

Convertible Arbitrage: Entails procuring long-only positions in convertible bonds or warrants and the subsequent shorting of the corresponding stock. The bond and warrant pricing is based on several criteria, including price of the underlying stock, and the expected future volatility of returns. Such pricing is often inaccurate due to illiquidity in the convertible debt and warrant markets, giving rise to significant profit opportunities as positions are acquired in anticipation of the market price eventually reflecting true value.

Distressed Securities: Looks to public companies or a country's central bank for securities that are either in default, in distress, under bankruptcy protection or are likely to soon descend into an unfavorable status. For fixed income instruments, which comprise the lion's share of the overall asset class, distressed securities typically are classified as being below investment grade, have a yield in excess of 1000 basis points over the risk-free rate of return on U.S. Treasuries and may include corporate credit as well as issuance by emerging market governments.

(A basis Point is a value equalling one one-hundredth of 1%)

Emerging Markets: Focuses on traditional fixed income and equity markets outside the United States and Western Europe, and includes those in Asia, Latin America, Eastern Europe and Africa. Considered highly volatile, with less reliable and less standardized information available about their securities, these markets tend to exhibit inefficiencies resourceful managers can exploit.

Equity Long Bias: Takes predominantly long positions that are minimally hedged, thereby making it more vulnerable to market declines. Most funds typically have a long bias because, over the long term, stock markets tend to rise along with general economic growth.

Equity Long/Short: Managers of this strategy typically buy stocks they perceive to be undervalued while shorting those they perceive to be overvalued. They routinely target competing companies within the same industry sector for opposing positions, which theoretically provides downside risk protection in any market climate. While the long side generally outweighs the short side in most directional equity funds, a small group of funds exhibit short sides that exceed the long sides - sometimes by significant margins.

Equity Long-Only: Contain no short positions whatsoever. This strategy appeals to managers who believe there are limits to the number of compelling short ideas and that the recent flood of money into hedge fund investments has hampered their ability to exploit those rare short ideas that do arise. Though some argue that long-only funds betray the definition of hedge funds by failing to exploit their ability to generate returns independent of the underlying assets they invest in, others maintain that long-only funds still fit the definition, given that they may employ leveraging techniques and that they impose the traditional 2% management/20% incentive fee structure.

Equity Market Neutral: Aims to capitalize on investment opportunities unique to some specific group of stocks while maintaining a neutral exposure to a broader group of names defined by sector, industry, market capitalization or geographical region. Such a strategy is a favorite among managers with a propensity for ferreting out solid stock picks, particularly those who can identify a virtually equal number of names to both long and short within a larger group. Overall sector performance is largely immaterial because, no matter what happens, the gains and losses of the selected stocks should offset one another.

Event Driven: Involves investments - both long and short - in the securities of corporations experiencing significant events of note, such as mergers, acquisitions, liquidations, bankruptcies or reorganizations. Such tangible events can catalyze changes in the expected value of the underlying security. Significant profits may be enjoyed by savvy managers who can correctly interpret what the projected corporate event will mean for a company's bottom line and take positions accordingly. Anticipating timelines for the effect of such events to take place can be hard to predict, making the event-driven game one of the more speculative strategies.

Fixed Income Arbitrage: Aims to exploit the price differences between related short-term bonds from either public or private issuers. These mispricings, which may be exploited on a leveraged basis, yield a contractually fixed stream of income, letting arbitrageurs adhere to their mandate of achieving steady returns with a low degree of volatility. Most managers who employ this strategy trade on a global basis and tend to focus on interest rate swaps, U.S. Treasury securities and yield curve and credit spread trading, as well as volatility arbitrage.

Macro: Managers of this strategy invest in a bevy of different investments - including long and short positions in various equity, fixed income, currency and futures markets - basing their decisions on the present economic and political climate that a particular region is experiencing. If a manager believes the U.S. is headed into recession, he might elect to sell short U.S. stocks or futures contracts on certain U.S. indices, for example.

Merger Arbitrage: Involves a transaction-specific event, in which the stocks of two merging companies are simultaneously bought and sold in an attempt to create a profit. Specifically, the manager examines the risk of the merger deal failing to close on time—an uncertainty that typically causes the target company's stock to sell at a discount to the price that the combined company will fetch when the merger is closed. Where a regular manager focuses on the profitability of the merged entity, a merger arbitrageur cares about the probability of the deal's approval and the likely timetable for the deal to transpire.

Multi-Strategy: Managers of this strategy employ several hedging techniques within the same pool of assets, with the objective of delivering consistently positive returns regardless of the directional movement in equity, interest rate or currency markets. An alternative to funds of funds, the multi-strategy paradigm targets a wide scope of asset classes, including long/short equities, real estate investments, event-driven strategies and convertible bond arbitrage, and relies on diversification to reduce volatility and decrease single-strategy risk. Only funds with significant capital on their balance sheets have the resources needed to effectively employ this strategy.

Fund-of-Funds: A portfolio of underlying managers, this strategy is also known as multi-manager investing. The advantage of such a vehicle is its built-in diversity, but the higher fees associated with this product have made some investors leery.

Sector: Sector strategies may encompass any accessible investment technique, but are primarily identified by the market or industry classification upon which they focus.

Trading: These strategies are highly active, dynamic programs that seek to profit from trading specific assets or interests. They are typified by high trading volume and greater volatility than most alternative investment strategies



Please refer to the prospectus for important information about the investment company including objectives, risks, charges, and expenses. Read and consider it carefully before investing. You may also obtain a hard copy of the prospectus by calling 866-506-7390.

Mutual fund investing involves risk. Principal loss is possible. The Fund invests in foreign securities, which involves greater volatility; greater political, economic, currency risk; and differences in accounting methods. The Fund invests in smaller companies, which involves additional risks such as limited liquidity and greater volatility. Investments in debt securities decrease in value when interest rates rise and this risk is greater for longer-term debt securities. Certain hedging techniques and leverage employed in the management of the Fund may accelerate the velocity of possible losses. Short selling involves the risk of potentially unlimited increase in the market value of the security sold short, which could result in potentially unlimited loss for the Fund. Derivatives involve investment exposure that may exceed the original cost and a small investment in derivatives could have a large potential impact on the performance of the Fund. Options held in the Fund may be illiquid and the fund manager may have difficulty closing out a position. The Fund strategies and potential for high turnover could affect the amount, timing, and character of distributions. The Fund will bear its share of the fees and expenses of the underlying funds. Shareholders will pay higher expenses than would be the case if making direct investments in the underlying ETFs. Because the Fund invests in ETFs, it is subject to additional risks that do not apply to conventional mutual funds, including the risks that the market price of an ETF's shares may trade at a discount to its net asset value ("NAV"), an active secondary trading market may not develop or be maintained, or trading may be halted by the exchange in which they trade, which may impact a fund's ability to sell its shares. Alternative investments may not be suitable for all investors. Diversification does not assure a profit or protect against loss in a declining market.

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