

September 19, 2018

**SHENKMAN FLOATING RATE HIGH INCOME FUND**

<b>Class A</b>	<b>SFHAX</b>
<b>Class C</b>	<b>SFHCX</b>
<b>Class F</b>	<b>SFHFX</b>
<b>Institutional Class</b>	<b>SFHIX</b>

**SHENKMAN SHORT DURATION HIGH INCOME FUND**

<b>Class A</b>	<b>SCFAX</b>
<b>Class C</b>	<b>SCFCX</b>
<b>Class F</b>	<b>SCFFX</b>
<b>Institutional Class</b>	<b>SCFIX</b>

Series of Advisors Series Trust

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**Supplement to the Summary Prospectuses, Prospectus and Statement of Additional Information (“SAI”), each dated January 28, 2018, as supplemented**

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Effective immediately, the name of the Shenkman Floating Rate High Income Fund has changed to the Shenkman Capital Floating Rate High Income Fund and the name of the Shenkman Short Duration High Income Fund has changed to the Shenkman Capital Short Duration High Income Fund. Accordingly, all references to the Shenkman Floating Rate High Income Fund and the Shenkman Short Duration High Income Fund in the Summary Prospectuses, Prospectus and SAI, as supplemented, are hereby deleted and replaced with Shenkman Capital Floating Rate High Income Fund and Shenkman Capital Short Duration High Income Fund, respectively.

Also effective immediately, Class A shareholders who purchase \$1 million or more who redeem those shares within 24 months (previously 18 months) of purchase may be subject to a contingent deferred sales charge (“CDSC”) of 1.00% of the value of the Class A shares when they were purchased or the market value at the time of redemption, whichever is less, unless the dealer of record waived its commission. A sales charge does not apply to shares you purchase through reinvestment of dividends or distributions.

Shareholders who purchased \$1 million or more of Class A shares on or prior to September 19, 2018, will be subject to a CDSC of 1.00% if those shares are redeemed within 18 months of purchase.

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

February 2, 2018

**SHENKMAN FLOATING RATE HIGH INCOME FUND**

Class A      SFHAX  
Class C      SFHCX

**A series of Advisors Series Trust**

**Supplement to the Summary Prospectus, Prospectus and Statement of Additional  
Information (“SAI”) each dated January 28, 2018**

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The Shenkman Floating Rate High Income Fund’s Class A and Class C shares are not currently available for purchase.

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**Please retain this Supplement with the Summary Prospectus, Prospectus and SAI.**

Statement of  
Additional Information  
January 28, 2018

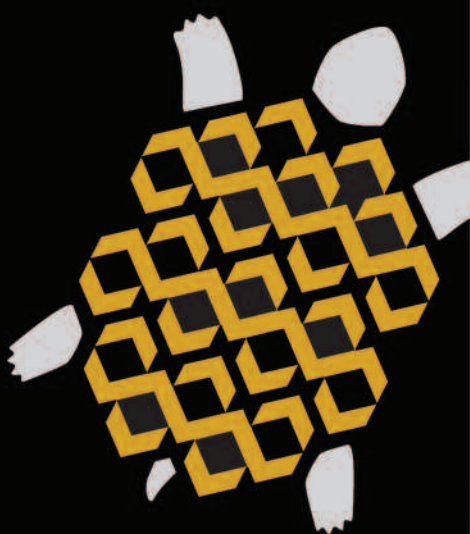
## SHENKMAN FLOATING RATE HIGH INCOME FUND

## SHENKMAN SHORT DURATION HIGH INCOME FUND

Each a series of Advisors Series Trust (the “Trust”)

SHENKMAN FLOATING RATE HIGH INCOME FUND	<b>Class A</b> (SFHAX)	<b>Class C</b> (SFHCX)	<b>Class F</b> (SFHFX)	<b>Institutional Class</b> (SFHIX)
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SHENKMAN SHORT DURATION HIGH INCOME FUND	<b>Class A</b> (SCFAX)	<b>Class C</b> (SCFCX)	<b>Class F</b> (SCFFX)	<b>Institutional Class</b> (SCFIX)
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This Statement of Additional Information (“SAI”) is not a prospectus and it should be read in conjunction with the Prospectus for the Shenkman Floating Rate High Income Fund’s (the “Floating Rate Fund”) and the Shenkman Short Duration High Income Fund’s (the “Short Duration Fund”) Class A shares, Class C shares, Class F shares and Institutional Class shares dated January 28, 2018, as may be revised (each, a “Fund,” together, the “Funds”), each a series of Advisors Series Trust (the “Trust”). Shenkman Capital Management, Inc., (the “Advisor”) is the Funds’ investment advisor. A copy of the Prospectus may be obtained by contacting the Funds at the address or telephone number to the left or by visiting the Funds’ website at [www.shenkmancapital.com/mutual-funds/](http://www.shenkmancapital.com/mutual-funds/).

The Funds’ audited financial statements and notes thereto for the fiscal period ended September 30, 2017, are included in the Funds’ annual report to shareholders for the fiscal period ended September 30, 2017 and are incorporated by reference into this SAI. A copy of the annual report and semi-annual report may be obtained without charge by calling or writing the Fund as shown to the left or by visiting the Funds’ website at [www.shenkmancapital.com/mutual-funds/](http://www.shenkmancapital.com/mutual-funds/).

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## THE TRUST

The Trust is a Delaware statutory trust organized under the laws of the State of Delaware on October 3, 1996, and is registered with the U.S. Securities and Exchange Commission (the “SEC”) as an open-end management investment company. The Trust’s Agreement and Declaration of Trust (the “Declaration of Trust”) permits the Trust’s Board of Trustees (the “Board” or the “Trustees”) to issue an unlimited number of full and fractional shares of beneficial interest, par value \$0.01 per share, which may be issued in any number of series. The Trust consists of various series that represent separate investment portfolios. The Board may from time to time issue other series, the assets and liabilities of which will be separate and distinct from any other series. This SAI relates only to the Funds.

The Short Duration Fund commenced operations on October 31, 2012. The Floating Rate Fund commenced operations on October 15, 2014.

Registration with the SEC does not involve supervision of the management or policies of the Funds. The Prospectus of the Funds and this SAI omit certain of the information contained in the Registration Statement filed with the SEC. Copies of such information may be obtained from the SEC upon payment of the prescribed fee or may be accessed free of charge at the SEC’s website at [www.sec.gov](http://www.sec.gov).

## INVESTMENT POLICIES

The discussion below supplements information contained in the Funds’ Prospectus as to the investment policies and risks of the Funds.

### **Diversification**

Each Fund is diversified under applicable federal securities laws. This means that as to 75% of its total assets (1) no more than 5% may be invested in the securities of a single issuer, and (2) it may not hold more than 10% of the outstanding voting securities of a single issuer. However, the diversification of a mutual fund’s holdings is measured at the time the fund purchases a security, and if a Fund purchases a security and holds it for a period of time, the security may become a larger percentage of the Fund’s total assets due to movements in the financial markets. If the market affects several securities held by a Fund, a Fund may have a greater percentage of its assets invested in securities of fewer issuers. Accordingly, a Fund is subject to the risk that its performance may be hurt disproportionately by the poor performance of relatively few securities despite qualifying as a diversified fund.

### **Percentage Limitations**

Whenever an investment policy or limitation states a maximum percentage of a Fund’s assets that may be invested in any security or other asset, or sets forth a policy regarding quality standards, such standard or percentage limitation will be determined immediately after and as a result of the Funds’ acquisition or sale of such security or other asset. Accordingly, except with respect to borrowing and illiquid securities, any subsequent change in values, net assets or other circumstances will not be considered in determining whether an investment complies with the Funds’ investment policies and limitations. In addition, if a bankruptcy or other extraordinary event occurs concerning a particular investment by a Fund, the Fund may receive stock, real estate or other investments that the Fund would not or could not buy. If this happens the Fund would sell such investments as soon as practicable while trying to maximize the return to its shareholders.

### **Market and Regulatory Risk**

Events in the financial markets and economy may cause volatility and uncertainty and affect performance. Such adverse effect on performance could include a decline in the value and liquidity of securities held by the Funds, unusually high and unanticipated levels of redemptions, an increase in portfolio turnover, a

decrease in net asset value (“NAV”), and an increase in Fund expenses. It may also be unusually difficult to identify both investment risks and opportunities, in which case investment objectives may not be met. Market events may affect a single issuer, industry, sector, or the market as a whole. Traditionally liquid investments may experience periods of diminished liquidity. During a general downturn in the financial markets, multiple asset classes may decline in value and a Fund may lose value, regardless of the individual results of the securities and other instruments in which the Fund invests. It is impossible to predict whether or for how long such market events will continue, particularly if they are unprecedented, unforeseen or widespread events or conditions. Therefore it is important to understand that the value of your investment may fall, sometimes sharply and for extended periods, and you could lose money.

Governmental and regulatory actions, including tax law changes, may also impair portfolio management and have unexpected or adverse consequences on particular markets, strategies, or investments. Policy and legislative changes in the United States and in other countries are affecting many aspects of financial regulation, and may in some instances contribute to decreased liquidity and increased volatility in the financial markets. The impact of these changes on the markets, and the practical implications for market participants, may not be fully known for some time. In addition, economies and financial markets throughout the world are becoming increasingly interconnected. As a result, whether or not the Funds invest in securities of issuers located in or with significant exposure to countries experiencing economic and financial difficulties, the value and liquidity of the Funds’ investments may be negatively affected.

The Funds may invest in the following types of investments, each of which is subject to certain risks, as discussed below:

### **Fixed-Income Instruments**

The market value of the fixed-income investments in which the Funds may invest will change in response to interest rate changes and other factors. During periods of declining interest rates, the values of outstanding fixed-income instruments generally rise. Conversely, during periods of rising interest rates, the values of such instruments generally decline. Moreover, while instruments with longer maturities tend to produce higher yields, the prices of longer maturity instruments are also subject to greater market fluctuations as a result of changes in interest rates. Changes by recognized agencies in the rating of any fixed-income instrument and in the ability of an issuer to make payments of interest and principal also affect the value of these investments. Changes in the value of these instruments will not necessarily affect cash income derived from these instruments but will affect the Fund’s net asset value (“NAV”). Additional information regarding fixed-income instruments is described below:

- **Duration.** Duration is a measure of the expected change in value of a fixed-income instrument for a given change in interest rates. For example, if interest rates changed by one percent, the value of an instrument having an effective duration of two years generally would vary by two percent. Duration takes the length of the time intervals between the present time and time that the interest and principal payments are scheduled, or in the case of a callable bond, expected to be received, and weighs them by the present values of the cash to be received at each future point in time.
- **Variable and Floating Rate Instruments.** Variable and floating rate instruments involve certain obligations that may carry variable or floating rates of interest, and may involve a conditional or unconditional demand feature. Such instruments bear interest at rates which are not fixed, but which vary with changes in specified market rates or indices. The interest rates on these instruments may be reset daily, weekly, quarterly, or some other reset period, and may not accurately reflect existing market interest rates. A demand instrument with a demand notice exceeding seven days may be considered illiquid if there is no secondary market for such instrument.

### **Zero Coupon Securities**

The Floating Rate Fund may invest in zero coupon securities. Zero coupon securities are debt obligations that are issued or sold at a significant discount from their face value; do not pay current interest to holders prior to maturity, or have a specified redemption date or cash payment date. The discount approximates the total interest the securities will accrue and compound over the period to maturity or the first interest payment date at a rate of interest reflecting the market rate of interest at the time of issuance. The original issue discount on the zero coupon securities must be included ratably in the income of the Fund (and thus an investor's) as the income accrues, even though payment has not been received. The Fund distributes all of its net investment income, and may have to sell portfolio securities to distribute imputed income, which may occur at a time when the Advisor would not have chosen to sell such securities and which may result in a taxable gain or loss. Because interest on zero coupon securities is not paid on a current basis but is in effect compounded, the value of these securities is subject to greater fluctuations in response to changing interest rates, and may involve greater credit risks, than the value of debt obligations which distribute income regularly.

Zero coupon securities may be securities that have been stripped of their unmatured interest stream or custodial receipts or certificates, underwritten by securities dealers or banks that evidence ownership of future interest payments, principal payments or both on certain U.S. Government securities. The underwriters of these certificates or receipts generally purchase a U.S. Government security and deposit the security in an irrevocable trust or custodial account with a custodian bank, which then issues receipts or certificates that evidence ownership of the purchased unmatured coupon payments and the final principal payment of the U.S. Government security. These certificates or receipts have the same general attributes as zero coupon stripped U.S. Treasury securities but are not supported by the issuer of the U.S. Government security. The risks associated with stripped securities are similar to those of other zero coupon securities, although stripped securities may be more volatile, and the value of certain types of stripped securities may move in the same direction as interest rates.

### **Yankee Bond Obligations**

Yankee bond obligations are U.S. dollar obligations issued inside the United States by foreign entities. There is generally less publicly available information about foreign issuers and there may be less governmental regulation and supervision of foreign stock exchanges, brokers and listed companies. Foreign 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 foreign investments. In addition, not all foreign branches of United States banks are supervised or examined by regulatory authorities as are United States banks, and such branches may not be subject to reserve requirements.

### **Corporate Debt Obligations**

The Funds may invest in corporate fixed-income securities and loans of any maturity or credit quality. Bonds and loans rated below BBB by Standard and Poor's Ratings Group ("S&P") or Baa by Moody's Investors Service, Inc. ("Moody's"), commonly referred to as "junk bonds or loans," typically carry higher coupon rates than investment grade bonds, but also are described as speculative by both S&P and Moody's and may be subject to greater market price fluctuations, less liquidity and greater risk of income or principal including greater possibility of default and bankruptcy of the issuer of such instruments than more highly rated bonds and loans. Lower-rated bonds and loans also are more likely to be sensitive to adverse economic or company developments and more subject to price fluctuations in response to changes in interest rates. The market for lower-rated debt issues generally is thinner and less active than that for higher quality instruments, which may limit the Funds' ability to sell such instruments at fair value in response to changes in the economy or financial markets. During periods of economic downturn or rising interest rates, highly leveraged issuers of lower-rated securities may experience financial stress which could adversely affect their ability to make payments of interest and principal and increase the possibility of default.

### **High Yield and Other Securities and Loans**

The Funds will invest in fixed-income securities and loans that are rated below investment grade or non-rated. Investments in high yield debt (*i.e.*, less than investment grade), while providing greater income and opportunity for gain than investments in higher-rated instruments, entail relatively greater risk of loss of income or principal. Lower-grade obligations are commonly referred to as “junk bonds or loans.” Market prices of high-yield, lower-grade obligations may fluctuate more than market prices of higher-rated instruments. Lower grade, fixed-income securities tend to reflect short-term corporate and market developments to a greater extent than higher-rated obligations which, assuming no change in their fundamental quality, react primarily to fluctuations in the general level of interest rates.

The Funds may purchase unrated securities and loans. Unrated debt may be less liquid than comparable rated securities or loans and involve the risk that the portfolio manager may not accurately evaluate the instruments’ comparative credit ratings.

The high yield market at times is subject to substantial volatility. An economic downturn or increase in interest rates may have a more significant effect on high yield securities and loans and their markets, as well as on the ability of their respective issuers to repay principal and interest. Issuers of high yield debt may be of low creditworthiness and the high yield securities or loans may be subordinated to the claims of senior lenders. During periods of economic downturn or rising interest rates the issuers of high yield securities and loans may have greater potential for insolvency and a higher incidence of high yield debt defaults may be experienced.

The prices of high yield securities and loans have been found to be less sensitive to interest rate changes than higher-rated investments but are more sensitive to adverse economic changes or individual corporate developments. During an economic downturn or substantial period of rising interest rates, highly leveraged issuers may experience financial stress which would adversely affect their ability to service their principal and interest payment obligations, to meet projected business goals, and to obtain additional financing. If the issuer of a high yield security or loan owned by a Fund defaults, the Fund may incur additional expenses in seeking recovery. Periods of economic uncertainty and changes can be expected to result in increased volatility of the market prices of high yield instruments and the Funds’ NAV per share. Yields on high yield securities will fluctuate over time. Furthermore, in the case of high yield debt structured as zero coupon or pay-in-kind securities, their market prices are affected to a greater extent by interest rate changes and therefore tend to be more volatile than the market prices of securities which pay interest periodically and in cash.

Certain investments held by a Fund including high yield securities and loans, may contain redemption or call provisions. If an issuer exercises these provisions in a declining interest rate market, the Fund would have to replace the security or loan with a lower yielding security, resulting in a decreased return for the investor. Conversely, a high yield investment’s value will decrease in a rising interest rate market, as will the Fund’s net assets.

The secondary market for high yield securities and loans may at times become less liquid or respond to adverse publicity or investor perceptions making it more difficult for a Fund to accurately value, or dispose of, high yield securities or loans. To the extent the Funds owns or may acquire illiquid or restricted high yield securities or loans, these investments may involve special registration responsibilities, liabilities and costs, liquidity difficulties, and judgment will play a greater role in valuation because there is less reliable and objective data available.

Special tax considerations are associated with investing in high yield bonds structured as zero coupon or pay-in-kind securities. Each Fund will report the interest on these securities as income even though it



receives no cash interest until the security's maturity or payment date. Further, each Fund must distribute substantially all of its income to its shareholders to qualify for pass-through treatment under the tax law. Accordingly, a Fund may have to dispose of its portfolio securities under disadvantageous circumstances to generate cash or may have to borrow to satisfy distribution requirements.

Credit ratings evaluate the safety of principal and interest payments, not the market value risk of high yield securities and loans. Since credit rating agencies may fail to timely change the credit ratings to reflect subsequent events, the Advisor monitors the issuers of high yield securities and loans in the portfolio to determine if the issuers will have sufficient cash flow and profits to meet required principal and interest payments, and to attempt to assure the investments' liquidity so the Funds can meet redemption requests. To the extent that a Fund invests in high yield securities or loans, the achievement of its investment objective may be more dependent on the Advisor's credit analysis than would be the case for higher quality bonds. The Funds may retain a portfolio security whose rating has been changed.

In the course of their investment activities, it may, from time to time, become appropriate for the Funds to participate (whether directly or through the Advisor or one of its affiliates) on a formal or informal creditor committee and/or to participate in litigation or other proceedings in order to seek to preserve, protect and/or enhance an investment. Participation on such committees and/or in any such litigation or proceedings may result in the Funds incurring fees and expenses, including legal fees.

#### **Mortgage-Backed and Mortgage-Related Securities**

The Floating Rate Fund may invest in mortgage-backed securities and mortgage-related securities. Investing in mortgage-backed and mortgage-related securities involves certain unique risks in addition to those generally associated with investing in fixed-income securities and in the real estate industry in general. These unique risks include the failure of a party to meet its commitments under the related operative documents, adverse interest rate changes and the effects of prepayments on mortgage cash flows. Mortgage-backed securities are "pass-through" securities, meaning that principal and interest payments made by the borrower on the underlying mortgages are passed through to the Fund. The value of mortgage-backed securities, like that of traditional fixed-income securities, typically increases when interest rates fall and decreases when interest rates rise. However, mortgage-backed securities differ from traditional fixed-income securities because of their potential for prepayment without penalty. The price paid by the Fund for its mortgage-backed securities, the yield the Fund expects to receive from such securities and the average life of the securities are based on a number of factors, including the anticipated rate of prepayment of the underlying mortgages. In a period of declining interest rates, borrowers may prepay the underlying mortgages more quickly than anticipated, thereby reducing the yield to maturity and the average life of the mortgage-backed securities. Moreover, when the Fund reinvests the proceeds of a prepayment in these circumstances, it will likely receive a rate of interest that is lower than the rate on the security that was prepaid.

Mortgage-related securities include mortgage pass-through securities, collateralized mortgage obligations ("CMOs"), commercial mortgage-backed securities, mortgage dollar rolls, CMO residuals, stripped mortgage-backed securities and other securities that directly or indirectly represent a participation in, or are secured by and payable from, mortgage loans on real property.

The value of some mortgage-backed securities and other mortgage-related securities may be particularly sensitive to changes in prevailing interest rates. Early repayment of principal on some mortgage-related securities may expose the Floating Rate Fund to a lower rate of return upon reinvestment of principal. When interest rates rise, the value of a mortgage-related security generally will decline; however, when interest rates are declining, the value of mortgage-related securities with prepayment features may not increase as much as other fixed-income securities. The rate of prepayments on underlying mortgages will affect the price and volatility of a mortgage- security, and may shorten or extend the effective maturity of

the security beyond what was anticipated at the time of purchase. If unanticipated rates of prepayment on underlying mortgages increase the effective maturity of a mortgage-related security, the volatility of the security can be expected to increase. The value of these securities may fluctuate in response to the market's perception of the creditworthiness of the issuers. Additionally, although mortgages and mortgage-related securities are generally supported by some form of government or private guarantee and/or insurance, there is no assurance that private guarantors or insurers will meet their obligations.

### **Collateralized Loan Obligations**

The Floating Rate Fund may invest in collateralized loan obligations ("CLOs") and other similarly structured securities. CLOs are types of asset-backed securities. A CLO is a trust typically collateralized by a pool of loans, which may include, among others, domestic and foreign senior secured loans, senior unsecured loans, and subordinate corporate loans, including loans that may be rated below investment grade or equivalent unrated loans.

For CLOs, the cash flows from the trust are split into two or more portions, called tranches, varying in risk and yield. The riskiest portion is the "equity" tranche which bears the bulk of defaults from the bonds or loans in the trust and serves to protect the other, more senior tranches from default in all but the most severe circumstances. Since it is partially protected from defaults, a senior tranche from a CLO trust typically has higher ratings and lower yields than their underlying securities, and can be rated investment grade. Despite the protection from the equity tranche, CLO tranches can experience substantial losses due to actual defaults, increased sensitivity to defaults due to collateral default and disappearance of protecting tranches, market anticipation of defaults, as well as aversion to CLO securities as a class.

### **Convertible Securities**

The Funds may invest in convertible securities. Traditional convertible securities include corporate bonds, notes and preferred stocks that may be converted into or exchanged for common stock, and other securities that also provide an opportunity for equity participation. These securities are convertible either at a stated price or a stated rate (that is, for a specific number of shares of common stock or other security). As with other fixed-income securities, the price of a convertible security generally varies inversely with interest rates. While providing a fixed-income stream, a convertible security also affords the investor an opportunity, through its conversion feature, to participate in the capital appreciation of the common stock into which it is convertible. As the market price of the underlying common stock declines, convertible securities tend to trade increasingly on a yield basis and so may not experience market value declines to the same extent as the underlying common stock. When the market price of the underlying common stock increases, the price of a convertible security tends to rise as a reflection of higher yield or capital appreciation. In such situations, the Funds may have to pay more for a convertible security than the value of the underlying common stock.

### **Equity Securities**

All investments in equity securities are subject to market risks that may cause their prices to fluctuate over time. Historically, the equity markets have moved in cycles and the value of the securities in the Funds' portfolio may fluctuate substantially from day to day.

*Common Stocks.* A common stock represents a proportionate share of the ownership of a company and its value is based on the success of the company's business, any income paid to stockholders, the value of its assets, and general market conditions. In addition to the general risks set forth above, investments in common stocks are subject to the risk that in the event a company in which a Fund invests is liquidated, the holders of preferred stock and creditors of that company will be paid in full before any payments are made to the Funds as a holder of common stock. It is possible that all assets of that company will be exhausted before any payments are made to a Fund.

*Preferred Stocks.* Preferred stock generally has a preference as to dividends and upon liquidation over an issuer's common stock but ranks junior to other income securities in an issuer's capital structure. Preferred stock generally pays dividends in cash (or additional shares of preferred stock) at a defined rate but, unlike interest payments on other income securities, preferred stock dividends are payable only if declared by the issuer's board of directors. Dividends on preferred stock may be cumulative, meaning that, in the event the issuer fails to make one or more dividend payments on the preferred stock, no dividends may be paid on the issuer's common stock until all unpaid preferred stock dividends have been paid. Preferred stock also may provide that, in the event the issuer fails to make a specified number of dividend payments, the holders of the preferred stock will have the right to elect a specified number of directors to the issuer's board. Preferred stock also may be subject to optional or mandatory redemption provisions.

*Rights and Warrants.* The Funds may invest in rights and warrants. A right is a privilege granted to existing shareholders of a corporation to subscribe to shares of a new issue of common stock and it is issued at a predetermined price in proportion to the number of shares already owned. Rights normally have a short life, usually two to four weeks, are freely transferable and entitle the holder to buy the new common stock at a lower price than the current market. Warrants are options to purchase equity securities at a specific price for a specific period of time. They do not represent ownership of the securities, but only the right to buy them. Hence, warrants have no voting rights, pay no dividends and have no rights with respect to the assets of the corporation issuing them. The value of warrants is derived solely from capital appreciation of the underlying equity securities. Warrants differ from call options in that the underlying corporation issues warrants, whereas call options may be written by anyone.

An investment in rights and warrants may entail greater risks than certain other types of investments. Generally, rights and warrants do not carry the right to receive dividends or exercise voting rights with respect to the underlying securities, and they do not represent any rights in the assets of the issuer. In addition, although their value is influenced by the value of the underlying security, their value does not necessarily change with the value of the underlying securities, and they cease to have value if they are not exercised on or before their expiration date. Investing in rights and warrants increases the potential profit or loss to be realized from the investment as compared with investing the same amount in the underlying securities.

### **Exchange-Traded Notes**

The Funds may invest in exchange-traded notes ("ETNs"). ETNs are debt obligations of investment banks which are traded on exchanges and the returns of which are linked to the performance of market indices. In addition to trading ETNs on exchanges, investors may redeem ETNs directly with the issuer on a weekly basis, typically in a minimum amount of 50,000 units, or hold the ETNs until maturity. ETNs may be riskier than ordinary debt securities and may have no principal protection. The Funds' investment in an ETN may be influenced by many unpredictable factors, including highly volatile commodities prices, changes in supply and demand relationships, weather, agriculture, trade, changes in interest rates, and monetary and other governmental policies, action and inaction. Investing in ETNs is not equivalent to investing directly in index components or the relevant index itself. Because ETNs are debt securities, they possess credit risk; if the issuer has financial difficulties or goes bankrupt, the investor may not receive the return it was promised.

Certain ETNs may not produce qualifying income for the purpose of the "90% Test" (as defined below under the heading, "Federal Income Taxes") which must be satisfied in order for the Fund to maintain its status as a regulated investment company under the Code. The Funds intend to monitor such investments to ensure that any non-qualifying income does not exceed permissible limits, however, if one or more ETNs generate more non-qualifying income than expected it could cause the Funds to inadvertently fail the 90% Test thereby causing the Funds to inadvertently fail to qualify as a regulated investment company

under the Code. Please see the discussion below under the heading “Federal Income Taxes” for more information.

### **Foreign Currency Transactions**

The Funds may invest in foreign currency exchange transactions. Exchange rates between the U.S. dollar and foreign currencies are a function of such factors as supply and demand in the currency exchange markets, international balances of payments, governmental intervention, speculation and other economic and political conditions. Foreign exchange dealers may realize a profit on the difference between the price at which a Fund buys and sells currencies. Currency risks may be greater in emerging and frontier market countries than in developed market countries.

### **Foreign Securities**

The Funds may make investments in securities of non-U.S. issuers (“foreign securities”). Investments in foreign securities involve certain inherent risks, including the following:

*Political and Economic Factors.* Individual economies of certain countries may differ favorably or unfavorably from the United States’ economy in such respects as growth of Gross Domestic Product, rate of inflation, capital reinvestment, resource self-sufficiency, diversification and balance of payments position. The internal politics of certain foreign countries may not be as stable as those of the United States. Governments in certain foreign countries also continue to participate to a significant degree, through ownership interest or regulation, in their respective economies. Action by these governments could include restrictions on foreign investment, nationalization, expropriation of goods or imposition of taxes, and could have a significant effect on market prices of securities and payment of interest. The economies of many foreign countries are heavily dependent upon international trade and are accordingly affected by the trade policies and economic conditions of their trading partners. Enactment by these trading partners of protectionist trade legislation could have a significant adverse effect upon the securities markets of such countries.

*Legal and Regulatory Matters.* Certain foreign countries may have less supervision of securities markets, brokers and issuers of securities, and less financial information available to issuers, than is available in the United States.

*Currency Fluctuations.* A change in the value of any foreign currency against the U.S. dollar will result in a corresponding change in the U.S. dollar value of portfolio securities denominated in that currency. Such changes will affect a Fund to the extent that the Fund is invested in foreign securities that are denominated in a currency other than the U.S. dollar.

*Taxes.* The interest and dividends payable to the Funds on certain of the Funds’ foreign securities may be subject to foreign taxes or withholding, thus reducing the net amount of income available for distribution to each Fund’s shareholders. The Funds may not be eligible to pass through to their respective shareholders any tax credits or deductions with respect to such foreign taxes or withholding.

The extent to which the Funds will be invested in non-U.S. companies, foreign countries and depository receipts will fluctuate from time to time within any limitations described in the Prospectus, depending on the Advisor’s assessment of prevailing market, economic and other conditions.

*Brexit.* On June 23, 2016, the United Kingdom voted via referendum to leave the European Union (“EU”), which immediately led to significant market volatility around the world, as well as political, economic, and legal uncertainty. It is expected that the United Kingdom’s exit from the EU will take place within two years after the United Kingdom formally notifies the European Council of its intention to withdraw. However, there is still considerable uncertainty relating to the potential consequences and

precise timeframe for the exit, how the negotiations for the withdrawal and new trade agreements will be conducted, and whether the United Kingdom's exit will increase the likelihood of other countries also departing the EU. During this period of uncertainty, the negative impact on not only the United Kingdom and European economies, but the broader global economy, could be significant, potentially resulting in increased volatility and illiquidity and lower economic growth for companies that rely significantly on Europe for their business activities and revenues, and countries whose economies rely on international trade. Any further exits from the EU, or the possibility of such exits, would likely cause additional market disruption globally and introduce new legal and regulatory uncertainties. These developments could have a material adverse effect on the secondary market for securities in which the Funds invest and could result in significantly reduced liquidity.

### **Illiquid and Restricted Securities**

As a non-principal strategy, each Fund may hold up to 15% of its net assets in securities that are illiquid. The Advisor will determine a security to be illiquid if it cannot be sold or disposed of in the ordinary course of business within seven days at approximately the value at which the Fund has valued the security. Illiquid securities present the risks that the Fund may have difficulty valuing these holdings and/or may be unable to sell these holdings at the time or price desired.

There are generally no restrictions on a Fund's ability to invest in restricted securities (that is, securities that are not registered pursuant to the Securities Act of 1933, as amended (the "Securities Act")), except to the extent such securities may be considered illiquid. These securities are sometimes referred to as private placements. In addition to purchasing illiquid securities that are subject to the limitation of 15% of a Fund's net assets, as described in the preceding paragraph, the Funds may purchase restricted securities, commercial paper issued in reliance on the exemption from regulations in Section 4(2) of the Securities Act ("4(2) Paper"), and securities issued pursuant to Rule 144A of the Securities Act ("Rule 144A securities") if such restricted securities are determined to be liquid under procedures adopted by the Board of Trustees. Pursuant to the procedures adopted by the Board of Trustees, the Advisor is responsible for making the determination as to the liquidity of restricted securities.

Factors considered in determining whether a security is illiquid may include, but are not limited to: the frequency of trades and quotes for the security; the number of dealers willing to purchase and sell the security and the number of potential purchasers; the number of dealers who undertake to make a market in the security; the nature of the security, including whether it is registered or unregistered, and the market place; whether the security has been rated by a nationally recognized statistical rating organization ("NRSRO") (if unrated, an analysis similar to that which would be performed by an NRSRO is performed); the period of time remaining until the maturity of a debt instrument or until the principal amount of a demand instrument can be recovered through demand; the nature of any restrictions on resale; and with respect to municipal lease obligations and certificates of participation, whether there is reasonable assurance that the obligation will remain liquid throughout the time the obligation is held. If a restricted security is determined to be liquid, it will not be included within the category of illiquid securities.

Investing in Rule 144A securities could have the effect of increasing the level of a Fund's illiquidity to the extent that the Fund, at a particular point in time may be unable to find qualified institutional buyers interested in purchasing the securities. The Funds are permitted to sell restricted securities to qualified institutional buyers.

### **Initial Public Offerings ("IPOs") and Unseasoned Companies**

The Funds may invest in IPOs of common stock or other primary or secondary syndicated offerings of equity securities issued by a corporate issuer. The purchase of IPO securities often involves higher transaction costs than those associated with the purchase of securities already traded on exchanges or

markets. IPO securities are subject to market risk and liquidity risk. The market value of recently issued IPO securities may fluctuate considerably due to factors such as the absence of a prior public market, unseasoned trading and speculation, a potentially small number of securities available for trading, limited information about the issuer, and other factors. A Fund may hold IPO securities for a period of time, or may sell them soon after the purchase. Investments in IPOs could have a magnified impact – either positive or negative – on a Fund’s performance while the Fund’s assets are relatively small. The impact of IPOs on a Fund’s performance may tend to diminish as the Fund’s assets grow. In circumstances when investments in IPOs make a significant contribution to a Fund’s performance, there can be no assurance that similar contributions from IPOs will continue in the future.

The Floating Rate Fund may also invest in unseasoned companies that have been in operation less than three years, or are in the early stages of development, or are in new and emerging industries where the opportunity for rapid growth is expected to be above average. The securities of such companies may have limited liquidity, which can result in their being priced higher or lower than might otherwise be the case. Investments in unseasoned companies are more speculative and entail greater risk than investments in companies with an established operating record.

### **Investment Companies**

The Funds may invest in shares of other registered investment companies, including exchange-traded funds (“ETFs”), money market mutual funds and other mutual funds in pursuit of its investment objective, in accordance with the limitations established under the Investment Company Act of 1940, as amended (the “1940 Act”). This may include investments in money market mutual funds in connection with a Fund’s management of daily cash positions and for temporary defensive purposes. Investments in the securities of other investment companies may involve duplication of advisory fees and certain other expenses. By investing in another investment company, a Fund becomes a shareholder of that investment company. As a result, the Fund’s shareholders indirectly will bear such Fund’s proportionate share of the fees and expenses paid by shareholders of the other investment company, in addition to the fees and expenses the Fund’s shareholders directly bear in connection with the Fund’s own operations.

Section 12(d)(1)(A) of the 1940 Act generally prohibits a fund from purchasing (1) more than 3% of the total outstanding voting stock of another fund; (2) securities of another fund having an aggregate value in excess of 5% of the value of the acquiring fund; and (3) securities of the other fund and all other funds having an aggregate value in excess of 10% of the value of the total assets of the acquiring fund. There are some exceptions, however, to these limitations pursuant to various rules promulgated by the SEC.

The Funds may rely on Section 12(d)(1)(F) and Rule 12d1-3 of the 1940 Act, which provide an exemption from Section 12(d)(1) that allows a Fund to invest all of its assets in other registered funds, including ETFs, if, among other conditions: (a) the Fund, together with its affiliates, acquires no more than three percent of the outstanding voting stock of any acquired fund, and (b) the sales load charged on the Fund’s shares is no greater than the limits set forth in Rule 2341 of the Conduct Rules of the Financial Industry Regulatory Authority, Inc. (“FINRA”). In accordance with Rule 12d1-1 under the 1940 Act, the provisions of Section 12(d)(1) shall not apply to shares of money market funds purchased by a Fund, whether or not for temporary defensive purposes, provided that the Fund does not pay a sales charge, distribution fee or service fee as defined in Rule 2341 of the Conduct Rules of FINRA on acquired fund shares (or the Advisor must waive its advisory fees in amount necessary to offset any sales charge, distribution fee or service fee).

*Exchange-Traded Funds.* ETFs are open-end investment companies whose shares are listed on a national securities exchange. An ETF is similar to a traditional mutual fund, but trades at different prices during the day on a security exchange like a stock. Similar to investments in other investment companies discussed above, a Fund’s investments in ETFs will involve duplication of advisory fees and other

expenses since the Fund will be investing in another investment company. In addition, a Fund's investment in ETFs is also subject to the limitations on investments in investment companies discussed above. To the extent a Fund invests in ETFs that focus on a particular market segment or industry, the Fund will also be subject to the risks associated with investing in those sectors or industries. The shares of the ETFs in which a Fund will invest will be listed on a national securities exchange and the Fund will purchase or sell these shares on the secondary market at its current market price, which may be more or less than its NAV per share.

As a purchaser of ETF shares on the secondary market, a Fund will be subject to the market risk associated with owning any security whose value is based on market price. ETF shares historically have tended to trade at or near their NAV, but there is no guarantee that they will continue to do so. Unlike traditional mutual funds, shares of an ETF may be purchased and redeemed directly from the ETFs' issuers only in large blocks (typically 50,000 shares or more) and only through participating organizations that have entered into contractual agreements with the ETF. The Funds do not expect to enter into such agreements and therefore will not be able to purchase and redeem its ETF shares directly from the ETFs' issuers.

### **Real Estate Investment Trusts (“REITs”)**

The Funds may invest in securities of REITs. REITs are pooled investment vehicles which invest primarily in real estate or real estate related loans. REITs are generally classified as equity REITs, mortgage REITs or a combination of equity and mortgage REITs. Equity REITs invest the majority of their assets directly in real property and derive income primarily from the collection of rents. Equity REITs can also realize capital gains by selling properties that have appreciated in value. Mortgage REITs invest the majority of their assets in real estate mortgages and derive income from the collection of interest payments. Like regulated investment companies such as the Funds, REITs are not taxed on income distributed to shareholders provided they comply with certain requirements under the Internal Revenue Code of 1986, as amended (the “Code”). The Funds will indirectly bear their proportionate share of any expenses paid by REITs in which they invest in addition to the expenses paid by the Funds. Investing in REITs involves certain unique risks. Equity REITs may be affected by changes in the value of the underlying property owned by such REITs, while mortgage REITs may be affected by the quality of any credit extended. REITs are dependent upon management skills, are not diversified (except to the extent the Code requires), and are subject to the risks of financing projects. REITs are subject to heavy cash flow dependency, default by borrowers, self-liquidation, and the possibilities of failing to qualify for the exemption from tax for distributed income under the Code and failing to maintain their exemptions from the 1940 Act. REITs (especially mortgage REITs) are also subject to interest rate risks.

### **Master Limited Partnerships**

The Funds may invest in publicly traded Master Limited Partnerships (“MLPs”). MLPs are businesses organized as limited partnerships that trade their proportionate shares of the partnership (units) on a public exchange. MLPs are required to pay out most or all of their earnings in distributions. Generally speaking, MLP investment returns are enhanced during periods of declining or low interest rates and tend to be negatively influenced when interest rates are rising. As an income vehicle, the unit price may be influenced by general interest rate trends independent of specific underlying fundamentals. In addition, most MLPs are fairly leveraged and typically carry a portion of “floating” rate debt. As such, a significant upward swing in interest rates would drive interest expense higher. Furthermore, most MLPs grow by acquisitions partly financed by debt, and higher interest rates could make it more difficult to make acquisitions.

### **Borrowing**

The 1940 Act permits a Fund to borrow money in amounts of up to one-third of the Fund's total assets from banks for any purpose, and to borrow up to 5% of the Fund's total assets from banks or other lenders

for temporary purposes. To limit the risks attendant to borrowing, the 1940 Act requires a Fund to maintain at all times an "asset coverage" of at least 300% of the amount of its borrowings. Asset coverage means the ratio that the value of a Fund's total assets, minus liabilities other than borrowings, bears to the aggregate amount of all borrowings. Borrowing money to increase a Fund's investment portfolio is known as "leveraging." Borrowing, especially when used for leverage, may cause the value of a Fund's shares to be more volatile than if a Fund did not borrow. This is because borrowing tends to magnify the effect of any increase or decrease in the value of a Fund's portfolio holdings. Borrowed money thus creates an opportunity for greater gains, but also greater losses. To repay borrowings, a Fund may have to sell securities at a time and at a price that is unfavorable to the Fund. There also are costs associated with borrowing money, and these costs would offset and could eliminate a Fund's net investment income in any given period.

The use of borrowing by the Funds involves special risk considerations that may not be associated with other funds having similar objectives and policies.

Since substantially all of a Fund's assets fluctuate in value, while the interest obligation resulting from a borrowing will be fixed by the terms of the Fund's agreement with its lender, the net asset value per share of a Fund will tend to increase more when its portfolio securities increase in value and to decrease more when its portfolio assets decrease in value than would otherwise be the case if the Fund did not borrow funds. In addition, interest costs on borrowings may fluctuate with changing market rates of interest and may partially offset or exceed the return earned on borrowed funds. Under adverse market conditions, a Fund might have to sell portfolio securities to meet interest or principal payments at a time when fundamental investment considerations would not favor such sales. Each Fund will reduce its borrowing amount within three days, if its asset coverage falls below the amount required by the 1940 Act.

### **Repurchase Agreements**

Each Fund may enter into repurchase agreements with respect to its portfolio securities. Pursuant to such agreements, a Fund may acquire securities from financial institutions such as banks and broker-dealers as are deemed to be creditworthy by the Advisor, subject to the seller's agreement to repurchase and the Fund's agreement to resell such securities at a mutually agreed upon date and price. The repurchase price generally equals the price paid by the Fund plus interest negotiated on the basis of current short-term rates (which may be more or less than the rate on the underlying portfolio security). Securities subject to repurchase agreements will be held by the Custodian or in the Federal Reserve/Treasury Book-Entry System or an equivalent foreign system. The seller under a repurchase agreement will be required to maintain the value of the underlying securities at not less than 102% of the repurchase price under the agreement. If the seller defaults on its repurchase obligation, the Fund will suffer a loss to the extent that the proceeds from a sale of the underlying securities are less than the repurchase price under the agreement. Bankruptcy or insolvency of such a defaulting seller may cause the Fund's rights with respect to such securities to be delayed or limited. Repurchase agreements are considered to be loans under the 1940 Act.

### **Reverse Repurchase Agreements**

Each Fund may borrow funds for temporary purposes by entering into reverse repurchase agreements in accordance with the Fund's investment restrictions. Pursuant to such agreements, a Fund would sell portfolio securities to financial institutions such as banks and broker-dealers and agree to repurchase the securities at the mutually agreed-upon date and price. A Fund would enter into reverse repurchase agreements only to avoid otherwise selling securities during unfavorable market conditions to meet redemptions. When a Fund enters into a reverse repurchase agreement, it will place in a segregated custodial account assets consistent with the Fund's investment restrictions having a value equal to the repurchase price (including accrued interest) and will subsequently monitor the account to ensure that such equivalent value is maintained. Such assets will include U.S. government securities or other liquid,



high-grade debt securities. Reverse repurchase agreements are not considered to be borrowings for the purpose of a Fund's limitation on borrowing when assets have been appropriately segregated as described in the prior two sentences.

The use of reverse repurchase agreements by a Fund creates leverage which increases the Fund's investment risk. If the income and gains on securities purchased with the proceeds of reverse repurchase agreements exceed the cost of the agreements, a Fund's earnings or NAV will increase faster than otherwise would be the case. Conversely, if the income and gains fail to exceed the costs, earnings or NAV would decline faster than otherwise would be the case. A Fund will seek to enter reverse repurchase agreements only when the interest income to be earned from the investment of the proceeds of the transaction is greater than the interest expense of the transaction. Reverse repurchase agreements involve the risk that the market value of the securities sold by a Fund may decline below the price at which the Fund is obligated to repurchase the securities.

### **Short Sales**

The Funds may make short sales of securities. In a short sale, a Fund sells a security, which it does not own, in anticipation of a decline in the market value of the security. To complete the sale, the Fund must borrow the security (generally from the broker through which the short sale is made) in order to make delivery to the buyer. The Fund is then obligated to replace the security borrowed by purchasing it at the market price at the time of replacement. The Fund is said to have a "short position" in the securities sold until it delivers them to the broker. The period during which the Fund has a short position can range from as little as one day to more than a year. Until the security is replaced, the proceeds of the short sale are retained by the broker, and the Fund is required to pay to the broker a negotiated portion of any dividends or interest which accrue during the period of the loan. To meet current margin requirements, the Fund is also required to deposit with the broker cash or securities in excess of the current market value of the securities sold short as security for its obligation to cover its short position. The Fund is also required to segregate or earmark liquid assets on its books or hold an offsetting position to cover its obligation to return the security.

Short sales by a Fund create opportunities to increase the Fund's return but, at the same time, involve specific risk considerations and may be considered a speculative technique. Since the Fund in effect profits from a decline in the price of the securities sold short without the need to invest the full purchase price of the securities on the date of the short sale, the Fund's NAV per share will tend to increase more when the securities it has sold short decrease in value, and to decrease more when the securities it has sold short increase in value, than would otherwise be the case if it had not engaged in such short sales. The amount of any gain will be decreased, and the amount of any loss increased, by the amount of any premium, dividends or interest the Fund may be required to pay in connection with the short sale. Furthermore, under adverse market conditions, the Fund might have difficulty purchasing securities to meet its short sale delivery obligations, and might have to sell portfolio securities to raise the capital necessary to meet its short sale obligations at a time when fundamental investment considerations would not favor such sales.

### **Loan Assignments and Participations**

The Funds will purchase secured and unsecured corporate loans primarily through assignments. The Funds may also purchase such loans through participations. When a Fund buys a loan through an assignment, it becomes a direct lender to the issuer of such loan, is granted rights under the loan agreement, and assumes only the credit risk associated with the issuer. Loan participations, on the other hand, represent only a right to participate in the repayment of the loan by the corporate borrower. In purchasing participations, the Fund will have a contractual relationship only with the selling institution, and not the corporate borrower. This means the Fund assumes the credit risk of both the corporate borrower and the selling institution. Additionally, the Fund generally will have no right to directly

enforce compliance by the borrower with the terms of the commercial loan, nor any rights of set-off against the borrower, nor will it have the right to object to certain changes to the loan agreement agreed to by the selling institution.

### **Interest Rate Swaps**

The Short Duration Fund may enter into interest rate swaps for hedging purposes. Interest rate swaps are financial instruments that involve the exchange of one type of interest rate for another type of interest rate cash flow on specified future dates. Some of the different types of interest rate swaps are “fixed-for floating rate swaps,” “termed basis swaps” and “index amortizing swaps.” Fixed-for floating rate swaps involve the exchange of fixed interest rate cash flows for floating rate cash flows. Termed basis swaps entail cash flows to both parties based on floating interest rates, where the interest rate indices are different. Index amortizing swaps are typically fixed-for floating swaps where the notional amount changes if certain conditions are met.

Like a traditional investment in a debt security, the Fund could lose money by investing in an interest rate swap if interest rates change adversely. For example, if the Fund enters into a swap where it agrees to exchange a floating rate of interest for a fixed rate of interest, the Fund may have to pay more money than it receives. Similarly, if the Fund enters into a swap where it agrees to exchange a fixed rate of interest for a floating rate of interest, the Fund may receive less money than it has agreed to pay.

### **Currency Swaps**

The Short Duration Fund may enter into currency swaps for hedging purposes. A currency swap is an agreement between two parties in which one party agrees to make interest rate payments in one currency and the other promises to make interest rate payments in another currency. The Fund may enter into a currency swap when it has one currency and desires a different currency. Typically, the interest rates that determine the currency swap payments are fixed, although occasionally one or both parties may pay a floating rate of interest. Unlike an interest rate swap, however, the principal amounts are exchanged at the beginning of the contract and returned at the end of the contract. Changes in foreign exchange rates and changes in interest rates, as described above, may negatively affect the value of currency swaps.

### **Short-Term, Temporary, and Cash Investments**

The Funds may invest in any of the following securities and instruments:

*Bank Certificates of Deposit, Bankers’ Acceptances and Time Deposits.* The Funds may acquire certificates of deposit, bankers’ acceptances and time deposits. Certificates of deposit are negotiable certificates issued against monies deposited in a commercial bank for a definite period of time and earning a specified return. Bankers’ acceptances are negotiable drafts or bills of exchange, normally drawn by an importer or exporter to pay for specific merchandise, which are “accepted” by a bank, meaning in effect that the bank unconditionally agrees to pay the face value of the instrument on maturity. Certificates of deposit and bankers’ acceptances acquired by the Funds will be dollar-denominated obligations of domestic or foreign banks or financial institutions which at the time of purchase have capital, surplus and undivided profits in excess of \$100 million (including assets of both domestic and foreign branches), based on latest published reports, or less than \$100 million if the principal amount of such bank obligations are fully insured by the U.S. Government. If a Fund holds instruments of foreign banks or financial institutions, it may be subject to additional investment risks that are different in some respects from those incurred by a fund that invests only in debt obligations of U.S. domestic issuers. See “Foreign Securities” above. Such risks include future political and economic developments, the possible imposition of withholding taxes on interest income payable on the securities by the particular country in which the issuer is located, the possible seizure or nationalization of foreign deposits, the possible establishment of exchange controls or the adoption of other foreign governmental restrictions which might adversely affect the payment of principal and interest on these securities.

Domestic banks and foreign banks are subject to different governmental regulations with respect to the amount and types of loans which may be made and interest rates which may be charged. In addition, the profitability of the banking industry depends largely upon the availability and cost of funds for the purpose of financing lending operations under prevailing money market conditions. General economic conditions as well as exposure to credit losses arising from possible financial difficulties of borrowers play an important part in the operations of the banking industry.

As a result of federal and state laws and regulations, domestic banks are, among other things, required to maintain specified levels of reserves, limited in the amount which they can loan to a single borrower, and subject to other regulations designed to promote financial soundness. However, such laws and regulations do not necessarily apply to foreign bank obligations that the Funds may acquire.

In addition to purchasing certificates of deposit and bankers' acceptances, to the extent permitted under its investment objectives and policies stated above and in its Prospectus, the Funds may make interest bearing time or other interest bearing deposits in commercial or savings banks. Time deposits are non-negotiable deposits maintained at a banking institution for a specified period of time at a specified interest rate.

*Savings Association Obligations.* The Funds may invest in certificates of deposit (interest bearing time deposits) issued by savings banks or savings and loan associations that have capital, surplus and undivided profits in excess of \$100 million, based on latest published reports, or less than \$100 million if the principal amount of such obligations is fully insured by the U.S. Government.

*Commercial Paper, Short-Term Notes and Other Corporate Obligations.* The Funds may invest a portion of their assets in commercial paper and short-term notes. Commercial paper consists of unsecured promissory notes issued by corporations. Issues of commercial paper and short-term notes normally have maturities of less than nine months and fixed rates of return, although such instruments may have maturities of up to one year.

Commercial paper and short-term notes consist of issues rated at the time of purchase "A-2" or higher by Standard & Poor's, "Prime-1" by Moody's Investors Service, Inc., or similarly rated by another nationally recognized statistical rating organization or, if unrated, will be determined by the Advisor to be of comparable quality. These rating symbols are described in Appendix A.

### **U.S. Government Securities**

The Funds may invest in U.S. Government Securities. The term "U.S. Government Securities" refers to a variety of securities which are issued or guaranteed by the United States Treasury, by various agencies of the U.S. Government, and by various instrumentalities (a government agency organized under federal charter with government supervision) which have been established or sponsored by the U.S. Government. U.S. Treasury securities are backed by the full faith and credit of the United States. Securities issued or guaranteed by U.S. Government agencies or U.S. Government sponsored instrumentalities may or may not be backed by the full faith and credit of the United States. If the securities are not backed by the full faith and credit of the United States, the investor must look principally to the government agency or instrumentality issuing or guaranteeing the obligation for ultimate repayment, and may not be able to assert a claim directly against the United States in the event the government agency or instrumentality does not meet its commitment.

### **When-Issued Instruments**

The Funds may purchase instruments on a when-issued basis, for payment and delivery at a later date, generally within one month. The price and yield are generally fixed on the date of commitment to

purchase, and the value of the instrument is thereafter reflected in the Funds' NAV. During the period between purchase and settlement, no payment is made by the Funds and no interest accrues to the Funds. At the time of settlement, the market value of the instrument may be more or less than the purchase price.

### **Special Risks Related to Cyber Security**

The Funds and their service providers are susceptible to cyber security risks that include, among other things, theft, unauthorized monitoring, release, misuse, loss, destruction or corruption of confidential and highly restricted data; denial of service attacks; unauthorized access to relevant systems, compromises to networks or devices that the Funds and their service providers use to service the Funds' operations; or operational disruption or failures in the physical infrastructure or operating systems that support the Funds and their service providers. Cyber attacks against or security breakdowns of a Fund or its service providers may adversely impact a Fund and its shareholders, potentially resulting in, among other things, financial losses; the inability of Fund shareholders to transact business and a Fund to process transactions; inability to calculate a Fund's NAV; violations of applicable privacy and other laws; regulatory fines, penalties, reputational damage, reimbursement or other compensation costs; and/or additional compliance costs. The Funds may incur additional costs for cyber security risk management and remediation purposes. In addition, cyber security risks may also impact issuers of securities in which a Fund invests, which may cause the Fund's investment in such issuers to lose value. There can be no assurance that the Funds or their service providers will not suffer losses relating to cyber attacks or other information security breaches in the future.

## **INVESTMENT RESTRICTIONS**

The Trust (on behalf of each Fund) has adopted the following restrictions as fundamental policies, which may not be changed without the affirmative vote of the holders of a "majority of the Fund's outstanding voting securities" as defined in the 1940 Act. Under the 1940 Act, the "vote of the holders of a majority of the outstanding voting securities" means the vote of the holders of the lesser of (i) 67% of the shares of a Fund represented at a meeting at which the holders of more than 50% of its outstanding shares are represented or (ii) more than 50% of the outstanding shares of a Fund.

Each Fund may not:

1. With respect to 75% of its total assets, invest more than 5% of its total assets in securities of a single issuer or hold more than 10% of the voting securities of such issuer. (This restriction does not apply to investments in the securities of other investment companies or securities of the U.S. Government, its agencies or instrumentalities.)
2. Borrow money, except in an amount not to exceed 33 1/3% of the value of its total assets, as permitted under the 1940 Act.
3. Issue senior securities, except that this restriction shall not be deemed to prohibit a Fund from (a) making any permitted borrowings, mortgages or pledges, or (b) entering into options, futures, currency contracts or repurchase transactions, or except as permitted under the 1940 Act.
4. Engage in the business of underwriting securities, except to the extent that a Fund may be considered an underwriter within the meaning of the Securities Act of 1933 in the disposition of restricted securities.
5. Invest 25% or more of the market value of its total assets in the securities of companies engaged in any one industry. (This restriction does not apply to investments in the securities of other investment companies or securities of the U.S. Government, its agencies or instrumentalities.)
6. Purchase or sell real estate, which term does not include securities of companies which deal in real estate and/or mortgages or investments secured by real estate, or interests therein, except that a Fund reserves freedom of action to hold and to sell real estate acquired as a result of the Fund's ownership of securities.

7. Purchase or sell physical commodities, unless acquired as a result of ownership of securities or other instruments. This limitation shall not prevent a Fund from purchasing, selling, or entering into futures contracts, or acquiring securities or other instruments and options thereon backed by, or related to, physical commodities.
8. Make loans to others, except as permitted under the 1940 Act.

Each Fund observes the following policies, which are not deemed fundamental and which may be changed without shareholder vote. Each Fund may not:

1. Invest in any issuer for purposes of exercising control or management.
2. Hold, in the aggregate, more than 15% of its net assets in illiquid securities.
3. Make any change to its investment policy of investing at least 80% of its net assets in investments suggested by its name without first providing its shareholders with at least 60 days' prior written notice.

### **PORTFOLIO TURNOVER**

Although the Funds generally will not invest for short-term trading purposes, portfolio securities may be sold without regard to the length of time they have been held when, in the opinion of the Advisor, investment considerations warrant such action. Portfolio turnover rate is calculated by dividing (1) the lesser of purchases or sales of portfolio securities for the fiscal year by (2) the monthly average of the value of portfolio securities owned during the fiscal year. A 100% turnover rate would occur if all the securities in a Funds' portfolio, with the exception of securities whose maturities at the time of acquisition were one year or less, were sold and either repurchased or replaced within one year. A high rate of portfolio turnover (100% or more) generally leads to higher transaction costs and may result in a greater number of taxable transactions.

High portfolio turnover generally results in the distribution of short-term capital gains which are taxed at the higher ordinary income tax rates.

The following table provides the Funds' portfolio turnover rates for the fiscal years shown:

	<b>Fiscal Year Ended September 30,</b>	
	<b><u>2017</u></b>	<b><u>2016</u></b>
Short Duration Fund	65%	53%
Floating Rate Fund	74%	60%

### **PORTFOLIO HOLDINGS POLICY**

The Advisor and the Funds maintain portfolio holdings disclosure policies that govern the timing and circumstances of disclosure to shareholders and third parties of information regarding the portfolio investments held by the Funds. These portfolio holdings disclosure policies have been approved by the Board. Disclosure of the Funds' complete holdings is required to be made quarterly within 60 days of the end of each fiscal quarter in the annual report and semi-annual report to each Fund's shareholders and in the quarterly holdings report on Form N-Q. These reports are available, free of charge, on the EDGAR database on the SEC's website at [www.sec.gov](http://www.sec.gov). Additionally, each Fund's top-ten holdings are posted within ten business days after each month end on the Funds' website, [www.shenkmancapital.com/mutual-funds/](http://www.shenkmancapital.com/mutual-funds/).

Pursuant to the Trust's portfolio holdings disclosure policies, information about each Fund's portfolio holdings is not distributed to any person unless:

- The disclosure is required pursuant to a regulatory request, court order or is legally required in the context of other legal proceedings;
- The disclosure is made to a mutual fund rating and/or ranking organization, or person performing similar functions, who is subject to a duty of confidentiality, including a duty not to trade on any non-public information;
- The disclosure is made to internal parties involved in the investment process, administration, operation or custody of the Funds, including, but not limited to USBFS and the Trust's Board of Trustees, the Advisor, attorneys, auditors or accountants;
- The disclosure is made: (a) in connection with a quarterly, semi-annual or annual report that is available to the public; or (b) relates to information that is otherwise available to the public; or
- The disclosure is made with the prior written approval of either the Trust's Chief Compliance Officer ("CCO") or his or her designee.

Certain of the persons listed above receive information about the Funds' portfolio holdings on an ongoing basis. The Funds believe that these third parties have legitimate objectives in requesting such portfolio holdings information and operate in the best interest of the Funds' shareholders. These persons include:

- A mutual fund rating and/or ranking organization, or person performing similar functions, who is subject to a duty of confidentiality, including a duty not to trade on any non-public information;
- Internal parties involved in the investment process, administration, operation or custody of the Fund, specifically: USBFS; the Trust's Board of Trustees; and the Trust's attorneys and accountants (currently, Schiff Hardin LLP ("Schiff Hardin") and Tait, Weller & Baker LLP, respectively), all of which typically receive such information after it is generated.

Additionally, non-public portfolio holdings and/or transaction information is disclosed daily or periodically, in either case with no lag, to the following service providers for the sole purpose of assisting the Advisor in carrying out its responsibilities for the Fund: (a) FactSet Research Systems Inc., (b) Electra Information Systems, Inc. (c) SWIFT, (d) Kynex, Inc., and (e) Omgeo LLC.

Any disclosures to additional parties not described above are made with the prior written approval of either the Trust's CCO or his or her designee, pursuant to the Trust's Policy and Procedures Regarding Disclosure of Portfolio Holdings.

The CCO or designated officer of the Trust will approve the furnishing of non-public portfolio holdings to a third party only if they consider the furnishing of such information to be in the best interest of the Funds and their shareholders and if no material conflict of interest exists regarding such disclosure between shareholders' interests and those of the Advisor, Distributor or any affiliated person of the Funds. No consideration may be received by the Funds, the Advisor, any affiliate of the Advisor or their employees in connection with the disclosure of portfolio holdings information. The Board receives and reviews annually a list of the persons who receive non-public portfolio holdings information and the purpose for which it is furnished.

## **MANAGEMENT**

The overall management of the Trust's business and affairs is vested with its Board. The Board approves all significant agreements between the Trust and persons or companies furnishing services to it, including

the agreements with the Advisor, Administrator, Custodian and Transfer Agent, each as defined herein. The day-to-day operations of the Trust are delegated to its officers, subject to each Fund’s investment objective, strategies and policies and to the general supervision of the Board. The Trustees and officers of the Trust, their ages, and positions with the Trust, terms of office with the Trust and length of time served, their business addresses and principal occupations during the past five years and other directorships held are set forth in the table below.

**Independent Trustees<sup>(1)</sup>**

<b>Name, Address and Age</b>	<b>Position Held with the Trust</b>	<b>Term of Office and Length of Time Served</b>	<b>Principal Occupation During Past Five Years</b>	<b>Number of Portfolios in Fund Complex Overseen by Trustee<sup>(2)</sup></b>	<b>Other Directorships Held During Past Five Years<sup>(3)</sup></b>
Gail S. Duree (age 71) 615 E. Michigan Street Milwaukee, WI 53202	Trustee	Indefinite term; since March 2014.	Director, Alpha Gamma Delta Housing Corporation (collegiate housing management) (2012 to present); Trustee and Chair (2000 to 2012), New Covenant Mutual Funds (1999 to 2012); Director and Board Member, Alpha Gamma Delta Foundation (philanthropic organization) (2005 to 2011).	2	Trustee, Advisors Series Trust (for series not affiliated with the Funds); Independent Trustee from 1999 to 2012, New Covenant Mutual Funds (an open-end investment company with 4 portfolios).
David G. Mertens (age 57) 615 E. Michigan Street Milwaukee, WI 53202	Trustee	Indefinite term*; since March 2017.	Retired; formerly, Managing Director and Vice President, Jensen Investment Management, Inc. (a privately-held investment advisory firm)	2	Trustee, Advisors Series Trust (for series not affiliated with the Funds).

Name, Address and Age	Position Held with the Trust	Term of Office and Length of Time Served	Principal Occupation During Past Five Years	Number of Portfolios in Fund Complex Overseen by Trustee <sup>(2)</sup>	Other Directorships Held During Past Five Years <sup>(3)</sup>
(2002 to 2017).					
George J. Rebhan (age 83) 615 E. Michigan Street Milwaukee, WI 53202	Chairman of the Board and Trustee	Indefinite term; since May 2002.	Retired; formerly President, Hotchkis and Wiley Funds (mutual funds) (1985 to 1993).	2	Trustee, Advisors Series Trust (for series not affiliated with the Funds); Independent Trustee from 1999 to 2009, E*TRADE Funds.
Joe D. Redwine <sup>(4)</sup> (age 70) 615 E. Michigan Street Milwaukee, WI 53202	Trustee	Indefinite term; since January 2018.	Retired; Formerly President, CEO, U.S. Bancorp Fund Services, LLC (May 1991 to July 2017); formerly Manager, U.S. Bancorp Fund Services, LLC (1998 to July 2017).	2	Trustee, Advisors Series Trust (for series not affiliated with the Funds).
Raymond B. Woolson (age 58) 615 E. Michigan Street Milwaukee, WI 53202	Trustee	Indefinite term*; since January 2016.	President, Apogee Group, Inc. (financial consulting firm) (1998 to present).	2	Trustee, Advisors Series Trust (for series not affiliated with the Funds); Independent Trustee, DoubleLine



<b>Name, Address and Age</b>	<b>Position Held with the Trust</b>	<b>Term of Office and Length of Time Served</b>	<b>Principal Occupation During Past Five Years</b>	<b>Number of Portfolios in Fund Complex Overseen by Trustee<sup>(2)</sup></b>	<b>Other Directorships Held During Past Five Years<sup>(3)</sup></b>
					Funds Trust (an open-end investment company with 15 portfolios), DoubleLine Opportunistic Credit Fund and DoubleLine Income Solutions Fund, from 2010 to present; Independent Trustee, DoubleLine Equity Funds from 2010 to 2016.

### Officers

<b>Name, Address and Age</b>	<b>Position Held with the Trust</b>	<b>Term of Office and Length of Time Served</b>	<b>Principal Occupation During Past Five Years</b>
Douglas G. Hess (age 50) 615 E. Michigan Street Milwaukee, WI 53202	President, Chief Executive Officer and Principal Executive Officer	Indefinite term; since June 2003.	Senior Vice President, Compliance and Administration, U.S. Bancorp Fund Services, LLC (March 1997 to present).
Cheryl L. King (age 56) 615 E. Michigan Street Milwaukee, WI 53202	Treasurer and Principal Financial Officer	Indefinite term; since December 2007.	Vice President, Compliance and Administration, U.S. Bancorp Fund Services, LLC (October 1998 to present).
Kevin J. Hayden (age 45) 615 E. Michigan Street Milwaukee, WI 53202	Assistant Treasurer	Indefinite term; since September 2013.	Assistant Vice President, Compliance and Administration, U.S. Bancorp Fund Services, LLC (June 2005 to

<b>Name, Address and Age</b>	<b>Position Held with the Trust</b>	<b>Term of Office and Length of Time Served</b>	<b>Principal Occupation During Past Five Years</b>
Michael L. Ceccato (age 60) 615 E. Michigan Street Milwaukee, WI 53202	Vice President, Chief Compliance Officer and AML Officer	Indefinite term; since September 2009.	Senior Vice President, U.S. Bancorp Fund Services, LLC and Vice President, U.S. Bank N.A. (February 2008 to present).
Emily R. Enslow, Esq. (age 31) 615 E. Michigan Street Milwaukee, WI 53202	Secretary	Indefinite term; since December 2017.	Vice President, U.S. Bancorp Fund Services, LLC (July 2013 – present); Proxy Voting Coordinator and Class Action Administrator, Artisan Partners Limited Partnership (September 2012 to July 2013); Legal Internship, Artisan Partners Limited Partnership (February 2012 to September 2012).

\* Under the Trust’s Agreement and Declaration of Trust, a Trustee serves during the continued lifetime of the Trust until he/she dies, resigns, is declared bankrupt or incompetent by a court of appropriate jurisdiction, or is removed, or, if sooner, until the election and qualification of his/her successor. In addition, the Trustees have designated a mandatory retirement age of 75, such that each Trustee first elected or appointed to the Board after December 1, 2015, serving as such on the date he or she reaches the age of 75, shall submit his or her resignation not later than the last day of the calendar year in which his or her 75th birthday occurs.

- (1) The Trustees of the Trust who are not “interested persons” of the Trust as defined under the 1940 Act (“Independent Trustees”).
- (2) As of December 31, 2017, the Trust was comprised of 44 active portfolios managed by unaffiliated investment advisors. The term “Fund Complex” applies only to the Funds. The Funds do not hold themselves out as related to any other series within the Trust for investment purposes, nor do they share the same investment advisor with any other series.
- (3) “Other Directorships Held” includes only directorships of companies required to register or file reports with the SEC under the Securities Exchange Act of 1934 Act, as amended, (that is, “public companies”) or other investment companies registered under the 1940 Act.
- (4) Mr. Redwine became an Independent Trustee on January 1, 2018. Previously he was an Interested Trustee.

### **Additional Information Concerning Our Board of Trustees**

#### *The Role of the Board*

The Board provides oversight of the management and operations of the Trust. Like all mutual funds, the day-to-day responsibility for the management and operation of the Trust is the responsibility of various service providers to the Trust, such as the Trust’s investment advisers, distributor, administrator, custodian, and transfer agent, each of whom are discussed in greater detail in this SAI. The Board approves all significant agreements between the Trust and its service providers, including the agreements with the advisers, distributor, administrator, custodian and transfer agent. The Board has appointed various senior individuals of certain of these service providers as officers of the Trust, with responsibility to monitor and report to the Board on the Trust’s day-to-day operations. In conducting this oversight, the Board receives regular reports from these officers and service providers regarding the Trust’s operations. The Board has appointed a Chief Compliance Officer (“CCO”) who administers the Trust’s compliance program and regularly reports to the Board as to compliance matters. Some of these reports are provided

as part of formal “Board Meetings” which are typically held quarterly, in person, and involve the Board’s review of recent Trust operations. From time to time one or more members of the Board may also meet with Trust officers in less formal settings, between formal “Board Meetings,” to discuss various topics. In all cases, however, the role of the Board and of any individual Trustee is one of oversight and not of management of the day-to-day affairs of the Trust and its oversight role does not make the Board a guarantor of the Trust’s investments, operations or activities.

#### *Board Leadership Structure*

The Board has structured itself in a manner that it believes allows it to effectively perform its oversight function. It has established four standing committees, an Audit Committee, a Nominating Committee, a Governance Committee and a Qualified Legal Compliance Committee (the “QLCC”), which are discussed in greater detail under “Board Committees,” below. Currently, all of the members of the Board are Independent Trustees, which are Trustees that are not affiliated with the Advisor or its affiliates or any other investment adviser in the Trust or with its principal underwriter. However, prior to January 1, 2018, Mr. Redwine was an “interested person” of the Trust as defined by the 1940 Act by virtue of the fact that he was an interested person of Quasar Distributors, LLC, the principal underwriter to the series of the Trust. Therefore, until the Board has determined otherwise, for all items which require the vote of a majority of the Independent Trustees under the 1940 Act, the vote of at least three of the following Trustees is required: Ms. Duree, Mr. Mertens, Mr. Rebhan, and/or Mr. Woolson (the “Supermajority Trustees”). Each of the Audit Committee, Nominating Committee, Governance Committee and QLCC are comprised entirely of the Supermajority Trustees. The Independent Trustees have engaged their own independent counsel to advise them on matters relating to their responsibilities in connection with the Trust.

The President, Chief Executive Officer and Principal Executive Officer of the Trust is not a Trustee, but rather is a senior employee of the Administrator who routinely interacts with the unaffiliated investment advisers of the Trust and comprehensively manages the operational aspects of the funds in the Trust. The Trust has appointed George J. Rebhan, an Independent Trustee, as Chairman of the Board, and he acts as a liaison with the Trust’s service providers, officers, legal counsel, and other Trustees between meetings, helps to set Board meeting agendas, and serves as chair during executive sessions of the Independent Trustees.

The Board reviews its structure annually. The Trust has determined that it is appropriate to separate the Principal Executive Officer and Board Chairman positions because the day-to-day responsibilities of the Principal Executive Officer are not consistent with the oversight role of the Trustees and because of the potential conflict of interest that may arise from the Administrator’s duties with the Trust. Given the specific characteristics and circumstances of the Trust as described above, the Trust has determined that the Board’s leadership structure is appropriate.

#### *Board Oversight of Risk Management*

As part of its oversight function, the Board receives and reviews various risk management reports and assessments and discusses these matters with appropriate management and other personnel. Because risk management is a broad concept comprised of many elements (such as, for example, investment risk, issuer and counterparty risk, compliance risk, operational risks, business continuity risks, etc.) the oversight of different types of risks is handled in different ways. For example, the Governance Committee meets regularly with the CCO to discuss compliance risks and the Audit Committee meets with the Treasurer and the Trust’s independent public accounting firm to discuss, among other things, the internal control structure of the Trust’s financial reporting function. The full Board receives reports from the Advisor and portfolio managers as to investment risks as well as other risks that may be also discussed in Audit Committee.

*Information about Each Trustee's Qualification, Experience, Attributes or Skills*

The Board believes that each of the Trustees has the qualifications, experience, attributes and skills ("Trustee Attributes") appropriate to their continued service as Trustees of the Trust in light of the Trust's business and structure. Each of the Trustees has substantial business and professional backgrounds that indicate they have the ability to critically review, evaluate and access information provided to them. Certain of these business and professional experiences are set forth in detail in the table above. In addition, the majority of the Trustees have served on boards for organizations other than the Trust, as well as having served on the Board of the Trust for a number of years. They therefore have substantial board experience and, in their service to the Trust, have gained substantial insight as to the operation of the Trust. The Board annually conducts a 'self-assessment' wherein the effectiveness of the Board and individual Trustees is reviewed.

In addition to the information provided in the table above, below is certain additional information concerning each particular Trustee and certain of their Trustee Attributes. The information provided below, and in the table above, is not all-inclusive. Many Trustee Attributes involve intangible elements, such as intelligence, integrity, work ethic, the ability to work together, the ability to communicate effectively, the ability to exercise judgment, the ability to ask incisive questions, and commitment to shareholder interests. In conducting its annual self-assessment, the Board has determined that the Trustees have the appropriate attributes and experience to continue to serve effectively as Trustees of the Trust.

*Gail S. Duree.* Ms. Duree has served as a trustee and chair on a mutual fund board and is experienced in financial, accounting and investment matters through her experience as past audit committee chair of a mutual fund complex as well as through her service as Treasurer of a major church from 1999 to 2009. Ms. Duree also serves as director of a collegiate housing management company and has served as a director of a philanthropic organization where she sat as chair of the finance committee. Ms. Duree serves as the Trust's Audit Committee Financial Expert.

*David G. Mertens.* Mr. Mertens has over 30 years of financial industry experience, including serving as Managing Director and Vice President of Jensen Investment Management, Inc. ("Jensen") from 2002 to 2017. Prior to Jensen, Mr. Mertens held various roles in sales and marketing management with Berger Financial Group, LLC from 1995 to 2002, ending as Senior Vice President of Institutional Marketing for Berger Financial Group and President of its limited purpose broker-dealer, Berger Distributors.

*George J. Rebhan.* Mr. Rebhan has served on a number of mutual fund boards and is experienced with financial, accounting, investment and regulatory matters through his prior service as a trustee of E\*Trade Funds and as President of the Hotchkis and Wiley mutual fund family. Mr. Rebhan also has substantial investment experience through his former association with a registered investment adviser.

*Joe D. Redwine.* Mr. Redwine has substantial mutual fund experience and is experienced with financial, accounting, investment and regulatory matters through his experience as President and CEO of U.S. Bancorp Fund Services, LLC, a full service provider to mutual funds and alternative investment products. In addition, he has extensive experience consulting with investment advisers regarding the legal structure of mutual funds, distribution channel analysis and actual distribution of those funds.

*Raymond B. Woolson.* Mr. Woolson has served on a number of mutual fund boards and is experienced with financial, accounting, investment and regulatory matters through his experience as Lead Independent Trustee and Audit Committee Chair for the DoubleLine Funds as well as through his service as President of Apogee Group, Inc., a company providing financial consulting services. Mr. Woolson also has substantial mutual fund operations, financial and investment experience through his prior service in senior and management positions in the mutual fund industry, including service as Senior Managing Director in

Investment Management for Mass Mutual Life Insurance Company, where he oversaw fund accounting, fund administration and client services and also served as Chief Financial Officer and Treasurer for various funds and other investment products. Mr. Woolson has also served as a consultant for Coopers & Lybrand (now known as, “PricewaterhouseCoopers” or “PWC”) where he provided management consulting services to the mutual fund industry and the investment management areas of the banking and insurance industries.

### **Board Committees**

The Trust has established the following four standing committees and the membership of each committee to assist in its oversight functions, including its oversight of the risks the Trust faces: the Audit Committee, the QLCC, the Nominating Committee, and the Governance Committee. There is no assurance, however, that the Board’s committee structure will prevent or mitigate risks in actual practice. The Trust’s committee structure is specifically not intended or designed to prevent or mitigate the Fund’s investment risks. The Fund is designed for investors that are prepared to accept investment risk, including the possibility that as yet unforeseen risks may emerge in the future.

The Audit Committee is comprised of all of the Supermajority Trustees. Ms. Duree is the Chairperson of the Audit Committee. The Audit Committee meets regularly with respect to the various series of the Trust. The function of the Audit Committee, with respect to each series of the Trust, is to review the scope and results of the audit and any matters bearing on the audit or the Fund’s financial statements and to ensure the integrity of the Fund’s pricing and financial reporting. The Audit Committee met one time with respect to the Funds during the fiscal year ended September 30, 2017.

The Audit Committee also serves as the QLCC for the Trust for the purpose of compliance with Rules 205.2(k) and 205.3(c) of the Code of Federal Regulations, regarding alternative reporting procedures for attorneys retained or employed by an issuer who appear and practice before the SEC on behalf of the issuer (the “issuer attorneys”). An issuer’s attorney who becomes aware of evidence of a material violation by the Trust, or by any officer, director, employee, or agent of the Trust, may report evidence of such material violation to the QLCC as an alternative to the reporting requirements of Rule 205.3(b) (which requires reporting to the chief legal officer and potentially “up the ladder” to other entities). The QLCC Committee meets only as necessary and did not meet with respect to the Funds during the fiscal year ended September 30, 2017.

The Nominating Committee is responsible for seeking and reviewing candidates for consideration as nominees for Trustees as is considered necessary from time to time and meets only as necessary. The Nominating Committee is comprised of all of the Supermajority Trustees. Mr. Mertens is the Chairman of the Nominating Committee.

The Nominating Committee will consider nominees recommended by shareholders. Recommendations for consideration by the Nominating Committee should be sent to the President of the Trust in writing together with the appropriate biographical information concerning each such proposed Nominee, and such recommendation must comply with the notice provisions set forth in the Trust’s By-Laws. In general, to comply with such procedures, such nominations, together with all required biographical information, must be delivered to and received by the President of the Trust at the principal executive offices of the Trust between 120 and 150 days prior to the shareholder meeting at which any such nominee would be voted on. The Nominating Committee did not meet with respect to the Funds during the fiscal year ended September 30, 2017.

The Governance Committee is comprised of all of the Supermajority Trustees. Mr. Woolson is the Chairman of the Governance Committee. The Governance Committee meets regularly with respect to the various series of the Trust. The Governance Committee is responsible for, among other things, assisting

the Board in its oversight of the Trust’s compliance program under Rule 38a-1 under the 1940 Act, reviewing and making recommendations regarding Independent Trustee compensation and the Trustees’ annual “self-assessment.” As the Governance Committee was created in September 2017, the Governance Committee did not meet during the Funds’ fiscal year ended September 30, 2017.

Additionally, the Trust’s Board has delegated day-to-day valuation issues to a Valuation Committee that is comprised of representatives from the Administrator’s staff. The function of the Valuation Committee is to value securities held by any series of the Trust for which current and reliable market quotations are not readily available. Such securities are valued at their respective fair values as determined in good faith by the Valuation Committee and the actions of the Valuation Committee are subsequently reviewed and ratified by the Board. The Valuation Committee meets as needed.

### **Trustee Ownership of Fund Shares and Other Interests**

No Trustee owned shares of the Funds as of the calendar year ended December 31, 2017.

As of December 31, 2017, neither the Independent Trustees nor members of their immediate family own securities beneficially or of record in the Advisor, the Distributor, or an affiliate of the Advisor or Distributor. Accordingly, neither the Independent Trustees nor members of their immediate family, have a direct or indirect interest, the value of which exceeds \$120,000, in the Advisor, the Distributor or any of their affiliates. In addition, during the two most recently completed calendar years, neither the Independent Trustees nor members of their immediate families have conducted any transactions (or series of transactions) in which the amount involved exceeds \$120,000 and to which the Advisor, the Distributor or any affiliate thereof was a party.

### **Compensation**

Effective January 1, 2018, the Independent Trustees each receive an annual retainer of \$90,000 allocated among each of the various portfolios comprising the Trust, an additional \$6,000 per regularly scheduled Board meeting, and an additional \$500 per special telephonic meeting, paid by the Trust or applicable advisors/portfolios, as well as reimbursement for expenses incurred in connection with attendance at Board meetings. Prior to January 1, 2018, the annual retainer was \$88,000. The Chairman of the Trust, chair of the Audit Committee, chair of the Governance Committee and chair of the Nominating Committee each receive a separate annual fee of \$10,000, \$5,000, \$3,000 and \$3,000, respectively, provided that the separate fee for the chair of the Audit Committee will be waived if the same individual serves as both Chairman of the Trust and Audit Committee chair. The Trust has no pension or retirement plan. No other entity affiliated with the Trust pays any compensation to the Trustees. Set forth below is the compensation received by the Independent Trustees from the Funds for the fiscal year ended September 30, 2017.

	<b>Aggregate Compensation from the Shenkman Short Duration High Income Fund<sup>(1)</sup></b>	<b>Aggregate Compensation from the Shenkman Floating Rate Fund<sup>(1)</sup></b>	<b>Pension or Retirement Benefits Accrued as Part of Fund Expenses</b>	<b>Estimated Annual Benefits Upon Retirement</b>	<b>Total Compensation from Fund Complex Paid to Trustees<sup>(2)</sup></b>
<b>Independent Trustee</b>					
Gail S. Duree	\$3,075	\$2,941	None	None	\$6,016
David G. Mertens <sup>(3)</sup>	\$1,665	\$1,509	None	None	\$3,174
George J. Rebhan	\$3,206	\$3,068	None	None	\$6,274

	<b>Aggregate Compensation from the Shenkman Short Duration High Income Fund<sup>(1)</sup></b>	<b>Aggregate Compensation from the Shenkman Floating Rate Fund<sup>(1)</sup></b>	<b>Pension or Retirement Benefits Accrued as Part of Fund Expenses</b>	<b>Estimated Annual Benefits Upon Retirement</b>	<b>Total Compensation from Fund Complex Paid to Trustees<sup>(2)</sup></b>
George T. Wofford <sup>(4)</sup>	\$1,277	\$1,306	None	None	\$2,583
Raymond B. Woolson	\$2,943	\$2,815	None	None	\$5,758
Joe D. Redwine <sup>(5)</sup>	\$0	\$0	None	None	\$0

<sup>(1)</sup> For the Funds' fiscal year ended September 30, 2017.

<sup>(2)</sup> There are currently numerous portfolios comprising the Trust. The term "Fund Complex" applies only to the Funds. For the fiscal year ended September 30, 2017, aggregate Independent Trustees' fees for the Trust were \$454,000.

<sup>(3)</sup> Mr. Mertens became an Independent Trustee on March 3, 2017.

<sup>(4)</sup> Mr. Wofford retired from the Trust effective March 8, 2017.

<sup>(5)</sup> Mr. Redwine became an Independent Trustee on January 1, 2018. Previously he was an Interested Trustee and therefore did not receive compensation from the Fund. Mr. Redwine will begin to receive compensation as an Independent Trustee on July 1, 2018.

## CODES OF ETHICS

The Trust, the Advisor and the Distributor, as defined below, have each adopted separate Codes of Ethics under Rule 17j-1 of the 1940 Act. These Codes permit, subject to certain conditions, access persons of the Advisor and Distributor to invest in securities that may be purchased or held by the Funds.

## PROXY VOTING POLICIES AND PROCEDURES

The Board has adopted Proxy Voting Policies and Procedures (the "Policies") on behalf of the Trust which delegate the responsibility for voting proxies to the Advisor, subject to the Board's continuing oversight. The Policies require that the Advisor vote proxies received in a manner consistent with the best interests of each Fund and its shareholders. The Policies also require the Advisor to present to the Board, at least annually, the Advisor's Policies and a record of each proxy voted by the Advisor on behalf of each Fund, including a report on the resolution of all proxies identified by the Advisor as involving a conflict of interest. A copy of the Advisor's Proxy Voting Policy can be found in Appendix B.

The Trust is required to file a Form N-PX, with the Funds' complete proxy voting record for the 12 months ended June 30, no later than August 31 of each year. The Funds' proxy voting record is available without charge, upon request, by calling toll-free 1-855-215-1200 and on the SEC's website at [www.sec.gov](http://www.sec.gov).

## CONTROL PERSONS, PRINCIPAL SHAREHOLDERS AND MANAGEMENT OWNERSHIP

A principal shareholder is any person who owns of record or beneficially 5% or more of any class of the outstanding shares of the Funds. A control person is one who owns beneficially or through controlled companies more than 25% of the voting securities of a company or acknowledges the existence of control. Shareholders with a controlling interest could affect the outcome of voting or the direction of management of the Funds. For control persons only, if a control person is a company, the table also indicates the control person's parent, if any, and jurisdiction under the laws of which the control person is organized. As of December 31, 2017, the following Class A, Class C, Class F and Institutional Class

shareholders were considered to be either a control person or principal shareholder of the Funds:

**Floating Rate Fund – Class F**

<b>Name and Address</b>	<b>Parent Company</b>	<b>Jurisdiction</b>	<b>% Ownership</b>	<b>Type of Ownership</b>
MAC & CO 500 Grant Street, Room 151-1010 Pittsburgh, PA 15219-2502	N/A	PA	51.04%	Record
Rosamond Gifford Charitable Corporation 126 N. Salina Street Syracuse, NY 13202-1059	N/A	NY	35.72%	Beneficial
UBS WM USA Special Custody Account 1000 Harbor Boulevard Weehawken, NJ 07086-6761	N/A	N/A	12.30%	Record

**Floating Rate Fund – Institutional Class**

<b>Name and Address</b>	<b>Parent Company</b>	<b>Jurisdiction</b>	<b>% Ownership</b>	<b>Type of Ownership</b>
NFS, LLC FBO The Northern Trust Company P.O. Box 92956 Chicago, IL 60675-2956	N/A	N/A	21.66%	Record
BNYH Fixed Income, LLC 126 5 <sup>th</sup> Avenue Fl. 9 New York, NY 10011-5624	N/A	N/A	12.96%	Beneficial
MAC & CO C/O Bank of New York Mellon 500 Grant Street, Room 151-1010 Pittsburgh, PA 15219-2502	N/A	N/A	11.82%	Record
Morgan Lewis & Bockius LLP Cash Balance Plan 1701 Market Street Philadelphia, PA 19103-2903	N/A	N/A	8.73%	Record
Laborers District Council & Contractors Pension Fund of Ohio 800 Hillsdowne Road Westerville, OH 43081-3302	N/A	N/A	7.93%	Beneficial
MAC & CO 500 Grant Street, Room 151-1010 Pittsburgh, PA 15219-2502	N/A	N/A	7.89%	Record



<b>Name and Address</b>	<b>Parent Company</b>	<b>Jurisdiction</b>	<b>% Ownership</b>	<b>Type of Ownership</b>
National University 11355 N. Torrey Pines Road La Jolla, CA 92037-1013	N/A	N/A	6.80%	Beneficial
BSA Commingled Endowment Fund LP 1325 W. Walnut Hill Lane Irving, TX 75038-3008	N/A	N/A	6.76%	Beneficial

#### **Short Duration Fund – Class A**

<b>Name and Address</b>	<b>Parent Company</b>	<b>Jurisdiction</b>	<b>% Ownership</b>	<b>Type of Ownership</b>
Merrill Lynch Pierce Fenner FBO Sole Benefit of its Customers 4800 Deer Lake Drive E Jacksonville, FL 32246-6484	Merrill Lynch & Co., Inc.	DE	40.27%	Record
Charles Schwab & Co, Inc. Special Custody A/C FBO Customers Attn: Mutual Funds 211 Main Street San Francisco, CA 94105-1905	The Charles Schwab Corporation	DE	26.68%	Record
UBS WM USA Special Custody Account 1000 Harbor Boulevard Weehawken, NJ 07086-6761	N/A	N/A	14.30%	Record
TD Ameritrade FEBO Clients P.O. Box 2226 Omaha, NE 68103-2226	N/A	N/A	5.83%	Record
NFS, LLC FBO The Northern Trust Company P.O. Box 92956 Chicago, IL 60675-2956	N/A	N/A	5.49%	Record
Pershing, LLC P.O. Box 2052 Jersey City, NJ 07303-2052	N/A	N/A	5.29%	Record

#### **Short Duration Fund – Class C**

<b>Name and Address</b>	<b>Parent Company</b>	<b>Jurisdiction</b>	<b>% Ownership</b>	<b>Type of Ownership</b>
UBS WM USA Special Custody Account 1000 Harbor Boulevard Weehawken, NJ 07086-6761	UBS Americas Inc.	DE	49.19%	Record
Merrill Lynch Pierce Fenner For Sole Benefit of its Customers	Merrill Lynch & Co.,	DE	48.77%	Record

<b>Name and Address</b>	<b>Parent Company</b>	<b>Jurisdiction</b>	<b>% Ownership</b>	<b>Type of Ownership</b>
4800 Deer Lake Drive E Jacksonville, FL 32246-6484	Inc.			

#### **Short Duration Fund – Class F**

<b>Name and Address</b>	<b>Parent Company</b>	<b>Jurisdiction</b>	<b>% Ownership</b>	<b>Type of Ownership</b>
Merrill Lynch For Sole Benefit of its Customers 4800 Deer Lake Drive E Jacksonville, FL 32246-6484	Merrill Lynch & Co., Inc.	DE	61.55%	Record
UBS WM USA Special Custody Account 1000 Harbor Boulevard Weehawken, NJ 07086-6761	UBS Americas Inc.	DE	34.44%	Record

#### **Short Duration Fund – Institutional Class**

<b>Name and Address</b>	<b>Parent Company</b>	<b>Jurisdiction</b>	<b>% Ownership</b>	<b>Type of Ownership</b>
NFS, LLC FBO The Northern Trust Company P.O. Box 92956 Chicago, IL 60675-2956	Fidelity Global Brokerage Group, Inc.	DE	29.84%	Record
Charles Schwab & Co Inc. Special Custody A/C FBO Customers Attn: Mutual Funds 211 Main Street San Francisco, CA 94105-1905	The Charles Schwab Corporation	DE	29.79%	Record
MAC & CO Attn: Mutual Funds 500 Grant Street, Room 151-1010 Pittsburgh, PA 15219-2502	N/A	N/A	10.97%	Record

The Floating Rate Fund’s Class A and Class C shares had not commenced operations as of September 30, 2017 and therefore no control persons or principal shareholders are shown for those classes.

*Management Ownership Information.* As of September 30, 2017, the Trustees and officers of the Trust, as a group, beneficially owned less than 1% of the outstanding shares of any class of the Funds.

#### **THE FUNDS’ INVESTMENT ADVISOR**

Shenkman Capital Management, Inc., 461 Fifth Avenue, 22<sup>nd</sup> Floor, New York, New York 10017, acts as investment advisor to each Fund pursuant to an investment advisory agreement (the “Advisory Agreement”) with the Trust. Mark R. Shenkman is a control person of the Advisor through his controlling ownership interest in the Advisor and is a portfolio manager of the Funds.

In consideration of the services to be provided by the Advisor pursuant to the Advisory Agreement, the Advisor is entitled to receive from each Fund an investment advisory fee computed daily and payable monthly, based on an annual rate equal to 0.55% of the Short Duration Fund's average daily net assets and 0.50% of the Floating Rate Fund's average daily net assets. The Advisor oversees the investment advisory services provided to the Funds. For the fiscal period indicated below, the Short Duration Fund paid the following management fees to the Advisor:

## Short Duration Fund

<b>Fiscal Year Ended September 30,</b>	<b>Management Fees Accrued</b>	<b>Management Fees Waived</b>	<b>Management Fees Recouped</b>	<b>Net Management Fee Paid to Advisor</b>
<b>2017</b>	\$2,192,278	\$316,790	\$0	\$1,875,488
<b>2016</b>	\$846,534	\$368,819	\$0	\$477,715
<b>2015</b>	\$494,750	\$345,681	\$0	\$149,069

## Floating Rate Fund

<b>Fiscal Period Ended September 30,</b>	<b>Management Fees Accrued</b>	<b>Management Fees Waived</b>	<b>Management Fees Recouped</b>	<b>Net Management Fee Paid to Advisor</b>
<b>2017</b>	\$1,449,121	\$459,123	\$0	\$989,998
<b>2016</b>	\$1,331,281	\$448,779	\$0	\$882,502
<b>2015<sup>(1)</sup></b>	\$1,253,728	\$442,934	\$0	\$810,794

<sup>(1)</sup> The Floating Rate Fund commenced operations on October 15, 2014.

The Advisory Agreement continues in effect for successive annual periods so long as such continuation is specifically approved at least annually by the vote of (1) the Board (or a majority of the outstanding shares of the Fund), and (2) a majority of the Trustees who are not interested persons of any party to the Advisory Agreement, in each case, cast in person at a meeting called for the purpose of voting on such approval<sup>1</sup>. The Advisory Agreement may be terminated at any time, without penalty, by either party to the Advisory Agreement upon a 60-day written notice and is automatically terminated in the event of its “assignment,” as defined in the 1940 Act.

In addition to the management fees payable to the Advisor, each Fund is responsible for its own operating expenses, including: fees and expenses incurred in connection with the issuance, registration and transfer of its shares; brokerage and commission expenses; all expenses of transfer, receipt, safekeeping, servicing and accounting for the cash, securities and other property of the Trust for the benefit of each Fund including all fees and expenses of its custodian and accounting services agent; interest charges on any borrowings; costs and expenses of pricing and calculating its daily NAV per share and of maintaining its books of account required under the 1940 Act; taxes, if any; a pro rata portion of expenditures in connection with meetings of the Funds’ shareholders and the Trust’s Board that are properly payable by the Funds; salaries and expenses of officers and fees and expenses of members of the Board or members of any advisory board or committee who are not members of, affiliated with or interested persons of the Advisor or Administrator; insurance premiums on property or personnel of the Funds which inure to their benefit, including liability and fidelity bond insurance; the cost of preparing and printing reports, proxy statements, prospectuses and the SAI of the Funds or other communications for distribution to existing shareholders; legal counsel, auditing and accounting fees; trade association membership dues (including membership dues in the Investment Company Institute allocable to the Funds); fees and expenses (including legal fees) of registering and maintaining registration of its shares for sale under federal and applicable state and foreign securities laws; all expenses of maintaining shareholder accounts, including all charges for transfer, shareholder recordkeeping, dividend disbursing, redemption, and other agents for the benefit of each Fund, if any; and all other charges and costs of its operation plus any extraordinary and non-recurring expenses, except as otherwise prescribed in the Advisory Agreement.

Though each Fund is responsible for its own operating expenses, the Advisor has contractually agreed to waive a portion or all of the management fees payable to it by the Funds and to pay Fund operating

<sup>1</sup> Until the Board has determined otherwise, the vote of at least three of the Supermajority Trustees is required.

expenses to the extent necessary to limit each Fund's aggregate annual operating expenses (excluding acquired fund fees and expenses, taxes, interest expense, dividends on securities sold short, and extraordinary expenses) to the limits set forth in the Fees and Expenses of the Fund table of the Prospectus. The Advisor may request recoupment of previously waived fees and paid expenses in any subsequent month in the three-year period from the date of the management fee reduction and expense payment if the aggregate amount actually paid by a Fund toward the operating expenses for such fiscal year (taking into account the reimbursement) will not cause the Fund to exceed the lesser of: (1) the expense limitation in place at the time of the management fee reduction and expense payment; or (2) the expense limitation in place at the time of the reimbursement. Any such recoupment is also contingent upon the Board's subsequent review and ratification of the recouped amounts. Such recoupment may not be paid prior to the applicable Fund's payment of current ordinary operating expenses.

## **SERVICE PROVIDERS**

### **Fund Administrator, Transfer Agent and Fund Accountant**

Pursuant to an administration agreement (the "Administration Agreement"), U.S. Bancorp Fund Services, LLC, ("USBFS" or the "Administrator") 615 East Michigan Street, Milwaukee, Wisconsin 53202, acts as the Administrator to the Fund. USBFS provides certain services to the Funds including, among other responsibilities, coordinating the negotiation of contracts and fees with, and the monitoring of performance and billing of, the Funds' independent contractors and agents; preparation for signature by an officer of the Trust of all documents required to be filed for compliance by the Trust and the Funds with applicable laws and regulations, excluding those of the securities laws of various states; arranging for the computation of performance data, including NAV per share and yield; responding to shareholder inquiries; and arranging for the maintenance of books and records of the Funds, and providing, at its own expense, office facilities, equipment and personnel necessary to carry out its duties. In this capacity, USBFS does not have any responsibility or authority for the management of the Funds, the determination of investment policy, or for any matter pertaining to the distribution of Fund shares.

USBFS also is entitled to certain out-of-pocket expenses. USBFS also acts as fund accountant, transfer agent (the "Transfer Agent") and dividend disbursing agent under separate agreements with the Trust. Additionally, the Administrator provides Chief Compliance Officer ("CCO") services to the Trust under a separate agreement. The cost of the CCO services is charged to the Fund and approved by the Board annually.

Pursuant to the Administration Agreement, as compensation for its services, for the fiscal year ended September 30, 2017, the Short Duration Fund paid \$424,794 for fund administration and fund accounting services and the Floating Rate Fund paid \$417,375 in fund administration and fund accounting services to USBFS as Administrator.

### **Custodian**

Pursuant to a Custody Agreement between the Trust and U.S. Bank National Association, located at 1555 North River Center Drive, Suite 302, Milwaukee, Wisconsin 53212 (the "Custodian"), the Custodian serves as the custodian of the Funds' assets, holds the Funds' portfolio securities in safekeeping, and keeps all necessary records and documents relating to its duties. The Custodian is compensated with an asset-based fee plus transaction fees and is reimbursed for out-of-pocket expenses.

The Custodian and Administrator do not participate in decisions relating to the purchase and sale of securities by the Funds. The Administrator, Transfer Agent, Custodian and the Funds' Distributor (as defined below) are affiliated entities under the common control of U.S. Bancorp. The Custodian and its affiliates may participate in revenue sharing arrangements with the service providers of mutual funds in which the Funds may invest.

### Independent Registered Public Accounting Firm and Legal Counsel

Tait, Weller & Baker LLP, 1818 Market Street, Suite 2400, Philadelphia, Pennsylvania 19103, is the independent registered public accounting firm for the Funds, whose services include auditing the Funds' financial statements and the performance of related tax services.

Schiff Hardin LLP, 666 Fifth Avenue, Suite 1700, New York 10103, serves as legal counsel to the Trust. Schiff Hardin also serves as independent legal counsel to the Board of Trustees.

### PORTFOLIO MANAGERS

The Floating Rate Fund is managed by Mark R. Shenkman, Justin W. Slatky, David H. Lerner and Jeffrey Gallo and the Short Duration Fund is managed by Mark R. Shenkman, Justin W. Slatky, Nicholas Sarchese, Steven N. Schweitzer and Jordan Barrow. The following tables show the number of other accounts (not including the Funds) managed by each portfolio manager and the total assets in the accounts managed within various categories as of September 30, 2017.

#### Mark R. Shenkman

Type of Accounts	Number of Accounts (Excluding the Funds)	Total Assets	Number of Accounts with Advisory Fee based on Performance	Total Assets in Accounts with Advisory Fee based on Performance
Registered Investment Companies	3	\$1,941,366,328	0	\$0
Other Pooled Investments	30	\$8,415,057,880	11	\$3,545,788,017
Other Accounts	156	\$16,729,534,670	3	\$130,169,255

#### Justin W. Slatky

Type of Accounts	Number of Accounts (Excluding the Funds)	Total Assets	Number of Accounts with Advisory Fee based on Performance	Total Assets in Accounts with Advisory Fee based on Performance
Registered Investment Companies	3	\$1,941,366,328	0	\$0
Other Pooled Investments	30	\$8,415,057,880	11	\$3,545,788,017
Other Accounts	156	\$16,729,534,670	3	\$130,169,255

#### David H. Lerner

Type of Accounts	Number of Accounts (Excluding the Funds)	Total Assets	Number of Accounts with Advisory Fee based on Performance	Total Assets in Accounts with Advisory Fee based on Performance
Registered Investment Companies	0	\$0	0	\$0
Other Pooled Investments	10	\$2,968,501,744	8	\$2,780,875,839
Other Accounts	13	\$3,227,078,407	0	\$0

**Jeffrey Gallo**

<b>Type of Accounts</b>	<b>Number of Accounts (Excluding the Funds)</b>	<b>Total Assets</b>	<b>Number of Accounts with Advisory Fee based on Performance</b>	<b>Total Assets in Accounts with Advisory Fee based on Performance</b>
Registered Investment Companies	0	\$0	0	\$0
Other Pooled Investments	10	\$2,968,501,744	8	\$2,780,875,839
Other Accounts	13	\$3,227,078,407	0	\$0

**Nicholas Sarchese**

<b>Type of Accounts</b>	<b>Number of Accounts (Excluding the Funds)</b>	<b>Total Assets</b>	<b>Number of Accounts with Advisory Fee based on Performance</b>	<b>Total Assets in Accounts with Advisory Fee based on Performance</b>
Registered Investment Companies	0	\$0	0	\$0
Other Pooled Investments	5	\$834,695,638	0	\$0
Other Accounts	10	\$1,149,801,469	0	\$0

**Steven N. Schweitzer**

<b>Type of Accounts</b>	<b>Number of Accounts (Excluding the Funds)</b>	<b>Total Assets</b>	<b>Number of Accounts with Advisory Fee based on Performance</b>	<b>Total Assets in Accounts with Advisory Fee based on Performance</b>
Registered Investment Companies	1	\$1,487,557,193	0	\$0
Other Pooled Investments	0	\$0	0	\$0
Other Accounts	9	\$4,754,685,964	0	\$0

**Jordan Barrow**

<b>Type of Accounts</b>	<b>Number of Accounts (Excluding the Funds)</b>	<b>Total Assets</b>	<b>Number of Accounts with Advisory Fee based on Performance</b>	<b>Total Assets in Accounts with Advisory Fee based on Performance</b>
Registered Investment Companies	2	\$453,809,135	0	\$0
Other Pooled Investments	5	\$586,406,345	0	\$0
Other Accounts	49	\$296,444,064	0	\$0

*Advisor Material Conflicts of Interest.* As a general matter, the Advisor attempts to minimize its conflicts of interest. To that end, it has implemented policies and procedures for the identification of conflicts of interest. In accordance with this policy, the Advisor has identified certain potential conflicts of interest in connection with its management of the Funds.

A potential conflict of interest may arise as a result of the Advisor's management of other accounts that have varying investment guidelines. The Advisor adheres to a systematic process for the approval, allocation and execution of trades. The Advisor seeks to allocate investment opportunities among client accounts with similar investment objectives fairly over time. Because of the differences in client

investment objectives and strategies, risk tolerances, tax status and other criteria, there may, however, be differences among clients in invested positions and securities held. Moreover, the Advisor may purchase a security for one client account while appropriately selling that same security for another client account. Certain accounts managed by the Advisor may also be permitted to sell securities short. Accordingly, the Advisor and its team members may take short positions in equity securities of certain issuers for their own account or for the account of any other client at the same time the debt securities, convertible securities or bank loans of such issuers are held long in client accounts. When the Advisor or its team members engage in short sales of securities, they could be seen as harming the performance of one or more clients, including the Funds, for the benefit of the account engaging in short sales if the short sales cause the market value of the securities to fall. Conversely, the Advisor and its team members may take long positions in equity securities of certain issuers for their own account or for the account of any other client at the same time the debt securities, convertible securities or bank loans of such issuers are sold out of client accounts. The Advisor also acts as investment manager to companies that have, or may in the future have, non-investment grade securities outstanding, and may purchase these securities for its client accounts, including for the Funds. Additionally, the Advisor is not precluded from investing in securities of a company held in some of its client accounts in which such other of its clients have senior or subordinated rights relative to the other, or vice versa.

From time to time, the Advisor may have arrangements with brokers and/or affiliates of brokers who may recommend the Advisor's products or services to their respective clients (in such capacity, "Sponsors/Consultants"). Generally, the Advisor does not compensate Sponsors/Consultants in connection with any such arrangements (to the extent it does compensate Sponsors/Consultants, the terms of such arrangements are disclosed in accordance with Rule 206(4)-3 under the Investment Advisers Act of 1940). A conflict of interest may arise because the Advisor may execute securities transactions on behalf of its clients, including the Funds, through brokers who are, or who have affiliates who are, Sponsors/Consultants. As a fiduciary, the Advisor has an obligation to obtain best execution for its clients. The allocation of transactions to brokers who are (or that have affiliates who are) Sponsors/Consultants is subject at all times to the Advisor's obligation to obtain best execution under the circumstances. The Advisor's chief compliance officer periodically monitors its arrangements with Sponsors/Consultants and trading activity with brokers who are (or who have affiliates who are) Sponsors/Consultants to ensure the Advisor has obtained best execution in accordance with its policies and procedures.

From time to time, it may be appropriate for the Advisor to aggregate client orders for the purchase or sale of securities. The Advisor engages in this practice to achieve more favorable execution prices for clients by buying and selling securities in greater quantities. In aggregating client orders for securities, including any orders placed for private investment vehicles, the Advisor will ensure that no investment advisory client will be favored over any other investment advisory client, and each client that participates in an aggregated order shall participate on an average price basis for the Advisor's transactions in that security on a relevant day and transaction costs (if any) shall be shared pro rata based on each client's participation in the transaction.

The Advisor permits its team members to trade securities for their own accounts. Investment personnel, through their position with the firm, are in a position to take investment opportunities for themselves before such opportunities are executed on behalf of clients. Thus, the Advisor has an obligation to assure that its team members do not "front-run" trades for clients or otherwise favor their own accounts. To that end, the Advisor maintains a personal trading policy that includes pre-clearance procedures that require team members to preclear trades in securities of all companies, as well as shares of mutual funds for which the Advisor acts as adviser or sub-adviser. The Advisor may also receive performance fees from certain client accounts, manage client accounts that are charged performance-based compensation and accounts that are charged only an asset-based fee (*i.e.*, a non-performance based fee). In addition, certain



client accounts may have higher asset-based fees or more favorable performance-based compensation arrangements than other accounts. When the Advisor and its investment personnel manage more than one client account a potential exists for one client account to be favored over another client account. The Advisor and its investment personnel have a greater incentive to favor client accounts that pay it (and indirectly certain investment personnel) performance-based compensation or higher fees, particularly with respect to “new issue” investments. The Advisor believes that if it charges a performance fee on accounts that receive new issues, the Advisor may have a potential conflict of interest in allocating new issues to these accounts. The Advisor maintains an allocation policy and its chief compliance officer oversees a periodic review of new issue allocations to ensure that they are being allocated among all eligible accounts in a fair and equitable manner.

The Advisor may also execute transactions between or among client accounts (including rebalancing trades between client accounts) by executing simultaneous purchase and sale orders for the same security. Even in situations where the Advisor believes there is no disadvantage to its clients, these “cross trade” transactions may nonetheless create an inherent conflict of interest. When engaging in cross transactions, the Advisor acts in good faith to ensure such transactions are fair and in the best interests of all participating client accounts. Cross trades on behalf of a Fund must be executed in accordance with Rule 17a-7 under the 1940 Act.

*Portfolio Managers’ Compensation.* Messrs. Shenkman, Slatky, Lerner and Gallo serve as co-portfolio managers for the Floating Rate Fund. Messrs. Shenkman, Slatky, Sarchese, Schweitzer and Barrow serve as co-portfolio managers for the Short Duration Fund. Each portfolio manager receives a fixed base salary and an annual bonus predicated on individual and firm performance. They are compensated based on their ability to implement the firm’s investment strategy, their ability to effectively perform their respective managerial functions, the overall investment performance of the firm, as well as the firm’s growth and profitability. Their compensation is not based on the performance of a Fund or the value of assets held in its portfolio.

*Securities Owned in the Funds by the Portfolio Managers.* As of September 30, 2017, the portfolio managers owned the following securities in the Funds:

<b>Name of Portfolio Manager</b>	<b>Dollar Range of Securities in the Funds</b>	
	<b>(None, \$1-\$10,000, \$10,001-\$50,000, \$50,001-\$100,000, \$100,001 - \$500,000, \$500,001 - \$1,000,000, Over \$1,000,000)</b>	
<b><u>Floating Rate Fund</u></b>		
Mark R. Shenkman	None	
Justin W. Slatky	None	
David H. Lerner	\$10,001 - \$50,000	
Jeffrey Gallo	None	
<b><u>Short Duration Fund</u></b>		
Mark R. Shenkman	\$100,001 - \$500,000	
Justin W. Slatky	\$50,001 - \$100,000	
Nicholas Sarchese	\$100,001 - \$500,000	
Steven N. Schweitzer	None	
Jordan Barrow	\$10,001 - \$50,000	

### **EXECUTION OF PORTFOLIO TRANSACTIONS**

Pursuant to the Advisory Agreement, the Advisor determines which securities are to be purchased and sold by the Funds and which broker-dealers are eligible to execute the Funds’ portfolio transactions. Purchases and sales of securities in the over-the-counter market will generally be executed directly with a

“market-maker” unless, in the opinion of the Advisor, a better price and execution can otherwise be obtained by using a broker for the transaction.

Purchases of portfolio securities for the Funds also may be made directly from issuers or from underwriters. Where possible, purchase and sale transactions will be effected through dealers (including banks) which specialize in the types of securities which the Funds will be holding, unless better executions are available elsewhere. Dealers and underwriters usually act as principal for their own accounts. Purchases from underwriters will include a concession paid by the issuer to the underwriter and purchases from dealers will include the spread between the bid and the asked price. If the execution and price offered by more than one dealer or underwriter are comparable, the order may be allocated to a dealer or underwriter that has provided research or other services as discussed below.

In placing portfolio transactions, the Advisor will seek best execution. The full range and quality of services available will typically be considered in making these determinations, such as the size of the order, the difficulty of execution, the operational facilities of the firm involved, the firm’s risk in positioning a block of securities and other factors, including a broker-dealer’s furnishing or supplying of research and statistical information to the Advisor that it may lawfully and appropriately use in its investment advisory capacities, as well as providing other services in addition to execution services. The Advisor considers such information, which is in addition to and not in lieu of the services required to be performed by it under its Agreement with the Funds, to be useful in varying degrees, but of indeterminable value. Portfolio transactions may be placed with broker-dealers who sell shares of the Fund subject to rules adopted by the FINRA and the SEC.

While it is the Funds’ general policy to seek to obtain the most favorable price and execution available in selecting a broker-dealer to execute portfolio transactions for the Funds, in accordance with Section 28(e) under the Securities and Exchange Act of 1934, as amended, weight may also be given to the ability of a broker-dealer to furnish brokerage and research services to the Funds or to the Advisor, even if the specific services are not directly useful to the Funds and may be useful to the Advisor in advising other clients. In negotiating commissions with a broker or evaluating the spread to be paid to a dealer, the Funds may therefore pay a higher commission or spread than would be the case if no weight were given to the furnishing of these supplemental services, provided that the amount of such commission or spread has been determined in good faith by the Advisor to be reasonable in relation to the value of the brokerage and/or research services provided by such broker-dealer.

Investment decisions for the Funds are made “pari passu” with those of other client accounts or pooled investment vehicles managed or advised by the Advisor. It is possible that at times identical securities will be acceptable for both the Funds and one or more of such client accounts or pooled investment vehicles. In such event, the position of the Funds and such client account(s) or pooled investment vehicles in the same issuer may vary and the length of time that each may choose to hold its investment in the same issuer may likewise vary. However, to the extent any of these client accounts or pooled investment vehicles seek to acquire the same security as the Funds at the same time, the Funds may not be able to acquire as large a portion of such security as it desires, or it may have to pay a higher price or obtain a lower yield for such security. Similarly, the Funds may not be able to obtain as high a price for, or as large an execution of, an order to sell any particular security at the same time. If one or more of such client accounts or pooled investment vehicles simultaneously purchases or sells the same security that a Fund is purchasing or selling, each day’s transactions in such security will be allocated between the Funds and all such client accounts or pooled investment vehicles in a manner deemed equitable by the Advisor, taking into account the respective sizes of the accounts and the amount of cash available for investment, the investment objective of the account, and the ease with which a client’s appropriate amount can be bought, as well as the liquidity and volatility of the account and the urgency involved in making an investment decision for the client. It is recognized that in some cases this methodology could

have a detrimental effect on the price or value of the security insofar as the Fund is concerned. In other cases, however, it is believed that the ability of the Funds to participate in volume transactions may produce better executions for the Funds.

The Funds have not paid brokerage commissions through the fiscal year ended September 30, 2017. Additionally, the Advisor did not direct either Fund's brokerage transactions on the basis of any "soft dollar" arrangements (*i.e.*, using commissions or otherwise directing trade activity to compensate for research services) during the Funds' fiscal year ended September 30, 2017.

## GENERAL INFORMATION

The Declaration of Trust permits the Trustees to issue an unlimited number of full and fractional shares of beneficial interest and to divide or combine the shares into a greater or lesser number of shares without thereby changing the proportionate beneficial interest in the Funds. Each share represents an interest in a Fund proportionately equal to the interest of each other share. Upon a Fund's liquidation, all shareholders would participate pro rata in the net assets of the Fund available for distribution to shareholders.

With respect to the Funds, the Trust may offer more than one class of shares. The Trust has adopted a Multiple Class Plan pursuant to Rule 18f-3 under the 1940 Act, detailing the attributes of each class of the Funds, and has reserved the right to create and issue additional series or classes. Each share of a series or class represents an equal proportionate interest in that series or class with each other share of that series or class. Currently, each Fund offers Class A, Class C, Class F and Institutional Class shares; however, the Class A and Class C shares of the Floating Rate Fund are not currently available for purchase.

The shares of each series or class participate equally in the earnings, dividends and assets of the particular series or class. Expenses of the Trust which are not attributable to a specific series or class are allocated among all the series in a manner believed by management of the Trust to be fair and equitable. Shares have no pre-emptive or conversion rights. Shares, when issued, are fully paid and non-assessable, except as set forth below. Shareholders are entitled to one vote for each share held. Shares of each series or class generally vote together, except when required under federal securities laws to vote separately on matters that only affect a particular class, such as the approval of distribution plans for a particular class.

The Trust is not required to hold annual meetings of shareholders but will hold special meetings of shareholders of a series or class when, in the judgment of the Trustees, it is necessary or desirable to submit matters for a shareholder vote. Shareholders have, under certain circumstances, the right to communicate with other shareholders in connection with requesting a meeting of shareholders for the purpose of removing one or more Trustees. Shareholders also have, in certain circumstances, the right to remove one or more Trustees without a meeting. No material amendment may be made to the Declaration of Trust without the affirmative vote of the holders of a majority of the outstanding shares of each portfolio affected by the amendment. The Declaration of Trust provides that, at any meeting of shareholders of the Trust or of any series or class, a Shareholder Servicing Agent may vote any shares as to which such Shareholder Servicing Agent is the agent of record and which are not represented in person or by proxy at the meeting, proportionately in accordance with the votes cast by holders of all shares of that portfolio otherwise represented at the meeting in person or by proxy as to which such Shareholder Servicing Agent is the agent of record. Any shares so voted by a Shareholder Servicing Agent will be deemed represented at the meeting for purposes of quorum requirements. Any series or class may be terminated (i) upon the merger or consolidation with, or the sale or disposition of all or substantially all of its assets to, another entity, if approved by the vote of the holders of two thirds of its outstanding shares, except that if the Board recommends such merger, consolidation or sale or disposition of assets, the approval by vote of the holders of a majority of the series' or class' outstanding shares will be sufficient, or (ii) by the vote of the holders of a majority of its outstanding shares, or (iii) by the Board by written

notice to the series' or class' shareholders. Unless each series and class is so terminated, the Trust will continue indefinitely.

The Declaration of Trust also provides that the Trust shall maintain appropriate insurance (for example, fidelity bonding and errors and omissions insurance) for the protection of the Trust, its shareholders, Trustees, officers, employees and agents covering possible tort and other liabilities. 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 itself was unable to meet its obligations.

The Declaration of Trust does not require the issuance of stock certificates. If stock certificates are issued, they must be returned by the registered owners prior to the transfer or redemption of shares represented by such certificates.

Rule 18f-2 under the 1940 Act provides that as to any investment company which has two or more series outstanding and as to any matter required to be submitted to shareholder vote, such matter is not deemed to have been effectively acted upon unless approved by the holders of a "majority" (as defined in the Rule) of the voting securities of each series affected by the matter. Such separate voting requirements do not apply to the election of Trustees or the ratification of the selection of accountants. The Rule contains special provisions for cases in which an advisory contract is approved by one or more, but not all, series. A change in investment policy may go into effect as to one or more series whose holders so approve the change even though the required vote is not obtained as to the holders of other affected series.

## **ADDITIONAL PURCHASE AND REDEMPTION INFORMATION**

The information provided below supplements the information contained in the Prospectus regarding the purchase and redemption of Fund shares.

### **How to Buy Shares**

A financial intermediary may offer Fund shares subject to variations in or elimination of the Fund sales charges ("variations"), provided such variations are described in the Funds' Prospectus. All variations described in Appendix A to the Funds' Prospectus are applied by, and the responsibility of, the identified financial intermediary. Sales charge variations may apply to purchases, sales, exchanges and reinvestments of Fund shares and a shareholder transacting in Fund shares through an intermediary identified on Appendix A to the Funds' Prospectus should read the terms and conditions of such Appendix A carefully. For the variations applicable to shares offered through Merrill Lynch-sponsored platforms, please see "Appendix A – Financial Intermediary Sales Charge Variations" in the Funds' Prospectus. A variation that is specific to a particular financial intermediary is not applicable to shares held directly with the Funds or through another intermediary. Please consult your financial intermediary with respect to any variations listed on Appendix A to the Funds' Prospectus.

You may purchase shares of the Funds directly from the Funds or from securities brokers, dealers or financial intermediaries ("Financial Intermediary," collectively, "Financial Intermediaries"). Investors should contact their Financial Intermediary directly for appropriate instructions, as well as information pertaining to accounts and any service or transaction fees that may be charged. Each Fund may enter into arrangements with certain Financial Intermediaries whereby such Financial Intermediaries are authorized to accept your order on behalf of a Fund. Financial Intermediaries may be authorized by the Fund's principal underwriter to designate other brokers and financial intermediaries to accept orders on the Fund's behalf. If you transmit your order to these Financial Intermediaries before the close of regular trading (generally 4:00 p.m., Eastern Time) on a day that the New York Stock Exchange ("NYSE") is open for business, shares will be purchased at the appropriate per share price next computed after it is received by the Financial Intermediary. Investors should check with their Financial Intermediary to

determine if it participates in these arrangements. An order is deemed to be received when a Fund, a Financial Intermediary or, if applicable, a Financial Intermediary's authorized designee accepts the order.

The public offering price of Fund shares is the NAV per share, plus any applicable sales charge. Shares are purchased at the public offering price next determined after the Transfer Agent receives your purchase request in good order. In most cases, in order to receive that day's public offering price, the Transfer Agent must receive your purchase request in good order before the close of regular trading on the NYSE, normally 4:00 p.m., Eastern Time.

The Trust reserves the right in its sole discretion (i) to suspend the continued offering of the Fund's shares, and (ii) to reject purchase orders in whole or in part when in the judgment of the Advisor or the Distributor such rejection is in the best interest of a Fund.

In addition to cash purchases, Fund shares may be purchased by tendering payment in-kind in the form of shares of stock, bonds or other securities. Any securities used to buy Fund shares must be readily marketable, their acquisition consistent with the Fund's objective and otherwise acceptable to the Advisor and the Board.

### **How to Sell Shares and Delivery of Redemption Proceeds**

You can sell your Fund shares any day the NYSE is open for regular trading, either directly to the Fund or through your Financial Intermediary. An order is deemed to be received when a Fund, a Financial Intermediary or, if applicable, a Financial Intermediary's authorized designee accepts the order.

Payments to shareholders for shares of a Fund redeemed directly from the Fund will be made as promptly as possible, but no later than seven days after receipt by the Transfer Agent of the written request in proper form, with the appropriate documentation as stated in the Prospectus, except that a Fund may suspend the right of redemption or postpone the date of payment during any period when (a) trading on the NYSE is restricted as determined by the SEC or the NYSE is closed for other than weekends and holidays; (b) an emergency exists as determined by the SEC making disposal of portfolio securities or valuation of net assets of the Fund not reasonably practicable; or (c) for such other period as the SEC may permit for the protection of the Fund's shareholders. Under unusual circumstances, the Funds may suspend redemptions, or postpone payment for more than seven days, but only as authorized by SEC rules.

The value of shares on redemption or repurchase may be more or less than the investor's cost, depending upon the market value of the Fund's portfolio securities at the time of redemption or repurchase.

### **Telephone Redemptions**

Shareholders with telephone transaction privileges established on their account may redeem Fund shares by telephone. Upon receipt of any instructions or inquiries by telephone from the shareholder, the Fund or its authorized agents may carry out the instructions and/or respond to the inquiry consistent with the shareholder's previously established account service options. For joint accounts, instructions or inquiries from either party will be carried out without prior notice to the other account owners. In acting upon telephone instructions, the Fund and its agents use procedures that are reasonably designed to ensure that such instructions are genuine. These include recording all telephone calls, requiring pertinent information about the account and sending written confirmation of each transaction to the registered owner.

USBFS will employ reasonable procedures to confirm that instructions communicated by telephone are genuine. If USBFS fails to employ reasonable procedures, the Funds and USBFS may be liable for any losses due to unauthorized or fraudulent instructions. If these procedures are followed, however, to the extent permitted by applicable law, neither the Funds nor its agents will be liable for any loss, liability,

cost or expense arising out of any redemption request, including any fraudulent or unauthorized request. For additional information, contact USBFS.

### **Redemptions In-Kind**

The Trust has filed an election under SEC Rule 18f-1 committing to pay in cash all redemptions by a shareholder of record up to amounts specified by the rule (the lesser of (i) \$250,000 or (ii) 1% of the Fund's assets). Each Fund has reserved the right to pay the redemption price of its shares in excess of the amounts specified by the rule, either totally or partially, by a distribution in-kind of portfolio securities or loans (instead of cash). The securities or loans so distributed would be valued at the same amount as that assigned to them in calculating the NAV per share for the shares being sold. If a shareholder receives a distribution in-kind, the shareholder could incur brokerage or other charges in converting the securities or loans to cash. A redemption, whether in cash or in-kind, is a taxable event for you.

Each Fund does not intend to hold any significant percentage of its portfolio in illiquid securities, although a Fund, like virtually all mutual funds, may from time to time hold a small percentage of securities that are illiquid. In the unlikely event a Fund were to elect to make an in-kind redemption, the Fund expects that it would follow the normal protocol of making such distribution by way of a pro rata distribution based on its entire portfolio. If a Fund held illiquid securities, such distribution may contain a pro rata portion of such illiquid securities or a Fund may determine, based on a materiality assessment, not to include illiquid securities in the in-kind redemption. Each Fund does not anticipate that it would ever selectively distribute a greater than pro rata portion of any illiquid securities to satisfy a redemption request. If such securities are included in the distribution, shareholders may not be able to liquidate such securities and may be required to hold such securities indefinitely. Shareholders' ability to liquidate such securities distributed in-kind may be restricted by resale limitations or substantial restrictions on transfer imposed by the issuers of the securities or by law. Shareholders may only be able to liquidate such securities distributed in-kind at a substantial discount from their value, and there may be higher brokerage costs associated with any subsequent disposition of these securities by the recipient.

### *Class A Shares*

#### **Sales Charges and Dealer Reallowance**

Class A shares of the Funds are retail shares that require that you pay a sales charge when you invest unless you qualify for a reduction or waiver of the sales charge. Class A shares are also subject to a Rule 12b-1 fee (or distribution and service fee) at an annual rate of up to 0.25% of average daily net assets and a shareholder servicing plan fee at an annual rate of up to 0.10% of average daily net assets, each assessed against the shares of the Funds.

If you purchase Class A shares of a Fund you will pay the NAV next determined after your order is received plus a sales charge (shown in percentages below) depending on the amount of your investment. The sales charge does not apply to shares purchased with reinvested dividends. The sales charge is calculated as follows and the dealer reallowance is as shown in the far right column:

<b>Investment Amount</b>	<b>Sales Charge as a % of Offering Price<sup>(1)</sup></b>	<b>Sales Charge as a % of Net Amount Invested</b>	<b>Dealer Reallowance</b>
Less than \$100,000	3.00%	3.09%	3.00%
\$100,000 to \$499,999	2.50%	2.56%	2.50%
\$500,000 to \$999,999	1.25%	1.27%	1.25%
\$1 million and more	0.00%	0.00%	0.00% <sup>(2)</sup>

<sup>(1)</sup> Offering price includes the front-end sales load. The sales charge you pay may differ slightly from the amount set forth above because of rounding that occurs in the calculation used to determine your sales charge.

<sup>(2)</sup> If you purchase \$1 million worth of shares or more, you will pay no initial sales load. However, in this case, if you were to

sell your shares within 18 months of purchase, you would pay a contingent deferred sales load of up to 1.00% of the value of the Class A shares when they were purchased or the market value at the time of redemption, whichever is less, unless the dealer of record waived its commission. A sales charge does not apply to shares you purchase through reinvestment of dividends or distributions. So, you never pay a CDSC on any increase in your investment above the initial offering price.

### **Breakpoints/Volume Discounts and Sales Charge Waivers**

*Reducing Your Sales Charge.* You may be able to reduce the sales charge on Class A shares of the Funds based on the combined market value of your accounts. If you believe you are eligible for any of the following reductions or waivers, it is up to you to ask the selling agent or shareholder servicing agent for the reduction and to provide appropriate proof of eligibility.

- You pay no sales charges on Fund shares you buy with reinvested distributions.
- You pay a lower sales charge if you are investing an amount over a specific breakpoint level as indicated by the above table.
- You pay no sales charges on Fund shares you purchase with the proceeds of a redemption of Class A shares within 30 days of the date of the redemption.
- By signing a Letter of Intent (LOI) prior to purchase, you pay a lower sales charge now in exchange for promising to invest an amount over a specified breakpoint within the next 13 months. Reinvested dividends and capital gains do not count as purchases made during this period. The Transfer Agent will hold in escrow shares equal to approximately 3.00% of the amount you say you intend to buy. If you do not invest the amount specified in the LOI before the expiration date, the Transfer Agent will redeem enough escrowed shares to pay the difference between the reduced sales load you paid and the sales load you should have paid. Otherwise, the Transfer Agent will release the escrowed shares when you have invested the agreed amount. For example, an investor has \$75,000 to invest in a Fund, but intends to invest an additional \$2,000 per month for the next 13 months for a total of \$101,000. Based on the above breakpoint schedule, by signing the LOI, the investor pays a front-end load of 2.50% rather than 3.00%. If the investor fails to meet the intended LOI amount in the 13-month period, however, the Funds will charge the higher sales load retroactively.
- Rights of Accumulation (“ROA”) allow you to combine Class A shares you already own in order to reach breakpoint levels and to qualify for sales load discounts on subsequent purchases of Class A shares. The purchase amount used in determining the sales charge on your purchase will be calculated by multiplying the maximum public offering price by the number of Class A shares of a Fund already owned and adding the dollar amount of your current purchase. For example, an individual has a \$55,000 investment in a Fund, which was sold with a 3.00% front-end load. The investor intends to open a second account and purchase \$50,000 of a Fund. Using ROA, the new \$50,000 investment is combined with the existing \$55,000 investment to reach the \$100,000 breakpoint, and the sales charge on the new investment is 2.50% (rather than the 3.00% for a single transaction amount).

*Eligible Accounts.* Certain accounts may be aggregated for ROA eligibility, including your current investment in a Fund, and previous investments you and your primary household group have made in the Funds, provided your investment was subject to a sales charge. (Your “primary household group” includes those family members living in the same household as you, such as your spouse, domestic partner, child, stepchild, parent, sibling, grandchild and grandparent, in each case including in-law and adoptive relationships). Specifically, the following accounts are eligible to be included in determining the sales charge on your purchase, if a sales charge has been paid on those purchases:

- Individual or joint accounts held in your name;
- Trust accounts for which you or a member of your primary household group, individually, is the beneficiary; and
- Accounts held in the name of you or your spouse's sole proprietorship or single owner limited liability company or S corporation;

The following accounts are not eligible to be included in determining ROA eligibility;

- Investments in Class A shares where the sales charge was waived.

A financial intermediary may impose different sales load discounts. Sales load discount variations specific to certain financial intermediaries are described in Appendix A to the Funds' Prospectus.

*Waiving Your Sales Charge.* The Funds' Advisor reserves the right to waive the sales charges for certain groups or classes of shareholders. If you fall into any of the following categories, you can buy Class A shares at NAV per share without a sales charge:

- Current and retired employees, directors/trustees and officers of:
  - The Trust;
  - The Advisor and its affiliates; and
  - Immediate family members of any of the above.
- Any trust, pension, profit sharing or other benefit plan for current employees, directors/trustees and officers of the Advisor and its affiliates.
- Current employees of:
  - The Transfer Agent;
  - Broker-dealers who act as selling agents for the Funds/Trust; and
  - Immediate family members of any of the above living in the same household.
- Qualified registered investment advisers who buy through a broker-dealer or service agent who have entered into an agreement with the Funds' distributor that allows for load-waived Class A shares purchases.
- Qualified broker-dealers who have entered into an agreement with the Funds' distributor that allows for load-waived Class A shares purchases and to self-directed investment brokerage accounts that may or may not charge transaction fees to its customers.
- The Advisor's clients, their employees and immediate family members of such employees.

The Funds also reserve the right to enter into agreements that reduce or eliminate sales charges for groups or classes of shareholders, or for Fund shares included in other investment plans such as "wrap accounts." If you own Fund shares as part of another account or package, such as an IRA or a sweep account, you should read the terms and conditions that apply for that account. Those terms and conditions may supersede the terms and conditions discussed here. Contact your selling agent for further information.



Each financial intermediary may impose different sales load waivers. Certain sales load waiver variations are described in Appendix A to the Funds' Prospectus.

*Class C Shares.* You can buy Class C shares of the Funds at a Fund's offering price, which is the NAV without an up-front sales charge. If you sell (redeem) your Class C shares within 18 months of purchase, you will have to pay a CDSC of 1.00% which is applied to the NAV of the shares on the date of original purchase or on the date of redemption, whichever is less. For example, if you purchased \$10,000 worth of shares, which due to market fluctuation have appreciated to \$15,000, the CDSC will be assessed on your \$10,000 purchase. If that same \$10,000 purchase has depreciated to \$5,000, the CDSC will be assessed on the \$5,000 value. For purposes of calculating the CDSC, the start of the 18-month holding period is the first day of the month in which the purchase was made. The Funds will use the first-in, first-out ("FIFO") method when taking the CDSC.

Investments of \$1 million or more for purchase into Class C shares will be rejected. Your financial intermediary is responsible for placing individual investments of \$1 million or more into Class A shares.

*Waiving Your CDSC.* The Funds reserve the right to waive the CDSC for certain groups or classes of shareholders. If you fall into any of the following categories, you can redeem Class C shares without a CDSC:

- You will not be assessed a CDSC on Fund shares you redeem that were purchased with reinvested distributions.
- You will not be assessed a CDSC on Fund shares redeemed for account and transaction fees (e.g., returned investment fee) and redemptions through a systematic withdrawal plan.
- The Transfer Agent will waive the CDSC for all redemptions made because of scheduled (Internal Revenue Code Section 72(t)(2) withdrawal schedule) or mandatory (withdrawals generally made after age 70½ according to Internal Revenue Service (IRS) guidelines) distributions from traditional IRAs and certain other retirement plans. (See your retirement plan information for details.)
- The Transfer Agent will waive the CDSC for redemptions made in the event of the last surviving shareholder's death or for a disability suffered after purchasing shares. ("Disabled" is defined in Internal Revenue Code Section 72(m)(7)).
- The Transfer Agent will waive the CDSC for redemptions made at the direction of the Trust in order to, for example, complete a merger or effect a Fund liquidation.
- The Transfer Agent will waive the CDSC if the dealer of record waived its commission with the Trust's or Advisor's approval.

The Trust also reserves the right to enter into agreements that reduce or eliminate the CDSC for groups or classes of shareholders, or for Fund shares included in other investment plans such as "wrap accounts." If you own Fund shares as part of another account or package, such as an IRA or a sweep account, you should read the terms and conditions that apply for that account. Those terms and conditions may supersede the terms and conditions discussed here. Contact your selling agent for further information. You must notify the Funds or your financial intermediary if you are eligible for these sales charge waivers at the time of your transaction.

A financial intermediary may impose different CDSC waivers. CDSC waiver variations specific to certain financial intermediaries are described in Appendix A to the Funds' Prospectus.

## **Conversions**

You may be able to convert your shares of a Fund to a different share class of the same Fund that has a lower expense ratio provided certain conditions are met, including that you meet the then-applicable eligibility requirements for investment in the class into which you wish to convert your shares. This conversion feature is intended for shares held through a financial intermediary offering a fee-based or wrap fee program that has an agreement with the Advisor or the Distributor specific for this purpose. Generally, Class A shares and Class C shares are not eligible for conversion until the applicable CDSC period has expired. Please contact your financial intermediary for additional information. Not all share classes are available through all intermediaries.

If you wish to convert your shares of a Fund to a different share class of the same Fund, you must contact the Fund at 1-855-SHENKMAN (1-855-743-6562) or contact your financial intermediary. The conversion will occur at respective net asset value of each class as of the conversion date without the imposition of any fee or other charges by a Fund. Consequently, you may receive fewer shares or more shares than originally owned, depending on that day's net asset values. Your total value of the initially held shares, however, will equal the total value of the converted shares. Please contact your financial intermediary about any fees that it may charge. A conversion from Class A, Class C or Class F shares of a Fund to Institutional Class shares of a Fund, and a conversion from Class A or Class C shares of a Fund to Class F shares of a Fund, is not expected to result in realization of a capital gain or loss for federal income tax purposes.

## **DETERMINATION OF SHARE PRICE**

The NAV of each Fund is determined as of the close of regular trading on the NYSE (generally 4:00 p.m., Eastern Time), each day the NYSE is open for business. The NYSE annually announces the days on which it will not be open for trading. It is expected that the NYSE will not be open for trading on the following holidays: New Year's Day, Martin Luther King, Jr. Day, Washington's Birthday/Presidents' Day, Good Friday, Memorial Day, Independence Day, Labor Day, Thanksgiving Day and Christmas Day.

The NAV is calculated by adding the value of all securities and other assets attributable to a Fund (including interest and dividends accrued, but not yet received), then subtracting liabilities attributable to the Fund (including accrued expenses).

Generally, the Funds' investments are valued at market value or, in the absence of a market value, at fair value as determined in good faith by the Trust's Valuation Committee pursuant to procedures approved by or under the direction of the Board. Pursuant to those procedures, the Valuation Committee considers, among other things: (1) the last sales price on the securities exchange, if any, on which a security is primarily traded; (2) the mean between the bid and asked prices; (3) price quotations from an approved pricing service; and (4) other factors as necessary to determine a fair value under certain circumstances.

Securities primarily traded in the NASDAQ Global Market<sup>®</sup> for which market quotations are readily available shall be valued using the NASDAQ<sup>®</sup> Official Closing Price ("NOCP"). If the NOCP is not available, such securities shall be valued at the last sale price on the day of valuation, or if there has been no sale on such day, at the mean between the bid and asked prices. OTC securities which are not traded in the NASDAQ Global Market<sup>®</sup> shall be valued at the most recent sales price. Securities and assets for which market quotations are not readily available (including restricted securities which are subject to limitations as to their sale) are valued at fair value as determined in good faith under procedures approved by or under the direction of the Board.

Debt securities are valued on the basis of valuations provided by independent third-party pricing services, approved by the Board, or at fair value as determined in good faith by procedures approved by the Board.

Any such pricing service, in determining value, will use information with respect to transactions in the securities being valued, quotations from dealers, market transactions in comparable securities, analyses and evaluations of various relationships between securities and yield to maturity information.

The Funds' securities, including ADRs, EDRs and GDRs, which are traded on securities exchanges are valued at the last sale price on the exchange on which such securities are traded, as of the close of business on the day the securities are being valued or, lacking any reported sales, at the mean between the last available bid and asked price. Securities that are traded on more than one exchange are valued on the exchange determined by the Advisor to be the primary market.

In the case of foreign securities, the occurrence of certain events after the close of foreign markets, but prior to the time a Fund's NAV is calculated (such as a significant surge or decline in the U.S. or other markets) often will result in an adjustment to the trading prices of foreign securities when foreign markets open on the following business day. If such events occur, the Funds will value foreign securities at fair value, taking into account such events, in calculating the NAV. In such cases, use of fair valuation can reduce an investor's ability to seek to profit by estimating the Fund's NAV in advance of the time the NAV is calculated. The Funds anticipate that their portfolio holdings will be fair valued only if market quotations for those holdings are considered unreliable or are unavailable.

An option that is written or purchased by a Fund shall be valued using composite pricing via the National Best Bid and Offer quotes. Composite pricing looks at the last trade on the exchange where the option is traded. If there are no trades for an option on a given business day, as of closing, the Fund will value the option at the mean of the highest bid price and lowest ask price across the exchanges where the option is traded. For options where market quotations are not readily available, fair value shall be determined by the Trust's Valuation Committee.

## **DISTRIBUTIONS AND TAX INFORMATION**

### **Distributions**

Distributions from net investment income will generally be made monthly and distributions from net profits from the sale of securities are generally made annually. Also, each Fund typically distributes any undistributed net investment income on or about December 31 of each year. Any net capital gains realized through the period ended October 31 of each year will also be distributed by December 31 of each year.

Each distribution by a Fund is accompanied by a brief explanation of the form and character of the distribution. In January of each year, the Funds will issue to each shareholder a statement of the federal income tax status of all distributions.

### **Tax Information**

Each series of the Trust is treated as a separate entity for federal income tax purposes. Each Fund, as a series of the Trust, has elected and intends to continue to be treated as a regulated investment company under Subchapter M of the Internal Revenue Code of 1986, as amended (the "Code"), and to comply with all applicable requirements regarding the source of its income, diversification of its assets and the timing and amount of its distributions. Each Fund's policy is to distribute to its shareholders all of its investment company taxable income and any net realized long-term capital gains for each fiscal year in a manner that complies with the distribution requirements of the Code, so that the Fund will not be subject to any federal income or excise taxes in any year. However, the Funds can give no assurances that distributions will be sufficient to eliminate all taxes in every year. To avoid the nondeductible 4% Federal excise tax, each Fund must distribute (or be deemed to have distributed) by December 31 of each calendar year (i) at least 98% of its ordinary income for such year, (ii) at least 98.2% of the excess of its realized capital gains

over its realized capital losses for the 12-month period ending on October 31 of such year, and (iii) any amounts from the prior calendar year that were not distributed and on which no federal income tax was paid by the Fund or its shareholders.

In order to qualify as a regulated investment company, each Fund must, among other things, derive at least 90% of its gross income each year from dividends, interest, payments with respect to loans of stock and securities, gains from the sale or other disposition of stock or securities or foreign currency gains related to investments in stock or securities, or other income (generally including gains from options, futures or forward contracts) derived with respect to the business of investing in stock, securities or currency, and net income derived from an interest in a qualified publicly traded partnership. Each Fund must also satisfy the following two asset diversification tests. At the end of each quarter of each taxable year, (i) at least 50% of the value of a Fund's total assets must be represented by cash and cash items (including receivables), U.S. Government securities, the securities of other regulated investment companies, and other securities, with such other securities being limited in respect of any one issuer to an amount not greater than 5% of the value of the Fund's total assets and not more than 10% of the outstanding voting securities of such issuer, and (ii) not more than 25% of the value of a Fund's total assets may be invested in the securities of any one issuer (other than U.S. Government securities or the securities of other regulated investment companies), the securities of any two or more issuers (other than the securities of other regulated investment companies) that the Fund controls (by owning 20% or more of their outstanding voting stock) and that are determined to be engaged in the same or similar trades or businesses or related trades or businesses, or the securities of one or more qualified publicly traded partnerships. Each Fund also must distribute each taxable year sufficient dividends to its shareholders to claim a dividends paid deduction equal to at least the sum of 90% of the Fund's investment company taxable income (which generally includes dividends, interest, and the excess of net short-term capital gain over net long-term capital loss) and 90% of the Fund's net tax-exempt interest, if any.

Net investment income generally consists of interest and dividend income, less expenses. Distributions of net investment income and net short-term capital gains are taxable to shareholders as ordinary income. Net realized capital gains for a fiscal period are computed by taking into account any capital loss carryforward of the Fund. Capital losses sustained and not used in a taxable year may be carried forward indefinitely to offset income of the Fund in future years. At September 30, 2017, the Floating Rate Fund had tax basis capital losses to offset future gains of \$2,419,506 and \$1,859,018 for long-term and short-term capital loss carryover, respectively. At September 30, 2017, the Short Duration Fund had \$1,439,050 and \$321,101 for long-term and short-term capital loss carryover, respectively. For individual shareholders, a portion of the distributions paid by a Fund may be qualified dividend currently eligible for taxation at long-term capital gain rates to the extent the Fund reports the amount distributed as a qualifying dividend and certain holding period requirements are met. In the case of corporate shareholders, a portion of the distributions may qualify for the inter-corporate dividends-received deduction to the extent the Fund reports the amount distributed as a qualifying dividend and certain holding period requirements are met. The aggregate amount so reported to either individual or corporate shareholders cannot, however, exceed the aggregate amount of qualifying dividends received by the Fund for its taxable year. The deduction may be reduced or eliminated if the Fund shares held by an individual investor are held for less than 61 days, or Fund shares held by a corporate investor are treated as debt-financed or are held for less than 46 days.

Long-term capital gain distributions are taxable to shareholders as long-term capital gains regardless of the length of time a shareholder held his or her Fund shares. Capital gains distributions are not eligible for qualified dividend income treatment or the dividends-received deduction referred to in the previous paragraph. There is no requirement that a Fund take into consideration any tax implications when implementing its investment strategy. Distributions of any net investment income and net realized capital gains will be taxable as described above, whether received in shares or in cash. Shareholders who choose

to receive distributions in the form of additional shares will have a cost basis for federal income tax purposes in each share so received equal to the NAV of a share on the reinvestment date. Distributions generally are taxable when received or deemed to be received. However, distributions declared in October, November or December to shareholders of record on a date in such a month and paid the following January are taxable as if received on December 31. Distributions are includable in alternative minimum taxable income in computing a shareholder's liability for the alternative minimum tax. Shareholders should note that the Funds may make taxable distributions of income and capital gains even when share values have declined. Investors should consider that the price of shares in a Fund may reflect the value of an upcoming dividend, which will be taxable to all shareholders of record even though it may represent a partial return of capital in an economic sense.

Each Fund may be subject to foreign withholding taxes on dividends and interest earned with respect to securities of foreign corporations.

Redemption of Fund shares may result in recognition of a taxable gain or loss. Any loss realized upon redemption or sale of shares within six months from the date of their purchase will be treated as a long-term capital loss to the extent of any amounts treated as distributions of long-term capital gains during such six-month period. Any loss realized upon a redemption or sale may be disallowed under certain wash sale rules to the extent shares of a Fund are purchased (through reinvestment of distributions or otherwise) within 30 days before or after the redemption.

Under the Code, each Fund will be required to report to the Internal Revenue Service ("IRS") all distributions of taxable income and capital gains as well as gross proceeds from the redemption of Fund shares, except in the case of exempt shareholders, which includes most corporations. Pursuant to the backup withholding provisions of the Code, distributions of any taxable income and capital gains and proceeds from the redemption of Fund shares may be subject to withholding of federal income tax at the rate of 28% in the case of non-exempt shareholders who fail to furnish the Funds with their Social Security or taxpayer identification numbers and with required certifications regarding their status under the federal income tax law or if the IRS notifies the Funds that such backup withholding is required. If the withholding provisions are applicable, any such distributions and proceeds, whether received in cash or reinvested in additional shares, will be reduced by the amounts required to be withheld. Corporate and other exempt shareholders should provide the Funds with their taxpayer identification numbers or certify their exempt status in order to avoid possible erroneous application of backup withholding. Backup withholding is not an additional tax and any amounts withheld may be credited against a shareholder's ultimate federal income tax liability if proper documentation is provided. The Funds reserve the right to refuse to open an account for any person failing to provide a certified taxpayer identification number.

The foregoing discussion of U.S. federal income tax law relates solely to the application of that law to U.S. citizens or residents and U.S. domestic corporations, partnerships, trusts and estates.

**The Foreign Account Tax Compliance Act ("FATCA").** A 30% withholding tax on a Fund's distributions, including capital gains distributions, and on gross proceeds from the sale or other disposition of shares of a Fund generally applies if paid to a foreign entity unless: (i) if the foreign entity is a "foreign financial institution," it undertakes certain due diligence, reporting, withholding and certification obligations, (ii) if the foreign entity is not a "foreign financial institution," it identifies certain of its U.S. investors or (iii) the foreign entity is otherwise excepted under FATCA. If applicable, and subject to any applicable intergovernmental agreement, withholding under FATCA is required: (i) generally with respect to distributions from a Fund; and (ii) with respect to certain capital gains distributions and gross proceeds from a sale or disposition of Fund shares that occur on or after January 1, 2019. If withholding is required under FATCA on a payment related to your shares, investors that otherwise would not be subject to withholding (or that otherwise would be entitled to a reduced rate of

withholding) on such payment generally will be required to seek a refund or credit from the IRS to obtain the benefits of such exemption or reduction. The Funds will not pay any additional amounts in respect of amounts withheld under FATCA. You should consult your tax advisor regarding the effect of FATCA based on your individual circumstances.

This discussion and the related discussion in the Prospectus have been prepared by Fund management. The information above is only a summary of some of the tax considerations generally affecting each Fund and its shareholders. No attempt has been made to discuss individual tax consequences and this discussion should not be construed as applicable to all shareholders' tax situations. Investors should consult their own tax advisors to determine the suitability of a Fund and the applicability of any state, local or foreign taxation. No rulings with respect to tax matters of the Funds will be sought from the Internal Revenue Service. Schiff Hardin has expressed no opinion in respect of the foreign or tax information in the Prospectus.

### **DISTRIBUTION AGREEMENT**

The Trust has entered into a Distribution Agreement (the "Distribution Agreement") with Quasar Distributors, LLC, 777 E. Wisconsin Avenue, Milwaukee, Wisconsin 53202 (the "Distributor"), pursuant to which the Distributor acts as the Funds' distributor, provides certain administration services and promotes and arranges for the sale of Fund shares. The offering of each Fund's shares is continuous. The Distributor, USBFS, and Custodian are all affiliated companies. The Distributor is a registered broker-dealer and member of FINRA.

The Distribution Agreement continues in effect only if such continuance is specifically approved at least annually by the Board or by vote of a majority of the Fund's outstanding voting securities and, in either case, by a majority of the Trustees who are not parties to the Distribution Agreement or "interested persons" (as defined in the 1940 Act) of any such party<sup>2</sup>. The Distribution Agreement is terminable without penalty by the Trust on behalf of a Fund on 60 days' written notice when authorized either by a majority vote of the Funds' shareholders or by vote of a majority of the Board, including a majority of the Trustees who are not "interested persons" (as defined in the 1940 Act) of the Trust, or by the Distributor on 60 days' written notice, and will automatically terminate in the event of its "assignment" (as defined in the 1940 Act).

For the fiscal year ended September 30, 2017, the Short Duration Fund's Class A paid \$41,864 and Class C paid \$40,881 in aggregate commissions for the sale of Fund shares, none of which were retained by the Distributor. The Floating Rate Fund's Class A and Class C had not commenced operations prior to the fiscal year end.

### **RULE 12b-1 DISTRIBUTION AND SERVICE PLAN**

The Trust has adopted a Distribution and Service Plan (the "Plan") pursuant to Rule 12b-1 under the 1940 Act under which the Class A and Class C shares of the Funds pay the Distributor an amount which is accrued daily and paid quarterly, at an annual rate of 0.25% and 1.00% of the average daily net assets, respectively. The Plan provides that the Distributor may use all or any portion of such fee to finance any activity that is principally intended to result in the sale of Fund shares, subject to the terms of the Plan, or to provide certain shareholder services. Amounts paid by a Fund under the Plan are paid to the Distributor to reimburse it for costs of the services it provides and the expenses it bears in the distribution of the Funds' Class A and Class C shares, including overhead and telephone expenses; printing and distribution of prospectuses and reports used in connection with the offering of a Fund's shares to

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<sup>2</sup> Until the Board has determined otherwise, the vote of at least three of the Supermajority Trustees is required.

prospective investors; and preparation, printing and distribution of sales literature and advertising materials. In addition, payments to the Distributor under the Plan reimburse the Distributor for payments it makes to selected dealers and administrators which have entered into Service Agreements with the Distributor for services provided to shareholders of a Fund. The services provided by selected dealers pursuant to the Plan are primarily designed to promote the sale of shares of a Fund and include the furnishing of office space and equipment, telephone facilities, personnel and assistance to a Fund in servicing such shareholders. The services provided by the administrators pursuant to the Plan are designed to provide support services to a Fund and include establishing and maintaining shareholders' accounts and records, processing purchase and redemption transactions, answering routine client inquiries regarding a Fund and providing other services to a Fund as may be required.

Under the Plan, the Trustees are furnished quarterly with information detailing the amount of expenses paid under the Plan and the purposes for which payments were made. The Plan may be terminated at any time by vote of a majority of the Trustees of the Trust who are not interested persons. Continuation of the Plan is considered by such Trustees no less frequently than annually<sup>3</sup>. With the exception of the Distributor in its capacity as the Funds' principal underwriter, no interested person has or had a direct or indirect financial interest in the Plan or any related agreement.

While there is no assurance that the expenditures of Fund assets to finance the distribution of shares will have the anticipated results, the Board believes there is a reasonable likelihood that one or more of such benefits will result, and because the Board is in a position to monitor the distribution expenses, it is able to determine the benefit of such expenditures in deciding whether to continue the Plan.

The following table shows the dollar amounts by category allocated to the Short Duration Fund's Class A shares and Class C shares for distribution-related expenses:

<b>Class A Shares</b>	
<b>Actual 12b-1 Expenditures Paid by the Short Duration Fund During the Fiscal Year Ended September 30, 2017</b>	
	<b>Total Dollars Allocated</b>
Advertising/Marketing	\$0
Printing/Postage	\$514
Payment to distributor	\$7,680
Payment to dealers	\$18,306
Compensation to sales personnel	\$0
Interest, carrying, or other financing charges	\$0
Other	<u>\$0</u>
<b>Total</b>	<b><u>\$26,500</u></b>

<b>Class C Shares</b>	
<b>Actual 12b-1 Expenditures Paid by the Short Duration Fund During the Fiscal Year Ended September 30, 2017</b>	
	<b>Total Dollars Allocated</b>
Advertising/Marketing	\$0
Printing/Postage	\$738
Payment to distributor	\$10,720
Payment to dealers	\$103,813
Compensation to sales personnel	<u>\$0</u>

<sup>3</sup> Until the Board has determined otherwise, the vote of at least three of the Supermajority Trustees is required.

Interest, carrying, or other financing charges	\$0
Other	\$0
<b>Total</b>	<b><u>\$115,271</u></b>

As of the Funds' fiscal year end, the Floating Rate Fund's Class A shares and Class C shares had not yet commenced operations; therefore, no distribution and service related expenditures under the Plan were paid as of that date.

### SHAREHOLDER SERVICING PLAN

Pursuant to a Shareholder Servicing Plan (the "Servicing Plan") adopted by the Trust and established by the Funds with respect to Class A, Class C and Class F shares of the Funds, the Advisor is authorized to provide, or arrange for others to provide personal shareholder services relating to the servicing and maintenance of shareholder accounts not otherwise provided to the Funds ("Shareholder Servicing Activities"). Under the Servicing Plan, the Advisor may enter into shareholder service agreements with securities broker-dealers and other securities professionals ("Service Organizations") who provide Shareholder Servicing Activities for their clients invested in the Funds.

Shareholder Servicing Activities shall include one or more of the following: (1) establishing and maintaining accounts and records relating for shareholders of the Fund; (2) aggregating and processing orders involving the shares of the Funds; (3) processing dividend and other distribution payments from the Funds on behalf of shareholders; (4) providing information to shareholders as to their ownership of Fund shares or about other aspects of the operations of the Funds; (5) preparing tax reports or forms on behalf of shareholders; (6) forwarding communications from the Funds to shareholders; (7) assisting shareholders in changing the Funds' records as to their addresses, dividend options, account registrations or other data; (8) providing sub-accounting with respect to shares beneficially owned by shareholders, or the information to the Funds necessary for sub-accounting; (9) responding to shareholder inquiries relating to the services performed; (10) providing shareholders with a service that invests the assets of their accounts in shares pursuant to specific or pre-authorized instructions; and (11) providing such other similar services as the Advisor may reasonably request to the extent the Service Organization is permitted to do so under applicable statutes, rules or regulations.

As compensation for the Shareholder Servicing Activities, the Class A, Class C and Class F shares each pay the Advisor a fee at an annual rate of up to 0.10% of the class's average daily net assets of the shares owned by investors for which the shareholder servicing agent maintains a servicing relationship.

For the fiscal periods indicated, the Short Duration Fund paid the following Servicing Plan fees:

	<b>Year Ended September 30, 2017</b>	<b>Year Ended September 30, 2016</b>	<b>Year Ended September 30, 2015</b>
<b>Class A</b>	\$5,409	\$6,606	\$1,564
<b>Class C</b>	\$3,813	\$8,304	\$3,364
<b>Class F</b>	\$87,857	\$48,929	\$19,777

For the fiscal period indicated, the Floating Rate Fund paid the following Servicing Plan fees:

	<b>Period Ended September 30, 2017</b>
<b>Class F<sup>(1)</sup></b>	\$110

<sup>(1)</sup> Commenced operations on March 31, 2017.



As of the Funds' fiscal year end the Floating Rate Fund's Class A and C shares had not yet commenced operations; therefore, no servicing plan fees were paid as of that date.

### **MARKETING AND SUPPORT PAYMENTS**

The Advisor, out of its own resources and without additional cost to the Funds or its shareholders, may provide additional cash payments or other compensation to certain financial intermediaries who sell shares of the Funds. Such payments may be divided into categories as follows:

*Support Payments.* Payments may be made by the Advisor to certain Financial Intermediaries in connection with the eligibility of each Fund to be offered in certain programs and/or in connection with meetings between the Funds' representatives and Financial Intermediaries and its sales representatives. Such meetings may be held for various purposes, including providing education and training about the Fund and other general financial topics to assist financial intermediaries' sales representatives in making informed recommendations to, and decisions on behalf of, their clients.

*Entertainment, Conferences and Events.* The Advisor also may pay cash or non-cash compensation to sales representatives of financial intermediaries in the form of (i) occasional gifts; (ii) occasional meals, tickets or other entertainments; and/or (iii) sponsorship support for the financial intermediary's client seminars and cooperative advertising. In addition, the Advisor may pay for exhibit space or sponsorships at regional or national events of financial intermediaries.

The prospect of receiving, or the receipt of additional payments or other compensation as described above by financial intermediaries may provide such intermediaries and/or their salespersons with an incentive to favor sales of shares of the Funds, and other mutual funds whose affiliates make similar compensation available, over sale of shares of mutual funds (or non-mutual fund investments) not making such payments. You may wish to take such payment arrangements into account when considering and evaluating any recommendations relating to Funds' shares.

### **ANTI-MONEY LAUNDERING PROGRAM**

The Trust has established an Anti-Money Laundering 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 the Funds' Distributor and Transfer Agent have established proper anti-money laundering procedures, reporting suspicious and/or fraudulent activity, checking shareholder names against designated government lists, including Office of Foreign Asset Control ("OFAC"), and a complete and thorough review of all new opening account applications. The Trust will not transact business with any person or legal entity whose identity and beneficial owners, if applicable, cannot be adequately verified under the provisions of the USA PATRIOT Act.

### **FINANCIAL STATEMENTS**

The annual report for the Funds for the fiscal period ended September 30, 2017, is a separate document provided upon request and the financial statements, accompanying notes and report of the independent

registered public accounting firm appearing therein are incorporated by reference into this SAI. Financial statements certified by an independent registered public accounting firm will be submitted to shareholders at least annually.

## APPENDIX A

### Commercial Paper Ratings

#### Moody's Investors Service, Inc.

Short-term ratings are forward-looking opinions of the relative credit risks of financial obligations with an original maturity of thirteen months or less and reflect the likelihood of a default on contractually promised payments. Ratings may be assigned to issuers, short-term programs or to individual short-term debt instruments.

Moody's employs the following designations to indicate the relative repayment ability of rated issuers:

"P-1" – Issuers (or supporting institutions) rated Prime-1 have a superior ability to repay short-term debt obligations.

"P-2" – Issuers (or supporting institutions) rated Prime-2 have a strong ability to repay short-term debt obligations.

"P-3" – Issuers (or supporting institutions) rated Prime-3 have an acceptable ability to repay short-term obligations.

"NP" – Issuers (or supporting institutions) rated Not Prime do not fall within any of the Prime rating categories.

#### Standard & Poor's Ratings Services

Short-term issue credit rating is a forward-looking opinion about the creditworthiness of an obligor with respect to a specific financial obligation having an original maturity of no more than 365 days. The following summarizes the rating categories used by Standard & Poor's for short-term issues:

"A-1" – A short-term obligation rated "A-1" is rated in the highest category and indicates that the obligor's capacity to meet its financial commitment on the obligation is strong. Within this category, certain obligations are designated with a plus sign (+). This indicates that the obligor's capacity to meet its financial commitment on these obligations is extremely strong.

"A-2" – A short-term obligation rated "A-2" is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligations in higher rating categories. However, the obligor's capacity to meet its financial commitment on the obligation is satisfactory.

"A-3" – A short-term obligation rated "A-3" exhibits adequate protection parameters. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitment on the obligation.

"B" – A short-term obligation rated "B" is regarded as vulnerable and has significant speculative characteristics. The obligor currently has the capacity to meet its financial commitments; however, it faces major ongoing uncertainties which could lead to the obligor's inadequate capacity to meet its financial commitments.

"C" – A short-term obligation rated "C" is currently vulnerable to nonpayment and is dependent upon favorable business, financial, and economic conditions for the obligor to meet its financial commitment on the obligation.

“D” – A short-term obligation rated “D” is in default or in breach of an imputed promise. For non-hybrid capital instruments, the “D” rating category is used when payments on an obligation are not made on the date due, unless Standard & Poor’s believes that such payments will be made within any stated grace period. However, any stated grace period longer than five business days will be treated as five business days. The “D” rating also will be used upon the filing of a bankruptcy petition or the taking of a similar action and where default on an obligation is a virtual certainty, for example due to automatic stay provisions. An obligation’s rating is lowered to “D” if it is subject to a distressed exchange offer.

Local Currency and Foreign Currency Risks – Standard & Poor’s issuer credit ratings make a distinction between foreign currency ratings and local currency ratings. An issuer’s foreign currency rating will differ from its local currency rating when the obligor has a different capacity to meet its obligations denominated in its local currency, vs. obligations denominated in a foreign currency.

## **Corporate Bond Ratings**

### **Moody’s Investors Service, Inc.**

Long-term ratings are forward-looking opinions of the relative credit risks of financial obligations with an original maturity of one year or more. Such ratings reflect both the likelihood of default on contractually promised payments and the expected financial loss suffered in the event of default. The following summarizes the ratings used by Moody’s for long-term debt:

“Aaa” – Obligations rated “Aaa” are judged to be of the highest quality, subject to the lowest level of credit risk.

“Aa” – Obligations rated “Aa” are judged to be of high quality and are subject to very low credit risk.

“A” – Obligations rated “A” are judged to be upper-medium grade and are subject to low credit risk.

“Baa” – Obligations rated “Baa” are judged to be medium-grade and subject to moderate credit risk and as such may possess certain speculative characteristics.

“Ba” – Obligations rated “Ba” are judged to be speculative and are subject to substantial credit risk.

“B” – Obligations rated “B” are considered speculative and are subject to high credit risk.

“Caa” – Obligations rated “Caa” are judged to be speculative of poor standing and are subject to very high credit risk.

“Ca” – Obligations rated “Ca” are highly speculative and are likely in, or very near, default, with some prospect of recovery of principal and interest.

“C” – Obligations rated “C” are the lowest rated and are typically in default, with little prospect for recovery of principal or interest.

Note: Moody’s appends numerical modifiers 1, 2, and 3 to each generic rating classification from “Aa” through “Caa.” The modifier 1 indicates that the obligation ranks in the higher end of its generic rating category; the modifier 2 indicates a mid-range ranking; and the modifier 3 indicates a ranking in the lower end of that generic rating category.

### **Standard & Poor’s Ratings Services**

“AAA” – An obligation rated “AAA” has the highest rating assigned by Standard & Poor’s. The

obligor's capacity to meet its financial commitment on the obligation is extremely strong.

“AA” – An obligation rated “AA” differs from the highest-rated obligations only to a small degree. The obligor's capacity to meet its financial commitment on the obligation is very strong.

“A” – An obligation rated “A” is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligations in higher-rated categories. However, the obligor's capacity to meet its financial commitment on the obligation is still strong.

“BBB” – An obligation rated “BBB” exhibits adequate protection parameters. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitment on the obligation.

“BB,” “B,” “CCC,” “CC” and “C” – Obligations rated “BB,” “B,” “CCC,” “CC” and “C” are regarded as having significant speculative characteristics. “BB” indicates the least degree of speculation and “C” the highest. While such obligations will likely have some quality and protective characteristics, these may be outweighed by large uncertainties or major exposures to adverse conditions.

“BB” – An obligation rated “BB” is less vulnerable to nonpayment than other speculative issues. However, it faces major ongoing uncertainties or exposure to adverse business, financial, or economic conditions which could lead to the obligor's inadequate capacity to meet its financial commitment on the obligation.

“B” – An obligation rated “B” is more vulnerable to nonpayment than obligations rated “BB”, but the obligor currently has the capacity to meet its financial commitment on the obligation. Adverse business, financial, or economic conditions will likely impair the obligor's capacity or willingness to meet its financial commitment on the obligation.

“CCC” – An obligation rated “CCC” is currently vulnerable to nonpayment, and is dependent upon favorable business, financial and economic conditions for the obligor to meet its financial commitment on the obligation. In the event of adverse business, financial, or economic conditions, the obligor is not likely to have the capacity to meet its financial commitment on the obligation.

“CC” – An obligation rated “CC” is currently highly vulnerable to nonpayment. The “CC” rating is used when a default has not yet occurred, but Standard & Poor's expects default to be a virtual certainty, regardless of the anticipated time to default.

“C” – An obligation rated “C” is currently highly vulnerable to nonpayment, and the obligation is expected to have lower relative seniority or lower ultimate recovery compared to obligations that are rated higher.

“D” – An obligation rated “D” is in default or in breach of an imputed promise. For non-hybrid capital instruments, the “D” rating category is used when payments on an obligation are not made on the date due, unless Standard & Poor's believes that such payments will be made within five business days in the absence of a stated grace period or within the earlier of the stated grace period or 30 calendar days. The “D” rating also will be used upon the filing of a bankruptcy petition or the taking of similar action and where default on an obligation is a virtual certainty, for example due to automatic stay provisions. An obligation's rating is lowered to “D” if it is subject to a distressed exchange offer.

Plus (+) or minus (-) – The ratings from “AA” to “CCC” may be modified by the addition of a plus (+) or minus (-) sign to show relative standing within the major rating categories.

“NR” – This indicates that no rating has been requested, or that there is insufficient information on which to base a rating, or that Standard & Poor’s does not rate a particular obligation as a matter of policy.

Local Currency and Foreign Currency Risks - Standard & Poor’s issuer credit ratings make a distinction between foreign currency ratings and local currency ratings. An issuer’s foreign currency rating will differ from its local currency rating when the obligor has a different capacity to meet its obligations denominated in its local currency, vs. obligations denominated in a foreign currency.

## **APPENDIX B**

### **SHENKMAN CAPITAL MANAGEMENT, INC.**

#### **PROXY VOTING POLICY AND PROCEDURES**

**December 2016**

Set forth below are the policies and procedures of the Advisor with respect to proxy voting. This statement does not attempt to describe every regulatory and compliance requirement applicable to proxy voting, but rather summarizes some of the issues involved and establishes general rules and procedures. Although this statement expressly addresses proxy voting, the policies and procedures set forth herein apply generally to any solicitation of votes with respect to holdings in a fully discretionary client account, such as, for example, the solicitation of the consent of the holders of fixed-income securities to a proposed restructuring or a bank loan amendment.

#### **I. STATEMENT OF POLICY**

Proxy voting is an important right of shareholders and reasonable care and diligence must be undertaken to ensure that such rights are properly and timely exercised. When the Advisor has discretion to vote the proxies of its clients, it will vote those proxies in the best interest of its clients and in accordance with this statement.

#### **II. PROXY VOTING PROCEDURES**

- (a) The Advisor will instruct each custodian for a discretionary client account to deliver to the Advisor all proxy solicitation materials received with respect to the account. The Advisor will review the securities held in its discretionary client accounts on a regular basis to confirm that it receives copies of all proxy solicitation materials concerning such securities. The Advisor will vote all proxies on behalf of discretionary client accounts after carefully considering all proxy solicitation materials and other information and facts it deems relevant. A Portfolio Manager will make all voting decisions on behalf of a discretionary client account based solely on his/her determination of the best interests of that account. The Advisor will use reasonable efforts to respond to each proxy solicitation by the deadline for such response.
- (b) All proxies received by the Advisor will be sent to the Portfolio Administration Department for processing as follows:
  - (1) maintain a record of each proxy received;
  - (2) determine which accounts managed by the Advisor hold the security to which the proxy relates;
  - (3) forward the proxy to a Portfolio Manager together with a list of accounts that hold the security, the number of votes each account controls (reconciling any duplications), and the date by which the Advisor must vote the proxy in order to allow enough time for the completed proxy to be returned to the issuer via the custodian prior to the vote taking place;

- (4) absent material conflicts (see Section IV), a Portfolio Manager will determine how the Advisor should vote the proxy. The Portfolio Manager will send its decision on how the Advisor will vote a proxy to the Portfolio Administration Department, which will be responsible for making sure the proxy has been completed and returned to issuer and/or the custodian in a timely and appropriate manner.

The Advisor's General Counsel shall monitor the firm's processing of proxy statements to assure that all proxy statements are handled and processed in accordance with this statement. The General Counsel will designate one or more team members of the firm to be responsible for insuring that all proxy statements are received and that the Advisor responds to them in a timely manner.

### **III. VOTING GUIDELINES**

The Advisor will review all proxy solicitation materials it receives concerning securities held in a discretionary client account. The Advisor will evaluate all such information and may seek additional information from the party soliciting the proxy and independent corroboration of such information when the Advisor considers it appropriate and when it is reasonably available.

In the absence of specific voting guidelines from the client, the Advisor will vote proxies in the best interests of each particular client, which may result in different voting results for proxies for the same issuer. The Advisor believes that voting proxies in accordance with the following guidelines is in the best interests of its clients.

Generally, the Advisor will vote **FOR** a proposal when it believes that the proposal serves the best interests of the discretionary client account whose proxy is solicited because, on balance, the following factors predominate:

- (a) the proposal has a positive economic effect on shareholder value;
- (b) the proposal poses no threat to existing rights of shareholders;
- (c) the dilution, if any, of existing shares that would result from approval of the proposal is warranted by the benefits of the proposal; and
- (d) the proposal does not limit or impair accountability to shareholders on the part of management and the board of directors.

Generally, the Advisor will vote **AGAINST** a proposal if it believes that, on balance, the following factors predominate:

- (a) the proposal has an adverse economic effect on shareholder value;
- (b) the proposal limits the rights of shareholders in a manner or to an extent that is not warranted by the benefits of the proposal;
- (c) the proposal causes significant dilution of shares that is not warranted by the benefits of the proposal;
- (d) the proposal limits or impairs accountability to the shareholders on the part of management or the board of directors; or



- (e) the proposal is a shareholder initiative that the Advisor believes wastes time and resources of the company or reflects the grievance of one individual.

The Advisor will **ABSTAIN** from voting proxies when it believes that it is appropriate. Usually, this occurs when the Advisor believes that a proposal will not have a material effect on the investment strategy it pursues for its discretionary client accounts.

#### **IV. CONFLICTS OF INTEREST**

Due to the size and nature of the Advisor's operations and its limited affiliations in the securities industry, the Advisor does not expect that material conflicts of interest will arise between it and a discretionary client account over proxy voting. The Advisor recognizes, however, that such conflicts may arise from time to time, such as, for example, when the Advisor or one of its affiliates has a business arrangement that could be affected by the outcome of a proxy vote or has a personal or business relationship with a person seeking appointment or reappointment as a director of a company. If a material conflict of interest arises, the Advisor will determine whether voting in accordance with the voting guidelines and factors described above is in the best interests of the client. Under no circumstances will the Advisor place its own interests ahead of the interests of its discretionary client accounts in voting proxies.

If the Advisor determines that the proxy voting policies do not adequately address a material conflict or interest related to a proxy, the Advisor will provide the affected client with copies of all proxy solicitation materials received by the Advisor with respect to that proxy, notify that client of the actual or potential conflict of interest, and of the Advisor's intended response to the proxy request (which response will be in accordance with the policies set forth in this statement), and request that the client consent to the Advisor's intended response. If the client consents to the Advisor's intended response or fails to respond to the notice within a reasonable period of time specified in the notice, the Advisor will vote the proxy as described in the notice. If the client objects to the Advisor's intended response, the Advisor will vote the proxy as directed by the client.

#### **V. DISCLOSURE**

- (a) The Advisor will disclose in its Form ADV, Part 2A that clients may contact the Advisor (via e-mail or telephone) in order to obtain information on how the Advisor voted such client's proxies, and to request a copy of this statement. If a client requests this information, the Advisor will prepare a written response to the client that lists, with respect to each voted proxy that the client has inquired about: (i) the name of the issuer; (ii) the proposal voted upon, and (iii) how the Advisor voted the client's proxy.
- (b) A concise summary of this statement will be included in the Advisor's Form ADV, Part 2A, and will be updated whenever these policies and procedures are updated. The Advisor will arrange for a copy of this summary to be sent to all existing clients as part of its annual distribution of its Form ADV, Part 2A.

#### **VI. RECORDKEEPING**

The Advisor will maintain files relating to its proxy voting procedures in an easily accessible place. Records will be maintained and preserved for six (6) years from the end of the fiscal year during which the last entry was made on a record, with the three (3) immediately preceding

calendar years plus the current calendar year-to-date in an appropriate office of the Advisor. Records of the following will be included in the files:

- (a) copies of these proxy voting policies and procedures, and any amendments thereto;
- (b) a copy of each proxy statement that it receives; provided, however, that the Advisor may rely on obtaining a copy of proxy statements from the SEC's EDGAR system for those proxy statements that are so available;
- (c) a record of each vote that the Advisor casts;
- (d) a copy of any document the Advisor created that was material to making a decision how to vote proxies, or that memorializes that decision; and
- (e) a copy of each written client request for information on how the Advisor voted such client's proxies, and a copy of any written response to any (written or oral) client request for information on how the Advisor voted its proxies.