



LAKE PARTNERS, INC.®

LASSO®

Long and Short Strategic Opportunities®

*The Democratization
of Alternative Investments*™

***Over Seventeen Years of Liquid Alternatives...
Enhancing the Asset Allocation Process***

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September 2016 Highlights

LASSO HIGHLIGHTS: September 2016

Performance

- LASSO slipped -0.2% in September, while its peer group, the Morningstar Multialternative Category, edged up 0.1%, and its benchmark, the HFRX Equity Hedge Index, rose 1.5%. As background, the S&P 500 Index was flat, while the Barclays US Aggregate Bond Index fell -0.1%.
- Since LASSO's inception on 12/31/98, it has had a cumulative gain of 117.1% versus 146.8% for the S&P 500 Index. However, LASSO has had less than one-third of the daily volatility of the S&P 500, while capturing nearly 80% of the Index's upside. We believe that the program's diversified and well-hedged posture has been effective over time in generating solid growth while dampening volatility.

LASSO[®] Composite Net Performance Highlights*									
	September 2016	QTD 2016	YTD 2016	3-Year	Annualized Returns			Since Inception: 12/31/98	
					5-Year	10-Year	Inception	Cumulative	Volatility**
LASSO [®] Composite (net)*	-0.2%	0.8%	0.5%	0.6%	3.8%	2.8%	4.5%	117.1%	6.2%
HFRX Equity Hedge Index*	1.5%	3.4%	-0.7%	0.8%	2.6%	-0.7%	N/A	N/A	N/A
Morningstar Multialternative Category*	0.1%	0.9%	0.9%	0.7%	1.6%	0.8%	N/A	N/A	N/A
S&P 500 Stock Index*	0.0%	3.9%	7.8%	11.2%	16.4%	7.2%	5.2%	146.8%	19.7%
Barclays US Agg Index*	-0.1%	0.5%	5.8%	4.0%	3.1%	4.8%	5.1%	142.3%	3.8%

Market Overview

- Although the S&P 500 Index finished flat for September, it spent much of the month in negative territory. During the first half of the month, investors fretted about a possible rate hike by the Fed. The Index did mount a halting recovery after mid-month on renewed expectations that the Fed would instead bide its time, but investor sentiment was dampened by a flurry of global macro concerns, including worries about Deutsche Bank and the possibility of a "hard" Brexit.

***Past performance is no guarantee of future results.**

See Explanatory Notes and Disclosures on pages 15 and 16.

Actual results of individual accounts will vary due to client cash flows, timing of implementation, different custodians, the availability of underlying funds, applicable regulation, and other factors. Small accounts may perform below the composite due to the greater impact of transaction costs.

****Annualized standard deviation of daily returns**

LASSO PORTFOLIO REVIEW: September 2016

Market Overview (continued)

- While the S&P 500 Index ended little changed for the month, there were significant pockets of strength within the market. In a repeat of the pattern in August, small-cap stocks outperformed, this time led by growth stocks: the Russell 2000 Growth Index gained 1.4% while the Russell 2000 Value Index was up 0.8%. In contrast, the Russell 1000 Growth Index gained only 0.4% and the Russell 1000 Value Index fell -0.2%. There were even wider divergences among sectors: energy and tech led with gains of 3.1% and 2.4%, respectively, on firmer growth prospects, while financials faced downward pressure, dropping -2.7%.
- Among international equity markets, the MSCI Europe Index eked out a gain of 0.4% in local currency terms, although it vacillated sideways throughout the month, slipping when the ECB announced that it would leave policy unchanged for the foreseeable future, rallying on improved economic data, and then selling off again on worries about Deutsche Bank. In US dollar terms, MSCI Europe gained 0.9% as the euro strengthened modestly on expectations that the spread between US and European rates would not widen any time soon. The MSCI Japan Index also vacillated sideways throughout the month, ending down -0.5% in yen terms but up 1.6% in US dollar terms as the currency rallied on expectations that the BoJ would adopt more stimulative policies. Emerging markets were mixed, but China and Russia stood out. MSCI China gained 2.5% on better-than-expected economic data, while MSCI Russia was up 3.9% as oil prices and the ruble rose (both figures in US dollar terms).
- As investors' attitudes about a possible move by the Fed waxed and waned, the US Treasury yield curve fluctuated during September, steepening slightly. However, the US 10-year Treasury yield was little changed, finishing the month at 1.60% versus 1.58% at the end of August. Notably, the high yield market continued to advance, reflecting investors' quest for yield and appetite for risk. Similarly, emerging market debt performed strongly. In Europe, sovereign yields were relatively stable to marginally lower. German long-term bond yields largely remained in negative territory, although they did briefly turn positive mid-month. In Japan, the BoJ announced a new approach to managing the JGB yield curve by targeting a yield of zero percent on 10-year bonds. In the energy markets, West Texas Intermediate Crude Oil finished September at \$48.24/barrel versus \$44.70/barrel at the end of August.

LASSO PORTFOLIO REVIEW: September 2016

Strategy Leaders & Laggards

- *Leaders:* global hedged equity; merger arbitrage
- *Positive:* convertible arbitrage; strategic fixed income
- *Muted:* option strategies; hedged equity/multi-asset
- *Mixed:* hedged equity
- *Negative:* long-biased equity; discretionary macro; systematic managed futures

Portfolio Highlights

- Among the equity-related strategies, the largest positive contribution to performance in September came from our highly-hedged manager. Global hedged equity managers also did relatively well. Most of the other equity-related managers were off slightly, though.
- The strategic fixed income allocations were positive contributors during the month, as were our merger arbitrage managers and our convertible arbitrage/covered call manager. Our option strategy manager also was up, but to a lesser degree.
- In the discretionary macro area, our manager who focuses on currency and fixed income was down modestly. In addition, our systematic managed futures managers continued to struggle due to a lack of strong trends. Our counter-trend equity futures trader also was down for the month due to adverse market moves.

LASSO PORTFOLIO REVIEW: September 2016

Macro Perspective

- Looking forward, we continue to expect the investment landscape to be characterized by:
 - a significant degree of dispersion *among* major equity and fixed income markets around the world (magnified by currency moves);
 - a significant degree of dispersion *within* equity and credit markets; and
 - heightened volatility across markets, which is being magnified by the political uncertainties stemming from “Brexit” and the US presidential election.
- Our view is that the global investment environment reflects a broad theme of “Dissonance:”
 - In the US, there is an incongruity: the economy is on a path towards sustainable though modest growth, but the Fed’s effort to normalize interest rates has been extremely cautious.
 - In Europe, there is a disconnect: the ECB’s promise to “do whatever it takes” to nurse along a fragile recovery cannot fully gain traction without structural changes that are impeded by the continent’s political patchwork (which now has been exacerbated by Brexit).
 - In Japan, there is a conundrum: growth continues to be anemic despite ever greater quantitative and qualitative easing.
 - In China, there is a dual contradiction: 1) policy makers are struggling to (slowly) devalue the currency in order to support exports, while trying to dampen volatility in financial markets and contain capital outflows, and 2) the economic slowdown and excessive leverage throughout the financial system will make the shift from an emphasis on investment to consumption difficult.
- These various dissonances around the globe cannot be maintained indefinitely. This does not necessarily mean that they have to lead to calamitous dislocations, but they will engender further turbulence across markets.

Outlook

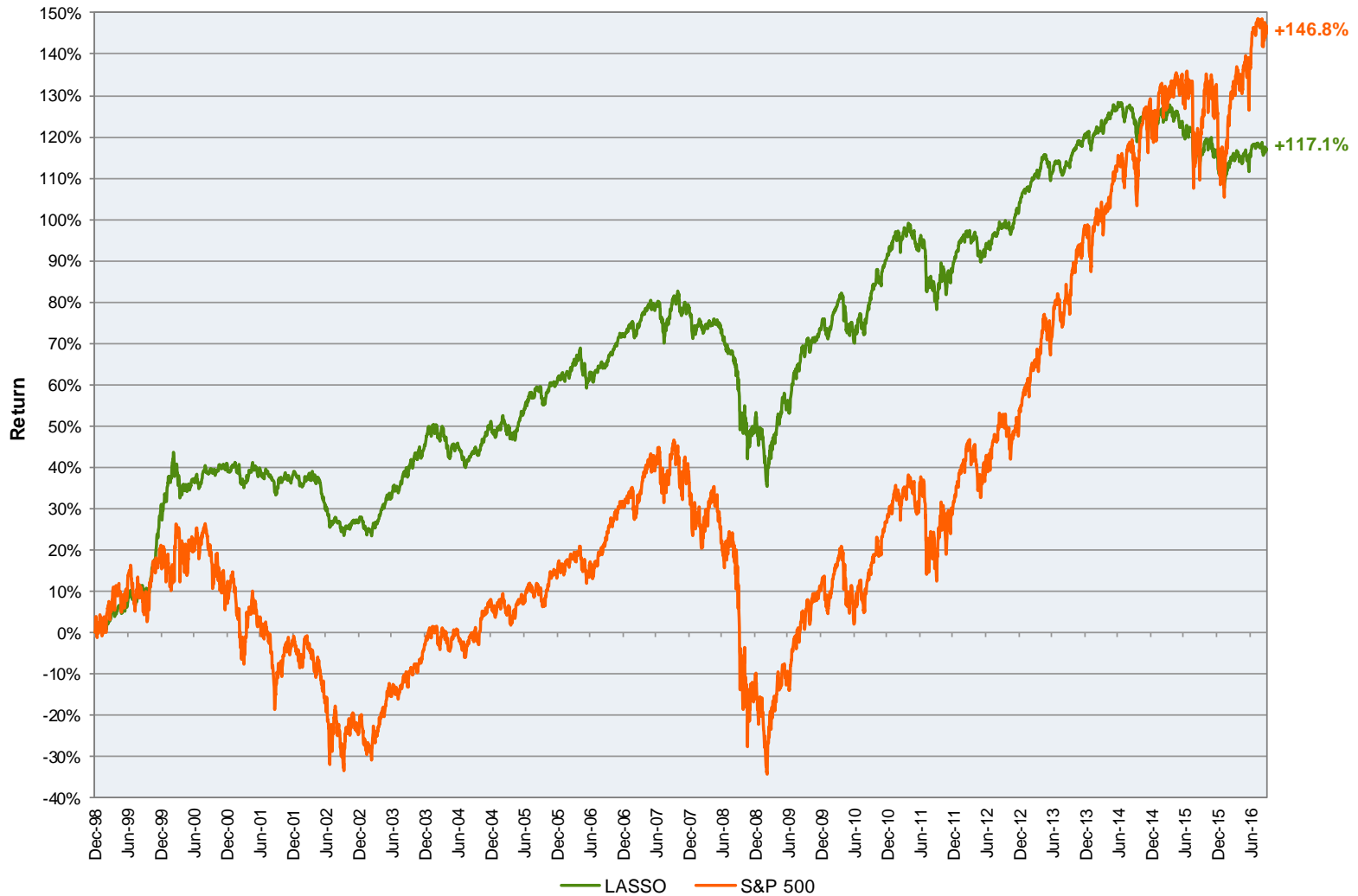
- Given this backdrop, we are continuing to allocate the LASSO program across a diversified mix of strategies, and composite net equity exposure remains just under the middle of our target range.
- We believe that the LASSO strategy is well positioned to live up to its history of producing attractive risk-adjusted returns over time.

LASSO CUMULATIVE DAILY RETURNS

LASSO Composite (net) vs. S&P 500

Inception of LASSO from December 31, 1998 through September 30, 2016

See Explanatory Notes and Disclosures • Past performance is no guarantee of future results

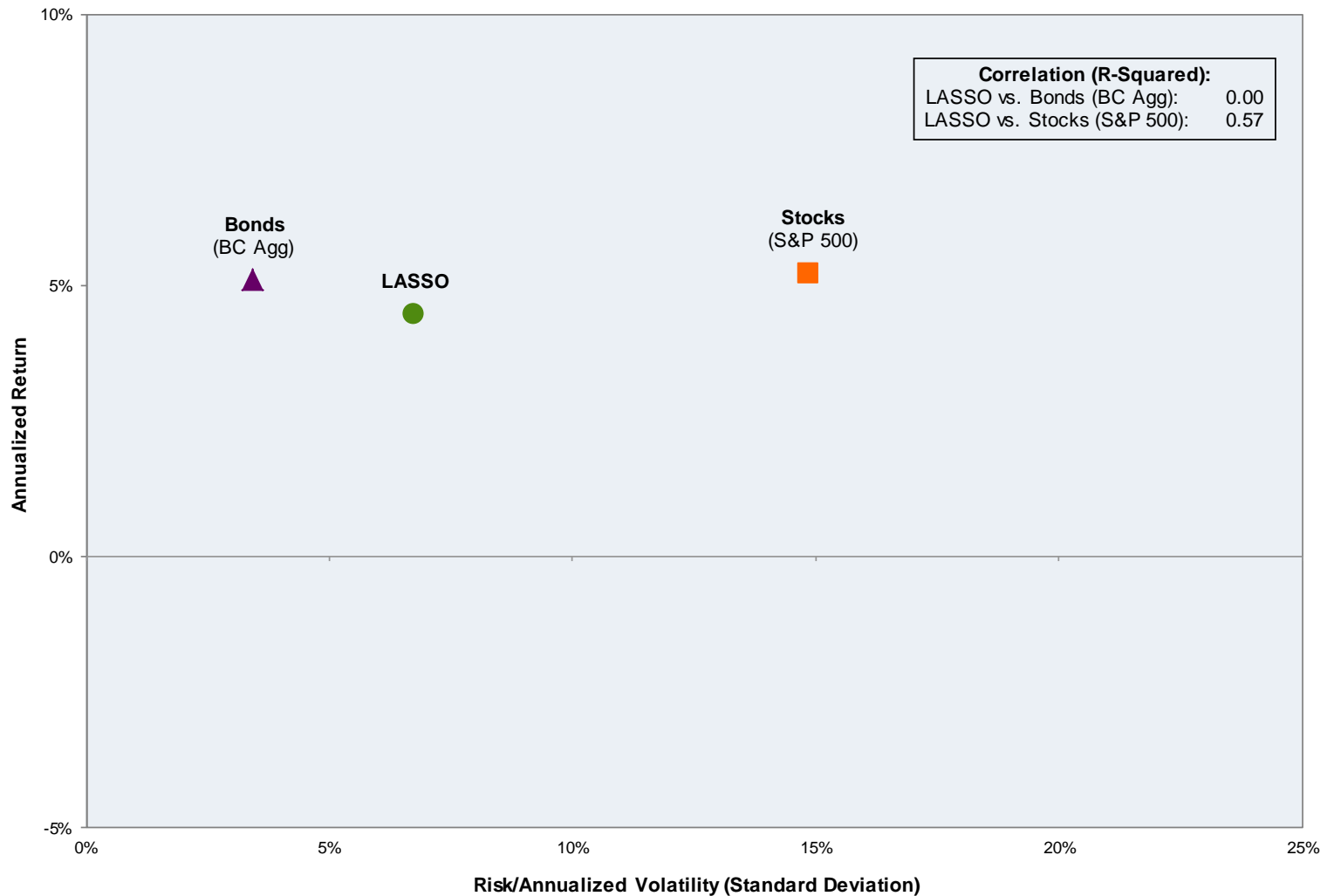


LASSO RISK/RETURN PROFILE

Annualized Risk/Return Profile: LASSO Composite (net) vs. Stock and Bond Indices

Inception of LASSO from December 31, 1998 through September 30, 2016 (based on monthly data)

See Explanatory Notes and Disclosures • Past performance is no guarantee of future results

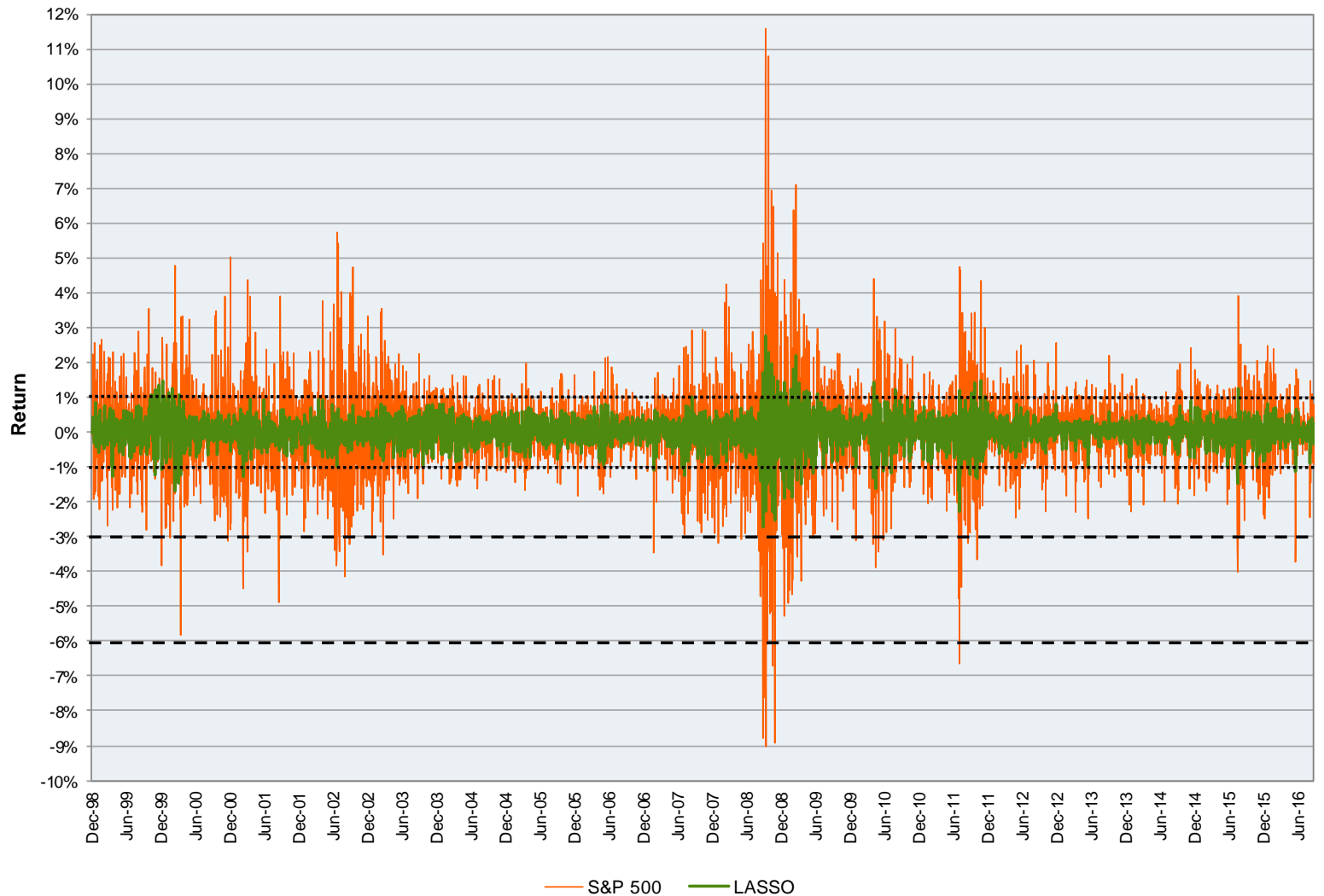


LASSO RISK PARAMETERS: DAILY VOLATILITY

Daily Returns: LASSO Composite (net) vs. S&P 500

Inception of LASSO from December 31, 1998 through September 30, 2016

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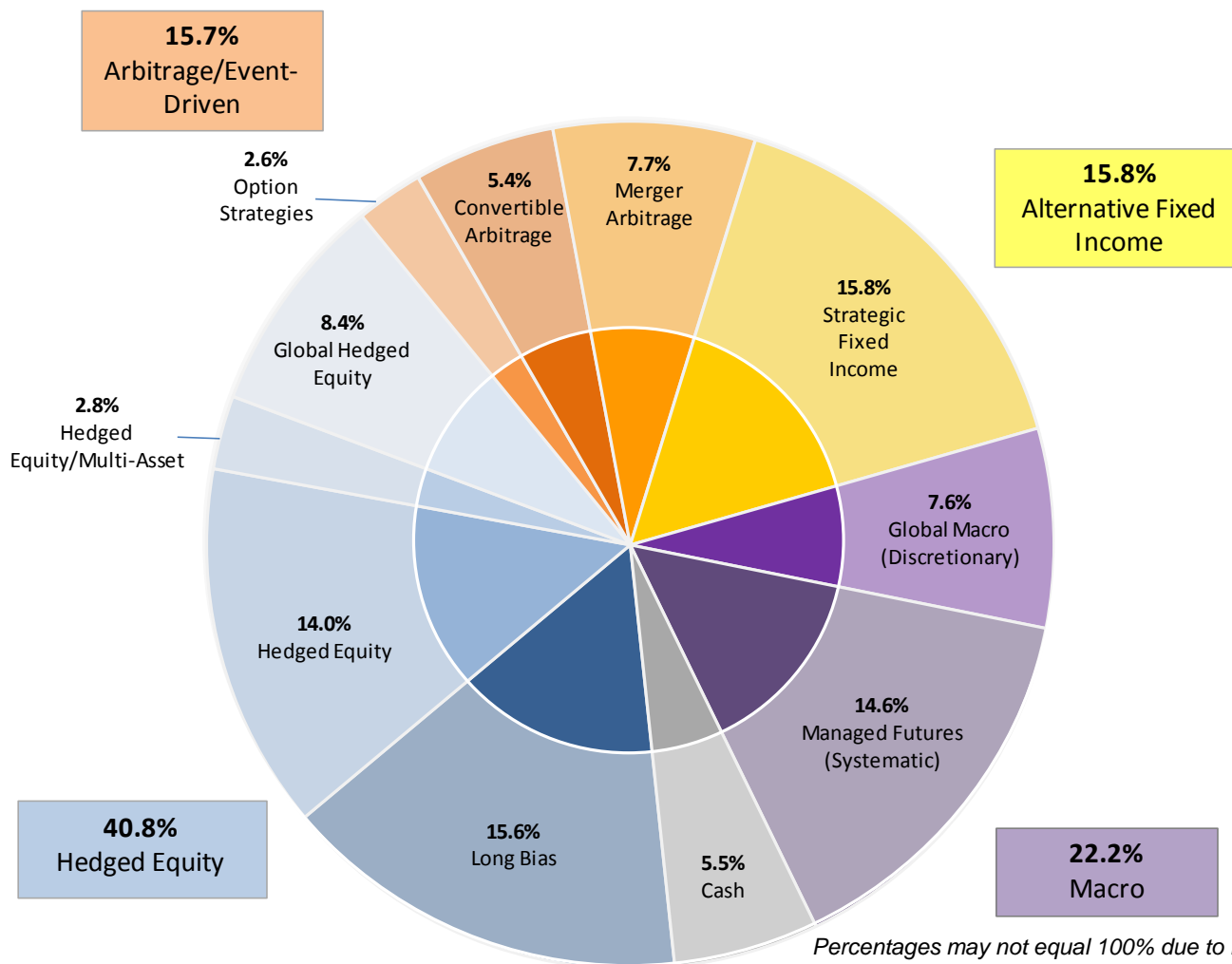


LASSO CURRENT STRATEGY ALLOCATION

Selecting the right mix is as important as selecting the right strategies

LASSO Composite Strategy Allocation as of September 30, 2016

See Explanatory Notes and Disclosures • Past performance is no guarantee of future results



Percentages may not equal 100% due to rounding.
Based on settlement date accounting
Allocations subject to change.

LASSO HISTORY

A long record of...

**enhanced returns, lower risk, and reduced correlation...
via a liquid, “user friendly,” alternative investment.**

Performance

- Over seventeen year track record: 12/31/98 to 9/30/16
- Cumulative return since inception: 117.1% (net) versus 146.8% (S&P 500)
- Reduced volatility: gains achieved with less than 1/3 of the daily volatility of the S&P 500

Benefits: Structure

- Daily liquidity
- “User friendly” access to alternative strategies
- Diversification through an array of alternative strategies and instruments
- “One stop” package of alternatives to enhance the asset allocation process

Benefits: Risk/Return Profile

- Relatively stable returns (vs. equities)
- Potential downside protection and reduced volatility
- Reduced correlation to stocks and/or bonds
- Serve as an alternative or complement to conventional equity and fixed income

*See Explanatory Notes and Disclosures.
Past performance is no guarantee of future results.
There can be no assurance that any objectives can be achieved.*

LASSO STRUCTURE

**A multi-manager investment program...
of carefully selected alternative mutual funds...
that invest long and short, or use hedging or alternative strategies.**

Structure

- Multi-manager mutual fund program
- Managed portfolio of carefully selected mutual funds that invest long and short, or use hedging or alternative strategies
- Available through separate accounts or commingled pools

Additional Benefits

- Lower cost structure vs. hedge funds and funds-of-funds
- Regulated instruments
- No K-1s
- Provide access to unique mutual funds, some of which may be closed
- *For additional information, contact:*
Rick Lake, Portfolio Manager, 203-661-5100, rick@lakelasso.com

*See Explanatory Notes and Disclosures.
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There can be no assurance that any objectives can be achieved.*

LASSO RETURNS & STATISTICS

LASSO Composite (net) vs. S&P 500 vs. Barclays US Aggregate Bond Index

Inception of LASSO from December 31, 1998 through September 30, 2016 (based on monthly data)

Monthly Performance (%) Net of Fees														
Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year	
2016	-1.6%	-0.3%	1.8%	-0.2%	0.3%	-0.1%	1.3%	-0.4%	-0.2%				0.5%	
2015	-1.3%	2.3%	-0.4%	-0.2%	0.2%	-2.1%	0.6%	-2.4%	-1.3%	2.2%	0.3%	-1.4%	-3.5%	
2014	-1.1%	1.4%	0.6%	0.7%	0.9%	0.3%	-0.8%	0.9%	-1.3%	0.0%	0.6%	-0.8%	1.5%	
2013	2.3%	0.5%	1.5%	0.8%	0.9%	-1.7%	1.3%	-1.4%	1.1%	1.7%	1.1%	0.7%	9.2%	
2012	2.5%	1.7%	0.3%	0.0%	-2.7%	1.1%	0.5%	1.0%	0.8%	0.0%	0.6%	1.6%	7.6%	
2011	1.4%	1.6%	0.0%	1.4%	-0.9%	-1.4%	-0.8%	-3.4%	-3.2%	3.9%	-0.5%	0.8%	-1.5%	
2010	-0.6%	1.1%	2.8%	1.0%	-3.7%	-1.9%	2.9%	-2.0%	5.0%	2.1%	-0.3%	3.7%	10.1%	
2009	-2.3%	-4.7%	1.9%	4.7%	3.9%	0.4%	3.6%	2.0%	2.5%	-0.5%	1.6%	1.6%	15.2%	
2008	-3.1%	0.7%	-0.7%	0.4%	0.7%	-1.2%	-2.7%	-0.7%	-3.6%	-5.1%	-3.0%	1.1%	-16.0%	
2007	0.8%	-0.4%	0.7%	1.7%	1.6%	-0.7%	-1.3%	-0.6%	2.3%	1.9%	-2.2%	0.2%	3.9%	
2006	1.6%	-0.2%	1.5%	0.7%	-1.3%	-0.7%	0.2%	1.1%	0.1%	1.4%	1.6%	1.2%	7.4%	
2005	-1.8%	1.5%	-0.8%	-1.5%	1.9%	2.2%	2.6%	0.8%	0.8%	-1.6%	1.8%	0.4%	6.1%	
2004	2.2%	0.8%	-0.5%	-2.9%	0.5%	0.4%	-2.3%	-0.5%	1.6%	0.1%	2.3%	2.4%	4.1%	
2003	-1.0%	-0.6%	0.3%	2.9%	2.8%	0.1%	2.0%	1.8%	0.2%	2.9%	1.7%	0.5%	14.4%	
2002	-0.2%	-1.4%	1.7%	-0.5%	-1.0%	-3.9%	-3.2%	0.2%	-1.8%	0.6%	1.3%	-0.2%	-8.2%	
2001	-0.3%	-1.3%	-1.7%	1.4%	1.0%	0.2%	-0.8%	-0.9%	-2.5%	1.8%	0.4%	0.9%	-1.9%	
2000	0.8%	5.6%	-0.3%	-2.3%	0.3%	0.9%	-1.3%	3.4%	-0.3%	-0.2%	0.3%	0.8%	7.9%	
1999	2.2%	-1.0%	2.8%	0.8%	-0.3%	2.5%	1.1%	0.1%	0.9%	1.1%	5.1%	12.4%	30.6%	
Trailing Returns (periods greater than 1 year are annualized)														
	1 Month	3 Month	6 Month	1 Year	2 Year	3 Year	5 Year	7 Year	10 Year	Inception (1/1999)				
LASSO	-0.2%	0.8%	0.7%	1.5%	-1.6%	0.6%	3.8%	3.7%	2.8%	4.5%				
S&P 500	0.0%	3.9%	6.4%	15.5%	7.1%	11.2%	16.4%	13.2%	7.2%	5.2%				
Barclays Capital Aggregate Bond	-0.1%	0.5%	2.7%	5.2%	4.1%	4.0%	3.1%	4.1%	4.8%	5.1%				
Statistical Analysis														
Return	LASSO	S&P 500	BC Agg	Risk			LASSO	S&P 500	BC Agg					
Annualized Compound ROR	4.5%	5.2%	5.1%	Standard Deviation			6.7%	14.9%	3.4%					
Cumulative Return	117.1%	146.8%	142.3%	Sharpe Ratio (0.1% risk free rate)			0.50	0.34	1.13					
Cumulative VAMI	\$2,171	\$2,468	\$2,423	Sortino Ratio (0.1% min. acceptable return)			0.85	0.48	1.98					
Best Month	12.4%	10.9%	3.7%	Downside Deviation (0.1% min. acceptable return)			4.0%	10.4%	2.0%					
Worst Month	-5.1%	-16.8%	-3.4%	Comparison To Benchmarks						S&P 500	BC Agg			
% Positive Months	61.0%	61.5%	67.1%	Alpha					0.2%	0.4%				
Average Monthly Return	0.4%	0.5%	0.4%	Annualized Alpha					2.8%	5.5%				
Average Gain	1.5%	3.1%	0.9%	Beta					0.34	(0.09)				
Average Loss	-1.4%	-3.7%	-0.6%	Correlation					0.75	(0.05)				
Maximum Draw down	-23.4%	-51.0%	-3.8%	R-Squared					0.57	0.00				
Draw down Analysis														
LASSO							S&P 500							
Depth	Length	Recovery	Peak	Valley	Depth	Length	Recovery	Peak	Valley	Depth	Length	Recovery	Peak	Valley
-23.4%	16	20	Oct-07	Feb-09	-51.0%	16	37	Oct-07	Feb-09	-44.7%	25	49	Aug-00	Sep-02
-11.4%	21	13	Dec-00	Sep-02	-8.4%	2	8	Jul-15	Sep-15	-9.5%	5	15	Apr-11	Sep-11
-9.5%	5	15	Apr-11	Sep-11	-6.8%	2	1	Dec-99	Feb-00	-6.8%	18	0	Aug-14	Feb-16
-6.8%	18	0	Aug-14	Feb-16	-6.6%	2	3	Mar-12	May-12	-5.2%	6	4	Feb-04	Aug-04

LASSO RETURNS & STATISTICS

LASSO Composite (net) vs. HFRX Equity Hedge Index

Inception of HFRX Equity Hedge Index from March 31, 2003 through September 30, 2016 (based on monthly data)

Trailing Returns (periods greater than 1 year are annualized)											
	1 Month	3 Month	6 Month	1 Year	2 Year	3 Year	5 Year	7 Year	10 Year	Inception (4/2003)	
LASSO	-0.2%	0.8%	0.7%	1.5%	-1.6%	0.6%	3.8%	3.7%	2.8%	4.2%	
HFRX Equity Hedge ("HFRXEH")	1.5%	3.4%	2.3%	0.1%	-1.4%	0.8%	2.6%	0.3%	-0.7%	1.0%	
Statistical Analysis											
Return	LASSO	HFRXEH	Risk				LASSO	HFRXEH			
Annualized Compound ROR	4.2%	1.0%	Standard Deviation				6.1%	7.4%			
Cumulative Return	73.3%	14.6%	Sharpe Ratio (0.1% risk free rate)				0.50	0.01			
Cumulative VAMl	\$1,733	\$1,146	Sortino Ratio (0.1% min. acceptable return)				0.75	0.01			
Best Month	5.0%	5.2%	Downside Deviation (0.1% min. acceptable return)				4.1%	5.8%			
Worst Month	-5.1%	-10.0%	Comparison To Benchmarks				HFRXEH				
% Positive Months	63.0%	54.9%	Alpha				0.3%				
Average Monthly Return	0.4%	0.1%	Annualized Alpha				3.4%				
Average Gain	1.4%	1.5%	Beta				0.68				
Average Loss	-1.5%	-1.6%	Correlation				0.82				
Maximum Draw down	-23.4%	-29.5%	R-Squared				0.67				
Draw down Analysis											
LASSO					HFRXEH						
Depth	Length	Recovery	Peak	Valley	Depth	Length	Recovery	Peak	Valley		
-23.4%	16	20	Oct-07	Feb-09	-29.5%	21	0	May-07	Feb-09		
-9.5%	5	15	Apr-11	Sep-11	-4.5%	3	4	Apr-06	Jul-06		
-6.8%	18	0	Aug-14	Feb-16	-4.3%	13	3	Mar-04	Apr-05		
-5.2%	6	4	Feb-04	Aug-04	-2.6%	1	2	Sep-05	Oct-05		
-2.6%	4	2	Dec-04	Apr-05	-0.3%	1	1	Aug-03	Sep-03		

LASSO RETURNS & STATISTICS

LASSO Composite (net) vs. Morningstar Multialternative Category Average

Inception of Morningstar Multialternative Category Average from December 31, 2000 through September 30, 2016 (based on monthly data)

Trailing Returns (periods greater than 1 year are annualized)										
	1 Month	3 Month	6 Month	1 Year	2 Year	3 Year	5 Year	7 Year	10 Year	Inception (1/2001)
LASSO	-0.2%	0.8%	0.7%	1.5%	-1.6%	0.6%	3.8%	3.7%	2.8%	2.8%
Morningstar Multialternative ("Multialt")	0.1%	0.9%	1.6%	0.8%	-0.6%	0.7%	1.6%	1.7%	0.8%	0.0%

Statistical Analysis					
Return	LASSO	Multialt	Risk		
Annualized Compound ROR	2.8%	0.0%	Standard Deviation	6.0%	9.7%
Cumulative Return	54.1%	-0.5%	Sharpe Ratio (0.1% risk free rate)	0.29	-0.08
Cumulative VAMI	\$1,541	\$995	Sortino Ratio (0.1% min. acceptable return)	0.41	-0.10
Best Month	5.0%	10.5%	Downside Deviation (0.1% min. acceptable return)	4.2%	7.7%
Worst Month	-5.1%	-12.2%	Comparison To Benchmarks		
% Positive Months	59.8%	59.3%	Alpha	0.2%	
Average Monthly Return	0.2%	0.0%	Annualized Alpha	2.8%	
Average Gain	1.4%	1.5%	Beta	0.43	
Average Loss	-1.4%	-2.1%	Correlation	0.69	
Maximum Draw down	-23.4%	-40.3%	R-Squared	0.47	

Drawdown Analysis									
LASSO					Multialt				
Depth	Length	Recovery	Peak	Valley	Depth	Length	Recovery	Peak	Valley
-23.4%	16	20	Oct-07	Feb-09	-40.3%	20	149	Jan-01	Sep-02
-11.4%	21	13	Dec-00	Sep-02	-26.9%	16	66	Oct-07	Feb-09
-9.5%	5	15	Apr-11	Sep-11	-6.6%	9	0	May-15	Feb-16
-6.8%	18	0	Aug-14	Feb-16	-0.3%	1	1	Mar-15	Apr-15
-5.2%	6	4	Feb-04	Aug-04					

LASSO EXPLANATORY NOTES AND DISCLOSURES

The preceding performance is a composite of all discretionary, fee-paying accounts managed by Lake Partners, Inc. (“LPI”) utilizing the LASSO Long and Short Strategic Opportunities strategy (“LASSO”). Performance is weighted by account size and time-weighted for each performance period, and reflects the reinvestment of dividends and other earnings. Performance is net of all fees and expenses, including: LPI portfolio management fees, fees and expenses of underlying funds, and brokerage, administrative, and custodial costs. (The composite includes separate accounts as well as all commingled vehicles utilizing the LASSO strategy).

Performance was affected by material market and economic conditions that were independent of and not controlled by LPI or the managers of the underlying funds and may be different in the future. Actual results and holdings of individual accounts will vary due to client cash flows, timing of implementation, different custodians, the availability of underlying funds, applicable regulation, and other factors. Small accounts may perform below the composite due to the greater impact of transaction costs.

**All securities investing involves the risk of loss.
Past performance is no guarantee of future results.**

There can be no assurance that the LASSO Long and Short Strategic Opportunities program can meet its stated objectives.

LASSO differs substantially from the market indices, which are included for comparison purposes only.

The S&P 500 is an unmanaged, capitalization-weighted index of the common stocks of 500 widely held US companies. It does not include fees or expenses. Direct investment in an index is not possible. (S&P 500 is a registered trademark of Standard & Poor’s Financial Services LLC, a subsidiary of The McGraw-Hill Companies, Inc.) LASSO differs substantially from the S&P 500, which is used for comparison purposes as a widely recognized measure of US stock market performance. While the returns of LASSO have exhibited positive (but varying) correlation to the index over time, the underlying funds in the program may invest in different stocks and in different proportions than in the index.

The Barclays Capital US Aggregate Bond Index is an unmanaged index of fixed rate debt securities rated investment grade or higher by Moody’s, Standard & Poor’s, or Fitch rating services. All issues in the index have at least one year to maturity and meet minimum outstanding par value or minimum deal size requirements. The index does not reflect fees or expenses. Direct investment in an index is not possible. (The index is a registered trademark of Barclays Bank PLC). LASSO differs substantially from this index, which is used for comparison purposes as a widely recognized measure of US bond market performance. Although the mutual fund allocations in the LASSO portfolio emphasize stocks and hedged equities, and bonds to a lesser degree, the historical volatility of LASSO (as measured by standard deviation, a measure of the variation of returns) is more comparable to the Barclays Capital US Aggregate Bond Index rather than the S&P 500 stock market index. LASSO may use underlying funds that invest in non-investment grade bonds, which may entail additional credit risk. LASSO may use underlying funds that invest in non-US and emerging markets bonds, which may entail additional credit, sovereign, and currency risks.

LAGO EXPLANATORY NOTES AND DISCLOSURES

The HFRX Equity Hedge Index ("HFRXEH") is part of the HFRX series of hedge fund indices, published by Hedge Fund Research, Inc., which are designed to reflect the daily performance of a variety of hedge fund strategies. The indices include funds that meet the screening criteria of Hedge Fund Research, Inc., including a 24-month track record and \$50 million under management, and are open to new investments. The HFRXEH is designed to be both investable and to reflect the overall structure and composition of the equity long/short hedge fund universe. • LASSO differs substantially from the HFRXEH, which is used for comparison purposes as a daily-valued measure of hedge fund performance. LASSO is comprised of "alternative mutual funds," a limited universe of mutual funds that use short-selling, hedging, and other hedge-fund-like strategies. In contrast, the HFRXEH uses a sampling from the broad equity long/short hedge fund universe, which contains more funds and strategies than available through alternative mutual funds. In addition, hedge funds in the index may also use a greater degree of leverage and illiquid securities than permitted for mutual funds due to regulatory restrictions. Nevertheless, the performance of LASSO and the HFRXEH have exhibited positive (but varying) correlation over time, reflecting the prevalence of long-short equity strategies in the universe of alternative mutual funds. • The index is net of fees and expenses of the underlying managers, including incentive fees, a type of fee generally not charged by the mutual funds in LASSO due to regulatory restrictions. The index does not reflect a fund-of-funds management fee, which is reflected in LASSO performance. Direct investment in the index is not possible. Commingled vehicles based on the index are available to investors, subject to additional fees and expenses.

The Morningstar Multialternative Category (monthly data series) includes mutual funds (identified by Morningstar, Inc.) that offer investors exposure to several different alternative investment strategies. Funds in this category allocate a majority of their assets to alternative strategies and include both funds with static allocations to alternative strategies and funds tactically allocating among alternative strategies and asset classes. Gross short exposure is generally greater than -20%. • The performance of the Morningstar Multialternative Category is represented by the Morningstar Multialternative Category Average ("MMCA"). The MMCA is among the various averages published by Morningstar, Inc. to measure the performance of a group of funds that utilize a similar investment strategy. The MMCA is based on Morningstar's Enhanced Category Averages methodology, which reflects the average monthly returns for the Morningstar Multialternative Category, based on equally weighting each share class of each fund that existed in the category for the entirety of each historical month, with annual and trailing return calculated by geometrically linking these monthly numbers. The MMCA is net of fees and expenses of the underlying funds. • LASSO differs substantially from the MMCA, which is used for comparison purposes as a measure of alternative mutual fund performance. The LASSO portfolio may include mutual funds included or not included in the Morningstar Multialternative Category. The Morningstar Multialternative Category does not reflect a fund-of-funds management fee, which is reflected in LASSO performance. Direct investment in the MMCA is not possible.

Although the returns of LASSO have exhibited reduced or low correlations to the returns of the above indices, the indices utilized herein are widely recognized indices for the performance and risk characteristics of stocks, bonds, and alternative strategies, as well as for asset allocation and comparison purposes.