

# VIVALDI MERGER ARBITRAGE FUND



VARBX | VARAX

As of Date: 12/31/2020

## Investment Objective

The Vivaldi Merger Arbitrage Fund seeks returns that are largely uncorrelated to the general stock market, and capital appreciation.

## Strategy Overview

The strategy seeks to take advantage of the return opportunity presented by the natural deal spread that emerges after the announcement of a merger or acquisition. Our manager employs a research-driven process focusing on predominantly North American transactions with more well-defined regulatory or financing risk. The primary goal is to look for the best risk-adjusted deals for the portfolio, focusing on strategic combinations of solidly performing targets by well-financed acquirers. The strategy is focused on running concentrated in the best ideas with a preference for shorter-dated transactions. The portfolio managers continuously analyze and monitor pending transactions for all the elements of potential risk, including antitrust, deal terms, financing and shareholder approval.

## Key Features

- '40-Act mutual fund: daily liquidity, transparency, accessibility
- Portfolio managers seasoned by over 35 years of combined merger arbitrage investing experience across various market cycles
- Portfolio typically comprises 15-25 positions, diversified by sector and industry
- Strategy seeks to exhibit a low correlation to broader benchmarks, as performance is based on the ability to evaluate deals rather than the direction of the market

## Fund Facts

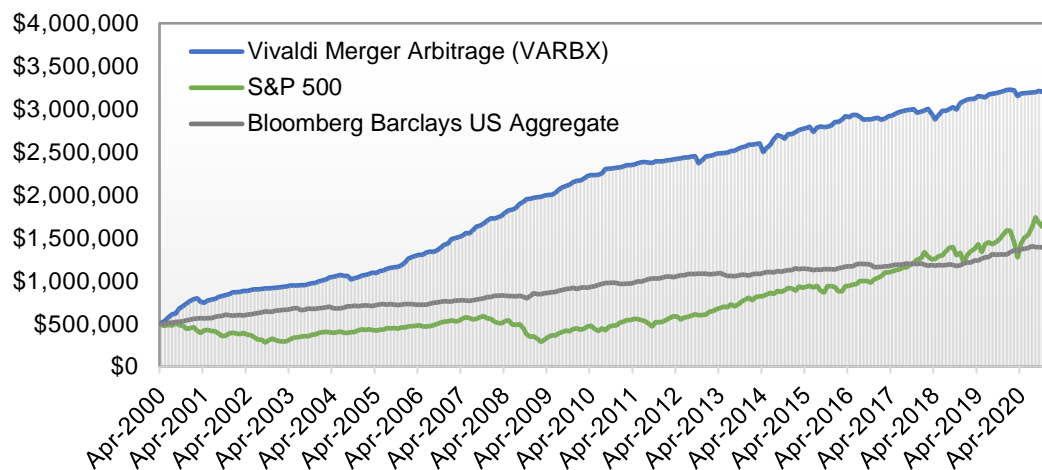
Inception Date	April 1, 2000	
Ticker Symbols	CUSIP Nos.	
A Share VARAX	46141T 877	
I Share VARBX	46141T 869	
Minimum Investment		
\$5,000 A Share (Reg & IRA Accts)		
\$500,000 I Share		
Expense Ratios		
Share Class	Gross	Net
A Share	2.84%	1.83%
I Share	2.53%	1.52%

## Fund Performance

Avg. Annualized Returns* as of 12/31/2020	QTD	YTD	1-Year	3-Year	5-Year	10-Year	Since Inception (4/1/2000)
<b>Performance at NAV without sales charge</b>							
A share (VARAX)	4.26%	3.66%	3.66%	3.81%	2.97%	3.44%	9.31%
I share (VARBX)	4.29%	4.00%	4.00%	4.13%	3.29%	3.74%	9.60%
Barclays Agg. Bond Index	0.67%	7.51%	7.51%	5.34%	4.44%	3.84%	5.10%
S&P 500 Index	12.15%	18.40%	18.40%	14.18%	15.22%	13.88%	6.58%
<b>Performance at MOP includes maximum sales charge</b>							
A share (VARAX)	-1.73%	-2.27%	-2.27%	1.79%	1.76%	2.83%	9.00%

*\*ANNUALIZED FOR PERIODS GREATER THAN 1 YEAR. EXPENSE RATIO: A SHARE 1.83% NET (2.84% GROSS); I SHARE 1.52% NET (2.53% GROSS). PERFORMANCE QUOTED REPRESENTS PAST PERFORMANCE AND DOES NOT GUARANTEE FUTURE RESULTS. PERFORMANCE SHOWN INCLUDES THE PERFORMANCE OF THE UNREGISTERED PREDECESSOR FUND\* (INCEPTED 4/1/2000) WHICH CONVERTED ITS ASSETS AND PERFORMANCE INTO THE VIVALDI MERGER ARBITRAGE FUND ON 10/01/2015. INVESTMENT RETURN AND PRINCIPAL VALUE WILL FLUCTUATE SO THAT SHARES, WHEN REDEEMED, MAY BE WORTH MORE OR LESS THAN THEIR ORIGINAL COST. MOP (MAXIMUM OFFERING PRICE) FIGURES REFLECT MAXIMUM SALES CHARGE IN CLASS A SHARES OF 5.75%. NAV (NET ASSET VALUE) RETURNS DO NOT INCLUDE THE EFFECT OF ANY APPLICABLE SALES CHARGES. CURRENT PERFORMANCE MAY BE LOWER OR HIGHER THAN THAT SHOWN HERE. THE PERFORMANCE HISTORY IS NET OF ALL CURRENT FUND FEES AND REFLECTS THE IMPACT OF THE CONTRACTUAL WAIVER AGREEMENT. IF THE CONTRACTUAL WAIVER AGREEMENT WERE NOT IN PLACE, THE FUND'S PERFORMANCE WOULD BE REDUCED. PERFORMANCE DATA CURRENT TO THE MOST RECENT MONTH-END IS AVAILABLE AT 877.779.1999.*

## Value Added Monthly Index - Growth of \$500,000



*THIS CHART ILLUSTRATES THE PERFORMANCE OF A HYPOTHETICAL \$500,000 INVESTMENT MADE IN THE FUND THROUGH 12/31/2020. IT ASSUMES REINVESTMENT OF DIVIDENDS AND CAPITAL GAINS BUT DOES NOT REFLECT THE EFFECT OF ANY APPLICABLE SALES CHARGE OR REDEMPTION FEES. THIS CHART DOES NOT IMPLY ANY FUTURE PERFORMANCE.*

## Risk Analysis

	Correlation			Beta		
	VARBX	BCS_AGG	SPXT	VARBX	BCS_AGG	SPXT
VARBX	1.00	0.11	0.04	1.00	0.16	0.01
BCS_AGG		1.00	-0.08		1.00	-0.02
SPXT			1.00			1.00

## Risk & Return Statistics

	Vivaldi Merger Arbitrage: VARBX	S&P 500 Index	Barclays Aggregate Bond Index
Annualized Return	9.60%	6.58%	5.10%
Standard Deviation	5.00%	15.08%	3.40%
Sharpe Ratio (rf = 0)	1.92	0.44	1.50
Max Drawdown	-6.81%	-50.95%	-3.82%
Months to Recover from Max Drawdown	4	37	2

## Historical Returns

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2020	0.19%	-0.28%	-2.10%	0.97%	0.10%	0.10%	0.10%	0.19%	0.48%	-0.38%	1.72%	2.92%	4.00%
2019	0.66%	0.19%	0.09%	1.02%	-0.28%	-0.18%	1.02%	0.27%	0.27%	0.27%	0.45%	0.40%	4.27%
2018	0.48%	0.67%	-1.89%	-2.22%	1.78%	1.65%	0.00%	0.67%	0.66%	-0.85%	2.56%	0.64%	4.11%
2017	-0.77%	0.49%	0.87%	0.29%	0.76%	0.66%	0.38%	0.38%	0.09%	0.28%	-1.40%	0.36%	2.39%
2016	0.00%	0.88%	1.46%	-0.38%	0.87%	0.00%	-0.76%	-1.15%	0.10%	0.10%	0.29%	0.35%	1.73%
2015	0.80%	1.04%	0.35%	0.46%	0.48%	-2.12%	1.74%	0.49%	-0.14%	0.02%	0.60%	1.43%	5.22%
2014	0.08%	0.31%	0.25%	-3.89%	1.94%	1.30%	2.66%	1.81%	-0.51%	-1.08%	2.03%	-0.02%	4.81%
2013	0.33%	0.29%	0.74%	0.18%	0.11%	0.15%	0.69%	0.18%	0.86%	0.80%	0.31%	0.78%	5.55%
2012	0.44%	0.24%	0.30%	0.17%	0.24%	0.43%	0.09%	0.44%	0.13%	-3.37%	1.62%	1.69%	2.36%
2011	0.45%	0.61%	0.03%	0.32%	0.55%	0.49%	0.20%	-0.24%	-0.20%	0.75%	0.05%	-0.02%	3.03%
2010	0.29%	0.96%	1.41%	0.41%	0.02%	0.26%	0.60%	2.32%	0.18%	0.19%	0.22%	0.26%	7.33%
2009	0.31%	0.24%	0.69%	0.40%	0.02%	1.34%	1.90%	1.24%	0.70%	0.73%	1.35%	0.68%	10.02%
2008	-0.14%	0.79%	1.16%	2.00%	1.55%	0.32%	1.20%	2.62%	1.05%	1.72%	0.24%	0.59%	13.88%
2007	3.54%	0.81%	0.84%	0.94%	2.14%	-0.29%	2.48%	2.52%	0.66%	1.72%	2.06%	1.40%	20.46%
2006	3.90%	1.61%	1.11%	0.82%	0.16%	1.96%	0.73%	-0.23%	1.39%	2.41%	2.36%	1.02%	18.58%
2005	0.50%	1.12%	1.48%	-0.45%	2.10%	0.66%	1.80%	1.00%	0.57%	0.30%	1.74%	2.38%	13.99%
2004	1.17%	1.17%	2.11%	0.78%	1.16%	1.05%	-1.10%	0.01%	-3.82%	1.50%	1.00%	1.87%	6.97%
2003	0.58%	0.58%	0.35%	1.19%	0.01%	0.16%	0.29%	-0.03%	1.11%	1.17%	0.58%	1.75%	8.00%
2002	0.21%	0.51%	1.00%	0.02%	1.14%	0.93%	0.23%	0.33%	0.84%	0.01%	0.21%	0.49%	6.07%
2001	2.68%	1.75%	-5.20%	-1.70%	3.80%	1.40%	0.82%	2.68%	1.75%	1.17%	1.40%	2.52%	13.52%
2000	---	---	---	1.30%	4.97%	7.70%	6.30%	1.28%	9.92%	3.85%	3.97%	4.20%	52.48%

PAST PERFORMANCE DOES NOT GUARANTEE FUTURE RESULTS.

**MUTUAL FUND INVESTING INVOLVES RISK. PRINCIPAL LOSS IS POSSIBLE.** INVESTMENTS IN COMPANIES THAT ARE SUBJECT OF A PUBLICLY ANNOUNCED TRANSACTION CARRY THE RISK THAT THE PROPOSED OR EXPECTED TRANSACTION MAY NOT BE COMPLETED OR MAY BE COMPLETED ON LESS FAVORABLE TERMS THAN ORIGINALLY EXPECTED, WHICH MAY LOWER THE FUND'S PERFORMANCE. INVESTMENTS IN FOREIGN SECURITIES INVOLVE GREATER VOLATILITY AND POLITICAL, ECONOMIC, AND CURRENCY RISKS AND DIFFERENCE IN ACCOUNTING METHODS. INVESTMENTS IN SMALL AND MEDIUM SIZED COMPANIES INVOLVE ADDITIONAL RISKS SUCH AS LIMITED LIQUIDITY OR GREATER VOLATILITY. DERIVATIVES INVOLVE SPECIAL RISKS INCLUDING CORRELATION, COUNTERPARTY, LIQUIDITY, OPERATIONAL, ACCOUNTING AND TAX RISKS. THESE RISKS, IN CERTAIN CASES, MAY BE GREATER THAN THE RISKS PRESENTED BY MORE TRADITIONAL INVESTMENTS. THE FUND MAY MAKE SHORT SALES OF SECURITIES, WHICH INVOLVES THE RISK THAT LOSSES MAY EXCEED THE ORIGINAL AMOUNT INVESTED. THE FUND MAY USE LEVERAGE WHICH MAY EXAGGERATE THE EFFECT OF ANY SECURITIES OR THE NET ASSET VALUE OF THE FUND, AND MONEY BORROWED WILL BE SUBJECTED TO INTEREST COSTS. IN THE CASE OF AN INVESTMENT IN A POTENTIAL ACQUISITION TARGET, IF THE PROPOSED MERGER, EXCHANGE OFFER OR CASH TENDER OFFER APPEARS LIKELY NOT TO BE CONSUMMATED, IN FACT IS NOT CONSUMMATED, OR IS DELAYED, THE MARKET PRICE OF THE SECURITY TO BE TENDERED OR EXCHANGED WILL USUALLY DECLINE SHARPLY, RESULTING IN A LOSS TO THE FUND. IF A PUT OR CALL OPTION PURCHASED BY THE FUND EXPIRES WITHOUT BEING SOLD OR EXERCISED, THE FUND WILL LOSE THE PREMIUM IT PAID FOR THE OPTION. THE RISK INVOLVED IN WRITING A COVERED CALL OPTION IS THE LACK OF LIQUIDITY FOR THE OPTION. THE FUND IS NON-DIVERSIFIED, MEANING IT MAY CONCENTRATE ITS ASSETS IN FEWER INDIVIDUAL HOLDINGS THAN A DIVERSIFIED FUND. THEREFORE, THE FUND IS MORE EXPOSED TO INDIVIDUAL STOCK VOLATILITY THAN A DIVERSIFIED FUND. FOR A COMPLETE DESCRIPTION OF RISKS PLEASE READ THE PROSPECTUS.

\*ON 10/01/2015 THE HIGHLAND CAPITAL MANAGEMENT INSTITUTIONAL FUND, LLC, A DELAWARE LIMITED LIABILITY COMPANY WHICH COMMENCED OPERATIONS ON APRIL 1, 2000 (THE "PREDECESSOR FUND"), CONVERTED INTO THE VIVALDI MERGER ARBITRAGE FUND (1940 ACT REGISTERED FUND) PURSUANT TO WHICH THE PREDECESSOR FUND TRANSFERRED SUBSTANTIALLY ALL OF ITS ASSETS INTO THE FUND. THE FUND'S OBJECTIVES, POLICIES, GUIDELINES AND RESTRICTIONS ARE, IN ALL MATERIAL RESPECTS, SUBSTANTIALLY THE SAME AS THOSE OF THE PREDECESSOR FUND. THE PREDECESSOR FUND WAS NOT REGISTERED UNDER THE 1940 ACT AND, THEREFORE, WAS NOT SUBJECT TO CERTAIN RESTRICTIONS IMPOSED BY THE 1940 ACT ON REGISTERED INVESTMENT COMPANIES AND BY THE INTERNAL REVENUE CODE OF 1986, AS AMENDED, ON REGULATED INVESTMENT COMPANIES, SUCH AS THE FUND. PLEASE REVIEW THE PROSPECTUS FOR ADDITIONAL DETAILS.

**THE FUND'S INVESTMENT OBJECTIVES, RISKS, CHARGES, AND EXPENSES MUST BE CONSIDERED CAREFULLY BEFORE INVESTING. THE SUMMARY OR STATUTORY PROSPECTUS CONTAINS THIS AND OTHER IMPORTANT INFORMATION ABOUT THE INVESTMENT COMPANY, AND IT MAY BE OBTAINED BY CALLING 312.248.8300 OR VISITING VIVALDIFUNDS.COM. READ IT CAREFULLY BEFORE INVESTING.** VIVALDI ASSET MANAGEMENT LLC IS THE ADVISOR TO THE VIVALDI MERGER ARBITRAGE FUND WHICH IS DISTRIBUTED BY IMST DISTRIBUTORS, LLC.

**S&P 500 INDEX** - THE S&P 500 INDEX INCLUDES A REPRESENTATIVE SAMPLE OF 500 LEADING COMPANIES IN LEADING INDUSTRIES OF THE U.S. ECONOMY.

**BARCLAYS U.S. AGGREGATE BOND** - THE INDEX IS MARKET CAPITALIZATION WEIGHTED AND INCLUDES TREASURY SECURITIES, GOVERNMENT AGENCY BONDS, MORTGAGE BACKED BONDS AND CORPORATE BONDS. IT EXCLUDES MUNICIPAL BONDS AND TREASURY INFLATION-PROTECTED SECURITIES BECAUSE OF TAX TREATMENT.

**BETA** - REPRESENTS THE SYSTEMATIC RISK OF A PORTFOLIO AND MEASURES ITS SENSITIVITY TO A BENCHMARK.

**CORRELATION** - REPRESENTS THE SYSTEMATIC RISK OF A PORTFOLIO AND MEASURES ITS SENSITIVITY TO A BENCHMARK.

**MAX DRAWDOWN** - AN INDICATOR OF THE RISK OF A PORTFOLIO. IT MEASURES LARGEST SINGLE DROP FROM PEAK TO BOTTOM IN THE VALUE OF A PORTFOLIO (BEFORE A NEW PEAK IS ACHIEVED).

**SHARPE RATIO** - A MEASURE THAT USES STANDARD DEVIATION AND EXCESS RETURN TO DETERMINE REWARD PER UNIT OF RISK. THE GREATER A FUND'S SHARPE RATIO, THE BETTER ITS RISK-ADJUSTED PERFORMANCE HAS BEEN.

**STANDARD DEVIATION** - THE MEASURE OF HOW CLOSELY TWO SECURITIES PERFORM IN RELATION TO ONE ANOTHER.