

# Arbitrage Tactical Equity Fund

Q2 2018 Fact Sheet as of June 30, 2018



The Arbitrage Funds

ADVISED BY WATER ISLAND CAPITAL

## Fund Objective

The Arbitrage Tactical Equity Fund seeks to achieve capital appreciation by investing in securities that trade significantly higher or lower from where the Adviser believes they should trade. Such differences can occur when news and events create misperception of a company's value, which may include changes in industry or sector fundamentals, announcements or potential announcements of restructurings (including bankruptcies, spinoffs, and asset sales), mergers and acquisitions, earnings results and outlook, regulatory changes, and litigation. The Adviser's investment approach is to identify these differences and to tactically purchase or sell short such mispriced securities in order to achieve the Fund's objective.

### MARKET CAP EXPOSURE

Under \$500MM	1.2%
\$500MM - \$2B	12.5%
\$2B - \$10B	38.1%
Over \$10B	46.9%

### SECTOR EXPOSURE

Consumer Discretionary	17.3%
Consumer Staples	4.6%
Energy	0.0%
Financials	0.0%
Health Care	11.2%
Industrials	6.0%
Information Technology	29.5%
Materials	1.4%
Real Estate	15.1%
Telecommunications	4.0%
Utilities	0.0%
Broad Index	11.7%
Government	0.0%

### REGION EXPOSURE

Americas	89.0%
Asia Pacific	0.0%
Europe, Middle East, Africa	11.8%

### Portfolio Characteristics<sup>1</sup>

Long Exposure	100.8%
Short Exposure	-65.3%
Gross Exposure	166.2%
Net Exposure	35.5%
Weighted Average Market Cap	\$36.9 B
Median Market Cap	\$5.3 B
Maximum Market Cap	\$235.2 B
Minimum Market Cap	\$322 MM

### Top Ten Holdings

Altaba Inc	5.5%
Twenty-First Century Fox Inc	5.0%
NXP Semiconductors NV	4.4%
Spirit Realty Capital Inc	3.4%
Education Realty Trust Inc	3.4%
Perspecta Inc	3.2%
Macerich Co/The	2.7%
DXC Technology Co	2.3%
Synaptics Inc	2.3%
Avaya Holdings Corp	2.2%

Holdings are subject to change.

### FUND FACTS

Investment Strategy	Long/Short Equity Special Situations
Fund AUM	\$2.3 MM
Inception Date	12/31/14

### RETAIL SHARES

Ticker	ATQFX
CUSIP	03875R841
Gross Expense Ratio	15.96%
Net Expense Ratio <sup>2</sup>	2.69%
Sales Charge	No Load

### INSTITUTIONAL SHARES

Ticker	ATQIX
CUSIP	03875R833
Gross Expense Ratio	15.71%
Net Expense Ratio <sup>2</sup>	2.44%
Sales Charge	No Load

### C SHARES

Ticker	ATQCX
CUSIP	03875R825
Gross Expense Ratio	16.71%
Net Expense Ratio <sup>2</sup>	3.44%
Sales Charge (CDSC)	1.00%

### A SHARES

Ticker	ATQAX
CUSIP	03875R817
Gross Expense Ratio	15.96%
Net Expense Ratio <sup>2</sup>	2.69%
Sales Charge	3.25%

### EXPENSE AFTER WAIVERS<sup>3</sup>

ATQFX	1.69%	ATQIX	1.44%
ATQCX	2.44%	ATQAX	1.69%

### PORTFOLIO MANAGERS

Edward Chen	12 Years Experience
Curtis Watkins, CFA	12 Years Experience

Total returns as of 6/30/18	3-Month	YTD	12-Month	3-Year	Since Inception
Arbitrage Tactical Equity R (ATQFX)	2.41%	0.49%	2.10%	1.25%	0.84%
Arbitrage Tactical Equity I (ATQNX)	2.41%	0.49%	2.10%	1.25%	0.84%
Arbitrage Tactical Equity C (ATQCX)	2.41%	0.49%	2.10%	1.25%	0.84%
Arbitrage Tactical Equity A (ATQAX)	2.41%	0.49%	2.10%	1.25%	0.84%

Inception: 12/31/14. Returns greater than one year are annualized. The performance quoted represents past performance and does not guarantee future results. Investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than the original cost. Current performance may be lower or higher than the performance quoted. Performance data current to the most recent month end may be obtained by calling (800) 295-4485. Returns shown above include the reinvestment of all dividends and capital gains. Total Annual Fund Operating Expenses for ATQFX, ATQIX, ATQCX, and ATQAX (excluding sales charge) are 15.96%, 15.71%, 16.71%, and 15.96% respectively. The Adviser has agreed to waive fees in excess of 1.69%, 1.44%, 2.44%, and 1.69% for ATQFX, ATQIX, ATQCX, and ATQAX (excluding sales charge) respectively, until September 30, 2018. Without such fee waivers, performance numbers would have been reduced. Fee waivers do not include the effects of interest, dividends on short positions, brokerage commissions, acquired fund fees and expenses, taxes, or other extraordinary expenses. Class A shares have a maximum front-end sales charge of 3.25%.

### Historical Monthly Returns (ATQFX)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2015	0.60%	0.99%	-0.98%	1.69%	-1.08%	-1.98%	-0.50%	-2.84%	-2.82%	1.50%	-1.90%	-0.24%	-7.42%
2016	-0.76%	-0.22%	0.55%	1.75%	0.22%	-0.43%	1.51%	1.59%	-0.21%	-1.15%	-0.53%	2.24%	4.58%
2017	0.52%	0.62%	1.65%	0.51%	0.81%	0.00%	-0.30%	0.20%	0.30%	0.30%	-0.10%	1.20%	5.84%
2018	0.20%	-0.79%	-1.29%	0.40%	1.30%	0.69%							0.49%

<sup>1</sup> Net exposure equals long exposure plus short exposure. Gross exposure equals long exposure plus the absolute value of short exposure.

<sup>2</sup> Net Expense Ratio includes dividend and interest expense on short positions, borrowing costs incurred for investment purposes, and acquired fund fees, which are not included in the expense ratio. Contractual fee waivers are in place until December 31, 2017.

<sup>3</sup> The Adviser has contractually agreed to waive its management fee and/or reimburse expenses to the extent necessary to maintain Total Annual Fund Operating Expenses at the stated levels. Expense After Fee Waivers is exclusive of expenses that may apply to some of the Fund, such as acquired fund fees, interest and dividends on short positions, and borrowing costs. See the prospectus for additional details.

An investor should consider the Fund's investment objectives, risks, and charges and expenses carefully before investing. The Fund's prospectus contains this and other important information. You may obtain a copy of the Fund's prospectus at <http://arbitragefunds.com> or by calling (800) 295-4485. Please read the prospectus carefully before you invest or send money.

**RISKS:** The Fund uses investment techniques that incur risks that are different from the risks ordinarily associated with equity investments. Such risks include value style risks, credit risks, distressed securities risks, interest rate risks, commodities risks, foreign securities risks, emerging market risks, currency risks, convertible security risks, short sale risks, derivatives risks, options risks, futures risks, swap risks, credit default swap risks, total return swap risks, counterparty risks, leverage risks, exchange traded note risks, other investment companies risks, preferred stock risks, warrants risks, non-diversification risks, and high portfolio turnover risks, which may increase volatility and may increase costs and lower performance.

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