

**DESTRA WOLVERINE DYNAMIC ASSET FUND**  
**a series of Destra Investment Trust**

**AUGUST 23, 2019**

**Supplement to the  
Prospectus and Statement of Additional Information (“SAI”),  
each dated February 1, 2019, as previously supplemented**

On August 22, 2019, the Board of Trustees of Destra Investment Trust (the “Trust”), on behalf of its series, Destra Wolverine Dynamic Asset Fund (the “Fund”), approved a proposal to close and liquidate the Fund. Accordingly, effective immediately, the Fund will no longer accept orders from new investors or existing shareholders to purchase Fund shares (“Shares”).

The Fund will be liquidated on or about September 15, 2019 (the “Liquidation Date”). If a shareholder has not redeemed his or her Shares as of the Liquidation Date, the shareholder’s Shares will be automatically redeemed and the shareholder will receive a liquidating distribution. The liquidating distribution may be paid in cash at the Shares’ net asset value (“NAV”) or in-kind. Any contingent deferred sales charge that would otherwise be applicable to a shareholder of the Fund will be waived at the time of liquidation.

Shareholders may redeem their Shares or exchange their Shares into shares of another mutual fund advised by Destra Capital Advisors LLC (a “Destra Fund”) at its NAV at any time prior to the Liquidation Date. Additionally, as described in the Prospectus, shareholders will be allowed a one-time right to reinvest the proceeds from the redemption of the Fund in shares of a Destra Fund at its NAV without an initial sales charge if the purchase is made within 90 days of the redemption date or Liquidation Date, as applicable.

Shareholders should consult their personal tax advisers concerning their tax situation and the impact of the liquidation and/or exchanging to a different fund on their tax situation.

**Please retain this Supplement with your Prospectus and SAI for future reference.**

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**DESTRA WOLVERINE DYNAMIC ASSET FUND**

**Class A Shares (DWAAX)**

**Class C Shares (DWACX)**

**Class I Shares (DWAIX)**

A portfolio of Destra Investment Trust

**February 20, 2019**

**SUPPLEMENT TO STATEMENT OF ADDITIONAL  
INFORMATION (“SAI”) DATED FEBRUARY 1, 2019**

***Compensation of Trustees***

The Board of Trustees has adopted a Destra Fund Complex-wide trustee compensation arrangement. As of April 1, 2019, Trustee compensation for the Fund will be allocated on a prorated basis among the funds in the Destra Fund Complex.

Accordingly, the information related to Trustee Compensation in the section entitled “MANAGEMENT” on page 49 of the SAI is deleted and replaced with the following:

**Compensation of Trustees**

Trustees who do not also serve in an executive officer capacity for the Fund, Destra or Flaherty & Crumrine are entitled to receive from the Fund an annual cash retainer.

Effective April 1, 2019, in consideration of the services rendered by the Independent Trustees, the Destra Fund Complex will pay each Independent Trustee a retainer of \$39,000 per year, and the Chairman of the Board a retainer of \$46,000 per year for his services in this capacity. The Destra Fund Complex consists of the Fund, the Destra Flaherty & Crumrine Preferred and Income Fund, the Destra International & Event-Driven Credit Fund, the Destra Multi-Alternative Fund, and the Destra Exchange-Traded Fund Trust, of which there is currently no active series. Each fund in the Destra Fund Complex pays a portion of the retainer received by each Trustee, which is allocated annually across the Destra Fund Complex based on each fund’s respective net assets as of December 31 of the preceding year.

Prior to April 1, 2019, the Trust paid each Trustee \$4,500 per series as annual compensation for serving as an Independent Trustee of the Trust and \$500 per series for attendance at each Nominating and Governance Committee meeting and Audit Committee meeting. The Trust paid the Chairman of the Board an additional \$3,000 per series per year for his services in that capacity.

The Board has determined that because of Mr. Dalmaso’s prior experience and position with the Trust, as well as his extensive knowledge of and work in the registered investment management industry, Mr. Dalmaso should receive compensation while serving as an Interested Trustee. In addition to the duties of an Interested Trustee, Mr. Dalmaso serves as a consultant to the Board.

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The Fund also reimburses each of the Trustees for all reasonable and authorized business expenses in accordance with the Fund's policies as in effect from time to time, including reimbursement of reasonable out-of-pocket expenses incurred in connection with attending each in-person Board meeting and each committee meeting not held concurrently with a Board meeting.

The following table provides information (including reimbursement for travel and out-of-pocket expenses) for the past fiscal year ended September 30, 2018. The Trust does not have a bonus, profit sharing, pension or retirement plan.

<b>Name and Position</b>	<b>Aggregate Compensation From Fund</b>	<b>Pension or Retirement Benefits Accrued as Part of Fund Expenses</b>	<b>Estimated Annual Benefits Upon Retirement</b>	<b>Total Compensation From Destra Fund Complex* Paid to Trustees</b>
John S. Emrich, Trustee	\$ 6,368	None	None	\$ 13,384
Michael S. Erickson, Trustee	\$ 6,503	None	None	\$ 14,125
Jeffrey S. Murphy, Trustee	\$ 6,872	None	None	\$ 16,879
Nicholas Dalmaso, Trustee	\$ 9,279	None	None	\$ 18,975

\* The term "Destra Fund Complex" refers to the Fund, the Destra Flaherty & Crumrine Preferred and Income Fund, the Destra International & Event-Driven Credit Fund, the Destra Multi-Alternative Fund, and the Destra Exchange-Traded Fund Trust, of which there is currently no active series.

**Please retain this Supplement for future reference.**

**Statement of Additional Information**

**February 1, 2019**

**Destra Wolverine Dynamic Asset Fund**  
(formerly Destra Wolverine Alternative Opportunities Fund)

A portfolio of Destra Investment Trust

Ticker: Class A–DWAAX, Class C–DWACX, Class I–DWAIX

This Statement of Additional Information (“SAI”) is not a prospectus. This SAI expands upon, and should be read in conjunction with, the Prospectus dated February 1, 2019, for the Destra Wolverine Dynamic Asset Fund (the “Fund”), a series of the Destra Investment Trust. Copies of the Prospectus may be obtained without charge from the Fund’s website at [destracapital.com/strategies/literature](http://destracapital.com/strategies/literature) or by calling (877) 287-9646. The audited financial statements for the Fund’s most recent fiscal year appear in the Fund’s Annual Report dated September 30, 2018. The audited financial statements and the financial statements for the year-end September 30, 2018 are incorporated herein by reference and are available without charge from the Fund’s website at [destracapital.com/strategies/literature](http://destracapital.com/strategies/literature) or by calling (877) 287-9646.

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## **Fund History**

The Fund is a separate investment portfolio of the Destra Investment Trust (the “*Trust*”), an open-end management investment company organized as a Massachusetts business trust on May 25, 2010. The Fund is non-diversified and represents shares of beneficial interest in a separate portfolio of securities and other assets, with its own investment objective, policies and strategies. The Fund has retained Destra Capital Advisors LLC (“*Destra*”) to serve as its investment adviser. Destra has retained Wolverine Asset Management, LLC (“*WAM*” or the “*Sub-Adviser*”) to serve as the Fund’s investment sub-adviser, responsible for the day-to-day management of the Fund’s portfolio of securities.

On November 27, 2017, the Fund changed its name to Destra Wolverine Dynamic Asset Fund from Destra Wolverine Alternative Opportunities Fund.

## **Investment Restrictions**

The investment objective and certain fundamental investment policies of the Fund are described in the Prospectus for the Fund. The fundamental investment policies, together with the investment objective of the Fund and certain other policies specifically identified in the Prospectus, cannot be changed without approval by holders of a “majority of the Fund’s outstanding voting shares.” As defined in the Investment Company Act of 1940, as amended (the “*1940 Act*”), this means the vote of (i) 67% or more of the Fund’s shares present at a meeting, if the holders of more than 50% of the Fund’s shares are present or represented by proxy, or (ii) more than 50% of the Fund’s shares, whichever is less. Certain matters under the 1940 Act, which must be submitted to a vote of the holders of the outstanding voting securities of a series, shall not be deemed to have been effectively acted upon unless approved by the holders of a majority of the outstanding voting shares of each series affected by such matter. The Fund, as a fundamental policy, may not, without the approval of the holders of a majority of the Fund’s outstanding voting shares:

- (1) Purchase or sell real estate or real estate limited partnership interests; provided, however, that the Fund may invest in securities secured by real estate or interests therein or issued by companies that invest in real estate or interests therein when consistent with the other policies and limitations described in the Prospectus.
  - (2) Invest in physical commodities unless acquired as a result of ownership of securities or other instruments, except through its wholly owned subsidiary, Destra Wolverine Asset Subsidiary (the “*Subsidiary*”) (but this shall not prevent the Fund from purchasing or selling non-U.S. currency, options, futures contracts, options on futures contracts, forward contracts, swaps, caps, floors, collars, securities on a forward-commitment or delayed-delivery basis and other similar financial instruments).
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- (3) Engage in the business of underwriting securities issued by others, except to the extent that, in connection with the disposition of securities, the Fund may be deemed an underwriter under federal securities law.
- (4) Lend any security or make any other loan except (a) as otherwise permitted under the 1940 Act, (b) pursuant to a rule, order or interpretation issued by the Securities and Exchange Commission (the "SEC") or its staff, (c) through the purchase of a portion of an issue of debt securities in accordance with the Fund's investment objective, policies and limitations, or (d) by engaging in repurchase agreements with respect to portfolio securities.
- (5) Issue any senior security except as otherwise permitted (a) under the 1940 Act or (b) pursuant to a rule, order or interpretation issued by the SEC or its staff.
- (6) Borrow money, except as otherwise permitted under the 1940 Act or pursuant to a rule, order or interpretation issued by the SEC or its staff, including (a) as a temporary measure, (b) by entering into reverse repurchase agreements, and (c) by lending portfolio securities as collateral. For purposes of this investment limitation, the purchase or sale of options, futures contracts, options on futures contracts, forward contracts, swaps, caps, floors, collars and other similar financial instruments shall not constitute borrowing.
- (7) Invest 25% or more of its total assets in the securities of companies primarily engaged in any one industry, provided that: (a) this limitation does not apply to obligations issued or guaranteed by the U.S. government, its agencies and instrumentalities, and (b) tax-exempt securities issued by municipalities and their agencies and authorities are not deemed to be industries. The Fund will consider the concentration of the underlying ETFs so as not to be overly concentrated in one industry.

The above percentage limits are based upon asset values at the time of the applicable transaction; accordingly, a subsequent change in asset values will not affect a transaction that was in compliance with the investment restrictions at the time such transaction was effected.

For purposes of applying investment restriction (5) above, under the 1940 Act as currently in effect, the Fund is not permitted to issue senior securities, except that the Fund may borrow from any bank if immediately after such borrowing the value of the Fund's total assets is at least 300% of the principal amount of all of the Fund's borrowings (*i.e.*, the principal amount of the borrowings may not exceed 33-1/3% of the Fund's total assets). In the event that such asset coverage shall at any time fall below 300%, the Fund shall, within three days thereafter (not including Sundays and holidays), reduce the amount of its borrowings to an extent that the asset coverage of such borrowings shall be at least 300%. The fundamental investment limitations set forth above limit the Fund's ability to engage in certain investment practices and purchase securities or other instruments to the extent permitted by, or consistent with, applicable law. As such, these limitations will change as the statutes, rules, regulations or orders (or, if applicable, interpretations) change, and no shareholder vote will be required or sought.

The following non-fundamental investment restriction applies to the Fund (except where noted otherwise) and may be changed with respect to the Fund by a vote of a majority of the Fund's Board of Trustees (the "Board" or "Board of Trustees"). The Fund may not invest more than 15% of its net assets in illiquid securities (taken at market value), including time deposits and repurchase agreements that mature in more than seven days.

The staff of the SEC has taken the position that purchased over-the-counter ("OTC") options and the assets used as cover for written OTC options are illiquid securities. Therefore, the Fund has adopted an investment policy pursuant to which it will not purchase or sell OTC options (including OTC options on futures contracts) if, as a result of any such transaction, the sum of the market value of OTC options currently outstanding that are held by the Fund, the market value of the underlying securities covered by OTC call options currently outstanding that were sold by the Fund and margin deposits on the Fund's existing OTC options on financial futures contracts would exceed 15% of the net assets of the Fund, taken at market value, together with all other assets of the Fund that are determined to be illiquid. However, if an OTC option is sold by the Fund to a primary U.S. government securities dealer recognized by the Federal Reserve Bank of New York and if the Fund has the unconditional contractual right to repurchase such OTC option from the dealer at a predetermined price, then the Fund will treat as illiquid only such amount of the underlying securities as is equal to the repurchase price less the amount by which the option is "in-the-money" (*i.e.*, current market value of the underlying securities minus the option's strike price). The repurchase price with the primary dealers is typically a formula price that is generally based on a multiple of the premium received for the option, plus the amount by which the option is "in-the-money." This policy as to OTC options is not a fundamental policy of the Fund and may be amended by the Board of Trustees of the Fund without the approval of the Fund's shareholders.

The Fund's investments will be limited in order to allow the Fund to qualify as a "regulated investment company" for purposes of the Internal Revenue Code of 1986, as amended (the "Code"). To qualify, among other requirements, the Fund will limit its investments so that, at the close of each quarter of the taxable year, at least 50% of the market value of the Fund's assets is represented by cash, securities of other regulated investment companies, U.S. government securities and other securities of any two or more issuers that the Fund controls and that are determined to be engaged in the same or similar trades or businesses or related trades or businesses or in the securities of one or more qualified publicly traded partnerships (*i.e.*, partnerships that are traded on an established securities market or tradable on a secondary market, other than partnerships that derive 90% of their income from interest, dividends, capital gains, and other traditionally permitted mutual fund income).

Non-U.S. government securities (unlike U.S. government securities) are not exempt from the diversification requirements of the Code, and the securities of each non-U.S. government issuer are considered to be obligations of a single issuer. These tax-related limitations may be changed by the Board of Trustees of the Fund to the extent necessary to comply with changes to the federal tax requirements. The Fund is classified as "non-diversified" under the 1940 Act.



All percentage limitations on investments will apply at the time of the making of an investment and shall not be considered violated unless an excess or deficiency occurs or exists immediately after and as a result of such investment. Except for the investment restrictions listed above as fundamental or to the extent designated as such in the Prospectus with respect to the Fund, the other investment policies described in this SAI or in the Prospectus are not fundamental and may be changed by approval of the Board of Trustees.

### **Investment Strategies and Risks**

In addition to the discussion of investment strategies and risks that appears in the Prospectus, the Fund may (except where indicated otherwise) also implement the following strategies.

#### **144A Securities**

The Fund, the Subsidiary or the underlying exchange-traded fund (“*ETFs*”) in which it invests may purchase securities that can be offered and sold only to “qualified institutional buyers” under Rule 144A under the Securities Act of 1933, as amended (the “*Securities Act*”). The Board of Trustees has determined to treat as liquid Rule 144A securities that either are freely tradable in their primary markets offshore or have been determined to be liquid in accordance with the policies and procedures adopted by the Fund’s Board of Trustees. The Board of Trustees has adopted guidelines and delegated to the Sub-Adviser the daily function of determining and monitoring liquidity of 144A securities. The Board of Trustees, however, will retain sufficient oversight and will ultimately be responsible for the determinations. Since it is not possible to predict with assurance exactly how the market for securities sold and offered under Rule 144A will continue to develop, the Board of Trustees will carefully monitor the Fund’s investments in these securities. This investment practice could have the effect of increasing the level of illiquidity in the Fund, the Subsidiary or the underlying ETFs to the extent that qualified institutional buyers become for a time uninterested in purchasing these securities.

#### **Cash Management**

A portion of the Fund’s assets may be invested in certain types of instruments with remaining maturities of 397 days or less for liquidity purposes. Such instruments would consist of: (i) obligations of the U.S. government, its agencies, instrumentalities, authorities or political subdivisions (“*U.S. Government Securities*”); (ii) other fixed-income securities rated ‘Aa’ or higher by Moody’s or ‘AA’ or higher by S&P or, if unrated, of comparable quality in the opinion of the Sub-Adviser; (iii) commercial paper; (iv) bank obligations, including negotiable certificates of deposit, time deposits and bankers’ acceptances; and (v) repurchase agreements. At the time the Fund invests in commercial paper, bank obligations or repurchase agreements, the issuer or the issuer’s parent must have outstanding debt rated ‘Aa’ or higher by Moody’s or ‘AA’ or higher by S&P or outstanding commercial paper, bank obligations or other short-term obligations rated ‘Prime-1’ by Moody’s or ‘A-1’ by S&P; or, if no such ratings are available, the instrument must be of comparable quality in the opinion of the Sub-Adviser.

## **Cayman Subsidiary**

The Fund may invest up to 25% of its total assets in the Subsidiary. The Subsidiary may invest in exchange-listed commodity-linked instruments and commodity futures contracts ("*Commodities Instruments*"), as described under "Commodities Instruments" below. Because the Fund may invest a substantial portion of its assets in the Subsidiary, which may hold certain of the investments described in the Prospectus and this SAI, the Fund may be considered to be investing indirectly in those investments through the Subsidiary. Therefore, except as otherwise noted, for purposes of this disclosure, references to the Fund's investments may also be deemed to include the Fund's indirect investments through the Subsidiary.

The Subsidiary is not registered under the 1940 Act and is not directly subject to its investor protections, except as noted in the Prospectus or this SAI. However, the Subsidiary is wholly owned and controlled by the Fund and is advised by Destra. The Trust's Board of Trustees has oversight responsibility for the investment activities of the Fund, including its investment in the Subsidiary, and for the Fund's role as the sole shareholder of the Subsidiary. Destra receives no additional compensation for managing the assets of the Subsidiary. The Subsidiary will also enter into separate contracts for the provision of custody, transfer agency and accounting agent services with the same service providers or with affiliates of the same service providers that provide those services to the Fund.

Changes in the laws of the United States (where the Fund is organized) and/or the Cayman Islands (where the Subsidiary is incorporated) could prevent the Fund and/or the Subsidiary from operating as described in the Prospectus and this SAI and could negatively affect the Fund and its shareholders. For example, the Cayman Islands currently does not impose certain taxes on the Subsidiary, including income and capital gains tax, among others. If Cayman Islands laws were changed to require the Subsidiary to pay Cayman Islands taxes, the investment returns of the Fund would likely decrease.

The Fund's and the Subsidiary's investments will be consistent with the Fund's investment objective and will not be used to enhance leverage. The Subsidiary's shares will be offered only to the Fund, and the Fund will not sell shares of the Subsidiary to other investors.

The financial statements of the Subsidiary will be consolidated with the Fund's financial statements in the Fund's annual and semi-annual reports.

## **Commercial Paper**

Commercial paper purchasable by the Fund, the Subsidiary or the underlying ETFs includes "Section 4(a)(2) paper," a term that includes debt obligations issued in reliance on the "private placement" exemption from registration afforded by Section 4(a)(2) of the Securities Act. Section 4(a)(2) paper is restricted as to disposition under the federal securities laws and is frequently sold (and resold) to institutional investors such as the Fund through or with the assistance of investment dealers who make a market in the Section 4(a)(2) paper, thereby providing liquidity. Certain transactions in Section 4(a)(2) paper may qualify for the registration exemption provided in Rule 144A under the Securities Act. The Fund can purchase commercial paper rated (at the time of purchase) 'A-1' by S&P or 'Prime-1' by Moody's or, when deemed advisable by the Fund's Sub-Adviser, "high quality" issues rated 'A-2,' 'Prime-2' or 'F-2' by S&P, Moody's or Fitch, respectively.

## Commodities Instruments

The Fund gains exposure to Commodities Instruments through the Subsidiary. Additional information on the Subsidiary is set forth under “Cayman Subsidiary” above. Additional information regarding specific Commodities Instruments is set forth below. The Fund, either directly or through the Subsidiary, may also gain exposure to Commodities Instruments through investment in certain investment companies, including ETFs, and other pooled investment vehicles that invest primarily in commodities or commodity-related instruments, and through investment in exchange-traded notes (“*ETNs*”) linked to the value of commodities.

The Fund may invest up to 25% of its total assets in the Subsidiary, which will be committed as “initial” and “variation” margin to secure the Subsidiary’s positions in Commodities Instruments. These assets are placed in accounts maintained by the Subsidiary at the Subsidiary’s clearing broker and are held in cash or invested in U.S. Treasury bills and other direct or guaranteed debt obligations of the U.S. government maturing within less than one year at the time of investment.

Historically, the correlation between the investment returns of managed commodities strategies and the investment returns of traditional financial assets such as stocks generally was negative. This inverse relationship occurred generally because managed commodities strategies have historically tended to increase and decrease in value during different parts of the business cycle than financial assets did. Nevertheless, at various times, commodities prices may move in tandem with the prices of financial assets and thus may not provide overall portfolio diversification benefits. The reverse may be true during “bull markets,” when investments in traditional securities such as stocks may outperform the Subsidiary’s commodity-related investments. However, over the long term, the returns on the Subsidiary’s commodity-related investments are expected to exhibit low or negative correlation with stocks and bonds.

The Subsidiary will utilize futures contracts. The use of futures is subject to applicable regulations of the SEC, the several exchanges upon which they are traded, the Commodity Futures Trading Commission (the “*CFTC*”) and various state regulatory authorities.

## Convertible Securities

The Fund has no predetermined limit on the extent to which it may invest in ETFs or Commodities Instruments that invest primarily in convertible securities, although the Fund does not currently intend for convertible securities to be a primary focus of its investment program. A convertible security is a bond, debenture, note, preferred stock or other security that may be converted into or exchanged for a prescribed amount of common stock or other equity security of the same or a different issuer within a particular period of time at a specified price or formula. A convertible security entitles the holder to receive interest paid or accrued on debt or the dividend paid on preferred stock until the convertible security matures or is redeemed, converted or exchanged. Before conversion, convertible securities have characteristics similar to nonconvertible income securities in that they ordinarily provide a stable stream of income with generally higher yields than those of common stocks of the same or similar issuers, but lower yields than comparable nonconvertible securities. The value of a convertible security is influenced by changes in interest rates, with investment value declining as interest rates increase and increasing as interest rates decline. The credit standing of the issuer and other factors also may have an effect on the convertible security's investment value. Convertible securities rank senior to common stock in a corporation's capital structure but are usually subordinated to comparable nonconvertible securities. Convertible securities may be subject to redemption at the option of the issuer at a price established in the convertible security's governing instrument.

The characteristics of convertible securities make them potentially attractive investments for an investment company seeking a high total return from capital appreciation and investment income. These characteristics include the potential for capital appreciation as the value of the underlying common stock increases, the relatively high yield received from dividend or interest payments as compared to common stock dividends and decreased risks of decline in value relative to the underlying common stock due to their fixed income nature. As a result of the conversion feature, however, the interest rate or dividend preference on a convertible security is generally less than would be the case if the securities were issued in nonconvertible form.

In analyzing convertible securities, the Sub-Adviser will consider both the yield on the convertible security relative to its credit quality and the potential capital appreciation that is offered by the underlying common stock, among other things.

Convertible securities are issued and traded in a number of securities markets. Even in cases where a substantial portion of the convertible securities held by the Fund are denominated in U.S. dollars, the underlying equity securities may be quoted in the currency of the country where the issuer is domiciled. As a result, fluctuations in the exchange rate between the currency in which the debt security is denominated and the currency in which the share price is quoted will affect the value of the convertible security. With respect to convertible securities denominated in a currency different from that of the underlying equity securities, the conversion price may be based on a fixed exchange rate established at the time the security is issued, which may increase the effects of currency risk. As described below, the Fund is authorized to enter into non-U.S. currency hedging transactions in which it may seek to reduce the effect of exchange rate fluctuations.

Apart from currency considerations, the value of convertible securities is influenced both by the yield on nonconvertible securities of comparable issuers and by the value of the underlying common stock. The value of a convertible security viewed without regard to its conversion feature (*i.e.*, strictly on the basis of its yield) is sometimes referred to as its “investment value.” To the extent interest rates change, the investment value of the convertible security typically will fluctuate. At the same time, however, the value of the convertible security will be influenced by its “conversion value,” which is the market value of the underlying common stock that would be obtained if the convertible security were converted. Conversion value fluctuates directly with the price of the underlying common stock. If the conversion value of a convertible security is substantially below its investment value, the price of the convertible security is governed principally by its investment value. To the extent the conversion value of a convertible security increases to a point that approximates or exceeds its investment value, the price of the convertible security will be influenced principally by its conversion value. A convertible security will sell at a premium over the conversion value to the extent investors place value on the right to acquire the underlying common stock while holding a fixed-income security. The yield and conversion premium of convertible securities issued in Japan and the Euromarket are frequently determined at levels that cause the conversion value to affect their market value more than the securities’ investment value.

Holders of convertible securities generally have a claim on the assets of the issuer prior to the claim of common stockholders but it may be subordinated to other debt securities of the same issuer. A convertible security may be subject to redemption at the option of the issuer at a price established in a charter provision, indenture or other governing instrument pursuant to which the convertible security was issued. If a convertible security held by the Fund is called for redemption, the Fund will be required to redeem the security, convert it into the underlying common stock or sell it to a third- party. Certain convertible debt securities may provide a put option to the holder, which entitles the holder to cause the security to be redeemed by the issuer at a premium over the stated principal amount of the debt security under certain circumstances.

#### **Debt Securities**

Debt securities, such as bonds, involve credit risk. This is the risk that the issuer will not make timely payments of, or will be unable to pay, principal and interest. The degree of credit risk depends on the issuer’s financial condition and on the terms of the debt securities. Changes in an issuer’s credit rating or the market’s perception of an issuer’s creditworthiness may also affect the value of the Fund’s, the Subsidiary’s or the underlying ETFs’ investment in that issuer. Credit risk is reduced to the extent the Fund, the Subsidiary and the underlying ETFs limit their debt investments to U.S. Government Securities. All debt securities, however, are subject to interest rate risk. This is the risk that the value of the security may fall when interest rates rise. If interest rates move sharply in a manner not anticipated by Fund management, the Fund’s, the Subsidiary’s or the underlying ETFs’ investments in debt securities could be adversely affected and the Fund, the Subsidiary and/or the underlying ETFs could lose money. Debt securities with longer maturities, which tend to produce higher yields, are subject to potentially greater capital appreciation and depreciation than securities with shorter maturities are. In general, the market price of debt securities with longer maturities will go up or down more in response to changes in interest rates than will the market price of shorter-term debt securities. The average maturity of the Fund’s, the Subsidiary’s and the underlying ETFs’ assets will vary.

During periods of rising interest rates, the average life of certain debt securities is extended because of slower than expected principal payments. This may lock in a below-market interest rate and extend the duration of these debt securities, especially mortgage-related securities, making them more sensitive to changes in interest rates. As a result, in a period of rising interest rates, these securities may exhibit additional volatility and lose value. This is known as extension risk.

*Corporate Debt Securities.* Because of the wide range of types and maturities of corporate debt securities, as well as the range of creditworthiness of their issuers, corporate debt securities have widely varying potentials for return and risk profiles. For example, commercial paper issued by a large, established domestic corporation that is rated investment-grade may have a modest return on principal but carries relatively limited risk. On the other hand, a long-term corporate note issued by a small, non-U.S. corporation from an emerging market country that has not been rated by a Nationally Recognized Statistical Rating Organization may have the potential for relatively large returns on principal but carries a relatively high degree of risk.

#### **Depository Receipts (ADRs, EDRs and GDRs)**

The Fund, the Subsidiary and the underlying ETFs may invest in the securities of non-U.S. issuers in the form of Depository Receipts or other securities convertible into securities of non-U.S. issuers. Depository Receipts may not necessarily be denominated in the same currency as the underlying securities into which they may be converted. The Fund, the Subsidiary and the underlying ETFs may invest in both sponsored and unsponsored American Depositary Receipts (“*ADRs*”), European Depositary Receipts (“*EDRs*”), Global Depositary Receipts (“*GDRs*”) and other similar global instruments. ADRs typically are issued by an American bank or trust company and evidence ownership of underlying securities issued by a non-U.S. corporation. EDRs, which are sometimes referred to as Continental Depositary Receipts, are receipts issued in Europe, typically by non-U.S. banks and trust companies, that evidence ownership of either non-U.S. or domestic underlying securities. GDRs are depository receipts structured like global debt issues to facilitate trading on an international basis. Unsponsored ADR, EDR and GDR programs are organized independently and without the cooperation of the issuer of the underlying securities. As a result, available information concerning the issuer may not be as current as for sponsored ADRs, EDRs and GDRs, and the prices of unsponsored ADRs, EDRs and GDRs may be more volatile than if such instruments were sponsored by the issuer. Depository Receipts are generally subject to the same risks as the non-U.S. securities they evidence or into which they may be converted. Investments in ADRs, EDRs and GDRs present additional investment considerations as described under “Non-U.S. Investments.”

#### **Derivatives**

The Fund, the Subsidiary and the underlying ETFs may use instruments referred to as derivative securities. Derivatives are financial instruments the value of which is derived from another security, a commodity (such as gold or oil), a currency or an index (a measure of value or rates, such as the S&P 500 Index or the prime lending rate). Derivatives allow the Fund, the Subsidiary and the underlying ETFs to increase or decrease the level of risk to which the Fund, the Subsidiary and the underlying ETFs are exposed more quickly and efficiently than transactions in other types of instruments. The Fund, the Subsidiary and the underlying ETFs may use derivatives for hedging purposes. The Fund, the Subsidiary and the underlying ETFs may also use derivatives for speculative purposes to seek to enhance returns. The use of a derivative is speculative if the Fund, the Subsidiary or the underlying ETFs are primarily seeking to achieve gains rather than offset the risk of other positions. When the Fund, the Subsidiary or the underlying ETFs invest in a derivative for speculative purposes, the Fund, the Subsidiary and the underlying ETFs will be fully exposed to the risks of loss of that derivative, which may sometimes be greater than the derivative’s cost. The Fund, the Subsidiary or the underlying ETFs may not use any derivative to gain exposure to an asset or class of assets that it would be prohibited by its investment restrictions from purchasing directly.

*Hedging.* Hedging is a strategy in which a derivative is used to offset the risks associated with the holdings of the Fund, the Subsidiary or the underlying ETFs. Losses on the other investment may be substantially reduced by gains on a derivative that reacts in an opposite manner to market movements. While hedging can reduce losses, it can also reduce or eliminate gains or cause losses if the market moves in a manner different from that anticipated by the Fund, the Subsidiary or the underlying ETFs, or if the cost of the derivative outweighs the benefit of the hedge. Hedging also involves correlation risk, *i.e.*, the risk that changes in the value of the derivative will not match those of the holdings being hedged as expected by the Fund, in which case any losses on the holdings being hedged may not be reduced or may be increased. The inability to close options and futures positions also could have an adverse impact on the Fund's ability to hedge effectively its portfolio. There is also a risk of loss by the Fund, the Subsidiary or the underlying ETFs of margin deposits or collateral in the event of bankruptcy of a broker with whom the Fund, the Subsidiary or the underlying ETFs have an open position in an option, a futures contract or a related option. There can be no assurance that the Fund's, the Subsidiary's or the underlying ETFs' hedging strategies will be effective. The Fund and the Subsidiary are not required to engage in hedging transactions, and both may choose not to do so.

The Fund, the Subsidiary and the underlying ETFs may use derivative instruments and trading strategies, including the following:

*Indexed and Inverse Securities.* The Fund, the Subsidiary or the underlying ETFs may invest in securities that base their potential return on an index or interest rate. As an illustration, the Fund, the Subsidiary or the underlying ETFs may invest in a debt security that pays interest based on the current value of an interest rate index, such as the prime rate. The Fund, the Subsidiary or the underlying ETFs may also invest in a debt security that returns principal at maturity based on the level of a securities index or a basket of securities, or based on the relative changes of two indices. In addition, the Fund, the Subsidiary or the underlying ETFs may invest in securities the potential return of which is based inversely on the change in an index or interest rate (that is, a security the value of which will move in the opposite direction of changes to an index or interest rate). For example, the Fund, the Subsidiary or the underlying ETFs may invest in securities that pay a higher rate of interest when a particular index decreases and pay a lower rate of interest (or do not fully return principal) when the value of the index increases. If the Fund, the Subsidiary or the underlying ETFs invest in such securities, each may be subject to reduced or eliminated interest payments or loss of principal in the event of an adverse movement in the relevant interest rate, index or indices. Indexed and inverse securities involve credit risk, and certain indexed and inverse securities may involve leverage risk, liquidity risk and currency risk. When used for hedging purposes, indexed and inverse securities involve correlation risk. Furthermore, where such a security includes a contingent liability, in the event of an adverse movement in the underlying index or interest rate, the Fund, the Subsidiary or the underlying ETFs may be required to pay substantial additional margin to maintain the position.

*Swap Agreements.* Swap agreements are two-party contracts entered into primarily by institutional investors for periods ranging from a few weeks to more than one year. In a standard “swap” transaction, two parties agree to exchange the returns (or differentials in rates of return) earned or realized on particular predetermined investments or instruments, which can be adjusted for an interest factor. The gross returns to be exchanged or “swapped” between the parties are generally calculated with respect to a “notional amount,” *i.e.*, the return on or increase in value of a particular dollar amount invested at a particular interest rate or in a “basket” of securities representing a particular index.

The Fund or the Subsidiary may enter into equity swap transactions. However, the Fund and the Subsidiary will comply with the applicable limitations imposed by the 1940 Act and the Commodity Exchange Act (“CEA”).

Whether the Fund’s or the Subsidiary’s use of swap agreements or options on swap agreements will be successful in furthering its investment objectives will depend on the Sub-Adviser’s ability to predict correctly whether certain types of investments are likely to produce greater returns than other investments. Because they are two-party contracts and because they may have terms of greater than seven days, swap agreements may be considered to be illiquid. Moreover, the Fund, the Subsidiary or the underlying ETFs bear the risk of loss of the amount expected to be received under a swap agreement in the event of the default or bankruptcy of a swap agreement counterparty. The Fund, the Subsidiary or the underlying ETFs will enter into swap agreements only with counterparties that meet certain standards of creditworthiness. If there is a default by the other party to such a transaction, the Fund, the Subsidiary or the underlying ETFs will have contractual remedies pursuant to the agreements related to the transaction. Swap agreements are also subject to the risk that the Fund, the Subsidiary or the underlying ETFs will not be able to meet their obligations to the counterparty. The Fund, the Subsidiary or the underlying ETFs, however, will deposit in a segregated account, liquid assets permitted to be so segregated by the SEC in an amount equal to or greater than the market value of the liabilities under the swap agreement or the amount it would cost the Fund, the Subsidiary or the underlying ETFs initially to make an equivalent direct investment, plus or minus any amount the Fund, the Subsidiary or the underlying ETFs are obligated to pay or are to receive under the swap agreement. The swap market has grown substantially in recent years with a large number of banks and investment banking firms acting both as principals and as agents utilizing standardized swap documentation. As a result, the swap market has become relatively liquid. The swap market is largely unregulated. It is possible that developments in the swap market, including potential government regulation, could adversely affect the Fund’s, the Subsidiary’s or the underlying ETFs’ ability to terminate existing swap agreements, if any, or to realize amounts to be received under such agreements.

*Credit Derivatives.* The Fund, the Subsidiary or the underlying ETFs may enter into credit derivative transactions, either to hedge credit exposure or to gain exposure to an issuer or group of issuers more economically than can be achieved by investing directly in preferred or debt securities. Credit derivatives fall into two broad categories: credit default swaps and market spread swaps, both of which can reference either a single issuer or obligor or a portfolio of preferred and/or debt securities. See “Additional Considerations for Interest Rate Swaps, Swaptions and Credit Derivatives” below.



*Credit Default Swap Agreements and Similar Instruments.* The Fund, the Subsidiary or the underlying ETFs may enter into credit default swap agreements and similar agreements and may also buy credit-linked securities. The credit default swap agreement or similar instrument may have as reference obligations one or more securities that are not currently held by the Fund, the Subsidiary or the underlying ETFs. The protection “buyer” in a credit default contract may be obligated to pay the protection “seller” an up-front payment or a periodic stream of payments over the term of the contract, provided generally that no credit event on a reference obligation has occurred. If a credit event occurs, the seller generally must pay the buyer the “par value” (full notional value) of the swap in exchange for an equal face amount of deliverable obligations of the reference entity described in the swap, or the seller may be required to deliver the related net cash amount, if the swap is cash settled. The Fund, the Subsidiary or the underlying ETFs may be either the buyer or seller in the transaction. If the Fund, the Subsidiary or the underlying ETFs are a buyer and no credit event occurs, the Fund, the Subsidiary or the underlying ETFs recover nothing if the swap is held through its termination date. However, if a credit event occurs, the Fund, the Subsidiary or the underlying ETFs may elect to receive the full notional value of the swap in exchange for an equal face amount of deliverable obligations of the reference entity that may have little or no value. As a seller, the Fund, the Subsidiary or the underlying ETFs generally receive an up-front payment or a fixed rate of income throughout the term of the swap, which typically is between six months and three years, provided that there is no credit event. If a credit event occurs, generally the seller must pay the buyer the full notional value of the swap in exchange for an equal face amount of deliverable obligations of the reference entity that may have little or no value.

Credit default swaps and similar instruments involve greater risks than if the Fund, the Subsidiary or the underlying ETFs had invested in the reference obligation directly, since, in addition to general market risks, they are subject to illiquidity risk, counterparty risk and credit risk. The Fund, the Subsidiary or the underlying ETFs will enter into credit default swap agreements and similar instruments only with counterparties who are rated investment-grade quality by at least one nationally recognized statistical rating organization at the time of entering into such transaction or whose creditworthiness is believed by the Sub-Adviser to be equivalent to such rating. A buyer also will lose its investment and recover nothing should no credit event occur and the swap is held to its termination date. If a credit event were to occur, the value of any deliverable obligation received by the seller, coupled with the up-front or periodic payments previously received, may be less than the full notional value it pays to the buyer, resulting in a loss of value to the Fund. When the Fund, the Subsidiary or the underlying ETFs act as a seller of a credit default swap or a similar instrument, each is exposed to many of the same risks of leverage since, if a credit event occurs, the seller may be required to pay the buyer the full notional value of the contract net of any amounts owed by the buyer related to its delivery of deliverable obligations.

*Credit Linked Securities.* Among the income producing securities in which the Fund, the Subsidiary or the underlying ETFs may invest are credit linked securities, which are issued by a limited purpose trust or other vehicle that, in turn, invests in a derivative instrument or basket of derivative instruments, such as credit default swaps, interest rate swaps and other securities, in order to provide exposure to certain fixed income markets. For instance, the Fund, the Subsidiary or the underlying ETFs may invest in credit linked securities as a cash management tool in order to gain exposure to a certain market and/or to remain fully invested when more traditional income-producing securities are not available.

Like an investment in a bond, investments in these credit linked securities represent the right to receive periodic income payments (in the form of distributions) and payment of principal at the end of the term of the security. However, these payments are conditioned on the issuer's receipt of payments from, and the issuer's potential obligations to, the counterparties to the derivative instruments and other securities in which the issuer invests. For instance, the issuer may sell one or more credit default swaps, under which the issuer would receive a stream of payments over the term of the swap agreements, provided that no event of default has occurred with respect to the referenced debt obligation upon which the swap is based. If a default occurs, the stream of payments may stop and the issuer would be obligated to pay the counterparty the par (or other agreed-upon value) of the referenced debt obligation. This, in turn, would reduce the amount of income and principal that the Fund, the Subsidiary or the underlying ETFs would receive. The Fund's, the Subsidiary's or the underlying ETFs' investments in these instruments are indirectly subject to the risks associated with derivative instruments, including, among others, credit risk, default or similar event risk, counterparty risk, interest rate risk, leverage risk and management risk. It is also expected that the securities will be exempt from registration under the Securities Act. Accordingly, there may be no established trading market for the securities, and they may constitute illiquid investments.

*Market Spread Swap.* In a market spread swap, two counterparties agree to exchange payments at future dates based on the spread between a reference security (or index) and a benchmark security (or index). The buyer (fixed-spread payer) would receive from the seller (fixed-spread receiver) the difference between the market rate and the reference rate at each payment date, if the market rate were above the reference rate. If the market rate were below the reference rate, then the buyer would pay to the seller the difference between the reference rate and the market rate. Market spread options, which are analogous to swaptions, give the buyer the right but not the obligation to buy (in the case of a call) or sell (in the case of a put) the referenced market spread at a fixed price from the seller. Similarly, the seller of a market spread option has the obligation to sell (in the case of a call) or buy (in the case of a put) the referenced market spread at a fixed price from the buyer. Credit derivatives are highly specialized investments and are not traded on or regulated by any securities exchange or regulated by the CFTC or the SEC.

*Interest Rate Swaps.* The Fund, the Subsidiary and the underlying ETFs may enter into interest rate swap agreements. The Fund will enter into such transactions for hedging some or all of its interest rate exposure in its holdings of preferred securities and debt securities. Interest rate swap agreements are highly specialized investments and are not traded on or regulated by any securities exchange.

An interest rate swap is an agreement between two parties where one party agrees to pay a contractually stated fixed income stream, usually denoted as a fixed percentage of an underlying “notional” amount, in exchange for receiving a variable income stream, usually based on LIBOR, and denoted as a percentage of the underlying notional amount. From the perspective of a fixed rate payer, if interest rates rise, the payer will expect a rising level of income since the payer is a receiver of floating rate income. This would cause the value of the swap contract to rise in value, from the payer’s perspective, because the discounted present value of its obligatory payment stream is diminished at higher interest rates, all at the same time it is receiving higher income. Alternatively, if interest rates fall, the reverse occurs and it simultaneously faces the prospects of both a diminished floating rate income stream and a higher discounted present value of its fixed rate payment obligation. For purposes of completing the analysis, these value changes all work in reverse from the perspective of a fixed rate receiver.

The Fund, the Subsidiary or the underlying ETFs will usually enter into interest rate swaps on a net basis, *i.e.*, the two payment streams are netted out, with the Fund receiving or paying, as the case may be, only the net amount of the two payments.

*Additional Interest Rate Transactions and Swaptions.* The Fund, the Subsidiary or the underlying ETFs, to the extent permitted under applicable law, may also enter into forms of swap agreements including interest rate caps, under which, in return for a premium, one party agrees to make payments to the other to the extent that interest rates exceed a specified rate, or “cap”; and interest rate floors, under which, in return for a premium, one party agrees to make payments to the other to the extent that interest rates fall below a specified rate, or “floor.” Caps and floors are less liquid than swaps.

The Fund, the Subsidiary or the underlying ETFs may write (sell) and purchase put and call swaptions. A swaption is a contract that gives a counterparty the right (but not the obligation) to enter into a new swap agreement, or to shorten, extend, cancel or otherwise modify an existing swap agreement, at some designated future time on specified terms. The Fund, the Subsidiary or the underlying ETFs may also enter into swaptions on either an asset-based or liability-based basis, depending on whether the Fund, the Subsidiary or the underlying ETFs are hedging their assets or their liabilities. The Fund, the Subsidiary or the underlying ETFs may enter into these transactions primarily to preserve a return or spread on a particular investment or portion of their holdings, as a duration management technique or to protect against an increase in the price of securities the Fund, the Subsidiary or the underlying ETFs anticipate purchasing at a later date. They may also be used for speculation to increase returns.

In a pay-fixed swaption, the holder of the swaption has the right to enter into an interest rate swap as a payer of fixed rate and receiver of variable rate, while the writer of the swaption has the obligation to enter into the other side of the interest rate swap. In a received-fixed swaption, the holder of the swaption has the right to enter into an interest rate swap as a receiver of fixed rate and a payer of variable rate, while the writer of the swaption has the obligation to enter into the opposite side of the interest rate swap. A pay fixed swaption is analogous to a put option on Treasury securities in that it rises in value as interest rate swap yields rise. A receive fixed swaption is analogous to a call option on Treasury securities in that it rises in value as interest rate swap yields decline. As with other options on securities, indices or futures contracts, the price of any swaption will reflect both an intrinsic value component, which may be zero, and a time premium component. The intrinsic value component represents what the value of the swaption would be if it were immediately exercisable into the underlying interest rate swap. The intrinsic value component measures the degree to which an option is in-the-money, if at all. The time premium represents the difference between the actual price of the swaption and the intrinsic value.

It is customary market practice for swaptions to be “cash settled” rather than for an actual position in an interest rate swap to be established at the time of swaption expiration.

Depending on the terms of the particular option agreement, the Fund, the Subsidiary or the underlying ETFs will generally incur a greater degree of risk when they write a swaption than they will incur when they purchase a swaption. When the Fund, the Subsidiary or the underlying ETFs purchase a swaption, they risk losing only the amount of the premium they have paid should they decide to let the option expire unexercised. However, when the Fund, the Subsidiary or the underlying ETFs write a swaption, upon exercise of the option the Fund, the Subsidiary or the underlying ETFs will become obligated according to the terms of the underlying agreement.

The Fund, the Subsidiary or the underlying ETFs will accrue the net amount of the excess, if any, of their obligations over their entitlements with respect to each interest rate or currency swap or swaption on a daily basis and the Sub-Adviser will designate liquid assets on their books and records in an amount having an aggregate net asset value at least equal to the accrued excess to the extent required by SEC guidelines. If the other party to an interest rate swap defaults, the Fund’s risk of loss consists of the net amount of interest payments that the Fund is contractually entitled to receive.

*Additional Considerations for Interest Rate Swaps, Swaptions and Credit Derivatives.* The pricing and valuation terms of interest rate swaps, swaptions and credit derivatives are not standardized and there is no clearinghouse whereby a party to the agreement can enter into an offsetting position to close out a contract. Interest rate swaps, swaptions and credit derivatives are usually (1) between an institutional investor and a broker-dealer firm or bank or (2) between institutional investors. In addition, substantially all swaps are entered into subject to the standards set forth by the International Swaps & Derivatives Association (“ISDA”). ISDA represents participants in the privately negotiated derivatives industry. It helps formulate the investment industry’s position on regulatory and legislative issues, develops international contractual standards and offers arbitration on disputes concerning market practice.

The Fund’s Sub-Adviser expects that the Fund and the Subsidiary will be subject to the initial and subsequent mark-to-market collateral requirements that are standard among ISDA participants. These requirements help insure that the party who is a net obligor at current market value has pledged for safekeeping, to the counterparty or its agent, sufficient collateral to cover any losses should the obligor become incapable, for whatever reason, of fulfilling its commitments under the swap or swaption agreements. This is analogous, in many respects, to the collateral requirements in place on regular futures and options exchanges. The Fund and the Subsidiary will be responsible for monitoring the market value of all derivative transactions to insure that they are properly collateralized.

The Fund and the Subsidiary have instituted procedures for valuing interest rate swap, swaption or credit derivative positions to which it is party. Interest rate swaps, swaptions and credit derivatives will be valued by the counterparty to the swap or swaption in question. Such valuation will then be compared with the valuation provided by a broker-dealer or bank that is not a party to the contract. In the event of material discrepancies, the Fund has procedures in place for valuing the swap or swaption, subject to the direction of the Fund's Board, which include reference to (1) third-party information services, such as Bloomberg, and (2) comparison with the Sub-Adviser's valuation models.

The use of interest rate swaps, swaptions and credit derivatives is subject to risks and complexities beyond what might be encountered in standardized, exchange-traded options and futures contracts. Such risks include operational risks, valuation risks, credit risks and/or counterparty risk (*i.e.*, the risk that the counterparty cannot or will not perform its obligations under the agreement). In addition, at the time the interest rate swap, swaption or credit derivative reaches its scheduled termination date, there is a risk that the Fund, the Subsidiary or the underlying ETFs will not be able to obtain a replacement transaction or that the terms of the replacement will not be as favorable as on the expiring transaction. If this occurs, it could have a negative impact on the performance of the Fund, the Subsidiary or the underlying ETFs.

While the Fund, the Subsidiary and the underlying ETFs may utilize interest rate swaps, swaptions and credit derivatives for hedging purposes or to enhance total return, their use might result in poorer overall performance for the Fund, the Subsidiary or the underlying ETFs than if they had not engaged in any such transactions. If, for example, the Fund, the Subsidiary or the underlying ETFs had insufficient cash, it might have to sell or pledge a portion of the underlying portfolio of securities in order to meet daily mark-to-market collateralization requirements at a time when it might be disadvantageous to do so. There may be an imperfect correlation between the Fund's, the Subsidiary's and the underlying ETFs' portfolio holdings and swaps, swaptions or credit derivatives entered into by the Fund, the Subsidiary or the underlying ETFs, which may prevent the Fund, the Subsidiary or the underlying ETFs from achieving the intended hedge or expose the Fund, the Subsidiary or the underlying ETFs to risk of loss. Further, the Fund's and the Subsidiary's use of swaps, swaptions and credit derivatives to reduce risk involves costs and will be subject to the Adviser's ability to predict correctly changes in interest rate relationships, volatility, credit quality or other factors. No assurance can be given that the Sub-Adviser's judgment in this respect will be correct.

*Total Return Swap Agreements.* Total return swap agreements are contracts in which one party agrees to make periodic payments to another party based on the change in market value of the assets underlying the contract, which may include a specified security, basket of securities or securities indices during the specified period, in return for periodic payments based on a fixed or variable interest rate or the total return from other underlying assets. Total return swap agreements may be used to obtain exposure to a security or market without owning or taking physical custody of such security or investing directly in such market. Total return swap agreements may effectively add leverage to the Fund's, the Subsidiary's or the underlying ETFs' portfolios because, in addition to total net assets, the Fund, the Subsidiary or the underlying ETFs would be subject to investment exposure on the notional amount of the swap.

Total return swap agreements are subject to the risk that a counterparty will default on its payment obligations to the Fund, the Subsidiary or the underlying ETFs thereunder. Swap agreements also bear the risk that the Fund, the Subsidiary or the underlying ETFs will not be able to meet their obligation to the counterparty. Generally, the Fund, the Subsidiary or the underlying ETFs will enter into total return swaps on a net basis (*i.e.*, the two payment streams are netted against one another with the Fund, the Subsidiary or the underlying ETFs receiving or paying, as the case may be, only the net amount of the two payments). The net amount of the excess, if any, of the Fund's, the Subsidiary's or the underlying ETFs' obligations over entitlements with respect to each total return swap will be accrued on a daily basis, and an amount of liquid assets having an aggregate net asset value at least equal to the accrued excess will be segregated by the Fund, the Subsidiary or the underlying ETFs. If the total return swap transaction is entered into on other than a net basis, the full amount of the Fund's, the Subsidiary's or the underlying ETFs' obligations will be accrued on a daily basis, and the full amount of the Fund's, the Subsidiary's or the underlying ETFs' obligations will be segregated by the Fund, the Subsidiary or the underlying ETFs in an amount equal to or greater than the market value of the liabilities under the total return swap agreement or the amount it would have cost the Fund initially to make an equivalent direct investment, plus or minus any amount the Fund, the Subsidiary or the underlying ETFs are obligated to pay or are to receive under the total return swap agreement.

*Options on Securities and Securities Indices.* The Fund, the Subsidiary or the underlying ETFs may engage in transactions in options on individual securities, baskets of securities or securities indices, or particular measurements of value or rates (an "*index*"), such as an index of the price of treasury securities or an index representative of short-term interest rates. Such investments may be made on exchanges and in the over-the-counter ("*OTC*") markets. In general, exchange-traded options have standardized exercise prices and expiration dates and require the parties to post margin against their obligations, and the performance of the parties' obligations in connection with such options is guaranteed by the exchange or a related clearing corporation. OTC options have more flexible terms negotiated between the buyer and the seller but generally do not require the parties to post margin and are subject to greater credit risk. OTC options also involve greater liquidity risk. See "Additional Risk Factors of OTC Transactions; Limitations on the Use of OTC Derivatives" below.

A stock index fluctuates with changes in the market values of the stock included in the index. Indices may also be based on an industry or market segment. Successful use by the Fund, the Subsidiary or the underlying ETFs of options on stock indices will be subject to the ability of the portfolio manager to correctly predict movements in the direction of the stock market. In addition, the Fund's, the Subsidiary's or the underlying ETFs' ability to effectively hedge all or a portion of the securities in its portfolio, in anticipation of or during a market decline through transactions in put options on stock indices, depends on the degree to which price movements in the underlying index correlate with the price movements of the securities held by the Fund, the Subsidiary or the underlying ETFs. Inasmuch as the Fund's, the Subsidiary's or the underlying ETFs' securities will not duplicate the components of an index, the correlation will not be perfect. Consequently, the Fund, the Subsidiary or the underlying ETFs will bear the risk that the prices of securities being hedged will not move in the same amount as the prices of put options on the stock indices. It is also possible that there may be a negative correlation between the index and the Fund's, the Subsidiary's or the underlying ETFs' securities, which would result in a loss on both such securities and the options on stock indices acquired by the Fund, the Subsidiary or the underlying ETFs.

The purchase of stock index options involves the risk that the premium and transaction costs paid by the Fund or the Subsidiary in purchasing an option will be lost as a result of unanticipated movements in prices of the securities comprising the stock index on which the option is based.

*Call Options.* The Fund, the Subsidiary or the underlying ETFs may purchase call options on any of the types of securities or instruments in which they may invest. A purchased call option gives the Fund, the Subsidiary or the underlying ETFs the right to buy, and obligates the seller to sell, the underlying security at the exercise price at any time during the option period. The Fund, the Subsidiary or the underlying ETFs also may purchase and sell call options on indices. Index options are similar to options on securities except that, rather than taking or making delivery of securities underlying the option at a specified price upon exercise, an index option gives the holder the right to receive cash upon exercise of the option if the level of the index upon which the option is based is greater than the exercise price of the option.

The Fund and the Subsidiary are also authorized to write (*i.e.*, sell) covered call options on the securities or instruments in which they may invest and to enter into closing purchase transactions with respect to certain of such options. A covered call option is an option in which the Fund or the Subsidiary, in return for a premium, gives another party a right to buy specified securities owned by the Fund or the Subsidiary at a specified future date and price set at the time of the contract. The principal reason for writing call options is the attempt to realize, through the receipt of premiums, a greater return than would be realized on the securities alone. By writing covered call options, the Fund and the Subsidiary give up the opportunity, while the option is in effect, to profit from any price increase in the underlying security above the option exercise price. In addition, the Fund's and the Subsidiary's ability to sell the underlying security will be limited while the option is in effect unless the Fund and the Subsidiary enter into a closing purchase transaction. A closing purchase transaction cancels out the Fund's or the Subsidiary's position as the writer of an option by means of an offsetting purchase of an identical option prior to the expiration of the option it has written. Covered call options also serve as a partial hedge to the extent of the premium received against the price of the underlying security declining.

A call option written by the Fund, the Subsidiary or the underlying ETFs on a security is "covered" if the Fund, the Subsidiary or the underlying ETFs own the security underlying the call or have an absolute and immediate right to acquire that security without additional cash consideration upon conversion or exchange of other securities held by the Fund, the Subsidiary or the underlying ETFs.

Covered call risk is the risk that the Fund, the Subsidiary or the underlying ETFs, as a writer of a covered call option, do not generate increased income from the asset. There are several additional risks associated with transactions in covered call options on securities used in connection with the Fund's, the Subsidiary's or the underlying ETFs' option strategy. A decision as to whether, when and how to use covered call options involves the exercise of skill and judgment, and even a well-conceived transaction may be unsuccessful to some degree because of market behavior or unexpected events.

The Fund and the Subsidiary are also authorized to write (*i.e.*, sell) uncovered call options on securities or instruments in which they may invest but that are not currently held by the Fund or the Subsidiary. The principal reason for writing uncovered call options is to realize income without committing capital to the ownership of the underlying securities or instruments. When writing uncovered call options, the Fund, the Subsidiary or the underlying ETFs must deposit and maintain as collateral sufficient margin with the broker-dealer through which they made the uncovered call option, to ensure that the securities can be purchased for delivery if and when the option is exercised. In addition, in connection with each such transaction the Fund, the Subsidiary or the underlying ETFs will segregate unencumbered liquid securities or cash with a value at least equal to the Fund's, the Subsidiary's or the underlying ETFs' exposure (the difference between the unpaid amounts owed by the Fund, the Subsidiary or the underlying ETFs on such transaction minus any collateral deposited with the broker-dealer), on a mark-to-market basis (as calculated pursuant to requirements of the SEC). Such segregation will ensure that the Fund, the Subsidiary or the underlying ETFs have assets available to satisfy their obligations with respect to the transaction and will avoid any potential leveraging of the Fund's, the Subsidiary's or the underlying ETFs' portfolios. Such segregation will not limit the Fund's, the Subsidiary's or the underlying ETFs' exposure to loss. During periods of declining securities prices or when prices are stable, writing uncovered calls can be a profitable strategy to increase the Fund's, the Subsidiary's or the underlying ETFs' income with minimal capital risk. Uncovered calls are riskier than covered calls because there is no underlying security held by the Fund, the Subsidiary or the underlying ETFs that can act as a partial hedge. Uncovered calls have speculative characteristics, and the potential for loss is unlimited. When an uncovered call is exercised, the Fund, the Subsidiary or the underlying ETFs must purchase the underlying security to meet the call obligation. There is also a risk, especially with less liquid preferred and debt securities, that the securities may not be available for purchase. If the purchase price exceeds the exercise price, the Fund, the Subsidiary or the underlying ETFs will lose the difference.

*Put Options.* The Fund and the Subsidiary are authorized to purchase put options to seek to hedge against a decline in the value of their securities or to enhance their return. By buying a put option, the Fund, the Subsidiary or the underlying ETFs acquire a right to sell the underlying securities or instruments at the exercise price, thus limiting the Fund's, the Subsidiary's or the underlying ETFs' risk of loss through a decline in the market value of the securities or instruments until the put option expires. The amount of any appreciation in the value of the underlying securities or instruments will be partially offset by the amount of the premium paid for the put option and any related transaction costs. Prior to its expiration, a put option may be sold in a closing sale transaction, and profit or loss from the sale will depend on whether the amount received is more or less than the premium paid for the put option plus the related transaction costs. A closing sale transaction cancels out the Fund's, the Subsidiary's or the underlying ETFs' position as the purchaser of an option by means of an offsetting sale of an identical option prior to the expiration of the option that was purchased. The Fund, the Subsidiary or the underlying ETFs also may purchase uncovered put options.



The Fund and the Subsidiary also have authority to write (*i.e.*, sell) put options on the types of securities or instruments that may be held by the Fund or the Subsidiary, provided that such put options are covered, meaning that such options are secured by segregated, liquid assets. The Fund, the Subsidiary or the underlying ETFs will receive a premium for writing a put option, which increases the Fund's, the Subsidiary's or the underlying ETFs' return. The Fund and the Subsidiary will not sell puts if, as a result, more than 50% of the Fund's or the Subsidiary's assets would be required to cover its potential obligations under its hedging and other investment transactions.

The Fund and the Subsidiary are also authorized to write (*i.e.*, sell) uncovered put options on securities or instruments in which they may invest but with respect to which the Fund and the Subsidiary do not currently have a corresponding short position or have not deposited as collateral cash equal to the exercise value of the put option with the broker-dealer through which they made the uncovered put option. The principal reason for writing uncovered put options is to receive premium income and to acquire such securities or instruments at a net cost below the current market value. The Fund, the Subsidiary or the underlying ETFs have the obligation to buy the securities or instruments at an agreed-upon price if the price of the securities or instruments decreases below the exercise price. If the price of the securities or instruments increases during the option period, the option will expire worthless and the Fund, the Subsidiary or the underlying ETFs will retain the premium and will not have to purchase the securities or instruments at the exercise price. In connection with such a transaction, the Fund, the Subsidiary or the underlying ETFs will segregate unencumbered liquid assets with a value at least equal to the Fund's exposure, on a mark-to-market basis (as calculated pursuant to requirements of the SEC). Such segregation will ensure that the Fund, the Subsidiary or the underlying ETFs have assets available to satisfy their obligations with respect to the transaction and will avoid any potential leveraging of the Fund's or the Subsidiary's portfolio. Such segregation will not limit the Fund's, the Subsidiary's or the underlying ETFs' exposure to loss.

*Risks Associated with Options.* There are several risks associated with transactions in options on securities and indices. For example, there are significant differences between the securities and options markets that could result in an imperfect correlation between these markets, causing a given transaction not to achieve its objectives. In addition, a liquid secondary market for particular options, whether traded over-the-counter or on a national securities exchange, may be absent for reasons that include the following: there may be insufficient trading interest in certain options; restrictions may be imposed by a national securities exchange on opening transactions or closing transactions, or both; trading halts, suspensions or other restrictions may be imposed with respect to particular classes or series of options or underlying securities; unusual or unforeseen circumstances may interrupt normal operations on a national securities exchange; the facilities of a national securities exchange or the Options Clearing Corporation may not at all times be adequate to handle current trading volume; or one or more national securities exchanges could, for economic or other reasons, decide or be compelled at some future date to discontinue the trading of options (or a particular class or series of options), in which event the secondary market on that national securities exchange (or in that class or series of options) would cease to exist, although outstanding options that had been issued by the Options Clearing Corporation as a result of trades on that national securities exchange would continue to be exercisable in accordance with their terms. In addition, the hours of trading for options may not conform to the hours during which the underlying securities are traded. To the extent that the options markets close before the markets for the underlying securities, significant price and rate movements can take place in the underlying markets that cannot be reflected in the options markets.

If the Fund, the Subsidiary or an underlying ETF is unable to close out a call option on securities that it has written before the option is exercised, the Fund, the Subsidiary or the underlying ETF may be required to purchase the optioned securities in order to satisfy its obligation under the option to deliver such securities. If the Fund, the Subsidiary or an underlying ETF is unable to effect a closing sale transaction with respect to options on securities that it has purchased, it would have to exercise the option in order to realize any profit and would incur transaction costs upon the purchase and sale of the underlying securities.

The writing and purchasing of options is a highly specialized activity that involves investment techniques and risks different from those associated with ordinary portfolio securities transactions. Options transactions may result in significantly higher transaction costs for the Fund, the Subsidiary or the underlying ETFs.

*Futures.* The Fund or the Subsidiary may engage in transactions in futures and options on futures. Futures are standardized, exchange-traded contracts that obligate a purchaser to take delivery, and a seller to make delivery, of a specific amount of an asset at a specified future date at a specified price. No price is paid upon entering into a futures contract. Rather, upon purchasing or selling a futures contract the Fund or the Subsidiary is required to deposit collateral ("*margin*") equal to a percentage (generally less than 10%) of the contract value. From time to time thereafter until the futures position is closed, the Fund, the Subsidiary or the underlying ETFs will pay additional margin representing any loss experienced as a result of the futures position the prior day or be entitled to a payment representing any profit experienced as a result of the futures position the prior day. Futures involve substantial leverage risk. The Fund may only enter into futures contracts traded on regulated commodity exchanges.

The sale of a futures contract limits the Fund's, the Subsidiary's or the underlying ETFs' risk of loss from a decline in the market value of portfolio holdings correlated with the futures contract prior to the futures contract's expiration date. In the event the market value of the portfolio holdings correlated with the futures contract increases rather than decreases, however, the Fund and the Subsidiary will realize a loss on the futures position and a lower return on the portfolio holdings than would have been realized without the purchase of the futures contract.

The purchase of a futures contract may protect the Fund, the Subsidiary or the underlying ETFs from having to pay more for securities as a consequence of increases in the market value for such securities during a period when the Fund, the Subsidiary or the underlying ETFs were attempting to identify specific securities in which to invest in a market the Fund, the Subsidiary or the underlying ETFs believe to be attractive. In the event that such securities decline in value or the Fund, the Subsidiary or the underlying ETFs determine not to complete an anticipatory hedge transaction relating to a futures contract, however, the Fund, the Subsidiary or the underlying ETFs may realize a loss relating to the futures position.

The Fund and the Subsidiary are also authorized to purchase or sell call and put options on futures contracts, including financial futures and stock indices. A stock index futures contract is an agreement to take or make delivery of an amount of cash equal to the difference between the value of the index at the beginning and at the end of the contract period. Generally, these strategies would be used under the same market and market sector conditions (*i.e.*, conditions relating to specific types of investments) in which the Fund, the Subsidiary or the underlying ETFs entered into futures transactions. The Fund, the Subsidiary or the underlying ETFs may purchase put options or write call options on futures contracts and stock indices in lieu of selling the underlying futures contract in anticipation of a decrease in the market value of its securities. Similarly, the Fund, the Subsidiary or the underlying ETFs can purchase call options, or write put options on futures contracts and stock indices, as a substitute for the purchase of such futures to hedge against the increased cost resulting from an increase in the market value of securities that the Fund intends to purchase.

To maintain greater flexibility, the Fund, the Subsidiary or the underlying ETFs may invest in instruments that have characteristics similar to futures contracts. These instruments may take a variety of forms, such as debt securities with interest or principal payments determined by reference to the value of a security, an index of securities or a commodity at a future point in time. The risks of such investments could reflect the risks of investing in futures and securities, including volatility and illiquidity.

*Interest Rate and Stock Index Futures.* The Fund, the Subsidiary or the underlying ETFs may enter into interest rate and stock index futures contracts and may purchase and sell put and call options on such futures contracts for hedging and other appropriate risk-management purposes or to increase return, in accordance with the rules and regulations of the CFTC and the SEC. An interest rate futures contract is a standardized contract for the future delivery of a specified security (such as a U.S. Treasury Bond or U.S. Treasury Note) or its equivalent at a future date at a price set at the time of the contract. An option on an interest rate futures contract or stock index futures contract, as contrasted with the direct investment in such a contract, gives the purchaser of the option the right, in return for the premium paid, to assume a position in a stock index futures contract or interest rate futures contract at a specified exercise price at any time on or before the expiration date of the option. Upon exercise of an option, the delivery of the futures position by the writer of the option to the holder of the option will be accompanied by delivery of the accumulated balance in the writer's futures margin account, which represents the amount by which the market price of the futures contract exceeds, in the case of a call, or is less than, in the case of a put, the exercise price of the option on the futures contract. The potential loss related to the purchase of an option on a futures contract is limited to the premium paid for the option (plus transaction costs). With respect to options purchased by the Fund, the Subsidiary or the underlying ETFs, there are no daily cash payments made by the Fund, the Subsidiary or the underlying ETFs to reflect changes in the value of the underlying contract; however, the value of the option does change daily, and that change would be reflected in the net asset value of the Fund, the Subsidiary or the underlying ETFs.

The Fund, the Subsidiary or the underlying ETFs may either accept or make delivery of cash or the underlying instrument specified at the expiration of an interest rate futures contract or cash at the expiration of a stock index futures contract or, prior to expiration, enter into a closing transaction involving the purchase or sale of an offsetting contract. Closing transactions with respect to futures contracts are effected on the exchange on which the contract was entered into (or a linked exchange). There is no guarantee that such closing transactions can be effected at any particular time or at all. In addition, daily limits on price fluctuations on exchanges on which the Fund, the Subsidiary or the underlying ETFs conduct their futures and options transactions may prevent the prompt liquidation of positions at the optimal time, thus subjecting the Fund, the Subsidiary and the underlying ETFs to the potential of greater losses.

*Risks Associated with Futures and Options on Futures.* While the Fund and the Subsidiary may enter into futures contracts and options on futures contracts for hedging purposes, the use of futures contracts and options on futures contracts might result in a poorer overall performance for the Fund, the Subsidiary or the underlying ETFs than if each had not engaged in any such transactions. If, for example, the Fund, the Subsidiary or the underlying ETFs had insufficient cash, each might have to sell a portion of its underlying portfolio of securities in order to meet daily variation margin requirements on its futures contracts or options on futures contracts at a time when it might be disadvantageous to do so. Further, the Fund's, the Subsidiary's or the underlying ETFs' use of futures contracts and options on futures contracts to reduce risk involves costs and will be subject to the Sub-Adviser's ability to predict correctly changes in interest rate relationships, the direction of securities prices, currency exchange rates or other factors. No assurance can be given that the Sub-Adviser's judgment in this respect will be correct. Additional risks associated with the use of futures contracts and options include (a) the imperfect correlation between the change in market value of the instruments held by the Fund, the Subsidiary or the underlying ETFs and the price of the futures contract or option, which may prevent the Fund, the Subsidiary or the underlying ETFs from achieving the intended hedge or expose the Fund, the Subsidiary or the underlying ETFs to risk of loss; (b) possible lack of a liquid secondary market for a futures contract and the resulting inability to close a futures contract when desired; (c) losses caused by unanticipated market movements, which are potentially unlimited; and (d) the possibility that the counterparty will default in the performance of its obligations.

*Asset Segregation.* Under regulations of the CFTC currently in effect, which may change from time to time, with respect to futures contracts to purchase securities or stock indices, call options on futures contracts purchased by the Fund, the Subsidiary or the underlying ETFs and put options on futures contracts written by the Fund, the Subsidiary or the underlying ETFs, the Fund, the Subsidiary or the underlying ETFs will set aside in a segregated account liquid securities with a value at least equal to the value of instruments underlying such futures contracts less the amount of initial margin on deposit for such contracts. The current view of the staff of the SEC is that the Fund's, the Subsidiary's or the underlying ETFs' long and short positions in futures contracts as well as put and call options on futures written by them must be collateralized with cash or certain liquid assets held in a segregated account or "covered" in a manner similar to that described for covered options on securities.

*Federal Income Tax Treatment of Futures Contracts and Options.* The Fund's, the Subsidiary's and the underlying ETFs' transactions in futures contracts and options will be subject to special provisions of the Code that, among other things, may affect the character of gains and losses realized by the Fund, the Subsidiary or the underlying ETFs (*i.e.*, may affect whether gains or losses are ordinary or capital, or short-term or long-term), may accelerate recognition of income to the Fund, the Subsidiary or the underlying ETFs and may defer Fund losses. These rules could, therefore, affect the character, amount and timing of distributions to shareholders. These provisions also (a) will require the Fund, the Subsidiary and the underlying ETFs to mark-to-market certain types of the positions in their portfolios (*i.e.*, treat them as if they were closed out), and (b) may cause the Fund, the Subsidiary and the underlying ETFs to recognize income without receiving cash with which to make distributions in amounts necessary to satisfy the 90% distribution requirement for qualifying to be taxed as a regulated investment company and the distribution requirement for avoiding excise taxes.

*Non-U.S. Exchange Transactions.* The Fund, the Subsidiary and the underlying ETFs may engage in spot and forward non-U.S. exchange transactions and currency swaps, purchase and sell options on currencies and purchase and sell currency futures and related options thereon (collectively, "*Currency Instruments*") for purposes of hedging against the decline in the value of currencies in which their portfolio holdings are denominated against the U.S. dollar or to seek to enhance returns. Such transactions could be effected with respect to hedges on non-U.S. dollar denominated securities owned by the Fund, the Subsidiary or the underlying ETFs, sold by the Fund, the Subsidiary or the underlying ETFs but not yet delivered, or committed or anticipated to be purchased by the Fund. As an illustration, the Fund, the Subsidiary or the underlying ETFs may use such techniques to hedge the stated value in U.S. dollars of an investment in a yen-denominated security. In such circumstances, for example, the Fund, the Subsidiary or the underlying ETFs may purchase a non-U.S. currency put option enabling them to sell a specified amount of yen for dollars at a specified price by a future date. To the extent the hedge is successful, a loss in the value of the yen relative to the dollar will tend to be offset by an increase in the value of the put option. To offset, in whole or in part, the cost of acquiring such a put option, the Fund, the Subsidiary or the underlying ETFs may also sell a call option which, if exercised, requires them to sell a specified amount of yen for dollars at a specified price by a future date (a technique called a "*straddle*"). By selling such a call option in this illustration, the Fund, the Subsidiary or the underlying ETFs give up the opportunity to profit without limit from increases in the relative value of the yen to the dollar. "Straddles" of the type that may be used by the Fund, the Subsidiary or the underlying ETFs are considered to constitute hedging transactions. The Fund, the Subsidiary and the underlying ETFs will not attempt to hedge all of their non-U.S. portfolio positions.

*Forward Non-U.S. Exchange Transactions.* Forward non-U.S. exchange transactions are OTC contracts to purchase or sell a specified amount of a specified currency or multinational currency unit at a price and future date set at the time of the contract. Spot non-U.S. exchange transactions are similar but require current, rather than future, settlement. The Fund, the Subsidiary and the underlying ETFs will enter into non-U.S. exchange transactions for purposes of hedging either a specific transaction or a portfolio position or to seek to enhance returns. The Fund, the Subsidiary and the underlying ETFs may enter into a non-U.S. exchange transaction for purposes of hedging a specific transaction by, for example, purchasing a currency needed to settle a security transaction or selling a currency in which the Fund, the Subsidiary or the underlying ETFs have received or anticipate receiving a dividend or distribution. The Fund, the Subsidiary or the underlying ETFs may enter into a non-U.S. exchange transaction for purposes of hedging a portfolio position by selling forward a currency in which a portfolio position of the Fund, the Subsidiary or the underlying ETFs is denominated or by purchasing a currency in which the Fund, the Subsidiary or the underlying ETFs anticipate acquiring a portfolio position in the near future. The Fund, the Subsidiary or the underlying ETFs may also hedge portfolio positions through currency swaps, which are transactions in which one currency is simultaneously bought for a second currency on a spot basis and sold for the second currency on a forward basis. The Fund, the Subsidiary or the underlying ETFs may also engage in proxy hedging transactions to reduce the effect of currency fluctuations on the value of existing or anticipated holdings of portfolio securities. Proxy hedging is often used when the currency to which the Fund, the Subsidiary or the underlying ETFs are exposed is difficult to hedge or to hedge against the dollar. Proxy hedging entails entering into a forward contract to sell a currency whose changes in value are generally considered to be linked to a currency or currencies in which some or all of the Fund's, the Subsidiary's or the underlying ETFs' securities are, or are expected to be, denominated, and to buy U.S. dollars. Proxy hedging involves some of the same risks and considerations as other transactions with similar instruments. Currency transactions can result in losses to the Fund, the Subsidiary or the underlying ETFs if the currency being hedged fluctuates in value to a degree or in a direction that is not anticipated. In addition, there is the risk that the perceived linkage between various currencies may not be present or may not be present during the particular time that the Fund, the Subsidiary or the underlying ETFs are engaged in proxy hedging. The Fund, the Subsidiary or the underlying ETFs may also cross-hedge currencies by entering into forward contracts to sell one or more currencies that are expected to decline in value relative to other currencies to which the Fund, the Subsidiary or the underlying ETFs have or in which the Fund, the Subsidiary or the underlying ETFs expect to have portfolio exposure. For example, the Fund, the Subsidiary or the underlying ETFs may hold both Canadian government bonds and Japanese government bonds, and the Sub-Adviser may believe that Canadian dollars will deteriorate against Japanese yen. This strategy would be a hedge against a decline in the value of Canadian dollars, although it would expose the Fund, the Subsidiary or the underlying ETFs to declines in the value of the Japanese yen relative to the U.S. dollar. Forward non-U.S. exchange transactions involve substantial currency risk and also involve credit and liquidity risk. The Fund, the Subsidiary or the underlying ETFs may also hedge a currency by entering into a transaction in a Currency Instrument denominated in a currency other than the currency being hedged (a "cross-hedge"). The Fund, the Subsidiary and the underlying ETFs will only enter into a cross-hedge if the Sub-Adviser believes that (i) there is a demonstrably high correlation between the currency in which the cross-hedge is denominated and the currency being hedged, and (ii) executing a cross-hedge through the currency in which the cross-hedge is denominated will be significantly more cost-effective or provide substantially greater liquidity than executing a similar hedging transaction by means of the currency being hedged.

Some of the forward non-U.S. currency contracts that may be entered into by the Fund, the Subsidiary or the underlying ETFs are classified as non-deliverable forwards ("*NDF*"). NDFs are cash-settled, short-term forward contracts that may be thinly traded or are denominated in non-convertible non-U.S. currency, where the profit or loss at the time at the settlement date is calculated by taking the difference between the agreed-upon exchange rate and the spot rate at the time of settlement, for an agreed-upon notional amount of funds. All NDFs have a fixing date and a settlement date. The fixing date is the date at which the difference between the prevailing market exchange rate and the agreed-upon exchange rate is calculated. The settlement date is the date by which the payment of the difference is due to the party receiving payment. NDFs are commonly quoted for time periods of from one month up to two years and are normally quoted and settled in U.S. dollars. They are often used to gain exposure to and/or hedge exposure to non-U.S. currencies that are not internationally traded.

*Currency Futures.* The Fund, the Subsidiary and the ETFs in which they invest may also seek to enhance returns or hedge against the decline in the value of a currency through use of currency futures or options thereon. Currency futures are similar to forward non-U.S. exchange transactions except that futures are standardized, exchange-traded contracts while forward non-U.S. exchange transactions are traded in the OTC market. Currency futures involve substantial currency risk and also involve leverage risk.

*Currency Options.* The Fund, the Subsidiary and the underlying ETFs may also seek to enhance returns or hedge against the decline in the value of a currency through the use of currency options. Currency options are similar to options on securities. For example, in consideration for an option premium, the writer of a currency option is obligated to sell (in the case of a call option) or purchase (in the case of a put option) a specified amount of a specified currency on or before the expiration date for a specified amount of another currency. The Fund, the Subsidiary or the underlying ETFs may engage in transactions in options on currencies either on exchanges or OTC markets. The Fund, the Subsidiary or the underlying ETFs may write covered call options on up to 100% of the currencies in its portfolio. See “Additional Risk Factors of OTC Transactions; Limitations on the Use of OTC Derivatives” below. Currency options involve substantial currency risk and may also involve credit, leverage or liquidity risk.

*Currency Swaps.* In order to protect against currency fluctuations, the Fund, the Subsidiary or the underlying ETFs may enter into currency swaps. The Fund, the Subsidiary or the underlying ETFs may also hedge portfolio positions through currency swaps, which are transactions in which one currency is simultaneously bought for a second currency on a spot basis and sold for the second currency on a forward basis. Currency swaps involve the exchange of the rights of the Fund, the Subsidiary or the underlying ETFs and another party to make or receive payments in specified currencies. Currency swaps usually involve the delivery of the entire principal value of one designated currency in exchange for the other designated currency. Because currency swaps usually involve the delivery of the entire principal value of one designated currency in exchange for the other designated currency, the entire principal value of a currency swap is subject to the risk that the other party to the swap will default on its contractual delivery obligations.

*Limitations on Currency Transactions.* The Fund, the Subsidiary and the underlying ETFs will not hedge a currency in excess of the aggregate market value of the securities it owns (including receivables for unsettled securities sales), has committed to purchase or anticipates purchasing, which are denominated in such currency. Open positions in forward non-U.S. exchange transactions used for non-hedging purposes will be covered by the segregation of liquid assets and are marked to market daily. The Fund’s and the Subsidiary’s exposure to futures or options on currencies will be covered as described below under “Risk and Special Considerations Concerning Derivatives.”

*Risk Factors in Hedging Non-U.S. Currency.* Hedging transactions involving Currency Instruments involve substantial risks, including correlation risk. While the Fund's, the Subsidiary's or the underlying ETFs' use of Currency Instruments to effect hedging strategies is intended to reduce the volatility of the net asset value of the Fund's, the Subsidiary's or the underlying ETFs' shares, the net asset value of the Fund's, the Subsidiary's or the underlying ETFs' shares will fluctuate. Moreover, although Currency Instruments will be used with the intention of hedging against adverse currency movements, transactions in Currency Instruments involve the risk that anticipated currency movements will not be accurately predicted and that the Fund's hedging strategies will be ineffective. To the extent that the Fund, the Subsidiary or the underlying ETFs hedge against anticipated currency movements that do not occur, the Fund, the Subsidiary and the underlying ETFs may realize losses and decrease their total return as the result of their hedging transactions. Furthermore, the Fund, the Subsidiary and the underlying ETFs will only engage in hedging activities from time to time and may not be engaging in hedging activities when movements in currency exchange rates occur.

In connection with trading in forward non-U.S. currency contracts, if any, the Fund, the Subsidiary and the underlying ETFs will contract with a non-U.S. or domestic bank, or non-U.S. or domestic securities dealer, to make or take future delivery of a specified amount of a particular currency. There are no limitations on daily price moves in such forward contracts, and banks and dealers are not required to continue to make markets in such contracts. There have been periods during which certain banks or dealers have refused to quote prices for such forward contracts or have quoted prices with an unusually wide spread between the price at which the bank or dealer is prepared to buy and that at which it is prepared to sell. Governmental imposition of credit controls might limit any such forward contract trading. With respect to trading of forward contracts, if any, the Fund, the Subsidiary and the underlying ETFs will be subject to the risk of bank or dealer failure and the inability of, or refusal by, a bank or dealer to perform with respect to such contracts. Any such default would deprive the Fund, the Subsidiary and the underlying ETFs of any profit potential or force the Fund, the Subsidiary and the underlying ETFs to cover their commitments for resale, if any, at the then market price and could result in a loss to the Fund, the Subsidiary or the underlying ETFs.

It may not be possible for the Fund, the Subsidiary or the underlying ETFs to hedge against currency exchange rate movements, even if correctly anticipated, in the event that (i) the currency exchange rate movement is so generally anticipated that the Fund, the Subsidiary or the underlying ETFs are not able to enter into a hedging transaction at an effective price, or (ii) the currency exchange rate movement relates to a market with respect to which Currency Instruments are not available and it is not possible to engage in effective non-U.S. currency hedging. The cost to the Fund, the Subsidiary or the underlying ETFs of engaging in non-U.S. currency transactions varies with such factors as the currencies involved, the length of the contract period and the market conditions then prevailing. Since transactions in non-U.S. currency exchanges usually are conducted on a principal basis, no fees or commissions are involved.

*Risks and Special Considerations Concerning Derivatives.* Derivatives are volatile and involve significant risks, including:



- *Correlation Risk.* Correlation risk is the risk that there might be an imperfect correlation, or even no correlation, between price movements of a derivative instrument and price movements of investments being hedged (or of a particular market or security to which the Fund, the Subsidiary or the underlying ETFs seek exposure). When a derivative transaction is used to completely hedge another position, changes in the market value of the combined position (the derivative instrument plus the position being hedged) result from an imperfect correlation between the price movements of the two instruments. This might occur due to factors unrelated to the value of the investments being hedged, such as speculative or other pressures on the markets in which these instruments are traded.
- *Credit Risk.* Credit risk is the risk that a loss may be sustained as a result of the failure of a counterparty (or reference entity in a credit default swap or similar derivative) to comply with the terms of a derivative instrument and honor its financial obligations. The counterparty risk for exchange-traded derivatives is generally less than for privately negotiated or OTC derivatives, since generally a clearing agency, which is the issuer or counterparty to each exchange-traded instrument, provides a guarantee of performance. For privately negotiated instruments, there is no similar clearing agency guarantee. In all transactions, the Fund, the Subsidiary or the underlying ETFs will bear the risk that the counterparty will default, and this could result in a loss of the expected benefit of the derivative transactions and possibly other losses to the Fund, the Subsidiary or the underlying ETFs.
- *Currency Risk.* Currency risk is the risk that changes in the exchange rate between two currencies will adversely affect the value (in U.S. dollar terms) of an investment.
- *Index Risk.* If the derivative is linked to the performance of an index, it will be subject to the risks associated with changes in that index. If the index changes, the Fund, the Subsidiary or the underlying ETFs could receive lower interest payments or experience a reduction in the value of the derivative to below what that Fund, the Subsidiary or an underlying ETF paid. Certain indexed securities, including inverse securities (which move in an opposite direction to the index), may create leverage, to the extent that they increase or decrease in value at a rate that is a multiple of the changes in the applicable index.
- *Legal Risk.* Legal risk is the risk of loss caused by the unenforceability of a party's obligations under the derivative. While a party seeking price certainty agrees to surrender the potential upside in exchange for downside protection, the party taking the risk is looking for a positive payoff. Despite this voluntary assumption of risk, a counterparty that has lost money in a derivative transaction may try to avoid payment by exploiting various legal uncertainties about certain derivative products.
- *Leverage Risk.* Leverage risk is the risk that the Fund, the Subsidiary or the underlying ETFs may be more volatile than if they had not been leveraged due to leverage's tendency to exaggerate the effect of any increase or decrease in the value of the Fund's, the Subsidiary's or underlying ETFs' portfolio securities. The use of leverage may also cause the Fund or the Subsidiary to liquidate portfolio positions when it may not be advantageous to do so to satisfy its obligations or to meet segregation requirements. Certain investments or trading strategies that involve leverage can result in losses that greatly exceed the amount originally invested.

- *Liquidity Risk.* Liquidity risk is the risk that a derivative instrument cannot be sold, closed out or replaced quickly at or very close to its fundamental value. Generally, exchange contracts are very liquid because the exchange clearinghouse is the counterparty of every contract. OTC transactions are less liquid than exchange-traded derivatives since they often can only be closed out with the other party to the transaction. The Fund, the Subsidiary or the underlying ETFs might be required by applicable regulatory requirements to maintain assets as “cover,” maintain segregated accounts and/or make margin payments when they take positions in derivative instruments involving obligations to third parties (*i.e.*, instruments other than purchase options). If the Fund, the Subsidiary or the underlying ETFs are unable to close out their positions in such instruments, they might be required to continue to maintain such assets or accounts or make such payments until the position expires, matures or is closed out. These requirements might impair the Fund’s, the Subsidiary’s or the underlying ETFs’ ability to sell a security or make an investment at a time when it would otherwise be favorable to do so, or require that the Fund or the Subsidiary sell a portfolio security at a disadvantageous time. The Fund’s, the Subsidiary’s or the underlying ETFs’ ability to sell or close out a position in an instrument prior to expiration or maturity depends upon the existence of a liquid secondary market or, in the absence of such a market, the ability and willingness of the counterparty to enter into a transaction closing out the position. Due to liquidity risk, there is no assurance that any derivatives position can be sold or closed out at a time and price that is favorable to the Fund, the Subsidiary or the underlying ETFs.
- *Market Risk.* Market risk is the risk that the value of the underlying assets may go up or down. Adverse movements in the value of an underlying asset can expose the Fund, the Subsidiary or the underlying ETFs to losses. Market risk is the primary risk associated with derivative transactions. Derivative instruments may include elements of leverage and, accordingly, fluctuations in the value of the derivative instrument in relation to the underlying asset may be magnified. The successful use of derivative instruments depends upon a variety of factors, particularly the portfolio manager’s ability to predict movements of the securities, currencies and commodities markets, which may require different skills than predicting changes in the prices of individual securities. There can be no assurance that any particular strategy adopted will succeed.
- *Systemic or “Interconnection” Risk.* Systemic or interconnection risk is the risk that a disruption in the financial markets will cause difficulties for all market participants. In other words, a disruption in one market will spill over into other markets, perhaps creating a chain reaction. Much of the OTC derivatives market takes place among the OTC dealers themselves, thus creating a large, interconnected web of financial obligations. This interconnectedness raises the possibility that a default by one large dealer could create losses for other dealers and destabilize the entire market for OTC derivative instruments.

The Fund intends to enter into transactions involving derivatives only if there appears to be a liquid secondary market for such instruments or, in the case of illiquid instruments traded in OTC transactions, such instruments satisfy the criteria set forth below under “Additional Risk Factors of OTC Transactions; Limitations on the Use of OTC Derivatives.” However, there can be no assurance that, at any specific time, either a liquid secondary market will exist for a derivative or the Fund will otherwise be able to sell such instrument at an acceptable price. It may, therefore, not be possible to close a position in a derivative without incurring substantial losses, if at all.

Certain transactions in derivatives (such as futures transactions or sales of put options) involve substantial leverage risk and may expose the Fund, the Subsidiary or the underlying ETFs to potential losses that exceed the amount originally invested by the Fund, the Subsidiary or the underlying ETFs. When the Fund or the Subsidiary engages in such a transaction, the Fund or the Subsidiary will deposit in a segregated account liquid assets with a value at least equal to the Fund’s or the Subsidiary’s exposure, on a mark-to-market basis, to the transaction (as calculated pursuant to requirements of the SEC). Such segregation will ensure that the Fund or the Subsidiary has assets available to satisfy its obligations with respect to the transaction, but it will not limit the Fund’s or the Subsidiary’s exposure to loss.

*Additional Risk Factors of OTC Transactions; Limitations on the Use of OTC Derivatives.* Certain derivatives traded in OTC markets, including indexed securities, swaps and OTC options, involve substantial liquidity risk. The absence of liquidity may make it difficult or impossible for the Fund, the Subsidiary or the underlying ETFs to sell such instruments promptly at an acceptable price. The absence of liquidity may also make it more difficult for the Fund, the Subsidiary or the underlying ETFs to ascertain a market value for such instruments. The Fund, the Subsidiary or the underlying ETFs will, therefore, acquire illiquid OTC instruments (i) if the agreement pursuant to which the instruments are purchased contains a formula price at which the instruments may be terminated or sold, or (ii) for which the Sub-Adviser anticipates the Fund, the Subsidiary or the underlying ETFs can receive on each business day at least two independent bids or offers, unless a quotation from only one dealer is available, in which case that dealer’s quotation may be used.

Because derivatives traded in OTC markets are not guaranteed by an exchange or clearing corporation and generally do not require payment of margin, to the extent that the Fund, the Subsidiary or the underlying ETFs have unrealized gains in such instruments or have deposited collateral with the counterparty the Fund, the Subsidiary or the underlying ETFs are at risk that the counterparty will become bankrupt or otherwise fail to honor its obligations. The Fund, the Subsidiary and the underlying ETFs will attempt to minimize these risks by engaging in transactions in derivatives traded in OTC markets only with financial institutions that have substantial capital or that have provided the Fund, the Subsidiary and the underlying ETFs with a third-party guaranty or other credit enhancement.

*CFTC Regulation and the Code.* Destra and WAM have each registered as a “commodity pool operator” with the Commodity Futures Trading Commission (the “CFTC”) and will comply with applicable requirements thereto. WAM’s investment decisions may need to be modified, and commodity contract positions held by the Fund and/or any subsidiary may have to be liquidated at disadvantageous times or prices, to avoid exceeding position limits established by the CFTC, potentially subjecting the Fund to substantial losses. The regulation of commodity transactions in the United States is a rapidly changing area of the law and is subject to ongoing modification by government, self-regulatory and judicial action. The effect of any future regulatory change on the Fund is impossible to predict but could be substantial and adverse to the Fund.

### **Equity Securities**

Equity securities include common stocks and other securities with equity characteristics. Common stocks represent units of ownership in a company and typically have voting rights and earn dividends. Dividends on common stocks are not fixed but are declared at the discretion of a company’s board. Equity securities may also include equity securities of investment companies and exchange-traded funds.

While investing in stocks allows shareholders to participate in the benefits of owning a company, such shareholders must accept the risks of ownership. Unlike bondholders, who have preference to a company’s earnings and cash flow, preferred stockholders, followed by common stockholders in order of priority, are entitled only to the residual amount after a company meets its other obligations. For this reason, the value of a company’s stock will usually react more strongly to actual or perceived changes in the company’s financial condition or prospects than its debt obligations. Stockholders of a company that fares poorly can lose money.

Stock markets tend to move in cycles with short or extended periods of rising and falling stock prices. The value of a company’s stock may fall because of:

- Factors that directly relate to that company, such as decisions made by its management or lower demand for the company’s products or services;
- Factors affecting an entire industry, such as increases in production costs; and
- Changes in financial market conditions that are relatively unrelated to the company or its industry, such as changes in interest rates, currency exchange rates or inflation rates.

The Fund, the Subsidiary or the underlying ETFs may invest in securities of issuers with small or medium market capitalizations, which may involve greater risk and price volatility than that customarily associated with investments in larger, more established companies. This increased risk may be due to the greater business risks of their small or medium size, limited markets and financial resources, narrow product lines and frequent lack of management depth. The securities of small and medium capitalization companies are often traded in the OTC market and might not be traded in volumes typical of securities traded on a national securities exchange. Thus, the securities of small and medium capitalization companies are likely to be less liquid and subject to more abrupt or erratic market movements than securities of larger, more established companies.

## Exchange Traded Notes

The Fund, the Subsidiary and the underlying ETFs may invest in ETNs. ETNs are generally notes representing debt of the issuer, usually a financial institution. ETNs combine aspects of both bonds and ETFs. An ETN's returns are based on the performance of one or more underlying assets, reference rates or indices, minus fees and expenses. Similar to ETFs, ETNs are listed on an exchange and traded in the secondary market. However, unlike an ETF, an ETN can be held until the ETN's maturity, at which time the issuer will pay a return linked to the performance of the specific asset, index or rate ("*reference instrument*") to which the ETN is linked, minus certain fees. Unlike regular bonds, ETNs do not make periodic interest payments, and principal is not protected.

The value of an ETN may be influenced by, among other things, time to maturity, level of supply and demand for the ETN, volatility and lack of liquidity in underlying markets, changes in the applicable interest rates, the performance of the reference instrument, changes in the issuer's credit rating and economic, legal, political or geographic events that affect the reference instrument. An ETN that is tied to a reference instrument may not replicate the performance of the reference instrument. ETNs also incur certain expenses not incurred by their applicable reference instrument. Some ETNs that use leverage can, at times, be relatively illiquid and thus, may be difficult to purchase or sell at a fair price. Levered ETNs are subject to the same risk as other instruments that use leverage in any form. While leverage allows for greater potential return, the potential for loss is also greater. Finally, additional losses may be incurred if the investment loses value because, in addition to the money lost on the investment, the loan still needs to be repaid.

Because the return on the ETN is dependent on the issuer's ability or willingness to meet its obligations, the value of the ETN may change due to a change in the issuer's credit rating, despite no change in the underlying reference instrument. The market value of ETN shares may differ from the value of the reference instrument. This difference in price may be due to the fact that the supply and demand in the market for ETN shares at any point in time is not always identical to the supply and demand in the market for the assets underlying the reference instrument that the ETN seeks to track.

There may be restrictions on the Fund's, the Subsidiary's or the underlying ETFs' right to redeem their investment in ETNs, which are generally meant to be held until maturity. The Fund's, the Subsidiary's or the underlying ETFs' decision to sell its ETN holdings may be limited by the availability of a secondary market. An investor in an ETN could lose some or all of the amount invested.

### **Illiquid or Restricted Securities**

The Fund may invest up to 15% of its net assets in securities that lack an established secondary trading market or otherwise are considered illiquid. Liquidity of a security relates to the ability to dispose easily of the security and the price to be obtained upon disposition of the security, which may be less than would be obtained for a comparable, more liquid security. Illiquid securities may trade at a discount from comparable, more liquid investments. Investment of the Fund's, the Subsidiary's or the underlying ETFs' assets in illiquid securities may restrict the ability of the Fund, the Subsidiary or the underlying ETFs to dispose of their investments in a timely fashion and for a fair price as well as their ability to take advantage of market opportunities. The risks associated with illiquidity will be particularly acute where the Fund's, the Subsidiary's or the underlying ETFs' operations require cash, such as when the Fund redeems shares or pays dividends, and could result in the Fund, the Subsidiary or the underlying ETFs borrowing to meet short-term cash requirements or incurring capital losses on the sale of illiquid investments.

The Fund, the Subsidiary or the underlying ETFs may invest in securities that are not registered under the Securities Act ("*restricted securities*"). Restricted securities may be sold in private placement transactions between issuers and their purchasers and may be neither listed on an exchange nor traded in other established markets. In many cases, privately placed securities may not be freely transferable under the laws of the applicable jurisdiction or due to contractual restrictions on resale. As a result of the absence of a public trading market, privately placed securities may be less liquid and more difficult to value than publicly traded securities. To the extent that privately placed securities may be resold in privately negotiated transactions, the prices realized from the sales, due to illiquidity, could be less than those originally paid by the Fund, the Subsidiary or the underlying ETFs or less than their fair market value. In addition, issuers whose securities are not publicly traded may not be subject to the disclosure and other investor protection requirements that may be applicable if their securities were publicly traded. If any privately placed securities held by the Fund, the Subsidiary or the underlying ETFs are required to be registered under the securities laws of one or more jurisdictions before being resold, the Fund, the Subsidiary or the underlying ETFs may be required to bear the expenses of registration. Certain of the Fund's, the Subsidiary's or the underlying ETFs' investments in private placements may consist of direct investments and may include investments in smaller, less seasoned issuers, which may involve greater risks. These issuers may have limited product lines, markets or financial resources, or they may be dependent on a limited management group. In making investments in such securities, the Fund, the Subsidiary or the underlying ETFs may obtain access to material nonpublic information, which may restrict the Fund's, the Subsidiary's or the underlying ETFs' ability to conduct portfolio transactions in such securities.

Some of these securities are new and complex and trade only among institutions, and the markets for these securities are still developing and may not function as efficiently as established markets. Owning a large percentage of restricted or illiquid securities could hamper the Fund's, the Subsidiary's or the underlying ETFs' ability to raise cash to meet redemptions. Also, because there may not be an established market price for these securities, the Fund, the Subsidiary or the underlying ETFs may have to estimate their value, which means that their valuation (and, to a much smaller extent, the valuation of the Fund, the Subsidiary or the underlying ETFs) may have a subjective element. Transactions in restricted or illiquid securities may entail registration expense and other transaction costs that are higher than those for transactions in unrestricted or liquid securities. Where registration is required for restricted or illiquid securities a considerable time period may elapse between the time the Fund, the Subsidiary or the underlying ETFs decide to sell the security and the time they are actually permitted to sell the security under an effective registration statement. If, during such period, adverse market conditions were to develop, the Fund, the Subsidiary or the underlying ETFs might obtain less favorable pricing terms than when they decided to sell the security.

## **Inflation Risk**

Like all open-end funds, the Fund and the underlying ETFs are subject to inflation risk. Inflation risk is the risk that the present value of assets or income from investments will be less in the future as inflation decreases the value of money. As inflation increases, the present value of the Fund's, the Subsidiary's and the underlying ETFs' assets can decline as can the value of the Fund's, the Subsidiary's and the underlying ETFs' distributions.

## **Investment Companies and Pooled Investment Vehicles**

The Fund and the Subsidiary may invest in other pooled investment vehicles, including ETFs. As shareholders in a pooled investment vehicle, the Fund and the Subsidiary will bear their ratable share of that vehicle's expenses and would remain subject to payment of the Fund's management fees with respect to assets so invested. Shareholders would therefore be subject to duplicative expenses to the extent the Fund and the Subsidiary invest in other pooled investment vehicles. In addition, the Fund and the Subsidiary will incur brokerage costs when purchasing and selling shares of ETFs. Other pooled investment vehicles may be leveraged, and the net asset value and market value of their securities will therefore be more volatile and the yield to shareholders will tend to fluctuate more than the yield of unleveraged pooled investment vehicles.

In general, the 1940 Act provides that the mutual funds may not: (1) purchase more than 3% of an investment company's outstanding shares; (2) invest more than 5% of its assets in any single such investment company (the "5% Limit"); and (3) invest more than 10% of its assets in investment companies overall (the "10% Limit"), unless: (i) the underlying investment company and/or the Fund has received an order for exemptive relief from such limitations from the SEC; and (ii) the underlying investment company and the Fund take appropriate steps to comply with any conditions in such order. In addition, Section 12(d)(1)(F) of the 1940 Act provides an exemption to allow the Fund to invest in other investment companies if (a) immediately after such purchase or acquisition not more than 3% of the total outstanding stock of such registered investment company is owned by the Fund and all affiliated persons of the Fund; and (b) the Fund has not offered or sold, and is not proposing to offer or sell, any security issued by it through a principal underwriter or otherwise at a public or offering price that includes a sales load of more than 1½%. To invest in the underlying ETFs, the Fund intends to rely on the exemptive order granted to such underlying ETFs that permits the Fund to invest in them beyond the limits set forth in Section 12(d)(1).

## Liquidity Management

As a temporary defensive measure, if the Sub-Adviser determines that market conditions warrant, the Fund and the Subsidiary may invest without limitation in high quality money market instruments. The Fund and the Subsidiary may also invest in high quality money market instruments pending investment or to meet anticipated redemption requests. High quality money market instruments include U.S. government obligations, U.S. government agency obligations, dollar-denominated obligations of non-U.S. issuers, bank obligations, including those of U.S. subsidiaries and branches of non-U.S. banks, corporate obligations, commercial paper, repurchase agreements and obligations of supranational organizations. Generally, such obligations will mature within one year from the date of settlement but may mature within two years from the date of settlement.

### Money Market Obligations of Domestic Banks, Non-U.S. Banks and Non-U.S. Branches of U.S. Banks

The Fund, the Subsidiary or the underlying ETFs may invest in a broad range of short-term, high quality, U.S. dollar-denominated instruments, such as government, bank, commercial and other obligations that are available in the money markets. Bank obligations include certificates of deposit (“CDs”), notes, bankers’ acceptances (“BAs”) and time deposits, including instruments issued or supported by the credit of U.S. or non-U.S. banks or savings institutions, domestic branches of non-U.S. banks and also non-U.S. branches of domestic banks having total assets at the time of purchase in excess of \$1 billion. These obligations may be general obligations of the parent bank or may be limited to the issuing branch or subsidiary by the terms of a specific obligation or by government regulation. In particular, the Fund, the Subsidiary or the underlying ETFs may invest in:

- (a) U.S. dollar-denominated obligations issued or supported by the credit of U.S. or non-U.S. banks or savings institutions with total assets in excess of \$1 billion (including assets of domestic and non-U.S. branches of such banks);
- (b) high quality commercial paper and other obligations issued or guaranteed by U.S. and non-U.S. corporations and other issuers rated (at the time of purchase) ‘A-2’ or higher by S&P, ‘Prime-2’ or higher by Moody’s or ‘F-2’ or higher by Fitch, as well as high quality corporate bonds rated (at the time of purchase) ‘A’ or higher by those rating agencies;
- (c) unrated notes, paper and other instruments that are of comparable quality to the instruments described in (b) above as determined by the Sub-Adviser;
- (d) asset-backed securities (including interests in pools of assets such as mortgages, installment purchase obligations and credit card receivables);
- (e) securities issued or guaranteed as to principal and interest by the U.S. government or by its agencies or authorities and related custodial receipts;
- (f) dollar-denominated securities issued or guaranteed by non-U.S. governments or their political subdivisions, agencies or authorities;
- (g) funding agreements issued by highly rated U.S. insurance companies;



- (h) securities issued or guaranteed by state or local governmental bodies;
- (i) repurchase agreements relating to the above instruments;
- (j) municipal bonds and notes whose principal and interest payments are guaranteed by the U.S. government or one of its agencies or instrumentalities or which otherwise depend directly or indirectly on the credit of the United States;
- (k) fixed and variable rate notes and similar debt instruments rated ‘MIG-2,’ ‘VMIG-2’ or ‘Prime-2’ or higher by Moody’s, ‘SP-2’ or ‘A-2’ or higher by S&P, or ‘F-2’ or higher by Fitch;
- (l) tax-exempt commercial paper and similar debt instruments rated ‘Prime-2’ or higher by Moody’s, ‘A-2’ or higher by S&P, or ‘F-2’ or higher by Fitch;
- (m) municipal bonds rated ‘A’ or higher by Moody’s, S&P or Fitch;
- (n) unrated notes, paper or other instruments that are of quality comparable to the instruments described above, as determined by the Sub-Adviser under guidelines established by the Board; and
- (o) municipal bonds and notes that are guaranteed as to principal and interest by the U.S. government or an agency or instrumentality thereof or which otherwise depend directly or indirectly on the credit of the United States.

To the extent consistent with their investment objectives, the Fund, the Subsidiary and the underlying ETFs may invest in debt obligations of domestic or non-U.S. corporations and banks and may acquire commercial obligations issued by Canadian corporations and Canadian counterparts of U.S. corporations, as well as Europaper, which is U.S. dollar-denominated commercial paper of a non-U.S. issuer.

#### **Non-Diversification Risk**

The Fund is classified as “non-diversified” under the 1940 Act. As a result, the Fund is only limited as to the percentage of its assets that may be invested in the securities of any one issuer by the diversification requirements imposed by the Code. The Fund may invest a relatively high percentage of its assets in a limited number of issuers. As a result, the Fund may be more susceptible to a single adverse economic or regulatory occurrence affecting one or more of these issuers, may experience increased volatility and may be highly concentrated in certain issuers.

#### **Non-U.S. Investments**

The Fund, the Subsidiary or the underlying ETFs may invest in non-U.S. securities, including securities from issuers located in emerging market countries. These securities may be denominated in U.S. dollars or in a non-U.S. currency. Securities issued by certain companies organized outside the United States may not be deemed to be non-U.S. securities (but rather deemed to be U.S. securities) if the company’s principal operations are conducted from the United States, the company’s equity securities trade principally on a U.S. stock exchange or the company does a substantial amount of business in the United States.

In addition to equity securities, non-U.S. investments of the Fund, the Subsidiary or the underlying ETFs may include: (a) debt obligations issued or guaranteed by non-U.S. sovereign governments or their agencies, authorities, instrumentalities or political subdivisions, including a non-U.S. state, province or municipality; (b) debt obligations of supranational organizations; (c) debt obligations of non-U.S. banks and bank holding companies; (d) debt obligations of domestic banks and corporations issued in non-U.S. currencies; (e) debt obligations denominated in the Euro; and (f) non-U.S. corporate debt securities and commercial paper. Such securities may include loan participations and assignments, convertible securities and zero-coupon securities.

Dividends or interest on, or proceeds from the sale of, non-U.S. securities may be subject to foreign withholding taxes.

*Non-U.S. Market Risk.* Funds or ETFs that may invest in non-U.S. securities offer the potential for more diversification than funds that invest only in the United States because securities traded on non-U.S. markets have often (though not always) performed differently from securities traded in the United States. However, such investments often involve risks not typically associated with investments in securities of companies organized and operated in the United States that can increase the chances that the Fund, the Subsidiary or the underlying ETFs will lose money. In particular, the Fund, the Subsidiary and the underlying ETFs are subject to the risk that, because there are generally fewer investors on non-U.S. exchanges and a smaller number of shares traded each day, it may be difficult for the Fund, the Subsidiary or the underlying ETFs to buy and sell securities on those exchanges. In addition, prices of non-U.S. securities may fluctuate more than prices of securities traded in the United States. Investments in non-U.S. markets may also be adversely affected by governmental actions such as the imposition of punitive taxes. In addition, the governments of certain countries may prohibit or impose substantial restrictions on non-U.S. investment in their capital markets or in certain industries. Any of these actions could severely affect security prices, impair the Fund's, the Subsidiary's or the underlying ETFs' ability to purchase or sell non-U.S. securities or transfer the Fund's, the Subsidiary's or the underlying ETFs' assets or income back into the United States, or otherwise adversely affect the Fund's, the Subsidiary's or the underlying ETFs' operations. Other potential non-U.S. market risks include exchange controls, difficulties in pricing securities, defaults on non-U.S. government securities, difficulties in enforcing favorable legal judgments in non-U.S. courts, and political and social conditions, such as diplomatic relations, confiscatory taxation, expropriation, limitation on the removal of funds or assets, or imposition of (or change in) exchange control regulations. Legal remedies available to investors in certain non-U.S. countries may be less extensive than those available to investors in the United States or other foreign countries. In addition, changes in government administrations or economic or monetary policies in the U.S. or abroad could result in appreciation or depreciation of portfolio securities and could favorably or adversely affect the Fund's, the Subsidiary's or the underlying ETFs' operations. Also, brokerage commissions and other costs of buying or selling securities often are higher in foreign countries than they are in the United States. This reduces the amount the Fund, the Subsidiary or the underlying ETFs can earn on their investments. The expense ratios of the Fund, the Subsidiary and the underlying ETFs investing significantly in non-U.S. securities can be expected to be higher than those of investment funds investing primarily in domestic securities. The costs attributable to investing abroad are usually higher for several reasons, such as the higher cost of custody of non-U.S. securities, higher commissions paid on comparable transactions on non-U.S. markets and additional costs arising from delays in settlements of transactions involving non-U.S. securities.

In certain countries, banks or other financial institutions may be among the leading companies or have actively traded securities available for investment. The 1940 Act restricts the Fund's and the underlying ETFs' investments in any equity securities of an issuer that, in its most recent fiscal year, derived more than 15% of its revenues from "securities related activities," as defined by the rules thereunder. These provisions may restrict the Fund's, the Subsidiary's and the underlying ETFs' investments in certain non-U.S. banks and other financial institutions.

*Non-U.S. Economy Risk.* The economies of certain non-U.S. markets often do not compare favorably with that of the United States with respect to such issues as growth of gross national product, reinvestment of capital, resources and balance of payments position. Certain such economies may rely heavily on particular industries or non-U.S. capital and are more vulnerable to diplomatic developments, the imposition of economic sanctions against a particular country or countries, changes in international trading patterns, trade barriers and other protectionist or retaliatory measures.

*Currency Risk and Exchange Risk.* Because non-U.S. securities generally are denominated and pay dividends or interest in non-U.S. currencies, the value of the Fund that invests in non-U.S. securities as measured in U.S. dollars will be affected favorably or unfavorably by changes in exchange rates. Generally, when the U.S. dollar rises in value against a non-U.S. currency, a security denominated in that currency loses value because the currency is worth fewer U.S. dollars. Conversely, when the U.S. dollar decreases in value against a non-U.S. currency, a security denominated in that currency gains value because the currency is worth more U.S. dollars. This risk, generally known as "currency risk," means that a stronger U.S. dollar will reduce returns for U.S. investors, while a weak U.S. dollar will increase those returns.

*Governmental Supervision and Regulation/Accounting Standards.* Many foreign governments supervise and regulate stock exchanges, brokers and the sale of securities less than does the United States. Some countries may not have laws to protect investors comparable to the U.S. securities laws. For example, some foreign countries may have no laws or rules against insider trading. Insider trading occurs when a person buys or sells a company's securities based on nonpublic information about that company. Accounting standards in other countries are not necessarily the same as in the United States. If the accounting standards in another country do not require as much detail as U.S. accounting standards, it may be harder for management of the Fund, the Subsidiary or the underlying ETFs to completely and accurately determine a company's financial condition. In addition, the U.S. government has from time to time in the past imposed restrictions, through penalties and otherwise, on non-U.S. investments by U.S. investors such as the Fund, the Subsidiary or the underlying ETFs. If such restrictions should be reinstated, it might become necessary for the Fund, the Subsidiary or the underlying ETFs to invest all or substantially all of their assets in U.S. securities.

*Certain Risks of Holding Fund Assets Outside the United States.* The Fund and the Subsidiary generally hold their non-U.S. securities in non-U.S. banks and securities depositories. Some non-U.S. banks and securities depositories may be recently organized or new to the non-U.S. custody business. In addition, there may be limited or no regulatory oversight over their operations. Also, the laws of certain countries may put limits on the Fund's, the Subsidiary's or the underlying ETFs' ability to recover their assets if a non-U.S. bank or depository or issuer of a security or any of their agents goes bankrupt. In addition, it is often more expensive for the Fund, the Subsidiary or the underlying ETFs to buy, sell and hold securities in certain non-U.S. markets than in the United States. The increased expense of investing in non-U.S. markets reduces the amount the Fund, the Subsidiary or the underlying ETFs can earn on their investments and typically results in a higher operating expense ratio for the Fund, the Subsidiary or the underlying ETFs as compared to investment companies that invest only in the United States.

*Publicly Available Information.* In general, less information is publicly available with respect to non-U.S. issuers than is available with respect to U.S. companies. Most non-U.S. companies are also not subject to the uniform accounting and financial reporting requirements applicable to issuers in the United States. While the volume of transactions effected on non-U.S. stock exchanges has increased in recent years, it remains appreciably below that of the New York Stock Exchange. Accordingly, the Fund's, the Subsidiary's or the underlying ETFs' non-U.S. investments may be less liquid and their prices may be more volatile than comparable investments in securities in U.S. companies.

*Settlement Risk.* Settlement and clearance procedures in certain non-U.S. markets differ significantly from those in the United States. Foreign settlement procedures and trade regulations also may involve certain risks (such as delays in payment for or delivery of securities) not typically generated by the settlement of U.S. investments. Communications between the United States and emerging market countries may be unreliable, increasing the risk of delayed settlements or losses of security certificates in markets that still rely on physical settlement. Settlements in certain foreign countries at times have not kept pace with the number of securities transactions. These problems may make it difficult for the Fund, the Subsidiary or the underlying ETFs to carry out transactions. If the Fund, the Subsidiary or the underlying ETFs cannot settle or are delayed in settling a purchase of securities, they may miss attractive investment opportunities and certain of their assets may be uninvested with no return earned thereon for some period. If the Fund, the Subsidiary or the underlying ETFs cannot settle or are delayed in settling a sale of securities, they may lose money if the value of the security then declines or, if the Fund, the Subsidiary or the underlying ETFs have contracted to sell the security to another party, they could be liable to that party for any losses incurred.

### Portfolio Turnover Rates

The Fund's annual portfolio turnover rate will not be a factor preventing a sale or purchase when the Sub-Adviser believes investment considerations warrant such sale or purchase. Portfolio turnover may vary greatly from year to year as well as within a particular year. High portfolio turnover may result in increased transaction costs to the Fund, including brokerage commissions, dealer markups and other transaction costs on the sale of the securities and reinvestment in other securities. The sale of the Fund's securities may result in the recognition of capital gain or loss. Given the frequency of sales, such gain or loss will likely be short-term capital gain or loss. These effects of higher than normal portfolio turnover may adversely affect the Fund's performance.

The portfolio turnover rate for the fiscal year ended September 30, 2018 and 2017 is set forth below:

FISCAL YEAR ENDED SEPTEMBER 30, 2018	FISCAL YEAR ENDED SEPTEMBER 30, 2017
224%	250%

### Preferred Stock

The Fund, the Subsidiary or the underlying ETFs may invest in preferred stocks. Preferred stock has a preference over common stock in liquidation (and generally dividends as well) but is subordinated to the liabilities of the issuer in all respects. As a general rule, the market value of preferred stock with a fixed dividend rate and no conversion element varies inversely with interest rates and perceived credit risk, while the market price of convertible preferred stock generally also reflects some element of conversion value. Because preferred stock is junior to debt securities and other obligations of the issuer, deterioration in the credit quality of the issuer will cause greater changes in the value of a preferred stock than in a more senior debt security with similar stated yield characteristics. Unlike interest payments on debt securities, preferred stock dividends are payable only if declared by the issuer's board of directors. Preferred stock also may be subject to optional or mandatory redemption provisions.

### Real Estate Investment Trusts ("REITs")

In pursuing its investment strategy, the Fund, the Subsidiary or the underlying ETFs may invest in shares of REITs. REITs possess certain risks that differ from those of an investment in common stocks. REITs are financial vehicles that pool investors' capital to purchase or finance real estate. REITs may concentrate their investments in specific geographic areas or in specific property types, *i.e.*, hotels, shopping malls, residential complexes and office buildings.

REITs are subject to management fees and other expenses, and so the Fund, the Subsidiary or the underlying ETF that invests in REITs will bear its proportionate share of the costs of the REITs' operations. There are three general categories of REITs: Equity REITs, Mortgage REITs and Hybrid REITs. Equity REITs invest primarily in direct fee ownership or leasehold ownership of real property; they derive most of their income from rents. Mortgage REITs invest mostly in mortgages on real estate, which may secure construction, development or long-term loans; the main source of their income is mortgage interest payments. Hybrid REITs hold both ownership and mortgage interests in real estate.

Investing in REITs involves certain unique risks in addition to those risks associated with investing in the real estate industry in general. The market value of REIT shares and the ability of the REITs to distribute income may be adversely affected by several factors, including rising interest rates; changes in the national, state and local economic climate and real estate conditions; perceptions of prospective tenants of the safety, convenience and attractiveness of the properties; the ability of the owners to provide adequate management, maintenance and insurance; the cost of complying with the Americans with Disabilities Act; increased competition from new properties; the impact of present or future environmental legislation and compliance with environmental laws; failing to maintain their exemptions from registration under the 1940 Act; changes in real estate taxes and other operating expenses; adverse changes in governmental rules and fiscal policies; adverse changes in zoning laws; and other factors beyond the control of the issuers of the REITs. In addition, distributions received by the Fund from REITs may consist of dividends, capital gains and/or return of capital. As REITs generally pay a higher rate of dividends (on a pre-tax basis) than operating companies, to the extent application of the Fund's investment strategy results in the Fund investing in REIT shares, the percentage of the Fund's dividend income received from REIT shares will likely exceed the percentage of the Fund's portfolio that is comprised of REIT shares. Generally, dividends received by the Fund from REIT shares and distributed to the Fund's shareholders will not constitute "qualified dividend income" eligible for the reduced tax rate applicable to qualified dividend income; therefore, the tax rate applicable to that portion of the dividend income attributable to REIT shares held by the Fund that shareholders of the Fund receive will be taxed at a higher rate than dividends eligible for the reduced tax rate applicable to qualified dividend income.

REITs (especially mortgage REITs) are also subject to interest rate risk. Rising interest rates may cause REIT investors to demand a higher annual yield, which may, in turn, cause a decline in the market price of the equity securities issued by a REIT. Rising interest rates also generally increase the costs of obtaining financing, which could cause the value of the Fund's REIT investments to decline. During periods when interest rates are declining, mortgages are often refinanced. Refinancing may reduce the yield on investments in mortgage REITs. In addition, since REITs depend on payment under their mortgage loans and leases to generate cash to make distributions to their shareholders, investments in REITs may be adversely affected by defaults on such mortgage loans or leases.

Investing in certain REITs, which often have small market capitalizations, may also involve the same risks as investing in other small capitalization companies. REITs may have limited financial resources and their securities may trade less frequently and in limited volume and may be subject to more abrupt or erratic price movements than larger company securities. Historically, small capitalization stocks, such as REITs, have been more volatile in price than the larger capitalization stocks such as those included in the S&P 500 Index. The management of a REIT may be subject to conflicts of interest with respect to the operation of the business of the REIT and may be involved in real estate activities competitive with the REIT. A REIT may own properties through joint ventures or in other circumstances in which the REIT may not have control over its investments. REITs may incur significant amounts of leverage.

## **Real Estate Related Securities**

Although the Fund may not invest directly in real estate, the Fund, the Subsidiary or the underlying ETFs may invest in equity securities of issuers that are principally engaged in the real estate industry. Such investments are subject to certain risks associated with the ownership of real estate and with the real estate industry in general. These risks include, among others: possible declines in the value of real estate; risks related to general and local economic conditions; possible lack of availability of mortgage funds or other limitations on access to capital; overbuilding; risks associated with leverage; market illiquidity; extended vacancies of properties; increase in competition, property taxes, capital expenditures and operating expenses; changes in zoning laws or other governmental regulation; costs resulting from the cleanup of, and liability to third parties for damages resulting from, environmental problems; tenant bankruptcies or other credit problems; casualty or condemnation losses; uninsured damages from floods, earthquakes or other natural disasters; limitations on and variations in rents, including decreases in market rates for rents; investment in developments that are not completed or that are subject to delays in completion; and changes in interest rates. To the extent that assets underlying the Fund's, the Subsidiary's or underlying ETFs' investments are concentrated geographically, by property type or in certain other respects, the Fund, the Subsidiary or the underlying ETFs may be subject to certain of the foregoing risks to a greater extent. Investments by the Fund, the Subsidiary or the underlying ETFs in securities of companies providing mortgage servicing will be subject to the risks associated with refinancings and their impact on servicing rights.

In addition, if the Fund, the Subsidiary or the underlying ETFs receive rental income or income from the disposition of real property acquired as a result of a default on securities the Fund, the Subsidiary or the underlying ETFs own, the receipt of such income may adversely affect the Fund's, the Subsidiary's or the underlying ETFs' ability to retain their tax status as a regulated investment company because of certain income source requirements applicable to regulated investment companies under the Code.

## **Short Sales**

The Fund, the Subsidiary or the underlying ETFs may make short sales of securities as a hedge against potential declines in value of a portfolio security. When the Fund makes a short sale, it borrows the security sold short and delivers it to the broker-dealer through which it made the short sale. The Fund may have to pay a fee to borrow particular securities and is often obligated to turn over to the lender of the securities any payments received on such borrowed securities.

### **Temporary Defensive Position**

While assuming a temporary defensive position, the Fund, the Subsidiary or the underlying ETFs may invest in cash or cash-equivalent short-term investment-grade obligations, including obligations of the U.S. government, its agencies and instrumentalities; corporate debt securities, such as commercial paper, master demand notes, loan participation interests, medium-term notes and funding agreements; Yankee dollar and Eurodollar bank certificates of deposit, time deposits and bankers' acceptances; asset-backed securities; and repurchase agreements involving the foregoing obligations. Eurodollar obligations are U.S. dollar obligations issued outside the United States by domestic or foreign entities, while Yankee dollar obligations are U.S. dollar obligations issued inside the United States by foreign entities. There is generally less publicly available information about non-U.S. issuers, and there may be less governmental regulation and supervision of non-U.S. stock exchanges, brokers and listed companies. Non-U.S. issuers may use different accounting and financial standards, and the addition of foreign governmental restrictions may affect adversely the payment of principal and interest on non-U.S. investments. In addition, not all foreign branches of U.S. banks are supervised or examined by regulatory authorities as are U.S. banks, and such branches may not be subject to reserve requirements.

### **U.S. Government Obligations**

The Fund, the Subsidiary or the underlying ETFs may purchase obligations issued or guaranteed by the U.S. government and U.S. government agencies and instrumentalities. Obligations of certain agencies and instrumentalities of the U.S. government are supported by the full faith and credit of the U.S. Treasury. Others are supported by the right of the issuer to borrow from the U.S. Treasury; still others are supported only by the credit of the agency or instrumentality issuing the obligation. No assurance can be given that the U.S. government will provide financial support to U.S. government-sponsored instrumentalities if it is not obligated to do so by law. Certain U.S. Treasury and agency securities may be held by trusts that issue participation certificates (such as Treasury income growth receipts ("*TIGRs*") and certificates of accrual on Treasury certificates ("*CATs*"). These certificates, as well as Treasury receipts and other stripped securities, represent beneficial ownership interests in either future interest payments or future principal payments on U.S. government obligations. These instruments are issued at a discount to their "face value" and may (particularly in the case of stripped mortgage-backed securities) exhibit greater price volatility than ordinary debt securities because of the manner in which their principal and interest are returned to investors.

Examples of the types of U.S. government obligations that may be held by the Fund, the Subsidiary or the underlying ETFs include U.S. Treasury Bills, Treasury Notes and Treasury Bonds and the obligations of the Federal Housing Administration, Farmers Home Administration, Export-Import Bank of the United States, Small Business Administration, Ginnie Mae, Fannie Mae, Federal Financing Bank, General Services Administration, Student Loan Marketing Association, Central Bank for Cooperatives, Federal Home Loan Banks, Freddie Mac, Federal Intermediate Credit Banks, Federal Land Banks, Farm Credit Banks System, Maritime Administration, Tennessee Valley Authority and Washington D.C. Armory Board. The Fund, the Subsidiary or the underlying ETFs may also invest in mortgage-related securities issued or guaranteed by U.S. government agencies and instrumentalities, including such instruments as obligations of Ginnie Mae, Fannie Mae and Freddie Mac.



*U.S. Treasury Obligations.* Treasury obligations may differ in their interest rates, maturities, times of issuance and other characteristics. Obligations of U.S. government agencies and authorities are supported by varying degrees of credit but generally are not backed by the full faith and credit of the U.S. government. No assurance can be given that the U.S. government will provide financial support to its agencies and authorities if it is not obligated by law to do so.

## Management

The management of the Trust, including general supervision of the duties performed for the Fund under the Investment Management Agreement, is the responsibility of the Board of Trustees. The Trust has four trustees, one of whom is an “interested person” (as the term “interested person” is defined in the 1940 Act) and three of whom are not interested persons (referred to herein as “*Independent Trustees*”). None of the Independent Trustees has ever been a trustee, director or employee of, or consultant to, Destra Capital Advisors LLC or its affiliates. The names, business addresses and years of birth of the trustees and executive officers of the Fund, their principal occupations and other affiliations during the past five years, the number of portfolios each oversees and other directorships they hold are set forth below. The trustees of the Trust are trustees of two Destra-sponsored open-end funds and two Destra-sponsored closed-end funds, the Destra International & Event-Driven Credit Fund and the Destra Multi-Alternative Fund (the “*Destra Funds*”)

<b>Name, Business Address and Birth Year</b>	<b>Position(s) Held with Fund</b>	<b>Term of Office and Length of Time Served with Trust</b>	<b>Principal Occupation(s) During Past Five Years</b>	<b>Number of Portfolios in Fund Complex Overseen by Trustee</b>	<b>Other Directorships Held by Trustee over the Last Five Years</b>
<u>Independent Trustees:</u>					
John S. Emrich, CFA 444 West Lake Street Suite 1700 Chicago, IL 60606 Birth year: 1967	Trustee	Term— Indefinite Length of Service—Since 2014	Private Investor, January 2011 to present; Co-Founder and Portfolio Manager, Ironworks Capital Management (an investment adviser), April 2005 to December 2010; Member and Manager, Iroquois Valley Farms LLC, June 2012 to September 2015.	4	Meridian Fund, Inc. (four portfolios)
Michael S. Erickson 444 West Lake Street Suite 1700 Chicago, IL 60606 Birth year: 1952	Trustee	Term— Indefinite Length of Service—Since 2014	Private Investor, August 2007 to present; Treasurer and Vice President, Erickson Holding Corp., 2003 to present; Treasurer, Vice President and Manager, McGee Island LLC, 2015 to present	4	Meridian Fund, Inc. (four portfolios)
Jeffrey S. Murphy 444 West Lake Street Suite 1700 Chicago, IL 60606 Birth year: 1966	Trustee	Term— Indefinite Length of Service—Since 2017	Retired (2014-present); Executive Manager, Affiliated Managers Group, Inc. (1995-2014)	4	Aston Funds (2010-2014)
<u>Interested Trustee:</u>					
Nicholas Dalmaso* 444 West Lake Street Suite 1700 Chicago, IL 60606 Birth year: 1965	Trustee, Chairman of the Board	Term— Indefinite Length of Service—Since 2010	General Counsel and Chief Compliance Officer of M1 Holdings LLC, 2015 to present; General Counsel and Chief Compliance Officer of M1 Finance LLC, 2015 to present; General Counsel and	4	None

Chief Compliance  
Officer of M1 Advisory  
Services LLC, 2015 to  
present; Co-Chairman,  
General Counsel and  
Chief Operating Officer  
of Destra Capital  
Management LLC, 2010  
to 2014; President, Chief  
Operating Officer and  
General Counsel, Destra  
Capital Advisors LLC,  
2010 to 2014; President,  
Chief Operating Officer  
and General Counsel,  
Destra Capital  
Investments LLC, 2010  
to 2014; Chief Executive  
Officer, Destra  
Investment Trust and  
Destra Investment Trust  
II, 2010 to 2014.

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Each trustee serves for the lifetime of the Trust until removal, resignation or retirement and his or her successor is elected.

\* Mr. Dalmaso is an “interested person” of the Trust, as defined in the 1940 Act, by reason of his positions with the Destra Funds.

<b>Name, Business Address and Birth Year</b>	<b>Position(s) Held with Fund</b>	<b>Term of Office and Length of Time Served with Trust</b>	<b>Principal Occupation(s) During Past Five Years</b>
<u>Officers of the Trust:</u>			
Robert Watson 444 West Lake Street Suite 1700 Chicago, IL 60606 Birth year: 1965	President and Chief Executive Officer	Term—Indefinite Length of Service—Since 2016	Head of Investments, Product & Marketing, Destra Capital Investments LLC., President, Destra Capital Advisors, LLC.
Derek Mullins 444 West Lake Street Suite 1700 Chicago, IL 60606 Birth year: 1973	Chief Financial Officer and Treasurer	Term—Indefinite Length of Service—Since 2018	Managing Partner, PINE Advisor Solutions (since 2018); Previously, Director of Operations, ArrowMark Partners (2009-2018); Chief Financial Officer (Principal Financial Officer) and Treasurer, Meridian Fund, Inc. (2013-2018)
Jane Hong Shissler 444 West Lake Street Suite 1700 Chicago, IL 60606 Birth year: 1972	Chief Compliance Officer and Secretary	Term—Indefinite Length of Service—Since 2016	General Counsel, Destra Capital Management LLC, Destra Capital Investments LLC and Destra Capital Advisors LLC; Partner (2012-2015) and Associate (2005-2012), Chapman and Cutler LLP

#### **Board Leadership Structure and Risk Oversight**

The Board of Trustees oversees the operations and management of the Destra Funds, including the duties performed for the Destra Funds by Destra, the investment adviser. None of the trustees who are not “interested persons” of the Trust, nor any of their immediate family members, has ever been a director, officer or employee of, or consultant to, Destra, Destra Capital Investments LLC, Destra Capital Management LLC or their affiliates. In addition, the officers of the Trust hold the same positions with the other Destra Funds as they hold with the Trust.

The management of the Fund, including general supervision of the duties performed for the Fund under the advisory agreement between the Trust, on behalf of the Fund, and the Adviser, is the responsibility of the Board of Trustees. The Board of Trustees sets broad policies for the Fund, chooses the Trust's officers and hires the Fund's investment adviser, sub-adviser and other service providers. The officers of the Trust manage the day-to-day operations and are responsible to the Trust's Board. The Trust's Board is composed of three Independent Trustees and one Interested Trustee. The Interested Trustee, Nicholas Dalmaso, serves as the Chairman of the Board of the Destra Funds. Robert Watson serves as the President and Chief Executive Officer of the Destra Funds. The Board does not currently have a lead independent trustee, and each Independent Trustee plays an active role on the Board.

Annually, the Board will review its governance structure and the committee structures, their performance and functions and review any processes that would enhance Board governance over the Fund's business. The Board has determined that its leadership structure is appropriate based on the characteristics of the Destra Funds as a whole.

The Board has established two standing committees (as described below) and has delegated certain of its responsibilities to those committees. The Board and its committees meet frequently throughout the year to oversee the Fund's activities, review contractual arrangements with and performance of service providers, oversee compliance with regulatory requirements and review Fund performance. The Independent Trustees are represented by independent legal counsel at all Board and committee meetings. Generally, the Board acts by majority vote of all the trustees, including a majority vote of the Independent Trustees if required by applicable law.

The two standing committees of the Destra Funds are the Nominating and Governance Committee and the Audit Committee. The Nominating and Governance Committee is responsible for appointing and nominating non-interested persons to the Trust's Board of Trustees. Messrs. Emrich, Erickson, Dalmaso and Murphy are members of the Nominating and Governance Committee. If there is no vacancy on the Board of Trustees, the Board will not actively seek recommendations from other parties, including shareholders. When a vacancy on the Board of Trustees of the Destra Funds occurs and nominations are sought to fill such vacancy, the Nominating and Governance Committee may seek nominations from those sources it deems appropriate in its discretion, including shareholders of the Fund. To submit a recommendation for nomination as a candidate for a position on the Board of Trustees, shareholders of the Fund shall mail such recommendation to Jane Hong Shissler, Secretary, at the Fund's address, 444 West Lake Street, Suite 1700, Chicago, Illinois 60606. Such recommendation shall include the following information: (i) evidence of Fund ownership of the person or entity recommending the candidate (if a Fund shareholder); (ii) a full description of the proposed candidate's background, including education, experience, current employment and date of birth; (iii) names and addresses of at least three professional references for the candidate; (iv) information as to whether the candidate is an "interested person" in relation to the Fund, as such term is defined in the 1940 Act, and such other information that may be considered to impair the candidate's independence; and (v) any other information that may be helpful to the Committee in evaluating the candidate. If a recommendation is received with satisfactorily completed information regarding a candidate during a time when a vacancy exists on the Board or during such other time as the Nominating and Governance Committee is accepting recommendations, the recommendation will be forwarded to the Chairman of the Nominating and Governance Committee and to counsel to the Independent Trustees. Recommendations received at any other time will be kept on file until such time as the Nominating and Governance Committee is accepting recommendations, at which point they may be considered for nomination. During the last fiscal year, the Nominating and Governance Committee met once.

The Audit Committee is responsible for overseeing the Fund's accounting and financial reporting process, the system of internal controls, audit process and evaluating and appointing independent auditors (subject also to Board approval). Messrs. Emrich, Erickson and Murphy serve on the Audit Committee. During the last fiscal year, the Audit Committee met three times.

As part of the general oversight of the Fund, the Board is involved in the risk oversight of the Fund. The Board has adopted and periodically reviews policies and procedures designed to address the Fund's risks. Oversight of investment and compliance risk, including oversight of any sub-advisers, is performed primarily at the Board level in conjunction with Destra's Investment Committee and the Trust's Chief Compliance Officer ("CCO"). Destra's Investment Committee reports to the Board at quarterly meetings regarding, among other things, Fund performance and the various drivers of such performance, as well as information related to sub-advisers and their operations and processes. The Board reviews reports on the Fund's and the service providers' compliance policies and procedures at each quarterly Board meeting and receives an annual report from the CCO regarding the operations of the Fund's and the service providers' compliance programs. The Audit Committee reviews with Destra the Fund's major financial risk exposures and the steps Destra has taken to monitor and control these exposures, including the Fund's risk assessment and risk management policies and guidelines. The Audit Committee also, as appropriate, reviews in a general manner the processes other Board committees have in place with respect to risk assessment and risk management. The Nominating and Governance Committee monitors all matters related to the corporate governance of the Fund. The Board is responsible for all pricing and valuation matters and delegates the day-to-day pricing and valuation obligations to Destra's Investment Committee. The Board oversees the pricing agents and actions by Destra's Investment Committee with respect to the valuation of portfolio securities.

Not all risks that may affect the Fund can be identified nor can controls be developed to eliminate or mitigate their occurrence or effects. It may not be practical or cost effective to eliminate or mitigate certain risks, the processes and controls employed to address certain risks may be limited in their effectiveness and some risks are simply beyond the reasonable control of the Fund or Destra or other service providers. Moreover, it is necessary to bear certain risks (such as investment-related risks) to achieve the Fund's goals. As a result of the foregoing and other factors, the Fund's ability to manage risk is subject to substantial limitations.

## **Board Diversification and Trustee Qualifications**

As described above, the Nominating and Governance Committee of the Board oversees matters related to the nomination of trustees. The Nominating and Governance Committee seeks to establish an effective Board with an appropriate range of skills and diversity, including, as appropriate, differences in background, professional experience, education, vocations and other individual characteristics and traits in the aggregate. Each trustee must meet certain basic requirements, including relevant skills and experience, time availability and, if qualifying as an Independent Trustee, independence from Destra, sub-advisers, underwriters or other service providers, including any affiliates of these entities.

For each current trustee each of the experiences, qualifications and attributes described in “Management” and described below have led to the conclusion, as of the date of this SAI, that each trustee should serve as a trustee. References to the experiences, qualifications, attributes and skills of Board Members are pursuant to requirements of the SEC, do not constitute holding out of the Board or any Board Member as having any special expertise or experience and shall not impose any greater responsibility or liability on any such person or on the Board by reason thereof.

*John S. Emrich.* Mr. Emrich has significant experience in the investment management and financial services industry. Mr. Emrich served as a financial analyst or portfolio manager for over 14 years for various investment advisory firms and currently serves as a director of Meridian Fund, Inc. Prior to such positions he also performed business valuations and appraisal analyses at KPMG Peat Marwick, an accounting firm.

*Michael S. Erickson.* Mr. Erickson has significant leadership and financial management experience, previously serving as Chairman of the Board and Chief Financial Officer of AeroAstro for nearly ten years, and as a Director on the Board of Directors of Decimal, Inc., an online IRA administration company. Mr. Erickson also currently serves as a director of Meridian Fund, Inc. He has served as a certified public accountant for Coopers & Lybrand, an accounting firm, and has served as Chief Financial Officer for several companies. Mr. Erickson holds a Master of Business Administration degree from Stanford Graduate School of Business.

*Jeffrey S. Murphy.* Mr. Murphy has significant experience in the investment management and financial services industry. Mr. Murphy held numerous positions during his 20-year tenure at Affiliated Managers Group, Inc., including in operations, finance and capital development areas. Mr. Murphy also held positions on the executive board and mutual fund board of trustees for several Affiliated Managers Group, Inc. affiliates.

*Nicholas Dalmaso.* Mr. Dalmaso was the initial trustee of the Trust. He has experience as General Counsel and Chief Administrative Officer at Claymore Securities, Inc. His work experience in the mutual fund industry and educational background have prepared him to be a trustee.

The following compensation table provides information (including reimbursement for travel and out-of-pocket expenses) for the past fiscal year ended September 30, 2018. The Trust has no retirement or pension plans. The officers and Trustee who is an “interested person” as designated above serve without any compensation from the Trust. The Trust has no employees. Its officers are compensated by Destra.

<b>Name of Person, Position</b>	<b>Aggregate Compensation From the Fund</b>	<b>Pension or Retirement Benefits Accrued As Part of Fund Expenses</b>	<b>Estimated Annual Benefits Upon Retirement</b>	<b>Total Compensation From Destra Funds Paid to Trustees</b>
John S. Emrich, Trustee	\$ 6,368	\$ 0	\$ 0	\$ 13,384
Michael S. Erickson, Trustee	\$ 6,503	\$ 0	\$ 0	\$ 14,125
Jeffrey S. Murphy, Trustee	\$ 6,872	\$ 0	\$ 0	\$ 16,879
Nicholas Dalmaso, Trustee	\$ 9,279	\$ 0	\$ 0	\$ 18,975

The Independent Trustees are paid \$4,500 per series as annual compensation for serving as an Independent Trustee of the Trust and \$500 per series for attendance at each Nominating and Governance Committee meeting and Audit Committee meeting. It is anticipated that the Nominating and Governance Committee will meet once and the Audit Committee will meet twice during the calendar year. The Chairman of the Board will be paid an additional \$3,000 per series per year. Therefore, the Trust expects to compensate the trustees a total of \$6,000 per series for the calendar year with the Chairman receiving \$8,000 per series for the calendar year. In addition, the Independent Trustees are reimbursed by the Trust for expenses incurred as a result of their attendance at meetings of the trustees or any committees of the Board. The Board has determined that because of Mr. Dalmaso’s prior experience and position with the Trust, as well as his extensive knowledge of and work in the registered investment management industry, Mr. Dalmaso should receive compensation while serving as an Interested Trustee. In addition to the duties of an Interested Trustee, Mr. Dalmaso serves as a consultant to the Board. The Trust does not have a retirement or pension plan.

*Share Ownership*

As of December 31, 2018, the dollar range of equity securities beneficially owned by the trustees is provided in the following table:

<b>Name of Trustee</b>	<b>Dollar Range of Equity Securities in the Fund</b>	<b>Aggregate Dollar Range of Equity Securities in All Registered Investment Companies Overseen by Trustee in Family of Investment Companies</b>
John S. Emrich	None	None
Michael S. Erickson	None	None
Jeffrey S. Murphy	None	None
Nicholas Dalmaso	None	None

As of December 31, 2018, none of the Independent Trustees or their immediate family members owned, beneficially, or of record, any securities in (i) an investment adviser or principal underwriter of the Fund or (ii) a person (other than a registered investment company) directly or indirectly controlling, controlled by, or under common control with an investment adviser or principal underwriter of the Fund.

### Control Persons and Principal Shareholders

A control person is a shareholder that (1) beneficially owns, directly or through controlled companies, more than 25% of the voting securities of a company, (2) acknowledges or asserts the existence of control, or (3) has a final adjudication under section 2(a)(9) of the 1940 Act that control exists. A principal shareholder is any person who owns of record or beneficially 5% or more of the outstanding shares of any class of the Fund. Shareholders owning voting securities in excess of 25% may determine the outcome of any matter affecting and voted on by shareholders of the Fund. Any control person of a class, as noted below, may be able to significantly influence the outcome of any item presented to shareholders for approval.

As of January 1, 2019, the following persons or organizations held beneficially or of record 5% or more of the shares of the Fund.

<b>Class</b>	<b>Name</b>	<b>Address</b>	<b>Percentage of Ownership</b>
Class A:	Charles Schwab & Co., Inc.	101 Montgomery, San Francisco, California 94104-4122	31.90%
	Pershing LLC	P.O. Box 2052, Jersey City, New Jersey 07303	29.68%
	National Financial Services LLC	499 Washington Blvd, Jersey City, New Jersey 07310	25.20%
Class C:	National Financial Services LLC	499 Washington Blvd, Jersey City, New Jersey 07310	68.53%
	National Financial Services LLC	499 Washington Blvd, Jersey City, New Jersey 07310	7.32%
Class I:	National Financial Services LLC	499 Washington Blvd, Jersey City, New Jersey 07310	46.30%
	National Financial Services LLC	499 Washington Blvd, Jersey City, New Jersey 07310	44.35%

As of December 31, 2018, the officers and trustees of the Fund, in the aggregate, owned less than 1% of the equity securities of the Fund.



## Investment Adviser and Sub-Adviser

### Investment Adviser

Destra Capital Advisors LLC (“Destra”) is the investment adviser of the Fund, with responsibility for the overall management of the Fund. It is also responsible for managing the Fund’s business affairs and providing day-to-day administrative services to the Fund. Destra, 444 West Lake Street, Suite 1700, Chicago, Illinois 60606, is a Delaware limited liability company and is a wholly owned subsidiary of Destra Capital Management LLC, a holding company. It is an affiliate of Destra Capital Investments LLC, the principal underwriter of the Fund’s shares. Destra Capital Investments LLC is also located at 444 West Lake Street, Suite 1700, Chicago, Illinois 60606.

For the management services provided by Destra, the Fund has agreed to pay a monthly fee in an annual amount equal to 1.20% of the Fund’s daily net assets. Destra has agreed to contractually waive its management fee and/or assume the other expenses in order to limit the total annual fund operating expenses of the Fund to certain limits until at least January 28, 2029, and will automatically continue in effect for successive twelve-month periods thereafter. Fees waived or expenses assumed pursuant to the arrangement are subject to recovery by the Adviser for up to three years from the date the fee was waived and/or expense assumed, but no reimbursement payment will be made by the Fund if it results in the Fund exceeding an expense ratio equal to the expense cap in place at the time the fees were waived and/or expenses assumed by the Adviser.

The following table shows the management fees (net of fee waivers and expense reimbursements, where applicable) paid by the Fund to Destra and the fees waived by Destra for the specified periods.

	<b>Amount of Management Fees (Net of Fee Waivers and Expense Reimbursements by Destra)</b>	<b>Amount of Fees Waived and Expenses Reimbursed by Destra</b>
For fiscal year ended September 30, 2016*	\$ 385,880	\$ 200,640
For fiscal year ended September 30, 2017	\$ 518,363	\$ 121,743
For fiscal year ended September 30, 2018	\$ 681,290	\$ 63,157

\* The Fund’s inception date was October 7, 2015.

The Fund, Destra and other related entities have adopted codes of ethics that significantly restrict Destra Funds personnel with access to non-public portfolio information from certain personal investment transactions. These codes of ethics contain policies restricting securities trading in personal accounts of the officers, trustees and others who normally come into possession of information on portfolio transactions. These codes of ethics are on public file with, and are available from, the SEC. Destra Capital Investments LLC, the principal underwriter of the Fund, has adopted a code of ethics that permits personnel to acquire shares of the Fund pursuant to Item 17(e) of Form N-1A.

## Sub-Adviser

Destra has selected Wolverine Asset Management, LLC (“WAM” or the “Sub-Adviser”), 175 West Jackson Blvd, Suite 340, Chicago, Illinois 60604, as sub-adviser to manage the investment portfolio of the Fund and the Subsidiary. For the services provided and the expenses assumed pursuant to this Agreement, the Adviser will pay the Sub-Adviser, and the Sub-Adviser agrees to accept as full compensation therefor, a portfolio management fee (the “Management Fee”) equal to: (i) 100% of the advisory fee paid to the Adviser for its services to the Fund for the first \$50 million of assets in the Fund; (ii) 75% of the advisory fee paid to the Adviser for its services to the Fund for assets in the Fund in excess of \$50 million up to \$150 million; and (iii) 50% of the advisory fee paid to the Adviser for its services to the Fund for assets in excess of \$150 million. The Management Fee shall be net of any waivers, reimbursement payments, supermarket fees and alliance fees waived, reimbursed or paid by the Adviser in respect of the Fund.

The following table shows the fees paid by Destra to WAM for its services for the specified periods.

	<u>Amount Paid by Destra to WAM</u>	
For fiscal year ended September 30, 2016*	\$	93,185
For fiscal year ended September 30 2017	\$	494,400
For fiscal year ended September 30, 2018	\$	610,331

\* The Fund’s inception date was October 7, 2015.

## Portfolio Managers

The following paragraphs provide certain information with respect to the portfolio managers of the Fund and the material conflicts of interest that may arise in connection with their management of the investments of the Fund, on the one hand, and the investments of other client accounts for which they have responsibility, on the other hand.

Andrew Sujdak and Kip Meyer serve as the Fund’s portfolio managers and share responsibilities for the day-to-day management of the Fund’s investment portfolio.

*Other Accounts Managed.* The tables below illustrate other accounts where each of the above-mentioned portfolio managers has significant day-to-day management responsibilities as of September 30, 2018. The portfolio managers all manage the same accounts as a team.

<b>Portfolio Manager</b>	<b>Type of Account Managed</b>	<b>Number of Accounts</b>	<b>Assets*</b>	<b>Number of Accounts with Performance-Based Fees</b>	<b>Assets of Accounts with Performance-Based Fees</b>
Andrew Sujdak	Registered Investment Companies Other Pooled Investment Vehicles Other Accounts	3	\$2.23 billion	2	\$2.16 billion
Kip Meyer	Registered Investment Companies Other Pooled Investment Vehicles Other Accounts	3	\$2.23 billion	2	\$2.16 billion

\* Total assets reflect accounts managed jointly as part of a team.

*Conflicts of Interest.* In addition to the Fund, the portfolio managers jointly manage accounts for and other individual and institutional clients.

As a result, potential conflicts of interest may arise as follows:

- *Allocation of Limited Time and Attention.* The portfolio managers may devote unequal time and attention to the management of all accounts. As a result, the portfolio managers may not be able to formulate as complete a strategy or identify equally attractive investment opportunities for each of those accounts as might be the case if they were to devote substantially more attention to the management of one account.
- *Allocation of Limited Investment Opportunities.* If the portfolio managers identify an investment opportunity that may be suitable for multiple accounts, the Fund may not be able to take full advantage of that opportunity because the opportunity may need to be allocated among other accounts.
- *Pursuit of Differing Strategies.* At times, the portfolio managers may determine that an investment opportunity may be appropriate for only some accounts or may decide that certain of these accounts should take differing positions (*i.e.*, may buy or sell the particular security at different times or the same time or in differing amounts) with respect to a particular security. In these cases, the portfolio managers may place separate transactions for one or more accounts, which may affect the market price of the security or the execution of the transaction, or both, to the detriment of one or more other accounts.
- *Variation in Compensation.* A conflict of interest may arise where the financial or other benefits available to the portfolio managers differ among accounts. While WAM only charges fees based on assets under management for the Fund, and while it strives to maintain uniform fee schedules, it does have different fee schedules based on the differing advisory services required by some accounts, including performance-based compensation. Consequently, though the differences in such fee rates are slight, the portfolio managers may be motivated to favor certain accounts over others. In addition, the desire to maintain assets under management or to derive other rewards, financial or otherwise, could influence the portfolio managers in affording preferential treatment to those accounts that could most significantly benefit WAM.

WAM and the Fund have adopted compliance policies and procedures that are designed to address the various conflicts of interest that may arise for the Sub-Adviser and its staff members. However, there is no guarantee that such policies and procedures will be able to detect and prevent every situation in which an actual or potential conflict may arise.

*Compensation of the Portfolio Managers.* Portfolio managers are compensated by WAM. Certain portions of the portfolio managers' compensation may be related to the performance of certain accounts managed by the portfolio managers, which have investment strategies that are similar to the Fund's investment strategies. However, WAM manages potential material conflicts of interest by allocating investment opportunities in accordance with its allocation policies and procedures and with a policy to treat each client equitably.

*Ownership of Securities.* As of September 30, 2018, the portfolio managers beneficially owned the following dollar range of equity securities in the Fund.

<b>Portfolio Manager</b>	<b>Dollar Range of Equity Securities in the Fund</b>
Andrew Sujdak	Over \$1,000,000
Kip Meyer	\$0 - \$10,000

**Proxy Voting Policies**

The Fund has adopted a proxy voting policy that seeks to ensure that proxies for securities held by the Fund are voted consistently and solely in the best economic interests of the Fund.

The Board of Trustees is responsible for oversight of the Fund's proxy voting process. The Board has delegated day-to-day proxy voting responsibility to Destra, who utilizes Glass, Lewis & Co. Glass, Lewis & Co.'s Proxy Voting Policies and Procedures are set forth in Appendix A.

Information regarding how the Fund voted proxies (if any) relating to portfolio securities during the most recent 12-month period ended June 30 will be available upon request and without charge on the Fund's website at [destracapital.com/strategies/literature](http://destracapital.com/strategies/literature), by calling (877) 287-9646 or by accessing the SEC's website at <https://www.sec.gov>.

## Administrator

UMB Fund Services, Inc. (“UMB”) serves as administrator pursuant to a Fund Administration and Accounting Agreement between the Trust and UMB dated September 24, 2018. UMB, located at 215 W. Galena Street, Milwaukee, Wisconsin 53212, provides administrative services and valuation and computation services. Prior to that Bank of New York Mellon, 101 Barclay Street, 13E, New York, New York 10286 performed these services. The following table sets forth total administrative fees paid by the Fund for the specified periods.

For fiscal year ended September 30, 2016*	\$	123,264
For fiscal year ended September 30, 2017	\$	125,000
For fiscal year ended September 30, 2018	\$	125,000

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\* The Fund’s inception date was October 7, 2015.

## Portfolio Transactions

The Sub-Adviser is responsible for decisions to buy and sell securities for the Fund and for the placement of the Fund’s securities business, the negotiation of the commissions to be paid on brokered transactions, the prices for principal trades in securities and the allocation of portfolio brokerage and principal business. It is the policy of the Sub-Adviser to seek the best execution at the best security price available with respect to each transaction, and with respect to brokered transactions, in light of the overall quality of brokerage and research services provided to the adviser and its advisees. The best price to the Fund means the best net price without regard to the mix between purchase or sale price and commission, if any. Purchases may be made from underwriters, dealers and, on occasion, the issuers. Commissions will be paid on the Fund’s futures and options transactions, if any. The purchase price of portfolio securities purchased from an underwriter or dealer may include underwriting commissions and dealer spreads. The Fund may pay markups on principal transactions. In selecting broker-dealers and in negotiating commissions, the portfolio manager considers, among other things, the firm’s reliability, the quality of its execution services on a continuing basis and its financial condition. Brokerage will not be allocated based on the sale of the Fund’s shares.

The Sub-Adviser will place brokerage for the Fund through an affiliate of the Sub-Adviser, provided that such brokerage is undertaken in compliance with applicable law. The Sub-Adviser’s fees under the Sub-Advisory Agreement will not be reduced by reason of any commissions, fees or other remuneration received by an affiliate of the Sub-Adviser from the Fund for brokerage services.

Section 28(e) of the Securities Exchange Act of 1934 permits an investment adviser, under certain circumstances, to cause an account to pay a broker or dealer who supplies brokerage and research services a commission for effecting the transaction in excess of the amount of commission another broker or dealer would have charged for effecting the transaction. Brokerage and research services include, but are not limited to, (a) furnishing advice as to the value of securities; the advisability of investing, purchasing or selling securities; and the availability of securities or purchasers or sellers of securities; (b) furnishing analyses and reports concerning issuers, industries, securities, economic factors and trends, portfolio strategy and the performance of accounts; and (c) effecting securities transactions and performing functions incidental thereto (such as clearance, settlement and custody).

In light of the above, in selecting brokers, the portfolio managers consider investment and market information and other research, such as economic, securities and performance measurement research, provided by such brokers, and the quality and reliability of brokerage services, including execution capability, performance and financial responsibility. Accordingly, the commissions charged by any such broker may be greater than the amount another firm might charge if the portfolio managers determine in good faith that the amount of such commissions is reasonable in relation to the value of the research information and brokerage services provided by such broker to the Sub-Adviser or the Fund. The Sub-Adviser believes that the research information received in this manner provides the Fund with benefits by supplementing the research otherwise available to the Fund. The Investment Management Agreement and the Sub-Advisory Agreement provide that such higher commissions will not be paid by the Fund unless the Sub-Adviser determines in good faith that the amount is reasonable in relation to the services provided. The investment advisory fees paid by the Fund to Destra under the Investment Management Agreement and the sub-advisory fees paid by Destra to the Sub-Adviser under the Sub-Advisory Agreement are not reduced as a result of receipt by either Destra or the Sub-Adviser of research services.

The Sub-Adviser places portfolio transactions for other advisory accounts managed by it. Research services furnished by firms through which the Fund effects its securities transactions may be used by the Sub-Adviser in servicing all of its accounts; not all of such services may be used by the Sub-Adviser in connection with the Fund. The Sub-Adviser believes it is not possible to measure separately the benefits from research services to each of the accounts (including the Fund) managed by it. Because the volume and nature of the trading activities of the accounts are not uniform, the amount of commissions in excess of those charged by another broker paid by each account for brokerage and research services will vary. However, the Sub-Adviser believes such costs to the Fund will not be disproportionate to the benefits received by the Fund on a continuing basis. The Sub-Adviser seeks to allocate portfolio transactions equitably whenever concurrent decisions are made to purchase or sell securities by the Fund and another advisory account. In some cases, this procedure could have an adverse effect on the price or the amount of securities available to the Fund. In making such allocations between the Fund and other advisory accounts, the main factors considered by the Sub-Adviser are the respective investment objectives, the relative size of portfolio holdings of the same or comparable securities, the availability of cash for investment and the size of investment commitments generally held.

The following table sets forth the aggregate amount of brokerage commissions paid by the Fund for the specified period.

	<b>Aggregate Amount of Brokerage Commissions</b>
For fiscal year ended September 30, 2016*	\$ 13,193
For fiscal year ended September 30, 2017	\$ 8,028
For fiscal year ended September 30, 2018	\$ 8,427

\* The Fund's inception date was October 7, 2015.

The following table sets forth information regarding brokerage commissions paid by the Fund to affiliated brokers for the specified period.

	<b>Affiliated Broker</b>	<b>Commissions Paid</b>	<b>% of Commissions Paid</b>	<b>% of Dollar Amount of Transactions Effectuated Through Affiliated Broker</b>
For fiscal year ended September 30, 2016*	Wolverine Execution Services, LLC	\$ 12,979	98.37%	96.37%
For fiscal year ended September 30, 2017	Wolverine Execution Services, LLC	\$ 7,885	98.22%	94.01%
For fiscal year ended September 30, 2018	Wolverine Execution Services, LLC	\$ 8,416	99.87%	97.76%

\* The Fund's inception date was October 7, 2015.

During the fiscal year ended September 30, 2018, the Fund did not pay commissions to brokers in return for research services.

Payments to financial intermediaries based on transactional charges may include the payment or reimbursement of all or a portion of "networking fees." Networking fees are fees charged to salespersons purchasing through a financial intermediary firm in connection with mutual fund purchases, redemptions or exchanges. The payment or reimbursement of networking fees creates an incentive for salespersons of an intermediary to sell shares of Destra Funds over shares of funds for which there is lesser or no payment or reimbursement of any applicable ticket charge. Destra and its affiliates consider a number of factors in making payments to financial intermediaries, including the distribution capabilities of the intermediary, the overall quality of the relationship, expected gross and/or net sales generated by the relationship, redemption and retention rates of assets held through the intermediary, the willingness of the intermediary to cooperate with Destra's marketing efforts, access to sales personnel and the anticipated profitability of sales through the institutional relationship. These factors may change from time to time.

The following table sets forth the aggregate amount of networking fees paid to broker-dealer firms with respect to the sale of Fund shares for the specified period.

	<u>Name</u>	<u>Amount of Compensation Paid</u>
For fiscal year ended September 30, 2018	Charles Schwab & Co. Inc.	\$ 587
	National Financial Services	\$ 53,342
	Pershing LLC	\$ 67

During the fiscal year ended September 30, 2018, the Fund did not acquire any securities of regular brokers or dealers as defined in Rule 10b-1 under the 1940 Act or of the parents of the brokers or dealers.

Under the 1940 Act, the Fund may not purchase portfolio securities from any underwriting syndicate of which Destra Capital Investments LLC is a member except under certain limited conditions set forth in Rule 10f-3. The Rule sets forth requirements relating to, among other things, the terms of a security purchased by the Fund, the amount of securities that may be purchased in any one issue and the assets of the Fund that may be invested in a particular issue. In addition, purchases of securities made pursuant to the terms of the Rule must be approved at least quarterly by the Board of Trustees, including a majority of the Independent Trustees.

#### **Net Asset Value**

As stated in the Fund's Prospectus, the net asset value ("*NAV*") of the shares of each class of the Fund is determined once each day the New York Stock Exchange (the "*NYSE*") is open, as of the close of its regular trading session (normally 4:00 p.m., New York time, Monday through Friday). The per share NAV for each class of the Fund is computed by dividing the total value of securities and other assets allocated to the class, less liabilities allocated to that class, by the total number of outstanding shares for the class. In determining NAV, securities listed on an Exchange, the Nasdaq National Market, and non-U.S. markets are generally valued at the closing sale prices on such markets. If such price is lacking for the trading period immediately preceding the time of determination, such securities are valued at their current bid price. Municipal securities held by the Fund are traded primarily in the over-the-counter markets. Valuations of such securities are furnished by one or more pricing services employed by the Fund and approved by the trustees and are based upon a computerized matrix system or appraisals obtained by a pricing service, in each case in reliance upon information concerning market transactions and quotations from recognized municipal securities dealers. Other securities that are traded on the over-the-counter markets are generally valued at their closing bid prices. Non-U.S. securities and currencies are converted to U.S. dollars using the applicable exchange rate in effect at the close of the NYSE. The Fund will determine the market value of individual securities held by it by using prices provided by one or more professional pricing services which may provide market prices to other funds, or, as needed, by obtaining market quotations from independent broker-dealers. Short-term securities maturing within 60 days or less are valued on an amortized cost basis. Debt securities with a remaining maturity of greater than 60 days are valued in accordance with the evaluated bid price supplied by the pricing service. The evaluated bid price supplied by the pricing service is an evaluation that reflects such factors as security prices, yields, maturities, and ratings.

Securities for which market quotations are not readily available or are deemed unreliable are valued at fair value determined in good faith under procedures established by and under the supervision of the trustees (the "*Valuation Procedures*"). Circumstances in which fair value pricing may be utilized include, but are not limited to: (i) a significant event that may affect the securities of a single issuer, such as a merger, bankruptcy, or significant issuer specific development; (ii) an event that may affect an entire market, such as a natural disaster or significant governmental action; (iii) a nonsignificant event such as a market closing early or not opening, or a security trading halt; and (iv) pricing of a non-valued security and a restricted or non-public security. The Fund may use a systematic fair valuation model provided by an independent third party to value international equity securities in order to adjust for stale pricing, which may occur between the close of certain non-U.S. exchanges and the NYSE. Trading in securities on European and Far Eastern securities exchanges and over-the-counter markets is normally completed well before the close of business on each business day in New York (*i.e.*, a day on which the NYSE is open). In addition, European or Far Eastern securities trading generally or in a particular country or countries may not take place on all business days in New York. Furthermore, trading takes place in Japanese markets on certain Saturdays and in various non-U.S. markets on days which are not business days in New York and on which the Fund's NAV is not calculated. The Fund calculates its NAV per share, and therefore effects sales, redemptions, and repurchases of its shares, as of the close of the NYSE once each day on which the NYSE is open. Such calculation may not take place contemporaneously with the determination of the prices of the non-U.S. portfolio securities used in such calculation. If an event that is expected to affect the value of a portfolio security occurs after the close of the principal exchange or market on which that security is traded, and before the close of the NYSE, then that security may be valued in good faith under the Valuation Procedures.

To the extent there are any errors in the Fund's NAV calculation, Destra may, at its discretion, reprocess individual



shareholder transactions so that each shareholder's account reflects the accurate corrected NAV.

### **Purchases**

Shares of the Fund can generally be purchased only through institutional channels such as financial intermediaries and retirement platforms. Shares or classes of the Fund may be purchased without upfront sales charges by certain retirement plans and clients of investment advisers, but these clients will typically pay asset-based fees for their investment advisers' advice, which are on top of the Fund's expenses. Certain shares or classes of the Fund may also be purchased without upfront sales charges or transactional charges by persons who invest through mutual fund "supermarket" programs of certain financial intermediaries that typically do not provide investment recommendations or the assistance of an investment professional.

Certain designated organizations are authorized to receive purchase orders on the Fund's behalf, and those organizations are authorized to designate their agents and affiliates as intermediaries to receive purchase orders. Purchase orders are deemed received by the Fund when authorized organizations or their agents or affiliates receive the orders, provided that such designated organizations or their agents or affiliates transmit the orders to the Fund within contractually specified periods. The Fund is not responsible for the failure of any designated organization or its agents or affiliates to carry out its obligations to its customers. In order to receive a day's price, your order for any class of shares must be received in good order by the close of the regular trading session of the NYSE as described above in "Net Asset Value." Your financial intermediary may charge you a separate or additional fee for processing purchases of shares. Your financial intermediary, your plan documents or the Fund's Prospectus will provide you with detailed information about investing in the Fund.

The expenses to be borne by specific classes of shares may include (i) transfer agency fees attributable to a specific class of shares, (ii) printing and postage expenses related to preparing and distributing materials such as shareholder reports, prospectuses and proxy statements to current shareholders of a specific class of shares, (iii) SEC and state securities registration fees incurred by a specific class of shares, (iv) the expense of administrative personnel and services required to support the shareholders of a specific class of shares, (v) litigation or other legal expenses relating to a specific class of shares, (vi) directors' fees or expenses incurred as a result of issues relating to a specific class of shares, (vii) accounting expenses relating to a specific class of shares and (viii) any additional incremental expenses subsequently identified and determined to be properly allocated to one or more classes of shares.

The Trust has established an Anti-Money Laundering Compliance Program (the "*Program*") as required by the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 ("*USA PATRIOT Act*"). In order to ensure compliance with this law, the Trust's Program provides for the development of internal practices, procedures and controls, designation of anti-money laundering compliance officers, an ongoing training program and an independent audit function to determine the effectiveness of the Program.

Procedures to implement the Program include, but are not limited to, determining that financial intermediaries have established proper anti-money laundering procedures, reporting suspicious and/or fraudulent activity, checking shareholder names against designated government lists, including the Office of Foreign Asset Control, and performing a review of all new account applications. The Trust does not intend to transact business with any person or entity whose identity cannot be adequately verified under the provisions of the USA PATRIOT Act.

The Fund does not issue share certificates. Shares will be registered in the name of the investor or the investor's financial adviser. A change in registration or transfer of shares held in the name of a financial adviser may only be made by an order in good form from the financial adviser acting on the investor's behalf.

## Class A Shares

The price you pay for Class A shares is the public offering price, which is the NAV next determined after the Fund or its agent receives in good form your order plus an initial sales charge, if applicable, based on the amount invested as set forth in the table. The Fund receives the NAV. The sales charge is allocated between your financial intermediary and Destra Capital Investments LLC, the Fund's distributor (the "Distributor"), as shown in the table, except where Destra Capital Investments LLC, in its discretion, allocates up to the entire amount to your financial intermediary. Sales charges, as expressed as a percentage of offering price, as a percentage of your net investment and a percentage of the sales charge reallocated to financial intermediaries, are shown in the table. The dollar amount of your initial sales charge is calculated as the difference between the public offering price and the NAV of those shares. Since the offering price is calculated to two decimal places using standard rounding criteria, the number of shares purchased and the dollar amount of your sales charge as a percentage of the offering price and of your net investment may be higher or lower than the amounts set forth in the table depending on whether there was a downward or upward rounding. Although you pay no initial sales charge on purchases of \$1,000,000 or more, Destra Capital Investments LLC may pay, from its own resources, a commission to your financial intermediary on such investments.

Amount of Purchase at Offering Price	Class A Shares Sales Charge as a Percentage of:		
	Offering Price <sup>(1)</sup>	Net Amount Invested	Amount of Sales Charge Reallowed to Financial Intermediaries as a Percentage of Offering Price
Under \$100,000	4.50%	4.71%	4.00%
\$100,000 but under \$250,000	3.75%	3.90%	3.25%
\$250,000 but under \$500,000	2.75%	2.83%	2.25%
\$500,000 but under \$1,000,000	2.25%	2.30%	1.75%
\$1,000,000 and above	None	None	None

(1) Offering Price includes the initial sales charge.

Below is an example of the method of computing the offering price of Class A shares of the Fund. The example assumes a purchase on September 30, 2018 of Class A shares of the Fund subject to the schedule of sales charges set forth in the Prospectus at a price based upon the net asset value of the Class A shares.

Net asset value per share	\$	11.59
Per share sales charge: 4.50% of public offering price (4.75% of net asset value per share)	\$	0.55
Per share offering price to the public	\$	12.14

As described in the Prospectus, there are several ways you can combine multiple purchases of Class A shares of the Fund and other Destra Funds that are offered with a sales charge to take advantage of lower sales charges.

### **Qualifying for a Reduction or Waiver of Class A Shares Sales Charge**

You may be able to lower or eliminate your sales charge on Class A shares under certain circumstances. For example, when purchasing new Class A or Class C shares, you can combine Class A shares and Class C shares you already own (either in the Fund or in certain other Destra Funds) with your current purchase to take advantage of the breakpoints in the sales charge schedule as set forth above. The circumstances under which you may combine such ownership of shares and purchases are described below. If you would like more information on aggregating shares to take advantage of the breakpoints, please contact your financial intermediary. In addition, additional sales charge reductions and waivers may be available. However, the availability of such waivers and reductions will depend on the policies of the financial intermediary through which you purchase your shares. Information on intermediaries' variations from the reductions and waivers discussed below are disclosed in the appendix to the Fund's Prospectus.

Class A shares of the Fund may be purchased without an initial sales charge by the following persons (and their spouses and children under 21 years of age): (i) registered representatives and other employees of intermediaries that have selling agreements with Destra Capital Investments to sell Class A shares; (ii) directors, officers and employees of Destra Capital Management LLC, and their immediate family members, and its affiliates; and (iii) Trustees and officers, and their immediate family members, of the Fund. Immediate family members are defined as spouses or domestic partners, parents, children, grandparents, grandchildren, parents-in-law, sons-in-law and daughters-in-law, siblings, a sibling's spouse and a spouse's siblings. Additionally, certain financial intermediaries have entered into an agreement with Destra Capital Investments that allows the waiver of the initial sales charge on purchases of Class A shares. In order to obtain a sales charge discount, you should inform your financial intermediary of other accounts in which there are Fund holdings eligible to be aggregated to meet a sales charge breakpoint. These other accounts may include the accounts described under "Aggregating Accounts." It is possible that your financial intermediary will require documentation, such as an account statement, to prove that the accounts are eligible for aggregation. The Letter of Intent described below requires historical cost information in certain circumstances. You should retain records necessary to show the price you paid to purchase Fund shares, as the Fund, its agents or your financial intermediary may not retain this information.

*Right of Accumulation.* You may purchase Class A shares of the Fund at a reduced sales charge determined by aggregating the dollar amount of the new purchase (measured by the offering price) and the total prior day's net asset value (net amount invested) of all eligible shares (as set forth herein) and applying the sales charge applicable to such aggregate amount. Shares eligible for aggregation include Class A shares of the Fund and of certain other classes (Class A shares and Class C shares) of Destra Funds then held by you, or held in accounts identified under "Aggregating Accounts." In order for your purchases and holdings to be aggregated for purposes of qualifying for such discount, they must have been made through one financial intermediary, and you must provide sufficient information to your financial intermediary at the time of initial purchase of shares that qualify for the right of accumulation to permit verification that the purchase qualifies for the reduced sales charge. The right of accumulation is subject to modification or discontinuance at any time with respect to all shares purchased thereafter.

*Letter of Intent.* You can also reduce the sales charge on the purchase of Class A shares by signing a Letter of Intent indicating your intention to purchase \$100,000 or more of Class A shares (including Class A shares in other series of the Destra Funds) over a 13-month period. The term of the Letter of Intent will commence upon the date you sign the Letter. In order to apply purchases toward the intended amount, you must refer to such Letter when placing all orders.

When calculating the applicable sales charge to a purchase pursuant to a Letter of Intent, the amount of investment for purposes of applying the sales load schedule includes: (i) the historical cost (what you actually paid for the shares at the time of purchase, including any sales charges) of all Class A shares acquired during the term of the Letter of Intent; minus (ii) the value of any redemptions of Class A shares made during the term of the Letter of Intent. Each investment made during the period receives the reduced sales charge applicable to the total amount of the investment goal. A portion of shares purchased may be held in escrow to pay for any applicable sales charge. If the goal is not achieved within the period, you must pay the difference between the sales charges applicable to the purchases made and the charges previously paid, or an appropriate number of escrowed shares will be redeemed. Please contact your financial intermediary to obtain a Letter of Intent application.

*Aggregating Accounts.* In calculating the applicable breakpoint and sales charge on large purchases or those made through the exercise of a Letter of Intent or right of accumulation, investments made by you (and your spouse and children under age 21) on any given day may be aggregated if made for your own account(s) and/or certain other accounts such as trust accounts established by the above individuals (or the accounts of the primary beneficiary of the trust if the person who established the trust is deceased), solely controlled business accounts and single-participant retirement plans. To receive a reduced sales charge under the right of accumulation or a Letter of Intent, you must notify your financial intermediary of any eligible accounts that you, your spouse and your children under age 21 have at the time of your purchase.

You may access information regarding sales loads, breakpoint discounts and purchases of the Fund's shares, free of charge, and in a clear and prominent format, on our website at [destracapital.com](http://destracapital.com) and by following the appropriate hyperlinks to the specific information.

### **Class C Shares**

Class C shares of the Fund are purchased at the NAV per share as determined at the close of the regular trading session of the NYSE next occurring after a purchase order is received in good order by the Fund or its authorized agent.

Destra Capital Investments LLC may compensate your financial intermediary at the time of sale at a commission rate of up to 1.00% of the NAV of the Class C shares purchased. Service providers to qualified plans will not receive this amount if they receive 12b-1 fees from the time of initial investment of qualified plan assets in Class C shares.

### **Class I Shares**

Class I shares of the Fund are purchased at the NAV per share as determined at the close of the regular trading session of the NYSE next occurring after a purchase order is received in good order by the Fund or its authorized agent.

### **Distribution and Shareholder Servicing Plans**

#### **Class A Shares**

As described in the Prospectus, Class A shares have adopted a distribution and shareholder servicing plan (the “*Class A Plan*”) in accordance with Rule 12b-1 under the 1940 Act. The Class A Plan is a compensation-type plan and permits the payment at an annual rate of up to 0.25% of the average daily net assets of Class A shares of the Fund for activities that are primarily intended to result in the sale and/or shareholder servicing of Class A shares of the Fund, including, but not limited to, printing and delivering prospectuses, statements of additional information, shareholder reports, proxy statements and marketing materials related to Class A shares to prospective and existing investors; providing educational materials regarding Class A shares; providing facilities to answer questions from prospective and existing investors about the Fund; receiving and answering correspondence; complying with federal and state securities laws pertaining to the sale of Class A shares; assisting investors in completing application forms and selecting dividend and other account options; and any other activities for which “service fees” may be paid under Rule 2830 of the Financial Industry Regulatory Authority, Inc. (“*FINRA*”) Conduct Rules. Payments under the Class A Plan are not tied exclusively to actual distribution and shareholder service expenses, and the payments may exceed distribution and shareholder service expenses actually incurred. Destra Capital Investments LLC, the Fund’s distributor, authorizes the payments to financial intermediaries based on the value of Fund shares held by such intermediaries’ customers.

#### **Class C Shares**

As described in the Prospectus, Class C shares have adopted a distribution and shareholder servicing plan (the “*Class C Plan*”) in accordance with Rule 12b-1 under the 1940 Act. The Class C Plan is a compensation-type plan and permits the payment at an annual rate of up to 0.75% of the average daily net assets of Class C shares of the Fund for activities that are primarily intended to result in the sale of Class C shares of the Fund. In addition, the Class C Plan permits the payment of up to 0.25% of the average daily net assets of Class C shares of the Fund for shareholder servicing activities including, but not limited to, providing facilities to answer questions from existing investors about the Fund; receiving and answering correspondence; assisting investors in changing dividend and other account options; and any other activities for which “service fees” may be paid under Rule 2830 of the FINRA Conduct Rules. Payments under the Class C Plan are not tied exclusively to actual distribution and shareholder service expenses, and the payments may exceed distribution and shareholder service expenses actually incurred.

Destra Capital Investments LLC is entitled to retain all fees paid under the Class C Plan for the first 12 months on any investment in Class C shares to recoup its expenses with respect to the payment of commissions on sales of Class C shares. Financial intermediaries will become eligible for compensation under the Class C Plan beginning in the thirteenth month following the purchase of Class C shares, although Destra Capital Investments LLC may, pursuant to a written agreement between Destra Capital Investments LLC and a particular financial intermediary, pay such financial intermediary 12b-1 fees prior to the thirteenth month following the purchase of Class C shares. However, certain financial intermediaries may elect to not receive the initial 1.00% commission, in which case Destra Capital Investments authorizes the payment of the monthly 12b-1 fees to such financial intermediary beginning on the first month following the purchase of Class C shares as such fees accrue. The Class C shares for which a financial intermediary elects not to receive the initial 1.00% commission will not be subject to a contingent deferred sales charge (“CDSC”).

**12b-1 Fees Incurred**

During the fiscal year ended September 30, 2018, the Fund incurred 12b-1 fees pursuant to the Class A Plan and Class C Plan (individually, a “Plan” and collectively, the “Plans”) in the amounts set forth in the table below.

	<b>12b-1 Fees Incurred by the Fund for the Fiscal Year Ended September 30, 2018</b>	
Class A	\$	3,83
Class C	\$	6,14

**Renewal, Amendment and Termination**

The Plans and any Rule 12b-1-related agreement that is entered into by the Fund in connection with the Plans will continue in effect for a period of more than one year only so long as continuance is specifically approved at least annually by a vote of a majority of the trustees, and of a majority of the trustees who are not interested persons (as defined in the 1940 Act) of the Trust and who have no direct or indirect financial interest in the operation of the Plans or any related agreements (“12b-1 Trustees”). With the exception of Destra Capital Investments LLC, and its affiliates, no “interested person” of the Fund, as that term is defined in the 1940 Act, and no Trustee of the Fund has a direct or indirect financial interest in the operation of the Plans or any related agreement. All material amendments to any Plan must be approved by a majority vote of the trustees, including a majority of the 12b-1 Trustees, at a meeting called for that purpose. In addition, any Plan may be terminated as to the Fund at any time, without penalty, by vote of a majority of the outstanding shares of that class of that Fund or by vote of a majority of the 12b-1 Trustees.

## **Redemptions**

Redemptions, like purchases, may generally be effected only through institutional channels such as financial intermediaries and retirement platforms. In certain circumstances, Class I shares may be redeemed directly with the Fund. Certain designated organizations are authorized to receive redemption orders on the Fund's behalf, and those organizations are authorized to designate their agents and affiliates as intermediaries to receive redemption orders. Redemption orders are deemed received by the Fund when authorized organizations or their agents or affiliates receive the order. The Fund is not responsible for the failure of any designated organization or its agents or affiliates to carry out its obligations to its customers.

Shares normally will be redeemed for cash, although the Fund retains the right to redeem some or all of its shares in-kind under unusual circumstances, in order to protect the interests of remaining shareholders, to accommodate a request by a particular shareholder that does not adversely affect the interests of the remaining shareholders, or in connection with the liquidation of the Fund, by delivery of securities selected from its assets at its discretion. If shares are redeemed in-kind, the redeeming shareholder may incur brokerage costs in converting the assets to cash. The method of valuing securities used to make redemptions in-kind will be the same as the method of valuing portfolio securities described under "Net Asset Value," and such valuation will be made as of the same time the redemption price is determined.

The Fund reserves the right to postpone payment of redemption proceeds for up to seven calendar days. Additionally, the right to require the Fund to redeem its shares may be suspended, or the date of payment may be postponed beyond seven calendar days, whenever: (i) trading on the NYSE is restricted, as determined by the SEC, or the NYSE is closed (except for holidays and weekends); (ii) the SEC permits such suspension and so orders; or (iii) an emergency exists as determined by the SEC so that disposal of securities or determination of NAV is not reasonably practicable.

## **Class C Shares**

A CDSC of 1.00% will be deducted with respect to Class C shares redeemed within 12 months of purchase, unless waived, as discussed in the Prospectus. Any applicable CDSC will be 1.00% of the lesser of the original purchase price or the value of the redemption of the Class C shares redeemed.

## **Processing or Service Fees**

Broker-dealers may charge their customers a processing or service fee in connection with the purchase or redemption of Fund shares. Each individual dealer determines and should disclose to its customers the amount and applicability of such a fee. Processing or service fees typically are fixed, nominal dollar amounts and are in addition to the sales and other charges described in the Prospectus and this SAI. Consult your broker-dealer for specific information about any processing or service fees you may be charged.



## **Tax Matters**

### **Federal Income Tax Matters**

This section summarizes some of the main U.S. federal income tax consequences of owning shares of the Fund. This section is current as of the date of this SAI. Tax laws and interpretations change frequently, and these summaries do not describe all of the tax consequences to all taxpayers. For example, these summaries generally do not describe your situation if you are a corporation, a non-U.S. person, broker/dealer or other investor with special circumstances. In addition, this section does not describe your state, local or non-U.S. tax consequences.

This federal income tax summary is based in part on the advice of counsel to the Fund. The Internal Revenue Service could disagree with any conclusions set forth in this section. In addition, the Fund's counsel was not asked to review, and has not reached a conclusion with respect to, the federal income tax treatment of the assets to be deposited in the Fund. Consequently, these summaries may not be sufficient for you to use for the purpose of avoiding penalties under federal tax law.

As with any investment, you should seek advice based on your individual circumstances from your own tax adviser.

### **Fund Status**

The Fund intends to qualify as a "regulated investment company" under the federal tax laws. If the Fund qualifies as a regulated investment company and distributes its income as required by the tax law, the Fund generally will not pay federal income taxes.

### **Qualification as a Regulated Investment Company**

As a regulated investment company, the Fund will not be subject to federal income tax on the portion of its investment company taxable income, as that term is defined in the Code, without regard to the deduction for dividends paid and net capital gain (*i.e.*, the excess of net long-term capital gain over net short-term capital loss) that it distributes to shareholders, provided that it distributes at least 90% of its investment company taxable income and 90% of its net tax-exempt interest income for the year (the "*Distribution Requirement*") and satisfies certain other requirements of the Code that are described below. The Fund also intends to make such distributions as are necessary to avoid the otherwise applicable 4% non-deductible excise tax on certain undistributed earnings.

In addition to satisfying the Distribution Requirement, the Fund must, among other things, derive in each taxable year at least 90% of its gross income from (1) dividends, interest, certain payments with respect to loans of stock and securities, gains from the sale or disposition of stock, securities or non-U.S. currencies and other income (including but not limited to gains from options, futures or forward contracts) derived with respect to its business of investing in such stock, securities or currencies, and (2) net income derived from an interest in “qualified publicly traded partnerships” (as such term is defined in the Code). The Fund must also satisfy an asset diversification test in order to qualify as a regulated investment company. Under this test, at the close of each quarter of the Fund’s taxable year, (1) 50% or more of the value of the Fund’s assets must be represented by cash, U.S. Government Securities, securities of other regulated investment companies, and other securities, with such other securities limited, in respect of any one issuer, to an amount not greater than 5% of the value of the Fund’s assets and 10% of the outstanding voting securities of such issuer and (2) not more than 25% of the value of the Fund’s assets may be invested in securities of (a) any one issuer (other than U.S. Government Securities or securities of other regulated investment companies), or of two or more issuers which the Fund controls and which are engaged in the same, similar or related trades or businesses or (b) in the securities of one or more “qualified publicly traded partnerships” (as such term is defined in the Code). There are certain exceptions for failure to qualify if the failure is for reasonable cause or is *de minimis*, and certain corrective action is taken and certain tax payments are made by the Fund.

### **Distributions**

Fund distributions are generally taxable. After the end of each year, you will receive a tax statement that separates the Fund’s distributions into two categories, ordinary income distributions and capital gains dividends. Ordinary income distributions are generally taxed at your ordinary tax rate; however, as further discussed below, certain ordinary income distributions received from the Fund may be taxed at the capital gains tax rates. Generally, you will treat all capital gains dividends as long-term capital gains regardless of how long you have owned your shares. Some capital gains dividends may be taxed at a maximum stated tax rate of 25% or 28%. To determine your actual tax liability for your capital gains dividends, you must calculate your total net capital gain or loss for the tax year after considering all of your other taxable transactions, as described below. In addition, the Fund may make distributions that represent a return of capital for tax purposes and thus will generally not be immediately taxable to you. The tax status of your distributions from the Fund is not affected by whether you reinvest your distributions in additional shares or receive them in cash. The income from the Fund that you must take into account for federal income tax purposes is not reduced by amounts used to pay a deferred sales fee, if any. The tax laws may require you to treat distributions made to you in January as if you had received them on December 31 of the previous year. Income from the Fund may also be subject to a 3.8% “Medicare tax.” This tax generally applies to your net investment income if your adjusted gross income exceeds certain threshold amounts, which are \$250,000 in the case of married couples filing joint returns and \$200,000 in the case of single individuals.

The Subsidiary’s transactions in futures contracts will be subject to special provisions of the Code that, among other things, may affect the character of gains and losses realized by the Fund (*i.e.*, may affect whether gains or losses are ordinary or capital, or short-term or long-term), may accelerate recognition of income to the Fund and may defer Fund losses. These rules could, therefore, affect the character, amount and timing of distributions to shareholders. These provisions also (a) will require the Subsidiary to mark-to-market certain types of the positions in its portfolio (*i.e.*, treat them as if they were closed out), and (b) may cause the Fund to recognize income without receiving cash with which to make distributions in amounts necessary to satisfy the 90% distribution requirement for qualifying to be taxed as a regulated investment company and the distribution requirements for avoiding excise taxes.

### **Dividends Received Deduction**

A corporation that owns shares generally will not be entitled to the dividends received deduction with respect to many dividends received from the Fund because the dividends received deduction is generally not available for distributions from regulated investment companies. However, certain ordinary income dividends on shares that are attributable to qualifying dividends received by the Fund from certain corporations may be reported by the Fund as being eligible for the dividends received deduction.

### **Sale or Redemption of Shares**

If you sell or redeem your shares, you will generally recognize a taxable gain or loss. To determine the amount of this gain or loss, you must subtract your tax basis in your shares from the amount you receive in the transaction. Your tax basis in your shares is generally equal to the cost of your shares, generally including sales charges. In some cases, however, you may have to adjust your tax basis after you purchase your shares.

### **Capital Gains and Losses and Certain Ordinary Income Dividends**

If you are an individual, the maximum marginal stated federal tax rate for net capital gain is generally 20% for taxpayers in the highest tax bracket. Capital gains may also be subject to the Medicare tax described above. Some portion of your capital gains dividends may be taxed at a higher stated tax rate. Net capital gain equals net long-term capital gain minus net short-term capital loss for the taxable year. Capital gain or loss is long-term if the holding period for the asset is more than one year and is short-term if the holding period for the asset is one year or less. You must exclude the date you purchase your shares to determine your holding period. However, if you receive a capital gains dividend from the Fund and sell your share at a loss after holding it for six months or less, the loss will be recharacterized as long-term capital loss to the extent of the capital gains dividend received. The tax rates for capital gains realized from assets held for one year or less are generally the same as for ordinary income. The Code treats certain capital gains as ordinary income in special situations.

Ordinary income dividends received by an individual shareholder from a regulated investment company such as the Fund are generally taxed at the same rates that apply to net capital gain (as discussed above), provided certain holding period requirements are satisfied and provided the dividends are attributable to qualifying dividends received by the Fund itself. The Fund will provide notice to its shareholders of the amount of any distribution which may be taken into account as a dividend which is eligible for the capital gains tax rates.

### **In-Kind Distributions**

Under certain circumstances, as described in the Prospectus, you may receive an in-kind distribution of Fund securities when you redeem shares or when the Fund terminates. This distribution will be treated as a sale for federal income tax purposes and you will generally recognize gain or loss, generally based on the value at that time of the securities and the amount of cash received. The Internal Revenue Service could, however, assert that a loss could not be currently deducted.

### **Exchanges**

If you exchange shares of your Fund for shares of another Destra Fund, the exchange would generally be considered a sale for federal income tax purposes.

### **Deductibility of Fund Expenses**

Expenses incurred and deducted by the Fund will generally not be treated as income taxable to you. In some cases, however, you may be required to treat your portion of these Fund expenses as income. In these cases, you may not be able to take a deduction for these expenses.

### **Foreign Tax Credit**

If the Fund invests in any non-U.S. securities, the tax statement that you receive may include an item showing foreign taxes the Fund paid to other countries. In this case, dividends taxed to you will include your share of the taxes the Fund paid to other countries. You may be able to deduct or receive a tax credit for your share of these taxes.

### **Investments in Certain Non-U.S. Corporations**

If the Fund holds an equity interest in any “passive foreign investment companies” (“*PFICs*”), which are generally certain foreign corporations that receive at least 75% of their annual gross income from passive sources (such as interest, dividends, certain rents and royalties or capital gains) or hold at least 50% of their assets in investments producing such passive income, the Fund could be subject to U.S. federal income tax and additional interest charges on gains and certain distributions with respect to those equity interests, even if all the income or gain is timely distributed to its shareholders. The Fund will not be able to pass through to its shareholders any credit or deduction for such taxes. The Fund may be able to make an election that could ameliorate these adverse tax consequences. In this case, the Fund would recognize as ordinary income any increase in the value of such PFIC shares, and as ordinary loss any decrease in such value to the extent it did not exceed prior increases included in income. Under this election, the Fund might be required to recognize in a year income in excess of its distributions from PFICs and its proceeds from dispositions of PFIC stock during that year, and such income would nevertheless be subject to the distribution requirement and would be taken into account for purposes of the 4% excise tax. Dividends paid by PFICs are not treated as qualified dividend income.

## **Non-U.S. Investors**

If you are a non-U.S. investor (*i.e.*, an investor other than a U.S. citizen or resident or a U.S. corporation, partnership, estate or trust), you should be aware that, generally, subject to applicable tax treaties, distributions from the Fund will be characterized as dividends for federal income tax purposes (other than dividends which the Fund properly reports as capital gains dividends) and will be subject to U.S. income taxes, including withholding taxes, subject to certain exceptions described below. However, distributions received by a non-U.S. investor from the Fund that are properly reported by the Fund as capital gains dividends may not be subject to U.S. federal income taxes, including withholding taxes, provided that the Fund makes certain elections and certain other conditions are met. Distributions may be subject to a U.S. withholding tax of 30% in the case of distributions to (i) certain non-U.S. financial institutions that have not entered into an agreement with the U.S. Treasury to collect and disclose certain information and are not resident in a jurisdiction that has entered into such an agreement with the U.S. Treasury and (ii) certain other non-U.S. entities that do not provide certain certifications and information about the entity's U.S. owners. Dispositions of shares by such persons may be subject to such withholding after December 31, 2018.

## **Federal Income Tax Treatment of Exchange-Listed Commodity Futures and Investments in the Subsidiary**

The Subsidiary's transactions in exchange-listed commodity futures contracts will be subject to special provisions of the Code that, among other things, may affect the character of gains and losses realized by the Subsidiary (*i.e.*, may affect whether gains or losses are ordinary or capital, or short-term or long-term), may accelerate recognition of income to the Subsidiary and may defer Subsidiary losses. Because the Subsidiary is a controlled foreign corporation for U.S. federal income tax purposes, this treatment of the Subsidiary's income will affect the income the Fund must recognize. These rules could, therefore, affect the character, amount and timing of distributions to shareholders. These provisions also (a) will require the Subsidiary to mark-to-market certain types of the positions in its portfolio (*i.e.*, treat them as if they were closed out), and (b) may cause the Subsidiary and the Fund to recognize income without the Fund receiving cash with which to make distributions in amounts necessary to satisfy the 90% distribution requirement for qualifying to be taxed as a regulated investment company and the distribution requirement for avoiding excise taxes.

The Fund intends to treat any income it may derive from Commodities Instruments (other than derivatives described in Revenue Rulings 2006-1 and 2006-31) received by the Subsidiary as "qualifying income" under the provisions of the Code applicable to "regulated investment companies" ("RICs"), based on a tax opinion received from Fund counsel that was based, in part, on numerous private letter rulings ("PLRs") provided to third parties not associated with the Fund or its affiliates (which only those parties may cite as precedent). However, in September 2016 the Internal Revenue Service released proposed Regulations that, if finalized in the form proposed, would limit the qualifying income from the Subsidiary to the income distributed in the same year in which the income is required to be included in the income of the Fund under the controlled foreign corporation rules. The Fund intends to distribute the income in the same year as the income is required to be included, but a failure to do so could cause the Fund to have non-qualifying income and potentially lose RIC status.

## Capital Loss Carryforward

Under the Regulated Investment Company Modernization Act of 2010, net capital losses of the Fund may be carried forward indefinitely, and their character is retained as short-term and/or long-term losses. To the extent that these loss carryforwards are used to offset future capital gains, it is probable that the capital gains so offset will not be distributed to Fund shareholders. As of September 30, 2018, the Fund had net capital losses for federal income tax purposes shown in the table below. The Fund is subject to certain limitations, under U.S. tax rules, on the use of capital loss carryforwards and net unrealized built-in losses. These limitations apply when there has been a 50% or more change in ownership.

<b>Short-Term Capital Loss Carryforward</b>	<b>Long-Term Capital Loss Carryforward</b>
—	—

## Frequent Trading

The Fund's Frequent Trading Policy is as follows:

Frequent purchases and redemptions of Fund shares by Fund shareholders may present risks to other shareholders in the Fund. These risks may include disruption of portfolio investment strategies, with potential resulting harm to performance, and increased trading costs or Fund expenses. Therefore, the Board needs to assess whether it is in the best interests of the Fund, overall, to limit individual shareholders' rights to engage in frequent purchases and redemption of Fund shares.

The Fund was designed for long-term investors and is not designed for shareholders who engage in frequent purchases and redemption of Fund shares. These Frequent Trading Policies and Procedures endeavor to detect and deter frequent trading that may be harmful to shareholders, and that is pursued for the purpose of attempting to profit from anticipated short-term market moves up or down ("*market timing*").

- (1) *General.* The Fund discourages and has established policies and procedures designed to detect and deter frequent trading by investors that is believed to be engaged in for the purpose of market timing.

Shares of the Fund may be held through accounts held in the name of a financial intermediary. These accounts may be comprised of multiple investors whose purchases and redemptions are aggregated and netted before being submitted to the Fund. The Fund may not have access to information regarding trading activity by individual investors in such accounts and therefore may be unable to monitor individual investors for violations of the Fund's policy. The Fund or its agents will seek to have financial intermediaries either provide the necessary individual investor information to the Fund or monitor the trading activity of the individual investors to detect and deter market timing.

- (2) *Restrictions on Purchases and Redemptions.* The Fund reserves the right to reject or restrict any purchase order (including exchanges) from any investor for any reason including excessive, short-term or other abusive trading practices that may disrupt portfolio management strategies and harm performance. The Fund may, at Destra's sole discretion, exercise these rights for any reason, including any trading believed to fall within the definition of market timing.

The Fund also reserves the right to delay delivery of redemption proceeds up to seven days or to honor certain redemptions with securities, rather than cash.

- (3) *Agreements.* The Fund, Destra or Destra Capital Investments LLC may not enter into any agreement, either explicit or implicit, with any Fund shareholder or other investor that would permit or facilitate market timing in the Fund.

The Fund directs Destra to establish specific procedures to detect and deter market timing in order to implement the foregoing policies. Under those procedures, Destra shall establish procedures for (i) identifying and reviewing potentially harmful trading activity in direct and omnibus accounts, (ii) identifying transactions subject to sales charges and exceptions to those policies, and (iii) reporting potential issues and exceptions to the Fund's CCO. If Destra determines that frequent trading in any account is due to market timing, Destra, on behalf of the Fund, may reject the purchase or impose restrictions on future purchases or exchanges from that investor until such investor no longer engages in market timing. Destra must document and maintain all records in connection with its procedures for six years. Destra will advise the Board of any material changes to its procedures and will periodically report its activities pursuant to these Frequent Trading Policies and Procedures to the Trust's CCO. The Trust's CCO will periodically report to the Board on the effectiveness of these Policies and Procedures.

#### **Underwriter**

Destra Capital Investments LLC, 444 West Lake Street, Suite 1700, Chicago, IL 60606, a wholly owned subsidiary of Destra Capital Management LLC, serves as the principal underwriter of the shares of the Fund pursuant to a "best efforts" arrangement as provided by a distribution agreement with the Trust (the "*Distribution Agreement*"). Pursuant to the Distribution Agreement, the Trust appointed Destra Capital Investments LLC to be its agent for the distribution of the Fund's shares on a continuous offering basis. The cash-compensation rate at which Destra Capital Investments LLC's registered representatives are paid for sales of institutional products may differ based on a type of fund or a specific trust. The receipt of (or prospect of receiving) compensation described above may provide an incentive for a registered representative to favor sales of funds, or certain share classes of the Fund, for which it receives a higher compensation rate. You should consider these arrangements when evaluating any recommendations of your registered representative.

Destra Capital Investments LLC sells shares to or through brokers, dealers, banks or other qualified financial intermediaries (collectively referred to as “Dealers”), or others, in a manner consistent with the then effective registration statement of the Trust for the Fund. Pursuant to the Distribution Agreement, Destra Capital Investments LLC, at its own expense, finances certain activities incident to the sale and distribution of the Fund’s Shares, including the printing and distributing of prospectuses and statements of additional information to other than existing shareholders, the printing and distributing of sales literature, advertising and payment of compensation and giving of concessions to Dealers. Destra Capital Investments LLC receives for its services the excess, if any, of the sales price of the Fund’s Shares less the net asset value of those Shares, and remits a majority or all of such amounts to the Dealers who sold the Shares; Destra Capital Investments LLC may act as such a Dealer. Destra Capital Investments LLC also receives compensation pursuant to a distribution plan adopted by the Trust pursuant to Rule 12b-1 and described herein under “Distribution and Shareholder Servicing Plans.” Destra Capital Investments LLC receives CDSCs imposed on redemptions of Shares, but any amounts as to which a reinstatement privilege is not exercised are set off against and reduce amounts otherwise payable to Destra Capital Investments LLC pursuant to the distribution plan.

The following table sets forth the aggregate amounts of underwriting commissions with respect to the sale of Fund shares, the amount thereof retained by Destra Capital Investments LLC and the compensation on redemptions and repurchases received by Destra Capital Investments LLC for the Fund for the specified period.

	<b>Amount of Underwriting Commissions</b>	<b>Amount Retained by the Distributor</b>	<b>Amount of Compensation on Redemptions and Repurchases</b>
For fiscal year ended September 30, 2016*	—	—	—
For fiscal year ended September 30, 2017	—	—	—
For fiscal year ended September 30, 2018	\$ 33,914	\$ 5,866	—

\* The Fund’s inception date was October 7, 2015.

Destra may, from time to time and from its own resources, pay, defray or absorb costs relating to distribution, including payments out of its own resources to the Distributor, or to otherwise promote the sale of Shares. Destra’s available resources to make these payments include profits from advisory fees received from the Fund. The services Destra may pay for include, but are not limited to, advertising and attaining access to certain conferences and seminars, as well as being presented with the opportunity to address investors and industry professionals through speeches and written marketing materials.



## Disclosure of Portfolio Holdings

The Destra Funds have adopted a portfolio holdings disclosure policy that governs the dissemination of the Fund's portfolio holdings and to ensure that the disclosure of information is in the best interests of the Fund Shareholders. In accordance with this policy, the Fund may provide portfolio holdings information to third parties no earlier than the time a report is filed with the SEC that is required to contain such information or one day after the information is posted on the Fund's publicly accessible website, [destracapital.com](http://destracapital.com). The Fund generally makes available top 10 portfolio holdings or issuer information on the Fund's website monthly with an approximately 15-day lag. The Fund generally makes available full portfolio holdings or issuer information on the Fund's website monthly with an approximately 30-day lag. Additionally, the Fund publishes on the website other portfolio characteristics monthly on an approximately 15-day lag. This information will remain available on the website at least until the Fund files with the SEC its Forms N-CSR or Forms N-Q for the period that includes the date as of which the website information is current.

Additionally, the Fund may disclose portfolio holdings information that has not been included in a filing with the SEC or posted on the Fund's website (*i.e.*, non-public portfolio holdings information) only if there is a legitimate business purpose for doing so and if the recipient is required, either by explicit agreement or by virtue of the recipient's duties to the Fund as an agent or service provider, to maintain the confidentiality of the information and to not use the information in an improper manner (*e.g.*, personal trading). In this connection, the Fund may disclose on an ongoing, daily basis non-public portfolio holdings information in the normal course of its investment and administrative operations to various service providers, including its investment adviser and sub-adviser, independent registered public accounting firm (Cohen & Company, Ltd.), custodian (UMB Bank National Association), and financial printer (S2 Filings), to proxy voting service(s), legal counsel to the Fund (Drinker Biddle & Reath LLP) and legal counsel to the Independent Trustees (Moye White LLP).

The Fund's investment adviser and sub-adviser may also provide certain portfolio holdings information to broker-dealers from time to time in connection with the purchase or sale of securities or requests for price quotations or bids on one or more securities. In providing this information, reasonable precautions are taken in an effort to avoid potential misuse of the disclosed information, including limitations on the scope of the portfolio holdings information disclosed, when appropriate.

Non-public portfolio holdings information may be provided to other persons if approved by the Fund's Board of Trustees upon a determination that there is a legitimate business purpose for doing so, the disclosure is consistent with the interests of the Fund and the recipient is obligated to maintain the confidentiality of the information and not misuse it.

Compliance officers of the Fund and its investment adviser and sub-adviser periodically monitor overall compliance with the policy to ascertain whether portfolio holdings information is disclosed in a manner that is consistent with the Fund's policy. Reports are made to the Fund's Board of Trustees on an annual basis.

There is no assurance that the Fund's policies on portfolio holdings information will protect the Fund from the potential misuse of portfolio holdings information by individuals or firms in possession of such information.

## **Other Service Providers**

Cohen & Company, Ltd., 151 N. Franklin Street, Suite 575, Chicago, Illinois 60606, independent registered public accounting firm, has been selected as auditors for the Trust. In addition to audit services, Cohen & Company, Ltd. may provide assistance on accounting and tax and related matters.

The custodian of the assets of the Fund is UMB Bank N.A., 1010 Grand Boulevard, Kansas City, Missouri 64106. The custodian performs custodial services.

The Fund's administrator, fund accountant, transfer, shareholder services and dividend paying agent is UMB Funds Services Inc., 235 W. Galena Street, Milwaukee, Wisconsin 53212.

## **General Trust Information**

The Fund is a series of the Trust. The Trust is an open-end management investment company under the 1940 Act. The Trust was organized as a Massachusetts business trust on May 25, 2010. The Board of Trustees of the Trust is authorized to issue an unlimited number of shares in one or more series, which may be divided into classes of shares. Currently, there are two series authorized and outstanding, each of which may be generally divided into different classes of shares designated as Class A shares, Class C shares and Class I shares. Each class of shares represents an interest in the same portfolio of investments of the Fund. Each class of shares has equal rights as to voting, redemption, dividends and liquidation, except that each bears different class expenses, including different distribution and service fees, and each has exclusive voting rights with respect to any distribution or service plan applicable to its shares. There are no conversion, preemptive or other subscription rights. The Board of Trustees of the Trust has the right to establish additional series and classes of shares in the future, to change those series or classes and to determine the preferences, voting powers, rights and privileges thereof.

The Trust is not required and does not intend to hold annual meetings of shareholders. Shareholders owning more than 10% of the outstanding shares of the Fund have the right to call a special meeting to remove trustees or for any other purpose.

Under Massachusetts law applicable to Massachusetts business trusts, shareholders of such a trust may, under certain circumstances, be held personally liable as partners for its obligations. However, the Declaration of Trust of the Trust contains an express disclaimer of shareholder liability for acts or obligations of the Trust and requires that notice of this disclaimer be given in each agreement, obligation or instrument entered into or executed by the Trust or the trustees. The Trust's Declaration of Trust further provides for indemnification out of the assets and property of the Trust for all losses and expenses of any shareholder held personally liable for the obligations of the Trust. Thus, the risk of a shareholder incurring financial loss on account of shareholder liability is limited to circumstances in which both inadequate insurance existed and the Trust or the Fund itself was unable to meet its obligations. The Trust believes the likelihood of the occurrence of these circumstances is remote.

## APPENDIX A

### Proxy Voting Procedure

#### **U.S. Guidelines**

##### *Election of Directors*

The purpose of Glass Lewis' proxy research and advice is to facilitate shareholder voting in favor of governance structures that will drive performance, create shareholder value and maintain a proper tone at the top. Glass Lewis looks for talented boards with a record of protecting shareholders and delivering value over the medium- and long-term. Glass Lewis believes that boards working to protect and enhance the best interests of shareholders are independent, have directors with diverse backgrounds, have a record of positive performance, and have members with a breadth and depth of relevant experience.

##### *Auditor Ratification*

Glass Lewis generally supports management's choice of auditor except when Glass Lewis believes the auditor's independence or audit integrity has been compromised. Where a board has not allowed shareholders to review and ratify an auditor, Glass Lewis typically recommends voting against the audit committee chairman. When there have been material restatements of annual financial statements or material weakness in internal controls, Glass Lewis usually recommends voting against the entire audit committee.

##### *Executive Compensation*

Glass Lewis carefully reviews the compensation awarded to senior executives, as it believes that this is an important area in which the board's priorities are revealed. Glass Lewis strongly believes executive compensation should be linked directly with the performance of the business the executive is charged with managing. Glass Lewis believes the most effective compensation arrangements provide for an appropriate mix of performance-based short- and long-term incentives in addition to base salary.

Glass Lewis believes that comprehensive, timely and transparent disclosure of executive pay is critical to allowing shareholders to evaluate the extent to which the pay is keeping pace with company performance. When reviewing proxy materials, Glass Lewis examines whether the company discloses the performance metrics used to determine executive compensation. Glass Lewis recognizes performance metrics must necessarily vary depending on the company and industry, among other factors, and may include items such as total shareholder return, earning per share growth, return on equity, return on assets and revenue growth. However, Glass Lewis believes companies should disclose why the specific performance metrics were selected and how the actions they are designed to incentivize will lead to better corporate performance.

Moreover, Glass Lewis believes that it is rarely in shareholders' interests to disclose competitive data about individual salaries below the senior executive level. Such disclosure could create internal personnel discord that would be counterproductive for the company and its shareholders. While Glass Lewis favors full disclosure for senior executives and it views pay disclosure at the aggregate level (*e.g.*, the number of employees being paid over a certain amount or in certain categories) as potentially useful, Glass Lewis does not believe shareholders need or will benefit from detailed reports about individual management employees other than the most senior executives.

#### *Anti-Takeover Measures*

Glass Lewis believes that poison pill plans are not generally in shareholders' best interests. They can reduce management accountability by substantially limiting opportunities for corporate takeovers. Rights plans can thus prevent shareholders from receiving a buy-out premium for their stock. Typically Glass Lewis recommends that shareholders vote against these plans to protect their financial interests and ensure that they have an opportunity to consider any offer for their shares, especially those at a premium. In certain circumstances, Glass Lewis will support a poison pill that is limited in scope to accomplish a particular objective, such as the closing of an important merger, or a pill that contains what Glass Lewis believes to be a reasonable qualifying offer clause.

#### *Compensation, Environmental, Social and Governance Shareholder Initiatives*

Glass Lewis typically prefers to leave decisions regarding day-to-day management and policy decisions, including those related to social, environmental or political issues, to management and the board, except when there is a clear link between the proposal and value enhancement or risk mitigation. Glass Lewis feels strongly that shareholders should not attempt to micromanage the company, its businesses or its executives through the shareholder initiative process. Rather, Glass Lewis believes shareholders should use their influence to push for governance structures that protect shareholders and promote director accountability. Shareholders should then put in place a board they can trust to make informed decisions that are in the best interests of the business and its owners, and then hold directors accountable for management and policy decisions through board elections. However, Glass Lewis recognizes that support of appropriately crafted shareholder initiatives may at times serve to promote or protect shareholder value.

To this end, Glass Lewis evaluates shareholder proposals on a case-by-case basis. Glass Lewis generally recommends supporting shareholder proposals calling for the elimination of, as well as to require shareholder approval of, antitakeover devices such as poison pills and classified boards. Glass Lewis generally recommends supporting proposals likely to increase and/or protect shareholder value and also those that promote the furtherance of shareholder rights. In addition, Glass Lewis also generally recommends supporting proposals that promote director accountability and those that seek to improve compensation practices, especially those promoting a closer link between compensation and performance.

## **International Guidelines**

### *Election of Directors*

Boards are put in place to represent shareholders and protect their interests. Glass Lewis seeks boards with a proven record of protecting shareholders and delivering value over the medium-and long-term. In Glass Lewis's view, boards working to protect and enhance the best interests of shareholders typically include some independent directors (the percentage will vary by local market practice and regulations), boast a record of positive performance, have directors with diverse backgrounds, and appoint directors with a breadth and depth of experience.

### *Financial Reporting*

Many countries require companies to submit the annual financial statements, director reports and independent auditors' reports to shareholders at a general meeting. Shareholder approval of such a proposal does not discharge the board or management. Glass Lewis will usually recommend voting in favor of these proposals except when there are concerns about the integrity of the statements/reports. However, should the audited financial statements, auditor's report and/or annual report not be published at the writing of its report, Glass Lewis will recommend that shareholders abstain from voting on this proposal.

In many countries, companies must submit the allocation of income for shareholder approval. Glass Lewis will generally recommend voting for such a proposal. However, Glass Lewis will give particular scrutiny to cases where the company's dividend payout ratio is exceptionally low or excessively high relative to its peers and the company has not provided a satisfactory explanation.

Glass Lewis generally supports management's recommendation regarding the selection of an auditor and support granting the board the authority to fix auditor fees except in cases where Glass Lewis believes the independence of an incumbent auditor or the integrity of the audit has been compromised.

### *Compensation*

Glass Lewis closely reviews companies' remuneration practices and disclosure as outlined in company filings to evaluate management-submitted advisory compensation report and policy vote proposals. In evaluating these proposals, which can be binding or non-binding depending on the country, Glass Lewis examines how well the company has disclosed information pertinent to its compensation programs, the extent to which overall compensation is tied to performance, the performance metrics selected by the company and the levels of remuneration in comparison to company performance and that of its peers.

### *Governance Structure*

Glass Lewis will evaluate proposed amendments to a company's articles of association on a case-by-case basis. Glass Lewis is opposed to the practice of bundling several amendments under a single proposal because it prevents shareholders from evaluating each amendment on its own merits. In such cases, Glass Lewis will analyze each change individually and will recommend voting for the proposal only when Glass Lewis believes that the amendments on balance are in the best interests of shareholders.

Glass Lewis believes that poison pill plans generally are not in the best interests of shareholders. Specifically, they can reduce management accountability by substantially limiting opportunities for corporate takeovers. Rights plans can thus prevent shareholders from receiving a buy-out premium for their stock. In certain limited circumstances, Glass Lewis will support a limited poison pill to accomplish a particular objective, such as the closing of an important merger, or a pill that contains what it believes to be a reasonable 'qualifying offer' clause.

### *Environmental and Social Risk*

Glass Lewis believes companies should actively evaluate risks to long-term shareholder value stemming from exposure to environmental and social risks and should incorporate this information into their overall business risk profile. In addition, Glass Lewis believes companies should consider their exposure to changes in environmental or social regulation with respect to their operations as well as related legal and reputational risks. Companies should disclose to shareholders both the nature and magnitude of such risks as well as steps they have taken or will take to mitigate those risks.

When Glass Lewis identifies situations where shareholder value is at risk, it may recommend voting in favor of a reasonable and well-targeted shareholder proposal if it believes supporting the proposal will promote disclosure of and/or mitigate significant risk exposure. In limited cases where a company has failed to adequately mitigate risks stemming from environmental or social practices, Glass Lewis will recommend shareholders vote against: (i) ratification of board and/or management acts; (ii) approving a company's accounts and reports and/or; (iii) directors (in egregious cases).

### **Continental Europe Guidelines**

#### *Election of Directors*

When companies disclose sufficient relevant information, Glass Lewis looks at each individual on the board and examine his or her relationships with the company, the company's executives and with other board members. The purpose of this inquiry is to determine whether pre-existing personal, familial or financial relationships are likely to impact the decisions of that board member. Where the company does not disclose the names and backgrounds of director nominees with sufficient time in advance of the shareholder meeting to evaluate their independence and performance, Glass Lewis will consider recommending abstaining on the directors' election.

### *Financial Reporting*

As a routine matter, shareholders in European companies are either asked to approve a company's accounts and reports or to acknowledge receipt of the accounts and reports, which have already been approved by the board and management. A company's consolidated financial statements combine the activities of the company with the activities of its subsidiaries. Some companies may seek separate approval of the consolidated and standalone accounts and reports. Unless there are concerns about the integrity of the financial statements or reports, Glass Lewis will recommend voting for these proposals. Glass Lewis will generally recommend voting for proposals seeking to acknowledge the receipt of a company's accounts and reports provided they are available to shareholders. However, in the event that the audited financial statements have not been made available, Glass Lewis does not believe shareholders have sufficient information to make an informed judgment regarding these matters. As such, Glass Lewis will recommend that shareholders abstain from voting on the relevant agenda items.

In many European markets, companies must submit the allocation of annual profits or losses for shareholder approval. Glass Lewis will generally recommend voting for such a proposal. With respect to dividends, Glass Lewis generally supports the board's proposed dividend (or the absence thereof). However, Glass Lewis will give particular scrutiny to cases where a company's dividend payout ratio, based on consolidated earnings, has decreased to an exceptionally low level (*i.e.*, less than 10%) from a more reasonable payout ratio (*i.e.*, over 10%), or where a company has eliminated dividend payments altogether without explanation. Glass Lewis will also scrutinize dividend payouts that are consistently excessively high relative to peers (*i.e.*, over 100%) without satisfactory explanation. In most cases, Glass Lewis believes the board is in the best position to determine whether a company has sufficient resources to distribute a dividend to shareholders. As such, Glass Lewis will only recommend that shareholders refrain from supporting dividend proposals in exceptional cases.

### *Executive Compensation*

Glass Lewis carefully reviews the compensation awarded to senior executives, as it believes that this is an important area in which the board's priorities are revealed. Glass Lewis strongly believes executive compensation should be linked directly with the performance of the business the executive is charged with managing. Glass Lewis typically looks for compensation arrangements that provide for a mix of performance-based short- and long-term incentives in addition to base salary.

Glass Lewis believes that comprehensive, timely and transparent disclosure of executive pay is critical to allowing shareholders to evaluate the extent to which the pay is keeping pace with company performance. When reviewing proxy materials, Glass Lewis examines whether the company discloses the performance metrics used to determine executive compensation. Glass Lewis recognizes performance metrics must necessarily vary depending on the company and industry, among other factors, and may include items such as total shareholder return, earning per share growth, return on equity, return on assets and revenue growth. However, Glass Lewis believes companies should disclose why the specific performance metrics were selected and how the actions they are designed to incentivize will lead to better corporate performance.

Moreover, Glass Lewis believes it is rarely in shareholders' interests to disclose competitive data about individual salaries below the senior executive level. Such disclosure could create internal personnel discord that would be counterproductive for the company and its shareholders. While Glass Lewis favors full disclosure for senior executives and it views pay disclosure at the aggregate level (*e.g.*, the number of employees being paid over a certain amount or in certain categories) as potentially useful, it does not believe shareholders need or will benefit from detailed reports about individual management employees other than the most senior executives.

#### *Governance Structure*

Glass Lewis will evaluate proposed amendments to a company's articles of association on a case-by-case basis. Glass Lewis is opposed to the practice of bundling several amendments under a single proposal because it prevents shareholders from reviewing each amendment on its own merit. In such cases, Glass Lewis will analyze each change on its own. Glass Lewis will recommend voting for the proposal only when, on balance, it believes that the amendments are in the best interests of shareholders. In Europe, it is common for proposed technical amendments to a company's articles of association, resulting from changes to corporate law or necessary changes to the wording of an article without changing the meaning of the article, to be bundled together under a single proposal. In such cases, Glass Lewis will recommend voting for the proposal.

Shareholder ratification of board, management and/or auditors' acts during the previous fiscal year is required in many European markets. The legal consequences of the ratification vary by market, and Glass Lewis's analysis and recommendations take this into account. Glass Lewis will evaluate each proposal on a case-by-case basis. Unless there are any concerns about the integrity and performance of the individuals being ratified, Glass Lewis will generally recommend voting for this proposal. Glass Lewis may recommend voting against or abstaining from voting on a ratification proposal under the following conditions: (i) members of the board, management or auditing firm have been accused or convicted of fraud or other illegal activities that may be damaging to shareholders' interests; (ii) the report of the independent auditor notes a material weakness, serious restatement, or failure to comply with accounting norms; (iii) the board has consistently failed to address pressing shareholder concerns; or (iv) other exceptional cases in which the board has clearly failed to protect shareholders' interests. In addition, when Glass Lewis has serious concerns regarding the actions of the board and no members of the board are up for election, Glass Lewis is more likely to recommend voting against the ratification of board acts.

#### *Capital Management*

Glass Lewis believes that adequate capital stock is important to a company's operation. European companies are authorized to increase share capital through several methods, which may or may not involve the issuance of shares.



In general, issuing an excessive amount of additional shares and/or convertible securities can dilute existing holders. Further, the availability of additional shares, where the board has discretion to implement a poison pill, can often serve as a deterrent to interested suitors. Accordingly, where Glass Lewis finds that the company has not detailed a plan for use of the proposed shares, or where the number of shares far exceeds those needed to accomplish a detailed plan, Glass Lewis typically recommends against the authorization of additional shares.

#### *Shareholder Initiatives*

Glass Lewis evaluates shareholder proposals on a case-by-case basis. Glass Lewis generally favor appropriately-crafted proposals that are likely to increase shareholder value and/or promote and protect shareholder rights. Glass Lewis typically prefers to leave decisions regarding day-to-day management of the business and policy decisions related to political, social or environmental issues to management and the board except when Glass Lewis sees a clear and direct link between the proposal and some economic or financial issue for the company. Glass Lewis feels strongly that shareholders should not attempt to micromanage the business or its executives through the initiative process. Rather, shareholders should use their influence to push for governance structures that protect shareholders, including actual director elections and then put in place a board they can trust to make informed and careful decisions that are in the best interests of the business and its owners. Glass Lewis believe that shareholders should hold directors accountable for management and policy decisions through the election of directors.