



LAKE PARTNERS, INC.®

LASSO®

Long and Short Strategic Opportunities®

*The Democratization
of Alternative Investments*™

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

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July 2017 Highlights

LASSO HIGHLIGHTS: July 2017

Performance

- LASSO gained 1.0% in July, outperforming its benchmark, the HFRX Equity Hedge Index, which had a return of 0.9%, as well as its peer group, the Morningstar Multialternative Category, which rose 0.7%. As background, the S&P 500 gained 2.1%, and the Bloomberg Barclays US Aggregate Bond Index was up 0.4%.
- Since LASSO's inception on 12/31/98, it has had a cumulative gain of 125.1% versus 185.9% for the S&P 500 Index. However, LASSO has had only 31% of the daily volatility of the S&P 500, while capturing 67% 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*									
	July 2017	QTD 2017	YTD 2017	3-Year	Annualized Returns			Since Inception: 12/31/98	
					5-Year	10-Year	Inception	Cumulative	Volatility**
LASSO [®] Composite (net)	1.0%	1.0%	2.2%	0.0%	3.0%	2.5%	4.5%	125.1%	6.1%
HFRX Equity Hedge Index	0.9%	0.9%	4.6%	1.3%	3.5%	-1.3%	N/A	N/A	N/A
Morningstar Multialternative Category	0.7%	0.7%	3.0%	0.6%	1.4%	0.5%	N/A	N/A	N/A
S&P 500 Stock Index	2.1%	2.1%	11.6%	10.9%	14.8%	7.7%	5.8%	185.9%	19.4%
Bloomberg Barclays US Agg Index	0.4%	0.4%	2.7%	2.7%	2.0%	4.4%	4.9%	141.5%	3.7%

Market Overview

- Most of the gains for US equities during the month occurred in the week following Yellen's testimony to Congress on July 12. Her comments were generally interpreted as being "dovish," given that she underscored yet again that the Fed would only gradually increase interest rates and reduce its balance sheet. Indeed, on the 26th the FOMC left rates unchanged and indicated that the process of unwinding the balance sheet would begin "relatively soon," while it would continue to reinvest principal payments from its holdings "for the time being." Significantly, the Committee highlighted the fact that inflation was running below its 2% target.

*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: July 2017

Market Overview (continued)

- However, the broad market tended to flatten out towards the end of the month, as it became clear that the Senate was not going to be able to pass any healthcare legislation before the summer recess, which in turn cast doubt on the prospects for tax reform. Continued conflict and turmoil within the White House added another layer of concern. Nevertheless, market sentiment remained even keeled, as investors were cheered by improved corporate earnings, a stronger-than-expected GDP report, and a weaker dollar, which was viewed as supportive for exporters.
- Although overall market volatility remained quite modest, as measured by the VIX, there continued to be a pronounced degree of sector rotation within the market. Most notably, large-cap growth stocks (epitomized by the so-called “FANG” or “FAAMG” stocks*) rebounded after selling off in June, when investors had questioned their lofty valuations. The tech sector was one of the leaders in July with a gain of 4.3% (it had been one of the worst performing groups in June with a loss of -2.7%). The only sector to outperform was telecoms, which rose 6.4%, largely due to a jump of nearly 10% in Verizon’s stock following the company’s surprisingly strong quarterly financial report. In contrast, industrials, staples, and healthcare lagged with returns of 0.1%, 0.6%, and 0.8%, respectively.
- July also saw a more general reversal between large-cap and small-cap stocks, compared to June. The Russell 1000 Growth Index gained 2.7% while the Russell 2000 Growth Index was up only 0.9%. Similarly, the Russell 1000 Value Index gained 1.3% while the Russell 2000 Value Index was up only 0.6%.
- Among international equity markets, European stock markets struggled sideways during the month. While economic data trended higher, uncertainties about the ECB’s plans for normalization and the effects of a stronger euro on exporters created crosscurrents for investors. As a result, the MSCI Europe Index was up only 0.6% in local currency terms but 3.0% in US dollars, as the euro rose from 1.14 to 1.18 during the month. Similarly, with the yen rising from 112 to 110, the MSCI Japan Index was up 0.3% in local currency terms but 2.0% in US dollar terms.
- In contrast, the MSCI Emerging Markets Index gained 6.0%, driven largely by MSCI China and MSCI Brazil, which were up 8.9% and 11.0%, respectively. Also, MSCI Russia gained 4.1% as oil prices rebounded from \$46/barrel to \$50/barrel. (Note: all figures for emerging markets in US dollar terms).
- In US fixed income markets, 10-year Treasury yields edged down slightly while short-term interest rates and intermediate yields edged higher. In Europe, benchmark rates and yields tended to move somewhat lower, while in Japan yields were relatively stable.

*FANG = Facebook, Amazon, Netflix, and Alphabet (Google).

FAAMG = Facebook, Amazon, Apple, Microsoft and Alphabet (Google)

LASSO PORTFOLIO REVIEW: July 2017

Strategy Leaders & Laggards

- *Leaders:* long-biased equity, hedged equity, systematic managed futures, global/international hedged equity
- *Positive:* equity put writing, hedged equity/multi-asset, discretionary global macro
- *Muted:* strategic fixed income, convertible arbitrage
- *Mixed:* merger arbitrage

Portfolio Highlights

- Nearly all of the strategies in the program were positive in July.
- Equity-oriented allocations made the biggest contributions to returns for the month. The performance leaders were our long-biased and core hedged equity managers, but our global and international equity managers also did well. Equity put writing and multi-asset/hedged equity managers also had solid gains.
- Global macro strategies all made positive contributions to returns in July, including managed futures and discretionary managers. In particular, a single-manager fund using a quantitative, model-based, trend-following approach posted a strong gain. Our allocations to a diversified, multi-manager fund and a counter-trend equity futures trader also did well. Our discretionary macro manager, who tends to focus on emerging markets, also gained.
- In the arbitrage-related area, our convertible arbitrage/covered call manager had a moderate gain. Among our merger arbitrage managers, one was flat while the other was down slightly.
- Both strategic fixed income managers were moderately positive. Combined, the managers performed roughly in line with the Bloomberg Barclays US Aggregate Bond Index.

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 and rotation within equity and credit markets; and

LASSO PORTFOLIO REVIEW: July 2017

Macro Perspective (continued)

- heightened volatility across markets, which is being magnified by the political and policy uncertainties associated with the Trump administration in the US, as well as “Brexit” and ECB policy in Europe. The markets have largely ignored potential geopolitical flashpoints, but these could flare up at any time.
- Our view is that the global investment environment is undergoing a significant transition:
 - In the US, the Federal Reserve has embarked on an effort to normalize interest rates. While monetary policy may remain cautious, excess liquidity will be less of a factor in driving markets, while fundamentals will be increasingly important. On the one hand, equity markets have been excited by the prospect of fiscal stimulus, tax reform, and deregulation with Trump as president. However, there has been little evidence of significant legislative traction in these areas, without which investor sentiment is likely to turn sour. Furthermore, the markets face risks associated with reflation, rising interest rates, the pending need to raise the debt ceiling, and potential trade wars. Consequently, volatility and sector rotation will increase, as investors try to sort out the “winners” and “losers” from policy changes.
 - In Europe, there is a disconnect: investors’ have grown increasingly enthusiastic about the improving economy, but they have largely discounted the implication that this will lead to less monetary stimulus, as well as a stronger euro (which would dampen exports). Furthermore, needed structural changes are impeded by the continent’s political patchwork, while the consequences of “Brexit” negotiations remain a wild card.
 - 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 have been laboring to manage the currency while trying to contain capital outflows, and 2) efforts to stimulate the economy conflict with the need to reduce excessive leverage throughout the financial system.
- Although markets have been eerily calm, as indicated by the low levels of the VIX, we believe that this is unsustainable. We expect the crosscurrents stemming from the macro divergences and dissonances to engender turbulence across markets.

Outlook

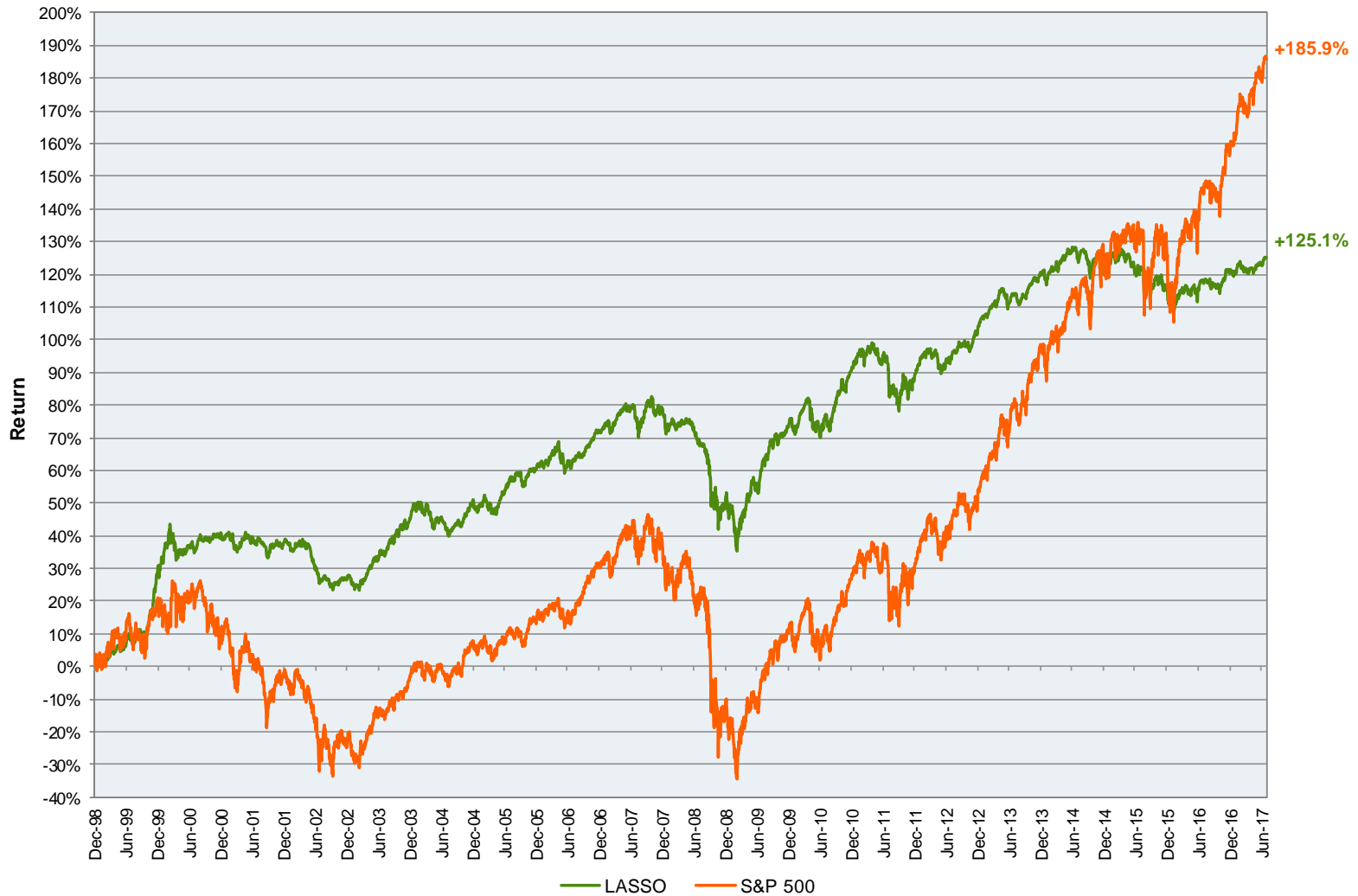
- Given this backdrop, we are continuing to allocate the LASSO program across a diversified mix of strategies, and composite net equity exposure remains near the middle of our target range.
- We believe that the LASSO strategy is well positioned to live up to its history of producing attractive risk-adjusted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

LASSO CUMULATIVE DAILY RETURNS

LASSO Composite (net) vs. S&P 500

Inception of LASSO from December 31, 1998 through July 31, 2017

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

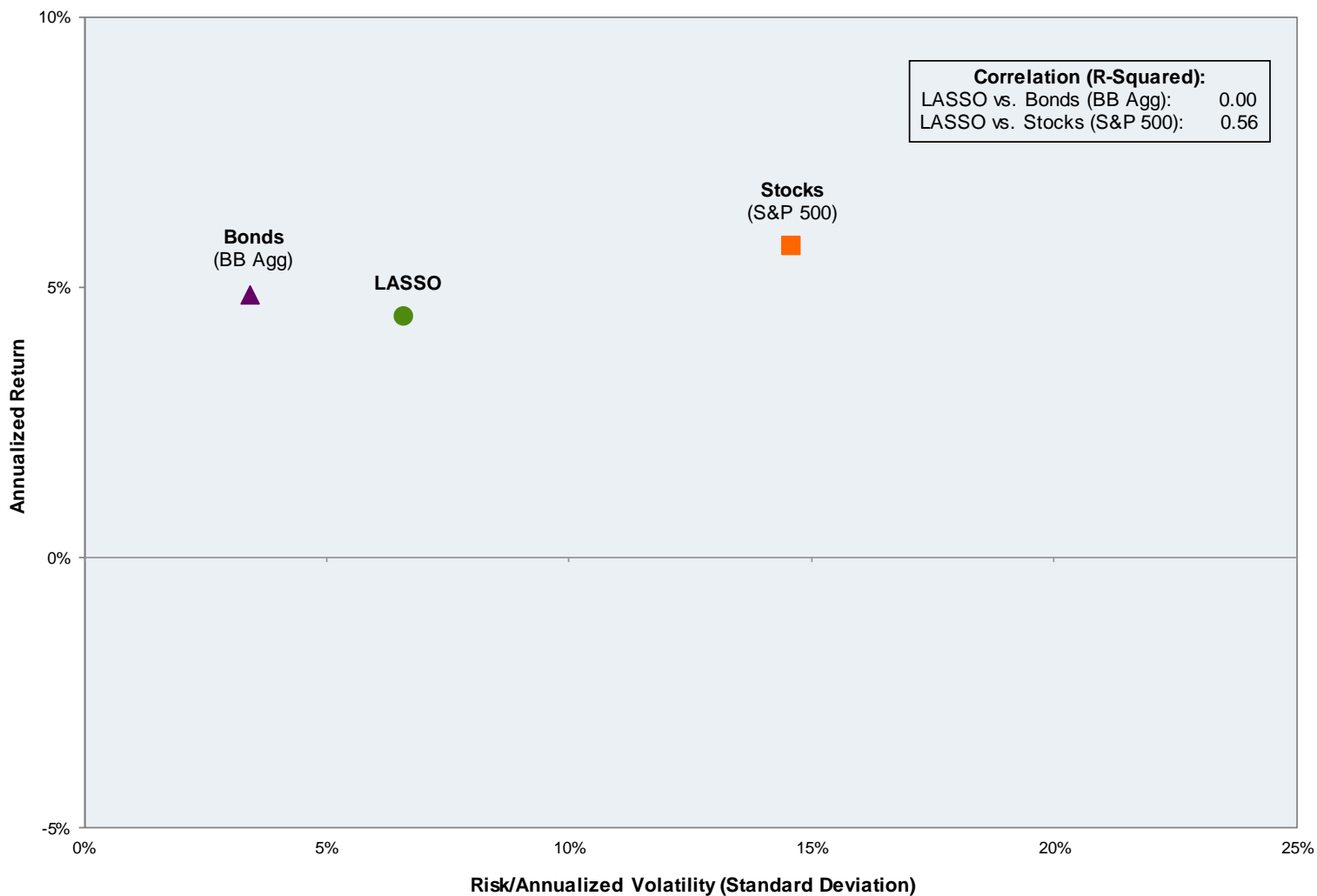


LASSO RISK/RETURN PROFILE

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

Inception of LASSO from December 31, 1998 through July 31, 2017 (based on monthly data)

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

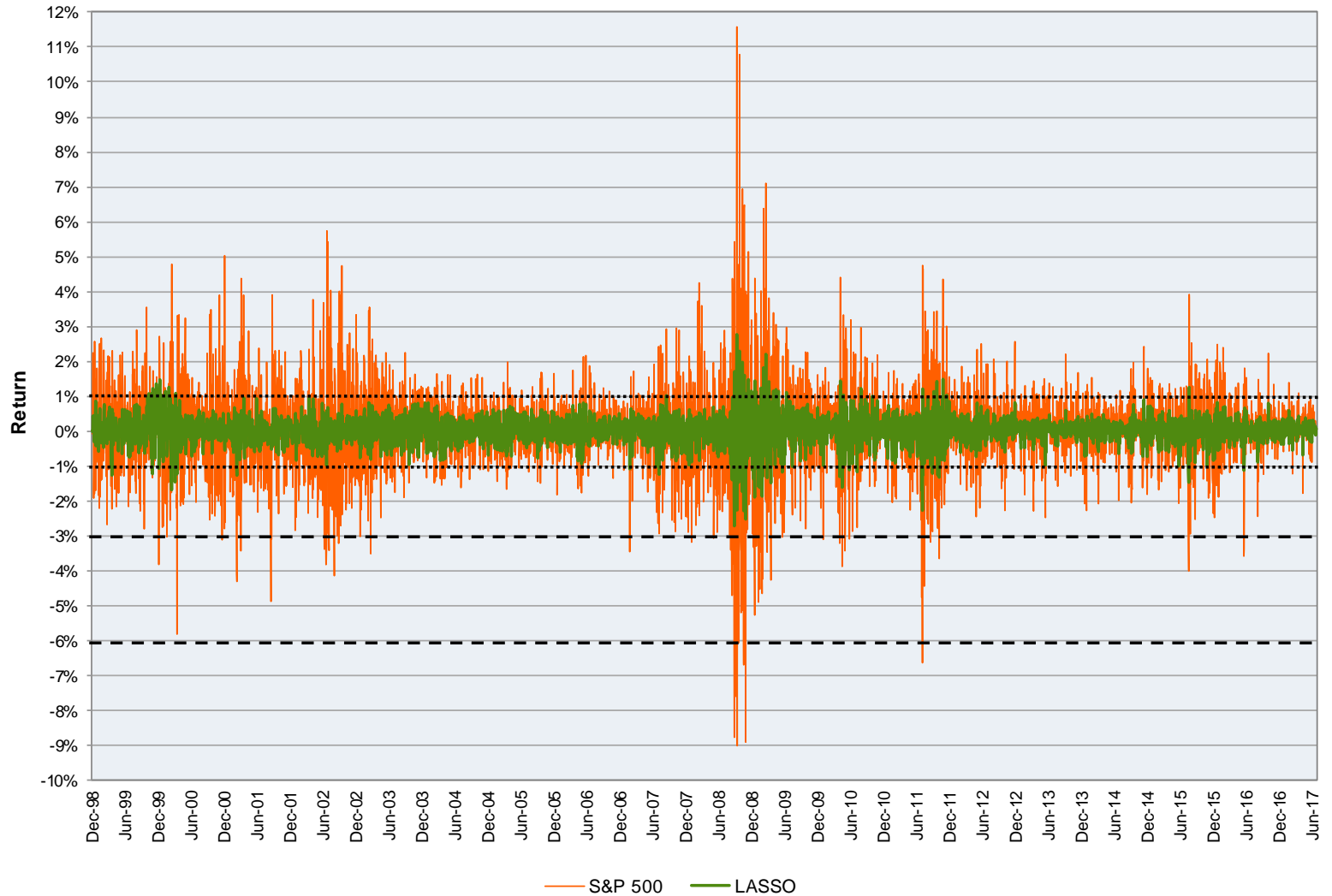


LASSO RISK PARAMETERS: DAILY VOLATILITY

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

Inception of LASSO from December 31, 1998 through July 31, 2017

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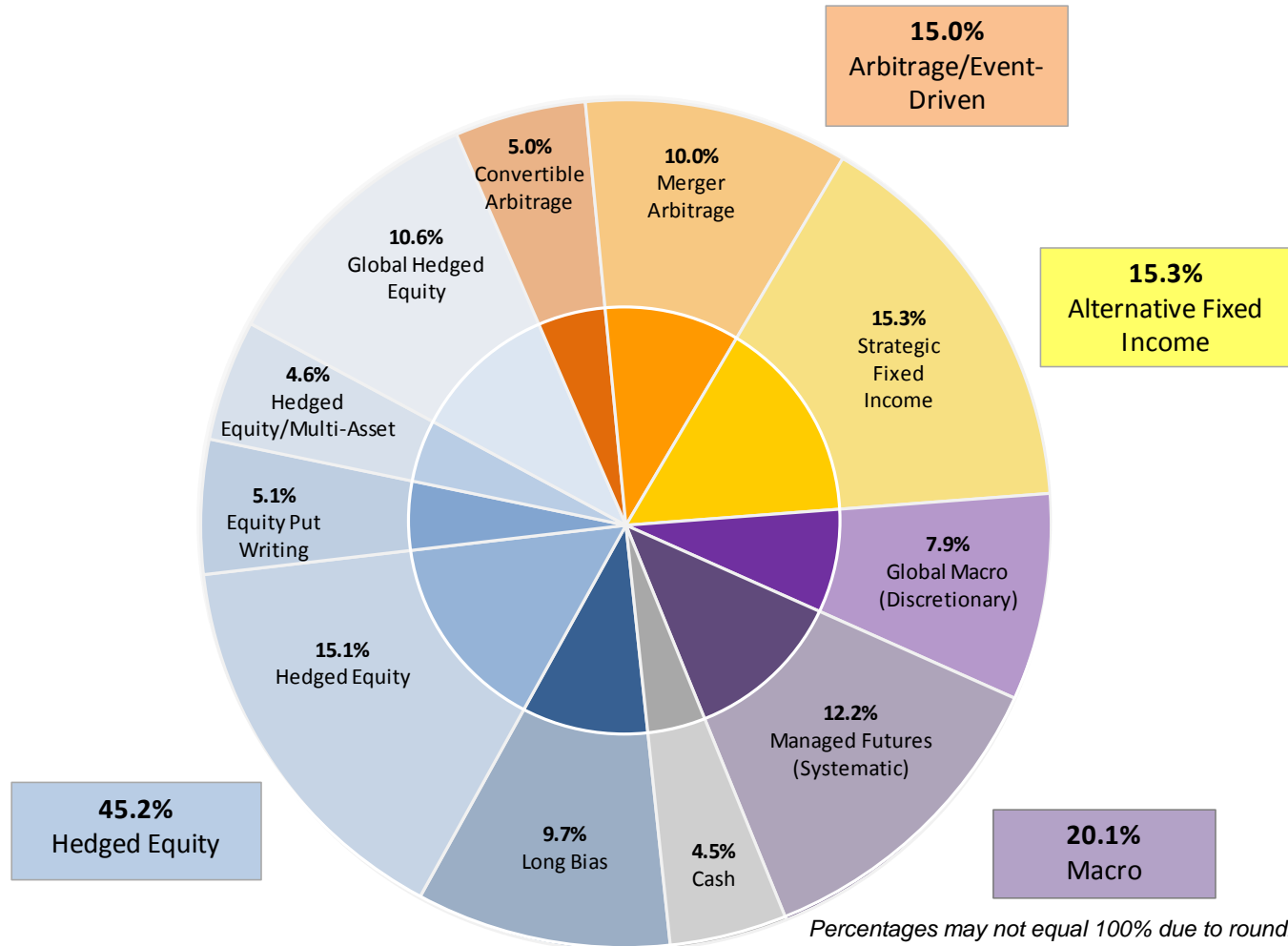


LAASSO CURRENT STRATEGY ALLOCATION

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

LASSO Composite Strategy Allocation as of July 31, 2017

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



LASSO HISTORY

A long record of...

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

Performance

- Over eighteen year track record: 12/31/98 to 7/31/17
- Cumulative return since inception: 125.1% (net) versus 185.9% (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. Bloomberg Barclays US Aggregate Bond Index

Inception of LASSO from December 31, 1998 through July 31, 2017 (based on monthly data)

Monthly Performance (%) Net of Fees													
Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2017	-0.2%	1.2%	-0.4%	0.0%	0.0%	0.6%	1.0%						2.2%
2016	-1.6%	-0.3%	1.8%	-0.2%	0.3%	-0.1%	1.3%	-0.4%	-0.2%	-0.5%	1.0%	1.0%	2.0%
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	1.0%	1.6%	2.4%	3.2%	0.7%	0.0%	3.0%	3.6%	2.5%	4.5%
S&P 500	2.1%	4.1%	9.5%	16.1%	10.7%	10.9%	14.8%	14.6%	7.7%	5.8%
Bloomberg Barclays US Aggregate Bond	0.4%	4.1%	2.5%	-0.5%	2.7%	2.7%	2.0%	3.1%	4.5%	4.9%

Statistical Analysis										
Return	LASSO	S&P 500	BB Agg	Risk	LASSO	S&P 500	BB Agg	Comparison To Benchmarks		
Annualized Compound ROR	4.5%	5.8%	4.8%	Standard Deviation	6.6%	14.6%	3.4%	Alpha	0.2%	0.4%
Cumulative Return	125.1%	185.9%	141.5%	Sharpe Ratio (0.1% risk free rate)	0.51	0.38	1.06	Annualized Alpha	2.8%	5.5%
Cumulative VAMI	\$2,251	\$2,859	\$2,415	Sortino Ratio (0.1% min. acceptable return)	0.86	0.54	1.81	Beta	0.34	(0.09)
Best Month	12.4%	10.9%	3.7%	Dow nside Deviation (0.1% min. acceptable return)	3.9%	10.2%	2.0%	Correlation	0.75	(0.05)
Worst Month	-5.1%	-16.8%	-3.4%	R-Squared	0.56	0.00				
% Positive Months	60.5%	62.8%	66.8%							
Average Monthly Return	0.4%	0.6%	0.4%							
Average Gain	1.5%	3.1%	0.9%							
Average Loss	-1.3%	-3.7%	-0.7%							
Maximum Draw down	-23.4%	-51.0%	-3.8%							

Draw down Analysis									
LASSO					S&P 500				
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
-11.4%	21	13	Dec-00	Sep-02	-44.7%	25	49	Aug-00	Sep-02
-9.5%	5	15	Apr-11	Sep-11	-8.4%	2	8	Jul-15	Sep-15
-6.8%	18	0	Aug-14	Feb-16	-6.8%	2	1	Dec-99	Feb-00
-5.2%	6	4	Feb-04	Aug-04	-6.6%	2	3	Mar-12	May-12

LASSO RETURNS & STATISTICS

LASSO Composite (net) vs. HFRX Equity Hedge Index

Inception of HFRX Equity Hedge Index from March 31, 2003 through July 31, 2017 (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	1.0%	1.6%	2.4%	3.2%	0.7%	0.0%	3.0%	3.6%	2.5%	4.2%
HFRX Equity Hedge ("HFRXEH")	0.9%	1.2%	3.8%	6.9%	0.1%	1.3%	3.5%	1.1%	-1.3%	1.3%

Statistical Analysis					
Return	LASSO	HFRXEH	Risk	LASSO	HFRXEH
Annualized Compound ROR	4.2%	1.3%	Standard Deviation	5.9%	7.2%
Cumulative Return	79.8%	20.9%	Sharpe Ratio (0.1% risk free rate)	0.52	0.05
Cumulative VAMl	\$1,798	\$1,209	Sortino Ratio (0.1% min. acceptable return)	0.77	0.07
Best Month	5.0%	5.2%	Downside Deviation (0.1% min. acceptable return)	4.0%	5.6%
Worst Month	-5.1%	-10.0%	Comparison To Benchmarks		HFRXEH
% Positive Months	62.2%	56.4%	Alpha		0.3%
Average Monthly Return	0.4%	0.1%	Annualized Alpha		3.2%
Average Gain	1.4%	1.5%	Beta		0.67
Average Loss	-1.4%	-1.6%	Correlation		0.81
Maximum Draw down	-23.4%	-29.5%	R-Squared		0.66

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 July 31, 2017 (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	1.0%	1.6%	2.4%	3.2%	0.7%	0.0%	3.0%	3.6%	2.5%	2.9%
Morningstar Multialternative ("Multialt")	0.7%	1.0%	2.4%	2.7%	0.1%	0.6%	1.4%	1.9%	0.5%	0.1%

Statistical Analysis					
Return	LASSO	Multialt	Risk		
Annualized Compound ROR	2.9%	0.1%	Standard Deviation	5.9%	9.4%
Cumulative Return	59.8%	2.3%	Sharpe Ratio (0.1% risk free rate)	0.31	-0.06
Cumulative VAMI	\$1,598	\$1,023	Sortino Ratio (0.1% min. acceptable return)	0.44	-0.08
Best Month	5.0%	10.5%	Downside Deviation (0.1% min. acceptable return)	4.1%	7.5%
Worst Month	-5.1%	-12.2%	Comparison To Benchmarks		
% Positive Months	59.3%	59.8%	Alpha	0.2%	
Average Monthly Return	0.3%	0.0%	Annualized Alpha	2.8%	
Average Gain	1.3%	1.5%	Beta	0.43	
Average Loss	-1.3%	-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 Bloomberg Barclays 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 have at least one year to maturity and an outstanding par value of at least \$25 million to \$1 billion based on the type of security. The index does not include fees or expenses. Direct investment in an index is not possible. (Bloomberg is a trademark of Bloomberg Finance L.P. Barclays is a trademark of Barclays Capital PLC.) LASSO differs substantially from this index, which is used for comparison purposes as a widely recognized measure of U.S. 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 bond market index rather than the 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 market 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.