iM Global Partner

iMGP Funds High Income Fund

Research Background

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Why did we create this fund?

There are several reasons behind our decision to introduce the iMGP High Income Fund. First and foremost, whenever we are considering creating a new fund, we view it through the lens of our affiliate, Litman Gregory Wealth Management's (LGWM) role as an independent investment advisor and fiduciary, managing diversified portfolios for our clients. We want to ensure that there are clear and compelling fundamental reasons for the fund to exist, and that it merits a meaningful strategic allocation in our client (and personal) portfolios.

Second, we have been investing in income-oriented strategies beyond traditional, core investment-grade bonds for many years, and we have developed expertise in the space. We wanted to leverage this experience to create a fund that could generate attractive risk-adjusted long-term returns, generate a high level of income, and play an important role in navigating risks that come with interest-rate and credit cycles. Combining our expertise and experience in non-traditional income strategies and our access to top-tier managers, we saw an opportunity to build a distinctive fund at a competitive fee.

We partnered with skilled, experienced managers running differentiated and complementary strategies that are unavailable in a standalone public format. Each manager offers access to non-traditional sources of income that clients may otherwise not own, or to which they may be under-allocated.

What was the process for building this fund?

In creating this fund, we drew upon our 30-plus years of asset-class and manager research. Our search for subadvisors involved managers we know well but also strategies run by managers with whom we were less familiar. Important to us was identifying strategies that could achieve attractive long-term risk-adjusted returns, as well as income risk-reward framework, i.e., we didn't want managers to "chase" yield without considering risk. Today, we have three teams that we believe run compelling strategies that are diverse in terms of process and opportunity set but similar in the goal of risk-conscious, attractive long-term performance and high income.

Our exposure to **Brown Brothers Harriman (BBH)** as a firm began in 2010 when we began to evaluate the firm's Core Select fund, a domestic larger-cap equity strategy. Over time we conducted due diligence on their fixed-income teams, both taxable and municipals. Specifically, we researched their Limited Duration fund, a short-term cash-plus strategy, their intermediate-term municipal bond fund, and had meaningful exposure to the structed credit team. Given our confidence in the team and their focus on attractive risk-adjusted returns within non-traditional credit, we spoke to them about a flexible credit strategy, where they would also have the flexibility to buy structured credit, corporate bonds and loans, and to a lesser extent municipal securities. BBH has a separate account (Credit Value) that employs this strategy and has a track record of more than 10 years, beginning May 31, 2014. Our deep knowledge of the firm, the strategy, and the portfolio managers allowed us to recommend BBH as a sub-advisor to the fund.

Our research on **Guggenheim Investments** dates back to mid-2014. Our initial due diligence focused on two of their mutual funds, Macro Opportunities and Total Return Bond. This research involved extensive contact with numerous members of Guggenheim's investment team in both their New York (corporate credit team) and Santa Monica (portfolio management and structured credit team) offices. Our ongoing contact with the team over the course of four years included numerous calls and face-to face meetings with over 20 senior investment team members. This contact resulted in a great deal of respect for the individuals and their collaborative investment process, which focuses on generating attractive risk-adjusted returns in all market environments.

Our discussions with Guggenheim related to the High Income Fund sought to provide them greater flexibility to implement their best thinking, while maintaining their risk-conscious approach.

Neuberger Berman (NB) traces its roots back over 80 years, and while it has changed ownership several times during its history, it is today a private, independent, 100% employee-owned global investment manager. The firm manages nearly over $500 billion of assets across a broad set of strategies ranging from long-only equity and investment-grade bonds through structured credit, hedge funds, and private equity. The approximate breakdown by broad strategy category is $100 billion in equities, $135 billion in fixed income/credit, and $70 billion in alternatives.

Within Neuberger Berman, the put-write strategies are managed by a team of three portfolio managers, with the support of additional firm resources such as operational, trading, and technology. They currently manage over $7 billion across several variations of equity index-based put-writing. The lead portfolio manager, Derek Devens, has been researching, managing, and refining the strategy for over a decade, starting when he was an analyst and portfolio manager at Horizon Kinetics. PMs Rory Ewing and Eric Zhou joined Devens as analysts when he was atat Horizon Kinetics. The team joined NB in 2016 and has grown the option-writing business to its current size with a mix of different strategies and clients including public pensions, foundations, high net worth individuals, and an ETF.

We first spoke with Devens in 2015 when he was still with Horizon Kinetics, as part of a very preliminary survey of potential income strategies. Our research included numerous calls with the Devens and Ewing; in-person meetings both in our office and at the NB office in New York; reviews of the strategy's live track record, historical model-based back-tested returns, and the returns of the Chicago Board Options Exchange (CBOE) S&P 500 PutWrite Index ("the Put Index," which we reference below), an index based on a very basic form of the strategy; and additional research on options strategies (primarily put-writing) and volatility products from both academia and industry sources. This resulted in our positive view on the strategy in general, along with a high level of comfort in Devens' specific approach to executing it. We are confident in the team as good stewards of investor capital and thoughtful portfolio managers. Although the strategy depends more on structural market dynamics for success rather than a "star" portfolio manager, the approach and execution make meaningful differences (positive or negative) when compounded over time.

Can you provide details on the investment process for each manager?

BBH Credit Value Strategy

Investment Philosophy and Process

The **BBH** team seeks to protect investors' capital and generate attractive risk-adjusted returns in the **Credit Value** strategy. They strive to achieve this through bottom-up fundamental analysis and by investing with a long-term outlook. The strategy seeks opportunities from a variety of sectors including corporate bonds, various sectors of asset-backed securities, and municipal bonds. The portfolio will be relatively concentrated in securities believed to have the greatest return potential and very limited risk of credit impairment. Interest-rate exposure is driven by the risk/return potential of the yield curve, with the PMs evaluating whether or not they get appropriately compensated for the risk of going further out on the curve. The macroeconomic environment is a consideration but is viewed from the perspective of risk-management as opposed to an opportunity to make return-seeking bets.

The BBH fixed-income investment philosophy is grounded in a few key insights. First, credit valuations across fixed-income sectors historically offer compensation well in excess of default-driven losses. Second, credit spreads are more volatile than the underlying fundamentals, which creates a favorable environment for active management. Third, a patient and long-term approach is necessary to deliver superior total returns.

The **Credit Value** strategy focuses on structured and corporate securities. The emphasis is on BBB/BB-rated securities, as they have historically offered attractive excess returns, along with low default rates and limited downside (i.e., these are the best Sharpe Ratio segments of the market). BBH believes layering on active credit selection enhances this opportunity. (The team rarely owns CCC-rated or distressed securities.) The team also highlights that rules-based buyers and sellers often must buy or sell securities based on changes in these credit ratings (e.g., a below-investment-grade manager may be forced to sell an

upgraded credit, or vice versa). The volatility around these ratings transitions is something the team tries to exploit. BBH thinks about risk as permanent capital loss, not volatility. In their minds, volatility provides opportunity.

The team's appetite for credit risk is valuation driven. When valuing securities/credits and assessing an attractive margin of safety, BBH applies the same valuation approach across all sectors, e.g., ABS, CMBS, corporate credit, and municipal bonds. They seek to exploit mis-pricings created by short-term price volatility, providing the opportunity to buy securities at discounted valuations, those with a sufficient buffer. Investments are only made when the team believes a security's potential return more than compensates them for default risk, liquidity risk, and the embedded optionality of a bond. When attractive opportunities are not available in the marketplace, the team will hold reserves.

The team's valuation process starts with the concept that credit spreads mean revert, i.e., spread deviations relative to a long-term average indicate potential spread compression or spread widening. The team applies this valuation framework to all economic sectors (e.g., utilities, industrials, financials, etc.) by credit rating and maturity. For example, the team may look at AA-rated three-year utility securities. Should the sample size within a sector/rating cohort be too small to draw conclusions, the team can make adjustments such as rolling limited data sets into adjacent cohorts.

From there, they observe the average OAS over time, and use one-half standard deviation above and below the average OAS to identify a strong signal of whether spreads are wide or tight. A wider-than-average spread in and of itself does not designate a security as a buy. If a security is identified as attractive, the team will develop a more-detailed valuation analysis. The first three factors are benefits, while the last three factors are potential costs:

1. **Carry.** This is basically the spread over a maturity-matched Treasury bond.

2. **Mean reversion.** If a credit's current OAS is considered wide, then to be conservative, the team assumes spreads revert to the upper bound of the half-standard deviation band, instead of reverting back to the mean. Conversely, the team assigns a higher penalty to securities that trade tight, by assuming spreads do revert back to the mean.

3. **Credit spread roll-down.** Roll down occurs as a credit ages. For example, over the course of a year, a five-year bond becomes a four-year bond. As bonds mature and "roll down" the yield curve, the yield declines with the passage of time due to the inverse relationship between price and yield. This factor is typically an incremental positive.

4. **Liquidity.** This measure is based predominantly based on the bid-ask spread, which is the price difference between the highest price a buyer is willing to pay and the lowest price in which a seller is willing to sell. The less liquid a bond, the more spread the team demands. To estimate this cost, the team multiples the bid-ask spread times the security's spread duration. The team thinks about liquidity costs in the context of the market environment. In an "average" regime, the bid-ask will be in the mid-to-upper-single-digit basis point range. But in bear markets, the bid-ask spread could widen, and the team would likely use a wider bid-ask to estimate liquidity costs. The traders have input into this factor.

5. **Default costs.** This is the expected cost due to the possibility of default. The cost is the probability of default times the expected loss in the event of default. This data is obtained from external resources who publish the probability of default by sector, capital structure, and ratings.

6. **Spread volatility cost/Optionality.** The team makes a qualitative assessment of a volatility cost based on the economic sector, credit rating, effective duration, etc. The more uncertainty around a credit, the higher volatility assumption. The team uses conservative volatility assumptions as appropriate given the market conditions and their conservative mindset. The higher the volatility assumption, the higher the assumed cost of the call option since the option becomes more valuable given the market uncertainty. Therefore, the spread of the bond's yield over comparable maturity is reduced.

The team assesses the attractiveness of a credit's valuation by adding these components together to arrive at a net expected excess return and comparing the result to their estimate of fair value.

Fundamental research is the foundation of the investment process. There are four fundamental criteria the team requires: a durable operating model, effective management, attractive/appropriate structure, and transparency. The qualitative factors underlying these criteria vary slightly based on asset class (i.e., the requirements for durability can vary between a corporate and structured credit).

A durable credit is one where the team believes an issuer's revenue stream and its financial structure can withstand a wide range of economic and regulatory scenarios. In BBH's opinion, there are several characteristics that contribute to a credit's durability. For example, the durability criteria for corporate issuers includes essentiality of product/service and strong competitive position, while the durability of a structured credit might be defined by debt that can withstand multiples of projected collateral loss. The team does not invest where outcomes are binary, are surrounded by meaningful uncertainties, or are reliant on optimistic forecasts to be solvent. The team also avoids new industries that aren't time-tested, where this is no evidence of how the industry could perform in a downturn, e.g., early rooftop solar and marketplace lending ABS. BBH utilizes stress testing as part of their assessment of a credit's durability. When stress-testing, BBH first develops what they believe are conservative baseline assumptions for a credit. Then the team requires that a security hold up to 250% of that base-case loss without any impairments to principal or interest.

When assessing management, the team looks for issuers with a long, proven track record of execution (especially through a downturn), commitment to capital markets access, and incentives that are aligned with creditors' interests.

Regarding appropriate bond structures, the team requires the level and variability of an issuer's revenues to comfortably support ongoing operations and the capital structure. The team ensures that issuers are not overly dependent on financial

Regarding appropriate bond structures, the team requires the level and variability of an issuer's revenues to comfortably support ongoing operations and the capital structure. The team ensures that issuers are not overly dependent on financial markets and have appropriate maturities and covenant protections. When it comes to transparency, the team demands detailed and timely information of collateral performance to evaluate and understand the issuer and the credit. Management must also be accessible.

Portfolio Construction

Bottom-up credit selection drives portfolio construction. The portfolio's exposure to sectors, geographies, credit quality, etc., are purely the result of the team's fundamental and valuation analysis. The team does not attempt to benefit from "top-down" calls, such as changes in the yield curve or thematic views or attempt to mirror benchmark exposures. The strategy's duration is flexible, where the team seeks to maintain a duration that is consistent with positive returns over longer time periods. U.S. Treasury futures can be utilized to manage duration, which allows security selection to be man- aged independent of portfolio duration. Stress tests are performed at the portfolio level to understand the effects of rate changes.

The BBH team does not derive a false sense of security from diversification. Their confidence is based on thorough underwriting and attractive valuations. Their Credit Value portfolio generally holds roughly 80 issues, spread across fewer obligors (50-60), making the strategy relatively concentrated. The top 10 credits are expected to account for 20%-25% of assets. They intend to own securities for the long term, but obviously sell if their investment thesis proves incorrect or for portfolio construction reasons.

Past performance is not a guarantee of future results.

Position size is mostly determined by the valuation model. The more attractive the expected excess return, the larger the position. Position size is usually limited to 3%. The team will add to positions if they feel the market overly punishes a high-conviction name. Similarly, the team trims as their expected compensation declines, i.e., the do not hold a position at full size until it reaches their sell target. Typically, position sizes are down to 0.25% at the time a security reaches the sell point. Under normal circumstances, portfolio turnover should average 20% to 25% per year.

When attractive credit opportunities or valuations are not available in the marketplace, they will hold liquid reserves. These liquid reserves are considered "dry powder" for when attractive longer-term opportunities arise and are categorized as short- and intermediate-term. These can be easily converted to cash without having to accept meaningful bid-ask spreads to liquidate the position. (Large cash positions could materially impact the fund's duration.)

Guggenheim Multi Credit Strategy

Investment Philosophy and Process

The **Guggenheim Multi Credit** strategy seeks to maximize total return through a combination of current income and capital appreciation. The team invests in a wide range of fixed-income and other debt and senior-equity securities selected from a variety of credit qualities, and sectors, including, but not limited to, corporate bonds, bank loans, structured credit, U.S. government and agency, mezzanine, preferred, and convertible securities.

Guggenheim believes that an emphasis on capital preservation, while capturing attractive yields and a sustainable income component, is the surest path to superior long-term investment results. The firm strongly believes that fixed-income markets are inefficient, and as a result Guggenheim focuses on bottom-up, fundamental research to identify securities with attractive relative value, where prices are not reflective of a security's intrinsic value for a given risk profile. They seek opportunities across fixed-income market sectors—especially in non-index-eligible securities—and try to take advantage of downturns/inefficiencies that occur during times of uncertainty. The team is benchmark agnostic when constructing the portfolio. Managing overall portfolio risk, however, is critical and is accomplished through portfolio diversification, both across and within sectors, by limiting position sizes, conservative yield-curve positioning (when deemed appropriate), portfolio stress-testing, and establishing loss thresholds, among other measures. They do not attempt to time the market and they have a buy-to-own mindset. As a result, changes to portfolio positioning tend to be incremental, rather than sudden and drastic. Furthermore, the team does not attempt to add significant value through trading around marginal changes in the price of securities.

The strategy is flexible and is not constrained by duration, sector, issuer, or credit quality. Our (preliminary) longer-term return expectations for the strategy is in the ballpark of T-bills +3%-4% over a market cycle, though we expect this return hurdle to be a moving target based on the macro environment and bottom-up opportunities.

The strategy's success is not premised on makingpredictions around short-term interest-rate swings. In other words, the team does not build a portfolio of derivatives in an attempt to benefit from rates rising or falling, or how the curve moves. (However, at the margin, the team will adjust duration using interest-rate derivatives.) Instead, the focus is on buying securities that meet the team's credit criteria and that they think will outperform throughout an interest-rate cycle. Bottom-up credit selection (i.e., structures such as floating-rate versus fixed-rate) will be a key driver of the fund's duration as opposed to shorting or using significant derivative exposure. Therefore, we do not expect the fund's duration to be negative. The strategy may own non-U.S. positions, but all non-dollar exposure is hedged back to USD).

Guggenheim's investment approach is rooted in bottom-up credit selection, though in-house macroeconomic views serve as a "roadmap" to inform and guide portfolio construction considerations such as duration (i.e., interest-rate sensitivity), credit quality and credit structure, as well as exposures to economic sectors.

Credit selection is conducted by a deep team of sector and security analysts. Their focus is on understanding the under lying business, issuer financial strength, risks pertaining to cash flows, the capital structure (seniority of payments), debt

covenants, etc. This analysis involves comprehensive industry analysis that incorporates inputs from industry experts, competitors, suppliers, servicers, and customers. It also incorporates a thorough analysis of creditworthiness under a variety of downside stress-test scenarios. An integral part of Guggenheim's credit analysis is the dedicated legal team that examines pertinent covenants and terms affecting issues.

Though the process starts with detailed credit analysis, risk management plays a prominent role. The team studies a wide range of economic and market scenarios to understand what can happen and assess the possible impact these scenarios could have on the portfolio. The team simultaneously strives to understand how specific changes in portfolio composition would lessen the downside (e.g., upgrading credit quality or including different types of security structures), but they do not manage to specific short-term downside loss thresholds.

Scenarios can include those driven by macroeconomic risks (e.g., an economic slowdown in China), changes in regulation, broad sector trends, or an assessment of liquidity at the sector, security, and industry levels. Scenario analysis at the portfolio level also includes the impact of interest-rate changes along the different tenors of the curve—whether they are rapid and sharp or gradual.

At the credit level, the team might examine the effect of sudden mark-to-market shocks on the portfolio by assuming widening yield spreads for specific portfolio exposures. The team will also examine risks to specific economic sectors under a given stress-test scenario to quantify the potential downside risk. For example, in recent years the team re-evaluated the default, liquidity, and mark-to-market risk of energy holdings assuming a dramatic decline in oil prices.

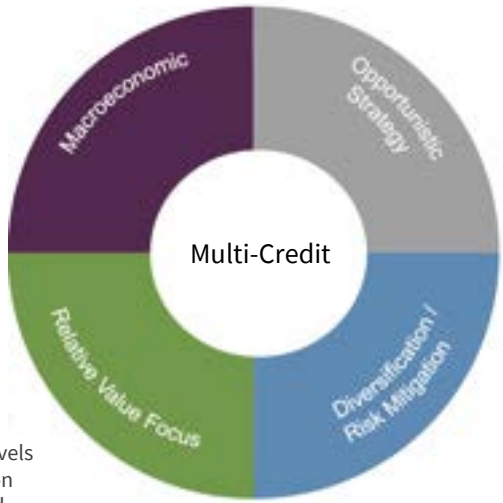
The final piece of risk management is diversification. This plays into one of Guggenheim's core beliefs, namely that over the long-term the best way to make money is by not losing it, or at the very least by minimizing losses. The team seeks high levels of diversification across and within fixed-income sectors

Macroeconomic Themes

- Global Macroeconomic themes drive asset allocation.
- May take view on interest rates.
- Primarily U.S. dollar-denominated securities with non-USD securities generally hedged.

Relative Value Focus

- Invests unconstrained across fixed income sectors to maximize risk adjusted returns.
- Review fixed income sector spread levels using a historical and time distribution matrix to assess degrees of under and overvaluation.
- Target blend of coupon types (floating and fixed) and repayment profiles (amortizing and bullet.)



Opportunistic Strategy

- Absolute return driven by active tactical asset allocation.
- Attempts to capitalize on structural inefficiencies and create alpha due to information premium.
- Flexibility is key to navigating a wide spectrum of market environments including rising rates and widening credit spreads.

Diversification/Risk Mitigation

- Concentration limitations by asset type, liquidity, and maturity.
- Consider risk correlations across securities, industries, and sectors.
- Greater diversification mitigates event or systematic risk.
- Detailed due diligence and legal analysis on credit issuers.
- Downside hedge using derivatives.

Portfolio Construction

We believe Guggenheim's approach is defined by its team-oriented culture and investment process. While portfolio managers are responsible for executing investment decisions, these decisions are the result of a collaborative effort

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across the investment team. As is discussed in more detail below, these different groups include credit sector teams that analyze and vet the securities across the capital structure, and are ultimately responsible for identifying securities for inclusion in the portfolios, the macroeconomic research team that seeks to identify potential investment themes as well as big-picture risks to the portfolio, and the portfolio construction group that works closely with the portfolio managers, among others, to identify appropriate sector allocation ranges based on prospective risk/return analysis. There is also a legal team that reviews credit structures, and a risk officer who considers bigger-picture risks from both investment and operational perspectives. Each of these groups relies heavily on the other, resulting in a continuous sharing of data, insights, and feedback that informs idea generation, portfolio construction, key risks, and areas for opportunity. Below is a brief overview of some of the key contributors to the process:

Global Macroeconomics and Investment Research Team

The Global Macro and Investment Research group works to assess macro risks and the potential negative impact on portfolio exposures, while also evaluating opportunities. The primary goal is to generate ideas that are actionable for portfolio managers and sector teams. The group is comprised of two parts: Global Macro and Investment Research. The Global Macro subgroup's focus includes understanding economic indicators and macroeconomic trends, which helps inform the firm's view on interest rates, duration, and the shape of the yield curve. The Investment Research subgroup is more sector focused and works directly with professionals responsible for making investment decisions. The macro team works closely with sector teams, portfolio managers, and the portfolio construction group.

Portfolio Construction Group

The portfolio construction group plays a consultative role within Guggenheim and helps set strategic allocation parameters for the firm's investment vehicles. The team utilizes several inputs when qualitatively determining soft portfolio allocation targets; these inputs include information provided by the macroeconomic research team, portfolio managers, and sector teams. Another key function of the portfolio construction group is to stress test portfolios in order to get a clearer view of how the portfolio could be impacted across various scenarios, including sharp interest-rate changes, or meaningful increases in yields due to market volatility.

Sector and Security Research

The credit analyst team consists of close to 120 sector and security analysts who are responsible for finding and underwriting individual securities for use in the portfolios. The credit team spans many fixed-income sectors including structured securities, corporate credit (both investment-grade and high-yield bonds and loans), commercial mortgage loans, government securities, and municipal bonds. The corporate credit team is the largest team and is headed by a corporate credit five-person investment committee that is ultimately responsible for deciding whether a credit is approved for portfolios. The corporate credit investment committee is supported by a team leader who oversees approximately 40 economic sector credit analysts, responsible for evaluating securities across the capital structure. These analysts are, in turn, supported by nearly 25 junior analysts. The structured securities team, while not as large as the corporate credit team, is a meaningful piece of the overall research effort. It too is headed by a five-person investment committee.

Portfolio Managers

Portfolio managers work closely with the macro group and portfolio construction group to develop target sector ranges and to analyze various risk scenarios, while they rely on sector and security research teams to identify ideas for the portfolio. Portfolio managers across Guggenheim have discretion on asset allocation decisions and portfolio positioning, provided it is within the framework of the firm's overall view. Portfolio decisions are the end-result of a collaborative effort across different individuals and groups that make up the investment team, though Steve Brown and Adam Bloch are ultimately responsible for the day-to-day portfolio implementation of the strategy.

Neuberger Berman U.S. Index Option Income Strategy

Investment Philosophy and Process

At its most basic level, writing/selling puts on an equity index with an at-the-money (ATM) strike price (the price at which the option can be exercised) is equivalent to insuring the put buyer against any losses due to the price of the index falling. Like any insurance provider, the put seller collects a premium to provide that insurance and hopes to profit over time by collecting more than they pay out (in addition to interest income on the amount they hold in reserve for future claims — the "collateral" in the case of put writing). The amount of premium varies according to a number of factors, including the market perception of risk, the length of the option, and whether the option is ATM when written (riskier for the seller, which necessitates a higher premium) or out-of-the-money (OTM) and by how much. The further OTM the option is, the less likely the index is to decline below the strike price, and thus the less likely the option seller is to be required to make a payment to the option buyer, so the premium is lower. (In the insurance analogy, selling further OTM options is the equivalent of an insurer having a higher deductible on the policies they write.)

At a macro level, the team believes index option markets serve as a necessary capital market for risk transfer, similar to other risk underwriting markets such as debt or equity capital markets or traditional insurance markets. Equity index option premiums efficiently price the transfer of equity index risk between buyers and sellers, much like bond market yields price interest rate and credit risks. While bonds and stocks are exclusively underwritten by investment banks, almost any sophisticated investor is free to write an option contract on an exchange. This allows longer-term, well-capitalized investors to take advantage of the market structure built by the larger players, including the information flow and established options pricing. This is akin to an accessible insurance marketplace where the clearing price is set by insurers with high operating costs and high costs of capital (in the case of options, investment bank options desks and options market-makers). Other insurers with lower fixed costs or access to lower cost long-term capital (long-only investors with longer-term time horizons) can underwrite similar risks and generate similar revenue, but with higher profit margins. This is the market in which put selling operates and contributes to its ability to generate attractive risk-adjusted returns.

The returns to equity index put writing come from two risk premia (plus the return on collateral). The first is the ***equity risk premium***, or the return investors earn for holding equity risk. There is persistent evidence of at least a moderately high degree of equity market efficiency in well-researched, liquid markets (e.g., the US large-cap market), which almost all investors accept to varying degrees. The team believes that there is a natural corollary related to options on stock indexes. For equity markets to be efficient, investors who hold the downside risk of an equity index should, over the long term, expect to earn returns in the range of the equity risk premium consistent with owning the index. Essentially, the underwriters of equity risk should earn returns roughly consistent with the equity risk premium over the long term, regardless of how the risk is assumed (through direct ownership of the index or insuring its downside). A portion of put option premium must therefore compensate the put seller for the equity sensitivity of the option.

The second risk premium is the ***volatility risk premium***. In addition to the compensation for equity sensitivity, the option seller must be compensated further for the added risk associated with insuring the downside of the index for some period in the future in an unpredictable world. Neither investors nor insurers assume risk with the intention of losing money over time, and option markets are not an exception. Because of the high degree of uncertainty, and the negatively skewed risk/ return profile to which they are exposed, sellers of put options build in a significant cushion (or expected profit margin)to the premiums they collect from option buyers. Over time, this allows sellers of ATM puts to generate returns similar to owning the index.

Since 1986, the median put option premium yield collected by the Put Index has been over 1.5% per month, which implies an annual cost of over 18% for consistent S&P 500 put option buyers. Obviously, there are some periods where markets decline over the course of a month and the sellers of puts have to pay out on the "insurance" they've provided. Option markets are constantly reappraising equity market risk to adjust for both perceived and realized risks, and option

premiums increase significantly during periods of heightened volatility and equity market losses, in much the same way that insurance premiums spike sharply after natural disasters cause losses to property insurers. Over time, the sellers of put options have made money consistently over multi-year periods despite occasional sharp losses.

The return profile of selling ATM index puts tends to be more stable than owning the index outright. In converting traditional equity investment return potential (i.e., capital appreciation and dividends) into tangible up-front cash flows via the consistent collection of option premiums and interest income, put writing strategies make an explicit trade-off between up-market participation and down-market participation, while still seeking reasonable returns in flat markets. The strategy will not participate in the upside of the index when it soars, but it will also lose less when the index suffers negative performance, due to the cash flows it collects providing a significant cushion. The premiums the strategy collects also ratchet up significantly (sometimes dramatically) during periods of market losses (insurance gets more expensive after the hurricane), which typically helps the strategy recover from drawdowns more quickly than the equity index.

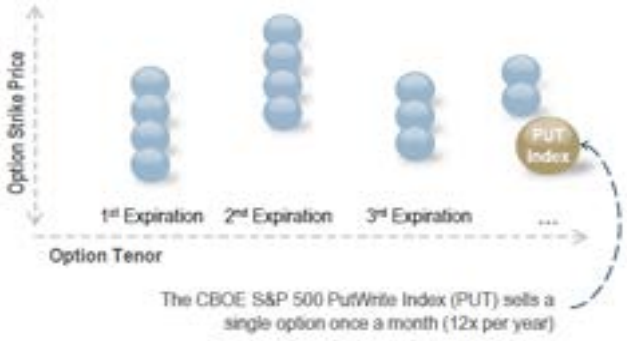
Objective	Provide investors additional sources of returns that are capital efficient and complementary to existing portfolio allocations
Investment Merits	*Behavioral Biases:* Investors have persistent demands for risk control and tend to 'overpay' for protection, i.e. insurance Capitalize on investors 'animal spirits', e.g., fear and greed *Market Structure:* Traditionally, banks and trading firms 'price in' high profit margins in option markets, i.e. implied volatility Short-term option premiums decay at a rapid rate which makes underwriting equity risk profitable *Increased Portfolio Efficiency:* Ability to utilize existing portfolio as collateral to generate additional returns with structured payoffs
Investment Tenets	*Long-Term Focus:* Strategy seeks to earn returns by collecting option premiums over time rather than capital appreciation *Invest for Profits:* Don't 'reach' for higher premiums when market volatility is low and don't forgo high premiums during volatile times *Avoid Expensive Hedges:* Paying up for expensive options is counterproductive to our investment objective *Balance Risks:* Balance the likelihoods of small losses vs. risk of complete loss; investors are paid to assume risk not avoid risk *Diversify Exposures:* Path dependence can materially effect investor outcomes
Implementations	Systematic, structured, bespoke, cost effective, liquid, tax-advantaged*
Avoid	Excessive leverage, complexity, tactical market timing

Seeks to lower volatility through...

Diversification

Our process promotes diversification across multiple dimensions, i.e. **strike**, **expiration dates** and **implied volatility levels** (investor sentiment) to seek a stable risk exposure to underlying indexes.

Option Portfolio Exposures
(Illustration)



Seeks to increase return potential through...

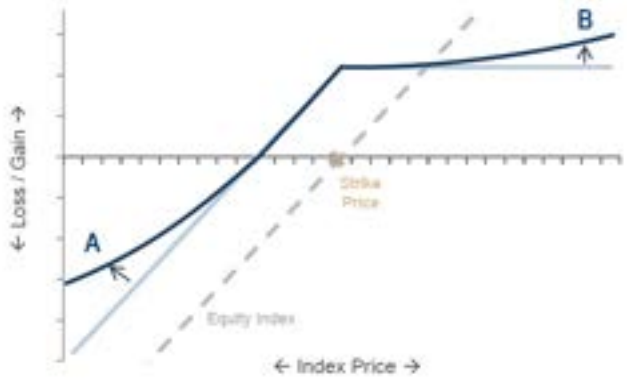
A. SYSTEMATIC RISK MANAGEMENT

Seek to mitigate losses during declining markets.

B. INCREASED CAPITAL EFFICIENCY

Seek to maintain desirable levels of time value decay ("theta") during rising markets.

Option Pay-Off Diagram
(Illustration)



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Portfolio Construction

In executing the equity index put writing strategy, the team seeks to reduce the path dependence of the Put Index, as well as manage risk and enhance returns through thoughtful active management. They diversify the underlying options by strike price and expiration date, writing approximately 30 puts, laddered from four- to six-week expiration dates, intending for 20% to 25% to roll off each week and be replaced by new options. This diversification reduces the chance of bad luck creating a very negative short-term outcome (or worse, series of negative short-term outcomes in a row) from selling only one put per month (e.g., a steep drop in the equity index immediately after selling the put producing losses, but without the opportunity to immediately capture the higher option premium to help offset the losses).

Another critically important difference between the Put Index and the strategy NB will manage for the fund is the selection of the level of 'moneyness' of the options written (i.e., ATM versus OTM). The fund's options will be 2% to 3% OTM vs the Put Index selling ATM options -- the equivalent of writing insurance policies with significant deductibles compared to no deductible. The same general return profile holds true for an OTM strategy as compared to the Put Index, but not surprisingly, the premiums collected are lower (as are the volatility and drawdowns due to the downside buffer built in by the "deductible"). In NB's historical simulations of the 2% OTM variation of the strategy, the returns are closer to high yield bonds (upper single digits), with long-term standard deviation of approximately 6%, well below equity volatility in the mid-teens and high yield's upper single digits. The maximum drawdown during the global financial crisis ("GFC") was 16%, about half that of high yield bonds, and one-third that of the S&P 500 Index.

Risk management is a function of a number of factors, one being the overall sizing of the allocation at the fund level, since the strategy has significant equity correlation (but inherently lower beta and lower downside risk). Secondly, the selection of ATM or OTM, and how far OTM, influences the level of risk materially. Lastly, the team seeks to actively reduce downside ("left tail") exposures to mitigate equity risk and loss potential by buying back a portion of the put options that are underwater and selling new put options at significantly higher premiums. (This is like an insurance company being able to cancel the insurance policy (at a loss, to be sure) once the hurricane has started, and then writing new policies with much higher rates in a different geographic area.) Put writing is not a strategy built on a philosophy of explicit risk avoidance; rather, it is rooted in seeking compensation to underwrite risks that other investors often overpay to mitigate.

It doesn't swing for home runs, but instead seeks to consistently hit singles and doubles and limit strikeouts. Investors in the strategy accept consistently positive but limited upside returns in exchange for less frequent, but occasionally significant drawdowns (similar to many hedge fund strategies, but without the potentially onerous fees and terms).

As option writing strategies continue to grow as strategic allocations for investors, the team believes that the benefits of passive equity investing will not translate into options strategies. Options markets are transparent, so sizable positions in specific option contracts are widely observed by the relatively limited number of exchange participants and option dealers. This leads to the expectation that as passive options strategies scale, they will not produce the same positive feed- back loop that can occur in passive equity investing. Passively buying stocks in an index can drive the index value higher. Conversely, passively selling options can result in a reduction of the premium yield collected by investors. Meanwhile, too frequent active trading can result in high transaction costs and potentially getting whipsawed by the market in sharp reversals, while not collecting sufficient premium for the level of risk being underwritten. There are risks in both passive and hyperactive tactical implementations. Thus, the team believes a balanced, systematic approach that seeks to manage risk, while still consistently collecting premium during periods of heightened volatility offers the highest probability of long-term success.

How did you determine the allocations to the managers?

The manager allocations are as follows:

- BBH 40%
- Guggenheim 40%
- Neuberger Berman 20%

Manager allocations were the result of combining qualitative and quantitative inputs. Qualitatively, it started with our understanding of each manager and their investment strategies, as well as our forward-looking expectations of their individual risk profiles, and likely returns across a range of economic, interest-rate, and credit-market scenarios.

To test our initial thinking and expectations, we evaluated historical performance of actual track records as well as historical asset class performance data. For example, Guggenheim has run a separate account strategy with a performance record going back to the late 2000s, and BBH has a track record that goes back to mid-2014. Ultimately, we were able to put together a combination of live track records, and what we felt were reasonable approximations for all three managers. Looking at those results for each manager/strategy was very consistent with our initial expectations.

From there, we ran different combinations of allocations to the three managers, and those results, again, were consistent with our exante range of expectations for the potential allocations we initially created. The mix of our qualitative assessments and our review of the data led us to the final strategic weightings, which we believed would achieve an attractive balance of high income with a reasonable level of risk.

We gave larger allocations to BBH and Guggenheim because they have the most flexible strategies with the widest opportunity sets, and we had longer histories of investing with both of those firms. Neuberger Berman's strategy has a lower weight than BBH and Guggenheim because it can have periodic, significant short-term downside. We have a lot of confidence in the team and strategy, but risk management factored into the allocation decision. (However, we expect it to continue to achieve the highest returns over the long term.)

What role can this fund play in an investor's portfolio?

Given the composition of the fund, it does not fit neatly in a typical style box or asset-allocation pie chart. (As analysts, we believe this is often the sign of an interesting opportunity.) But broadly speaking, we see the fund as a strategic part of an investor's diversified fixed-income allocation, offering access to proven managers with expertise in niche and non-traditional credit markets and income strategies.

In our affiliated private client advisory business, we use the fund as a long-term strategic allocation that complements our portfolios' core bond exposures and other income-oriented investments, because we believe it has the potential to generate higher returns over a full market cycle, while adding diversification and mitigating interest-rate risk. Advisors might also use the fund to diversify and replace some of their high-yield (or higher-yielding) fixed-income allocations or traditional equity-income allocations. Given our fund's income objective, it may be beneficial in enhancing yield in portfolios for income-focused clients, or as part of endowment or trust portfolios that have recurring income-distribution. The fund could also serve as part of an alternative strategies allocation, although we would note that the fund is likely to have more short-term downside than a "pure" alternative strategy that actively and consistently hedges market exposure.

In Closing

The fixed-income market has become far more diverse since the GFC, particularly as banks and other lenders have pulled back from areas they had traditionally financed. This has created a huge opportunity for investors to help fill those gaps. Some opportunities require private, longer-duration capital, but some, like non-traditional ABS, can be included as part of a more liquid portfolio. We think investors should take advantage of this increased opportunity set for both greater income and potential diversification benefits, rather than be constrained purely to traditional investment-grade fixed-income. This is especially true now, since core bonds are subject to significant interest-rate risk in a still highly uncertain environment. We believe there is a compelling opportunity for skilled, active managers to generate high income and attractive risk-adjusted returns in the broad spectrum of non-traditional income sectors and strategies.

Past performance is not a guarantee of future results.

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DISCLOSURE

Past performance does not guarantee future results. Index performance is not illustrative of fund performance. An investment cannot be made directly in an index. This fund is new and performance information is not available. Once performance is available, it may be obtained by calling 1-800-960-0188 or by visiting www.imgpfunds.com

The fund's investment objectives, risks, charges, and expenses must be considered carefully before investing. The statutory and summary prospectus contains this and other important information about the investment company, and it may be obtained by calling 1-800-960-0188. Read it carefully before investing.

Although the managers actively manage risk to reduce portfolio volatility, there is no guarantee that the fund will always maintain its targeted risk level, especially over shorter time periods and loss of principal is possible. The performance goals are not guaranteed, are subject to change, and should not be considered a predictor of investment return. All investments involve the risk of loss and no measure of performance is guaranteed. The fund aims to deliver its return over a full market cycle, which is likely to include periods of both up and down markets.

Though not an international fund, the fund may invest in foreign securities. Investing in foreign securities exposes investors to economic, political and market risks, and fluctuations in foreign currencies. Investments in debt securities typically decrease when interest rates rise. This risk is usually greater for longer-term debt securities. Investments in mortgage-backed securities include additional risks that investor should be aware of including credit risk, prepayment risk, possible illiquidity, and default, as well as increased susceptibility to adverse economic developments. Investments in lower-rated and non-rated securities present a greater risk of loss to principal and interest than higher-rated securities. Derivatives may involve certain costs and risks such as liquidity, interest rate, market, credit, management, and the risk that a position could not be closed when most advantageous. Investing in derivatives could lose more than the amount invested. The fund may invest in master limited partnership units. Investing in MLP units may expose investors to additional liability and tax risks. Multi-investment management styles may lead to higher transaction expenses compared to single investment management styles. Outcomes depend on the skill of the sub-advisors and advisor and the allocation of assets amongst them. The fund may make short sales of securities, which involves the risk that losses may exceed the original amount invested. Merger arbitrage investments risk loss if a proposed reorganization in which the fund invests is renegotiated or terminated.

Investment in absolute return strategies are not intended to outperform stocks and bonds during strong market rallies.

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

Leverage may cause the effect of an increase or decrease in the value of the portfolio securities to be magnified and the fund to be more volatile than if leverage was not used.

Mutual fund investing involves risk. Principal loss is possible.

iM Global Partner Fund Management, LLC has ultimate responsibility for the performance of the iMGP Funds due to its responsibility to oversee the funds' investment managers and recommend their hiring, termination, and replacement.

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FURTHER INFORMATION

Should you require further information, please don't hesitate to contact us:

team@imgpfunds.com

Alternatively you can visit our website:

In the US:

A global presence

Our international offices

Paris

+33 (0)1 88 40 75 00
20, Rue Treilhard
75008 Paris
contact-FR@imgp.com

London

+44 (0)20 3808 8090
62 Threadneedle Street
London EC2R 8HP
contact-UK@imgp.com

Luxembourg

+352 26 27 36 1
10-12 Boulevard
Franklin D. Roosevelt
L-2450 Luxembourg
contact-LU@imgp.com

Frankfurt

+49 170 557 0046
Neue Mainzer Strasse 46-50
60311 Frankfurt am Main
contact-DE@imgp.com

Madrid

+34 91 198 77 18
Paseo de Recoletos, 5, 3ª
Planta
28004 Madrid
contact-ES@imgp.com

Milan

+39 02 829 56 699
Via Dante, 7
20123 Milan
contact-IT@imgp.com

Stockholm

+46 (0)7 03 51 33 11
Kungsgatan 8
111 43 Stockholm Sweden
contact-SE@imgp.com

Zurich

+41 (0) 44 214 64 74
Bahnhofstrasse, 37
8001 Zurich
contact-CH@imgp.com

Our US offices

Los Angeles

+1 (323) 238 4518
2301 Rosecrans Avenue
Suite 2150
El Segundo, CA 90245
info-US@imgp.com

Walnut Creek

+1 (925) 254 8999
1676 N. California Blvd,
Suite 200
Walnut Creek, CA 94596
information@lgam.com

Miami

+1 (786) 893 8616
78 SW 7th Street
Miami, FL 33130
contact-usoffshore@imgp.com