

## **PRINCIPAL INVESTMENT STRATEGIES OF THE OPPORTUNITY FUND**

To meet its investment objective, the Opportunity Fund invests primarily in common stocks of small capitalization ("small cap") U.S. companies that the Advisor believes show a high probability of superior prospects for above average growth. The Opportunity Fund considers a small cap company to be one that has a market capitalization, measured at the time the Fund purchases the securities, of the greater of (i) \$2.5 billion or less or (ii) the capitalization of the largest company by market cap as reported by the Russell 2000 Growth Index (as reported by the index as of the most recent quarter-end) or less. The Russell 2000 Growth Index is a broad index of small capitalization stocks. At September 30, 2010, the capitalization of the largest company by market cap in the Russell 2000 Growth Index was \$3.24 billion. The market capitalization of a company in the Opportunity Fund's portfolio may change over time, and the Fund will not automatically sell or cease to purchase stock of a company it already owns just because the company's market capitalization increases above this ceiling. The Fund will also invest in shares of small cap foreign issuers in the form of ADRs and shares of other registered investment companies ("RICs"), including exchange traded funds ("ETFs"), that invest primarily in common stocks of small cap companies.

The Opportunity Fund invests in a broadly diversified number of equity securities, selected using a "bottom up" investment approach of extensively analyzing the financial and overall economic conditions of each potential investment. In particular, under this "bottom up" approach, the Advisor analyzes various factors such as capitalization/liquidity ratios, growth ratios (e.g., sales growth, earnings per share and internal profitability), catalyst events (e.g., earnings' revisions, earnings' surprises or disappointments, management changes and product introductions), valuation ratios (e.g., price to sales and price to earnings) and volatility ratios.

The Opportunity Fund may invest up to 50% of its net assets in other RICs. RICs include open-end mutual funds, closed-end funds and ETFs, and incur management fees and other operating expenses. A closed-end fund is a fund that has a set number of shares outstanding and trades like a stock on a stock exchange. ETFs generally consist of portfolios of stocks which closely track the performance and dividend yield of an index, either broad based, sector or international. ETFs trade like common stocks and can be bought and sold throughout a trading day.

The Opportunity Fund may utilize a strategy of short selling securities, including ETFs, to reduce volatility and enhance potential investment gain. The Opportunity Fund may engage in two types of short sales. Securities may be sold "against the box" or outright. A short sale "against the box" means that securities the Opportunity Fund already owns are sold, but not delivered. Instead, these securities are segregated and pledged against the short position. When the short sale is closed out, the securities owned are released. Outright short selling involves the sale of securities not presently owned by the Opportunity Fund. If the Opportunity Fund does not purchase that security in the same day as the sale, the security must be borrowed (typically, from a broker/dealer). At the time an outright short sale is affected, the Opportunity Fund incurs an

obligation to replace the security borrowed at whatever its price may be at the time the Fund purchases the security for delivery to the lender. Any gain or loss on the transaction is taxable as a short-term capital gain or loss. The Opportunity Fund may also invest in RICs that seek investment results that are inverse to those of an index.

The Opportunity Fund may invest up to 25% of its net assets in foreign securities traded on foreign exchanges. The Opportunity Fund may also invest in ADRs and ETFs that invest primarily in foreign securities. ADRs are securities that are generally issued by a U.S. bank to U.S. buyers as a substitute for direct ownership of a foreign security and are traded on U.S. exchanges. The Opportunity Fund will invest in foreign securities when, in the Advisor's opinion, such investments would be advantageous to the Fund and would help it to achieve its investment objective.

While the Opportunity Fund's primary focus is on investments in common stocks of small cap companies, the Fund may invest in cash or cash equivalent positions when the Advisor believes the equity markets offer limited investment opportunity or are overpriced. The Opportunity Fund may hold as much as 50% to 100% of the Opportunity Fund's portfolio in cash or cash equivalent positions for extended periods of time while the Advisor waits for the equity markets to offer more attractive opportunities.

In addition, the Opportunity Fund retains the flexibility to invest in other equity securities (including stock of medium or large capitalization companies), fixed income securities (e.g., corporate bonds or U.S. Government securities) or cash or cash equivalents (e.g., shares of money market funds, short-term U.S. Government obligations, commercial paper, and repurchase agreements) when the Advisor believes they offer more attractive opportunities. The Opportunity Fund may, without limitation, purchase fixed income securities of any maturity or yield, provided that corporate debt obligations shall primarily be "investment grade" securities rated in one of the four highest rating categories by any nationally recognized rating agencies or, if not so rated, will be of equivalent quality in the opinion of the Advisor. The Opportunity Fund may also, without limitation, purchase fixed income securities in any sector and issued by any size company, municipality or government body.