

# **PRINCIPAL INVESTMENT STRATEGIES OF THE FIXED INCOME FUND**

To meet its investment objective, the Fixed Income Fund invests primarily in U.S. dollar denominated fixed income securities that the Advisor believes are undervalued. The Fixed Income Fund may invest in all types of fixed income securities but will typically invest in fixed income securities such as corporate bonds, U.S. government securities and mortgage-backed securities. In addition to U.S. denominated fixed income securities, the Fixed Income Fund may invest in non-U.S. based fixed income securities (foreign corporate and government notes and bonds), including, without limitation, emerging market fixed income securities, when the Advisor believes they offer more attractive opportunities. Under normal circumstances, at least 80% of the Fixed Income Fund's net assets will be invested in fixed income investments, which include fixed income securities and shares of other investment companies that invest primarily in fixed income securities. Fixed Income Fund shareholders will be provided with at least 60 days' prior notice of any change in the foregoing policy.

While the Advisor considers potential income from fixed income securities (interest payments to be made on bonds and notes) when evaluating possible investments for the Fixed Income Fund, the Advisor's primary criteria for fixed income securities relates to their appreciation potential. In selecting fixed income securities for the Fixed Income Fund, the Advisor generally:

- Reviews the maturity, yield, and ratings from nationally recognized statistical rating organizations (e.g., S&P, Moody's and Fitch) of a fixed income security, both independently and in relation to the Fund's current portfolio;
- Analyzes the current and projected financial and economic conditions of the issuer and the market for its securities using proprietary research models; and
- Seeks to purchase fixed income securities that the Advisor believes (i) fit the desired mix of fixed income securities for the portfolio (e.g., the types of securities, maturities and yields then targeted for the Fixed Income Fund); and (ii) offer opportunities for price appreciation.

The Fixed Income Fund may, without limitation, purchase fixed income securities of any credit quality, maturity, or yield. Accordingly, the Fixed Income Fund may hold fixed income securities that receive the highest ratings from Moody's, S&P, Fitch or a similar rating agency, and fixed income securities that receive lower or the lowest

ratings. There is no limitation on the number or amount of lower-rated fixed income securities, such as high-yield or junk bonds, that the Fixed Income Fund may purchase. The Fixed Income Fund may also, without limitation, purchase fixed income securities in any sector and issued by any size company, municipality or government body and foreign debt instruments, including emerging market debt instruments.

While the Fixed Income Fund's primary focus is investing in fixed income securities, the Fixed Income Fund may invest in cash or cash equivalent positions (for example, shares of money market funds, short-term U.S. Government obligations, commercial paper or repurchase agreements) when the Advisor believes the fixed income securities markets offer limited investment opportunity or are overpriced. The Fixed Income Fund may hold cash or cash equivalent positions for extended periods of time while the Advisor waits for the fixed income securities markets to offer more attractive opportunities.