

THE CALDWELL & ORKIN FUNDS, INC.

THE CALDWELL & ORKIN – GATOR CAPITAL LONG/SHORT FUND

SUPPLEMENT TO THE STATEMENT OF ADDITIONAL INFORMATION

Dated December 16, 2020

This Supplement to the Statement of Additional Information (the "SAI") for the Caldwell & Orkin – Gator Capital Long/Short Fund (the "Fund"), a series of The Caldwell & Orkin Funds, Inc. ("C&O"), updates the SAI for the Fund dated August 28, 2020 to include additional information as described below. For further information, please contact the Fund toll-free at (800) 467-7903. You may also obtain additional copies of the Fund's Prospectus and SAI, free of charge, by writing to the Fund at The Caldwell & Orkin – Gator Capital Long/Short Fund c/o Ultimus Fund Solutions, LLC, P.O. Box 46707, Cincinnati, OH 45246-0707 or by calling the Fund toll-free at the number above.

Changes to the SAI:

Effective as of December 4, 2020:

- On page 20 of the SAI, in the table titled, “**OFFICERS WHO ARE NOT DIRECTORS**,” the row describing the Fund’s Assistant Treasurer is hereby deleted in its entirety.
- On page 19 of the SAI, in the table titled, “**OFFICERS WHO ARE NOT DIRECTORS**,” the row describing the Fund’s Treasurer is hereby replaced in its entirety to read as follows:

<b>OFFICERS WHO ARE NOT DIRECTORS</b>				
<b>Name, Position(s) Held with Fund, Year of Birth</b>	<b>Term of Office and Length of Time Served</b>	<b>Principal Occupation(s) During Past Five Years</b>	<b>Number of Funds in Fund Complex Overseen</b>	<b>Other Directorships Held</b>
Zachary P. Richmond Treasurer Year of Birth: 1980	Since 2020	Mr. Richmond is Vice President, Director of Financial Administration for Ultimus Fund Solutions, LLC (since February 2019); Treasurer of Unified Series Trust (since November 2014); Treasurer of Capitol Series Trust (since August	N/A	N/A

2014); Treasurer of Commonwealth International Series Trust (since September 2015); Treasurer of Oak Associates Funds (since April 2019); Treasurer of Centaur Mutual Funds Trust (since April 2019). Previously, Mr. Richmond was Assistant Vice President, Associate Director of Financial Administration for Ultimus Fund Solutions, LLC (December 2015 to February 2019); Manager, Fund Administration, Huntington Asset Services, Inc. (January 2011 to December 2015).

Investors should retain this supplement for future reference.

STATEMENT OF ADDITIONAL INFORMATION

August 28, 2020

THE CALDWELL & ORKIN - GATOR CAPITAL LONG/SHORT FUND  
OF  
THE CALDWELL & ORKIN FUNDS, INC.

Ticker Symbol: COAGX

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The Caldwell & Orkin - Gator Capital Long/Short Fund (the “Fund”) is a portfolio of The Caldwell & Orkin Funds, Inc. (“Caldwell & Orkin”), an open-end diversified management investment company. The Fund’s objective is to provide long-term capital growth with a short-term focus on capital preservation.

This Statement of Additional Information (“SAI”) of Caldwell & Orkin is not a prospectus and should be read in conjunction with the Fund’s Prospectus, dated August 28, 2020 (the “Prospectus”), which has been filed with the U.S. Securities and Exchange Commission (“SEC”) and can be obtained, without charge, by contacting Caldwell & Orkin at the above telephone number or address. This SAI has been incorporated by reference in its entirety into the Prospectus.

This SAI incorporates by reference information from the Fund’s annual report (the “Annual Report”) to shareholders for the fiscal year ended April 30, 2020. The Annual Report also accompanies this SAI. Additional copies are available, without charge, by contacting the Fund at (800) 467-7903.

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GATOR CAPITAL MANAGEMENT, LLC - MANAGER

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## THE FUND

The Fund is the only series of Caldwell & Orkin, an open-end, diversified management investment company incorporated under the laws of the State of Maryland on August 15, 1989. Caldwell & Orkin's address is: 100 South Ashley Drive, Suite 895, Tampa, Florida 33602, and its telephone number is (813) 282-7870 or (800) 467-7903. Prior to January 30, 2019, the Fund was named the Caldwell & Orkin Market Opportunity Fund.

## INVESTMENT OBJECTIVES, POLICIES AND RISK CONSIDERATIONS

Reference is made to the sections entitled "Summary Section – Investment Objective", "Summary Section – Principal Investment Strategies of the Fund", "Summary Section – Principal Risks of Investing in the Fund" and "Additional Information about the Principal Risks of Investing in the Fund" in the Prospectus for a discussion of the Fund's investment objectives and policies and principal risks of investing in the Fund. Set forth below is certain further information relating to the Fund generally.

**General Investment Risks.** All investments in securities and other financial instruments involve a risk of financial loss. No assurance can be given that the Fund's investment programs will be successful. Investors should carefully review the descriptions of the Fund's investments and their risks described in the Prospectus and this SAI.

**Borrowing Money.** The Fund may borrow up to one-third of its total assets, including the amount of such borrowing, to maintain necessary liquidity to make payments for redemptions of Fund shares, for temporary emergency purposes or for other purposes. Borrowing involves the creation of a liability that requires the Fund to pay interest. The risks of borrowing include a higher volatility of the net asset value ("NAV") of the Fund's shares and the relatively greater effect on the NAV of the shares caused by declines in the prices of the Fund's investments, adverse market movements and increases in the cost of borrowing. The effect of borrowing in a declining market could be a greater decrease in NAV per share than if the Fund had not borrowed money. In an extreme case, if the Fund's current investment income were not sufficient to meet the interest expense of borrowing, it could be necessary for the Fund to liquidate certain of its investments at an inappropriate time.

**Changing Fixed Income Market Conditions.** Following the financial crisis that began in 2007, the U.S. government and the Board of Governors of the Federal Reserve System (the "Federal Reserve"), as well as certain foreign governments and central banks, took steps to support financial markets, including seeking to maintain interest rates at or near historically low levels and by purchasing large quantities of fixed income securities on the open market, such as securities issued or guaranteed by U.S. government, its agencies or instrumentalities, ("Quantitative Easing"). Similar steps appear to be taking place again in 2020 in an effort to support the economy during the COVID-19 pandemic. It is unclear how long these policies will last. In addition, this and other government interventions may not work as intended, particularly if the efforts are perceived by investors as being unlikely to achieve the desired results. When the Federal Reserve determines to "taper" or reduce Quantitative Easing and/or raise the federal funds rate, there is a risk that interest rates across the U.S. financial system will rise. Such policy changes may expose fixed-income and related markets to heightened volatility and may reduce liquidity for certain fixed income investments, including fixed income investments held by the Fund, which could cause the value of the Fund's investments and share price to decline. To the extent that the Fund invests in derivatives tied to fixed income markets, the Fund will be more substantially exposed to these risks than a fund that does not invest in such derivatives.

**Commodities Exchange Act Compliance.** To the extent the Fund makes investments regulated by the CFTC, it will do so in accordance with Rule 4.5 under the Commodity Exchange Act ("CEA"). The Fund is operated by an entity that has filed a notice of eligibility for exclusion from the definition of the term "commodity pool operator" in accordance with Rule 4.5. Therefore, the Fund will not be subject to registration or regulation as a commodity pool operator under the CEA.

**Convertible Securities.** The Fund may buy securities convertible into common stock or other equity in a company, such as convertible bonds, convertible preferred stocks and warrants. A warrant is an instrument issued by a corporation that gives the holder the right to subscribe to a specific amount of the corporation's capital stock at a set price for a specified period of time. Warrants do not represent ownership of the underlying securities, but only the right to buy the securities. The prices of warrants do not necessarily move parallel to the prices of underlying securities. Warrants may be considered speculative in that they have no voting rights, pay no dividends, and have no rights with respect to the assets of a corporation issuing them. Convertible bonds are subject to risks associated with fixed income investments, such as credit risk, interest rate risk, and maturity risk. Convertible preferred stocks are subject to the risks of preferred stocks, such as equity risk and risks that the issuer will not be able to pay any preferred dividend or other preference. Warrants are subject to risks associated with options, including the possible lack of a liquid market for resale of the warrants, potential price fluctuations as a result of speculation or other factors, and failure of the price of the underlying security to reach or have reasonable prospects of reaching a level at which the warrant can be prudently exercised (in which event the warrant may expire without being exercised, resulting in a loss of a Fund's entire investment therein).

**Derivative Instruments.** The Fund may use a variety of derivative instruments (including both long and short positions) in an attempt to enhance the Fund's investment returns, to hedge against market and other risks in the portfolio, to add leverage to the portfolio and/or to obtain market exposure with reduced transaction costs.

Generally, derivatives are financial contracts whose value depends on, or is derived from, the value of an underlying asset, reference rate or index and may relate to, among other things, stocks, bonds, interest rates, currencies or currency exchange rates, commodities, related indices and other assets. Examples of derivatives and information about some types of derivatives and risks associated therewith follows. The derivatives market is continually evolving and the Fund may invest in derivatives other than those described below.

The value of some derivative instruments in which the Fund may invest may be particularly sensitive to changes in prevailing interest rates, and, like the other investments of the Fund, the ability of the Fund to utilize these instruments successfully may depend in part upon their ability to forecast interest rates and other economic factors correctly. If the Manager incorrectly forecasts such factors and has taken positions in derivative instruments contrary to prevailing market trends, the Fund could suffer losses. If the Manager incorrectly forecasts interest rates, market values or other economic factors in utilizing a derivatives strategy, the Fund might have been in a better position if it had not entered into the transaction at all. Also, suitable derivative transactions may not be available in all circumstances. The use of derivative strategies involves certain special risks, including a possible imperfect correlation, or even no correlation, between price movements of derivative instruments and price movements of related investments. While some strategies involving derivative instruments can reduce the risk of loss, they also can reduce the opportunity for gain or even result in losses by offsetting favorable price movements in related investments or otherwise, due to the possible inability of the Fund to purchase or sell a portfolio security at a time that otherwise would be favorable or the possible need to sell a portfolio security at a disadvantageous time because the Fund is required to maintain asset coverage or offsetting positions in connection with transactions in derivative instruments, and the possible inability of the Fund to close out or to liquidate its derivatives positions. The Fund's use of derivatives may increase or accelerate the amount of ordinary income recognized by shareholders.

*Options on Securities and Indices.* The Fund may, among other things, purchase and sell put and call options on equity, debt or other securities or indices in standardized contracts traded on foreign or domestic securities exchanges, boards of trade, or similar entities, or quoted on the National Association of Securities Dealers Automated Quotations ("NASDAQ") System or on a regulated foreign over-the-counter market, and agreements, sometimes called cash puts, which may accompany the purchase of a new issue from a dealer. Among other reasons, the Fund may purchase put options to protect holdings in an underlying or related security against a decline in market value, and may purchase call options to protect against increases in the prices of securities it intends to purchase, pending its ability to invest in such securities in an orderly manner.

An option on a security (or index designed to reflect features of a particular financial or securities market, a specific group of financial instruments or securities, or certain economic indicators) is a contract that gives the holder of the option, in return for a premium, the right to buy from (in the case of a call) or sell to (in the case of a put) the writer of the option the security underlying the option (or the cash value of the index) at a specified exercise price at any time during the term of the option. The writer of an option on a security has the obligation upon exercise of the option to deliver the underlying security upon payment of the exercise price or to pay the exercise price upon delivery of the underlying security. Upon exercise, the writer of an option on an index is obligated to pay the difference between the cash value of the index and the exercise price multiplied by the specified multiplier for the index option.

If the Fund writes a call (put) option on an underlying security it owns (is short), the option is sometimes referred to as a “covered option.” When writing a covered option, the Fund is more protected than if the Fund writes an option on a security it does not hold. If the Fund writes a call (put) option on an underlying security it does not own, the option is sometimes referred to as a “naked option.” The Fund may write “naked” call options on individual securities or instruments in which it may invest but that are not currently held by the Fund. When writing “naked” call options, the Fund must deposit and maintain sufficient margin with the broker-dealer through which it wrote the “naked” call option as collateral to ensure that it meets its obligations as the writer of the option. The Fund is further subject to the segregation requirements described below when it writes “naked” call options. Such segregation will ensure that the Fund has assets available to satisfy its obligations with respect to the transaction, but will not limit the Fund’s exposure to loss. During periods of declining securities prices or when prices are stable, writing “naked” call options can be a profitable strategy to increase the Fund’s income with minimal capital risk. However, when the price of the security underlying the written option increases, the Fund is exposed to an increased risk of loss, because if the price of the security underlying the option exceeds the option’s exercise price, the Fund will lose the difference minus any premium received from writing the option. “Naked” written call options are riskier than covered call options because there is no underlying security held by the Fund that can act as a partial hedge. “Naked” written call options have speculative characteristics, and the potential for loss is theoretically unlimited as there is no limit to how much the value of the underlying asset may increase. When a “naked” written call option is exercised, the Fund must purchase the underlying security to meet its delivery obligation or make a payment equal to the value of its obligation in order to close out the option. There is also a risk, especially with less liquid preferred and debt securities or small capitalization securities, that the securities may not be available for purchase.

A naked put option is a position in which a buyer writes a put option and has no short position in the underlying stock. A naked put option may be used when the Fund expects the underlying stock to be trading above the strike price at the time of expiration. The Fund will benefit from a naked put option if the underlying stock is trading above the strike price at the time of the expiration of the put option and expires worthless because the Fund will keep the entire premium. The Fund could lose money if the price of the underlying stock is below the strike price because the put may be exercised against the Fund, causing the Fund to buy the stock at the strike price.

If an option written by the Fund expires unexercised, the Fund realizes a capital gain equal to the premium received at the time the option was written. If an option purchased by the Fund expires unexercised, the Fund realizes a capital loss equal to the premium paid. Prior to the earlier of exercise or expiration, an option may be closed out by an offsetting purchase or sale of an option of the same series (type, exchange, underlying security or index, exercise price, and expiration). In addition, the Fund may sell put or call options it has previously purchased, which could result in a net gain or loss depending on whether the amount realized on the sale is more or less than the premium and other transaction costs paid on the put or call option that is sold. There can be no assurance, however, that a closing purchase or sale transaction can be effected when the Fund desires.

The Fund will realize a capital gain from a closing purchase transaction if the cost of the closing option is less than the premium received from writing the option, or, if it is more, the Fund will realize a capital loss. If the premium received from a closing sale transaction is more than the premium paid to purchase the option, the Fund will realize a capital gain or, if it is less, the Fund will realize a capital loss. The principal factors affecting the market value of a put or a call option include supply and demand, interest rates, the current market price of the underlying security or index in relation to the exercise price of the option, the volatility of the underlying security or index, and the time remaining until the expiration date.

While, as mentioned above, the Fund may write naked call or put options, such options will nonetheless be deemed to be “covered” as such term is used in the context of Section 18 of the Investment Company Act of 1940, as amended (“1940 Act”). In the case of a call option on a security, a call option is covered for these purposes if the Fund segregates assets determined to be liquid by the Manager in accordance with procedures approved by the Caldwell & Orkin Board of Directors (the “Board”) in an amount equal to the contract value of the position (minus any collateral deposited with a broker-dealer), on a mark-to-market basis. The option is also covered if the Fund owns the security underlying the call or has an absolute and immediate right to acquire that security without additional cash consideration (or, if additional cash consideration is required, cash or other assets determined to be liquid by the Manager in accordance with procedures approved by the Board in such amount are segregated) upon conversion or exchange of other securities held by the Fund. For a call option on an index, the option is covered if the Fund segregates assets determined to be liquid by the Manager. A call option is also covered if the Fund holds a call on the same index or security as the call written where the exercise price of the call held is (i) equal to or less than the exercise price of the call written, or (ii) greater than the exercise price of the call written, provided the difference is segregated by the Fund in assets determined to be liquid by the Manager. A put option on a security or an index is “covered” if the Fund segregates assets determined to be liquid by the Manager in accordance with procedures approved by the Board equal to the exercise price. A put option is also covered if the Fund holds a put on the same security or index as the put written where the exercise price of the put held is (i) equal to or greater than the exercise price of the put written, or (ii) less than the exercise price of the put written, provided the difference is segregated by the Fund in assets determined to be liquid by the Manager.

*OTC Options.* The Fund may also purchase and write over-the-counter (“OTC”) options. OTC options differ from traded options in that they are two-party contracts, with price and other terms negotiated between buyer and seller, and generally do not have as much market liquidity as exchange-traded options. The Fund may be required to treat as illiquid OTC options purchased and securities being used to cover certain written OTC options, and they will treat the amount by which such formula price exceeds the intrinsic value of the option (i.e., the amount, if any, by which the market price of the underlying security exceeds the exercise price of the option) as an illiquid investment. The Fund may also purchase and write dealer options.

*Risks Associated with Options on Securities and Indices.* There are a number of risks associated with transactions in options on securities and indices. For example, there are significant differences between the securities and options markets that could result in an imperfect correlation between these markets, causing a given transaction not to achieve the intended result. A decision as to whether, when and how to use options involves the exercise of skill and judgment, and even a well-conceived transaction may be unsuccessful because of market behavior or unexpected events.

There can be no assurance that a liquid market will exist when the Fund seeks to close out an option position. If the Fund were unable to close out an option that it had purchased on a security or index, it would have to exercise the option in order to realize any profit or the option may expire worthless. If the Fund were unable to close out a call option that it had written on a security held in its portfolio, it would not be able to sell the underlying security unless the option expired without exercise. As the writer of a call option on an individual security held in the Fund’s portfolio, the Fund foregoes, during the option’s life, the opportunity to profit from increases in the market value of the security or index position covering the call option above the sum of the premium and the exercise price of the call but has retained the risk of loss (net of premiums received) should the price of the underlying security or index position decline. Similarly, as the writer of a call option on a securities index or ETF, the Fund foregoes the opportunity to profit from increases in the index or ETF over the strike price of the option, though it retains the risk of loss (net of premiums received) should the price of the Fund’s portfolio securities decline.

The value of call options written by the Fund will be affected by, among other factors, changes in the value of underlying securities (including those comprising an index), changes in the dividend rates of underlying securities (including those comprising an index), changes in interest rates, changes in the actual or perceived volatility of the stock market and underlying securities and the remaining time to an option’s expiration. The value of an option also may be adversely affected if the market for the option is reduced or becomes less liquid. The writer of an option generally has no control over the time when it may be required to fulfill its obligation as a writer of the option. Once an option writer has received an exercise notice, it cannot effect a closing purchase transaction in order to terminate its obligation under the option and must deliver the underlying security at the exercise price.

The hours of trading for options may not conform to the hours during which the securities held by the Fund are traded. To the extent that the options markets close before the markets for the underlying securities, significant price and rate movements can take place in the underlying markets that may not be reflected in the options markets. In addition, the Fund’s options transactions will be subject to limitations established by each of the exchanges, boards of trade or other trading facilities on which the options are traded. 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 other sanctions that could adversely affect the Fund’s engaging in options transactions.



If a put or call option purchased by the Fund is not sold when it has remaining value, and if the market price of the underlying security or index remains equal to or greater than the exercise price (in the case of a put), or remains less than or equal to the exercise price (in the case of a call), the Fund will lose its entire investment in the option. Also, where a put or call option on a particular security or index is purchased to hedge against price movements in a related security or index, the price of the put or call option may move more or less than the price of the related security or index. Furthermore, if trading restrictions or suspensions are imposed on the options markets, the Fund may be unable to close out a position. Similarly, if restrictions on exercise were imposed, the Fund might be unable to exercise an option it has purchased. Except to the extent that a call option on an index or ETF written by the Fund is covered by an option on the same index or ETF purchased by the Fund, movements in the index or ETF may result in a loss to the Fund; however, such losses may be mitigated by changes in the value of the Fund's securities during the period the option was outstanding (based, in part, on the extent of correlation (if any) between the performance of the index or ETF and the performance of the Fund's portfolio securities).

*Foreign Currency Options.* The Fund may buy or sell put and call options on foreign currencies in various circumstances, including, but not limited to, as a hedge against changes in the value of the U.S. dollar (or another currency) in relation to a foreign currency in which the Fund's securities may be denominated or to cross-hedge or in an attempt to increase the total return when the Manager anticipates that the currency will appreciate or depreciate in value. In addition, the Fund may buy or sell put and call options on foreign currencies either on exchanges or in the over-the-counter market. A put option on a foreign currency gives the purchaser of the option the right to sell a foreign currency at the exercise price until the option expires. A call option on a foreign currency gives the purchaser of the option the right to purchase the currency at the exercise price until the option expires. Currency options traded on U.S. or other exchanges may be subject to position limits, which may limit the ability of the Fund to reduce foreign currency risk using such options.

*Option Combinations.* The Fund may combine options transactions, which combinations may be in the form of option spreads or option collars. Put spreads and collars are designed to protect against a decline in value of a security the Fund owns. A collar involves the purchase of a put and the simultaneous writing of a call on the same security at a higher strike price. The put protects the investor from a decline in the price of the security below the put's strike price. The call means that the investor will not benefit from increases in the price of the security beyond the call's strike price. In a put spread, an investor purchases a put and simultaneously writes a put on the same security at a lower strike price. This combination protects the investor against a decline in the price down to the lower strike price. The premium received for writing the call (in the case of a collar) or writing the put (in the case of a put spread) offsets, in whole or in part, the premium paid to purchase the put.

In a call spread, an investor purchases a call and simultaneously sells a call on the same security, with the call sold having a higher strike price than the call purchased. The purchased call is designed to provide exposure to a potential increase in the value of a security an investor owns. The premium received for writing the call offsets, in part, the premium paid to purchase the corresponding call, but it also means that the investor will not benefit from increases in the price of the security beyond the sold call's strike price.

The Fund may write straddles (covered or uncovered) consisting of a combination of a call and a put written on the same underlying security or index, with the same strike price and expiration date. A straddle will be covered when sufficient assets are deposited to meet the Fund's immediate obligations. The Fund may use the same liquid assets to cover both the call and put options where the exercise price of the call and put are the same, or the exercise price of the call is higher than that of the put. In such cases, the Fund will also segregate liquid assets equivalent to the amount, if any, by which the put is "in the money."

**Equity Securities.** The Fund's portfolio may include common stocks traded on domestic securities exchanges or in the over-the-counter market. In addition to common stocks, the equity portion of the Fund's portfolio may also include preferred stocks, convertible preferred stocks, and convertible bonds. Prices of equity securities in which the Fund invests may fluctuate in response to many factors, including, but not limited to, the activities of the individual companies whose securities the Fund owns, general market and economic conditions, interest rates, and specific industry changes. Such price fluctuations subject the Fund to potential losses. In addition, regardless of any one company's particular prospects, a declining stock market may produce a decline in prices for many or all equity securities, which could also result in losses for the Fund. Market declines may continue for an indefinite period of time, and investors should understand that during temporary or extended bear markets, the value of equity securities will decline.

**Fixed Income Securities.** The Fund may invest in fixed income securities that include corporate, municipal or other government debt securities. Corporate and municipal debt obligations purchased by the Fund may be of any credit quality, maturity or yield. Accordingly, the Fund's debt securities may include "investment grade" securities (those rated at least Baa by Moody's Investors Service, Inc. ("Moody's"), BBB by S&P Global Ratings, Inc. ("S&P") or Fitch Ratings, Inc. ("Fitch") or, if not rated, of equivalent quality in the Manager's opinion). In addition, the Fund's debt securities may include lower-rated debt securities including, without limitation, junk bonds. Debt obligations rated Baa by Moody's or BBB by S&P or Fitch may be considered speculative and are subject to risks of non-payment of interest and principal. Debt obligations rated lower than Baa by Moody's or lower than BBB by S&P or Fitch are generally considered speculative and subject to significant risks of non-payment of interest and principal. Descriptions of the quality ratings of Moody's, S&P and Fitch are contained in this SAI. While the Manager utilizes the ratings of various credit rating services as one factor in establishing creditworthiness, it relies primarily upon its own analysis of factors establishing creditworthiness.

Other risks associated with fixed income securities, without limitation, are as follows:

*Credit Risk.* Credit risk is the risk that the issuer or guarantor of a fixed income security or counterparty to a transaction involving one or more fixed income securities held by the Fund will be unable or unwilling to make timely principal and/or interest payments, or otherwise will be unable or unwilling to honor its financial obligations. If the issuer, guarantor, or counterparty fails to pay interest, the Fund's income may be reduced. If the issuer, guarantor, or counterparty fails to repay principal, the value of that security may be reduced. Credit risk is particularly significant for investments in "junk bonds" or lower than investment-grade securities.

*Interest Rate Risk.* The price of a bond or other fixed income security is dependent upon interest rates. Therefore, the share price and total return of the Fund, when investing a significant portion of its assets in bonds or fixed income securities, may vary in response to changes in interest rates. A rise in interest rates generally causes the value of a bond to decrease, and vice versa. There is the possibility that the value of the Fund's investment in bonds or fixed income securities may fall because bonds or fixed income securities generally fall in value when interest rates rise. The longer the term of a bond or fixed income instrument, the more sensitive it will be to fluctuations in value from interest rate changes. Changes in interest rates may have a significant effect if the Fund then holds a significant portion of its assets in fixed income securities with long-term maturities.

In the case of mortgage-backed securities, rising interest rates tend to extend the term to maturity of the securities, making them even more susceptible to interest rate changes. When interest rates drop, the holdings of mortgage-backed securities by the Fund can reduce returns if the owners of the underlying mortgages pay off their mortgages sooner than expected since the funds prepaid must be reinvested at the then lower prevailing rates. This is known as prepayment risk. When interest rates rise, the holdings of mortgage-backed securities by the Fund can reduce returns if the owners of the underlying mortgages pay off their mortgages later than anticipated. This is known as extension risk.

*Maturity Risk.* Maturity risk is another factor that can affect the value of the Fund's fixed income holdings. In general, the longer the maturity of a fixed income security, the higher its yield and the greater its sensitivity to changes in interest rates. Conversely, the shorter the maturity, the lower the yield, but the greater the price stability.

**Financial Sector Risk.** To the extent that the Fund makes significant investments within the financial sector, the Fund's performance will be susceptible to the economic, business, political, regulatory or other developments that affect the financial sector and the industries within that sector. It also means the Fund may be less diverse and more volatile than a fund investing in a broader range of sectors. The financial sector includes banks and other depository institutions, insurance firms, credit and payment processing companies, investment banks and investment advisory firms, real estate investment trusts (REITs). The Fund is subject to the risk that the securities of such issuers will underperform the market as a whole due to legislative or regulatory changes, adverse market conditions and/or increased competition affecting the financial sector. Companies operating in the financial sector are subject to extensive government regulation, which may limit the financial commitments they can make and the interest rates and fees they can charge. Profitability is largely dependent on the availability and cost of capital funds, and can fluctuate significantly when interest rates change or due to increased competition. Some financial services companies have, in the past, experienced significant losses in value, particularly during economic or financial crises. Insurance companies may be subject to heavy price competition, claims activity, marketing competition and general economic conditions. Certain lines of insurance can be significantly influenced by specific events. For example, property and casualty insurer profits may be affected by man-made and natural disasters (including weather catastrophes), as well as terrorism; and life and health insurer profits may be affected by mortality risks and morbidity rates and regulatory and operational changes affected by the changes to federal and state laws and regulations. Individual insurance companies may be subject to material risks, such as inadequate reserve funds to pay claims and the inability to collect from reinsurance carriers. The financial services sector continues to undergo change as existing distinctions between banking, insurance and brokerage businesses become blurred. In addition, the financial services sector continues to experience consolidations, development of new products and structures and changes to its regulatory framework. These changes are likely to have a significant impact on the financial services sector and the Fund that cannot be predicted, and may have adverse consequences for companies in the sector.

**Forward Commitment & When-Issued Securities.** The Fund may purchase securities on a when-issued basis or for settlement at a future date if the Fund holds sufficient assets to meet the purchase price. In such purchase transactions, the Fund may not accrue interest on the purchased security until the actual settlement. Similarly, if a security is sold for a forward date, the Fund will accrue the interest until the settlement of the sale. When-issued security purchases and forward commitments have a higher degree of risk of price movement before settlement due to the extended time period between the execution and settlement of the purchase or sale. As a result, the exposure to the counterparty of the purchase or sale is increased. Although the Fund would generally purchase securities on a forward commitment or when-issued basis with the intention of taking delivery, the Fund may also sell such a security prior to the settlement date. In such a case, the Fund could incur a short-term gain or loss.

**Futures Contracts.** The Fund may invest in futures contracts. A futures contract is a bilateral agreement to buy or sell a security (or deliver a cash settlement price, in the case of a contract relating to an index or otherwise not calling for physical delivery at the end of trading in the contracts) for a set price in the future. Futures contracts are designated by boards of trade which have been designated “contracts markets” by the Commodities Futures Trading Commission (“CFTC”). No purchase price is paid or received when the contract is entered into. Instead, the Fund, upon entering into a futures contract (and to maintain the Fund’s open positions in futures contracts), would be required to segregate cash, cash equivalents, and/or other liquid assets sufficient to satisfy the requirements of Section 18(f) of the 1940 Act. The margin required for a particular futures contract is set by the exchange on which the contract is traded, and may be significantly modified from time to time by the exchange during the term of the contract. Futures contracts are customarily purchased and sold on margin that may range upward from less than 5% of the value of the contract being traded.

If the price of an open futures contract changes (by an increase in the case of a sale or by a 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. These subsequent payments, called “variation margin,” to and from the futures broker, are made on a daily basis as the price of the underlying assets fluctuate, making the long and short positions in the futures contract more or less valuable, a process known as “marking to the market.” The Fund will seek to earn income on initial and variation margin deposits.

The Fund will incur brokerage fees when it purchases and sells futures contracts. Positions taken in the futures markets are not normally held until delivery or cash settlement is required, but are instead liquidated through offsetting transactions which may result in a gain or a loss. While futures positions taken by the Fund will usually be liquidated in this manner, a Fund may instead make or take delivery of underlying securities whenever it appears economically advantageous for the Fund to do so. A clearing organization associated with the exchange on which futures are traded assumes responsibility for closing out transactions and guarantees that as between the clearing members of an exchange, the sale and purchase obligations will be performed with regard to all positions that remain open at the termination of the contract.

*Securities Index Futures Contracts.* The Fund may invest in securities index futures contracts. Purchases or sales of securities index futures contracts may be used in an attempt to protect the Fund’s current or intended investments from broad fluctuations in securities prices. A securities index futures contract does not require the physical delivery of securities, but merely provides for profits and losses resulting from changes in the market value of the contract to be credited or debited at the close of each trading day to the respective accounts of the parties to the contract. On the contract’s expiration date, a final cash settlement occurs and the futures positions are simply closed out. Changes in the market value of a particular index futures contract reflect changes in the specified index of securities on which the future is based.

By establishing an appropriate “short” position in index futures, the Fund may also seek to protect the value of its portfolio against an overall decline in the market for such securities. Alternatively, in anticipation of a generally rising market, the Fund can seek to avoid losing the benefit of apparently low current prices by establishing a “long” position in securities index futures and later liquidating that position as particular securities are in fact acquired. To the extent that these hedging strategies are successful, the Fund will be affected to a lesser degree by adverse overall market price movements than would otherwise be the case.

*Options on Futures Contracts.* The Fund may purchase exchange-traded call and put options on futures contracts and write exchange-traded call options on futures contracts. These options are traded on exchanges that are licensed and regulated by the CFTC for the purpose of options trading. A call option on a futures contract gives the purchaser the right, in return for the premium paid, to purchase a futures contract (assume a “long” position) at a specified exercise price at any time before the option expires. A put option gives the purchaser the right, in return for the premium paid, to sell a futures contract (assume a “short” position), for a specified exercise price at any time before the option expires.

Upon the exercise of a call option, the writer of the option is obligated to sell the futures contract (to deliver a “long” position to the option holder) at the option exercise price, which will presumably be lower than the current market price of the contract in the futures market. Upon exercise of a put, the writer of the option is obligated to purchase the futures contract (deliver a “short” position to the option holder) at the option exercise price, which will presumably be higher than the current market price of the contract in the futures market. When the holder of an option exercises it and assumes a long futures position, in the case of a call, or a short futures position, in the case of a put, its gain will be credited to its futures margin account, while the loss suffered by the writer of the option will be debited to its account and must be immediately paid by the writer. However, as with the trading of futures, most participants in the options markets do not seek to realize their gains or losses by exercise of their option rights. Instead, the holder of an option will usually realize a gain or loss by buying or selling an offsetting option at a market price that will reflect an increase or a decrease from the premium originally paid.

If the Fund writes options on futures contracts, the Fund will receive a premium but will assume a risk of adverse movement in the price of the underlying futures contract comparable to that involved in holding a futures position. If the option is not exercised, the Fund will realize a gain in the amount of the premium, which may partially offset unfavorable changes in the value of securities held in or to be acquired for the Fund. If the option is exercised, the Fund will incur a loss in the option transaction, which will be reduced by the amount of the premium it has received, but which will offset any favorable changes in the value of its portfolio securities or, in the case of a put, lower prices of securities it intends to acquire.

Options on futures contracts can be used by the Fund to hedge substantially the same risks as might be addressed by the direct purchase or sale of the underlying futures contracts. If the Fund purchases an option on a futures contract, it may obtain benefits similar to those that would result if it held the futures position itself. Purchases of options on futures contracts may present less risk in hedging than the purchase and sale of the underlying futures contracts since the potential loss is limited to the amount of the premium plus related transaction costs.

*Limitations on Purchase and Sale of Futures Contracts and Options on Futures Contracts.* Options and futures can be volatile instruments and involve certain risks. If the Manager applies a hedge at an inappropriate time or judges market movements incorrectly, options and futures strategies may lower a Fund’s return. A Fund could also experience losses if the prices of its options and futures positions were poorly correlated with its other investments, or if it could not close out its position because of an illiquid market. In general, the Fund will not directly purchase or sell futures contracts or related options unless either (i) the futures contracts or options thereon are purchased for “bona fide hedging” purposes (as defined under the CFTC regulations); or (ii) if purchased for other purposes, the sum of the amounts of initial margin deposits on a Fund’s existing futures and premiums required to establish non-hedging positions, less the amount by which any such options positions are “in-the-money” (as defined under CFTC regulations) would not exceed 5% of the liquidation value of the Fund’s total assets.

**Investment Companies.** The Fund may invest in other investment companies, including ETFs (“Target Funds”). Investments in Target Funds are subject to risks of duplicate costs, since the Target Funds have costs and expenses that are passed on to their investors (including, where applicable, the Fund).

Under the 1940 Act, the Fund may not acquire shares of a Target Fund if, immediately after such acquisition, the Fund and its affiliated persons would hold more than 3% of the Target Fund’s total outstanding stock (“3% Limitation”). Accordingly, the Fund is subject to the 3% Limitation unless (i) the Target Fund or the Fund has received an order for exemptive relief from the 3% limitation from the SEC that is applicable to the Fund (generally permitting the Fund and its affiliates to hold up to 25% of the Target Fund’s total outstanding stock); and (ii) the target fund and the Fund enter into an agreement to comply with any conditions in such order (an “Order Agreement”). Accordingly, the 25% limitation (or, in cases where the Fund has not entered into an Order Agreement, the 3% limitation) may prevent the Fund from allocating its investments in the manner the Manager considers optimal. In such cases, the Manager may select a Target Fund or other investment that is different from the Manager’s preferred choice as an alternative.

The 1940 Act also limits, subject to certain exceptions, including those found in Section 12(d)(1)(F) of the 1940 Act (described below), the percentage of the Fund’s assets that can be represented by a Target Fund’s shares to 5% of the Fund’s assets for any one other Target Fund or 10% of the Fund’s assets for the Target Fund and other investment companies combined. Under the 1940 Act, to the extent that the Fund relies upon Section 12(d)(1)(F) in purchasing securities issued by another investment company, the Fund must either seek instructions from shareholders with regard to the voting of all proxies with respect to the Fund’s investment in Target Funds and vote such proxies only in accordance with the instructions, or vote the shares held by it in the same proportion as the vote of all other holders of the securities. See “Proxy Voting Policies and Procedures” attached hereto as Appendix B for more information about proxy voting.

**Investments in Companies with Business Related to Commodities.** As explained under “Investment Restrictions” below, the Fund does not invest directly in commodities. However, the Fund may from time-to-time invest in securities of companies whose business is related to commodities, or in registered investment companies or other companies that invest directly or indirectly in commodities. For example, the Fund may invest in companies whose business is related to mining of precious or other metals (e.g., gold, silver, etc.), or in registered investment companies that invest in securities of mining companies and related instruments (including, without limitation, the underlying commodities). Investments in equity securities of companies involved in mining or related precious metals industries, and the value of investment companies and other companies that invest in precious metals and other commodities are subject to a number of risks. For example, the prices of precious metals or other commodities can experience heightened volatility in response to cyclical economic conditions, political events or the monetary policies of various countries, any of which may adversely affect the value of companies whose business is related to such commodities, or the value of investment companies and other companies investing in such businesses or commodities. Furthermore, such companies are subject to risks related to fluctuations of prices in the commodities markets generally.

**Investments in Exchange-Trade Funds (“ETFs”).** The Fund may invest, both long and short, in ETFs. An ETF is a fund that holds a portfolio of common stocks or bonds. ETFs may be actively managed or index based. An index-based ETF’s objective is to track the performance of a specific index and generally invests in a securities portfolio that includes substantially all of the securities (in substantially the same amount) included in the applicable index. ETFs are traded on a securities exchange based on their market value. ETFs generally register as investment companies and incur fees and expenses such as operating expenses, licensing fees, registration fees, trustees’ fees, and marketing expenses; ETF shareholders, such as the Fund, pay their proportionate share of these expenses. Some ETFs seek daily leveraged investment results through the use of investment techniques, including investments in derivative instruments, in an attempt to provide either enhanced returns, or inverse (opposite) returns, relative to their respective underlying indices.

To the extent that the Fund takes a long position in an ETF, the Fund will be subject to the risk that the market or sector of the market in which the ETF invests may decline in value. To the extent that the Fund takes a short position in an ETF, the Fund will be subject to the risk that the market or sector of the market in which the ETF invests may increase in value. To the extent that an ETF the Fund invests in is leveraged, it will generally experience enhanced gains and losses as compared to ETFs that do not utilize leverage. Many leveraged ETFs rebalance their portfolios on a daily basis; therefore, due to the effect of compounding, their performance over longer periods of time can differ significantly from the performance of their underlying index or benchmark during the same period of time.

When the Fund takes a long position in an ETF, it will also bear its indirect portion of the fees and expenses of the ETF. There can be no assurance that each of the underlying ETFs in which the Fund may invest will grow to or maintain an economically viable size, in which case the ETF may be liquidated. To the extent that the ETFs in which the Fund may invest are granted licenses to use their respective underlying indices, the ETFs may be liquidated if such license agreements are terminated. In the event that an ETF in which the Fund invests is liquidated, there can be no assurance that shares of a comparable ETF would be available for investment by the Fund at that time.

**Investments in Foreign Securities.** The Manager may invest without limitation in equity securities that are issued by foreign issuers and traded in the United States and in American Depository Receipt of foreign companies. By doing so, the Manager attempts to take advantage of differences between economic trends and the performance of securities markets in various countries. The Manager believes that it may be possible to obtain significant appreciation from a portfolio consisting, in part, of foreign investments and also achieve increased diversification. Increased diversification is gained by combining securities from various countries that offer different investment opportunities and are affected by different economic trends

Investing in foreign securities may also involve the following risks and opportunities not typically associated with investing in U.S. securities: fluctuations in exchange rates of foreign currencies; possible imposition of exchange control regulation or currency restrictions that would prevent cash from being brought back to the U.S.; lack of uniform accounting, auditing, and financial reporting standards; lack of uniform settlement periods and trading practices; less liquidity and frequently greater price volatility in foreign markets than in the U.S.; possible expropriation or nationalization of assets; and possible imposition of foreign taxes.

To the extent portfolio securities are denominated in foreign currencies, the value of the assets of the Fund as measured in U.S. dollars may be affected favorably or unfavorably by changes in foreign currency exchange rates and exchange control regulations. Although the Fund values its assets daily in terms of U.S. dollars, it does not intend to convert its holdings of foreign securities into U.S. dollars on a daily basis.

**Investments in Short Sales of Securities.** The Fund may utilize short sales in seeking to either hedge the risks associated with long investments or realize additional gains through speculative short sales. Short sales are sales of a security the Fund has borrowed but does not own in anticipation of a decline in the market value of that security. To complete such a transaction, the Fund must borrow the security it intends to sell short to make delivery to the buyer. The Fund is then obliged to replace the security borrowed by purchasing it at the market price at a later date. The price at such time may be more or less than the price at which the security was sold by the Fund. Until the security is replaced, the Fund is required to pay the lender any dividends or interest that accrue during the period of the loan. To borrow the security, the Fund may also be required to pay a premium, which increases the cost of the transaction. The net proceeds of the short sale will be retained by the broker, to the extent necessary to meet regulatory requirements, until the short position is closed out. The Fund also will incur transaction costs in effecting short sales.

The Fund will incur a loss as a result of the short sale if the price of the security increases between the date of the short sale and the date on which the Fund replaces the borrowed security, which loss will be augmented by the costs associated with the transaction. The Fund will realize a gain if the security declines in price between those dates in an amount greater than the costs associated with the transaction.

On the Fund's internal books or in a segregated account at the Fund's custodian (the "Custodian") (or a combination of both), the Fund will segregate liquid assets (such as cash, U.S. Government securities, or equity securities) in an amount sufficient to cover the current value of the securities to be replaced as well as any dividends, interest and/or transaction costs due to the broker upon completion of any short sale transactions. In determining the amount to be segregated, the securities that have been sold short by the Fund are marked to market daily. To the extent the market price of the security sold short increases and more assets are required to meet the Fund's short sale obligations, additional assets will be segregated to ensure adequate coverage of the Fund's short position obligations.

In addition, the Fund may make short sales “against the box”. Such a short sale occurs when the Fund sells a security short when the Fund has segregated securities equivalent in kind and amount to the securities sold short (or securities convertible or exchangeable into such securities) and will hold such securities while the short sale is outstanding. The Fund will incur transaction costs, including interest, in connection with opening, maintaining, and closing short sales against the box.

**Investments in Small Companies.** Although the Fund invests in companies of all sizes, there may be times when there is a significant investment in small companies. Smaller growth companies may offer greater potential for capital appreciation than larger companies. Smaller growth companies often have new products or technologies, new distribution methods, rapid changes in industry conditions due to regulatory or other developments, changes in management or similar characteristics that may result not only in the expected growth in revenues but in an accelerated or above average rate of earnings growth, which would usually be reflected in share price appreciation.

In addition, because they may be less actively followed by stock analysts and less information may be available on which to base stock price evaluations, the market may overlook favorable trends in particular smaller growth companies, and then adjust its valuation more quickly once investor interest is gained. Smaller growth companies may also be more subject to a valuation catalyst (such as increased investor attention, takeover efforts or change in management) than larger companies.

The smaller companies in which the Fund may invest may have relatively small revenues, may have a small share of the market for their products or services, their businesses may be limited to regional markets, or they may provide goods or services for a limited market. For example, they may be developing or marketing new products or services for which markets are not yet established and may never become established or may have or develop only a regional market for product or services and thus be affected by local or regional market conditions. In addition, small companies may lack depth of management or they may be unable to generate funds necessary for growth or potential development, either internally or through external financing on favorable terms. Such companies may also be insignificant enough in their industries and become subject to intense competition from larger companies. Due to these and other factors, small companies may suffer significant losses or realize substantial growth; therefore, investments in such companies tend to be volatile and are more speculative.

**Lending of Portfolio Securities.** In order to generate additional income, the Fund reserves authority to lend securities from its portfolio to brokers, dealers and financial institutions such as banks and trust companies and receive collateral in cash or securities issued or guaranteed by the U.S. Government which will be maintained in an amount equal to at least 100% of the current market value of the loaned securities. The Fund may experience a loss or delay in the recovery of securities if the institution with which it has engaged in a portfolio loan transaction breaches the agreement with the Fund. Income from such lending will be invested in short-term cash equivalent securities, which will increase the current income of the Fund. Such loans will not be for more than 30 days and will be terminable at any time. The Fund will have the right to regain record ownership of loaned securities to exercise beneficial rights such as rights to interest or other distributions. The Fund may pay reasonable fees to persons unaffiliated with the Fund for services in arranging such loans. With respect to lending of portfolio securities, there is the risk of failure by the borrower to return the securities involved in such transactions, in which event the Fund may incur a loss. If the Manager determines to make securities loans, the value of the securities loaned would not exceed one third of the value of the total assets of the Funds. The Fund did not engage in any securities lending activities during the fiscal year ended April 30, 2020.

**Market Risk.** Market risk is the risk that the value of the securities in the Fund’s portfolio may decline due to daily fluctuations in the securities markets that are generally beyond the Manager’s control, including fluctuation in interest rates, the quality of the Fund’s investments, economic conditions and general market conditions. Certain market events could increase volatility and exacerbate market risk, and could result in trading halts, such as changes in governments’ economic policies, political turmoil, environmental events, trade disputes, terrorism, military action and epidemics, pandemics or other public health issues. Any of the foregoing market events can adversely affect the economies of one or more countries or the entire global economy, certain industries or individual issuers, and capital and security markets in ways that cannot necessarily be foreseen or quickly addressed.

As shown with the novel coronavirus disease that has recently emerged (COVID-19), market events (including public health crises and concerns) can have a profound economic and business effect that results in cancellations and disruptions to supply chains and customer activity, disruption and displacement of one or more sectors or industries, closing of borders and imposition of travel restrictions and quarantines, general public concern and uncertainty and, in extreme cases, exchange trading halts due to rapidly falling prices. Further, the impact of COVID-19 has caused significant volatility and declines in global financial markets, including the U.S. financial markets. The duration and lasting impact of the COVID-19 outbreak is unclear and may not be fully known for some time.

Market events such as these and other types of market events may cause significant declines in the values and liquidity of many securities and other instruments, and significant disruptions to global business activity and financial markets. Turbulence in financial markets, and reduced liquidity in equity, credit and fixed income markets may negatively affect many issuers both domestically and around the world, and can result in trading halts, any of which could have an adverse impact on the Fund. During periods of market volatility, security prices (including securities held by the Fund) could change drastically and rapidly and therefore adversely affect the Fund.

**Money Market Instruments.** The Fund may invest in money market instruments, including U.S. government obligations or corporate debt obligations (including those subject to repurchase agreements), provided that they are eligible for purchase by the Fund. Money market instruments also may include Banker's Acceptances and Certificates of Deposit of domestic branches of U.S. banks, Commercial Paper, repurchase and reverse purchase agreements (as described below), and Variable Amount Demand Master Notes ("Master Notes"). Banker's Acceptances are time drafts drawn on and "accepted" by a bank. When a bank "accepts" such a time draft, it assumes liability for its payment. When the Fund acquires a Banker's Acceptance, the bank that "accepted" the time draft is liable for payment of interest and principal when due. The Banker's Acceptance carries the full faith and credit of such bank. A Certificate of Deposit ("CD") is an unsecured, interest bearing debt obligation of a bank. Commercial Paper is an unsecured, short-term debt obligation of a bank, corporation, or other borrower. Maturities of Commercial Paper generally range from 2 to 270 days and are usually sold on a discounted basis rather than as an interest-bearing instrument. The Fund will invest in Commercial Paper only if it is rated in one of the top two rating categories by Moody's, S&P or Fitch, or if not rated, of equivalent quality in the Fund's opinion. Commercial Paper may include Master Notes of the same quality. Master Notes are unsecured obligations that are redeemable upon demand of the holder and that permit the investment of fluctuating amounts at varying rates of interest. Master Notes are acquired by the Fund only through the Master Note program of the Fund's custodian bank, acting as administrator thereof. Money market instruments, while generally considered cash-equivalents, are nevertheless subject to risk of default by the counterparty, risk of depreciation in the market and risk of loss of value if, for example, the issuer's rating is downgraded or other circumstances develop that raise questions regarding the ability of the issuer to meet its obligations under the instrument.

**Real Estate and REIT Risk.** The Fund will not invest directly in real estate, but may invest directly or indirectly in securities issued by companies that invest in real estate or interests therein (including, without limitation, investments in mortgage-backed securities), REITs or other companies in the real estate sector such as real estate brokers, real estate developers, real estate lenders and companies with substantial real estate holdings, which may include, without limitation, paper, lumber, hospitality, entertainment and other companies whose real estate holdings are important to their businesses.

A REIT is a pooled investment vehicle that purchases primarily income-producing real estate or real estate-related loans or other real estate related interests. The pooled vehicle, typically a trust, then issues shares whose value and investment performance are dependent upon the investment experience of the underlying real estate related investments. Investing in REITs may subject a fund to risks similar to those associated with the direct ownership of real estate, including fluctuations in the value of underlying properties and defaults by borrowers or tenants. REITs may not be diversified and are largely dependent upon cash flow generated by their investments. REITs are also subject to the possibilities of failing to qualify for tax free pass through of income under the Internal Revenue Code of 1986 (the "Code"), and failing to maintain their exemptions from registration under the Investment Company Act of 1940, as amended. REITs may have limited financial resources, trade less frequently and in a limited volume, and be subject to more abrupt or erratic price movements than more widely held securities. In addition, the organizational documents of a REIT may give the trust's sponsors the ability to control the operation of the REIT even though another person or entity could own a majority of the interests of the trust. These trusts may also contain provisions which would delay or make a change in control of the REIT difficult.



The Fund is also subject to the risks associated with real estate generally. Real estate values can fluctuate as a result of general and local economic conditions, overbuilding and increased competition, increases in property taxes and operating expenses, changes in zoning laws, casualty or condemnation losses, regulatory limitations on rents, changes in neighborhood values, changes in the appeal of properties to tenants, increases in interest rates, and defaults by borrowers or tenants. Investments in companies that service the real estate business sector may also be affected by such risks.

**Repurchase Agreements.** The Fund may enter into repurchase agreements with “primary dealers” in U.S. government securities and member banks of the Federal Reserve System which furnish collateral at least equal in value or market price to the amount of their repurchase obligation. In a repurchase agreement, the Fund purchases a security from a seller which undertakes to repurchase the security at a specified resale price on an agreed future date (ordinarily a week or less). The resale price generally exceeds the purchase price by an amount which reflects an agreed-upon market interest rate for the term of the repurchase agreement. The principal risk is that, if the seller defaults, the Fund might suffer a loss to the extent that the proceeds from the sale of the underlying securities and other collateral held by the Fund in connection with the related repurchase agreement are less than the repurchase price.

**Reverse Repurchase Agreements.** The Fund may invest in reverse repurchase agreements, which are repurchase agreements in which the Fund is the seller (rather than the buyer) of the securities, and agrees to repurchase them at an agreed-upon time and price. A reverse repurchase agreement may be viewed as a type of borrowing by the Fund. Reverse repurchase agreements are subject to credit risks. In addition, reverse repurchase agreements create leverage risks because the Fund must repurchase the underlying security at a higher price, regardless of the market value of the security at the time of repurchase. In addition to taxable reverse repurchase agreements, the Fund also may invest in municipal reverse repurchase agreements.

**Sector Risk.** Companies that have similar lines of business are grouped together in broad categories called industries. Certain industries are grouped together in broader categories called sectors. While the Fund does not concentrate in any industry or group of industries, the Fund may make significant investments in one or more sectors, subjecting it to risks particular to companies in the applicable sector(s), which may be greater than risks applicable to the market generally. To the extent the Fund has greater exposure to any given sector, the greater the losses the Fund may experience upon any single economic, business, political, regulatory, or other occurrence adversely affecting the sector. In such a case, the Fund’s potential for loss will be greater than if its portfolio were invested more broadly in different sectors.

**Temporary Defensive Positions.** The Fund may, from time to time, take temporary defensive positions that are inconsistent with the Fund’s principal investment strategies in an attempt to respond to adverse market, economic, political or other conditions. During such an unusual set of circumstances, the Fund may hold up to 100% of its portfolio in cash or cash equivalent positions. When the Fund takes a temporary defensive position, the Fund may not be able to achieve its investment objective.

#### **U.S. Government Securities.**

U.S. Government securities include direct obligations issued by the United States Treasury, such as U.S. Treasury bills (maturities of one year or less), U.S. Treasury notes (maturities of one to ten years) and U.S. Treasury bonds (generally maturities of greater than ten years). They also include U.S. Government agencies and instrumentalities that issue or guarantee securities, such as the Federal Home Loan Banks, FNMA and the Student Loan Marketing Association. Except for U.S. Treasury securities, obligations of U.S. Government agencies and instrumentalities may or may not be supported by the full faith and credit of the United States. Some, such as those of the Federal Home Loan Banks, are backed by the right of the issuer to borrow from the U.S. Treasury, others by discretionary authority of the U.S. Government to purchase the agencies’ obligations, while still others, such as the Student Loan Marketing Association, are supported only by the credit of the instrumentality. In the case of securities not backed by the full faith and credit of the United States, the investor must look principally to the agency issuing or guaranteeing the obligation for ultimate repayment and may not be able to assess a claim against the United States itself in the event the agency or instrumentality does not meet its commitment.

The total public debt of the United States, financed via Treasury securities, as a percentage of gross domestic product has grown rapidly since the beginning of the 2008–2009 financial downturn. This growth is forecasted to continue on a trajectory that is considered by the U.S. government to be unsustainable. Although high debt levels do not necessarily indicate or cause economic problems, they may create certain systemic risks that can adversely impact markets and security valuations if sound debt management practices are not timely and successfully implemented by the U.S. government. A high national debt can raise concerns that the U.S. government will not be able to make principal or interest payments when they are due, which would adversely affect economic growth and markets. This debt increase has also caused the U.S. Congress to negotiate adjustments to the statutory debt limit to increase the cap on the amount the U.S. government is permitted to borrow to meet its existing obligations and finance current budget deficits. In August 2011, S&P lowered its long term sovereign credit rating on the U.S. In explaining the downgrade at that time, S&P cited, among other reasons, controversy over raising the statutory debt limit and growth in public spending. In August 2019, the President of the United States signed into law the Bipartisan Budget Act of 2019, a two-year deal to July 2021, to suspend the statutory debt limit removing the threat of a U.S. debt default, at that time, and significantly raising federal spending beyond the limits of the Budget Control Act of 2011. Any controversy or ongoing uncertainty regarding the statutory debt limit negotiations, or the size and trajectory of total public debt, may impact the U.S. long term sovereign credit rating and may cause market uncertainty. As a result, market prices and yields of securities supported by the full faith and credit of the U.S. government may be adversely affected. The high and rising national debt may have serious negative consequences for the U.S. economy and may adversely impact the value of other securities in which the Fund may invest.

## INVESTMENT RESTRICTIONS

Caldwell & Orkin has adopted the following “fundamental restrictions,” which cannot be changed without approval by holders of a majority of the outstanding voting shares of the Fund. A “majority” for this purpose means the lesser of (i) 67% of the Fund’s outstanding shares represented in person or by proxy at a meeting at which more than 50% of its outstanding shares are represented, or (ii) more than 50% of its outstanding shares.

**FUNDAMENTAL RESTRICTIONS.** As a matter of fundamental policy, the Fund may not:

1. As to 75% of its total assets, purchase securities of any one issuer, other than those issued or guaranteed by the United States government, its agencies or instrumentalities, if immediately after such purchase more than 5% of the Fund’s total assets would be invested in securities of such issuer or the Fund would own 10% or more of the outstanding voting securities of such issuer.
2. Invest 25% or more of its total assets in the securities of issuers in any particular industry. (The Board has determined that for purposes of this investment restriction, securities of other registered investment companies are not considered to be issued by issuers in any industry; provided, however, that investments in other investment companies that track a sector of a broad-based securities market shall be deemed to represent investments in the securities of issuers in one or more industries represented in that sector, as reasonably determined by the Manager in its sole discretion.)
3. Issue senior securities, except as permitted under the 1940 Act.
4. Purchase securities of other investment companies, except as permitted under the 1940 Act.
5. Purchase or sell real estate or interests in real estate, including real estate limited partnerships; provided that the Fund may invest in securities secured by real estate or interests therein or issued by companies, including real estate investment trusts, which invest in real estate or interests therein.
6. Purchase or sell commodities or commodity contracts, except that the Fund may purchase and sell options, forward contracts and futures contracts (including, without limitation, those relating to indices, securities or commodities), and options on forward contracts and futures contracts.
7. Make loans to other persons; provided that the Fund may lend its portfolio securities to the extent permitted by the 1940 Act, and provided further that, for purposes of this restriction, investments in government obligations, short-term commercial paper, certificates of deposit, bankers’ acceptances and repurchase agreements shall not be deemed to be the making of a loan.

8. Borrow money, except to the extent permitted under the 1940 Act (including, without limitation, borrowing to meet redemptions).
9. Mortgage, pledge, hypothecate or in any manner transfer, as security for indebtedness, any securities owned or held by the Fund except as may be necessary (i) in connection with borrowings mentioned in (10) above; (ii) in connection with writing covered put and call options, the purchase of securities on a when-issued or forward commitment basis, and collateral and initial or variation margin arrangements with respect to options, short sales, forward contracts, futures contracts, options on forward contracts and futures contracts; or (iii) otherwise as permitted under the 1940 Act.
10. Invest certain of the Fund's assets in securities for which there are legal or contractual restrictions on resale, securities which are not readily marketable, securities of foreign issuers which are not listed on a recognized domestic or foreign securities exchange, or other illiquid securities, except to the extent permitted under the 1940 Act.
11. Underwrite securities of other issuers except insofar as the Funds may be deemed an underwriter under the Securities Act of 1933 in selling portfolio securities.

**NON-FUNDAMENTAL RESTRICTIONS.** The following investment limitations are not fundamental and may be changed by the Board without shareholder approval. As a matter of non-fundamental policy, the Fund may not:

1. Make investments for the purpose of exercising control or management.
2. Purchase securities on margin; provided, however, that the Fund may obtain such short-term credits as may be necessary for the clearance of transactions, may make short sales to the extent permitted by the 1940 Act and may enter into options, forward contracts, futures contracts or indices options on futures contracts or indices.
3. Purchase or sell interests in oil, gas or other mineral exploration or development programs or leases. The Fund may, however, purchase or sell securities of entities which invest in such programs.
4. Invest more than 5% of the value of its total assets in marketable warrants to purchase common stock valued at the lower of cost or market. Included within that amount, but not to exceed 2% of the value of the Fund's net assets, may be warrants which are not listed on the New York or American Stock Exchanges. Warrants acquired by the Fund as part of a unit or attached to securities may be deemed to be without value.

The following descriptions of certain issues related to the above policies and restrictions may assist shareholders in understanding these policies and restrictions:

- With respect to the "fundamental" and "non-fundamental" investment restrictions above, if a percentage limitation is adhered to at the time of investment, a later increase or decrease in percentage resulting from any change in value or net assets will not result in a violation of such restriction (*i.e.*, percentage limitations are determined at the time of purchase).
- Senior securities may include any obligation or instrument issued by a fund evidencing indebtedness. The 1940 Act generally prohibits funds from issuing senior securities, although it does not treat certain transactions as senior securities, such as certain borrowings, short sales, reverse repurchase agreements, firm commitment agreements and standby commitments, with appropriate earmarking or segregation of assets to cover such obligation.
- The 1940 Act presently allows the Fund to borrow from any bank (including pledging, mortgaging or hypothecating assets) in an amount up to 33 1/3% of its total assets (not including temporary borrowings not in excess of 5% of its total assets), and the Fund will, to the extent necessary, reduce its existing borrowings (within 3 days, excluding weekends and holidays) to comply with the provisions of the 1940 Act.

## **PORTFOLIO TURNOVER**

The annualized portfolio turnover rate for the Fund is calculated by dividing the lesser of purchases or sales of portfolio securities for the reporting period by the monthly average value of the portfolio securities owned during the reporting period. The calculation excludes all securities whose maturities or expiration dates at the time of acquisition are one year or less. Portfolio turnover of the Fund may vary greatly from year to year as well as within a particular year, and may be affected by cash requirements for redemption of shares and by requirements that enable the Fund to receive favorable tax treatment. Portfolio turnover will not be a limiting factor in making the Fund's decisions, and the Fund may engage in short-term trading to achieve its investment objectives. For the fiscal year ended April 30, 2020, the Fund's portfolio turnover rate was 87%. For the fiscal year ended April 30, 2019, the Fund's portfolio turnover rate was 240%.

## **DISCLOSURE OF PORTFOLIO HOLDINGS**

The Board has adopted policies to govern the circumstances under which disclosure regarding securities held by the Fund (the "Portfolio Holdings"), and disclosure of purchases and sales of such securities, may be made to shareholders of the Fund or other persons. The policy sets forth the conditions under which Portfolio Holdings data for the Fund may be disclosed to Third Parties (which may include the public) and Service Providers. No data about the Fund may be disclosed except in accordance with this Policy.

Portfolio Holdings data includes, but is not limited to, the following information about the Fund: (i) specific securities held; (ii) industry sector breakdowns as a percentage of portfolio net assets; (iii) asset composition (e.g., equities versus bonds); (iv) U.S. versus foreign holdings percentage breakdowns and regional breakdowns (e.g., Asia, North America); and (v) top 10 portfolio holdings in order of position size, including percentage of portfolio. "Third Parties" or a "Third Party" means a person other than a Service Provider, an employee of a Service Provider, a Director of the Board, or an officer of the Fund.

"Service Providers" includes, but is not limited to, the investment adviser, administrator, custodian, transfer agent, fund accountant, principal underwriter, software or technology service providers, pricing and proxy voting service providers, research and trading service providers, auditors, accountants, and legal counsel, or any other entity that has a need to know such information in order to fulfill their contractual obligations to provide services to the Fund.

Only officers of the Fund and its authorized agents, including, but not limited to, the Chief Compliance Officer of the investment adviser, may approve the disclosure of the Fund's Portfolio Holdings. Exceptions to this Policy may only be made if an officer of a Fund and its authorized agents, including, but not limited to, the Chief Compliance Officer of the investment adviser, determines that the disclosure is being made for a legitimate business purpose and such disclosures must be documented and reported to the Board on a quarterly basis. In all cases, Third Parties and Service Providers are required to execute a non-disclosure agreement requiring the recipient to keep confidential any Portfolio Holdings data received and not to trade on the Confidential Portfolio Information. Neither the Fund nor its Service Providers (nor any persons affiliated with either) can receive any compensation or other consideration in connection with the sharing of a Fund's Portfolio Holdings.

Disclosure of the Portfolio Holdings' information that is not publicly available ("Confidential Portfolio Information") may be made to Service Providers. In addition, to the extent permitted under applicable law, the investment adviser may distribute (or authorize the custodian or principal underwriter to distribute) Confidential Portfolio Information to the Fund's relevant Service Providers and to facilitate the review of the 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 investment adviser believes is reasonably necessary in connection with the services to be provided. As noted above, except to the extent permitted under this Policy, Confidential Portfolio Information may not be disseminated for compensation or other consideration.

Before any disclosure of Confidential Portfolio Information to Service Providers or Rating Agencies is permitted, the Fund's investment adviser's Chief Compliance Officer (or persons designated by the investment adviser's Chief Compliance Officer) must determine in writing that, under the circumstances, the disclosure is being made for a legitimate business purpose. Furthermore, the recipient of Confidential Portfolio Information by a Service Provider or Rating Agency must be subject to a written confidentiality agreement that prohibits any trading upon the Confidential Portfolio Information, or the recipient must be subject to professional or ethical obligations not to disclose or otherwise improperly use the information, such as would apply to independent registered public accounting firms or legal counsel.

The Fund's investment adviser shall have primary responsibility for determining how and when Portfolio Holdings' information may be disclosed in accordance with this Policy. As a part of this responsibility, the Fund's investment adviser shall inform the Fund's other Service Providers of this policy, who shall in turn be responsible for complying with this policy within their own organizations and seeking the consent of the investment adviser for any disclosure not required by law or otherwise specifically allowed by this policy.

Full portfolio holdings will be made available to the public about 10 days after the end of each calendar month and also in the annual report, semi-annual report and N-PORT. These reports (with the exception of the N-PORT) will be made available on the Fund's website free of charge. The annual report, semi-annual report and N-PORT are also on the EDGAR database on the SEC's website at [www.sec.gov](http://www.sec.gov).

## **CODE OF ETHICS**

Caldwell & Orkin, the Manager, and the Distributor each have each adopted a code of ethics, as required by applicable law, which is designed to prevent affiliated persons of Caldwell & Orkin, the Manager, and the Distributor from engaging in deceptive, manipulative, or fraudulent activities in connection with securities held or to be acquired by the Fund (which securities may also be held by persons subject to the codes). There can be no assurance that the codes of ethics will be effective in preventing such activities. The codes of ethics permit employees and officers of Caldwell & Orkin, the Manager and the Distributor to invest in securities, subject to certain restrictions and pre-approval requirements. In addition, the codes of ethics of Caldwell & Orkin and the Manager require that portfolio managers and other investment personnel of the Manager report their personal securities transactions and holdings, which are reviewed for compliance with the codes of ethics.

## **PROXY VOTING POLICIES**

The Fund has adopted Proxy Voting Policies and Procedures used to determine how the Fund votes proxies related to its portfolio securities. Under the Proxy Voting Policy, the Fund has, subject to the oversight of the Board, delegated to the Manager the following duties: (1) to make the proxy voting decisions for the Fund; and (2) to assist the Fund in disclosing its proxy voting record as required by Rule 30b1-4 under the 1940 Act. The Manager has adopted a Proxy Voting Policy which it uses to vote proxies for its clients, including the Fund.

A copy of the Fund's Proxy Voting Policies and Procedures and the Manager's Proxy Voting Policy is attached as Appendix B.

The Fund's proxy voting record for the most recent 12-month period ended June 30 is available without charge on the SEC's website at <http://www.sec.gov>, and, upon request, by contacting the Fund at (800) 467-7903.

## MANAGEMENT OF THE FUND

Reference is made to "Management of the Fund" in the Prospectus. Set forth below is further information about the Fund's management.

### Board of Directors

The Board is responsible for the overall supervision of the operations of the Fund. The Directors perform the various duties imposed on the directors of investment companies by the 1940 Act, and also have the responsibilities imposed generally on directors of business corporations by Maryland General Corporation Law. Each Director serves until his / her successor is duly elected and qualified, or until his / her death, resignation or removal.

The Directors, in turn, elect the Officers of the Fund to actively supervise day-to-day operations. The term "Officer" means the president, vice president, secretary, treasurer, controller or any other Officer who performs policy-making decisions. The following chart lists the Directors and Officers of the Fund. Each Director who is an "interested person" of the Fund, as defined by the 1940 Act, is indicated by an asterisk.

The address for each person named in the table below is 100 South Ashley Drive, Suite 895, Tampa, Florida 33602.

#### Caldwell & Orkin Board of Directors and Officers (as of April 30, 2020)

Name, Position(s) Held with Fund, Year of Birth	Term of Office and Length of Time Served	Principal Occupation(s) During Past Five Years	Number of Funds in Fund Complex Overseen by Director	Other Directorships Held by Director During the Past 5 Years
<b>DISINTERESTED DIRECTORS</b>				
Frederick T. Blumer Director and Chairman of the Board Year of Birth: 1958	Indefinite Term, Director Since 1990, Chairman Since 2004	Mr. Blumer is the Chairman & CEO of Mile Auto, Inc. (since March 2017) and Chairman of Vehcon, Inc. (since 2012), and was CEO of Vehcon, Inc. (from 2012-2017).	One	None
Rhett E. Ingerick Director and Chairman of the Audit Committee Year of Birth: 1974	Indefinite Term, Since 2018	Mr. Ingerick is a Senior Developer, Analytics & BI for Kforce Inc. (2015-present). Prior to that he was a Senior Integration Developer for Talbots, Inc. (2014-2015).	One	Gator Series Trust (2013-2020)
Bevin E. Newton Director Year of Birth: 1971	Indefinite Term, Since 2018	Ms. Newton is currently Workday Administration Manager for Aveanna Healthcare (February 2020-Present). Prior to that, she was an Independent Contract Project Manager (October 2018-November 2019), a Choreographer and Instructor at Dance Stop Studios/Dance Stop Company (June 2016-2019), and the Dance and Movement Consultant/ Instructor for the Walton High School Marching Band and Color Guard (May 2017-November 2019). In addition, she was Executive Director for The Roswell United Methodist Church Foundation (April 2012 - May 2016) and a Choreographer and Instructor at The Cartersville School of Ballet/Cartersville City Ballet (2004-2018).	One	Gator Series Trust (2013-2020)

<b>INTERESTED DIRECTOR</b>				
Derek Pilecki*	Indefinite Term, Since 2018	Mr. Pilecki is President and Chief Investment Officer for Gator Capital Management, LLC (2008 – present).	N/A	Gator Series Trust (2013-2020)
President				
Year of Birth: 1970				

\* Mr. Pilecki is an interested Director because he is an employee of the Manager.

<b>OFFICERS WHO ARE NOT DIRECTORS</b>				
<b>Name, Position(s) Held with Fund, Year of Birth</b>	<b>Term of Office and Length of Time Served</b>	<b>Principal Occupation(s) During Past Five Years</b>	<b>Number of Funds in Fund Complex Overseen</b>	<b>Other Directorships Held</b>
Erik Anderson  Treasurer  Year of Birth: 1976	Indefinite Term, Since 2017	Mr. Anderson is Chief Financial Officer at Oakpoint Advisors (January 2016 - present) and serves as Chief Financial Officer for Gator Capital Management, LLC (2012 - present). Previously he was Chief Financial Officer of Praesidis Advisors LLC (2008 - December 2015).	N/A	N/A

Charles C. Black Chief Compliance Officer Year of Birth: 1979	Since 2016	Mr. Black is the Director of Compliance Services at CCO Technology, LLC (d/b/a Joot) (2019 to present). Previously, Mr. Black was a Senior Compliance Officer at Ultimus Fund Solutions, LLC (2015 to 2019), Chief Compliance Officer of Ultimus Managers Trust (January 2016 to 2019), Assistant Chief Compliance Officer of Ultimus Managers Trust (April 2015 - January 2016) and Senior Compliance Manager at Touchstone Mutual Funds (2013 to 2015).	N/A	N/A
Benjamin V. Mollozzi Secretary Year of Birth: 1984	Since 2017	Mr. Mollozzi is an Attorney at Ultimus Fund Solutions, LLC and Ultimus Fund Distributors, LLC (since 2015). Previously, Mr. Mollozzi was a Buyer and Planner for Procter & Gamble (2012 to 2015).	N/A	N/A
Zachary P. Richmond Assistant Treasurer Year of Birth: 1980	Since 2018	Mr. Richmond is Vice President, Director of Financial Administration for Ultimus Fund Solutions, LLC (since February 2019); Treasurer of Unified Series Trust (since November 2014); Treasurer of Capitol Series Trust (since August 2014); Treasurer of Commonwealth International Series Trust (since September 2015); Treasurer of Oak Associates Funds (since April 2019); Treasurer of Centaur Mutual Funds Trust (since April 2019). Previously, Mr. Richmond was Assistant Vice President, Associate Director of Financial Administration for Ultimus Fund Solutions, LLC (December 2015 to February 2019); Manager, Fund Administration, Huntington Asset Services, Inc. (January 2011 to December 2015).	N/A	N/A



## **Additional Information About the Directors' Qualifications and Experience**

The Board has considered each Director's experience, qualifications, attributes and skills in light of the Board's function and the Fund's business and structure, and has determined that each Director possesses experience, qualifications, attributes and skills that enable the Director to be an effective member of the Board. In this regard, the Board has considered the following specific experience, qualifications, attributes and/or skills for each Director:

### **Frederick T. Blumer**

During his term on the Board, Mr. Blumer has served as CEO of X-spand International, Co-founder & Vice President of Hughes Telematics, Inc. (now Verizon Telematics), and currently serves as Chairman of Vehcon, Inc., a vehicle and driver data company, as well as Chairman & CEO of Mile Auto, a pay-per-mile auto insurance company. Mr. Blumer earned a BA in Biology from the College of Charleston. Mr. Blumer is also a graduate of the University of South Carolina School of Law and Harvard Business School and was selected to serve as a Director and Chairman of Caldwell & Orkin based on his business, legal and communications expertise.

### **Rhett E. Ingerick**

Mr. Ingerick is a Senior Developer, Analytics & BI at KForce Inc., a professional staffing services firm. Previously, he spent two years as a developer for Talbots, Inc. and prior to that, he spent fourteen years as a software developer at Kforce Inc. His specialty is coordinating complex technological projects across teams of business users. Mr. Ingerick has a BA from Davidson College. Mr. Ingerick provides knowledge of technology and operations management to the Board.

## **Bevin E. Newton**

Ms. Newton currently serves as an Independent Contract Project Manager, and formerly served as the Executive Director of The Roswell United Methodist Church Foundation, and formerly held management positions at The Coca-Cola Company and American Management Systems. Ms. Newton has an MBA from the University of North Carolina at Chapel Hill and a BA from Duke University. Ms. Newton brings her experience in executive level leadership to the Board.

## **Derek Pilecki**

Mr. Pilecki is Managing Member and Portfolio Manager of the Manager. Prior to working with the Manager, Mr. Pilecki was a Vice President, Portfolio Manager at Goldman Sachs Asset Management. Mr. Pilecki has 25 years of experience in the investment management industry. Mr. Pilecki has an MBA from the University of Chicago and a BA from Duke University. Mr. Pilecki brings his knowledge of the investment management industry to the Board.

The Board has determined that each of the Directors' careers and background, combined with their interpersonal skills and general understanding of financial and other matters, enable the Directors to effectively participate in and contribute to the Board's functions and oversight of the Fund. References to the qualifications, attributes and skills of Directors are pursuant to requirements of the SEC, do not constitute holding out the Board or any Director as having any special expertise or experience, and shall not impose any greater responsibility on any such person or on the Board by reason thereof.

## **Leadership Structure and Oversight Responsibilities**

Overall responsibility for oversight of the Fund rests with the Directors. Caldwell & Orkin has engaged the Manager to manage the Fund on a day-to day basis. The Board is responsible for overseeing the Manager and other service providers in the operations of the Fund in accordance with the provisions of the 1940 Act, applicable provisions of state and other laws and Caldwell & Orkin's charter. The Board is currently composed of four members, three of whom are Independent Directors. The Board meets at regularly scheduled quarterly meetings each year. In addition, the Board may hold special in-person or telephonic meetings or informal conference calls to discuss specific matters that may arise or require action between regular meetings. As described below, the Board has established two standing committees: an Audit Committee and a Proxy Committee. In addition, the Board may establish *ad hoc* committees or working groups from time to time, to assist the Board in fulfilling its oversight responsibilities.

The Board has appointed Frederick T. Blumer, a Disinterested Director, to serve in the role of Chairman. The Chairman's role is to preside at all meetings of each Board and to act as a liaison with the Manager, other service providers, counsel and other Directors generally between meetings. The Chairman may also perform such other functions as may be delegated by the Board from time to time. The Board reviews matters related to its leadership structure annually.

Risk oversight forms part of the Board's general oversight of the Fund and is addressed as part of various Board and committee activities. As part of its regular oversight of the Fund, the Board, directly or through a committee, interacts with and reviews reports from, among others, Fund management, the Manager, the Fund's Chief Compliance Officer, the Fund's legal counsel and the independent registered public accounting firm for the Fund. The Board, with the assistance of Fund management and the Manager, reviews investment policies and risks in connection with its review of the Fund's performance. The Board has appointed a Chief Compliance Officer who oversees the implementation and testing of the Fund's compliance program and reports to the Board regarding compliance matters for the Fund and its principal service providers. In addition, as part of the Board's periodic review of the Fund's advisory and other service provider agreements, the Board may consider risk management aspects of these service providers' operations and the functions for which they are responsible.

**Board Committees.** The Board has established the following committees:

**Audit Committee.** All of the independent directors are members of the Audit Committee, which oversees the Fund's accounting and financial reporting policies, the independent audit of the Fund's financial statements, and reviews the fees charged by the auditors for audit and non-audit services. Mr. Ingerick is the chairman of the Audit Committee. The Audit Committee held one meeting during the last fiscal year, and plans to meet regularly, at least once a year, going forward. The Audit Committee also acts as the Fund's qualified legal compliance committee, which is responsible for receiving any reports of material violations of securities laws by any officer, director, employee or agent of the Fund, investigating those reports, and taking appropriate action.

Proxy Voting Committee. All of the independent directors are members of the Proxy Voting Committee. The Proxy Voting Committee will determine how the Fund should cast its vote, if called upon by the Board or the Manager, when a matter with respect to which the Fund is entitled to vote presents a conflict between the interests of the Fund’s shareholders, on the one hand, and those of the Fund’s Manager, principal underwriter or an affiliated person of the Fund, on the other hand. The Proxy Voting Committee will meet from time to time as it deems necessary to review the Fund’s Proxy Voting Policy and recommend any changes to the Board as it deems necessary or advisable, and to assist the Fund in voting any proxies when a conflict of interest arises for the Manager. The Proxy Voting Committee did not meet during the last fiscal year.

**Ownership in Fund’s Affiliates.** None of the disinterested (independent) Directors beneficially owns any other interest in any entity directly or indirectly controlling, controlled by, or under common control with the Manager or Distributor.

**Directors’ Ownership in Fund Shares.** The following table shows each Director’s beneficial ownership of shares of the Fund, which is the only series of shares of Caldwell & Orkin stated as one of the following ranges: A = None; B = \$1-\$10,000; C = \$10,001-\$50,000; D = \$50,001-\$100,000; and E = over \$100,000. Information is provided as of December 31, 2019.

Director	Dollar Range of Equity Securities in the Fund
Frederick T. Blumer	E
Rhett E. Ingerick	B
Bevin E. Newton	B
Derek Pilecki	D

**Director Compensation.** The Fund pays each Director, who is not affiliated with the Manager, an annual fee of \$8,000 per year, plus \$1,500 for each in-person meeting attended and \$1,000 for each other meeting attended. The annual fees are payable in four equal quarterly installments and are paid as of the date of each quarterly Board meeting. The Fund also reimburses Directors’ actual out-of-pocket expenses relating to attendance at meetings.

During the fiscal year ended April 30, 2020, the Directors received the following compensation from the Fund:

Director	Aggregate Compensation from the Fund	Pension or Retirement Benefits Accrued	Estimated Annual Benefits Upon Retirement	Total Compensation for Services to the Funds
Frederick T. Blumer	\$12,500	N/A	\$0	\$12,500
Rhett E. Ingerick	\$12,500	N/A	\$0	\$12,500
Bevin E. Newton	\$12,500	N/A	\$0	\$12,500

## MANAGEMENT AND ADVISORY ARRANGEMENTS

Reference is made to “Management of the Fund” in the Prospectus for certain information concerning the management and advisory arrangements of the Fund.

Gator Capital Management, LLC, a Delaware limited liability company, is the investment adviser to the Fund. The Manager has been engaged in the investment advisory business since 2008. The sole owner of the Manager is the Derek S. Pilecki Revocable Trust u/a/d September 15, 2008 for which Mr. Pilecki serves as the sole trustee. As of June 30, 2020, the Manager had \$71.1 Million in assets under management.

**Management Fee.** The Fund has entered into a Management Agreement (the “Management Agreement”), with the Manager. As discussed in the Prospectus, the Manager shall receive monthly compensation at annual rates which vary according to the total assets of the Fund.

The Management 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 management of the Fund, except for willful misfeasance, bad faith or gross negligence in the performance of its duties, or by reason of reckless disregard of its obligations and duties thereunder.

On an annual basis, the advisory fee is equal to the following for the Fund: 1.00% of average daily net assets up to \$250 million; 0.90% of average daily net assets in excess of \$250 million but not more than \$500 million; 0.80% of average daily net assets in excess of \$500 million.

For the fiscal year ended April 30, 2020, the Fund paid \$195,292 to the Manager pursuant to the Management Agreement. For the fiscal year ended April 30, 2019, the Fund paid \$343,280 to the Manager pursuant to the Management Agreement. The Manager was engaged as investment adviser of the Fund effective November 1, 2017. For the period from November 1, 2017, until the fiscal year ended April 30, 2018, the Fund paid \$324,380 to the Manager pursuant to the Management Agreement. Prior to November 1, 2017, C&O Funds Advisor, Inc. (the “Former Manager”) served as the Fund’s investment adviser. For the fiscal year ended April 30, 2018, the Fund paid \$509,531 to the Former Manager pursuant to a management agreement between the Fund and the Former Manager with substantially the same terms and conditions as the Management Agreement.

**Payment of Expenses.** The Management Agreement obligates the Manager to provide management and investment advisory services and to pay all compensation of and furnish office space for Officers and employees of the Fund connected with investment and economic research, trading and investment management of the Fund, as well as the fees of all Directors for the Fund who are affiliated persons of the Manager. Notwithstanding the foregoing, the Management Agreement provides that the Board is authorized to cause the Fund to pay such compensation to the chief compliance officer of Caldwell & Orkin (the “CCO”) as the Board shall deem appropriate from time to time, whether or not the CCO is an affiliated person of the Manager.

Under the Management Agreement, the Manager has contractually agreed to reimburse the Fund to the extent necessary to prevent its annual ordinary operating expenses (excluding taxes, expenses related to the execution of portfolio transactions and the investment activities of the Fund (such as, for example, interest, dividend expenses on securities sold short, brokerage commissions and fees and expenses charged to the Fund by any investment company in which the Fund invests) and extraordinary charges such as litigation costs) from exceeding 2.00% of the Fund’s average net assets. During the last three fiscal years, the Manager and Former Manager, in aggregate, received the following management fees, net of fee waivers, from the Fund:

	<b>Management Fees Accrued</b>	<b>Management Fee Waivers and/or Expense Reimbursements</b>	<b>Net Advisory Fees Received by Advisor</b>
Fiscal Year Ended April 30, 2020	\$195,292	\$92,036	\$103,256
Fiscal Year Ended April 30, 2019	\$343,280	\$39,325	\$303,955
Fiscal Year Ended April 30, 2018	\$833,911	\$0	\$833,911

The Fund pays all other expenses incurred in the operation of the Fund, including, among other things, taxes, expenses for legal and auditing services, costs of printing proxies, stock certificates, shareholder reports, prospectuses and statements of additional information (except to the extent paid by the Distributor), charges of the Custodian and Transfer Agent, expenses of redemption of shares, SEC fees, expenses of registering the shares under Federal and state securities laws, fees and expenses of unaffiliated Directors, accounting and pricing costs (including the daily calculation of NAV), insurance, interest, brokerage costs, litigation and other extraordinary or non-recurring expenses, and other expenses properly payable by the Fund. Accounting and pricing services are provided to the Fund by the Transfer Agent and the Fund reimburses the Transfer Agent for its costs in connection with such services. For shareholder accounts held through financial intermediaries, the Fund may, in some cases, pay these intermediaries for providing account maintenance services, including sub-transfer agency services.

**Duration and Termination.** Unless earlier terminated as described above, the Management Agreement will remain in effect for a period of two (2) years beginning on February 8, 2018 and will continue thereafter so long as such continuance is specifically approved annually (a) by the Board or by a majority of the outstanding shares of the Fund and (b) by a majority of the Directors who are not parties to such contract or interested persons (as defined in the 1940 Act) of any such party. Such contract terminates automatically upon assignment and may be terminated without penalty on 14 days written notice at the option of either party thereto. At the June 15, 2020 Board Meeting, the Board approved the Management Agreement for a new one-year term beginning August 30, 2020, subject to termination as described above.

#### ADDITIONAL INFORMATION ABOUT THE MANAGER

Derek Pilecki and Christopher Pilecki are responsible for the day-to-day portfolio management of the Fund.

**Other Accounts Managed.** In addition to the Fund, Mr. Derek Pilecki and Mr. Christopher Pilecki are responsible for the day-to-day management of certain other accounts. The tables below show the number of, and total assets in, such other accounts as of April 30, 2020:

Name	Registered Investment Companies*		Other Pooled Investment Vehicles		Other Accounts	
	Number of Accounts	Total Assets	Number of Accounts	Total Assets	Number of Accounts	Total Assets
Derek Pilecki	1*	\$2,232,448*	1	\$33,596,135	5	\$30,870,662
<i>Accounts where advisory fee is based upon account performance</i>	0	N/A	1	\$33,596,135	3	\$5,284,736
Christopher Pilecki	0	N/A	0	N/A	1	\$147,617
<i>Accounts where advisory fee is based upon account performance</i>	0	N/A	0	N/A	0	N/A

\* Does not include the Fund.

**Potential Conflicts of Interest.** Actual or apparent conflicts of interest may arise when a portfolio manager has day-to-day management responsibilities with respect to more than one fund or other account (each, an “Other Account”).

The Portfolio Managers’ management of Other Accounts may give rise to potential conflicts of interest in connection with his management of the Fund’s investments, on the one hand, and the investments of the other accounts, on the other. Certain of the Other Accounts have an investment objective or strategies that may be similar to the investment objective or strategies of the Fund, or otherwise hold, purchase, or sell securities that are eligible to be held, purchased, or sold by the Fund. While the portfolio manager’s management of other accounts may give rise to the following potential conflicts of interest, the Manager does not believe that the conflicts, if any, are material or, to the extent any such conflicts are material, the Manager believes that it has designed policies and procedures that are designed to manage those conflicts in an appropriate way.

**Knowledge of the Timing and Size of Fund Trades.** A potential conflict of interest may arise as a result of the Portfolio Managers’ day-to-day management of the Fund. The Portfolio Managers know or have access to information regarding the size and timing of trades for the Fund and the Other Accounts, and may be able to predict the market impact of trades for the Fund. It is theoretically possible that the Portfolio Managers could use this information to the advantage of Other Accounts and to the possible detriment of the Fund, or vice versa.

*Investment Opportunities.* The Manager provides investment supervisory services for a number of accounts that have varying investment guidelines. The Manager works across different investment products. Differences in the compensation structures of the Manager's accounts may give rise to a conflict of interest by creating an incentive for the Manager to allocate the investment opportunities it believes might be the most profitable to the client accounts where it might benefit the most from the investment gains.

**Compensation.** Mr. Derek Pilecki, as the principal and 100% owner of the Manager, is entitled to the Manager's profits after expenses are paid. Accordingly, since profits are expected to increase as assets increase, Mr. Pilecki is expected to receive increased profits through his ownership of the Manager. Mr. Christopher Pilecki is compensated by the Manager as an employee. He receives a fixed salary and is eligible for a discretionary bonus from the Manager.

**Ownership of Fund Shares.** The table below shows the amount of Fund equity securities beneficially owned by each portfolio manager as of April 30, 2020, stated as one of the following ranges: A = None; B = \$1-\$10,000; C = \$10,001-\$50,000; D = \$50,001-\$100,000; E = \$100,001-\$500,000; F = \$500,001-\$1,000,000; and G = over \$1,000,000.

Portfolio Manager	Dollar Range of Securities Owned
Derek Pilecki	D
Christopher Pilecki	A

#### PORTFOLIO TRANSACTIONS AND BROKERAGE ALLOCATION

Subject to policy established by the Board, the Manager is responsible for the Fund's portfolio decisions, the placing of the Fund's portfolio transactions and the negotiation of the commissions to be paid on such transactions.

In selecting brokers to be used in portfolio transactions, the Manager's general guiding principal is to obtain the best overall execution for each trade, which is a combination of price and execution. With respect to execution, the Manager considers a number of judgmental factors, including, without limitation, the actual handling of the order, the ability of the broker to settle the trade promptly and accurately, the financial standing of the broker, the ability of the broker to position stock to facilitate execution, the Manager's past experience with similar trades and other factors that may be unique to a particular order. Recognizing the value of these judgmental factors, the Manager may select brokers who charge a brokerage commission that is higher than the lowest commission that might otherwise be available for any given trade. The Manager may not give consideration to sales of shares of the Fund as a factor in selecting brokers to execute portfolio transactions. The Manager may, however, place portfolio transactions with brokers that promote or sell the Fund's shares so long as such transactions are done in accordance with the policies and procedures established by the Board that are designed to ensure that the selection is based on the quality of the broker's execution and not on the broker's sales efforts.

Under Section 28(e) of the Securities Exchange Act of 1934 and the Management Agreement, the Manager is authorized to pay a brokerage commission in excess of that which another broker might have charged for effecting the same transaction, in recognition of the value of brokerage and/or research services provided by the broker. The research received by the Manager may include, without limitation: information on the United States and other world economies; information on specific industries, groups of securities, individual companies, political and other relevant news developments affecting markets and specific securities; technical and quantitative information about markets; analysis of proxy proposals affecting specific companies; accounting and performance systems that allow the Manager to determine and track investment results; and trading systems that allow the Manager to interface electronically with brokerage firms, custodians and other providers. Research is received in the form of written reports, telephone contacts, personal meetings, research seminars, software programs and access to computer databases. In some instances, research products or services received by the Manager may also be used by the Manager for functions that are not research related (*i.e.*, not related to the making of investment decisions). Where a research product or service has a mixed use, the Manager will make a reasonable allocation according to its use and will pay for the non-research function in cash using its own funds.

The research and investment information services described above make available to the Manager for its analysis and consideration the views and information of individuals and research staffs of other securities firms. These services may be useful to the Manager in connection with advisory clients other than the Fund and not all such services may be useful to the Manager in connection with the Fund. Although such information may be a useful supplement to the Manager's own investment information in rendering services to the Fund, the value of such research and services is not expected to reduce materially the expenses of the Manager in the performance of its services under the Management Agreement and will not reduce the management fees payable to the Manager.

The Fund may invest in securities traded in the over-the-counter market. Transactions in the over-the-counter market are generally principal transactions with dealers and the costs of such transactions involve dealer spreads rather than brokerage commissions. The Fund, where possible, will deal directly with the dealers who make a market in the securities involved except in those circumstances where better prices and/or execution are available elsewhere.

During the fiscal years ended April 30, 2020, 2019, and 2018, the Manager received \$54,474, \$30,415, and \$46,776, respectively, of third party research products and services, as expressed in actual invoice dollars paid.

The Fund may invest in securities traded in the over-the-counter market. Transactions in the over-the-counter market are generally principal transactions with dealers and the costs of such transactions involve dealer spreads rather than brokerage commissions. The Fund, where possible, deals directly with the dealers who make a market in the securities involved except in those circumstances where better prices and execution are available elsewhere. When a transaction involves exchange listed securities, the Manager considers the advisability of effecting the transaction with a broker which is not a member of the securities exchange on which the security to be purchased is listed (i.e., a third market transaction) or effecting the transaction in the institutional or fourth market. Finally, the Fund may invest in initial public offerings.

The Manager has, and the Board regularly reviews, written brokerage allocation practices and trading policies and best execution evaluation procedures that govern its trading practices. These policies are generally designed to minimize conflicts of interest, comply with applicable regulatory requirements, and ensure that the Manager's clients are treated fairly over time, subject to exceptions specifically set forth therein. The Manager also has rules of conduct that, among other things, limit its employees' interaction with brokers and their representatives in order to avoid impropriety.

For the fiscal years ended April 30, 2020, 2019, and 2018, the Fund paid \$84,896, \$101,961, and \$458,115, respectively, in brokerage commissions.

#### **DETERMINATION OF NET ASSET VALUE**

The NAV and NAV per share of the Fund normally is determined at the time regular trading closes on the NYSE (currently 4:00 p.m., New York time, Monday through Friday) on each day that the NYSE is open for business. The NYSE is open Monday through Friday and recognizes the following holidays: New Year's Day, Martin Luther King, Jr. Day, President's Day, Good Friday, Memorial Day, Fourth of July, Labor Day, Thanksgiving Day, and Christmas Day. Any other holiday recognized by the NYSE will be considered a business holiday on which the NAV of shares of the Fund will not be calculated.

The NAV per share is computed by dividing the sum of the value of the securities held by the Fund plus any cash or other assets (including interest and dividends accrued but not yet received) minus all liabilities (including accrued expenses) by the total number of shares outstanding at such time, rounded to the nearest cent. Expenses, including the management fee payable to the Manager, are accrued daily.

Equity securities listed or traded on a national securities exchange or quoted on the over-the-counter market are valued at the last sale price on the day the valuation is made or, if no sale is reported, at the last bid price for long positions and at the last ask price for short positions. Valuations of fixed income securities are supplied by independent pricing services approved by the Board. Other assets and securities for which market quotations are not readily available are valued at fair value as determined in good faith by or under the direction of the Board.

## **THE DISTRIBUTOR**

Set forth below is further information about distribution of Fund shares, the Fund's Distributor and the Fund's Distribution Agreement. Reference is made to "Purchasing Shares" and "Redeeming Your Shares" in the Prospectus.

Effective February 1, 2019, Caldwell & Orkin and the Manager have entered into a distribution agreement (the "Distribution Agreement") with Ultimus Fund Distributors, LLC (the "Distributor"), whose principal address is 225 Pictoria Drive, Suite 450, Cincinnati, OH 45246. The Distributor is obligated to sell shares of the Fund on a best-efforts basis only against purchase orders for the shares. Shares of the Fund are offered to the public on a continuous basis. The Distributor is an affiliate of Ultimus.

The Distribution Agreement obligates the Distributor to provide certain services to the Fund in connection with the offering of the shares of the Fund. The Distribution Agreement had an initial term of two years (from February 1, 2019) and thereafter may be continued in effect for subsequent one year periods but only so long as such continuance is approved by (i) the Board, or (ii) vote of a majority of the outstanding voting securities of the Fund (as defined in the 1940 Act), provided that in either case the continuance is also approved by a majority of the Independent Directors of the Fund, by a vote cast in-person at a meeting called for the purpose of voting on such continuance. The Distribution Agreement is terminable without penalty by Caldwell & Orkin upon sixty (60) days written notice when authorized either by majority vote of its outstanding voting shares or by a vote of the Board (including a majority of the Independent Directors), or by the Distributor upon sixty (60) days written notice, and will automatically terminate in the event of its assignment (as defined in the 1940 Act). Under the Distribution Agreement, the Distributor is paid \$6,000 per annum for its services by the Manager.

## **ADMINISTRATOR, FUND ACCOUNTANT AND TRANSFER AGENT**

Ultimus Fund Solutions, LLC ("Ultimus"), 225 Pictoria Drive, Suite 450, Cincinnati, Ohio 45246, serves as the Administrator, Fund Accountant and Transfer Agent to the Fund pursuant to a Master Services Agreement (the "Services Agreement").

The Services Agreement provides that Ultimus shall not be liable for any error of judgment or mistake of law or for any loss suffered by the Fund in connection with the matters to which the Services Agreement relates, except a loss resulting from willful misfeasance, bad faith, gross negligence in the performance of Ultimus' duties, or reckless disregard of its obligations and duties thereunder.

As Administrator, Ultimus assists in supervising all operations of the Fund (other than those performed by the Manager under the Management Agreement). Ultimus has agreed to perform or arrange for the performance of the following services (under the Services Agreement, Ultimus may delegate all or any part of its responsibilities thereunder):

- prepares and assembles reports required to be sent to the Fund's shareholders and arranges for the printing and dissemination of such reports;
- assembles reports required to be filed with the SEC and files such completed reports with the SEC;
- arranges for the dissemination to shareholders of the Fund's proxy materials and oversees the tabulation of proxies;
- files the Fund's federal income and excise tax returns and the Fund's state and local tax returns;
- assists in monitoring compliance of the Fund's operations with the 1940 Act and with its investment policies and limitations; and
- makes such reports and recommendations to the Board as the Board reasonably requests or deems appropriate.

For providing these administration services, Ultimus received monthly fee based on its average daily net assets (subject to a minimum fee per month), plus out-of-pocket expenses.



As Fund Accountant, Ultimus maintains the accounting books and records for the Fund, including journals containing an itemized daily record of all purchases and sales of portfolio securities, all receipts and disbursements of cash and all other debits and credits, general and auxiliary ledgers reflecting all asset, liability, reserve, capital, income and expense accounts, including interest accrued and interest received, and other required separate ledger accounts. Ultimus also maintains a monthly trial balance of all ledger accounts; performs certain accounting services for the Fund, including calculation of the net asset value per share, calculation of the dividend and capital gain distributions, reconciles cash movements with the Custodian, verifies and reconciles with the Custodian all daily trade activities; provides certain reports; obtains prices used in determining net asset value; and prepares interim balance sheets, statements of income and expense, and statements of changes in net assets for the Fund. For providing these fund accounting services, Ultimus receives from each Fund a base monthly fee plus an asset-based fee.

As Transfer Agent, Ultimus performs the following services in connection with the Fund's shareholders: maintains records for each of the Fund's shareholders of record; processes shareholder purchase and redemption orders; processes dividend payments and reinvestments; and assists in the mailing of shareholder reports and proxy solicitation materials. For providing these shareholder services, Ultimus receives an annual per account fee, subject to a minimum fee per month.

The Services Agreement, unless otherwise terminated as provided in the Services Agreement, are renewed automatically for successive one-year periods. During the last three fiscal years Ultimus received the following fees from each Fund for its services as Administrator, Fund Accountant and Transfer Agent:

	Administration	Fund Accounting	Transfer Agent
Fiscal Year Ended April 30, 2020	\$20,833	\$21,801	\$9,750
Fiscal Year Ended April 30, 2019	\$30,000	\$32,195	\$19,711
Fiscal Year Ended April 30, 2018	\$50,033	\$33,983	\$27,942

## PURCHASE OF SHARES

Reference is made to "How to Purchase Shares" in the Prospectus. Set forth below is further information about the purchase of shares of the Fund.

The Distributor is also the principal underwriter of the Fund's shares. Eligible purchases of Fund shares may be made directly from the Distributor or from member firms of the Financial Industry Regulatory Authority ("FINRA") that have entered into dealer agreements with the Distributor, so long as the account is opened in the name of the investor (i.e., not opened through an Omnibus account for the benefit of the firm's clients) and the account satisfies any applicable minimum purchase requirements below. FINRA firms may charge a reasonable transaction fee for their services. Such transaction fees can be avoided by investing directly with the Fund through the Distributor which acts as agent for the Fund.

Investors opening a new account must complete an application, which can be obtained through the Distributor or a dealer. If the purchase is made through a dealer, the dealer will supply the Fund with the required account information. Orders for the purchase of Fund shares placed directly with the Fund are executed at the next determined NAV after receipt of a completed application form by the Distributor and receipt by the Fund's Custodian of the funds for investment. Dealers other than the Distributor have the responsibility for promptly transferring an investor's application and investment to the Fund and the Fund's Custodian. An order for the purchase of Fund shares placed through a dealer will be executed at the next determined NAV after receipt of the order from the dealer.

The Fund may accept securities in lieu of cash in payment for the purchase of shares in the Fund. The acceptance of such securities is at the sole discretion of the Manager based upon the suitability of the securities accepted for inclusion as a long-term investment of the Fund, the marketability of such securities, and other factors that the Manager may deem appropriate. If accepted, the securities will be valued using the same criteria and methods as described in "Fund Determination of Net Asset Value." If you wish to acquire the Fund's shares in exchange for securities you should contact the Manager at the address or telephone number shown on the cover page of the Prospectus. The Board reserves the right to terminate this policy at any time.

Investors may currently purchase shares of the Fund without a sales charge; however, the Fund reserves the right, upon sixty (60) days written notice to shareholders, to impose a sales load or other conditions on further purchases.

## REDEMPTION OF SHARES

**General.** Shareholders may request redemption of their shares at any time by mail or telephone as provided below. In order to discourage short-term trading and market timing, shareholders will be charged a 2.00% redemption fee upon the redemption of Fund shares where the redemption occurs within ninety (90) days following the issuance of such shares. The redemption fee will be deducted from redemption proceeds and retained by the Fund, for the benefit of the Fund's remaining shareholders. The redemption fee will not be paid to the Fund's Manager. In determining whether a redemption fee is payable and; if so, the amount of such fee, it will be assumed that shares held the longest period of time by a shareholder are the first to be redeemed. The redemption fee will not apply to shares purchased through the reinvestment of distributions (i.e., dividends and capital gains) or held in employer-sponsored retirement plans, such as 401(k) plans. The fee will apply to shares held through financial intermediaries (such as broker/dealer Omnibus accounts), IRA accounts and shares sold through a systematic withdrawal plan, however.

If you purchased shares through a financial intermediary, you should contact the intermediary for information about how a redemption fee would be applied to your shares. Note that your financial intermediary may charge additional or different fees for redeeming shares not described in the Prospectus. Those fees are not imposed by the Fund, and are not paid to the Fund.

The Fund reserves the right to waive, modify or discontinue the redemption fee at any time or from time to time, provided that such action will not materially harm the Fund and is consistent with the Fund's efforts to deter short-term trading.

**Payment.** The length of time the Fund typically expects to pay redemption proceeds is similar regardless of whether the payment is made by check, wire, or ACH. The Fund typically expects to pay redemption proceeds for shares redeemed within the following days after receipt by the Transfer Agent of a redemption request in proper form:

- For payment by check, the Fund typically expects to mail the check within one to three business days;
- For payment by wire or ACH, the Fund typically expects to process the payment within one to three business days.

Payment of redemption proceeds may take longer than the time the Fund typically expects and may take up to seven (7) days as permitted under the 1940 Act. Under unusual circumstances as permitted by the SEC, the Fund may suspend the right of redemption or delay payment of redemption proceeds for more than seven (7) days. When shares are purchased by check or through ACH, the proceeds from the redemption of those shares will not be paid until the purchase check or ACH transfer has been converted to federal funds, which could take up to fifteen (15) calendar days. Applicable wire transfer fees will be subtracted from the amount of the redemption.

The value of shares redeemed may be more or less than their original cost, depending on the Fund's then current NAV.

**Redemption Price.** The redemption price is the NAV next determined after the receipt of the redemption request by the Transfer Agent. Shares purchased by telephone may not be redeemed until after the Fund has received good payment.

By electing telephone purchase and redemption privileges, FINRA member firms, on behalf of themselves and their clients, agree that neither the Fund, the Distributor nor the Transfer Agent shall be liable for following instructions communicated by telephone and reasonably believed to be genuine. The Fund and its agents provide written confirmations of transactions initiated by telephone as a procedure designed to confirm that telephone instructions are genuine. In addition, all telephone transactions with the Transfer Agent are recorded. As a result of these and other policies, the FINRA member firms may bear the risk of any loss in the event of such a transaction. However, if the Transfer Agent or the Fund fails to employ this and other established procedures, the Transfer Agent or the Fund may be liable. The Fund reserves the right to modify or terminate these telephone privileges at any time. The right to redeem shares or to receive payment with respect to any such redemptions may be suspended for more than seven days only for periods during which trading on the New York Stock Exchange is restricted as determined by the SEC or such exchange is closed (other than customary weekend and holiday closings), or any period during which an emergency exists, as defined by the SEC, as a result of which disposal of portfolio securities or determination of the NAV of the Fund is not reasonably practicable, and for such other periods as the SEC may by order permit for the protection of shareholders of the Fund.

The Fund has made an election with the SEC to pay in cash all redemptions in cash that are requested by any shareholder of record limited in amount during any 90-day period to the lesser of \$250,000 or 1% of the net assets of the Fund at the beginning of such period. Such commitment is irrevocable without the prior approval of the SEC. Redemptions in excess of the above limits may be paid in whole or in part, in investment securities or in cash, as the Board may deem advisable.

**Other Redemption Information.** Generally, all redemptions will be paid in cash. The Fund typically expects to satisfy redemption requests by using holdings of cash or cash equivalents or selling portfolio assets. On a less regular basis, and if the Manager believes it is in the best interest of the Fund and its shareholders not to sell portfolio assets, the Fund may satisfy redemption requests by using short-term borrowing from the Fund's custodian. These methods normally will be used during both regular and stressed market conditions. In addition to paying redemption proceeds in cash, subject to the limitations above, the Fund reserves the right to make payment for a redemption in securities, which is known as a "redemption in kind." Redemptions in kind will be made only under extraordinary circumstances such as a very large redemption that could affect Fund operations (for example, more than 1% of the Fund's net assets) and if the Fund deems it advisable for the benefit of all shareholders. A redemption in kind will consist of securities equal in market value to the Fund shares being redeemed, using the same valuation procedures that the Fund uses to compute its NAV (see "Determination of Net Asset Value" in the Fund's Prospectus). Redemption in kind transactions will typically be made by delivering readily marketable securities to the redeeming shareholder within seven (7) days after the Fund's receipt of the redemption order in proper form. Readily marketable securities may include illiquid securities, which may take a while for the redeeming shareholder to sell. You will bear the market risks associated with maintaining or selling the securities that are transferred as redemption proceeds. In addition, when you sell these securities, you will pay taxes and brokerage charges associated with selling the securities.

## SHAREHOLDER SERVICES

The Fund offers the following shareholder services designed to facilitate investment in its shares.

**Investment Account.** Each shareholder who purchases shares directly from the Fund through the Distributor has an investment account and will receive quarterly statements from the Transfer Agent as well as confirmation statements after each transaction. The quarterly statement will show the cumulative activity in the account since the beginning of the year. After the end of each year, shareholders will receive Federal income tax information regarding dividend and capital gain distributions.

**Reinvestment of Dividends and Capital Gains Distributions.** Unless specific instructions are given to pay dividends and capital gains distributions as cash, dividends and distributions will automatically be reinvested in additional shares of the Fund. Such reinvestment will be at the NAV of shares of the Fund, without a sales charge, as of the close of business on the ex-dividend date of the dividend or distribution. Shareholders may elect in writing to receive either their income dividends or capital gains distributions, or both, in cash, in which event payment will be mailed on the payment date.

Shareholders may, at any time, notify the Transfer Agent in writing that they no longer wish to have their dividends and/or distributions reinvested in shares of the Fund or vice versa and, commencing ten days after the receipt by the Transfer Agent of such notice, those instructions will be effected.

**Internet Access to Fund Account Information.** You can easily access your Fund account information 24 hours a day by registering for online access at <https://gatorcapital.com/mutual-funds/gator-capital-long-short-fund/>. A shareholder with online access may also sign up for electronic delivery ("eDelivery"), which will allow the shareholder to receive statements, confirmation statements and/or regulatory documents (prospectuses, annual reports) via electronic distribution rather than hard copy distribution via postal mail. If you have any questions regarding internet access to Fund information, please call a shareholder services representative at (800) 467-7903.

**Market Timing Arrangements.** The Fund has not entered into any arrangements with any person that would permit frequent purchases and frequent redemptions. The Board has determined to discourage market timing and disruptive trading in the Fund and has adopted policies and procedures with respect to market timing and disruptive trading.

## **DIVIDENDS, DISTRIBUTIONS AND TAXES**

**Dividends and Distributions.** The Fund intends to distribute all of its net investment income and net realized long- and short-term capital gains, if any, to its shareholders at least annually after the close of the Fund's fiscal year. See "Shareholder Services - Reinvestment of Dividends and Capital Gains Distributions" for information concerning the manner in which dividends and distributions may be automatically reinvested in shares of the Fund. Shareholders may elect in writing to receive any such dividends or distributions, or both, in cash. Dividends and distributions are taxable to shareholders as discussed below whether they are reinvested in shares of the Fund or received in cash.

**Taxes.** The following summarizes certain additional U.S. federal income tax considerations generally affecting the Fund and its shareholders that are not described in the Prospectus. No attempt is made to present a detailed explanation of the tax treatment of the Fund or its shareholders. The discussions here and in the Prospectus are not intended as a substitute for careful tax planning and are based on tax laws and regulations that are in effect on the date hereof; such laws and regulations may be changed by legislative, judicial, or administrative action possibly with retroactive effect. Shareholders are advised to consult their tax advisors to determine the tax consequences to them of investing in the Fund with specific reference to their own tax situations.

In addition, no attempt is made to address tax concerns applicable to an investor with a special tax status such as a financial institution, real estate investment trust, insurance company, regulated investment company ("RIC"), individual retirement account, other tax-exempt entity, dealer in securities or non-U.S. investor. Furthermore, this discussion does not reflect possible application of the alternative minimum tax ("AMT"). Unless otherwise noted, this discussion assumes shares of the Fund are held by U.S. shareholders and that such shares are held as capital assets.

The Fund and any other series of Caldwell & Orkin will be treated as a separate corporate entity under the Internal Revenue Code of 1986, as amended, and each intends to qualify and remain qualified as a regulated investment company under Subchapter M of the Code. In order to so qualify, the Fund must elect to be a regulated investment company or have made such an election for a previous year and must satisfy certain requirements relating to the amount of distributions and source of its income for a taxable year. At least 90% of the gross income of the Fund must be derived from (i) dividends, interest, payments with respect to securities loans, gains from the sale or other disposition of stocks, securities, or foreign currencies, and other income derived with respect to the Fund's business of investing in such stock, securities, or currencies, and (ii) net income derived from an investment in a "qualified publicly traded partnership" as defined in Section 851(h) of the Code. A "qualified publicly traded partnership" is generally defined as a publicly traded partnership under Internal Revenue Code section 7704. However, for these purposes, a qualified publicly traded partnership does not include a publicly traded partnership if 90% or more of its income is described in (i) above. Any income derived by the Fund from a partnership (other than a qualified publicly traded partnership) or trust is treated as derived with respect to the Fund's business of investing in stock, securities, or currencies only to the extent that such income is attributable to items of income that would have been qualifying income if realized by the Fund in the same manner as by the partnership or trust.

If a RIC fails this 90% source-of-income test it is no longer subject to a tax penalty as long as such failure was due to reasonable cause and not willful neglect. Instead, the amount of the penalty for non-compliance is the amount by which the non-qualifying income exceeds one-ninth of the qualifying gross income.

An investment company may not qualify as a regulated investment company for any taxable year unless it satisfies certain requirements with respect to the diversification of its investments at the close of each quarter of the taxable year. In general, at least 50% of the value of the Fund's total assets must be represented by cash, cash items, government securities, securities of other regulated investment companies, and other securities which, with respect to any one issuer, do not represent more than 5% of the total assets of the Fund nor more than 10% of the outstanding voting securities of such issuer. In addition, not more than 25% of the value of the Fund's total assets may be invested in the securities (other than government securities or the securities of other regulated investment companies) of any one issuer; the securities of two or more issues (other than securities of another regulated investment company) if the issuers are controlled by the Fund and they are, pursuant to IRS regulations, engaged in the same or similar or related trades or businesses; or the securities of one or more publicly traded partnerships. The Fund intends to satisfy all requirements on an ongoing basis for continued qualification as a regulated investment company.

If a regulated investment company fails this asset-diversification test, such investment company, in addition to other cure provisions previously permitted, has a 6-month period to correct any failure without incurring a penalty if such failure is “de minimis.” Such cure right is similar to that previously and currently permitted for a REIT. Similarly, if a regulated investment company fails this asset-diversification test and the failure is not de minimis, a regulated investment company can cure such failure if: (a) the regulated investment company files a description of each asset that causes the investment company to fail the diversification tests; (b) the failure is due to reasonable cause and not willful neglect; and (c) the failure is cured within six months (or such other period specified by the Treasury) of the date of the discovery of such failure. In such cases, a tax is imposed on the regulated investment company equal to the greater of: (a) \$50,000 or (b) an amount determined by multiplying the highest rate of tax (currently 21%) by the amount of net income generated during the period of the diversification test failure by the assets that caused the regulated investment company to fail the diversification test.

Certain qualifying corporate dividends are taxable at long-term capital gains tax rates to individuals. For 2020, individual taxpayers with taxable incomes above \$441,450 (\$496,600 for married taxpayers filing jointly and \$469,050 for heads of households) are subject to a 20% rate of tax on long-term capital gains and qualified dividends. For individual taxpayers with taxable incomes not in excess of \$40,000 (\$80,000 for married taxpayers filing jointly and \$53,600 for heads of household), the long-term capital gains rate and rate on qualified dividends is 0%. All other taxpayers are subject to a maximum 15% rate of tax on long-term capital gains and qualified dividends. The above income thresholds are subject to an annual adjustment for inflation. Some, but not all, of the dividends paid by the Fund may be taxable at the reduced long-term capital gains tax rate for individual shareholders. If the Fund designates a dividend as qualified dividend income, it generally will be taxable to individual shareholders at the long-term capital gains tax rate, provided certain holding period requirements are met.

Taxable dividends paid by the Fund to corporate shareholders will be taxed at corporate income tax rates. Corporate shareholders may be entitled to a dividends received deduction (“DRD”) for a portion of the dividends paid and designated by the Fund as qualifying for the DRD.

If the Fund designates a dividend as a capital gains distribution, it generally will be taxable to shareholders as long-term capital gains, regardless of how long the shareholders have held their Fund shares or whether the dividend was received in cash or reinvested in additional shares. All taxable dividends paid by the Fund other than those designated as qualified dividend income or capital gains distributions will be taxable as ordinary income to shareholders, whether received in cash or reinvested in additional shares. To the extent the Fund engages in increased portfolio turnover, short-term capital gains may be realized, and any distribution resulting from such gains will be considered ordinary income for federal tax purposes.

Shareholders who hold Fund shares in a tax-deferred account, such as a retirement plan, generally will not have to pay tax on Fund distributions until they receive distributions from their account.

Each series of Caldwell & Orkin, including the Fund, will designate the following: (a) any dividend of qualified dividend income as qualified dividend income; (b) any tax-exempt dividend as an exempt-interest dividend; (c) any distribution of long-term capital gains as a capital gain dividend; and (d) any dividend eligible for the corporate dividends received deduction as such in a written notice provided to shareholders after the close of the series’ taxable year. Shareholders should note that, upon the sale or exchange of series shares, if the shareholder has not held such shares for at least six months, any loss on the sale or exchange of those shares will be treated as long-term capital loss to the extent of the capital gain dividends received with respect to the shares.

To the extent that a distribution from the Fund is taxable, it is generally included in a shareholder's gross income for the taxable year in which the shareholder receives the distribution. However, if the Fund declares a dividend in October, November or December, but pays it in January, it will be taxable to shareholders of the Fund as if the dividend was received in the year it was declared. Every year, each shareholder of the Fund will receive a statement detailing the tax status of any Fund distributions for that year.

Certain individuals, estates and trusts must pay a 3.8% Medicare surtax on "net investment income" including, among other things, dividends and proceeds of sale in respect of securities like the shares, subject to certain exceptions. Prospective shareholders should consult with their own tax advisors regarding the effect, if any, of this surtax on their ownership and disposition of the shares.

A 4% nondeductible excise tax is imposed on regulated investment companies that fail to currently distribute an amount equal to specified percentages of their ordinary taxable income and capital gain net income (excess of capital gains over capital losses). The Fund intends to make sufficient distributions or deemed distributions of its ordinary taxable income and any capital gain net income prior to the end of each calendar year to avoid liability for this excise tax.

If for any taxable year the Fund does not qualify for the special federal income tax treatment afforded regulated investment companies, all of its taxable income will be subject to federal income tax at regular corporate rates (without any deduction for distributions to its shareholders). In such event, dividend distributions (whether or not derived from interest on tax-exempt securities) would be taxable as qualified dividends to individual shareholders, to the extent of the Fund's current and accumulated earnings and profits, and would be eligible for the dividends received deduction for corporations, provided in each case that certain holding period and other requirements are met.

In general, a shareholder who sells or redeems shares will realize a capital gain or loss, which will be long-term or short-term depending upon the shareholder's holding period for the Fund's shares. An exchange of shares may be treated as a sale and any gain may be subject to tax.

The Fund will be required, in certain cases, to withhold and remit to the U.S. Treasury a percentage equal to the fourth lowest tax rate for unmarried individuals (presently 24%) of taxable dividends or of gross proceeds realized upon sale paid to shareholders who have failed to provide a correct taxpayer identification number in the manner required, who are subject to withholding by the IRS for failure to include properly on their return payments of taxable interest or dividends, or who have failed to certify to the Fund that they are not subject to backup withholding when required to do so, or that they are "exempt recipients."

Depending upon the extent of the Fund's activities in states and localities in which its offices are maintained, in which its agents or independent contractors are located, or in which it is otherwise deemed to be conducting business, the Fund may be subject to the tax laws of such states or localities. In addition, in those states and localities that have income tax laws, the treatment of the Fund and its shareholders under such laws may differ from their treatment under federal income tax laws.

Dividends paid by the Fund to non-U.S. shareholders may be subject to U.S. withholding tax at the rate of 30% unless reduced by treaty (and the shareholder files a valid IRS Form W-8BEN, or other applicable form, with the Fund certifying foreign status and treaty eligibility) or the non-U.S. shareholder files an IRS Form W-8ECI, or other applicable form, with the Fund certifying that the investment to which the distribution relates is effectively connected to a United States trade or business of such non-U.S. shareholder (and, if certain tax treaties apply, is attributable to a United States permanent establishment maintained by such non-U.S. shareholder). A Fund may elect not to withhold the applicable withholding tax on any distribution representing a capital gain dividend to a non-U.S. shareholder. Special rules may apply to non-U.S. shareholders with respect to the information reporting requirements and withholding taxes and non-U.S. shareholders should consult their tax advisors with respect to the application of such reporting requirements and withholding taxes.

Under sections 1471 through 1474 of the Code, known as "FATCA", the Fund is required to withhold U.S. tax at a rate of 30% on payments of taxable dividends made to certain non-U.S. entities that fail to comply (or be deemed compliant) with the extensive reporting and withholding requirements under FATCA designed to inform the U.S. Treasury of certain U.S. owned foreign assets and accounts. Shareholders may be requested to provide additional information to the Fund to enable it to determine whether FATCA withholding is required. The Fund will disclose the information that it receives from (or concerning) its shareholders to the IRS, non-U.S. taxing authorities or other parties as necessary to comply with FATCA, related intergovernmental agreements or other applicable law or regulation. 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.

Mutual funds are required to report to the IRS and furnish to fund shareholders the cost basis information for fund shares purchased on or after January 1, 2012, and sold on or after that date. In addition to the present law requirement to report the gross proceeds from the sale of Fund shares, the Fund is also required to report the cost basis information for such shares and indicate whether these shares had a short-term or long-term holding period. In the absence of an election by a shareholder to elect from available IRS accepted cost basis methods, the Fund will use a default cost basis method. The cost basis method elected or applied may not be changed after the settlement date of a sale of Fund shares. Fund shareholders should consult with their tax advisers concerning the most desirable IRS-accepted cost basis method for their tax situation and to obtain more information about how the new cost basis reporting law applies to them. The requirement to report only the gross proceeds from the sale of Fund shares will continue to apply to all fund shares acquired through December 31, 2011, and sold on and after that date.

The Fund will send shareholders information each year on the tax status of dividends and distributions. A dividend or capital gains distribution paid shortly after shares have been purchased, although in effect a return of investment, is subject to federal income taxation. Dividends from net investment income, along with capital gains, will be taxable to shareholders, whether received in cash or reinvested in Fund shares and no matter how long the shareholder has held Fund shares, even if they reduce the NAV of shares below the shareholder's cost, and thus, in effect, result in a return of a part of the shareholder's investment.

### **ADDITIONAL INFORMATION ON PERFORMANCE**

From time to time, the total return of the Fund may be quoted in advertisements, sales literature, shareholder reports, or other communications to shareholders. The "average annual total return" of the Fund refers to the average annual compounded rate of return over the stated period that would equate an initial investment in the Fund at the beginning of the period to its ending redeemable value, assuming reinvestment of all dividends and distributions and deduction of all recurring charges, other than charges and deductions which may be imposed under the Fund's contracts. When considering "average annual total return" figures for periods longer than one year, it is important to note that the Fund's annual total return for any given year might have been greater or less than its average for the entire period. "Cumulative total return" represents the total change in value of an investment in the Fund for a specified period (again reflecting changes in the Fund's share prices and assuming reinvestment of the Fund's distributions).

The following is a brief description of how performance is calculated. Quotations of average annual total return for the Fund will be expressed in terms of the average annual compounded rate of return of a hypothetical investment in the Fund over periods of one year, five years and ten years or since inception (as applicable). These are the average annual total rates of return that would equate the initial amount invested to the ending redeemable value.

The average annual total return (before taxes) is calculated by finding the average annual compounded rates of return over the applicable period that would equate the initial amount invested to the ending value using the following formula:

$$P(1+T)^n = ERV$$

Where P = a hypothetical initial payment of \$1,000

T = average annual total return

n = number of years

ERV = Ending Redeemable Value of a hypothetical initial payment of \$1,000

The average annual total return (after taxes on distributions) is calculated by finding the average annual compounded rates of return over the applicable period that would equate the initial amount invested to the ending value using the following formula:

$$P(1+T)^n = ATV_D$$

Where P = a hypothetical initial payment of \$1,000

T = average annual total return (after taxes on distributions)

n = number of years

ATV<sub>D</sub> = Ending Redeemable Value of a hypothetical initial payment of \$1,000, after taxes on Fund distributions but not after taxes on redemption

The average annual total return (after taxes on distributions and sale of the Fund's shares) is calculated by finding the average annual compounded rates of return over the applicable period that would equate the initial amount invested to the ending value using the following formula:

$$P(1+T)^n = ATV_{DR}$$

Where P = a hypothetical initial payment of \$1,000

T = average annual total return (after taxes on distributions and redemptions)

n = number of years

ATV<sub>DR</sub> = Ending Redeemable Value of a hypothetical initial payment of \$1,000, after taxes on the Fund's distributions and redemption

The calculation of average annual total return and aggregate total return assume an initial \$1,000 investment and that there is a reinvestment of all dividends and capital gain distributions on the reinvestment dates during the period. The ending redeemable value is determined by assuming complete redemption of the hypothetical investment and the deduction of all nonrecurring charges at the end of the period covered by the computations. These performance quotations should not be considered as representative of the Fund's future performance.

The Fund's performance may be compared in advertisements, sales literature, shareholder reports, and other communications to the performance of other mutual funds having similar objectives or to standardized indices or other measures of investment performance. The Fund may also measure performance against the applicable indices. Comparative performance may also be expressed by reference to a ranking prepared by a mutual fund monitoring service or by one or more newspapers, newsletters, or financial periodicals. The Fund may also occasionally cite statistics to reflect its volatility and risk. The Fund may also compare its performance to other published reports of the performance of unmanaged portfolios of companies. The performance of such unmanaged portfolios generally does not reflect the effects of dividends or dividend reinvestment. Of course, there can be no assurance the Fund will experience the same results. Performance comparisons may be useful to investors who wish to compare the Fund's past performance to that of other mutual funds and investment products. Past performance is not a guarantee of future results.

The Fund's performance fluctuates on a daily basis largely because net earnings and NAV per share fluctuate daily. Both net earnings and NAV per share are factors in the computation of total return as described above.

As indicated, from time to time the Fund may advertise its performance compared to similar funds or portfolios using certain indices, reporting services, and financial publications. These may include the following:



- **Lipper Analytical Services, Inc.** ranks funds in various categories by making comparative calculations using total return. Total return assumes the reinvestment of all capital gains distributions and income dividends and takes into account any change in NAV over a specific period of time.
- **Morningstar, Inc.**, an independent rating service, is the publisher of the monthly FundInvestor newsletter. FundInvestor rates more than 7,000 mutual funds of all types according to perceived long-term prospects. The maximum rating is five stars.

Shareholders may use such indices in addition to the Prospectus to obtain a more complete view of the Fund's performance before investing. When comparing the Fund's performance to any index, factors such as composition of the index and prevailing market conditions should be considered in assessing the significance of such comparisons. When comparing the Fund's performance to other investment fund options, shareholders should take into consideration any relevant differences between the applicable fund and comparative funds, such as permitted portfolio compositions and methods used to value portfolio securities and to compute offering price. Advertisements and other sales literature for the Fund may quote total returns that are calculated on non-standardized base periods. The total returns represent the historic change in the value of an investment in the Fund based on monthly reinvestment of dividends over a specified period of time.

From time to time the Fund may include in advertisements and other communications charts and illustrations relating to inflation and the effects of inflation on the dollar, including the purchasing power of the dollar at various rates of inflation. The Fund may also disclose from time to time information about its portfolio allocation and holdings at a particular date (including ratings of securities assigned by independent rating services such as S&P and Moody's). The Fund may also depict the historical performance of the securities in which it may invest over periods reflecting a variety of market or economic conditions either alone or in comparison with alternative investments, performance indices of those investments, or economic indicators. The Fund may also include in advertisements and in materials furnished to present and prospective shareholders statements or illustrations relating to the appropriateness of types of securities and/or mutual funds that may be employed to meet specific financial goals, such as saving for retirement, children's education, or other future needs.

#### **PRINCIPAL SHAREHOLDERS**

As of August 3, 2020, the following entities were known by the Fund to be record owners of five percent or more of the outstanding stock of the Fund:

<u>Name and Address of Beneficial Owner</u>	<u>Percent of Class</u>
Michael B. Orkin 410 Verdi Lane Atlanta, GA 30350	17.84%
National Financial Services, LLC 499 Washington Blvd. FL 5 Jersey City, NJ 07310	15.82%
Charles Schwab & Co., Inc. 101 Montgomery Street San Francisco, CA 94104	8.86%
Ameritrade, Inc. P.O. Box 2226 Omaha, NE 68103	6.67%

As of August 3, 2020, the Officers and Directors of Caldwell & Orkin and the Manager, as a group, own 2.17% of the outstanding shares of the Fund.

## INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Tait, Weller & Baker LLP, Two Liberty Place, 50 South 16<sup>th</sup> Street, Suite 2900, Philadelphia, PA 19102-2529, has been selected as the independent registered public accounting firm of the Fund. The independent registered public accounting firm is responsible for auditing the financial statements of the Fund.

## CUSTODIAN

The Custodian, U.S. Bank National Association, the principal address of which is OH-US Bank Tower, Cincinnati, 425 Walnut Street, Cincinnati, OH 45202, acts as custodian of the Fund's assets. The Custodian is responsible for safeguarding and controlling the Fund's cash and securities, handling the delivery of securities and collecting interest on the Fund's investments.

## LEGAL COUNSEL

Kilpatrick Townsend & Stockton LLP ("Kilpatrick Townsend"), 1001 West Fourth Street, Winston-Salem, NC 27101, serves as counsel for the Fund.

## GENERAL INFORMATION

**Description of Shares.** Caldwell & Orkin was incorporated under Maryland law on August 15, 1989. It has an authorized capital of 45,000,000 shares of common stock, par value \$0.10 per share, 30,000,000 shares of which have been classified as shares of the Fund. The Board has the power to authorize and issue additional classes of stock, without stockholder approval, by classifying or reclassifying unissued stock, subject to the requirements of applicable Maryland law and the 1940 Act. In the event of liquidation, each share of common stock is entitled to a pro rata portion of the Fund's assets after payment of the Fund's debts and expenses. Shareholders of the Fund are entitled to one vote for each share held and fractional votes for fractional shares held and will vote on the election of Directors and any other matter submitted to a shareholder vote. In addition, Shareholders have the right to remove Directors. The Fund does not intend to hold meetings of shareholders in any year in which applicable Maryland law does not require shareholders to act upon any of the following matters: (i) election of Directors; (ii) approval of an investment advisory agreement; (iii) approval of a distribution agreement; and (iv) ratification of selection of independent auditors. Voting rights for Directors are not cumulative. Shares issued are fully paid and non-assessable and have no preemptive or conversion rights.

**Indemnification of Officers and Directors.** A Director or Officer of Caldwell & Orkin shall not be liable to the Fund or its shareholders for monetary damages. See the Article of Incorporation and Bylaws on file with the SEC for the full text of these provisions.

**Reports to Shareholders.** The Fund's fiscal year ends on April 30 of each year. The Fund sends to its shareholders at least semi-annually reports showing the Fund's portfolio and other information. The Annual Report, containing financial statements audited by the Fund's independent auditors, is sent to shareholders each year.

**Additional Information.** The Prospectus and this SAI do not contain all the information set forth in the Registration Statement and the exhibits relating thereto, which Caldwell & Orkin has filed with the SEC, Washington, D.C., under the Securities Act of 1933 and the 1940 Act, to which reference is hereby made.

**Automated Telephone Access to Fund Information.** The Fund's current closing NAV is available 24 hours a day, 7 days a week by calling (800) 467-7903. Additionally, shareholders who purchase Fund shares directly from the Distributor can also obtain their account value, share balance, recent transaction information, distribution information and request a fax of their account statement by calling (800) 467-7903.

**FINANCIAL STATEMENTS AND REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

The financial statements of the Fund for the fiscal year ended April 30, 2020 were audited by Tait, Weller & Baker LLP, the Fund's independent registered public accounting firm, and are incorporated by reference from the Fund's 2020 Annual Report to Shareholders. A copy of such report accompanies this SAI. Additional copies are available, without charge, by calling the Fund at (800) 467-7903.

## APPENDIX A RATINGS OF CORPORATE DEBT OBLIGATIONS

The Fund may acquire from time to time debt securities as described in the Prospectus and this SAI. The Fund is not restricted with respect to yield, maturity, or credit quality of any debt securities, so that the Fund may purchase debt securities that are of high quality “investment grade” (“Investment-Grade Debt Securities”) or of lower quality with significant risk characteristics (e.g., “junk bonds”). The various ratings used by nationally recognized statistical rating organizations (each an “NRSRO”) are described below.

A rating by an NRSRO represents the organization’s opinion as to the credit quality of the security being rated. However, the ratings are general and are not absolute standards of quality or guarantees as to the creditworthiness of an issuer. Consequently, the Manager believes that the quality of Investment-Grade Debt Securities in which the Fund may invest should be continuously reviewed and that individual analysts give different weightings to the various factors involved in credit analysis. A rating is not a recommendation to purchase, sell, or hold a security, because it does not take into account market value or suitability for a particular investor. When a security has received a rating from more than one NRSRO, each rating is evaluated independently. Ratings are based on current information furnished by the issuer or obtained by the NRSROs from other sources that they consider reliable. Ratings may be changed, suspended, or withdrawn as a result of changes in or unavailability of such information, or for other reasons.

**S&P® GLOBAL RATINGS.** The following summarizes the highest four ratings used by S&P Global Ratings (“S&P”), a division of S&P Global, Inc., for bonds which are deemed to be Investment-Grade Debt Securities by the Manager:

**AAA** –An obligation rated “AAA” has the highest rating assigned by S&P. The obligor’s capacity to meet its financial commitments 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 commitments 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 weaken the obligor’s capacity to meet its financial commitments on the obligation.

Obligations rated ‘BB’, ‘B’, ‘CCC’, ‘CC’, ‘C’ and ‘D’ are not considered by the Manager to be Investment-Grade Debt Securities and are regarded as having significant speculative characteristics. BB indicates the least degree of speculation and ‘C’ the highest. An obligation rated ‘D’ is in default or in breach of an implied promise. While such obligations will likely have some quality and protective characteristics, these may be outweighed by large uncertainties or major exposures to adverse conditions.

The ratings from “AA” to “CCC” may be modified by the addition of a plus (+) or minus (-) sign to show relative standing within the major rating categories.

A short-term obligation rated “A-1” is rated in the highest category by S&P and indicates that the obligor’s capacity to meet its financial commitments 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 commitments on these obligations is extremely strong. 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 commitments on the obligation is satisfactory.

The rating SP-1 is the highest rating assigned by S&P to short term municipal notes and indicates strong capacity to pay principal and interest. An issue determined to possess a very strong capacity to pay debt service is given a plus (+) designation. The rating SP-2 indicates a satisfactory capacity to pay principal and interest, with some vulnerability to adverse financial and economic changes over the term of the notes. The rating SP-3 indicates a speculative capacity to pay principal and interest.

**MOODY'S INVESTORS SERVICE, INC.** Ratings assigned on Moody's Investors Service, Inc. ("Moody's") global long-term and short-term rating scales are forward-looking opinions of the relative credit risk of financial obligations issued by non-financial corporates, financial institutions, structured finance vehicles, project finance vehicles, and public sector entities. Long-term ratings are assigned to issuers or obligations with an original maturity of one year or more and reflect both the likelihood of a default or impairment on contractual financial obligations and the expected financial loss suffered in the event of default or impairment. The highest four ratings are deemed to be Investment-Grade Debt Securities by the Manager:

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.

Obligations which are rated Ba, B, Caa, Ca or C by Moody's are not considered Investment-Grade Debt Securities by the Manager. Obligations rated Ba are judged to be speculative and are subject to substantial credit risk. Obligations rated B are considered speculative and are subject to high credit risk. Obligations rated Caa are judged to be speculative of poor standing and are subject to very high credit risk.

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.

#### **Short-Term Ratings**

Moody's short-term ratings are assigned to obligations with an original maturity of thirteen months or less and reflect both on the likelihood of a default or impairment on contractual financial obligations and the expected financial loss suffered in the event of default or impairment.

Moody's employs the following designations to indicate the relative repayment ability of rated issuers:

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.

#### **US Municipal Short-Term Debt and Demand Obligation Ratings**

Short-Term Obligation Ratings – Moody's uses the global short-term Prime rating scale for commercial paper issued by U.S. municipalities and nonprofits. These commercial paper programs may be backed by external letters of credit or liquidity facilities, or by an issuer's self-liquidity. For other short-term municipal obligations, Moody's uses one of two other short-term rating scales, the Municipal Investment Grade (MIG) and Variable Municipal Investment Grade (VIMG) scales discussed below.

The MIG scale is used to rate U.S. municipal cash flow notes, bond anticipation notes and certain other short-term obligations which typically mature in three years or less. Under certain circumstances, Moody's uses the MIG scale for bond anticipation notes with maturities of up to five years.

MIG 1 – This designation denotes superior credit quality. Excellent protection is afforded by established cash flows, highly reliable liquidity support, or demonstrated broad-based access to the market for refinancing.

MIG 2 – This designation denotes strong credit quality. Margins of protection are ample, although not as large as in the preceding group.

MIG 3 – This designation denotes acceptable credit quality. Liquidity and cash-flow protection may be narrow, and market access for refinancing is likely to be less well-established.

SG – This designation denotes speculative-grade credit quality. Debt instruments in this category may lack sufficient margins of protection.

Demand Obligation Ratings – In the case of variable rate demand obligations (VRDOs), a two-component rating is assigned. The components are a long-term rating and a short-term demand obligation rating. The long-term rating addresses the issuer's ability to meet scheduled principal and interest payments. The short-term demand obligation rating addresses the ability of the issuer or the liquidity provider to make payments associated with the purchase-price-upon-demand feature ("demand feature") of the VRDO. The short-term demand obligation rating uses the Variable Municipal Investment Grade (VMIG) scale. VMIG ratings with liquidity support use as an input the short-term Counterparty Risk Assessment of the support provider, or the long-term rating of the underlying obligor in the absence of third-party liquidity support. Transitions of VMIG ratings of demand obligations with conditional liquidity support differ from transitions on the Prime scale to reflect the risk that external liquidity support will terminate if the issuer's long-term rating drops below investment grade.

Moody's typically assigns the VMIG short-term demand obligation if the frequency of the demand feature is less than every three years. If the frequency of the demand feature is less than three years but the purchase price is payable only with remarketing proceeds, the short-term obligation rating is "NR".

VMIG 1 – This designation denotes superior credit quality. Excellent protection is afforded by the superior short-term credit strength of the liquidity provider and structural and legal protections that ensure the timely payment of purchase price upon demand.

VMIG 2 – This designation denotes strong credit quality. Good protection is afforded by the strong short-term credit strength of the liquidity provider and structural and legal protections that ensure the timely payment of purchase price upon demand.

VMIG 3 – This designation denotes acceptable credit quality. Adequate protection is afforded by the satisfactory short-term credit strength of the liquidity provider and structural and legal protections that ensure the timely payment of purchase price upon demand.

SG – This designation denotes speculative-grade credit quality. Demand features rated in this category may be supported by a liquidity provider that does not have a sufficiently strong short-term rating or may lack the structural and/or legal protections necessary to ensure the timely payment of purchase price upon demand.

**FITCH RATINGS.** The following summarizes the highest four ratings used by Fitch Ratings, Inc. ("Fitch"):

## National Long-Term Credit Ratings

AAA – “AAA” National Ratings denote the highest rating assigned by Fitch in its National Rating scale for that country. This rating is assigned to issuers or obligations with the lowest expectation of default risk relative to all other issuers or obligations in the same country or monetary union.

AA – “AA” National Ratings denote expectations of very low default risk relative to other issuers or obligations in the same country or monetary union. The default risk inherent differs only slightly from that of the country’s highest rated issuers or obligations.

A – “A” National Ratings denote expectations of low default risk relative to other issuers or obligations in the same country or monetary union.

BBB – “BBB” National Ratings denote a moderate default risk relative to other issuers or obligations in the same country or monetary union.

Long-term securities rated below BBB by Fitch are not considered by the Manager to be Investment-Grade Debt Securities. Securities rated BB denote an elevated default risk relative to other issuers or obligations in the same country or monetary union, and securities rated B denote a significantly elevated level of default risk relative to other issues or obligations in the same country or monetary union. A rating CCC denotes a very high level of default risk relative to other issues or obligations in the same country or monetary union and a rating CC denotes the level of default risk is among the highest relative to other issuers or obligations in the same country or monetary union. A rating C denotes that a default or default-like process has begun, or the issuer is in standstill, or for a closed funding vehicle, payment capacity is irrevocably impaired. Conditions that are indicative of a C category rating for an issuer include: the issuer has entered into a grace or cure period following non-payment of a material financial obligation, the issuer has entered into a temporary negotiated waiver or standstill agreement following a payment default on a material financial obligation; the formal announcement by the issuer of their agent of a distressed debt exchange; and a closed financing vehicle where payment capacity is irrevocably impaired such that it is not expected to pay interest and/or principal in full during the life of the transaction, but where no payment default is imminent. RD ratings indicate an issuer that, in Fitch’s opinion, has experienced an uncured payment default on a bond, loan or other material financial obligation but that has not entered into bankruptcy filings, administration, receivership, liquidation or other formal winding-up procedure and has not otherwise ceased business. This would include the selective payment default on a specific class or currency of debt, the uncured expiry of any applicable grace period, cure period or default forbearance period following a payment default on a bank loan, capital markets security or other material financial obligation, the extension of multiple waivers or forbearance periods upon a payment default on one or more material financial obligations, either in series or in parallel, or execution of a distressed debt exchange on one or more material financial obligations. D ratings denote an issuer that has entered into bankruptcy filings, administration, receivership, liquidation or other formal winding-up procedure or that has otherwise ceased business.

Note: A “+” or “-” may be appended to a National Rating to denote relative status within a major rating category. Such suffixes are not added to the AAA National Rating category or to categories below CCC.

## National Short-Term Credit Ratings

F1 – Indicates the strongest capacity for timely payment of financial commitments relative to other issuers or obligations in the same country. Under the Fitch’s National Rating scale, this rating is assigned to the lowest default risk relative to others in the same country or monetary union. Where the liquidity profile is particularly strong, a “+” is added to the assigned rating.

F2 – Indicates a good capacity for timely payment of financial commitments relative to other issuers or obligations in the same country or monetary union. However, the margin of safety is not as great as in the case of the higher ratings.

F3 – Indicates an adequate capacity for timely payment of financial commitments relative to other issuers or obligations in the same country or monetary union.

B – Indicates an uncertain capacity for timely payment of financial commitments relative to other issuers or obligations in the same country or monetary union.

Short-term rates B, C, RD and D by Fitch are considered by the Manager to be below Investment-Grade Debt Securities. Short-term securities rated C indicates a highly uncertain capacity for timely payment of financial commitments relative to other issuers or obligations in the same country or monetary union. Short-term securities rated RD indicates an entity that has defaulted on one or more of its financial commitments, although it continues to meet other financial obligations. RD ratings are applicable to entity ratings only. Short-term securities rated D indicate a broad-based default event for an entity, or the default of a short-term obligation.

Note: A (+) or (-) may be appended to a National Rating to denote relative status within a major rating category. Such suffixes are not added to Short-Term National Ratings other than F-1.

While the foregoing descriptions of the ratings systems used by the Manager distinguish between Investment-Grade Debt Securities and more speculative debt securities, as stated above the Fund is not limited with respect to the yield, maturity or credit quality of the debt securities in which it invests. Accordingly, the Fund's portfolios may be invested in Investment-Grade Debt Securities or debt securities that are not Investment-Grade Debt Securities in any proportion.



## APPENDIX B

### PROXY VOTING POLICIES AND PROCEDURES

#### 1. CALDWELL & ORKIN - GATOR CAPITAL LONG/SHORT FUND

The Fund has adopted a Proxy Voting Policy used to determine how the Fund votes proxies relating to its portfolio securities. Under the Fund's Proxy Voting Policy, the Fund has, subject to the oversight of the Fund's Board, delegated to the Manager the following duties: (1) to make the proxy voting decisions for the Fund, subject to the exceptions described below; and (2) to assist the Fund in disclosing its respective proxy voting record as required by Rule 30b1-4 under the 1940 Act.

The Fund CCO shall ensure that the Manager has adopted a Proxy Voting Policy, which it uses to vote proxies for its clients, including the Funds.

##### A. General

The Fund believes that the voting of proxies is an important part of portfolio management as it represents an opportunity for shareholders to make their voices heard and to influence the direction of a company. The Fund is committed to voting corporate proxies in the manner that best serves the interests of the Fund's shareholders.

##### B. Delegation to the Manager

The Fund believes that the Manager is in the best position to make individual voting decisions for the Fund consistent with this Policy. Therefore, subject to the oversight of the Board, the Managers are hereby delegated the following duties:

(1) to make the proxy voting decisions for the Fund, in accordance with each applicable Manager's Proxy Voting Policy, except as provided herein; and

(2) to assist the Fund in disclosing its respective proxy voting record as required by Rule 30b1-4 under the 1940 Act, including providing the following information for each matter with respect to which the Fund is entitled to vote: (a) information identifying the matter voted on; (b) whether the matter was proposed by the issuer or by a security holder; (c) whether and how the Fund cast its vote; and (d) whether the Fund cast its vote for or against management.

The Board, including a majority of the independent Directors of the Board, must approve the Manager's Proxy Voting and Disclosure Policy (the "Manager Voting Policy"), and any material changes thereof, as it relates to the Fund.

##### C. Conflicts

In cases where a matter with respect to which the Fund was entitled to vote presents a conflict between the interest of the Fund's shareholders, on the one hand, and those of the Fund's investment adviser, principal underwriter, or an affiliated person of the Fund, its investment adviser, or principal underwriter, on the other hand, the Fund shall always vote in the best interest of the Fund's shareholders. For purposes of this Policy a vote shall be considered in the best interest of the Fund's shareholders when a vote is cast consistent with the specific voting policy as set forth in the Manager Voting Policy, provided such specific voting policy was approved by the Board.

##### D. Policy for Voting Proxies Related To Exchange Traded Funds And Other Investment Companies

Pursuant to Section 12(d)(1)(E)(iii) of the Investment Company Act of 1940, all proxies from Exchange Traded Funds ("ETFs") or other Investment Companies voted by a Fund, registered in the name of the Fund, will have the following voting instructions typed on the proxy form: "Vote these shares in the same proportion as the vote of all other holders of such shares. The beneficial owner of these shares is a registered investment company."

## 2. GATOR CAPITAL MANAGEMENT, LLC

### **Policy Statement**

The Firm reserves the right to deviate from the general provisions contained within any part of this policy, including the proxy voting guidelines, and to vote for or against any issue regardless of the nature of the issue, if by doing so the Firm protects its client's and shareholder's interest and value.

The Firm has contracted with a third-party vendor of proxy voting services, Broadridge-Proxy Edge to provide voting services for the Firm's accounts where the Firm has authorization and responsibility to vote those proxies. The Firm will generally follow proxy voting guidelines as included within this policy. It is contemplated that the Firm will be active in all proxy voting issues, however, there may be occasions when a vote is missed by Firm personnel.

### ***Voting Procedures***

Proxy votes are cast by our third-party proxy voting service. Periodically, a Portfolio Manager or other designated person will review proxies and confirm that voting for the proxies has been properly completed by the third-party proxy voting service. Ballots will be cast in accordance with our proxy voting guidelines. A record will be made and maintained of all votes.

The Firm may abstain from voting a proxy if it concludes that the effect on the client's or shareholder's economic interests or the value of the portfolio holding is indeterminable or insignificant. The Firm may also abstain from voting if it concludes the cost of voting is disproportionate to the economic impact the vote would have on the portfolio holdings.

The Firm will not directly advise the client or act for the client in any legal proceedings, including bankruptcies, involving securities held by the client's account or the issuers of such securities.

### ***Conflicts of Interest***

Any conflict of interest will be resolved in the best interests of the Firm's clients and fund shareholders. In the event a material conflict of interest is identified or believed to exist, the Firm may choose to defer to the voting recommendation of its third-party vendor's voting recommendations.

The Firm shall also maintain records of any conflicts of interest that were identified with any specific vote, and if so, what action was taken to resolve the conflict with respect to each vote cast.

### ***Proxy Voting Guidelines***

The primary objective of the Firm's proxy voting process is to make decisions that in our view have the potential to maximize a company's shareholder value. The guidelines that follow are used as part of a general framework for guiding our voting of proxies. The Firm periodically reviews our guidelines to ensure they continue to be consistent with our principles of proxy voting.

#### I. Corporate Governance

##### A. Board of Directors

The Board of Directors is an important part of corporate governance for a company. Directors provide management oversight, offer strategic advice, establish corporate policies, and determine executive compensation. The Firm believes that directors should act in the best interest of shareholders and be held accountable for corporate results.

## 1. Voting on Director Nominees

The following factors will be considered:

- Independence from conflicts of interest and a determination that the board is at least two-thirds independent.
- An inside director or affiliated independent director serves on the Audit, Compensation or Nominating Committees.
- A director sits on more than three public company boards.
- A CEO director sits on more than one outside public company board.
- A director's attendance at board meetings is less than 75%.
- Diversity with respect to gender, ethnicity, culture, industry and academic experience.
- Director violations of laws or regulations.
- Material failure of fiduciary duties, which extend to the committees responsible for oversight of corporate governance issues.

## 2. Separation of Chairman and CEO Positions

The Firm will generally vote for shareholder proposals requesting separation of Chairman and CEO positions.

## B. Auditors

Auditors attest that financial records and accounting procedures comply with laws, assess the risk of material misstatement in financial reports, and evaluate the efficacy of internal controls. The Firm believes a company should maintain an effective internal audit system and have an independent outside audit performed to ensure the financial statements accurately reflect a company's financial profile.

### 1. Ratification of Auditors

The following factors will be considered:

- Lack of auditor independence.
- Tax and non-audit fees in relation to audit fees.
- Evidence of poor accounting practices, including fraud, material restatements, material weaknesses in internal controls and SEC accounting investigations.

### 2. Auditor Rotation

The Firm will generally vote against shareholder proposals mandating auditor rotation, regardless of auditor tenure, provided that the company has strong accounting policies and procedures, and there is an absence of poor accounting practices outlined above.

## C. Executive Compensation

Strong pay practices properly align executive interests with the creation of long-term shareholder value while enabling a company to attract and retain talent. When evaluating compensation packages, The Firm believes there should be evidence of a clear and successful link between pay and performance.

### 1. Advisory Vote on Executive Compensation

The following factors will be considered:

- Analysis of executive pay and performance versus peers across different metrics.
- Detailed disclosure of performance targets that are aligned with key business metrics and consistent with or more challenging than publicly disclosed goals to shareholders.
- Share ownership of named executive officers.
- Evidence of poor pay practices including the following:

- Egregious or excessive bonuses, equity awards or severance payments.
- Special, non-performance based or guaranteed bonuses.
- Adjustments to performance targets.
- Repricing of stock options or stock appreciation rights.
- Excessive perquisites.
- Internal pay disparity.
- Long-term equity-based compensation that is 100% time-based.

#### D. Shareholder Rights

As part owners of a company, shareholders have voting rights that provide the ability to influence management and determine policies through director elections and approval of corporate matters. The Firm believes the expansion of shareholder rights promotes the interests of shareholders and strengthens corporate governance by providing additional management oversight.

When evaluating shareholder proposals on shareholder rights, the following factors will be considered:

- Existing rights offered to shareholders.
  - Potential outcomes, including decision-making focused on maximizing short-term stock price performance at the expense of long-term shareholder value creation.
1. Proxy Access  
The Firm will vote case-by-case on shareholder or management proposals requesting proxy access. The following factors will be considered:
    - Share ownership thresholds of at least 3%.
    - Share holding period thresholds of at least three years.
    - The maximum proportion of directors that may be nominated is 25%.
    - Other factors such as company size, performance and shareholder responsiveness.
  2. Special Shareholder Meetings  
The Firm will generally vote for shareholder proposals that provide shareholders the ability to call special meetings, unless this is already provided at a threshold of 25% or less.
  3. Written Consent  
The Firm will generally vote for shareholder proposals that provide shareholders the ability to act by written consent, unless the company provides shareholders the ability to call special meetings at a threshold of 25% or less.
  4. Virtual Shareholder Meetings  
The Firm may vote against members of the nominating and governance committees if a company has adopted virtual-only shareholder meetings and does not provide disclosure assuring that shareholders will be afforded the same rights as they would have at in-person meetings.

#### ***Proxy Vote Record Retention***

The Firm shall maintain records of proxies voted in accordance with Section 204-2 of the Act, including proxy statements, and a record of each vote cast. The Firm shall also keep a copy of its policies and procedures and each written request from a client for proxy voting records and the Firm's written response to any client request, either written or oral, for such records. Proxy voting records filed via EDGAR shall be considered maintained by the Firm. All proxy voting records are to be retained for five years, with the first two years in the offices of the Firm. All records may be maintained electronically.

### ***Policy and Statement Requests***

The Advisers Act requires the Firm to inform the client the manner in which they can obtain information regarding how the Firm has voted client proxies and how the client may obtain a copy of the Firm's proxy voting policy. Questions related to this policy, the proxy voting process and/or information regarding how the Firm voted proxies relating to the client's portfolio securities may be obtained by clients, free of charge, by contacting the Firm at derek.pilecki@gatorcapital.com.

### ***Form N-PX Filing Logistics***

The Firm is responsible for ensuring that the third-party proxy vote service maintains the complete proxy log and confirms the timely voting of proxies. The proxy vote log will be maintained in such a manner that the following information is contained within the log in accordance with the requirements of submitting Form N-PX for proxies voted on behalf of the Firm's Fund:

- the name of the issuer;
- the exchange ticker symbol, if available;
- the CUSIP number, if available;
- the shareholder meeting date;
- a brief identification of the matter voted on;
- whether the matter was proposed by the issuer or a security holder;
- whether the Firm cast its vote on the matter;
- how the Firm cast its vote on the matter (for, against, abstain, or withhold regarding the election of directors); and
- whether the Firm cast its vote for or against management.

The Firm shall provide the information necessary to complete the Form N-PX to the appropriate fund service provider who will submit the filings in a timely manner.