

Arbitrage Tactical Equity Fund

Q4 2018 Fact Sheet as of December 31, 2018



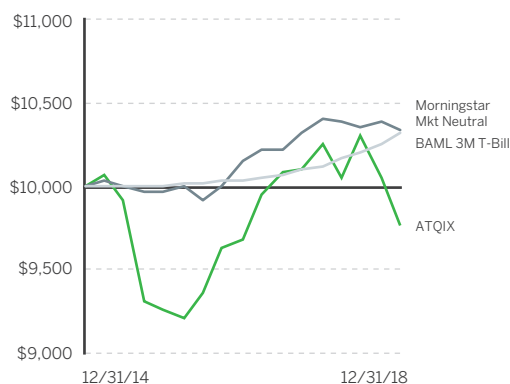
The Arbitrage Funds

ADVISED BY WATER ISLAND CAPITAL

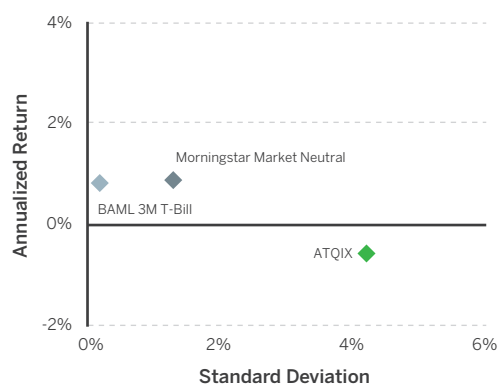
Fund Objective

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.

Performance Comparison (SINCE INCEPTION)



Risk-Return Comparison (SINCE INCEPTION)



Total returns as of 12/31/18	3-Month	YTD	12-Month	3-Year	Since Inception
Arbitrage Tactical Equity R	-2.89%	-4.70%	-4.70%	1.79%	-0.59%
Arbitrage Tactical Equity I	-2.89%	-4.70%	-4.70%	1.79%	-0.59%
Arbitrage Tactical Equity C	-2.89%	-4.70%	-4.70%	1.79%	-0.59%
Arbitrage Tactical Equity C (Load Adj.)	-3.84%	-5.64%	-5.64%	1.79%	-0.59%
Arbitrage Tactical Equity A	-2.89%	-4.70%	-4.70%	1.79%	-0.59%
Arbitrage Tactical Equity A (Load Adj.)	-6.04%	-7.80%	-7.80%	0.68%	-1.41%

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 12.59%, 12.34%, 13.34%, and 12.59% respectively. The Advisor has contractually 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, 2019. 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%. Class C shares have a contingent deferred sales charge of 1.00%.*

MARKET CAP EXPOSURE

Under \$500MM	3.0%
\$500MM - \$2B	14.3%
\$2B - \$10B	35.1%
Over \$10B	22.1%

SECTOR EXPOSURE

Communication Services	5.5%
Consumer Discretionary	24.1%
Consumer Staples	2.7%
Energy	0.0%
Financials	0.0%
Health Care	5.2%
Industrials	11.4%
Information Technology	18.9%
Materials	5.8%
Real Estate	0.0%
Utilities	0.0%
Broad Index	1.3%
Government	0.0%

REGION EXPOSURE

Americas	69.5%
Asia Pacific	0.0%
Europe, Middle East, Africa	5.5%

Portfolio Characteristics & Risk Metrics¹

Long Exposure	74.9%
Short Exposure	-44.8%
Gross Exposure	119.8%
Net Exposure	30.1%
Weighted Average Market Cap	\$17.5 B
Median Market Cap	\$4.5 B
Maximum Market Cap	\$86.0 B
Minimum Market Cap	\$165 MM
Standard Deviation	3.60%
Sharpe Ratio	0.20
Sortino Ratio	0.29
Correlation (vs S&P 500)	0.52
Correlation (vs BbgBarc Agg)	0.17
Beta (vs S&P 500)	0.17
Beta (vs BbgBarc Agg)	0.21

Subject to change.

OVERALL MORNINGSTAR RATING™



Morningstar® rated ATQIX 3 Stars Overall as of 12/31/18 out of 122 Market Neutral funds based on risk-adjusted returns.

FUND FACTS

Investment Strategy	Long/Short Equity Special Situations
Fund AUM	\$2.1 MM
Inception Date	12/31/14

RETAIL SHARES

Ticker	ATQFX
CUSIP	03875R841
Gross Expense Ratio	12.59%
Net Expense Ratio ²	2.42%
Sales Charge	No Load

INSTITUTIONAL SHARES

Ticker	ATQIX
CUSIP	03875R833
Gross Expense Ratio	12.34%
Net Expense Ratio ²	2.17%
Sales Charge	No Load

C SHARES

Ticker	ATQCX
CUSIP	03875R825
Gross Expense Ratio	13.34%
Net Expense Ratio ²	3.17%
Sales Charge (CDSC)	1.00%

A SHARES

Ticker	ATQAX
CUSIP	03875R817
Gross Expense Ratio	12.59%
Net Expense Ratio ²	2.42%
Sales Charge	3.25%

EXPENSE AFTER WAIVERS³

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

PORTFOLIO MANAGERS

Edward Chen	13 Years Experience
Curtis Watkins, CFA	13 Years Experience

WWW.ARBITRAGEFUNDS.COM

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Historical Monthly Returns

	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%	-1.47%	-0.10%	-0.80%	-2.51%	1.03%	-1.40%	-4.70%

Top Ten Holdings

Altaba Inc	10.0%
NETGEAR Inc	2.9%
Tribune Publishing Co	2.6%
Trinity Industries Inc	2.5%
Ashland Global Holdings Inc	2.5%
LogMeIn Inc	2.5%
Herc Holdings Inc	2.5%
Arconic Inc	2.2%
McKesson Europe AG	2.2%
Xerox Corp	2.0%

Subject to change.

¹ Risk measurements are trailing three-year through quarter-end. Calculations use the three-month T-Bill rate, as measured by the Bank of America Merrill Lynch U.S. 3-Month Treasury Bill Index, for risk-free rate and minimum acceptable return. Standard Deviation measures the degree of variation of returns around the average return. Sharpe ratio is a measure of risk-adjusted performance, calculated by subtracting the risk-free rate from the rate of return for a portfolio and dividing the result by the standard deviation of the portfolio returns. Sortino ratio is a similar measure of risk-adjusted returns, although it uses downside deviation rather than standard deviation as the denominator, and therefore does not penalize volatility from positive performance. Beta, a measure of the volatility of a portfolio in relation to the market as a whole, indicates the tendency of a portfolio to respond to swings in the market. Correlation is a measure of how two securities move in relation to each other, ranging from -1 to +1. A correlation of 0 means the relationship between the two securities is completely random, while +1 indicates a perfect positive relationship and -1 a perfect negative relationship. Gross exposure equals long exposure plus the absolute value of short exposure. Long exposure reflects positions in securities that have been purchased to own. Short exposure reflects positions in securities that have been sold that the seller does not own. Net exposure equals long exposure plus short exposure. Gross exposure equals long exposure plus the absolute value of short exposure. Market cap figures reflect alpha securities.

² 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 September 30, 2019.

³ 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 and strategies with risks that are different from the risks ordinarily associated with equity investments. Such risks include active management risk; concentration risk; counterparty risk; credit risk; currency risk; derivatives risk; ETF risk; ETN risk; event-driven risk; foreign securities risk (in that the securities of foreign issuers may be less liquid and more volatile than securities of comparable US issuers); hedging transaction risk; high portfolio turnover (which may increase the fund's brokerage costs, which would reduce performance); interest rate risk; large shareholder transaction risk; leverage/borrowing risk; market risk; non-diversification risk; options risk; short sale risk (in that the fund will suffer a loss if it sells a security short and the value of the security rises rather than falls); small and medium capitalization securities risk; temporary investment/cash management risk; and total return swap risk. Risks may increase volatility and may increase costs and lower performance. Foreign investing involves special risks such as currency fluctuations and political uncertainty.

The Morningstar Market Neutral Category encompasses funds that attempt to reduce systematic risk created by factors such as exposures to sectors, market-cap ranges, investment styles, currencies, and/or countries by matching long positions within each area against corresponding short positions. The S&P 500 Index is an index of U.S. equities meant to reflect the risk/return characteristics of the large cap universe, and is one of the most commonly used benchmarks for the overall U.S. stock market. The Bank of America Merrill Lynch U.S. 3-Month Treasury Bill Index (BAML 3M T-Bill) is commonly used as a proxy for short-term interest rates. The Bloomberg Barclays U.S. Aggregate Bond Index (BbgBarc Agg) covers the U.S. investment grade fixed rate bond market. Indexes are unmanaged and one cannot invest directly in an index.

The Morningstar Rating™ for funds, or "star rating", is calculated for managed products (including mutual funds, variable annuity and variable life subaccounts, exchange-traded funds, closed end funds, and separate accounts) with at least a 3-year history. Exchange-traded funds and open ended mutual funds are considered a single population for comparative purposes. It is calculated based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a managed product's monthly excess performance, placing more emphasis on downward variations and rewarding consistent performance. The top 10% of products in each product category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars the next 22.5% receive 2 stars, and the bottom 10% receive 1 star. The Overall Morningstar Rating for a managed product is derived from a weighted average of the performance figures associated with its 3-, 5-, and 10-year (if applicable) Morningstar Rating metrics. The weights are 100% 3-year rating for 36-59 months of total returns, 60% 5-year rating/40% 3-year rating for 60-119 months of total returns, and 50% 10-year rating/30% 5-year rating/20% 3-year rating for 120 or more months of total returns. While the 10-year overall rating formula seems to give the most weight to the 10-year period, the most recent 3-year period actually has the greatest impact because it is included in all three rating periods. Arbitrage Tactical Equity was rated against the following numbers of US-domiciled Market Neutral funds over the following time periods as of 12/31/18: 122 funds in the last three years and for the Overall rating. With respect to these Market Neutral funds, Arbitrage Tactical Equity received a Morningstar Rating of 3 stars for the 3-year period. Morningstar Rating is for the Institutional class only; other classes may have different performance characteristics. The information contained herein: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete, or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. ©2019 Morningstar, Inc. All rights reserved.

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