

# **EIP GROWTH AND INCOME FUND**

**a series of**

## **EIP INVESTMENT TRUST**

**Investor Class (EIPFX)**

**Class I (EIPX)**

### **STATEMENT OF ADDITIONAL INFORMATION**

April 29, 2017

This Statement of Additional Information (“SAI”) is not a prospectus, but should be read in conjunction with the Fund’s prospectus dated April 29, 2017, as may be revised from time to time (the “Prospectus”). The audited financial statements and notes thereto in the Fund’s annual report to shareholders for the fiscal year ended December 31, 2016, are incorporated into this SAI by reference. A free copy of the Fund’s Prospectus or most recent annual or semiannual report may be obtained by calling (844) 766-8694, or by writing Energy Income Partners, LLC, 10 Wright Street, Westport, Connecticut 06880.

## TABLE OF CONTENTS

FUND HISTORY .....	3
ADDITIONAL INFORMATION REGARDING INVESTMENT STRATEGIES AND RISKS .....	3
INVESTMENT RESTRICTIONS .....	11
MANAGEMENT OF THE FUND .....	14
INVESTMENT ADVISER.....	20
CODE OF ETHICS.....	24
PROXY VOTING POLICY AND PROCEDURES.....	24
PORTFOLIO HOLDINGS DISCLOSURE.....	24
PORTFOLIO TRANSACTIONS AND BROKERAGE .....	26
DESCRIPTION OF THE TRUST .....	26
COSTS AND EXPENSES.....	27
TAX MATTERS.....	28
INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM .....	39
ADMINISTRATOR, ACCOUNTING AGENT, AND TRANSFER AGENT .....	39
CUSTODIAN .....	40
DISTRIBUTION AGREEMENT AND PLAN OF DISTRIBUTION .....	40
INVESTOR CLASS DISTRIBUTION PLAN .....	42
INVESTOR CLASS ADMINISTRATIVE SERVICES PLAN .....	42
OTHER PAYMENTS TO FINANCIAL INTERMEDIARIES .....	43
DESCRIPTION OF SECURITIES RATINGS.....	A-1
PROXY VOTING POLICIES AND PROCEDURES.....	B-1

## FUND HISTORY

EIP Growth and Income Fund (the “Fund”) is a diversified series of EIP Investment Trust (the “Trust”), a Delaware Statutory Trust organized on December 9, 2005. The Trust is an open-end, management investment company. The Fund is currently the sole series of the Trust. Energy Income Partners, LLC (the “Manager” or “EIP”) serves as the Fund’s investment adviser.

## ADDITIONAL INFORMATION REGARDING INVESTMENT STRATEGIES AND RISKS

The following information supplements the discussion of the Fund’s investment strategies and risks that are described in the Prospectus. In addition to the principal investment strategies and risks described in the Prospectus, the Fund may employ other investment practices and may be subject other risks, which are described below. The Fund’s investment objectives, policies, strategies, and limitations may be changed without shareholder approval, unless otherwise noted.

### Debt Securities

As disclosed in the Prospectus, the Fund may invest in investment-grade debt securities issued by companies and the U.S. government. Debt securities in which the Fund may invest include the following:

(i) demand and time deposits in, certificate of deposit of, or banker’s acceptances issued by, any depository institution or trust company incorporated under the laws of the United States or any state thereof, which depository institution or trust company is subject to supervision and examination by United States federal or state authorities and at the time of investment or contractual commitment providing for investment have a long-term unsecured credit rating of “Aaa” or “Aa” by Moody’s Investor Services, Inc. (“Moody’s) or “AAA” or “AA” by Standard & Poor’s Corporation (“S&P”), or a short-term debt unsecured credit rating of at least “P-1” or “P-2” by Moody’s and “A-1+” or “A-1” by S&P or, if unrated, are determined by the Manager to be of similar quality. Certificates of deposit are negotiable certificates that are issued against funds deposited in a commercial bank for a definite period of time and earning a specified return. Bankers’ acceptances are negotiable drafts or bills of exchange, normally drawn by an importer or exporter to pay for specific merchandise, which are “accepted” by a bank, meaning, in effect, that the bank unconditionally agrees to pay the face value of the instrument on maturity. Demand deposits may be withdrawn on demand by the investor. Fixed time deposits, which are bank obligations payable at a stated maturity date and bearing interest at a fixed rate, also may be withdrawn on demand by the investor, but may be subject to early withdrawal penalties which vary depending upon market conditions and the remaining maturity of the obligation. There are generally no contractual restrictions on the right to transfer a beneficial interest in a fixed time deposit to a third party, although there is no market for such deposits;

(ii) registered debt obligations of the United States of America or registered debt obligations, the timely payment of principal and interest on which is fully and expressly guaranteed by the United States or any agency or instrumentality of the United States or the obligations of which are expressly backed by the full faith and credit of the United States;

(iii) registered debt obligations issued by the Federal Home Loan Banks (including their consolidated obligations issued through the Office of Finance of the Federal Home Loan Bank System), Fannie Mae, Sallie Mae, Freddie Mac, the Federal Home Loan Mortgage Corporation, the Federal Farm Credit Banks or the Government National Mortgage Association (issuers of home mortgage, small business, agricultural, student and other loans);

(iv) registered debt securities bearing interest issued by any company incorporated under the laws of the United States or any state thereof, having at the time of investment a long-term unsecured debt rating of “Aaa” or “Aa” from Moody’s or “AAA” or “AA” from S&P or, if unrated, are determined by

the Manager to be of similar quality. Registered debt securities generally are used by corporations and other issuers to borrow money from investors. The issuer pays the investor a variable or fixed rate of interest and normally must repay the amount borrowed on or before maturity;

(v) guaranteed investment contracts (“GICs”) issued by any corporation incorporated under the laws of the United States or any state thereof, having at the time of investment a long-term unsecured debt rating of “Aaa” or “Aa” from Moody’s or “AAA” or “AA” from S&P or, if unrated, are determined by the Manager to be of similar quality. GICs are contracts that provide for repayment of principal and payment of a fixed or floating interest rate over a predetermined period of time;

(vi) commercial paper issued by any corporation incorporated under the laws of the United States or any state thereof, with a maturity of not more than 183 days from the date of issuance and having at the time of investment credit ratings of “P-1” or “P-2” by Moody’s and “A-1+” or “A-1” by S&P, or, if unrated, are determined by the Manager to be of similar quality. Commercial paper represents short-term unsecured promissory notes issued in bearer form by corporations such as banks or bank holding companies and finance companies;

(vii) registered debt securities bearing interest issued by the European Investment Bank (the European Union’s financing institution), the International Bank of Reconstruction and Development (commonly called the “World Bank”) or the Inter-American Development Bank (supra-national lender to public institutions to promote Latin American and Caribbean development);

(viii) shares issued by money market funds; and

(ix) registered debt securities bearing interest issued by any company in the Energy Industry incorporated under the laws of the United States or any state thereof, having at the time of investment a long-term unsecured debt rating of “Baa” or higher from Moody’s or “BBB” or higher from S&P (commonly known as “Investment Grade”) or, if unrated, are determined by the Manager to be of similar quality.

As described above, the securities ratings requirements of debt securities apply only at the time of purchase, and will not be considered violated on the basis of any change in rating thereafter.

A general description of the ratings of securities by Moody’s and S&P is set forth in Appendix A to the Statement of Additional Information. The ratings of Moody’s and S&P represent their opinions as to the quality of the securities they rate. It should be emphasized, however, that ratings are general and are not absolute standards of quality. Consequently, debt obligations with the same maturity, coupon and rating may have different yields while obligations with the same maturity and coupon with different ratings may have the same yield. Credit rating agencies may fail to change credit ratings in a timely fashion to reflect events since the security was last rated.

## **Derivatives Instruments**

The Fund may, but is not required to, use various strategic transactions to seek, among other things, (1) facilitate portfolio management, (2) mitigate risks and/or (3) earn income. Although the Manager seeks to use such practices to further the Fund’s investment objectives, no assurance can be given that the Manager will engage in any of these practices or that these practices will achieve this result. Certain of these transactions involve derivatives instruments. A derivative is a financial instrument whose performance is derived at least in part from the performance of an underlying reference rate, security or asset. The values of certain derivatives can be affected dramatically by even small market movements, sometimes in ways that are difficult to predict. There are many different types of derivatives, with many different uses. The Fund may purchase and sell derivatives instruments including, but not limited to,

exchange-listed and over-the-counter put and call options on equity securities. Collectively, all of the above are referred to as “Strategic Transactions.” The Fund generally will seek to use Strategic Transactions as a portfolio management or hedging technique in an effort to seek to protect against possible adverse changes in the market value of securities held in or to be purchased for the Fund’s portfolio, protect the value of the Fund’s portfolio, facilitate the sale of certain securities for investment purposes, and/or establish positions in the derivatives markets as a substitute for purchasing or selling particular securities. Market conditions will determine whether and in what circumstances the Fund would employ any of the hedging and strategic techniques described below. The Fund will incur brokerage and other costs in connection with its use of Strategic Transactions.

*Swap Agreements.* In addition to total return swap transactions described in the Prospectus, the Fund may use additional types of swaps, including swap agreements on interest rates, security or commodity indices, specific securities and commodities, and credit default swaps. The Fund may also enter into swaptions, which are options to enter into a swap transaction. The Fund may enter into swap transactions for any legal purpose consistent with its investment objective and policies, such as for the purpose of attempting to obtain or preserve a particular return or spread at a lower cost than obtaining a return or spread through purchases and/or sales of instruments in other markets, to protect against currency fluctuations, as a duration management technique, to protect against any increase in the price of securities the Fund anticipates purchasing at a later date, to gain exposure to certain markets, or to hedge or manage risk.

Swap agreements are two party contracts (with the second party being an exchange in the case of exchange-cleared swaps) entered into primarily by institutional investors. A swap is a financial instrument that typically involves the exchange of cash flows between two parties on specified dates (settlement dates), where the cash flows are based on agreed-upon prices, rates, the performance of an index, or other terms. The nominal amount on which the cash flows are calculated is called the notional amount. Swaps are typically individually negotiated. In a credit default swap agreement, the “buyer” is obligated to pay the “seller” a periodic stream of payments over the term of the contract provided that no event of default on an underlying reference obligation has occurred. If an event of default occurs, the seller must pay the buyer the full notional value, or “par value,” of the reference obligation in exchange for the referenced obligation.

Whether the use of swap agreements will be successful depends on the ability of the Manager to predict correctly whether certain types of investments are likely to produce greater returns than other investments. To the extent the Fund’s exposure to the counterparty is not fully collateralized, the Fund bears the risk of loss of the amount expected to be received under a swap agreement in the event of the default or bankruptcy of a swap agreement counterparty. Swap agreements may be illiquid.

*Currency Futures Contracts.* The Fund may engage in currency futures contracts to hedge currency risk. A currency futures contract is a legally binding agreement between two parties to purchase or sell a specific amount of currency at a future date or date range at a specific price. A person who buys a currency futures contract enters into a contract to purchase an underlying currency and is said to be “long” the contract. A person who sells a currency futures contract enters into a contract to sell the underlying currency and is said to be “short” the contract. The price at which the contract trades is determined by relative buying and selling interest on a regulated exchange. The Fund will, to the extent required by regulatory authorities, enter only into futures contracts that are traded on exchanges and are standardized as to maturity date. Transaction costs are incurred when a futures contract is bought or sold and margin deposits must be maintained. No price is paid upon entering into a futures contract. Instead, at the inception of a futures contract the Fund is required to deposit “initial margin.” Unlike margin in securities transactions, initial margin on futures contracts does not represent a borrowing, but rather is in the nature of a performance bond or good-faith deposit that is returned to the Fund at the termination of the transaction if all contractual obligations have been satisfied. Moreover, all futures contracts are

marked-to-market at least daily, usually after the close of trading. At that time, the account of each buyer and seller reflects the amount of any gain or loss on the futures contract based on the contract price established at the end of the day for settlement purposes. The Fund will segregate on its books assets to cover its obligations under any currency futures contracts that it enters into or take other permissible actions to cover its obligations.

An open position in a futures contract, either a long or short position, is closed, or liquidated, by entering into an offsetting transaction (i.e., an equal and opposite transaction to the one that opened the position) prior to the contract expiration. Traditionally, most futures contracts are liquidated prior to expiration through an offsetting transaction and, thus, holders do not incur a settlement obligation. If the offsetting purchase price is less than the original sale price, a gain will be realized; if it is more, a loss will be realized. Conversely, if the offsetting sale price is more than the original purchase price, a gain will be realized; if it is less, a loss will be realized. The transaction costs must also be included in these calculations. There can be no assurance, however, that the Fund will be able to enter into an offsetting transaction with respect to a particular futures contract at a particular time. If the Fund is not able to enter into an offsetting transaction, the Fund will continue to be required to maintain the margin deposits on the futures contract and the Fund may not be able to realize a gain in the value of its future position or prevent losses from mounting. This inability to liquidate could occur, for example, if trading is halted due to unusual trading activity in the futures contract; if systems failures occur on an exchange or at the firm carrying the position; or, if the position is on an illiquid market. Even if the Fund can liquidate its position, it may be forced to do so at a price that involves a large loss.

As noted above, margin is the amount of funds that must be deposited by the Fund in order to initiate futures trading and to maintain the Fund's open positions in futures contracts. A margin deposit is intended to ensure the Fund's performance of the futures contract. The margin required for a particular futures contract is set by the exchange on which the futures contract is traded and may be significantly modified from time to time by the exchange during the term of the futures contract. The broker through which the Fund engages in futures contracts may also impose additional margin requirements.

If the price of an open futures contract changes (by increase in the case of a sale or by decrease in the case of a purchase) so that the loss on the futures contract reaches a point at which the margin on deposit does not satisfy margin requirements, the broker will require an increase in the margin. However, if the value of a position increases because of favorable price changes in the futures contract so that the margin deposit exceeds the required margin, the broker will pay the excess to the Fund. In computing daily net asset value, the Fund will mark to market the current value of its open futures contracts.

Because of the low margin deposits required, futures contracts trading involves an extremely high degree of leverage. As a result, a relatively small price movement in a futures contract may result in immediate and substantial loss, as well as gain, to the investor. For example, if at the time of purchase, 10% of the value of the futures contract is deposited as margin, a subsequent 10% decrease in the value of the futures contract would result in a total loss of the margin deposit, before any deduction for the transaction costs, if the account were then closed out. A 15% decrease would result in a loss equal to 150% of the original margin deposit, if the futures contracts were closed out. Thus, a purchase or sale of a futures contract may result in losses in excess of the amount initially invested in the futures contract.

*Forward Foreign Currency Contracts.* The Fund may use foreign currency forward contracts. A forward foreign currency contract involves an obligation to purchase or sell a specific amount of currency at a future date or date range at a specific price. In the case of a cancelable forward contract, the holder has the unilateral right to cancel the contract at maturity by paying a specified fee. These contracts may be bought or sold to protect the Fund against a possible loss resulting from an adverse change in the relationship between foreign currencies and the U.S. dollar. The Fund will segregate assets on its books

to cover its obligations under any forward foreign currency contracts that it enters into or take other permissible actions to cover its obligations.

By entering into a forward foreign currency exchange contract, the Fund “locks in” the exchange rate between the currency it will deliver and the currency it will receive for the duration of the contract. As a result, the Fund reduces its exposure to changes in the value of the currency it will deliver and increases its exposure to changes in the value of the currency it will exchange into. Contracts to sell foreign currencies would limit any potential gain which might be realized by the Fund if the value of the hedged currency increases. The Fund may enter into these contracts for the purpose of hedging against foreign exchange risks arising from the Fund’s investment or anticipated investment in securities denominated in foreign currencies. Suitable hedging transactions may not be available in all circumstances. Also, such hedging transactions may not be successful.

The Fund may also enter into forward foreign currency exchange contracts to shift exposure to foreign currency fluctuations from one currency to another. To the extent that it does so, the Fund will be subject to the additional risk that the relative value of currencies will be different than anticipated by the Fund. The Fund may additionally enter into forward contracts to protect against anticipated changes in future foreign currency exchange rates. The Fund may use one currency (or a basket of currencies) to hedge against adverse changes in the value of another currency (or a basket of currencies) when exchange rates between the two currencies are positively correlated. The Fund may also use related options on currencies for the same reasons for which forward foreign currency exchange contracts are used.

Forward foreign currency contracts differ from foreign currency future contracts in certain respects. Unlike futures contracts, forward contracts:

- (i) do not have standard maturity dates or amounts (i.e., the parties to the contract may fix the maturity date and the amount);
- (ii) are traded in the inter-bank markets conducted directly between currency traders (usually large commercial banks) and their customers, as opposed to futures contracts, which are traded only on exchanges (typically exchanges regulated by the U.S. Commodity Futures Trading Commission (“CFTC”));
- (iii) do not require an initial margin deposit; and
- (iv) may be closed by entering into a closing transaction with the currency trader who is a party to the original forward contract, as opposed to a commodities exchange.

Options on Securities. The Fund may purchase and write (sell) call and put options on equity securities. These options may be listed on national domestic securities exchanges or foreign securities exchanges or traded in the over-the-counter market. The Fund may write such options for several reasons, including as a substitute for the purchase or sale of securities or to protect against declines in the value of the portfolio securities and against increases in the cost of securities to be acquired.

A call option on securities written by the Fund obligates the Fund to sell specified securities to the holder of the option at a specified price if the option is exercised at any time before the expiration date. A put option on securities written by the Fund obligates the Fund to purchase specified securities from the option holder at a specified price if the option is exercised at any time before the expiration date.

The Fund may terminate its obligations under an exchange traded call or put option by purchasing an option identical to the one it has written. Obligations under over-the-counter options may be terminated only by entering into an offsetting transaction with the counterparty to such option. Such purchases are referred to as “closing purchase transactions.”

The Fund may purchase call options in anticipation of an increase, or put options in anticipation of a decrease (“protective puts”), in the market value of securities of the type in which it may invest. The Fund may also purchase options to replicate a securities position or for other purposes. The Fund may also sell call and put options to close out its purchased options.

The purchase of a call option would entitle the Fund, in return for the premium paid, to purchase specified securities at a specified price during the option period. The Fund would ordinarily realize a gain on the purchase of a call option if, during the option period, the value of such securities or currency exceeded the sum of the exercise price, the premium paid and transaction costs; otherwise the Fund would realize either no gain or a loss on the purchase of the call option.

The purchase of a put option would entitle the Fund, in exchange for the premium paid, to sell specified securities at a specified price during the option period. The purchase of protective puts is designed to offset or hedge against a decline in the market value of the Fund’s portfolio securities. The Fund would ordinarily realize a gain if, during the option period, the value of the underlying securities decreased below the exercise price sufficiently to cover the premium and transaction costs; otherwise the Fund would realize either no gain or a loss on the purchase of the put option. Gains and losses on the purchase of put options may be offset by countervailing changes in the value of the Fund’s portfolio securities.

The Fund’s options transactions will be subject to limitations established by the exchanges, boards of trade or other trading facilities on which such options are traded. These limitations govern the maximum number of options in each class which may be written or purchased by a single investor or group of investors acting in concert, regardless of whether the options are written or purchased on the same or different exchanges, boards of trade or other trading facilities or are held or written in one or more accounts or through one or more brokers. Thus, the number of options which the Fund may write or purchase may be affected by options written or purchased by other investment advisory clients of the Manager. An exchange, board of trade or other trading facility may order the liquidation of positions found to be in excess of these limits, and it may impose certain other sanctions.

*General Limitations on Futures, Swaps and Options Transactions.* The regulation of futures, swaps and options transactions in the United States is a rapidly changing area of law and is subject to modification by government and judicial action. The effect of any future regulatory change on the Fund is impossible to predict, but could be substantial and adverse. Future regulation of various types of derivatives, including futures, swaps and options transactions, could limit or prevent the Fund from using these instruments as part of its investment strategy, which could prevent the Fund achieving its investment objective.

Congress, various exchanges and regulatory and self-regulatory authorities have undertaken reviews of options, swaps and futures transactions in light of market volatility. Among the actions that have been taken or proposed to be taken are new limits and reporting requirements for speculative positions, particularly in the energy markets, new or more stringent daily price fluctuation limits for futures and options transactions, and increased margin requirements for various types of futures transactions. Additional measures are under active consideration and as a result there may be further actions that adversely affect the regulation of the instruments in which the Fund invests.

The SEC has recently proposed a new rule that would limit the ability of mutual funds to use futures, swaps, options transactions, and other derivative instruments. The proposed rule and related proposed rule changes, if adopted as proposed, would also implement new asset segregation and reporting requirements with respect to derivatives. If adopted, the new rule could prevent the Fund from executing its investment strategy, increase compliance and reporting costs, and prevent the Fund from achieving its investment objective.



## **Leverage**

The use of leverage has the potential to increase returns to shareholders, but also involves additional risks. Leverage will increase the volatility of the Fund's investment portfolio, could compound other risks of the Fund, and could result in larger losses than if it were not used. If there is a net decrease (or increase) in the value of the Fund's investment portfolio, any leverage will decrease (or increase) the net asset value per share to a greater extent than if the Fund were not leveraged. Engaging in such transactions may cause the Fund to liquidate positions when it may not be advantageous to do so to satisfy its obligations or meet segregation requirements.

The premise underlying the use of leverage is that the costs of leveraging generally will be based on short-term rates, which normally will be lower than the potential return (including the potential for capital appreciation) that the Fund can earn on the longer-term portfolio investments that it makes with the proceeds obtained through the leverage. If this premise is correct with respect to a particular investment, the Fund would benefit from an incremental return. However, if the differential between the return on the Fund's investments and the cost of leverage were to narrow or result in loss, the incremental benefit would be reduced, eliminated or result in loss. Furthermore, if long-term rates rise, the net asset value of the Fund's shares will reflect the resulting decline in the value of a larger aggregate amount of portfolio assets than the Fund would hold if it had not leveraged. Thus, leveraging exaggerates changes in the value and in the yield on the Fund's portfolio. This, in turn, may result in greater volatility of the net asset value of Fund shares.

To the extent the income or capital appreciation derived from securities purchased with funds received from leverage exceeds the cost of leverage, the Fund's net assets and return will be greater than if leverage had not been used. Conversely, if the income or capital appreciation from the securities purchased with such funds is not sufficient to cover the cost of leverage, the Fund's net assets and return will be less than if leverage had not been used, and therefore the amount available for distribution to shareholders as dividends and other distributions will be reduced. The use of leverage is considered to be a speculative investment practice and may result in losses.

## **Initial Public Offerings**

To the extent that the Fund participates in Initial Public Offerings ("IPOs"), it may experience risks associated with IPOs. IPO risk is the risk that the market value of IPO shares will fluctuate considerably due to certain factors, such as the absence of a prior public market, unseasoned trading, the small number of shares available for trading and limited information about the issuer. The purchase of IPO shares may involve high transaction costs. IPO shares are subject to market risk and liquidity risk. When the Fund's asset base is small, a significant portion of the Fund's performance could be attributable to investments in IPOs, because such investments would have a magnified impact on the Fund. As the Fund's assets grow, the effect of the Fund's investments in IPOs on the Fund's performance probably will decline, which could reduce the Fund's performance. Because of the price volatility of IPO shares, the Fund may choose to hold IPO shares for a very short period of time. This may increase the turnover of the Fund's portfolio and may lead to increased expenses to the Fund, such as commissions and transaction costs. In addition, the Manager cannot guarantee continued access to IPOs.

## **Terrorism/Market Disruption Risk**

Due to terrorist threats and global political unrest, the U.S. government has issued warnings that energy assets, specifically the United States' pipeline infrastructure, may be the future target of terrorist organizations. In addition, changes in the insurance markets attributable to the terrorist threats and unrest have made certain types of insurance more difficult, if not impossible, to obtain and have generally resulted in increased premium costs. Additionally, continued global political unrest could have significant

adverse effects on the U.S. economy, the stock market and world economies and markets in general. Uncertainty surrounding retaliatory strikes may affect the operations of companies in the Energy Industry in unpredictable ways, including disruptions of fuel supplies and markets, and transmission and distribution facilities could be direct targets, or indirect casualties, of an act of terrorism. The Fund cannot predict the effects that any future terrorist attacks could have on the U.S. and world economies, or the net asset value of Fund shares.

### **Initial Public Offerings**

To the extent consistent with its investment policies and limitations, the Fund may purchase stock in an initial public offering (“IPO”). An IPO is a company’s first offering of stock to the public. Risks associated with IPOs may include considerable fluctuation in the market value of IPO shares due to certain factors, such as the absence of a prior public market, unseasoned trading, a limited number of shares available for trading, lack of information about the issuer and limited operating history. The purchase of IPO shares may involve high transaction costs. When the Fund’s asset base is small, a significant portion of the Fund’s performance could be attributable to investments in IPOs, because such investments would have a magnified impact on the underlying investment company. As the Fund’s assets grow, the effect of the Fund’s investments in IPOs on the Fund’s performance probably will decline, which could reduce the Fund’s performance. Because of the price volatility of IPO shares, the Fund may choose to hold IPO shares for a very short period of time. This may increase the turnover of the Fund’s portfolio and may lead to increased expenses to the Fund, such as commissions and transaction costs. In addition, the Fund cannot guarantee continued access to IPOs.

### **Cybersecurity Risks**

With the increased use of technologies such as the Internet and the dependence on computer systems to perform necessary business functions, the Fund is susceptible to operational and information security risks. In general, cyber incidents can result from deliberate attacks or unintentional events. Cyber attacks include, but are not limited to, gaining unauthorized access to digital systems for purposes of misappropriating assets or sensitive information, corrupting data, or causing operational disruption. Cyber attacks may also be carried out in a manner that does not require gaining unauthorized access, such as causing denial-of-service attacks on websites. Cyber security failures or breaches of the Fund’s third party service providers (including, but not limited to, the administrator and transfer agent) or the issuers of securities in which the Fund invests, have the ability to cause disruptions and impact business operations, potentially resulting in financial losses, the inability of Fund shareholders to transact business, violations of applicable privacy and other laws, regulatory fines, penalties, reputational damage, reimbursement or other compensation costs, and/or additional compliance costs. In addition, substantial costs may be incurred in order to prevent any cyber incidents in the future. The Fund and its shareholders could be negatively impacted as a result. While the Fund has established business continuity plans and systems designed to prevent such cyber attacks, there are inherent limitations in such plans and systems including the possibility that certain risks have not been identified. Furthermore, the Fund cannot control the cyber security plans and systems put in place by issuers in which the Funds invest.

### **Brexit Risk**

In 2016, the United Kingdom (the “UK”) voted by referendum to leave the European Union (the “EU”), which is often referred to as “Brexit.” The UK is currently scheduled to leave the EU on March 29, 2019, though the EU members may agree to a later exit date. It is unclear how the UK will exit from the EU, how negotiations of necessary treaties and trade agreements will proceed, what the possible consequences may be, and how markets will react. The uncertainties surrounding and consequences of Brexit could adversely impact the economies of the UK and Europe, as well as the broader global economy, which could have an adverse effect on the value of the Fund’s investments.

## **Redemption Risk**

It is anticipated that a relatively small number of the Fund's investors could hold a substantial portion of the Fund's outstanding shares. As such, a redemption of some or all of the Fund shares held by such investors could (i) force the Fund to liquidate securities in its portfolio at inopportune times, (ii) disrupt the Fund's ability to pursue its investment objectives, or (iii) reduce economies of scale and increase the Fund's per share operating expenses.

In addition, certain of the Fund's investors may be required to redeem their entire holdings in the Fund (which could be substantial) in the event that, among other things, the Fund does not comply with the investment policies stated in its Prospectus or this SAI or the Manager is replaced by another investment adviser. Such a redemption could result in the dissolution of the Fund in addition to the consequences described in the immediately preceding paragraph.

## **Temporary Defensive Positions**

In response to adverse market, economic, political or other conditions, the Fund may take temporary defensive positions that are inconsistent with the Fund's principal investment strategies, such as investing some or all of the Fund's assets in cash, cash equivalents, or fixed-income securities (including U.S. Government and agency obligations). The Fund may also choose not to use these temporary defensive strategies for a variety of reasons, even in volatile market conditions. Engaging in these temporary defensive measures may cause the Fund to miss out on investment opportunities and may prevent the Fund from achieving its investment objective. While temporary defensive positions are designed to limit losses, these strategies may not work as intended.

## **INVESTMENT RESTRICTIONS**

The Fund has adopted certain fundamental investment limitations that are set forth below.

The Fund may:

(1) Borrow money, lend, or issue senior securities to the fullest extent permitted by the Investment Company Act of 1940, as amended (the "1940 Act"), the rules or regulations thereunder or applicable orders of the Securities and Exchange Commission ("SEC"), as such statute, rules, regulations or orders may be amended from time to time.

(2) Not concentrate investments in a particular industry or group of industries as concentration is defined under the 1940 Act, the rules or regulations thereunder or applicable orders of the SEC, as such statute, rules, regulations or orders may be amended from time to time, except that the Fund will concentrate its investments in the Energy Industry (as defined below). Securities issued or guaranteed by the U.S. Government or its agencies or instrumentalities will not be considered to represent an industry.

(3) Underwrite securities to the fullest extent permitted by the 1940 Act, the rules or regulations thereunder or applicable orders of the SEC, as such statute, rules, regulations or orders may be amended from time to time.

(4) Purchase or sell commodities, commodities contracts, futures contracts, options, forward contracts or real estate to the fullest extent permitted by the 1940 Act, the rules or regulations thereunder or applicable orders of the SEC, as such statute, rules, regulations or orders may be amended from time to time.

Notwithstanding any fundamental investment restriction or other limitation, assets may be invested in the securities of one or more management investment companies to the extent permitted by the 1940 Act, the rules or regulations thereunder or applicable orders of the SEC, as such statute, rules, regulations or orders may be amended from time to time.

The foregoing fundamental restrictions and limitations (other than with respect to borrowing, as discussed below) will apply only at the time of purchase of the securities or the consummation of a transaction, and the percentage limitations will not be considered violated unless an excess or deficiency occurs or exists immediately after and as a result of an acquisition of securities or consummation of a transaction. The foregoing fundamental investment restrictions cannot be changed without approval by holders of a majority of the outstanding voting securities of the Fund, as defined in the 1940 Act. Under the 1940 Act, a “majority of the outstanding voting securities” means the vote of the lesser of: (A) 67% or more of the Fund’s shares present at a meeting, if the holders of more than 50% of the Fund’s shares are present or represented by proxy; or (B) more than 50% of the Fund’s shares.

The fundamental investment limitations set forth above limit the Fund’s ability to engage in certain investment practices and purchase securities or other instruments to the extent permitted by, or consistent with, the 1940 Act. Certain relevant limitations of the 1940 Act are described below. These limitations are based either on the 1940 Act itself, the rules or regulations thereunder or applicable orders of the SEC. In addition, interpretations and guidance provided by the SEC staff may be taken into account, where deemed appropriate by the Fund, to determine if an investment practice or the purchase of securities or other instruments is permitted by the 1940 Act, the rules or regulations thereunder or applicable orders of the SEC. As such, these limitations of the 1940 Act will change as the statute, rules, regulations or orders (or, if applicable, interpretations) change, and no shareholder vote will be required or sought.

*Fundamental Investment Restriction (1).* Under the 1940 Act, the Fund may only borrow up to one-third of the value of its total assets less liabilities (other than liabilities representing senior securities). In the event that borrowings exceed one-third of the value of the Fund’s total assets less liabilities (other than liabilities representing senior securities), the Fund will be required, within three days (not including Sundays and holdings) thereafter or such longer period as the SEC may prescribe by rules or regulations, to reduce the amount of its borrowings to such an extent that the Fund’s borrowings do not exceed one-third of the value of its total assets less liabilities (other than liabilities representing senior securities). Borrowing by the Fund allows it to leverage its portfolio, which exposes it to certain risks. Leveraging increases the effect of any increase or decrease in the value of portfolio securities on the Fund’s net asset value, and money borrowed will be subject to interest costs (which may include commitment fees and/or the cost of maintaining minimum average balances) which may or may not exceed the return from the securities purchased with borrowed funds. The Fund may use borrowed money for any purpose permitted by the 1940 Act.

The 1940 Act restricts the ability of any mutual fund to lend. Under the 1940 Act, the Fund may only make loans if expressly permitted to do so by the Fund’s investment policies, and the Fund may not make loans to persons who control or are under common control with the Fund. Thus, the 1940 Act effectively prohibits the Fund from making loans to certain persons when conflicts of interest or undue influence are most likely present. The Fund may, however, make other loans which could expose shareholders to additional risks, such as the failure of the other party to repay the loan. The Fund retains the flexibility to make loans to the extent permitted by its investment policies.

The ability of a mutual fund to issue senior securities is severely circumscribed by complex regulatory constraints under the 1940 Act that restrict, for instance, the amount, timing, and form of senior securities that may be issued. Certain portfolio management techniques, such as reverse repurchase agreements, credit default swaps, dollar rolls, futures contracts, short sales, or the writing of options on

portfolio securities, may be considered senior securities unless appropriate steps are taken to segregate the Fund's assets or otherwise cover its obligations. To the extent the Fund covers its commitment under such instruments, including by segregation of liquid assets, entering into offsetting transactions or owning positions covering the obligations, such instruments will not be considered a "senior security" by the Fund and therefore will not be subject to the 300% asset coverage requirement otherwise applicable to borrowings by the Fund. Although this SAI describes certain permitted methods of segregating assets or otherwise "covering" such transactions for these purposes, such descriptions are not complete. The Fund may cover such transactions using other methods currently or in the future permitted under the 1940 Act, the rules and regulations thereunder, or orders issued by the SEC thereunder. For these purposes, interpretations and guidance provided by the SEC staff may be taken into account when deemed appropriate by the Fund.

Under the 1940 Act, a "senior security" does not include any promissory note or evidence of indebtedness where such loan is for temporary purposes only and in an amount not exceeding 5% of the value of the total assets of the issuer at the time the loan is made. A loan is presumed to be for temporary purposes if it is repaid within sixty days and is not extended or renewed.

*Fundamental Investment Restriction (2).* "Concentration" is interpreted under the 1940 Act to mean investment of 25% or more of the Fund's total assets in a single industry. If a fund "concentrates" its investments in a particular industry, investors are exposed to greater risks because the fund's performance is largely dependent on that industry's performance.

The Fund will concentrate its investments in the Energy Industry (as defined below), and the risks of such concentration are described in the Prospectus. For purposes of this fundamental policy, the "Energy Industry" means enterprises connected to the exploration, development, production, gathering, transportation, processing, storing, refining, distribution, mining or marketing of natural gas, natural gas liquids (including propane), crude oil, refined petroleum products, electricity, coal or other energy sources.

*Fundamental Investment Restriction (3).* The 1940 Act prohibits a diversified mutual fund from underwriting securities in excess of 25% of its total assets.

*Fundamental Investment Restriction (4).* This restriction would permit investment in commodities, commodities contracts (e.g., futures contracts or related options), swaps, options, forward contracts or real estate to the extent permitted under the 1940 Act. However, it is unlikely that the Fund would make such investments, other than the use of futures contracts or related options, swaps, options, and forward contracts, as explained in the Prospectus and this SAI. The Fund, however, may consider using these investment techniques in the future. Commodities, as opposed to commodity futures, represent the actual underlying bulk goods, such as grains, metals and foodstuffs.

The Fund is diversified, as "diversified" is defined under the 1940 Act, and cannot change its diversified status without approval by holders of a majority of the outstanding voting securities of the Fund, as defined in the 1940 Act. In general, the Fund is "diversified" under the 1940 Act if at least 75% of the value of its total assets is represented by (i) cash, cash items, government securities and securities of other investment companies and (ii) securities limited in respect of any one issuer to 5% or less of the value of the total assets of the Fund and 10% or less of the outstanding voting securities of such issuer.

## MANAGEMENT OF THE FUND

### BOARD LEADERSHIP STRUCTURE AND OVERSIGHT

The following provides an overview of the leadership structure of the Board of Trustees of the Trust (the “Trustees” or the “Board”) and the Board’s oversight of the risk management process of the Fund. The Board consists of three Trustees, two of whom are not “interested persons” (as defined in the 1940 Act) of the Fund (the “Independent Trustees”). The Board has determined that, in light of the small size of the Board and Fund complex, the functions typically performed by the chairman of the Board were not necessary, and, as a result, the Board has not designated a chairman. Each of the two standing Committees of the Board, to which the Board has delegated certain authority and oversight responsibilities, is comprised exclusively of Independent Trustees. For a description of the oversight functions of each of the Committees, see “Committees” below in this SAI. Both standing Committees have as members all of the Independent Trustees. In connection with each of the Board’s regular meetings, the Independent Trustees generally meet separately from EIP with their legal counsel and with the Fund’s Chief Compliance Officer. The Board reviews its leadership structure periodically and believes that its structure is appropriate to enable the Board to exercise its oversight of the Fund.

The Fund has retained EIP as the Fund’s investment adviser. EIP provides the Fund with investment advisory services and is responsible for day-to-day management of the Fund’s portfolio and for managing the risks that arise from the Fund’s investments. Employees of EIP serve as President, Treasurer, Chief Compliance Officer, and Secretary of the Fund. The Board provides oversight of the services provided by EIP, including the risk management services. In addition, to the extent applicable, each Committee of the Board provides oversight of EIP’s risk management services with respect to the particular activities within the Committee’s purview. In the course of providing oversight, the Board and the Committees receive reports on the Fund’s activities, including regarding the Fund’s investment portfolio, the compliance of the Fund with applicable laws, and the Fund’s financial accounting and reporting. The Independent Trustees also meet periodically with counsel to the Independent Trustees and the Fund’s Chief Compliance Officer to review reports regarding the compliance of the Fund with the federal securities laws and the Fund’s internal compliance policies and procedures. In addition, the Board meets periodically with the portfolio managers of the Fund to receive reports regarding the management of the Fund, including its investment risks.

### TRUSTEES AND OFFICERS – IDENTIFICATION AND BACKGROUND

The Fund’s officers, under the supervision of the Board, manage the day-to-day operations of the Fund. The Trustees set broad policies for the Fund and choose its officers. The following is a list of the Trustees and officers of the Fund and a statement of their present positions and principal occupations during the past five years. The address of each Trustee and officer is c/o EIP Investment Trust, 10 Wright Street, Westport, Connecticut 06880. Each Trustee shall serve during the continued lifetime of the Trust until he or she dies, resigns or is removed, or, if sooner, until the next meeting of shareholders called for the purpose of electing Trustees and until the election and qualification of his or her successor. Except as otherwise provided by law, the Trust’s Second Amended and Restated Declaration of Trust or the Amended and Restated Bylaws, the President and the Treasurer shall hold office until his resignation has been accepted by the Trustees or until his respective successor shall have been duly elected and qualified, or in each case until he sooner dies, resigns, is removed or becomes disqualified. All other officers shall hold office at the pleasure of the Trustees.

<b>Name and Month of Birth</b> <i>Trustee who is considered an "Interested Person" of the Fund ("Interested Trustee")</i>	<b>Additional Office(s) of the Fund Held by Trustee</b>	<b>Length of Time Served</b>	<b>Principal Occupations During Past 5 Years</b>	<b>Number of Portfolios in Fund Complex Overseen by Trustee</b>	<b>Other Directorship(s) Held by Trustee</b>
James J. Murchie <sup>(1)</sup> Born: 11/1957	President	Since July 2006	President and CEO of Energy Income Partners, LLC (since 2006)	1	None

<b>Name and Month of Birth</b> <i>Independent Trustees</i>	<b>Additional Office(s) of the Fund Held by Trustee</b>	<b>Length of Time Served</b>	<b>Principal Occupations During Past 5 Years</b>	<b>Number of Portfolios in Fund Complex Overseen by Trustee</b>	<b>Other Directorship(s) Held by Trustee</b>
Arnold M. Reichman Born: 05/1948	None	Since February 2015	Co-Founder and Chief Executive Officer, Lifebooker, LLC (internet advertising) (2007 - 2016)	1	Chairman, RBB Fund, Inc. (27 portfolios) (since 1995)
Salvatore Faia Born: 12/1962	None	Since December 2005	President and CEO, Vigilant Compliance, LLC (mutual fund and investment adviser compliance company) (since 2004)	1	None

<sup>(1)</sup> Mr. Murchie is deemed an "interested person" (as that term is defined in the 1940 Act) of the Fund due to his position as President and CEO of the Manager and President of the Fund.

<b>Name and Month of Birth</b> <i>Additional Officers of the Fund</i>	<b>Position(s) and Office(s) with the Fund</b>	<b>Length of Time Served</b>	<b>Principal Occupations During Past 5 Years</b>
Linda Longville Born: 07/1958	Treasurer and Principal Financial and Accounting Officer	Since July 2006	Principal, Energy Income Partners, LLC (since 2006)
Nandita Hogan Born: 12/1971	Secretary, Chief Compliance Officer, Chief Legal Officer, and Anti-Money Laundering Compliance Officer	Secretary since December 2015; CCO, CLO and AMLCO since May 2015	CCO of Energy Income Partners, LLC from March 2015 to present, Compliance Manager from September 2014 to March 2015. CCO for Serengeti Asset Management, LP from January 2013 to September 2014. CCO of Breeden Capital Management, LLC from February 2009 through January 2013.

The following provides an overview of the considerations that led the Board to conclude that each individual serving as a Trustee of the Trust should so serve. Generally, no one factor was decisive in the original selection of an individual to join the Board. Among the factors the Board considered when concluding that an individual should serve on the Board were the following: (i) the individual's business and professional experience and accomplishments; (ii) the individual's ability to work effectively with the other members of the Board; (iii) the individual's prior experience, if any, serving on the boards of public companies (including, where relevant, other investment companies) and other complex enterprises and organizations; and (iv) how the individual's skills, experience and attributes would contribute to an appropriate mix of relevant skills and experience on the Board.

In respect of each current Trustee, the individual's substantial professional accomplishments and prior experience, including, in some cases, in fields related to the operations of the Fund, were a significant factor in the determination that the individual should serve as a Trustee of the Fund. Following is a summary of each Trustee's professional experience and additional considerations that contributed to the Board's conclusion that an individual should serve on the Board:

### **Salvatore Faia**

Mr. Faia has extensive experience with mutual funds, investment advisers, hedge funds, broker dealers, and the investment management industry. In addition to his significant experience as an attorney addressing legal issues related to the 1940 Act and the Investment Advisers Act of 1940, as amended, he is a Certified Public Accountant, a Certified Fraud Examiner, and holds various FINRA securities licenses. Mr. Faia is the president and founder of Vigilant Compliance Services, a full-service compliance firm serving mutual funds, investment advisers and the investment industry. Mr. Faia serves as Chief Compliance Officer and president for select mutual funds and investment advisers. He was previously a partner at a national law firm in Philadelphia, where he was a part of its Securities and Investment Management Group.

### **James J. Murchie**

Mr. Murchie has extensive executive experience in the investment management industry. He is the President and portfolio manager of the Fund and is a Principal of the Fund's adviser, EIP. He previously served as a Principal at Pequot Capital Inc. and several other investment advisory firms, where he specialized in energy-related securities. Mr. Murchie has served on the board of Clark Refining and Marketing Company and as president and treasurer of the Oil Analysts Group of New York.

### **Arnold M. Reichman**

Mr. Reichman has extensive experience in the investment management industry as well as senior executive-level management experience. He previously served as Senior Managing Director and Chief Operating Officer of Warburg Pincus LLC, a leading global asset management firm, in addition to management roles at several other financial institutions. Mr. Reichman is the Co-Founder and Chief Executive Officer of Lifebooker LLC, an internet marketplace for beauty and health appointment booking. He also serves as Chairman of the Board of Directors for The RBB Fund, Inc.

### **COMMITTEES**

The Board of Trustees of the Fund has three standing committees, the Audit Committee, the Valuation Committee, and the Nomination and Compensation Committee.

The Audit Committee is responsible for (i) overseeing the Fund's accounting and financial reporting policies and practices, its internal controls and, as appropriate, the internal controls of certain service providers; (ii) overseeing the quality and objectivity of the Fund's financial statements and the



independent audit thereof; (iii) reviewing such aspects of the operations of the Fund as the Audit Committee or the full Board shall deem appropriate; (iv) acting as liaison between the Fund's independent auditors and the full Board of Trustees; (v) participating in, as appropriate, pursuant to Section 307 of the Sarbanes-Oxley Act of 2002, the Fund's "reporting up" compliance process for attorneys appearing and practicing before the Securities and Exchange Commission in the representation of the Fund, as such process is implemented by the Fund's Chief Legal Officer; (vi) holding scheduled meetings on a semi-annual basis in order to conduct such Audit Committee business and report to the full Board of Trustees at their next regularly scheduled meeting or sooner; and (vii) submitting minutes of such meetings to the full Board on a regular basis. Mr. Faia and Mr. Reichman are the members of the Audit Committee. Mr. Reichman was elected to the Audit Committee in February 2015. During the fiscal year ended December 31, 2016, the Audit Committee met four times.

The Valuation Committee is responsible for (i) periodically reviewing the Fund's valuation procedures and recommending any amendments to the Board, and (ii) reviewing and approving or ratifying methodologies followed by the Manager to determine the fair values of Fund portfolio securities. Mr. Faia and Mr. Reichmann are Members of the Valuation Committee. During the fiscal year ended December 31, 2016, the Valuation Committee did not meet.

The Nomination and Compensation Committee is responsible for (i) determining requisite standards or qualifications for nominees to serve as Trustees on the Board, (ii) identifying possible candidates to become members of the Board in the event that a Trustee position is vacated or created and/or in contemplation of a shareholders' meeting at which one or more Trustees are to be elected, (iii) considering and evaluating such candidates and recommending Trustee nominees for the Board's approval, and (iv) considering and evaluating nominee candidates properly submitted by shareholders on the same basis as it considers and evaluates candidates recommended by other sources. In addition, the Nomination and Compensation Committee is responsible for recommending for approval by the Board the structure and levels of compensation and other related benefits to be paid or provided by the Trust to Board Members (the "Independent Trustees") who are not "interested persons" of the Trust, as defined in Section 2 (a)(19) of the 1940 Act. Mr. Faia is a member of the Nomination and Compensation Committee. The Nomination and Compensation Committee did not meet during the fiscal year ended December 31, 2016.

A shareholder must follow the following procedures in order to properly submit a recommendation for a Trustee nominee for the Committee's consideration:

1. The shareholder must submit any such recommendation in writing to the Trust, to the attention of the Secretary, at the address of the principal executive offices of the Trust.
2. The shareholder recommendation must include:
  - (i) a statement in writing setting forth (A) the name, date of birth, business address and residence address of the person recommended by the shareholder (the "candidate"); and (B) whether the recommending shareholder believes that the candidate is or will be an "interested person" of the Trust (as defined in the 1940 Act) and information regarding the candidate that will be sufficient for the Trust to make such determination;
  - (ii) the written and manually signed consent of the candidate to be named as a nominee and to serve as a trustee if elected;

(iii) the recommending shareholder’s name as it appears on the Trust’s books and the class or series and number of all shares of the Trust owned beneficially and of record by the recommending shareholder (as evidenced to the Committee’s satisfaction by a recent brokerage or account statement); and

(iv) a description of all arrangements or understandings between the recommending shareholder and the candidate and any other person or persons (including their names) pursuant to which the recommendation is being made by the recommending shareholder.

In addition, the Nomination and Compensation Committee may require the candidate to furnish such other information as it may reasonably require or deem necessary to determine the eligibility of such candidate to serve on the Board and information regarding the candidate that would be required to be disclosed if the candidate were a nominee in a proxy statement or other filing required to be made in connection with solicitation of proxies for the election of trustees.

The Fund pays each Independent Trustee an annual retainer of \$25,000, which includes compensation for all regular quarterly board meetings and regular committee meetings. No additional meeting fees are paid in connection with regular quarterly board meetings or regular committee meetings. Additional fees of \$1,250 and \$400 are paid to Independent Trustees for special in-person board or non-regular committee meetings and telephonic board or non-regular committee meetings, respectively.

The following table sets forth the compensation paid by the Fund to each of the Trustees during the fiscal year ended December 31, 2016. The Fund has no retirement or pension plans.

NAME OF TRUSTEE	AGGREGATE COMPENSATION FROM FUND
<b>Interested Trustee</b>	
James J. Murchie*	None
<b>Independent Trustees</b>	
Arnold M. Reichman	\$25,000
Salvatore Faia	\$25,000

\* Mr. Murchie is deemed an “interested person” (as that term is defined in the 1940 Act) of the Fund due to his positions as President and CEO of the Manager and President of the Fund.

The Fund has no employees. The Fund’s officers receive no compensation from the Fund.

**BENEFICIAL OWNERSHIP OF FUND SHARES**

Beneficial ownership in Fund shares reflected in the tables below titled “Trustee Beneficial Ownership of Fund Shares” and “Control Persons and Principal Holders of the Fund” was determined in accordance with Rule 16a-1(a)(2) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”).

**TRUSTEE BENEFICIAL OWNERSHIP OF FUND SHARES**

The following table sets forth the dollar range of equity securities beneficially owned by the Trustees in the Fund as of December 31, 2016:

NAME OF TRUSTEE	DOLLAR RANGE OF EQUITY SECURITIES IN THE FUND
<b>Interested Trustee</b>	
James J. Murchie*	Over \$100,000
<b>Independent Trustees</b>	
Arnold M. Reichman	None
Salvatore Faia	Over \$100,000

As of December 31, 2016, the Trustees and officers of the Fund owned approximately 11.2% of the outstanding shares of the Fund.

**CONTROL PERSONS AND PRINCIPAL HOLDERS OF THE FUND**

As of March 31, 2017 the following persons owned of record or were known by the Fund to own beneficially 5% or more of the outstanding shares of the Fund.

Shareholder	% of Class I
GEF FRE 550 S. TRYON STREET SUITE 3500 CHARLOTTE, NC 28202	33.0%
JOHN AND CHRISTY MACK FOUNDATION SUNSTREET CORPORATION ATTN: JEFF HARRIGAN 6 CLUB ROAD RYE, NY 10580	21.8%
VALUEQUEST PARTNERS, LLC ATTN: STEPHANIE AN 320 PARK AVENUE, FL 8 NEW YORK, NEW YORK 10022-6815	10.9%
JIM MURCHIE 10 WRIGHT STREET WESTPORT, CT 06880	9.6%
ANDREW QUARTNER IRA  6921 MOUNTAINGATE DRIVE BETHESDA, MD 20817	7.3%

Shareholder	% of Investor Class
DONALD W PETERSON AND NANCY S PETERSON REVOCABLE TRUST 501 PORTOLA RD APT 8129 PORTOLA VALLY CA 94028-8677	98.9%

Any person owning more than 25% of the outstanding shares of the Fund may be deemed to be a “control person” of the Fund under the federal securities laws. Through the exercise of voting rights with respect to shares of the Fund, such an investor may be able to determine the outcome of shareholder voting on matters, including Fund policies for which approval of shareholders of the Fund is required.

### **INVESTMENT ADVISER**

Pursuant to an investment advisory agreement between the Trust, on behalf of the Fund, and the Manager (the “Advisory Agreement”), the Manager shall act as investment adviser to the Fund and as such shall furnish continuously an investment program and shall determine from time to time what securities or other instruments shall be purchased, sold or exchanged and what portion of the assets of the Fund shall be held uninvested, subject always to the restrictions of the Trust’s Second Amended and Restated Declaration of Trust, dated July 31, 2006, and the Amended and Restated Bylaws, each as amended from time to time, to the provisions of the 1940 Act and the rules, regulations and orders thereunder and to the Fund’s then-current Prospectus and SAI. The Manager also shall exercise voting rights, rights to consent to corporate actions and any other rights pertaining to the Fund’s portfolio securities in accordance with the Manager’s policies and procedures as presented to the Trustees of the Trust from time to time. The Advisory Agreement provides that the Manager shall not be liable for any error of judgment or mistake of law or for any loss arising out of any investment or for any act or omission in the execution and management of the Fund, except for willful misfeasance, bad faith, gross negligence or reckless disregard of its duties and obligations thereunder.

The Advisory Agreement also provides that the Trust shall indemnify to the fullest extent permitted by law out of the assets of the Fund each of the Manager and all of its shareholders, officers, management committee members, employees and affiliates (and their members) (each such entity or person hereinafter referred to as a “Adviser Covered Person”) against all liabilities and expenses, including but not limited to amounts paid in satisfaction of judgments, in compromise or as fines and penalties, and counsel fees reasonably incurred by any such Adviser Covered Person in connection with the defense or disposition of any action, suit or other proceeding (including, without limitation, investigations), whether civil or criminal, before any court or administrative or legislative body, in which such Adviser Covered Person may be or may have been involved as a party or otherwise or with which such Adviser Covered Person may be or may have been threatened, while in office or thereafter, by reason of any investment or other alleged act or omission in the course of, connected with or arising out of any service to be rendered under this Agreement, except with respect to any matter as to which such Adviser Covered Person shall have been finally adjudicated in any such action, suit or other proceeding not to have acted in good faith in the reasonable belief that such Adviser Covered Person’s action was in the best interests of the Fund, and except that no Adviser Covered Person shall be indemnified against any liability to which such Adviser Covered Person would otherwise be subject by reason of willful misfeasance, bad faith, gross negligence, fraud or reckless disregard of the Adviser Covered Person’s obligations and duties. Expenses, including counsel fees so incurred by any such Adviser Covered Person, may be paid from time to time by the Fund in advance of the final disposition of any such action, suit or proceeding on the condition that the amounts so paid shall be repaid to the Fund if it is ultimately determined that indemnification of such expenses is not authorized under the Advisory Agreement.

For providing such services, the Fund will pay to the Manager a fee, computed and paid monthly at the annual rate of 1% of the average daily net assets of the Fund. Such fee shall be payable for each month within five business days after the end of such month.

The table below sets forth the advisory fees paid by the Fund, as well as any fee waiver and expense reimbursement, for the fiscal years shown below:

	<b>Gross Advisory Fee</b>	<b>Expenses Reimbursed and Advisory Fees Waived</b>	<b>Net Advisory Fees Paid</b>
Fiscal Year Ended December 31, 2014	\$287,936	N/A	\$287,936
Fiscal Year Ended December 31, 2015	\$202,845	N/A	\$202,845
Fiscal Year Ended December 31, 2016	\$169,320	\$244,855	\$0

Effective as of February 1, 2016, the Manager has contractually agreed to waive its management fee and/or reimburse Fund expenses so that total annual operating expenses for each class (excluding brokerage fees and commissions; borrowing costs, such as (a) interest and (b) dividend expenses on securities sold short; any payments under its Investor Class Distribution Plan or Administrative Services Plan; taxes; extraordinary expenses; and any indirect expenses, such as acquired fund fees and expenses) do not exceed 2.00% of average daily net assets through April 30, 2018. Any waiver or reimbursement by the Manager is subject to repayment by the Fund within three years following the date the particular waiver or reimbursement is due; provided that the Fund is able to make the repayment without exceeding the 2.00% limitation. This expense cap may not be terminated prior to this date except by the Board of Trustees.

James J. Murchie, an affiliate of the Fund by virtue of his position as an officer and Trustee of the Fund as identified above, is presumed to control the Manager by account of his beneficial ownership of the outstanding voting securities of the Manager. Linda Longville, also an affiliate of the Fund by virtue of her position as an officer of the Fund as identified above, owns beneficially 5% or more of the outstanding voting securities of the Manager and as such is also an affiliated person of the Manager.

EIP serves as an investment adviser to registered investment companies, private funds, and separately managed accounts for high net worth individuals and institutions. It also serves as the investment sub-adviser to closed end funds, actively managed exchange-traded funds, and a sleeve of series of a variable insurance trust. In addition, EIP provides investment advice in the form of a model portfolio to unified managed accounts and on a consultative basis to other clients.

### Portfolio Managers

James Murchie, Eva Pao and John Tysseland, as the Fund's portfolio managers, share primary responsibility for the day-to-day management of the Fund's portfolio.

The portfolio managers also have responsibility for the day-to-day portfolio management of funds and accounts other than the Fund (the "Other Clients"). The advisory fees received by EIP in connection with the portfolio management of the Fund's investment portfolio are not based upon the performance of the Fund. Information regarding the Other Clients is set forth below.

<b>NUMBER OF OTHER ACCOUNTS MANAGED AND ASSETS BY ACCOUNT TYPE AS OF DECEMBER 31, 2016</b>			
<b>PORTFOLIO MANAGER</b>	<b>REGISTERED INVESTMENT COMPANIES (OTHER THAN THE FUND)</b>	<b>OTHER POOLED INVESTMENT VEHICLES</b>	<b>OTHER ACCOUNTS</b>
James J. Murchie	Number: 7 Assets: \$4,089.0 million	Number: 1 Assets: \$198.4 million	Number: 631 Assets: \$1,379.2 million

NUMBER OF OTHER ACCOUNTS MANAGED AND ASSETS BY ACCOUNT  
TYPE AS OF DECEMBER 31, 2016

Eva Pao	Number: 7 Assets: \$4,089.0 million	Number: 1 Assets:\$198.4 million	Number: 631 Assets: \$1,379.2 million
John Tysseland	Number: 7 Assets: \$4,089.0 million	Number: 1 Assets:\$198.4 million	Number: 631 Assets: \$1,379.2 million

As shown in the table above, the portfolio managers together manage seven registered investment companies (other than the Fund) and one other pooled investment vehicle. For the other pooled investment vehicle in the table above, the total advisory fee includes a performance-based incentive fee or allocation. Of the 631 separately managed accounts listed in the table above under “other accounts,” one account includes performance based incentive fees. As of December 31, 2016, the assets in that account were \$2.2 million. The Portfolio Managers also provide portfolio management by way of providing a model to the Unified Managed Accounts; those accounts and the associated assets under management are not provided above.

The portfolio managers may have conflicts of interest in managing the Fund and the Other Clients, which may invest in the same or similar securities as the Fund. For example, the portfolio managers may have conflicts of interest in allocating their time and activity between the Fund and the Other Clients. The portfolio managers may at times give advice or take action with respect to the Other Clients that differs from the advice given with respect to the Fund because of, among other things, differences between the Fund’s and the Other Clients’ investment policies. Except as described below, to the extent a particular investment is suitable for both the Fund and Other Clients, such an investment will be allocated between the Fund and the Other Clients in a manner which the Manager determines in its sole discretion is fair and equitable under the circumstances to all clients, including the Fund.

The Manager may purchase or sell the same security for more than one client account simultaneously to achieve more efficient execution. These accounts may include separately managed accounts and funds in which the Manager, its affiliates and/or employees have a financial interest. In such circumstances, no client or fund will be favored over any other client and all clients whose orders were aggregated and executed with a particular broker during a day will generally receive an average share price and pay the same commission rates, share any brokerage costs or other expenses of the order on a pro rata basis, based on order size. All aggregated orders will generally be allocated according to the designations made by the Manager of such client accounts. Client orders partially filled will be allocated pro rata in proportion to each such client’s original order, except that where it is not meaningful to allocate a small number of securities among the accounts participating in the transaction on a pro rata basis, the Manager may allocate such securities to less than all of the participating accounts in a manner determined in good faith to be a fair and equitable allocation over time. Clients that restrict the Manager from utilizing certain broker-dealers to effect securities transactions on their behalf may not always be able to participate in an aggregated order.

From time to time, the Manager may be allocated the opportunity to purchase securities in public offerings expected to be heavily over-subscribed. These allocations may be offered to the Manager in part as a result of its past usage of various brokerage firms. The Manager may allocate securities purchased in these offerings to client accounts based on a number of factors, including the percentage of commissions previously generated by such client account and such client’s investment objectives and strategies. In such circumstances, clients with investment objectives favoring active trading will generally receive a higher percentage of those issues than those clients with investment objectives that result in relatively less active trading.

Other clients of the Manager and its affiliates may purchase and sell, and even sell short, securities held by the Fund. The Manager from time to time may determine that it is in the best interests of the Fund to direct that securities be purchased for or sold from the Fund to or from other investment advisory clients of the Manager. The Manager may enter into these transactions to “rebalance” the Fund’s portfolio positions following contributions to or redemptions from the Fund or otherwise as the Manager determines is in the best interests of the Fund. All such transactions will be effected in a manner consistent with the 1940 Act. Such transactions will not involve restricted securities or securities for which market quotations are not readily available. While the Manager will not receive any compensation for these transactions, a third-party broker may receive a commission for executing and clearing the transactions.

The Manager routinely comes into possession of non-public information concerning specific issuers. Under applicable securities laws, this limits the Manager’s flexibility to buy or sell securities issued by such issuers. The Fund’s investment flexibility may be constrained as a consequence of the Manager’s inability to use such information for investment purposes.

The Manager believes the above conflicts are mitigated because it has written policies and procedures regarding trade aggregation and allocation that address the fair and equitable treatment of all accounts. The portfolio managers are obligated to adhere to these policies and procedures in their management of the Fund and the Other Clients. In addition, the Manager’s compliance department monitors conflicts that may arise in managing the Fund and the Other Clients, including reviewing trade allocations and performance data of the Fund and the Other Clients.

As of December 31, 2016, the following summarizes the structure of and methods used to determine the compensation of each of the portfolio managers identified in the table above, who share primary responsibility for the day-to-day management of the Fund’s portfolio:

*Base Salary.* A competitive fixed base salary is paid to each portfolio manager, based on his or her experience and responsibilities, individual contributions to the firm and contributions to the performance of the Fund and the Other Clients. The Manager regularly reviews the portfolio managers’ salaries in comparison with industry standards to ensure that such salaries remain competitive.

*Annual Bonus and Other Compensation.* In addition to base salary, the Manager also may, at its discretion, give year-end bonuses to the portfolio managers, based upon factors which may include the Manager’s overall performance, the portfolio manager’s contributions to the Manager’s business and/or the Fund and the Other Clients and other related factors. Profit-sharing opportunities for the portfolio managers are determined by the Manager annually, based on the same criteria as the bonus payment. The Manager does not follow established guidelines in determining the profit-sharing percentages; however, the portfolio managers receive a fixed percentage share of the Manager’s net profit generated by services performed for the Fund and the Other Clients. The Manager does not receive fees based on performance from the Fund.

#### PORTFOLIO MANAGER BENEFICIAL OWNERSHIP OF FUND SHARES

The following table shows the dollar range of equity securities of the Fund beneficially owned (as determined in accordance with Rule 16a-1(a)(2) under the Exchange Act) as of December 31, 2016, by the Fund’s portfolio managers:

Name of Portfolio Manager	Dollar Range of Equity Securities in Fund
James J. Murchie	Over \$1,000,000
Eva Pao	\$100,001 - \$500,000
John Tysseland	\$1 - \$10,000

## **CODE OF ETHICS**

The Fund and the Manager have adopted codes of ethics pursuant to Rule 17j-1 under the 1940 Act. These codes permit personnel subject to the code to invest in securities, including securities that may be purchased or held by the Fund. These codes can be reviewed and copied at the Securities and Exchange Commission's Public Reference Room in Washington, D.C. Information on the operation of the Public Reference Room may be obtained by calling the Securities and Exchange Commission at (202) 551-8090. The codes of ethics are available on the EDGAR Database on the Securities and Exchange Commission's website (<http://www.sec.gov>), and copies of these codes may be obtained, after paying a duplicating fee, by electronic request at the following e-mail address: [publicinfo@sec.gov](mailto:publicinfo@sec.gov), or by writing the Commission Public Reference Section, Washington, D.C. 20549.

## **PROXY VOTING POLICY AND PROCEDURES**

The Fund has adopted a proxy voting policy and procedures that seek to ensure that proxies for securities held by the Fund are voted consistently and solely in the best economic interests of the Fund. A copy of the Fund's proxy voting policy and procedures is attached as Appendix B to this SAI.

Information regarding how the Fund voted proxies for securities held by the Fund for the twelve months ended June 30 of each year will be available without charge, upon request, by calling (203) 349-8232 (collect) or by accessing the Securities and Exchange Commission's website at <http://www.sec.gov>.

## **PORTFOLIO HOLDINGS DISCLOSURE**

The Board of Trustees has adopted, on behalf of the Fund, policies and procedures relating to disclosure of the Fund's portfolio securities. These policies and procedures are designed to protect the confidentiality of the Fund's portfolio holdings information and to prevent the selective disclosure of such information.

The Fund may disclose portfolio holdings information as required by applicable law or as requested by governmental authorities.

Portfolio holdings of the Fund will be disclosed on a quarterly basis on forms required to be filed with the Securities and Exchange Commission as follows: (i) portfolio holdings as of the end of each fiscal year ending December 31 will be filed as part of the annual report filed on Form N-CSR; (ii) portfolio holdings as of the end of the fiscal quarter ending March 31 will be filed on Form N-Q; (iii) portfolio holdings as of the end of the six-month period ending June 30 will be filed as part of the semi-annual report filed on Form N-CSR; and (iv) portfolio holdings as of the end of the fiscal quarter ending September 30 will be filed on Form N-Q. The Trust's Form N-CSRs and Form N-Qs will be available on the SEC's website at <http://www.sec.gov>.

Disclosure of the Fund's portfolio holdings information that is not publicly available ("Confidential Portfolio Information") may be made to the Manager or to the Fund's administrator, U.S. Bancorp Fund Services, LLC and its affiliates that provide services to the Fund. In addition, the Manager may distribute (or authorize the Fund's administrator or custodian to distribute) Confidential Portfolio Information to the Fund's service providers (such as custodial services, pricing services, proxy voting services, accounting and auditing services and research and trading services) that require access to such information in order to fulfill their contractual duties with respect to the Fund ("Service Providers"), to other parties, who for legitimate business reasons require access to such information, such as firms that provide leverage or are derivatives counterparties to the Fund, and to facilitate the review of a Fund by certain mutual fund analysts and ratings agencies (such as Morningstar and Lipper Analytical Services) ("Rating Agencies"); provided that such disclosure is limited to the information that the Manager believes



is reasonably necessary in connection with the services to be provided by the parties receiving the information.

Before any disclosure of Confidential Portfolio Information to Service Providers, Rating Agencies or other parties is permitted, the Manager’s Chief Compliance Officer or Chief Executive Officer (or persons designated by the Manager’s Chief Compliance Officer) must determine that, under the circumstances, disclosure is in or not opposed to the best interests of the Fund. Furthermore, the receipt of Confidential Portfolio Information by a Service Provider, Rating Agency or other party must be subject to a written confidentiality agreement. The frequency with which the Confidential Portfolio Information will be disclosed, as well as the lag time associated with such disclosure, will vary depending on such factors as the circumstances of the disclosure and the reasons therefore.

The Manager’s Chief Compliance Officer or Chief Executive Officer has authorized disclosure of Confidential Portfolio Information on an on-going basis (generally, daily, except with respect to Deloitte & Touche LLP, Thompson Coburn LLP and Deloitte Tax LLP, which receive such information annually and as necessary in connection with the services they provide to the Fund) to the following entities that provide on-going services to the Fund in connection with their day-to-day operations and management, provided that they agree or have a duty to maintain this information in confidence:

<b>Name of Recipient</b>	<b>Purpose of Disclosure</b>
U.S. Bank N.A.	Custodial services
U.S. Bancorp Fund Services, LLC	Accounting and Administrative services
Deloitte & Touche LLP	Independent registered public accounting firm
Institutional Shareholder Services Inc. (“ISS”)	Proxy service provider
Thompson Coburn LLP	Fund Counsel
Deloitte Tax LLP	Tax Services

Other pooled investment vehicles that are advised by the Manager may be subject to different portfolio holdings disclosure policies, and neither the Manager nor the Board exercises control over such policies or disclosure. Some of the pooled investment vehicles that are advised by the Manager have investment objectives and strategies that are substantially similar or identical to the Fund, and therefore potentially substantially similar, and in certain cases nearly identical, portfolio holdings, as the Fund. The Fund and the Manager may not receive any compensation or other consideration for disclosing the Confidential Portfolio Information.

Exceptions to these procedures may only be made if the Trust’s President and Chief Compliance Officer determine that, under the circumstances, such exceptions are in or not opposed to the best interests of the Fund and if the recipients are subject to a confidentiality agreement that prohibits any trading upon the Confidential Portfolio Information. All exceptions must be reported to the Board of Trustees. The Manager shall have primary responsibility for ensuring that the Fund’s portfolio holdings information is only disclosed in accordance with these policies. As part of this responsibility, the Manager must maintain such internal informational barriers as they believe are reasonably necessary for preventing the unauthorized disclosure of Confidential Portfolio Information. The Trust’s Chief Compliance Officer shall confirm at least annually that the Manager’s procedures and/or processes are reasonably designed to comply with these policies regarding the disclosure of portfolio holdings, and shall report any unaddressed deficiencies with such procedures and/or processes to the Board of Trustees.

## **PORTFOLIO TRANSACTIONS AND BROKERAGE**

Subject to the supervision of the Board of Trustees, the Manager is authorized to make all decisions as to which securities are bought and sold for the Fund, the amount and price of those securities and the selection of and commissions paid to brokers. In selecting brokers or dealers to execute transactions, the Manager need not solicit competitive bids and does not have an obligation to seek the lowest available commission cost. It is not the Manager's practice to negotiate "execution only" commission rates; thus clients may be deemed to be paying for other services, including Research (as defined below), provided by the broker which are included in the commission rate. In determining which broker-dealer generally provides the best available price and most favorable execution, the Manager considers a totality of circumstances, including the broker-dealer's research capabilities and the success of prior research recommendations (including private equity financings), ability to execute difficult trades (possible market impact, size of the order and market liquidity), commitment of capital, access to new issues, nature and frequency of sales coverage, depth of services provided, including economic or political coverage, arbitrage and option operations, back office and processing capabilities, financial stability and responsibility, reputation, access to markets, confidentiality, commission rate, responsiveness to the Manager and the value of research and brokerage and research products and services (collectively "Research") provided by such brokers.

In all cases, Research is limited to the types of research contemplated by Section 28(e) of the Exchange Act. To the extent required by applicable law, the Manager will comply with the "safe harbor" of Section 28(e) of the Exchange Act with respect to its receipt and use of Research. Research services provided by brokers or dealers take various forms, including personal interviews with analysts, written reports, pricing services, and meetings arranged with various sources of information regarding particular issuers, industries, governmental policies, economic trends, and other matters. To the extent that services of value are received by the Manager, the Manager may avoid expenses that might otherwise be incurred. These services may be used in furnishing investment advice to all of the Manager's clients, including the Fund. Services received from a broker or dealer that executed transactions for the Fund will not necessarily be used by the Manager specifically to service the Fund.

During the fiscal years ended December 31, 2014, December 31, 2015, and December 31, 2016, the Fund paid aggregate brokerage commissions of \$30,801, \$32,304, and \$14,799, respectively. Changes in the amounts of brokerage commissions from year to year are generally the result of active trading strategies employed by the Fund's portfolio managers in response to market conditions, and are not reflective of a material change in investment strategy.

Of the amount of aggregate brokerage commissions paid during the 2016 fiscal year, \$4,482 of such broker commissions were paid by the Fund to brokers who provide research services or other services to EIP and its affiliates. The total dollar amount of the transactions pursuant to which such brokerage commissions were paid was \$16,518,092.

As of December 31, 2016, the Fund held no securities of the Fund's regular broker-dealers.

## **DESCRIPTION OF THE TRUST**

The Fund is currently the sole series of the Trust, a Delaware statutory trust organized on December 9, 2005, pursuant to a Declaration of Trust which was amended and restated on December 13, 2005 and further amended and restated on July 31, 2006. Prior to July 31, 2006, the Trust was named the Pequot Investment Trust and the Fund was named Pequot Growth and Income Fund. The Trust has authorized capital of unlimited shares of beneficial interest with a par value of \$0.01, which may be issued in more than one class or series. The Board of Trustees may, without shareholder approval, designate additional series. Any such series of shares may be divided without shareholder approval into

two or more classes of shares having such preferences or relative rights and privileges as the Trustees may determine. The Fund currently offers two classes of shares, Investor Class shares and Class I shares

As determined by the Trustees without the vote or consent of shareholders (except as required by the 1940 Act), on any matter submitted to a vote of shareholders, either (i) each whole share shall be entitled to one vote as to any matter on which it is entitled to vote and each fractional share shall be entitled to a proportionate fractional vote or (ii) each whole share (or fractional share) outstanding on the record date shall be entitled to a number of votes on any matter on which it is entitled to vote equal to the net asset value of the share (or fractional share) in U.S. dollars determined at the close of business on the record date (for example, a share having a net asset value of \$10.50 would be entitled to 10.5 votes). Without limiting the power of the Trustees in any way to designate otherwise in accordance with the preceding sentence, the Trustees have established that each whole share (or fractional share) outstanding on the record date shall be entitled to a number of votes on any matter on which it is entitled to vote equal to the net asset value of the share (or fractional Share) in U.S. dollars determined at the close of business on the record date.

Shares of all series and classes will vote together as a single class on all matters except (i) when required by the 1940 Act or when the Trustees have determined that a matter affects one or more series or classes materially differently, shares are voted by individual series or class; and (ii) when the Trustees determine that such a matter affects only the interests of a particular series or class, then only shareholders of such series or class shall be entitled to vote thereon.

Fund shares do not have preemptive or other rights to subscribe to any additional shares or cumulative voting rights in the election of Trustees, and none of the Fund's shares have any preference to conversion, exchange, dividends, distributions, retirements, liquidation, redemption, or any other feature. Fund shares are entitled to dividends as declared by the Trustees.

Under Delaware law, the Fund is not required to hold an annual shareholders meeting if the 1940 Act does not require such a meeting. Generally, there will not be annual meetings of Fund shareholders.

The Second Amended and Restated Declaration of Trust provides that shares of the Fund shall be transferable on the books of the Trust only by the record holder thereof or by his or her duly authorized agent upon delivery to the Trustees or the Trust's transfer agent of a duly executed instrument of transfer, together with a share certificate if one is outstanding, and such evidence of the genuineness of each such execution and authorization and of such other matters as may be required by the Trustees.

The Second Amended and Restated Declaration of Trust disclaims liability of the Trustees, officers and shareholders of the Fund for acts or obligations of the Fund which are binding only on the assets and property of the Fund. The Second Amended and Restated Declaration of Trust provides for indemnification of the Fund's property for all loss and expense of any Fund shareholder held personally liable for the obligations of the Fund. The risk of a Fund shareholder incurring financial loss on account of shareholder liability is limited to circumstances in which the Fund itself would not be able to meet the Fund's obligations and this risk, thus, should be considered remote.

## **COSTS AND EXPENSES**

The Fund will pay all of its own expenses incurred in its operations, including, without limitation: the Fund's advisory fees payable to the Manager; any fees payable to third parties for monitoring compliance with the Fund's investment policies; compensation of the Independent Trustees, but not Trustees who are "interested persons" of the Fund; governmental fees; interest charges; taxes; membership dues in the Investment Company Institute allocable to the Fund; fees and expenses of the Fund's independent registered public accounting firm, of legal counsel, of the Fund's administrator,

accounting agent and transfer agent; expenses of repurchasing and redeeming shares and servicing shareholder accounts; expenses of preparing, printing and mailing shareholder reports, notices, proxy statements and reports to governmental officers and commissions; brokerage and other expenses connected with the execution, recording and settlement of portfolio security transactions; insurance premiums; fees and expenses of the custodian of the Fund for all services to the Fund, including safekeeping of funds and securities and maintaining required books and accounts; expenses of calculating the net asset value of shares of the Fund; organizational and start-up costs; such non-recurring or extraordinary expenses as may arise, including those relating to actions, suits or proceedings to which the Fund is a party or otherwise may have an exposure, and the legal obligation which the Fund may have to indemnify the members of the Board of Trustees and officers with respect thereto; expenses relating to the issuance, registration and qualification of shares of the Fund and the preparation, printing and mailing of the Prospectus for such purposes (except to the extent that any distribution agreement to which the Trust is a party provides that another party is to pay some or all of such expenses); interest and commitment fees on debit balances or borrowings of the Fund, including any reverse repurchase agreements, mark-ups, mark-downs and spreads on securities and other transactions, borrowing charges on investments sold short and custody fees, the costs of any liability insurance obtained on behalf of the Fund, or a Trustee or officer of the Fund; and any extraordinary expenses.

## **TAX MATTERS**

### **Certain U.S. Federal Income Tax Considerations**

The following U.S. federal income tax discussion is based on the advice of Thompson Coburn LLP, counsel to the Fund, and reflects provisions of the Internal Revenue Code of 1986, as amended (the “Code”), U.S. Treasury regulations, rulings published by the Internal Revenue Service (the “IRS”), and other applicable authority, all as of the date of this SAI. These authorities are subject to change by legislative or administrative action, possibly with retroactive effect. The following discussion is only a summary of some of the important U.S. federal income tax considerations generally applicable to investments in the Fund. There may be other tax considerations applicable to particular investors. In addition, income earned through an investment in the Fund may be subject to state, local and foreign taxes.

*Taxation of the Fund.* The Fund intends to elect to be treated and to qualify each year as a regulated investment company (“RIC”) under Subchapter M of the Code. In order to qualify for the special tax treatment accorded RICs and their shareholders, the Fund must, among other things:

(a) derive at least 90% of its gross income for each taxable year from (i) dividends, interest, payments with respect to certain securities loans, and gains from the sale or other disposition of stock, securities or foreign currencies, or other income (including but not limited to gains from options, futures, or forward contracts) derived with respect to its business of investing in such stock, securities or currencies and (ii) net income derived from interests in “qualified publicly traded partnerships” (as defined below);

(b) distribute with respect to each taxable year at least 90% of the sum of its investment company taxable income (as that term is defined in the Code without regard to the deduction for dividends paid—generally taxable ordinary income and the excess, if any, of net short-term capital gains over net long-term capital losses) and net tax-exempt interest income, for such year; and

(c) diversify its holdings so that, at the end of each quarter of the Fund’s taxable year, (i) at least 50% of the value of the Fund’s total assets is represented by cash and cash items, U.S. Government securities, securities of other RICs, and other securities limited in respect of any

one issuer to a value not greater than 5% of the value of the Fund's total assets and not more than 10% of the outstanding voting securities of such issuer, and (ii) not more than 25% of the value of the Fund's total assets is invested (A) in the securities (other than those of the U.S. Government or other RICs) of any one issuer or of two or more issuers that the Fund controls and that are engaged in the same, similar, or related trades or businesses, or (B) in the securities of one or more qualified publicly traded partnerships (as defined below).

In general, for purposes of the 90% gross income requirement described in paragraph (a) above, income derived from a partnership will be treated as qualifying income only to the extent such income is attributable to items of income of the partnership that would be qualifying income if realized directly by the RIC. However, 100% of the net income derived from an interest in a "qualified publicly traded partnership" (generally, a partnership (x) the interests in which are traded on an established securities market or readily tradable on a secondary market or the substantial equivalent thereof, (y) that derives at least 90% of its income from the passive income sources defined in Code section 7704(d) (or is "grandfathered" for purposes of partnership treatment), and (z) that derives less than 90% of its income from the qualifying income described in paragraph (a)(i) above) will be treated as qualifying income. The Fund expects that its investments in MLPs will generally be treated as interests in qualified publicly traded partnerships. Although in general the passive loss rules of the Code do not apply to a RIC, such rules do apply to a RIC with respect to items attributable to an interest in a qualified publicly traded partnership. Accordingly, tax losses from one of the Fund's MLP investments generally will not reduce the Fund's taxable income from its other MLP and non-MLP investments, including in determining the amount that the Fund must distribute each year in order to maintain RIC status and avoid entity-level tax.

In addition, for purposes of the diversification requirements described in paragraph (c) above, the term "outstanding voting securities of an issuer" will include the equity securities of a qualified publicly traded partnership. Moreover, in some cases, identification of the issuer (or, in some cases, issuers) of a particular Fund investment will depend on the terms and conditions of that investment, and may be uncertain under current law. Accordingly, an adverse determination or future guidance by the IRS with respect to identification of the issuer for a particular type of investment may adversely affect the Fund's ability to meet the diversification test in paragraph (c) above.

The Fund is permitted to have up to 25% of the value of its total assets invested in qualified publicly traded partnerships, including MLPs. Because of the nature of the Fund's investment objectives and strategies, including the intended use of leverage, the IRS could take the position that the 25% limitation is not satisfied, even though the Fund will limit its investments in MLPs to 25% or less than the value of its total assets. If the Fund qualifies as a RIC that is accorded special tax treatment, the Fund will not be subject to federal income tax on income and gains distributed in a timely manner to its shareholders in the form of dividends (including Capital Gain Dividends, as defined below). If the Fund were to fail to satisfy the income, distribution or diversification tests described above, the Fund could in some cases cure such failure, including by paying a Fund-level tax, paying interest, making additional distributions or disposing of certain assets. If the Fund were ineligible to or otherwise did not cure such failure for any taxable year, or if the Fund were otherwise to fail to qualify as a RIC accorded special tax treatment in any taxable year, the Fund would be subject to tax on its taxable income at corporate rates, and all distributions from earnings and profits, including any distributions of net tax-exempt income and net long-term capital gains, would be taxable to shareholders as dividend income. In such case, some portions of such distributions may be eligible for the dividends-received deduction in the case of corporate shareholders and reduced rates of taxation as qualified dividend income in the case of individual shareholders provided, in both cases, the shareholder meets certain holding period and other requirements in respect of the Fund's shares. In addition, the Fund could be required to recognize unrealized gains, pay substantial taxes and interest, and make substantial distributions before requalifying as a RIC that is accorded special tax treatment.

The remainder of this discussion assumes that the Fund qualifies as a RIC for U.S. federal tax purposes.

The Fund intends to distribute to its shareholders all or substantially all of its investment company taxable income (computed without regard to the dividends-paid deduction) quarterly and any net capital gain (i.e. the excess, if any, of net long-term capital gains over net short-term capital losses) at least annually. If the Fund retains any investment company taxable income or net capital gain, it will be subject to tax at regular corporate rates on the amount retained. To the extent the Fund retains any net capital gain, it may designate the retained amount as undistributed capital gains in a notice to its shareholders who (i) will be required to include in income for federal income tax purposes, as long-term capital gain, their shares of such undistributed amount, and (ii) will be entitled to credit their proportionate shares of the tax paid by the Fund on such undistributed amount against their federal income tax liabilities, if any, and to claim refunds on properly-filed U.S. tax returns to the extent the credit exceeds such liabilities. For federal income tax purposes, the tax basis of shares owned by a shareholder of the Fund would be increased by an amount equal to the difference between the amount of undistributed capital gains included in the shareholder's gross income under clause (i) of the preceding sentence and the tax deemed paid by the shareholder under clause (ii) of the preceding sentence. The Fund is not required to, and there can be no assurance that the Fund will, make this designation if it retains all or a portion of its net capital gain in a taxable year.

In determining its net capital gain, including in connection with determining the amount available to support a Capital Gain Dividend, its taxable income, and its earnings and profits, a RIC generally may elect to treat any post-October capital loss (defined as any capital loss attributable to the portion of the taxable year after October 31, or, if there is no such loss, the net long-term capital loss or net-short term capital loss attributable to such portion of the taxable year) or late-year ordinary loss (generally, the sum of its (i) net ordinary loss from the sale, exchange or other taxable disposition of property, attributable to the portion of the taxable year after October 31, and its (ii) other net ordinary loss attributable to the portion of the taxable year after December 31) as if incurred in the succeeding year.

Capital losses in excess of capital gains ("net capital losses") are not permitted to be deducted against the Fund's net investment income. Instead, potentially subject to certain limitations, the Fund may carry net capital losses from any taxable year forward to subsequent taxable years to offset capital gains, if any, realized during such subsequent taxable years. Distributions from capital gains are generally made after applying any available capital loss carry-forwards.

If the Fund incurs or has incurred net capital losses in taxable years beginning after December 22, 2010 ("post-2010 losses"), those losses will be carried forward to one or more subsequent taxable years without expiration; any such carry-forward losses will retain their character as short-term or long-term. If the Fund incurred net capital losses in a taxable year beginning on or before December 22, 2010 ("pre-2011 losses"), the Fund is permitted to carry such losses forward for eight taxable years; in the year to which they are carried forward, such losses are treated as short-term capital losses that first offset any short-term capital gains, and then offset any long-term capital gains. The Fund must use any post-2010 losses, which will not expire, before it uses any pre-2011 losses. This increases the likelihood that pre-2011 losses will expire unused at the conclusion of the eight-year carry-forward period.

The Fund's ability to use net capital losses to offset gains may be limited as a result of certain shifts in the ownership of the Fund by shareholders owning or treated as owning 5% or more of the stock of the Fund. See the Fund's most recent annual shareholder report for information regarding the amount of the Fund's available capital loss carryforwards (if any).

**Capital Loss Carryforward:** As of June 30, 2016, the following capital loss carryforwards are available to reduce taxable income arising from future net realized gains on investments, if any, to the extent permitted by the Code:

<u>Year of Expiration</u>	<u>Amount</u>
2018	\$ 14,874,804
Indefinite	\$215,161
Total	<u>\$ 15,089,965</u>

During the tax year ended June 30, 2016, the Fund realized capital losses of \$215,161 that will be carried over indefinitely.

If the Fund were to fail to distribute in a calendar year at least an amount generally equal to the sum of 98% of its ordinary income for such year and 98.2% of its capital gain net income for the one-year period ending October 31 of such year, plus any retained amount from the prior year, the Fund would be subject to a nondeductible 4% excise tax on the undistributed amounts. For purposes of the required excise tax distribution, a RIC's ordinary gains and losses from the sale, exchange or other taxable disposition of property that would otherwise be taken into account after October 31 of a calendar year generally are treated as arising on January 1 of the following calendar year. Also for these purposes, the Fund will be treated as having distributed any amount on which it is subject to corporate income tax in the taxable year ending within the calendar year. The Fund intends generally to make distributions sufficient to avoid imposition of the 4% excise tax, although there can be no assurance that it will be able to do so.

*Fund Distributions.* For federal income tax purposes, distributions of investment income are generally taxable as ordinary income to the extent of the Fund's current or accumulated earnings and profits. Taxes on distributions of capital gains are determined by how long the Fund owned (or is treated for federal income tax purposes as having owned) the investments that generated them, rather than how long a shareholder has owned his or her shares. In general, the Fund will recognize long-term capital gain or loss on investments it has owned (or is deemed to have owned) for more than one year, and short-term capital gain or loss on investments it has owned (or is deemed to have owned) for one year or less. Distributions of net capital gain (which, as noted above, is the excess, if any, of net long-term capital gains over net short-term capital loss, in each case with reference to any loss carry-forwards) that are properly reported by the Fund as capital gain dividends ("Capital Gain Dividends") will be taxable as long-term capital gains includible in net capital gain and taxed to individuals at reduced rates. Net capital gain will not include gain from the sale of MLPs to the extent such gain is characterized as ordinary income under the Code's recapture provisions. Distributions from capital gains are generally made after applying any available capital loss carryovers. Distributions of net short-term capital gain (as reduced by any net long-term capital loss) will be taxable to shareholders as ordinary income. Gain on the sale of MLPs that is characterized as ordinary income under the Code's recapture provisions will not be reduced by the Fund's capital losses and distributions attributable to such gain will be taxable as ordinary income.

A dividend paid to shareholders in January of a year generally is deemed to have been paid by the Fund on December 31 of the preceding year if the dividend was declared and payable to shareholders of record on a date in October, November or December of that preceding year.

Distributions of investment income designated by the Fund as derived from "qualified dividend income" will be taxed in the hands of individuals at the rates applicable to net capital gain, provided holding period and other requirements are met at both the Fund and the shareholder level.

In order for some portion of the dividends received by a Fund shareholder to be qualified dividend income, the Fund must meet holding period and other requirements with respect to some portion of the dividend-paying stocks in its portfolio and the shareholder must meet holding period and other

requirements with respect to the Fund's shares. A dividend will not be treated as qualified dividend income (at either the Fund or shareholder level) (1) if the dividend is received with respect to any share of stock held (or treated as held) for fewer than 61 days during the 121-day period beginning on the date which is 60 days before the date on which such share becomes ex-dividend with respect to such dividend (or, in the case of certain preferred stock, 91 days during the 181-day period beginning 90 days before such date), (2) to the extent that the recipient is under an obligation (whether pursuant to a short sale or otherwise) to make related payments with respect to positions in substantially similar or related property, (3) if the recipient elects to have the dividend income treated as investment income for purposes of the limitation on deductibility of investment interest, or (4) if the dividend is received from a foreign corporation that is (a) not eligible for the benefits of a comprehensive income tax treaty with the United States (with the exception of dividends paid on stock of such a foreign corporation readily tradable on an established securities market in the United States) or (b) treated as a passive foreign investment company. Fund dividends representing distributions of interest income and capital gains or distributions from entities that are not corporations for U.S. tax purposes (such as MLPs) cannot be reported as qualified dividend income and will not qualify for the reduced rates.

In general, dividends of net investment income (but not capital gains dividends) received by corporate shareholders of the Fund will qualify for the 70% dividends-received deduction generally available to corporations to the extent those dividends are properly reported as being attributable to the amount of qualifying dividends received by the Fund from U.S. domestic corporations and certain non-U.S. corporations for the taxable year. A dividend received by the Fund will not be treated as a qualifying dividend (1) if it has been received with respect to any share of stock that the Fund has held for less than 46 days during the 91-day period beginning on the date which is 45 days before the date on which such share becomes ex-dividend with respect to such dividend (91 days during the 181-day period beginning 90 days before such date in the case of certain preferred stock) or (2) to the extent that the Fund is under an obligation (pursuant to a short sale or otherwise) to make related payments with respect to positions in substantially similar or related property. Moreover, the dividends-received deduction may be disallowed or reduced (1) if the corporate shareholder fails to satisfy the foregoing requirements with respect to its shares of the Fund or (2) otherwise by application various provisions of the Code (for instance, the dividends-received deduction is reduced in the case of a dividend received on debt-financed portfolio stock – generally, stock acquired with borrowed funds). Furthermore, Fund dividends representing distributions of interest income and capital gains or distributions from entities that are not corporations for U.S. tax purposes (such as MLPs) will not qualify for the dividends-received deduction.

The Code generally imposes a 3.8% Medicare contribution tax on the net investment income of certain individuals, trusts, and estates to the extent their income exceeds certain threshold amounts. For these purposes, "net investment income" generally includes, among other things, (i) distributions paid by the Fund of net investment income and capital gains as described above, and (ii) any net gain from the sale, redemption or exchange of Fund shares. Shareholders are advised to consult their tax advisors regarding the possible implications of this additional tax on their investment in the Fund. Dividends and distributions on the Fund's shares are generally subject to federal income tax as described herein to the extent they do not exceed the Fund's realized income and gains, even though such dividends and distributions may economically represent a return of a particular shareholder's investment. Such distributions are likely to occur in respect of shares purchased at a time when the Fund's net asset value reflects either unrealized gains, or realized but undistributed income or gains. Such realized income or gains may be required to be distributed even when the Fund's net asset value also reflects unrealized losses. Distributions are taxable whether shareholders receive them in cash or reinvest them in additional shares.



*Return of Capital Distributions.* If the Fund makes a distribution to a shareholder in excess of the Fund's current and accumulated earnings and profits in any taxable year, the excess distribution will be treated as a return of capital to the extent of such shareholder's tax basis in its shares, and thereafter as capital gain. A return of capital is not taxable, but it reduces a shareholder's tax basis in its shares, thus reducing any loss or increasing any gain on a subsequent taxable disposition by the shareholder of its shares. The Fund may make distributions that will be treated as a return of capital and/or capital gain under these rules. The Fund is required to provide shareholders with a written statement accompanying any Fund distribution that includes a return of capital that notifies shareholders of the distribution's source. Shareholders should be aware that a "return of capital" represents a return of their original investment in the Fund, and should not be confused with a distribution from the Fund's earnings or profits. Shareholders are encouraged to carefully review any written statements accompanying a Fund distribution.

Certain of the Fund's investments in derivative instruments and foreign currency-denominated instruments, and any of the Fund's transactions in foreign currencies and hedging activities, are likely to produce a difference between its book income and the sum of its taxable income and net tax-exempt income (if any). If such a difference arises, and the Fund's book income is less than the sum of its taxable income (including realized capital gains) and net tax-exempt income, the Fund could be required to make distributions exceeding book income to qualify as a RIC that is accorded special tax treatment. In the alternative, if the Fund's book income exceeds the sum of its taxable income and net tax-exempt income (if any), the distribution (if any) of such excess will be treated as (i) a dividend to the extent of the Fund's remaining earnings and profits (including earnings and profits, if any, arising from tax-exempt income), (ii) thereafter as a return of capital to the extent of the recipient's basis in the shares, and (iii) thereafter as gain from the sale or exchange of a capital asset.

If at any time the Fund has outstanding indebtedness (including through the use of reverse repurchase agreements) and the Fund does not meet applicable asset coverage requirements, it will be required to suspend distributions until the requisite asset coverage is restored. Any such suspension may cause the Fund to be required to pay the 4% federal, excise tax described above or corporate level income taxes, or may, in certain circumstances, prevent the Fund from qualifying as a RIC that is accorded special tax treatment under the Code.

*Sale or Redemption of Shares.* The sale, exchange or redemption of Fund shares may give rise to a gain or loss. In general, any gain or loss realized upon a taxable disposition of shares will be treated as long-term capital gain or loss if the shares have been held for more than one year. Otherwise, the gain or loss on the taxable disposition of Fund shares will be treated as short-term capital gain or loss. However, any loss realized upon a taxable disposition of shares held for six months or less will be treated as long-term, rather than short-term, to the extent of any Capital Gain Dividends received (or deemed received) by the shareholder with respect to the shares. All or a portion of any loss realized upon a taxable disposition of Fund shares will be disallowed if other substantially identical shares of the Fund are purchased within 30 days before or after the disposition. In such a case, the basis of the newly purchased shares will be adjusted to reflect the disallowed loss.

A redemption by the Fund of its shares will generally be treated as a sale of those shares by the shareholder. The Fund may recognize taxable income in connection with the liquidation of portfolio securities to fund redemptions or to satisfy its distribution requirements. Any such income will be taken into account in determining whether the Fund has satisfied its distribution requirements.

Upon the redemption of Fund shares, the Fund may be required to provide you and the IRS with cost basis and certain other related tax information about the Fund shares you redeemed. See the Fund's Prospectus for more information.

*MLP Tax Risks.* The Fund's ability to meet its investment objectives will depend in part on the distributions it receives from the securities in which it invests. The benefit the Fund derives from its investment in MLPs depends in part on the MLPs being treated as partnerships for federal income tax purposes. If, as a result of a change in current law, a successful IRS challenge under current law, or a change in an MLP's business, an MLP were treated as a corporation for federal income tax purposes, such MLP would be obligated to pay federal income tax on its income at corporate tax rates of, currently, up to 35%. Therefore, if an MLP were classified as a corporation for federal income tax purposes, it would reduce the amount of cash available for distribution from such MLP. As a result, treatment of an MLP as a corporation for federal income tax purposes would reduce the after-tax return of the Fund's investment in such MLP, which would likely reduce the net asset value of the Fund's shares. Alternatively, if an MLP that the Fund expected to be treated as a "qualified publicly traded partnership" were instead treated as a partnership that was not a qualified publicly traded partnership for federal income tax purposes, income derived from the MLP would be treated as non-qualifying income for purposes of the 90% gross income requirement for RIC qualification described above, to the extent such income was attributable to items of income of the MLP that would be non-qualifying income if realized directly by the Fund. As a result, treatment of an MLP as a partnership that is not a qualified publicly traded partnership could bear on the Fund's ability to qualify as a RIC.

Some amounts received by the Fund from its investments in MLPs may, if distributed by the Fund, be treated as returns of capital because of accelerated deductions available with respect to the activities of MLPs and the MLPs' distribution policies. On the disposition of an investment in such an MLP, the Fund will, as a result of such accelerated deductions, likely realize taxable income in excess of economic gain from that asset (or if a Fund does not dispose of the MLP, the Fund will likely realize taxable income in excess of cash flow received by the Fund from the MLP in a later period), and the Fund must take such income into account in determining whether the Fund has satisfied its RIC distribution requirements. The Fund may have to borrow or liquidate securities to satisfy its distribution requirements and meet its redemption requests, even though investment considerations might otherwise make it undesirable for the Fund to borrow money or sell securities at the time.

*Original Issue Discount, Payment-in-Kind Securities, Market Discount, and Acquisition Discount.* Some debt obligations with a fixed maturity date of more than one year from the date of issuance (and all zero-coupon debt obligations with a fixed maturity date of more than one year from the date of issuance) will be treated as debt obligations that are issued originally at a discount. Generally, the amount of the original issue discount ("OID") is treated as interest income and is included in taxable income (and required to be distributed) over the term of the debt security, even though payment of that amount is not received until a later time, usually when the debt security matures. In addition, payment-in-kind securities will give rise to income which is required to be distributed and is taxable even though the Fund receives no interest payment in cash on the security during the year.

Some debt obligations with a fixed maturity date of more than one year from the date of issuance that are acquired by the Fund in the secondary market may be treated as having "market discount". Very generally, market discount is the excess of the stated redemption price of a debt obligation over the purchase price of such obligation (or in the case of an obligation issued with OID, its "revised issue price"). Generally, any gain recognized on the disposition of, and any partial payment of principal on, a debt security having market discount is treated as ordinary income to the extent the gain, or principal payment, does not exceed the "accrued market discount" on such debt security. Alternatively, the Fund may elect to include accrued market discount in income currently, in which case the Fund will be required to include the market discount in the Fund's income (as ordinary income) as it accrues and thus distribute it over the term of the debt security, even though payment of that amount is not received until a later time, upon partial or full repayment or disposition of the debt security. The rate at which the market discount

accrues, and thus is included in the Fund's income, will depend upon which of the permitted accrual methods the Fund elects.

Some debt obligations with a fixed maturity date of one year or less from the date of issuance that are acquired by the Fund may be treated as having "acquisition discount" (very generally, the excess of the stated redemption price over the purchase price) or OID. Generally, the Fund will be required to include the acquisition discount or OID in income over the term of the debt security, even though payment of that amount is not received until a later time, usually when the debt security matures. The Fund may make one or more of the elections applicable to debt obligations having acquisition discount or OID, which could affect the character and timing of recognition of income by the Fund.

If the Fund holds the foregoing kinds of securities, it may be required to pay out as an income distribution each year an amount which is greater than the total amount of cash interest the Fund actually received. Such distributions may be made from the cash assets of the Fund or by liquidation of portfolio securities, if necessary. The Fund may realize gains or losses from such liquidations. In the event the Fund realizes net capital gains from such transactions, its shareholders may receive larger capital gain distributions than they would in the absence of such transactions.

*Securities Purchased at a Premium.* Very generally, where the Fund purchases a bond at a price that exceeds the redemption price at maturity – that is, at a premium — the premium is amortizable over the remaining term of the bond. In the case of a taxable bond, if the Fund makes an election applicable to all such bonds it purchases, which election is irrevocable without consent of the IRS, the Fund reduces the current taxable income from the bond by the amortized premium and reduces its tax basis in the bond by the amount of such offset; upon the disposition or maturity of such bonds acquired on or after January 4, 2013, the Fund is permitted to deduct any remaining premium allocable to a prior period.

*Foreign Currency Transactions.* The Fund's transactions in foreign currencies, foreign currency-denominated debt obligations and certain foreign currency options, futures contracts and forward contracts (and similar instruments) may give rise to ordinary income or loss to the extent such income or loss results from fluctuations in the value of the foreign currency concerned. Such transactions may produce a difference between the Fund's book income and taxable income, may cause a portion of the Fund's distributions to constitute returns of capital for federal income tax purposes (as described above) or may increase or accelerate ordinary income distributions to shareholders. Any net ordinary losses so created cannot be carried forward by the Fund to offset income or gains earned in subsequent taxable years.

*Foreign Taxation.* Income received by the Fund from sources within foreign countries may be subject to withholding and other taxes imposed by such countries. Tax treaties between certain countries and the United States may reduce or eliminate such taxes. If more than 50% of the Fund's assets at year end consists of the securities of foreign corporations, the Fund may elect to permit shareholders to claim a credit or deduction on their income tax returns for their pro rata portions of qualified taxes paid by the Fund to foreign countries in respect of foreign securities that the Fund has held for at least the minimum period specified in the Code. In such a case, shareholders will include in gross income from foreign sources their pro rata shares of such taxes. A shareholder's ability to claim a foreign tax credit or deduction in respect of foreign taxes paid by the Fund may be subject to certain limitations imposed by the Code, which may result in a shareholder not getting a full credit or deduction (if any) for the amount of such taxes. The Fund generally does not expect to be able to pass through foreign tax credits with respect to foreign withholding or other taxes.

The Fund expects to be subject to Canadian withholding taxes on dividends it receives from Canadian corporations in which the Fund invests.

*Passive Foreign Investment Companies.* The Fund's investments that are treated as equity investments for U.S. federal income tax purposes in certain "passive foreign investment companies" ("PFICs") could potentially subject the Fund to a U.S. federal income tax (including interest charges) on distributions received from the company or on proceeds received from the disposition of shares in the company. This tax cannot be eliminated by making distributions to Fund shareholders. Some of the Fund's investments in Canadian corporations may be treated as equity investments in PFICs. However, the Fund may elect, in certain circumstances, to avoid the imposition of that tax. For example, the Fund may elect to treat a PFIC as a "qualified electing fund" (i.e., make a "QEF election"), in which case the Fund will be required to include its share of the PFIC's income and net capital gains annually, regardless of whether it receives any distribution from the PFIC. The Fund also may make an election to mark the gains (and to a limited extent losses) in such holdings "to the market" as though it had sold and repurchased its holdings in those PFICs on the last day of the Fund's taxable year. Such gains and losses are treated as ordinary income and loss. The QEF and mark-to-market elections may accelerate the recognition of income (without the receipt of cash) and increase the amount required to be distributed by the Fund to avoid taxation. Making either of these elections therefore may require the Fund to liquidate other investments (including when it is not advantageous to do so) to meet its distribution requirements, which also may accelerate the recognition of gain and affect the Fund's total return. Dividends paid by PFICs will not be eligible to be treated as "qualified dividend income." Because it is not always possible to identify a foreign corporation as a PFIC, the Fund may incur the tax and interest charges described above in some instances.

*Swap Agreements, Options, Futures Contracts, Options on Futures Contracts, Forward Contracts and Other Derivatives.* The Fund's transactions in options, futures contracts, hedging transactions, forward contracts, swap agreements, straddles and foreign currencies may be subject to one or more special tax rules (e.g., mark-to-market, notional principal contract, constructive sale, straddle, wash sale and short sale rules). These rules may accelerate recognition of income or gain to the Fund, defer losses to the Fund, cause adjustments in the holding periods of the Fund's securities, or affect whether gains and losses recognized by the Fund are treated as ordinary or capital or as short-term or long-term. These rules could therefore affect the amount, timing and/or character of distributions to shareholders.

Because the tax rules applicable to these types of transactions are in some cases uncertain under current law, an adverse determination or future guidance by the IRS with respect to these rules (which determination or guidance could be retroactive) may affect whether the Fund has made sufficient distributions, and otherwise satisfied the relevant requirements, to maintain its qualification as a RIC and avoid a Fund-level tax.

In general, option premiums received by the Fund are not immediately included in the income of the Fund. Instead, the premiums are recognized when the option contract expires, the option is exercised by the holder, or the Fund transfers or otherwise terminates the option (e.g., through a closing transaction). If an option written by a Fund is exercised and the Fund sells or delivers the underlying stock, the Fund generally will recognize capital gain or loss equal to the difference between (a) sum of the strike price and the option premium received by the Fund and (b) the Fund's basis in the stock. Such gain or loss generally will be short-term or long-term depending upon the holding period of the underlying stock. If securities are purchased by the Fund pursuant to the exercise of a put option written by it, the Fund generally will subtract the premium received from its cost basis in the securities purchased. The gain or loss with respect to any termination of the Fund's obligation under an option other than through the exercise of the option and related sale or delivery of the underlying stock generally will be short-term gain or loss depending on whether the premium income received by the Fund is greater or less than the amount paid by the Fund (if any) in terminating the transaction. Thus, for example, if an option written by

the Fund expires unexercised, the Fund generally will recognize short-term gain equal to the premium received.

Certain covered call writing activities of the Fund may trigger the U.S. federal income tax straddle rules of Section 1092 of the Code, requiring that losses be deferred and holding periods be tolled on offsetting positions in options and stocks deemed to constitute substantially similar or related property. Options that are not “deep in the money” may give rise to qualified covered calls, which generally are not subject to the straddle rules; the holding period on stock underlying qualified covered calls that are “in the money” although not “deep in the money” will be suspended during the period that such calls are outstanding. Thus, the straddle rules and the rules governing qualified covered calls could cause gains that would otherwise constitute long-term capital gains to be treated as short-term capital gains, and distributions that would otherwise constitute “qualified dividend income” or qualify for the dividends-received deduction to fail to satisfy the holding period requirements and therefore to be taxed as ordinary income or to fail to qualify for the 70% dividends-received deduction, as the case may be.

The tax treatment of certain futures contracts entered into by a Fund as well as listed non-equity options written or purchased by a Fund on U.S. exchanges (including options on futures contracts, equity indices and debt securities) will be governed by section 1256 of the Code (“section 1256 contracts”). Gains or losses on section 1256 contracts generally are considered 60% long-term and 40% short-term capital gains or losses (“60/40”), although certain foreign currency gains and losses from such contracts may be treated as ordinary in character. Also, section 1256 contracts held by a Fund at the end of each taxable year (and, for purposes of the 4% excise tax, on certain other dates as prescribed under the Code) are “marked to market” with the result that unrealized gains or losses are treated as though they were realized and the resulting gain or loss is treated as ordinary or 60/40 gain or loss, as applicable.

Certain of the Fund’s hedging activities (including its transactions, if any, in foreign currencies or foreign currency-denominated instruments) and its transactions in derivative instruments may produce a difference between its book income and its taxable income. As described above, this difference may cause a portion of the Fund’s distributions to constitute returns of capital for federal income tax purposes or require the Fund to make distributions exceeding book income to qualify as a RIC that is accorded special tax treatment under the Code.

*Tax-Exempt Shareholders.* Income of a RIC that would be unrelated business taxable income (“UBTI”) if earned directly by a tax-exempt entity will not generally be attributed as UBTI to a tax-exempt shareholder of the RIC. Notwithstanding this “blocking” effect, a tax-exempt shareholder could realize UBTI by virtue of its investment in the Fund if shares in the Fund constitute debt-financed property in the hands of the tax-exempt shareholder within the meaning of Code Section 514(b).

*Shares Purchased Through Tax-Qualified Plans.* Special tax rules apply to investments through defined contribution plans and other tax-qualified plans. Shareholders should consult their tax advisers to determine the suitability of shares of the Fund as an investment through such plans and the precise effect of such an investment on their particular tax situations.

*Non-U.S. Shareholders.* Distributions by the Fund of properly designated Capital Gain Dividends and exempt interest dividends, if any, generally will not be subject to withholding of federal income tax. In general, dividends other than Capital Gain Dividends paid by the Fund to a shareholder that is not a “United States person” within the meaning of the Code (a “foreign shareholder”) are subject to withholding of U.S. federal income tax at a rate of 30% (or lower applicable treaty rate).

If a beneficial holder who or which is a foreign shareholder has a trade or business in the United States, and Fund dividends are effectively connected with the conduct by the beneficial holder of that trade or business, the dividend will be subject to U.S. federal net income taxation at regular income tax

rates. If such a shareholder is eligible for the benefits of a tax treaty, any effectively connected income or gain will generally be subject to U.S. federal income tax on a net basis only if it is also attributable to a permanent establishment maintained by the shareholder in the United States. More generally, foreign shareholders who are residents in a country with an income tax treaty with the United States may obtain different tax results than those described herein, and are urged to consult their tax advisors.

Foreign shareholders should consult their tax advisers concerning the application of these rules to their investment in the Fund.

In order to qualify for any exemptions from withholding (including backup withholding) or for lower withholding tax rates under income tax treaties, a foreign shareholder will need to comply with applicable certification requirements relating to its non-U.S. status (including, in general, furnishing an IRS Form W-8BEN-E or substitute form).

Special rules (including withholding and reporting requirements) apply to foreign partnerships and those holding Fund shares through foreign partnerships. In addition, additional considerations may apply to foreign trusts and foreign estates. Investors holding Fund shares through foreign entities should consult their tax advisors about their particular situation.

A foreign shareholder may be subject to state and local tax and to the U.S. federal estate tax in addition to the U.S. federal income tax referred to above.

*Certain Additional Withholding and Reporting Requirements.*

Sections 1471-1474 of the Code, and the U.S. Treasury Regulations, rules and guidance issued thereunder (collectively, "FATCA") generally require the Fund to obtain information sufficient to identify the status of each of its shareholders under FATCA or under an applicable intergovernmental agreement (an "IGA"). If a shareholder fails to provide this information or otherwise fails to comply with FATCA, or an IGA, the Fund may be required to withhold under FATCA at a rate of 30% with respect to that shareholder on ordinary dividends and 30% of the gross proceeds of share redemptions or exchanges and certain Capital Gain Dividends the Fund pays generally after December 31, 2018. If a payment by the Fund is subject to FATCA withholding, the Fund is required to withhold even if such payment would otherwise be exempt from withholding under the rules applicable to foreign shareholders described above (e.g., Capital Gain Dividends and short-term capital gain and interest-related dividends).

Each prospective investor is urged to consult its tax adviser regarding the applicability of FATCA and any other reporting requirements with respect to the prospective investor's own situation, including investments through an intermediary.

*Backup Withholding.* The Fund generally is required to withhold and remit to the U.S. Treasury a percentage of the taxable distributions and redemption proceeds paid to any individual shareholder who fails to properly furnish the Fund with a correct taxpayer identification number, who has under-reported dividend or interest income, or who fails to certify to the Fund that he or she is not subject to such withholding. The backup withholding tax rate is 28%.

Backup withholding is not an additional tax. Any amounts withheld may be credited against the shareholder's U.S. federal income tax liability, provided the appropriate information is furnished to the IRS.

*Tax Shelter Reporting Regulations.* Under Treasury regulations, if a shareholder recognizes a loss with respect to Fund shares of \$2 million or more for an individual shareholder or \$10 million or more for a corporate shareholder, the shareholder must file with the IRS a disclosure statement on Form 8886. Direct shareholders of portfolio securities are in many cases excepted from this reporting requirement, but

under current guidance, shareholders of a RIC are not excepted. Future guidance may extend the current exception from this reporting requirement to shareholders of most or all RICs. The fact that a loss is reportable under these regulations does not affect the legal determination of whether the taxpayer's treatment of the loss is proper. Shareholders should consult their tax advisers to determine the applicability of these regulations in light of their individual circumstances.

*In General.* The U.S. federal income tax discussion set forth above is for general information only. Prospective investors should consult their tax advisers regarding the specific federal tax consequences of purchasing, holding, and disposing of shares of the Fund, as well as the effects of state, local and foreign tax law and any proposed tax law changes.

**INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

Deloitte & Touche LLP is the Fund's independent registered public accounting firm providing audit services and other professional accounting, auditing and advisory services when engaged to do so by the Fund. The Report of Independent Registered Public Accounting Firm, financial highlights and financial statements included in the Fund's annual report for the fiscal year ended December 31, 2016, are incorporated by reference into this SAI. The Fund's annual report for the fiscal year ended December 31, 2016 was filed electronically on March 3, 2017 (File No. 811-21940).

The financial statements incorporated by reference into this SAI from the Fund's December 31, 2016, annual report have been incorporated in reliance upon the reports of the independent registered public accounting firm, given on their authority as experts in auditing and accounting.

**ADMINISTRATOR, ACCOUNTING AGENT, AND TRANSFER AGENT**

For the Fund's 2014 and 2015 fiscal years, BNY Mellon Investment Servicing (US) Inc. ("BNY Mellon"), 100 Colonial Center Parkway, Suite 300, Lake Mary, FL 32746, served as the Fund's transfer agent, registrar, dividend disbursing agent and shareholder servicing agent and provided certain clerical, bookkeeping, shareholder servicing and administrative services necessary for the operation of the Fund and maintenance of shareholder accounts. BNY Mellon also provided certain accounting and administrative services to the Fund pursuant to an Administration and Accounting Services Agreement, including maintaining the Fund's books of account, records of the Fund's securities transactions, and certain other books and records; acting as liaison with the Fund's independent registered public accounting firm by providing such accountant certain Fund accounting information; and providing other continuous accounting and administrative services. For such administration and accounting services, the Fund paid BNY Mellon a fee equal to 0.07% of the Fund's first \$250 million of average gross assets, 0.05% of the Fund's next \$200 million of average gross assets, and 0.03% of the Fund's average gross assets in excess of \$450 million, on a monthly basis, in addition to certain out-of-pocket expenses. The minimum fee for such administration and accounting services was \$100,000/year (\$8,333/month). For regulatory administration services, the Fund paid BNY Mellon a fee equal to 0.03% of the Fund's first \$250 million of average gross assets and 0.02% of the Fund's next \$250 million of average gross assets, on a monthly basis, in addition to certain other fees and expenses. The minimum fee for payable to BNY Mellon for regulatory administration services was \$50,000/year (\$4,167/month).

The table below sets forth the accounting and administrative services fees paid by the Fund to BNY Mellon, as well as any fee waiver, if applicable, for the Fund's 2014 and 2015 fiscal years:

<b>2014 Fiscal Year</b>	<b>2015 Fiscal Year</b>
\$173,896	\$186,226

Beginning January 2016, U.S. Bancorp Fund Services, LLC (“USBFS”) serves as the Fund’s transfer agent, registrar, dividend disbursing agent and shareholder servicing agent for the and provides certain clerical, bookkeeping, shareholder servicing and administrative services necessary for the operation of the Fund and maintenance of shareholder accounts. USBFS also provides certain administrative services to the Fund, including, among other responsibilities, preparation for signature by an officer of the Trust of all documents required to be filed for compliance by the Trust and the Funds with applicable laws and regulations excluding those of the securities laws of various states; arranging for the computation of performance data, including the Fund’s net asset value and yield; responding to shareholder inquiries; and arranging for the maintenance of books and records of the Fund, and providing, at its own expense, office facilities, equipment and personnel necessary to carry out its duties. In this capacity, USBFS does not have any responsibility or authority for the management of the Fund, the determination of investment policy, or for any matter pertaining to the distribution of Fund shares.

The table below sets forth the accounting and administrative services fees paid by the Fund to USBFS for the Fund’s 2016 fiscal year:

<b>2016 Fiscal Year</b>
\$98,335

USBFS also provides fund accounting, transfer agency and dividend disbursing agency services to the Fund under separate agreements. The Fund pays USBFS a combined fee for administration and accounting services, which is based on the average net assets of the Fund, subject to a minimum annual fee. The Fund pays separate fees to USBFS for transfer agency and dividend disbursing services.

The principal business address of USBFS is 615 East Michigan Street, Milwaukee, Wisconsin 53202.

#### **CUSTODIAN**

Effective January 2016, U.S. Bank, N.A. (“U.S. Bank”), 1555 North Rivercenter Drive, Suite 302, Milwaukee, WI 53212-3958, is custodian of the Fund’s investments and cash. U.S. Bank acts as the Fund’s depository, safe keeps the Fund’s portfolio securities, collects all income and other payments with respect thereto, disburses funds at the Fund’s request and maintains records in connection with its duties. For the 2013, 2014, and 2015 fiscal years, the Bank of New York Mellon, 100 Colonial Center Parkway, Suite 300, Lake Mary, FL 32746, served as custodian for the Fund.

#### **DISTRIBUTION AGREEMENT AND PLAN OF DISTRIBUTION**

Foreside Fund Services, LLC, whose principal business address is 400 Berwyn Park, 899 Cassatt Road, Berwyn, PA 19312, serves as the Fund’s principal underwriter pursuant to the terms of a distribution agreement (the “Distribution Agreement”). Foreside is a registered broker-dealer and is a member of the Financial Industry Regulatory Authority (“FINRA”). Foreside is not affiliated with the Fund, the Manager, or any other service provider for the Fund.

Under the Distribution Agreement with the Fund, Foreside acts as the Fund’s agent in connection with the continuous offering of Fund shares. Foreside continually distributes shares of the Fund on a best efforts basis. Foreside has no obligation to sell any specific quantity of Fund shares. Foreside and its officers have no role in determining the investment policies or which securities are to be purchased or sold by the Fund.



Foreside may enter into agreements with selected broker-dealers, banks or other financial intermediaries for distribution of Fund shares. With respect to certain financial intermediaries and related fund “supermarket” platform arrangements, the Fund and/or the Manager, rather than Foreside, may enter into such agreements. These financial intermediaries may charge a fee for their services and may receive shareholder service or other fees from parties other than Foreside (as described below). These financial intermediaries may otherwise act as processing agents and are responsible for promptly transmitting purchase, redemption and other requests to the Fund.

Investors who purchase shares through financial intermediaries will be subject to the procedures of those intermediaries through which they purchase shares, which may include charges, investment minimums, cutoff times and other restrictions in addition to, or different from, those listed in this SAI and the Fund’s Prospectus. Information concerning any charges or services will be provided to investors by the financial intermediary through which they purchase shares. Investors purchasing shares of the Fund through financial intermediaries should acquaint themselves with their financial intermediary’s procedures and should read the Fund’s Prospectus in conjunction with any materials and information provided by their financial intermediary. The financial intermediary, and not its customers, will be the shareholder of record, although customers may have the right to vote shares depending upon their arrangement with the financial intermediary.

The Distribution Agreement has an initial term of up to two years and will continue in effect only if such continuance is specifically approved at least annually by the Trustees or by vote of a majority of the Fund’s outstanding voting securities in accordance with the 1940 Act. The Distribution Agreement is terminable without penalty by the Trust on behalf of the Fund on no less than 60 days’ written notice when authorized either by a vote of a majority of the outstanding voting securities of the Fund or by vote of a majority of the Independent Trustees who have no direct or indirect financial interest in the operation of the Distribution Agreement, or by Foreside, and will automatically terminate in the event of its “assignment” (as defined in the 1940 Act). The Distribution Agreement provides that Foreside will not be liable for any loss suffered by the Trust in connection with the performance of Foreside’s obligations and duties under the Distribution Agreement, except a loss resulting from Foreside’s willful misfeasance, bad faith or negligence in the performance of such duties and obligations, or by reason of its reckless disregard thereof.

*Investor Class Shares.* Foreside is entitled to receive compensation from Investor Class shares pursuant to the Investor Class Distribution Plan, described below, for providing distribution-related services to Investor Class shares. Payments by Investor Class shares to Foreside pursuant to the Investor Class Distribution Plan are to compensate Foreside for distribution assistance and expenses assumed in activities intended primarily to result in the sale of Investor Class shares, including advertising, printing and mailing of prospectuses to other than current shareholders, compensation of underwriters, compensation to broker-dealers, compensation to sales personnel, and interest, carrying or other financing changes.

*Class I Shares.* Foreside does not receive compensation from the Fund for its distribution of Class I shares. Rather, the Manager or its affiliates pay Foreside a fee for certain distribution-related services provided to Class I shares pursuant to the Distribution Agreement.

## **INVESTOR CLASS DISTRIBUTION PLAN**

The Fund has adopted a distribution plan for its Investor Class shares pursuant to Rule 12b-1 under the 1940 Act (the “Investor Class Distribution Plan”). The Fund’s Prospectus describes the principal features of this plan. Below is additional information that may be of interest to investors.

The Investor Class Distribution Plan provides that the Fund will pay the Manager and/or Foreside a shareholder servicing fee of up to 0.25% of the average daily net assets of the Investor Class shares to compensate qualifying financial intermediaries (including Foreside, the Manager, and certain other financial institutions) for services or expenses incurred that are primarily intended to result in the sale of Investor Class shares, including, but not limited to, (i) compensation to selling firms and others that engage in or support the sale of Investor Class shares; and (ii) marketing, promotional and overhead expenses incurred in connection with the distribution of Investor Class shares. These fees may also be used to compensate qualifying financial intermediaries (including Foreside, the Manager, and certain other financial institutions) for providing personal and account maintenance services to shareholders of Investor Class shares.

Continuance of the Investor Class Distribution Plan is subject to annual approval by a vote of the Trustees, including a majority of the Trustees who have no direct or indirect interest in the plan or related arrangements, cast in person at a meeting called for that purpose. All material amendments to the Investor Class Distribution Plan must similarly be approved by the Trustees and the Trustees who have no direct or indirect interest in the plan or related arrangements. The Investor Class Distribution Plan cannot be amended in order to increase materially the costs which Investor Class shares may bear for distribution pursuant to the Investor Class Distribution Plan without also being approved by a majority of the outstanding Investor Class shares. The Investor Class Distribution Plan will terminate automatically if it is assigned and may be terminated, without penalty, at any time by vote of a majority of the Trustees who have no direct or indirect interest in the plan or related arrangements or by a vote of a majority of Investor Class shares.

Because the Investor Class Distribution Plan pays for distribution expenses that may otherwise be paid by the Manager, and may reimburse the Manager for certain distribution expenses paid by the Manager on behalf of the Investor Class shares, the Manager and its owners could be deemed to have a financial interest in the operation of the Distribution Plan. The Investor Class did not pay out any Rule 12b-1 Fees for the period October 17, 2016 through December 31, 2016.

## **INVESTOR CLASS ADMINISTRATIVE SERVICES PLAN**

The Fund has adopted an administrative services plan with respect to Investor Class shares of the Fund (the “Administrative Services Plan”). Under the Administrative Services Plan, financial intermediaries (including USBFS, the Fund’s administrator) may be entitled to receive aggregate fees not exceeding 0.15% of the Fund’s average daily net assets attributable Investor Class shares beneficially owned by the financial intermediary’s clients in return for providing certain shareholder services to Investor Class shareholders, including: (i) maintaining accounts relating to shareholders that invest in Investor Class shares; (ii) arranging for bank wires; (iii) responding to shareholder inquiries relating to the services performed by service providers; (iv) responding to inquiries from shareholders concerning their investment in the Fund; (v) assisting shareholders in changing dividend options, account designations and addresses; (vi) providing information periodically to shareholders showing their position in the Fund; (vii) forwarding shareholder communications from the Fund such as proxies, shareholder reports, annual reports, and dividend distribution and tax notices to shareholders; (viii) processing purchase, exchange and redemption requests from Investor Class shareholders and placing orders with the Fund or their service providers; and (ix) processing dividend payments from the Fund on behalf of Investor Class shareholders. The Administrative Services Plan is a “reimbursement plan,” in that the Investor Class

shares pay the 0.15% fee only to the extent such fees are actually incurred. Payments under the Administrative Services Plan are subject to review and approval by the Trustees. Because payments under the Administrative Services Plan are paid out of Investor Class assets, they will reduce the value of your investment in Investor Class shares.

Institutional Shares do not charge an administrative services fee.

The Investor Class did not pay out any fees under its Administrative Services Plan for the period October 17, 2016 through December 31, 2016.

### **OTHER PAYMENTS TO FINANCIAL INTERMEDIARIES**

In addition to the 12b-1 distribution fees paid by Investor Class shares, as described above, the Manager or its affiliates may from time to time make additional payments, out of their own resources, to certain financial intermediaries that sell Fund shares in order to promote the sales and retention of Fund shares by those firms and their customers. The amounts of these payments vary by financial intermediary and, with respect to a given firm, are typically calculated by reference to the amount of the firm's recent sales of Fund shares and/or total assets of the Fund held by the firm's customers. The level of payments that the Manager is willing to provide to a particular financial intermediary may be affected by, among other factors, the firm's total assets held in and recent net investments into the Fund, the firm's level of participation in the Fund's sales and marketing programs, the firm's compensation program for its registered representatives who sell fund shares and provide services to Fund shareholders, and the share class of the Fund for which these payments are provided. The Manager or its affiliates may also make payments to financial intermediaries in connection with sales meetings, due diligence meetings, prospecting seminars and other meetings at which the Manager or its affiliates promotes its products and services.

In addition, in connection with the availability of Fund shares within selected mutual fund platforms and fee based wrap programs (together, "Platform Programs") at certain financial intermediaries, the Manager or an affiliate also makes payments out of its own assets to those firms as compensation for certain recordkeeping, shareholder communications and other account administration services provided to Fund shareholders who own their fund shares in these Platform Programs. The Manager may also make payments to certain financial intermediaries for certain administrative services, including record keeping and sub-accounting of shareholder accounts pursuant to a sub-transfer agency, omnibus account service or sub-accounting agreement. Fees payable by the Manager for these types of administrative services for Investor Class shares may be charged back to the Fund pursuant to the Administrative Services Plan, subject to the terms of the plan described above (including the 0.15% of net assets limitation).

## DESCRIPTION OF SECURITIES RATINGS

Following is a description of Moody's and S&P's rating categories applicable to debt securities.

### Moody's Investors Service, Inc.

#### Corporate and Municipal Bond Ratings

**Aaa:** Obligations rated Aaa are judged to be of the highest quality, subject to the lowest level of credit risk.

**Aa:** Obligations rated Aa are judged to be of high quality and are subject to very low credit risk.

**A:** Obligations rated A are judged to be upper-medium grade and are subject to low credit risk.

**Baa:** Obligations rated Baa are judged to be medium-grade and subject to moderate credit risk and as such may possess certain speculative characteristics.

**Ba:** Obligations rated Ba are judged to be speculative and are subject to substantial credit risk.

**B:** Obligations rated B are considered speculative and are subject to high credit risk.

**Caa:** Obligations rated Caa are judged to be speculative of poor standing and are subject to very high credit risk.

**Ca:** Obligations rated Ca are highly speculative and are likely in, or very near, default, with some prospect of recovery of principal and interest.

**C:** Obligations rated C are the lowest rated and are typically in default, with little prospect for recovery of principal or interest.

Note: Moody's appends numerical modifiers 1, 2, and 3 to each generic rating classification from Aa through Caa. The modifier 1 indicates that the obligation ranks in the higher end of its generic rating category; the modifier 2 indicates a mid-range ranking; and the modifier 3 indicates a ranking in the lower end of that generic rating category. Additionally, a "(hyb)" indicator is appended to all ratings of hybrid securities issued by banks, insurers, finance companies, and securities firms.

By their terms, hybrid securities allow for the omission of scheduled dividends, interest, or principal payments, which can potentially result in impairment if such an omission occurs. Hybrid securities may also be subject to contractually allowable write-downs of principal that could result in impairment. Together with the hybrid indicator, the long-term obligation rating assigned to a hybrid security is an expression of the relative credit risk associated with that security.

## Corporate Short-Term Debt Ratings

Moody's short-term debt ratings are opinions of the ability of issuers to honor short-term financial obligations. These obligations have an original maturity not exceeding one year, unless explicitly noted.

**P-1:** Issuers (or supporting institutions) rated Prime-1 have a superior ability to repay short-term debt obligations.

**P-2:** Issuers (or supporting institutions) rated Prime-2 have a strong ability to repay short-term debt obligations.

**P-3:** Issuers (or supporting institutions) rated Prime-3 have an acceptable ability to repay short-term obligations.

**NP:** Issuers (or supporting institutions) rated Not Prime do not fall within any of the Prime rating categories.

## Standard & Poor's

### Issue Credit Rating Definitions

A Standard & Poor's issue credit rating is a forward-looking opinion about the creditworthiness of an obligor with respect to a specific financial obligation, a specific class of financial obligations, or a specific financial program (including ratings on medium-term note programs and commercial paper programs). It takes into consideration the creditworthiness of guarantors, insurers, or other forms of credit enhancement on the obligation and takes into account the currency in which the obligation is denominated. The opinion reflects Standard & Poor's view of the obligor's capacity and willingness to meet its financial commitments as they come due, and may assess terms, such as collateral security and subordination, which could affect ultimate payment in the event of default.

Issue credit ratings can be either long-term or short-term. Short-term ratings are generally assigned to those obligations considered short-term in the relevant market. In the U.S., for example, that means obligations with an original maturity of no more than 365 days—including commercial paper. Short-term ratings are also used to indicate the creditworthiness of an obligor with respect to put features on long-term obligations. Medium-term notes are assigned long-term ratings.

## Corporate and Municipal Bond Ratings

### *Investment Grade*

**AAA:** An obligation rated 'AAA' has the highest rating assigned by Standard & Poor's. The obligor's capacity to meet its financial commitment on the obligation is extremely strong.

**AA:** An obligation rated 'AA' differs from the highest-rated obligations only to a small degree. The obligor's capacity to meet its financial commitment on the obligation is very strong.

**A:** An obligation rated 'A' is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligations in higher-rated categories. However, the obligor's capacity to meet its financial commitment on the obligation is still strong.

**BBB:** An obligation rated 'BBB' exhibits adequate protection parameters. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitment on the obligation.

**BB; B; CCC; CC; and C:** Obligations rated 'BB', 'B', 'CCC', 'CC', and 'C' are regarded as having significant speculative characteristics. 'BB' indicates the least degree of speculation and 'C' the highest. While such obligations will likely have some quality and protective characteristics, these may be outweighed by large uncertainties or major exposures to adverse conditions.

**BB:** An obligation rated 'BB' is less vulnerable to nonpayment than other speculative issues. However, it faces major ongoing uncertainties or exposure to adverse business, financial, or economic conditions which could lead to the obligor's inadequate capacity to meet its financial commitment on the obligation.

**B:** An obligation rated 'B' is more vulnerable to nonpayment than obligations rated 'BB', but the obligor currently has the capacity to meet its financial commitment on the obligation. Adverse business, financial, or economic conditions will likely impair the obligor's capacity or willingness to meet its financial commitment on the obligation.

**CCC:** An obligation rated 'CCC' is currently vulnerable to nonpayment, and is dependent upon favorable business, financial, and economic conditions for the obligor to meet its financial commitment on the obligation. In the event of adverse business, financial, or economic conditions, the obligor is not likely to have the capacity to meet its financial commitment on the obligation.

**CC:** An obligation rated 'CC' is currently highly vulnerable to nonpayment. The 'CC' rating is used when a default has not yet occurred, but Standard & Poor's expects default to be a virtual certainty, regardless of the anticipated time to default.

**C:** An obligation rated 'C' is currently highly vulnerable to nonpayment, and the obligation is expected to have lower relative seniority or lower ultimate recovery compared to obligations that are rated higher.

**D:** An obligation rated 'D' is in default or in breach of an imputed promise. For non-hybrid capital instruments, the 'D' rating category is used when payments on an obligation are not made on the date due, unless Standard & Poor's believes that such payments will be made within five business days in the absence of a stated grace period or within the earlier of the stated grace period or 30 calendar days. The 'D' rating also will be used upon the filing of a bankruptcy petition or the taking of similar action and where default on an obligation is a virtual certainty, for example due to automatic stay provisions. An obligation's rating is lowered to 'D' if it is subject to a distressed exchange offer.

**NR:** This indicates that no rating has been requested, or that there is insufficient information on which to base a rating, or that Standard & Poor's does not rate a particular obligation as a matter of policy.

***Inactive Qualifiers (No longer applied or outstanding)***

**\***: This symbol that indicated that the rating was contingent upon Standard & Poor's receipt of an executed copy of the escrow agreement or closing documentation confirming investments and cash flows. Discontinued use in August 1998.

**c**: This qualifier was used to provide additional information to investors that the bank may terminate its obligation to purchase tendered bonds if the long-term credit rating of the issuer was lowered to below an investment-grade level and/or the issuer's bonds were deemed taxable. Discontinued use in January 2001.

**G**: The letter 'G' followed the rating symbol when a fund's portfolio consisted primarily of direct U.S. Government securities

**pr:** The letters 'pr' indicate that the rating was provisional. A provisional rating assumed the successful completion of a project financed by the debt being rated and indicates that payment of debt service requirements was largely or entirely dependent upon the successful, timely completion of the project. This rating, however, while addressing credit quality subsequent to completion of the project, made no comment on the likelihood of or the risk of default upon failure of such completion.

**q:** A 'q' subscript indicates that the rating is based solely on quantitative analysis of publicly available information. Discontinued use in April 2001.

**r:** The 'r' modifier was assigned to securities containing extraordinary risks, particularly market risks, which are not covered in the credit rating. The absence of an 'r' modifier should not be taken as an indication that an obligation would not exhibit extraordinary non-credit related risks. Standard & Poor's discontinued the use of the 'r' modifier for most obligations in June 2000 and for the balance of obligations (mainly structured finance transactions) in November 2002.

### ***Commercial Paper Rating Definitions***

A Standard & Poor's commercial paper rating is a current assessment of the likelihood of timely payment of debt having an original maturity of no more than 365 days. Ratings are graded into several categories, ranging from A for the highest quality obligations to D for the lowest. Certain of these categories are as follows:

**A-1:** A short-term obligation rated A-1 is rated in the highest category by Standard & Poor's. The obligor's capacity to meet its financial commitment on the obligation is strong. Within this category, certain obligations are designated with a plus sign (+). This indicates that the obligor's capacity to meet its financial commitment on these obligations is extremely strong.

**A-2:** A short-term obligation rated 'A-2' is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligations in higher rating categories. However, the obligor's capacity to meet its financial commitment on the obligation is satisfactory.

**A-3:** A short-term obligation rated 'A-3' exhibits adequate protection parameters. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitment on the obligation.

**B:** A short-term obligation rated 'B' is regarded as vulnerable and has significant speculative characteristics. The obligor currently has the capacity to meet its financial commitments; however, it faces major ongoing uncertainties which could lead to the obligor's inadequate capacity to meet its financial commitments.

**C:** A short-term obligation rated 'C' is currently vulnerable to nonpayment and is dependent upon favorable business, financial, and economic conditions for the obligor to meet its financial commitment on the obligation.

**D:** A short-term obligation rated 'D' is in default or in breach of an imputed promise. For non-hybrid capital instruments, the 'D' rating category is used when payments on an obligation are not made on the date due, unless Standard & Poor's believes that such payments will be made within any stated grace period. However, any stated grace period longer than five business days will be treated as five business days. The 'D' rating also will be used upon the filing of a bankruptcy petition or the taking of a similar action and where default on an obligation is a virtual certainty, for example due to automatic stay provisions. An obligation's rating is lowered to 'D' if it is subject to a distressed exchange offer.

A commercial paper rating is not a recommendation to purchase, sell or hold a security as it does not comment as to market price or suitability for a particular investor. The ratings are based on current information furnished to Standard & Poor's by the issuer or obtained from other sources it considers reliable. Standard & Poor's does not perform an audit in connection with any rating. The ratings may be changed, suspended, or withdrawn as a result of changes in or unavailability of such information.



**Energy Income Partners, LLC**

**Proxy Voting Policies and Procedures**

If an adviser exercises voting authority with respect to client securities, Advisers Act Rule 206(4)-6 requires the adviser to adopt and implement written policies and procedures reasonably designed to ensure that client securities are voted in the best interest of the client. This is consistent with legal interpretations which hold that an adviser's fiduciary duty includes handling the voting of proxies on securities held in client accounts over which the adviser exercises investment or voting discretion, in a manner consistent with the best interest of the client.

Absent unusual circumstances, EIP exercises voting authority with respect to securities held in client accounts pursuant to provisions in its advisory agreements. Accordingly, EIP has adopted these policies and procedures with the aim of meeting the following requirements of Rule 206(4)-6:

- ensuring that proxies are voted in the best interest of clients;
- addressing material conflicts that may arise between EIP's interests and those of its clients in the voting of proxies;
- disclosing to clients how they may obtain information on how EIP voted proxies with respect to the client's securities;
- describing to clients EIP's proxy voting policies and procedures and, upon request, furnishing a copy of the policies and procedures to the requesting client.

**Engagement of Institutional Shareholder Services Inc.**

With the aim of ensuring that proxies are voted in the best interest of EIP clients, EIP has engaged Institutional Shareholder Services Inc. ("ISS"), as its independent proxy voting service to provide EIP with proxy voting recommendations, as well as to handle the administrative mechanics of proxy voting. EIP has directed ISS to utilize its Proxy Voting Guidelines in making recommendations to vote, as those guidelines may be amended from time to time.

**Conflicts of Interest in Proxy Voting**

There may be instances where EIP's interests conflict, or appear to conflict, with client interests in the voting of proxies. For example, EIP may provide services to, or have an investor who is a senior member of, a company whose management is soliciting proxies. There may be a concern that EIP would vote in favor of management because of its relationship with the company or a senior officer. Or, for example, EIP (or its senior executive officers) may have business or personal relationships with corporate directors or candidates for directorship.

EIP addresses these conflicts or appearances of conflicts by ensuring that proxies are voted in accordance with the recommendations made by ISS, an independent third party proxy voting service. As previously noted, in most cases, proxies will be voted in accordance with ISS's own pre-existing proxy voting guidelines.

### **Disclosure on How Proxies Were Voted**

EIP will disclose to clients in Part 2A of its Form ADV how clients can obtain information on how their proxies were voted, by contacting EIP at its office in Westport, CT. EIP will also disclose in the ADV a summary of these proxy voting policies and procedures and that upon request, clients will be furnished a full copy of these policies and procedures.

It is the responsibility of the CCO to ensure that any requests made by clients for proxy voting information are responded to in a timely fashion and that a record of requests and responses are maintained in EIP's books and records.

### **Proxy Materials**

EIP personnel will instruct custodians to forward to ISS all proxy materials received on securities held in EIP client accounts.

### **Limitations**

In certain circumstances, where EIP has determined that it is consistent with the client's best interest, EIP will not take steps to ensure that proxies are voted on securities in the client's account. The following are circumstances where this may occur:

\***Limited Value**: Proxies will not be required to be voted on securities in a client's account if the value of the client's economic interest in the securities is indeterminable or insignificant (less than \$1,000). Proxies will also not be required to be voted for any securities that are no longer held by the client's account.

\***Securities Lending Program**: When securities are out on loan, they are transferred into the borrower's name and are voted by the borrower, in its discretion. In most cases, EIP will not take steps to see that loaned securities are voted. However, where EIP determines that a proxy vote, or other shareholder action, is materially important to the client's account, EIP will make a good faith effort to recall the security for purposes of voting, understanding that in certain cases, the attempt to recall the security may not be effective in time for voting deadlines to be met.

\***Unjustifiable Costs**: In certain circumstances, after doing a cost-benefit analysis, EIP may choose not to vote where the cost of voting a client's proxy would exceed any anticipated benefits to the client of the proxy proposal.

## **Oversight of Policy**

The Chief Compliance Officer (“CCO”) will follow the following procedures with respect to the oversight of each proxy advisory firm retained by the Adviser(s):

- Periodically, but no less frequently than semi-annually, sample proxy votes to review whether they complied with the Advisers’ proxy voting policies and procedures including a review of those items that relate to certain proposals that may require more analysis (e.g. other than voting for directors).
- Collect information, no less frequently than annually, reasonably sufficient to support the conclusion that the proxy voting service provide has the capacity and competency to adequately analyze proxy issues. In this regard, the CCO shall consider, among other things:
  - the adequacy and quality of the proxy advisory firm’s staffing and personnel;
  - the robustness of its policies and procedures regarding its ability to (i) ensure that its proxy voting recommendations are based on current and accurate information and (ii) identify and address any conflicts of interest; and
  - any other considerations that the CCO believes would be appropriate in considering the nature and quality of the services provided by the proxy voting service.

For purposes of these procedures, the CCO may rely upon information posted by a proxy advisory firm on its website, provided that the proxy advisory firm represents that the information is complete and current.

## **Recordkeeping on Proxies**

It is the responsibility of EIP’s CCO to ensure that the following proxy voting records are maintained:

- a copy of EIP’s proxy voting policies and procedures;
- a copy of all proxy statements received on securities in client accounts (EIP may rely on ISS or the SEC’s EDGAR system to satisfy this requirement);
- a record of each vote cast on behalf of a client (EIP relies on ISS to satisfy this requirement);
- a copy of any document prepared by EIP that was material to making a voting decision or that memorializes the basis for that decision;
- a copy of each written client request for information on how proxies were voted on the client’s behalf or for a copy of EIP’s proxy voting policies and procedures, and

- a copy of any written response to any client request for information on how proxies were voted on their behalf or furnishing a copy of EIP's proxy voting policies and procedures.

The CCO will see that these books and records are made and maintained in accordance with the requirements and time periods provided in Rule 204-2 of the Advisers Act.

For any registered investment companies advised by EIP, votes made on its behalf will be stored electronically or otherwise recorded so that they are available for preparation of the Form N-PX, Annual Report of Proxy Voting Record of Registered Management Investment Company