

, QYHVWPHQWR 6 WLDWHLJ LQYHV 0RUQLQJVW DU 6XVWDLQDELOLW\

6W\OH 2ULHQDWLRQ

(TXLW) 6W\OH 2ZDWHURV KLS =RQH



*LDQW/DUJH OLG 6PDOOLFUR

'H HSD O&R WIDHO % OHQ & R UHW KLJ K W K

VKDUHKROGHUV HTXLW\ SHU VKDUH IRU WKH FXUUHQW ILVFDO \HDU E\
WKH FRPSDQ\ V PRQWK HQG VWRFN SULFH DV RI WKH SRUWIROLR GDWH
3ULFH 3URVSHFWL XH HSUWKV HQVZV V WMR
ZHLJKWHG DYHUDJH RI WKH SULFH FDVK IORZ UDWLRV RI WKH VWRFNV
LQ D IXQG V SRUWIROLR 3ULFH FDVK IORZ UHSUHVHQWV WKH DPRXQW
DQ LQYHVWRU LV ZLOOLQJ WR SD\ IRU D GROODU JHQHUDWHG IURP D
SDUWLFXODU FRPSDQ\ V RSHUDWLRQV 3ULFH FDVK IORZ VKRZV WKH
DELOLW\ RI D EXVLQHVV WR JHQHUDWH FDVK DQG DFWV DV D JDXJH RI
OLTXLGLW\ DQG VROYHQF\
3ULFH 3URVSHFWL XH HSUWKV HQVZV WZHLJKWHG
DYHUDJH RI WKH SURVSHFWLYH HDUQLQJV \LHOGV RI DOO WKH GRPHVWLF
VWRFNV LQ WKH IXQG V SRUWIROLR DV RI WKH GDWH RI WKH SRUWIROLR ~ \$
VWRFN V SURVSHFWLYH HDUQLQJV \LHOG LV FDOFXODWHG E\ GLYLGLQJ WKH
FRPSDQ\ V HVWLPDWHG HDUQLQJV SHU VKDUH IRU WKH FXUUHQW ILVFDO
\HDU E\ WKH FRPSDQ\ V PRQWK HQG VKDUH SULFH DV RI WKH
SRUWIROLR GDWH
3ULFH 3URVSHFWL XH HSUWKV HQVZV DYHUDJH RI
WKH SULFH VDOHV UDWLRV RI WKH VWRFNV LQ D SRUWIROLR 3ULFH VDOHV
UHSUHVHQWV WKH DPRXQW DQ LQYHVWRU LV ZLOOLQJ WR SD\ IRU D GROODU
JHQHUDWHG IURP D SDUWLFXODU FRPSDQ\ V RSHUDWLRQV
6KDUSH LQ D LULVN DGMXVWHG PHDVXUH GHYHORSHG E\
1REHO /DXUHDWH :LOOLDP 6KDUSH ,W LV FDOFXODWHG E\ XVLQJ
VWDQGDUG GHYLDWLRQ DQG H[FHVU UHWXUQ WR GHWHUPLQH UHZDUG
SHU XQLW RI ULVN 7KH KLJKHU WKH 6KDUSH 5DWLR WKH EHWWHU WKH
IXQG V KLVWRULFDO ULVN DGMXVWHG SHUIRUPDQFH
6WDQGDUG GHYLDWLRQ VWDQGDUG PHDVXUH RI WKH YRODWLWLV\
RI WKH IXQG V UHWXUQV
5 VTXDUHHQ HFWV WKH SHUFHQWDJH RI D IXQG V PRYHPHQWV
WKDW DUH H[SODLQH E\ PRYHPHQWV LQ LWV EHQFKPDUN LQGH[\br/>VKRZLQJ WKH GHJUHH RI FRUUDWLRQV EHWZHHQ WKH IXQG DQG WKH
EHQFKPDUN
5LVN (YDOX\ DSUWLRLQ QKVD LQWJUDSKLF RI WKH WKUHH \HDU
VWDQGDUG GHYLDWLRQ RI IXQG UHWXUQV FRPSDUHG WR LWV EHQFKPDUN
DQG 0RUQLQJVVWDU &DWHJRU\ 6WDQGDUG GHYLDWLRQ LV D VWDWLVWLFDO
PHDVXUHPHQW RI GLVSHUVRQ DERXW DQ DYHUDJH ZKLFK IRU D
PXWXDO IXQG GHSLFV KRZ ZLGH\ WKH UHWXUQV YDULHG RYHU D
FHUWDLQ SHULRG RI WLPH ,QYHVWRUV XVH WKH VWDQGDUG GHYLDWLRQ RI
KLVWRULFDO SHUIRUPDQFH WR WU\ WR SUHGLFW WKH UDQJH RI UHWXUQV
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EDVHG RQ WKH HIIHFWLYH GXUDWLRQ RWWKWKORJULSRVDDH BRGH6%RIQGLHJQ 5DWLQJV UHO\ RQ
,QGH[0&%, 7KH FODVVLILFDWLRQV DQVLEXWLRQ WR ILV FRIQHP LZDQDQ D 0RUQLQJVVWU *OREDO
GHHUPLQHG UHODWLYH WR WK&DWHJRUFDUQ EQGHV ZDQXHH WKHUH LV OLWWOH WR QR GLVWULEX
^/LPLWHGµ FDWHJRU\ ZLOO EH DWRVYHQHG JQRRSRFRUWISFOLRWZKFRHV ZLWKLQ D SHU JURXS
DYHJDH HIIHFWLYH GXUDWLRQ QVLEH ZVWQD GMDXOVRM DLRP, WKH PLGGH RZWZDUGV VR WKDW
DYHJDH HIIHFWLYH GXUDWLRQ VZKHUHZVWQD GMDXOVRM DLRP, WKH PLGGH RZWZDUGV VR WKDW
GXUDWLRQ LV EHWZHHQ WR ZRROGVKHFH%VHWGHVSRHWDRDLRDWLQJ DVVLJQPHQW -DQG LI WKH
ZLOO EH FODVVLILHG DV 'ORGHUZDWHYHWDQGLWVMB SRUWURQKRWLZQWDOO SRUWIROLRV PD\ RQO\ ID
DYHJDH HIIHFWLYH GXUDWLRQ WDFXRI WKRUIJYH DQWUQRJ JWRXSV -0RUQLQJVVWU DSSOLHV DQ
DYHJDH HIIHFWLYH GXUDWLRQ DWRVYHQHG%ZLOO EHHDOO SRVQMHGXIDMU WR HQVXUH EUHNSRLQV
^([WHQVLYHµ
D PLQLXP UHTXLUHPHQW RI GLVWULEXWRQ 7KL V YDOX LV DVV
RQ DQ DQXDO EDVLV DQG ZLOO UHSUHVHQW RI WKH VWDQGDU
0RUQLQJVVWU 6XVWDLQDELOLWGHVWDLQ IRU DOO 6RYHUHLJQ 6XVWDLQDELOLW\ 6FRUHV IRU WK
- - -7KH 0RUQLQJVVWU 6XVWDLQDELOLW\ 5DWLQJ DVVLJQPHQWV DQG RI W
PHDVXUH KRZ ZHOO WKH LVVXLQV DQDQGHV HHHUJRUWLRUHQWR WRKSRUDWH 6XVWDLQDELOLW\ 6F
VHFXLWLHV-ZLWKLQ D IXQG-V WKUHQSRUDWHHPDQV DQDQGHV 5DWLQJ DVVLJQPHQWV -
ILQDQFLDOO\ PDWHULDO HQYLURQPHQWV KVRFFLDOX DQGVKRYGLVQDQFH WRUQ UXOHV DUH DSSOLHG
(6* ULVNV UHODWLYH WR WKH IXQGVDFULVJRUWLYH *SRUDWRDWRM JH[S
SHUV 0RUQLQJVVWU DVVLJQV VVWDLQDELOLW\ 5DWLQJ DVVLJQV 6XVWDLQDELOLW\ 5DWLQJ)RU H[D
FRPELQLQJ D SRUWIROLR V &RU SRUWURQKRWLZQWDOO WKH HGHVWDFULVJRU H[KLELW KLJK (6* 5LV
6RYHUHLJQ 6XVWDLQDELOLW\ 5DWLQJ SURSRUWLRUHQWR WR WKHQDQDQGHV FKHFN ZH LPSRVH
ZHLJKW RI WKH ORQJ RQO\ FRUHTXUWHHPDQV VRYH WKH QHYHO RI (6* 5LVN -
SRVLWRQV - - -7KH 0RUQLQJVVWU 6XVWDLQDELOLW\ 5DWLQJ DVVLJQV 6RYHUHLJQ 6XVWDLQDELOLW\ VF
FDOFXODWRQ LV D ILYH VVWS SURFHVV)LVWKQVWKH RXQRUWHLYHV D /RZ &RUSRUDWH RU
6XVWDLQDELOLW\ 6FRUH DQG 6RYHUHLJQ 6XVWDLQDELOLW\ 6FRUH DQJ -
ERWK GHULYHG)XQGV UHTXLUHDWH-ORUDWR-OLR &RUSRUDWH RU 6RYHUHLJQ 6XVWDLQDELOLW\ VF
RI-FRUSRUDWH-DVVHV-ER-ERYHDFEYH D DQDQGHV QDQDQGHV 6*UDWLQJ LV \$YHJDH RU EHWWHU
5LVN-6FRUH-IURP-6XVWDLQDO\WLWKHQRWKHFHXQR DVORZQDQDQGH WR %HORZ \$YHJDH IRU WKH
3RUWIROLR-&RUSRUDWH-6XVWDLQDELOLW\ 6FRUH VRYHUHLJQ 6XVWDLQDELOLW\ 6FRUH
OHDV- RI-VRYHUHLJQ-DVVHV-VRYHUHLJQ ERUDSRUDWRU 6RYHUHLJQ 6XVWDLQDELOLW\ VF
5LVN-6FRUH-IURP-6XVWDLQDO\WLWKHQRWKHFHXQR DVORZQDQDQGH VRYHUHLJQ 6XVWDLQDELOLW\ VF
3RUWIROLR-6RYHUHLJQ-6XVWDLQDELOLW\ 6FRUH VRYHUHLJQ 6XVWDLQDELOLW\ 6FRUH
0RUQLQJVVWU-&RUSRUDWH DQG 6RYHUHLJQ 6XVWDLQDELOLW\ 6FRUH VRYHUHLJQ
DUH DVVHV ZHLJKWHG DYHJDH-VRI SRUWURQKRWLZQWDOO 6RYHUHLJQ 6XVWDLQDELOLW\ VF
6FRUH IRU FRUSRUDWH KROGLJVEHQRZQXQWKHQLQR DGMXHWRLQW LV PDGH - -
VRYHUHLJQ KROGLJQ -%RWK VFRUHV-UDQJH EHWZHHQ WR
ZLWK D KLJKHU VFRUH LQGLFDWµQJ=WKW DVKHGRKWRQRQRDQXVWDLQDELOLW\ 5DWLQJ LV GHHUPL
PRUH RI LWV DVVHV LQYHVWHGRDQDQGHV DQDQGHV RQVWUW &RUSRUDWH 6XVWDLQDELOLW\ 5DWLQJ
KLJK (6* 5LVN 6RYHUHLJQ 6XVWDLQDELOLW\ 5DWLQJ SURSRUWLRQDO WR WKH UH
- - -6FRUQ WKH &RUSRUDWH DQDQGHV RQVWUW DQDQGHV OFRUSRUDWH DQG VRYHUHLJQ SRVLW
6XVWDLQDELOLW\ 6FRUH DUH ZHURQDQGHV RQVWUW DQDQGHV RQVWUW QXPEHU ,Q RUGHU WR UHFHL
UHVSHFWLYH 3RUWIROLR &RUSRUDWH DQDQGHV RQVWUW DQDQGHV RQVWUW DQDQGHV IXQG PXXV KDYH ERWK
6FRUH VRYHUHLJQ SDVW PRQVWRUW DQDQGHV 6XVWDLQDELOLW\ 5DWLQJ DQG 6RYHUHLJQ
YRODWLQW -7KH-+LVWRULFDO 6XVWDLQDELOLW\ 5DWLQJ XQOHVV RQH RI HLWKHU WKH &RUSRUD
6RYHUHLJQ-6XVWDLQDELOLW\ 6FRUH VRYHUHLJQ 6XVWDLQDELOLW\ WKH IXQG LV OHVV WKDQ RI WKH IXQG
ZLWK D KLJKHU VFRUH LQGLFDWµQJ=WKH WRDQXQGVWUW RQVWUW DQDQGHV 5DWLQJ LV GHSLFWHG E
PRUH RI LWV DVVHV LQYHVWHGRDQDQGHV RQVWUW DQDQGHV RQVWUW DQDQGHV /RZ HTXDOV
KLJK (6* 5LVN RQ D FRQVLVWHQV RQVWUW DQDQGHV 6XVWDLQDELOLW\ 5DWLQJ LV DVVLJQHG WR DOO I
- - -7KLUG WKH 0RUQLQJVVWU WKH RQVWUW DQDQGHV RQVWUW DQDQGHV WKH UDWLQJ LV LV QRW OLPL
5DWLQJ-DQG 6RYHUHLJQ 6XVWDLQDELOLW\ 5DWLQJ 6XVWDLQDELOLW\ 6FRUH VRYHUHLJQ LQYHVWPH
DVVLJQHG WR DOO VFRUH IXQGV DQDQGHV -
0RUQLQJVVWU-*OREDO-&DWHJRUHV ,Q RUGHU WR UHFHLYH D
&RUSRUDWH 6XVWDLQDELOLW\ 5DWLQJ RU 6RYHUHLJQ 6XVWDLQDELOLW\
5DWLQJ -DW-OHDVW WKLW\ IXQGV LQ WKH &DWHJRU\ UHFHLYH D
+LVWRULFDO &RUSRUDWH 6XVWDLQDELOLW\ 6FRUH DQG D +LVWRULFDO
6RYHUHLJQ 6XVWDLQDELOLW\ 6FRUH UHVSHFWLYHO\ 7KH 5DWLQJ-V
GHHUPLQHG E\ HDFK IXQG V-&RUSRUDWH DQG 6RYHUHLJQ
6XVWDLQDELOLW\ 6FRUH-UDQN ZLWKLQ WKH IROORZLQJ GLVWULEXWRQ -

- ‡ +LJK KLJKHVW
- ‡ \$ERYH \$YHJDH QH[W
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'LVFORVXUH

6HUYLEFHV //& /RUG \$EEHWW 'LVWULEXWRU //& 0%6& 6HFXULWLHV
&RUSRUDWLRQ 0)LQDQFLDO *URXS 0 +ROGLQJV 6HFXULWLHV ,QF
0)6)XQG 'LVWULEXWRUV ,QF 1HXEHUJHU %HUPDQ %' //&
3,0&2 ,QYHVWPHQWV //& 5R\FH)XQG 6HUYLEFHV ,QF 6WDWH
6WUHHW *ORED \$GYLVRUV)XQGV 'LVWULEXWRUV //& 7 5RZH 3ULFH
,QYHVWPHQW 6HUYLEFHV ,QF 9DQ (FN 6HFXULWLHV &RUSRUDWLRQ
DQG 9DQJXDUG 0DUNHWLQJ &RUSRUDWLRQ ,QF -DQG WKH SURGXFW
HDFK GLVWULEXWHV DUH QRW DILOLDWHG ZLWK 3DFLILF /LIH DQG 3DFLILF
6HOHFW 'LVWULEXWRUV //&

0RUQLQJVWU ,QF LV QRW DILOLDWHG ZLWK 3DFLILF /LIH DQG 3DFLILF
6HOHFW 'LVWULEXWRUV //&

\$OO WUDGHPDUNV DQG VHUYLEFH PDUNV EHORQJ WR WKHLU UHVSHFWLYH
RZQHUV

3RUWIROLR VWDWLVLWLFV PD\ GLIIHU IURP WKH DQXDO UHSRUW
3DFLILF /LIH ,QVUDQFH &RPSDQ\
1HRSRUW %HDFK &\$

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1R EDQN JXDUDQWIRW D GHSRVLWOD\ ORVH YDOKRW)', & 1&8\$ LQVXUHQGLQVXUHG E\ IHGHUO JRY

0.7* %5. (0 0RUQLQJVWU \$QYHVWPHQW SURDLOSHO ULJKWV UHVHUYHG 7KH LQIRUPDWLRQ FRQWDLQHGH KHUHLQ 3D\HSHUFRSLH
0RUQLQJVWU DQG RU LWV FRQWHQW SURYLGHUV PD\ QRW EH FRSLHG GLVWULEXWHG DQG LV QRW ZDUUDQV
0RUQLQJVWU QRU LWV FRQWHQW SURYLGHUV DUH UHVSQVLEOH IRU DQ\ GDPDJHV RU ORVVHV DULVLQJ IURP DQ\ XVH
RI IXWXUH SHUIRUPDQFH 9LVW RXU LQYHVWPHQW ZHEVLWH DW ZZZ PRUQLQJVWU FRP