WCM ALTERNATIVES:
EVENT-DRIVEN FUND

Global
Absolute Return
Catalyst Driven
Multi-strategy

2019
EVENT INVESTING

What is it?

Investors look to event-driven strategies seeking stable returns with the potential for reduced exposure to directional movements in the equity and debt markets. Unlike traditional investments, the performance of event driven investments is largely dependent on a number of identifiable variables, as opposed to market conditions.

Event-driven investments capitalize on distinct, independent occurrences including mergers, acquisitions, tender offers, bankruptcies, and other corporate reorganizations.

Their reliance on specific catalysts reduces correlation with the broad markets as well as other investments in the portfolio.

Investors look to event-driven strategies seeking stable returns with the potential for reduced exposure to directional movements in the equity and debt markets. Unlike traditional investments, the performance of event-driven investments is largely dependent on a number of identifiable variables, as opposed to market conditions.

No assurance can be given that event-driven investing will be successful or that investors will not lose some or all of their capital. Investment results can fluctuate over any given period. For illustrative purposes only.
Event-driven strategies seek to tactically invest in opportunities diversified across industry, sector and capital structure with the flexibility to reallocate capital quickly, as opportunities are identified.

---

**EVENT DRIVEN SUB-STRATEGIES**

Event-driven strategies seek to tactically invest in opportunities diversified across industry, sector and capital structure with the flexibility to reallocate capital quickly, as opportunities are identified.

<table>
<thead>
<tr>
<th>Lower Correlation &amp; Return</th>
<th>Higher Correlation &amp; Return</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Arbitrage</strong></td>
<td><strong>Restructuring</strong></td>
</tr>
<tr>
<td>Investing in arbitrage opportunities after a public announcement is made.</td>
<td>Identifying what we believe is an attractive situation in attempt to isolate various value-enhancing events:</td>
</tr>
<tr>
<td>- Hard Catalyst</td>
<td>- MLP Separation</td>
</tr>
<tr>
<td>- No Speculation</td>
<td>- SPACs</td>
</tr>
<tr>
<td>- No Rumor</td>
<td>- REIT Conversions</td>
</tr>
<tr>
<td>- Signed Agreements</td>
<td>- IPO’s/Liquidity Events</td>
</tr>
<tr>
<td>- Hostile/Unsolicited Bids</td>
<td>- Niche Arbitrage</td>
</tr>
<tr>
<td>- Strategic/Financial Deals</td>
<td>- Stub Equities</td>
</tr>
<tr>
<td>- Tender Offers</td>
<td>- Capital Structure Arbitrage</td>
</tr>
<tr>
<td></td>
<td>- Share Class Arbitrage</td>
</tr>
<tr>
<td><strong>Special Situations</strong></td>
<td><strong>Credit Event</strong></td>
</tr>
<tr>
<td>Investing in transactions that take advantage of the valuation disparities produced by corporate events:</td>
<td>Investing in late-stage bankruptcies where a plan for the company’s securities has been either generally or specifically formulated:</td>
</tr>
<tr>
<td>- Litigations</td>
<td>- Late-stage Distressed/Pre emergence</td>
</tr>
<tr>
<td>- Regulatory Changes</td>
<td>- Opportunities in the post emergence space</td>
</tr>
<tr>
<td>- Companies Exploring Strategic Alternatives</td>
<td></td>
</tr>
<tr>
<td>- Pending Regulatory Approvals</td>
<td></td>
</tr>
<tr>
<td>- Divestment</td>
<td></td>
</tr>
<tr>
<td>- Structural/Management Changes</td>
<td></td>
</tr>
<tr>
<td>- Spin-offs/Split-offs</td>
<td></td>
</tr>
</tbody>
</table>

The investment team may use Options, Short Positions, Fixed Income Securities and ETFs in attempt to lower the Fund’s net exposure, hedge individual positions and dampen volatility.

---

Strategy allocations are the direct result of our bottom-up research; our investment decisions are based on the unique characteristics of each opportunity; the strategy is designed to “go where the events are.” We are, therefore, more reactive than proactive when it comes to making specific allocations to macro-factors like strategy, sector and even country.
Certain strategies become attractive as a result of specific economic or market conditions. An understanding of and ability to exploit these cycles is essential to maximizing risk-adjusted returns.

**Event type:** Mergers & Acquisitions  
**Strategy:** invest in firms being acquired, profiting as prices converge to the bid level (higher than the pre-announcement share price.) Asymmetric up/downside (deals fall through).  
**Implementation:** all parts of capital structure, but mostly equity.

**Event type:** Activism  
**Strategy:** shareholders pressure to drive changes, “create events.”  
**Implementation:** typically equity.

**Event type:** Credit Event & Distressed  
**Strategy:** e.g. refinancing companies under stress, buying credit of firms going through bankruptcy, post-bankruptcy equity  
**Implementation:** all parts of capital structure but mostly credit.

**Event type:** Special situations  
**Strategy:** invest around non-standard business events (divestments, spin-offs, special dividends, structure/management changes, regulation/litigation).  
**Implementation:** mostly equity; credit may feature

**Event type:** Restructurings and Niche Arbitrage  
**Strategy:** e.g. capital-structure arbitrage, stub arbitrage, share class arbitrage, thematic “events” such as SPACS, GSE’s, MLP’s.  
**Implementation:** mostly equity; credit may feature.
A portfolio of 60% stocks and 40% bonds has long been the "safe" portfolio for moderate investors. After nearly 40 years of decline and interest rates close to zero, rates now seem more likely to go up than down. As a result bonds probably won't provide the same hedge against stock market weakness that they have in the past. Adding an alternative allocation may play a role in increasing risk/adjusted returns (Sharpe Ratio) in terms of offering the potential for bond like volatility with a total return that equates to an adequate yield.

What Does It Mean?

- The Sharpe ratio is the average return earned in excess of the risk-free rate (T-bills) per unit of volatility or total risk.

- Subtracting the risk-free rate from the return allows an investor to better isolate the profits associated with risk-taking activities ("smarts").

- Generally, the greater the value of the Sharpe ratio, the more attractive the risk-adjusted return.
While the strategy invests across a variety of event-driven situations, our investment approach can be distinguished from other “event-driven” managers because of our adherence to the following principles:

**WE DO**
- Invest in publicly announced events
- Focus on highly liquid securities
- Take a global approach
- Invest across the capital structure
- Hedge directional correlation and exposure
- Focus on absolute returns
- Maintain a diversified portfolio
- Consider late-stage distressed opportunities

**WE DO NOT**
- Invest in illiquid securities
- Speculate on future targets and/or invest on rumor
- Take activist positions
- Make directional bets
- Make valuation bets
- Take outright long or short positions
- Invest in convergence trades

Investment returns are driven primarily by the outcome of a diversified portfolio of securities related to a specific, catalyst-focused corporate event rather than the direction of the broad equity market.
## FUND OVERVIEW

### Fund Facts

| INCEPTION | 2009 – Sub-Advised Fund  
January 2, 2014 – Mutual Fund |
| Absolute Return | Historically, mid-single digits net of T-bills |
| Standard Deviation | Historically between 4% - 6% |
| Correlation (Equities/Fixed Income) | Low/Low |
| Beta (Equities/Fixed Income) | Less than 0.30/Negative |
| Positioning | ♦ Equity Diversifier |

As of September 30, 2019. No assurance can be given that the Fund will be successful or that investors will not lose some or all of their capital. Investment results can fluctuate substantially over any given period. Past performance does not guarantee future results. Please see disclosure for definitions.
BEYOND THE TRADITIONAL 60/40

By including the WCM Alternatives: Event-Driven Fund in a diversified portfolio, investors have the potential to create more efficient portfolios, while targeting both steady gains and minimization of drawdowns through up and down markets alike.

Seeking absolute return regardless of the direction of the stock or bond market.

- **Minimal historic correlation** with equities
- **Positive correlation** with interest rates
- **Negative historic correlation** with fixed income

Event-driven investment solutions have played a key role in helping to achieve long-term goals such as generating supplemental income, financing retirement and preserving generational wealth.
ABOUT THE ADVISOR

Westchester Capital Management

Trusted Advisor
$3.9 billion in AUM with more than 200,000 investors worldwide.

Consistent Investment Approach
Only three negative years since Firm’s inception.

Proven Expertise
With a history spanning more than three decades, we are one of the leading managers of event-driven investing.

Roy D. Behren
Managing Member, Portfolio Manager, Member Investment Committee
With Westchester Capital Management since 1994
➢ B.S. Economics, The Wharton School
➢ J.D. University of Miami Law School
➢ LL.M. Corporate law, New York University School of Law

Michael T. Shannon, CFA
Managing Member, Portfolio Manager, Member Investment Committee
With Westchester Capital Management since 1996
➢ B.S. Finance, Boston College
➢ Chartered Financial Analyst

98% WCM has evaluated more than 10,000 announced transactions, and invested in over 4,000 mergers, acquisitions, and corporate reorganizations, over 98% of which were completed.

As of September 30, 2019. No assurance can be given that the Fund will be successful or that investors will not lose some or all of their capital. Investment results can fluctuate substantially over any given period. Past performance does not guarantee future results.
SALES SUPPORT

For more information:

Our Corporate Address:
100 Summit Lake Drive
Valhalla, New York: 10595
USA
Phone: +1 914 741 5600
Fax: +1 914 741 2950

Email: operations@mergerfund.com
www.westchestercapitalfunds.com

Investment Professionals: Sales Support

Managing Director, Head of Strategic Accounts and Investor Relations: Jody Harris-Stern ■ jharris-stern@mergerfund.com

Managing Director, Head of Business Development: Thomas Macior ■ tmacior@mergerfund.com

Managing Director, Business Development: J.T. Fucigna ■ jtfucigna@mergerfund.com

Associate Director, Sales and Investor Relations: Reny Mathew ■ rmathew@mergerfund.com
An investor should consider the investment objectives, risks, charges and expenses of the Fund carefully before investing. The statutory and summary prospectus contain this and other information about the Fund. To obtain a prospectus, please call (800) 343-8959. Please read the prospectus carefully before investing.

Mutual fund investing involves risk. Principal loss is possible. Merger arbitrage and event-driven investing involves the risk that the adviser’s evaluation of the outcome of a proposed event, whether it be a merger, reorganization, regulatory issue or other event, will prove incorrect and that the Fund’s return on the investment will be negative. Investments in foreign companies may entail political, cultural, regulatory, legal, and tax risks different from those associated with comparable transactions in the United States. The frequency of the Fund’s transactions will vary from year to year, though merger arbitrage portfolios typically have higher turnover rates than portfolios of typical long-only funds. Increased portfolio turnover may result in higher brokerage commissions, dealer mark-ups and other transaction costs. The higher costs associated with increased portfolio turnover may offset gains in the Fund’s performance. The Fund may enter into short sale transactions for, among other reasons, purposes of protecting against a decline in the market value of the acquiring company’s shares prior to the acquisition completion. If the price of a security sold short increases between the time of the short sale and the time the Fund covers its short position, the Fund will incur a loss. The amount of a potential loss on an uncovered short sale transaction is theoretically unlimited. Debt securities may fluctuate in value due to, among other things, changes in interest rates, general economic conditions, industry fundamentals, market sentiment and the financial condition of the issuer, including the issuer’s credit rating or financial performance. Derivatives may create leverage which will amplify the effect of the performance of those instruments on the Fund and may produce significant losses. The Fund’s hedging strategy will be subject to the Fund’s investment adviser’s ability to assess correctly the degree of correlation between the performance of the instruments used in the hedging strategy and the performance of the investments in the portfolio being hedged.

Absolute return funds may not achieve their goals and are not intended to outperform stocks and bonds during strong market rallies and may underperform during periods of strong positive market performance.

Definitions: Risk-adjusted return is a concept that considers not only an investment’s return, but also the potential risk involved in producing that return; Standard Deviation is the degree by which returns vary relative to the average return. The higher the standard deviation, the greater the variability of the investment; Correlation is calculated using R-Squared which is a statistical measure that represents the percentage of a fund or security’s movements that can be explained by movements in a benchmark index; Alpha is a measure of performance on a risk-adjusted basis or the excess return of a fund relative to the return of a benchmark index; Beta measures the volatility of the fund, as compared to that of the overall market. The market’s beta is set at 1.00; a beta higher than 1.00 is considered to be more volatile than the market, while a beta lower than 1.00 is considered to be less volatile; SPAC, or Special Purpose Acquisition Company, is a company that is set up specifically to buy an existing company; REIT stands for Real Estate Investment Trust.

Diversification does not assure a profit, nor does it protect against a loss in a declining market.

The WCM Alternatives: Event-Driven Fund is distributed by Compass Distributors, LLC.
No assurance can be given that event driven investing will be successful or that investors will not lose some or all of their capital. Investment results can fluctuate substantially over any given period. Past performance is not indicative of future results. For Representative Use Only. Not For Public Distribution.