is typically limited to about one week.
- Multiple volatility measurements are considered when writing trades depending on market conditions.
- Trades are closed early at flexible expiration probabilities to help mitigate loss scenarios.

**“Educated Losses” Are Taken** in an effort to minimize inevitable portfolio drawdowns.



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

Model Inputs	Model Outputs
<p>Volatility as measured by various inputs</p> <p>Time to expiration</p> <p>Standard Deviation</p> <p>Current S&amp;P 500 Index level</p> <p>The 1 year Treasury Interest Rate</p>	<p>Strike price that meets our acceptable probability</p> <p><b>Put spreads:</b> Generally written at what we believe to be a 99.5% or greater probability of success</p>

## The Investment Process adjusts to market risk.

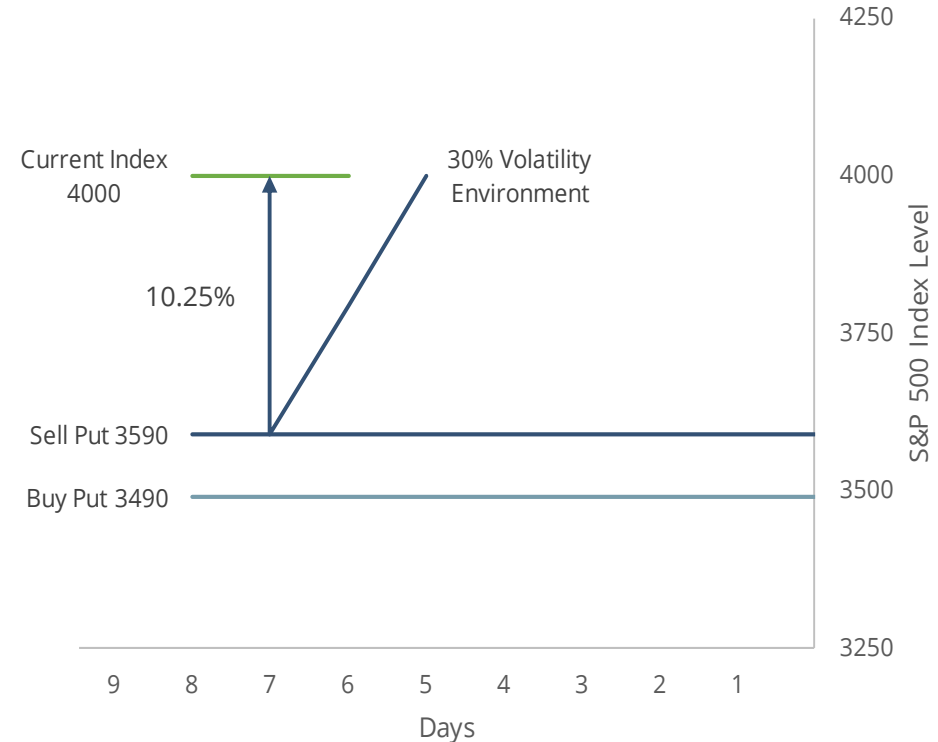
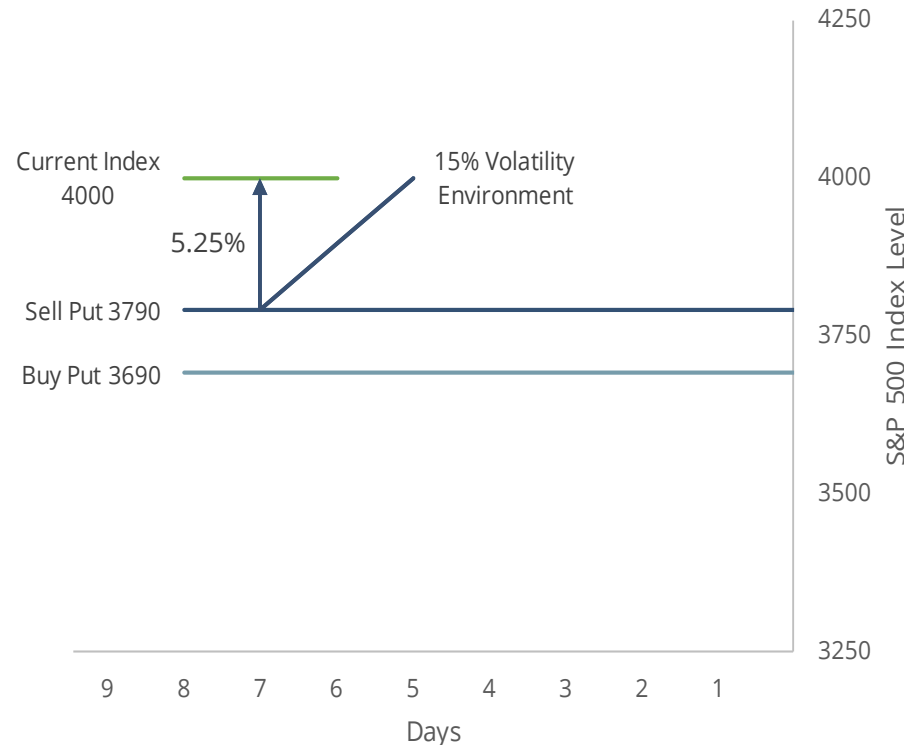
As risk (volatility) increases, option contracts are written farther out of the money at the same probability of success. In both cases, puts are sold at what we believe are a 99.5% or greater probability of expiring worthless.

Case 1: VIX = 15 at time of option writing

Case 2: VIX = 30 at time of option writing

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

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.
- Trades are placed throughout the week in an attempt to spread out risk.
- Multiple volatility measurements, technical indicators, and macroeconomic factors are considered when placing trades.
- The strike price where options are sold is adjusted for each trade based upon market volatility at the time each trade is placed.
- 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.

## Risk Management Techniques utilized:

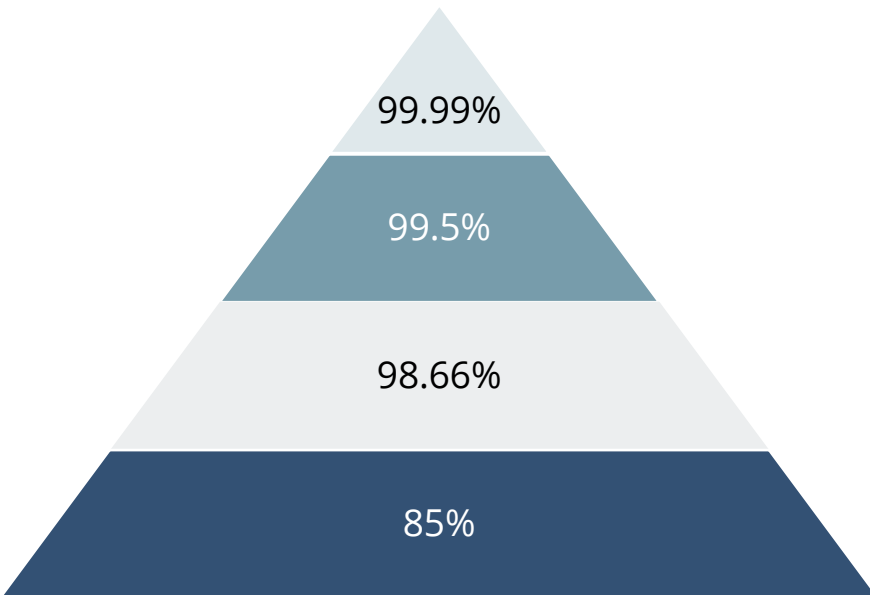
- One for one protective puts are purchased in an effort to define risk.
- Various strategies may be utilized in an attempt to hedge catastrophic market declines.
- Position size is managed in an effort to control volatility.
- Trading positions will be closed or reduced:
  - If the probability of success declines below a defined probability level.
    - Typically 85% or greater.
  - In an attempt to lock in profits if they are in a target range.
  - In an attempt to mitigate loss scenarios.

*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.**

- Approximately 60% in normal market conditions
- 60-90% when market conditions may allow for a short-term tactical increase
  - For example, after a spike in volatility
  - When the allocation is increased above 60%, those “extra” trades are typically placed at a probability of 99.99% or greater that they will expire profitable.
- The portfolio team may decide not to implement all or part 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.

**The Fund seeks to use high probabilities of success to generate profits regardless of market direction.**



“Extra” trades are written with a 99.99% or greater probability of expiring profitable.

“Normal” Trades are written with a 99.5% or greater probability of expiring profitable.

The market has had a weekly positive return or a loss less than -5%, 98.66% of the time.<sup>1</sup>

Perceived risk is higher than real risk approximately 85% of the time.<sup>2</sup>

<sup>1</sup>Time Period: From 1/1/1950 to 6/30/2021

<sup>2</sup>Time Period: From 1/1/1990 to 6/30/2021

## Performance

As of June 30, 2021 <sup>1</sup>	One Month	Quarter To Date	Year To Date	One Year	Since Inception
PPFIX Class I (NAV)	1.07%	3.45%	10.21%	21.11%	20.36%
PPFAX Class A (NAV)	1.00%	3.40%	10.05%	20.70%	19.93%
PPFAX Class A (Max Load)	-4.78%	-2.56%	3.75%	13.73%	14.03%
<i>S&amp;P 500 Total Return Index</i>	<i>2.33%</i>	<i>8.55%</i>	<i>15.25%</i>	<i>40.79%</i>	<i>41.89%</i>

## Monthly Performance: I Share Class

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2021	1.70%	1.32%	3.39%	0.76%	1.58%	1.07%							10.21%
2020	N/A	N/A	N/A	N/A	1.91%	0.59%	1.47%	1.74%	1.99%	0.84%	1.66%	1.82%	12.65%

<sup>1</sup>The Fund had a significant change in management on 4/30/2020. The Since Inception performance shown above is since this change and is as of 4/30/2020. Please refer to page 19 for performance since the Fund's inception.

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 3.00% and 2.75% 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 until at least January 31, 2022. After this fee waiver, the expense ratios are 2.57% and 2.32% 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.

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
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 3.00% and 2.75% 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 until at least January 31, 2022. After this fee waiver, the expense ratios are 2.57% and 2.32% 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.*





Princeton Fund Advisors, LLC, together with its affiliates, manages approximately \$2.7 billion of assets (as of 6/30/2021) 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.

## **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.

### **Zachary R. Slater, *Senior Vice President, Portfolio Manager***

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.

## Historical Performance

As of June 30, 2021	One Year	Three Year	Since Inception*
PPFIX Class I (NAV)*	21.11%	6.80%	5.58%
PPFAX Class A (NAV)*	20.70%	6.51%	5.30%
PPFAX Class A (Max Load)*	13.73%	4.44%	3.96%
S&P 500 Total Return Index	40.79%	18.67%	18.08%

## Monthly Performance: I Share Class

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2021	1.70%	1.32%	3.39%	0.76%	1.58%	1.07%							10.21%
2020	0.64%	-10.70%	1.13%	0.91%	1.91%	0.59%	1.47%	1.74%	1.99%	0.84%	1.66%	1.82%	3.32%
2019	1.00%	0.79%	1.08%	0.78%	1.83%	0.76%	0.75%	-0.93%	1.03%	0.37%	0.37%	0.61%	8.75%
2018	-1.59%	-8.28%	2.28%	1.72%	0.90%	1.48%	1.07%	1.06%	0.86%	-3.88%	2.26%	-2.83%	-5.38%
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%
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%

\*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.

Months shown in grey are those prior to the Fund's management change on 4/30/2020.

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- *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 Put Option** is an agreement that gives an investor the right, but not the obligation, to sell 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.*

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