Investment objective
The fund seeks total return with a low to moderate correlation to traditional financial market indexes.

Investment philosophy/strategy
Our philosophy is based on the idea that understanding, managing and allocating risk is fundamental to a properly constructed portfolio. The fund uses a risk premium capture strategy that seeks to generate returns by investing in equity, bond and commodity markets using a risk-balanced investment process. Specifically, the team selects the appropriate assets for the strategy, allocates them based on proprietary risk-management and portfolio-construction techniques, and then applies a tactical allocation process in an effort to improve expected returns. Our primary objective is to build a portfolio that may perform well in diverse economic environments – recessionary, noninflationary growth and inflationary growth – while balancing the amount of risk contributed by its exposure to equity, fixed-income and commodity markets.

Universe definition
The management team begins the process by selecting representative assets for each asset class (equity, fixed income and commodities) from a universe of more than 50 assets.

Asset selection
We consider three criteria when selecting assets:
- **Low correlation among assets.** We estimate long-term correlations among assets to build a fund that has the potential for lower volatility.
- **Theoretical basis for excess return.** We analyze each asset’s expected excess returns over cash – its risk premium.
- **Liquidity, transparency and flexibility.** The strategy is implemented using exchange-traded futures and other derivative or financially linked instruments. This ensures ample capacity and allows for daily liquidity while providing pure asset class exposure.

Portfolio construction/risk management
We seek to construct the fund so that an approximately equal amount of risk comes from the equity, fixed-income and commodity allocations. This balanced-risk allocation drives the weight of each asset class. We believe this approach may help mitigate large losses in capital and improve the portfolio’s reward relative to the risk taken (i.e., Sharpe ratio). We re-estimate the risk contributed by each asset and re-optimize the portfolio on a monthly basis.

Tactical allocation
The management team actively adjusts portfolio positions to reflect the near-term environment while remaining consistent with the optimized portfolio structure. The active positions are sized to reflect the volatility of each asset (e.g., bonds will tend to have larger active positions than equities). This step is crucial because various asset classes respond differently to the economic environment. Tactical allocation seeks to better align the fund portfolio with the prevailing economic climate.
About risk
Commodities may subject an investor to greater volatility than traditional securities such as stocks and bonds and can fluctuate significantly based on weather, political, tax, and other regulatory and market developments.

Should the Fund’s asset classes or the selected countries and investments become correlated in a way not anticipated by the Adviser, the risk allocation process may result in magnified risks and loss instead of balancing (reducing) the risk of loss.

An issuer may be unable to meet interest and/or principal payments, thereby causing its instruments to decrease in value and lowering the issuer’s credit rating.

Derivatives may be more volatile and less liquid than traditional investments and are subject to market, interest rate, credit, leverage, counterparty and management risks. An investment in a derivative could lose more than the cash amount invested.

The risks of investing in securities of foreign issuers, including emerging markets, can include fluctuations in foreign currencies, political and economic instability, and foreign taxation issues.

Interest rate risk refers to the risk that bond prices generally fall as interest rates rise and vice versa.

By investing in the subsidiary, the fund is indirectly exposed to risks associated with the subsidiary’s investments, including derivatives and commodities. Because the Subsidiary is not registered under the Investment Company Act of 1940, as amended (1940 Act), the Fund, as the sole investor in the Subsidiary, will not have the protections offered to investors in U.S. registered investment companies.

Short sales may cause an investor to repurchase a security at a higher price, causing a loss. As there is no limit on how much the price of the security can increase, exposure to potential loss is unlimited.

Underlying investments may appreciate or decrease significantly in value over short periods of time and cause share values to experience significant volatility over short periods of time.

The Fund is subject to certain other risks. Please see the current prospectus for more information regarding the risks associated with an investment in the Fund.