equinox funds

THE EQUINOX AMPERSAND OVERLAY STRATEGY: AN UPDATE

OVERLAY DESCRIPTION

The Ampersand Fund seeks to achieve returns and volatility comparable to the S&P 500® Total Return Index ("S&P 500®"), while seeking to mitigate downside risk. The Fund's investment strategy is to obtain exposure to the S&P 500® and combine it with an *enhanced Overlay Strategy*.

The *enhanced Overlay Strategy* seeks to complement equity market returns with non-correlated and negatively correlated return streams so that the overall Ampersand Fund portfolio, over a market cycle (generally 3 to 5 years or longer), is expected to have volatility comparable to the S&P 500®, while targeting improved returns and seeking to avoid the full impact of downside risk. We believe the enhanced overlay, with multiple return streams, has the potential to provide better risk mitigation and higher alpha in the long run.

WHY THE FEE?

An important feature of the Fund is its fee structure.

Evidence shows that the vast majority of active fund managers chronically underperform their relevant investable indexes. Based on this finding, we believe that investors should be asking their fund managers: "Why the Fee?" In other words, since index returns can be approximated through passive investing, active managers should only be compensated for achieving superior long-term (risk-adjusted) performance. Investors should not have to pay a fee to managers for simply matching or underperforming an index or benchmark.

To reflect its confidence in the Ampersand Fund, Equinox has agreed to waive its management fee for the subsequent twelve months if the fund were to underperform the S&P 500® for a given fund-year. If the Fund (EEHIX, I-Share) had underperformed the S&P 500® over the period between July 1, 2018 and June 30, 2019, Equinox would voluntarily have waived its management fee for the subsequent fund-year, i.e, for the period from July 1, 2019 to June 30, 2020. We believe this arrangement aligns the interests of Equinox with those of investors.

As we describe below, the Fund in fact outperformed its benchmark, and, consequently, Equinox has earned the right to receive its management fee for the current fund-year.

OVERLAY PERFORMANCE

For the 12-month period ending on June 30, 2019, the Ampersand Fund (Class I) earned a return of +16.2%, outperforming (by about 578 basis points) the S&P 500®, which was up +10.4%. The enhanced Overlay Strategy by itself was up an impressive +6.8%[2]. Let us examine this performance in more detail.

STANDARDIZED PERFORMANCE (%)
as of 6/30/2019

	Q2 2019	YTD	ANNUALIZED RATE OF RETURN: 1 YEAR	3 YEAR	5 YEAR	SINCE INCEPTION[3]
CLASS A	11.04	27.30	15.75	10.61	9.20	9.70
CLASS A (with 5.75% maximum sales charge)	4.65	19.98	9.05	8.46	7.92	8.59
CLASS I	11.20	27.55	16.19	11.05	9.55	10.04

Performance data quoted here represents past performance and does not guarantee future results. Current performance may be lower or higher than the performance quoted above. The value of an investor's shares will fluctuate so that investor's shares, when redeemed, may be worth more or less than their original cost. Gross/Net expense ratio: Class A: 3.17%/1.24%; Class I: 2.91%/0.99%. Additional information regarding Gross/Net Expense Ratios can be found on page 3. The Fund's investment advisor, Equinox Institutional Asset Management, LP, has contractually agreed to reduce its fees and/or absorb expenses of the Fund at least until 10/31/2019 to ensure that the net annual fund operating expenses do not exceed 1.24% (Class A) and 0.99% (Class I) of the Fund's average daily net assets, subject to possible recoupment from the Fund in future years subject to approval of the Fund's Board of Trustees. For performance current to the most recent month end, please visit equinoxfunds.com.

[1]Although the Advisor's management fee is subject to a performance-based waiver, other fees and expenses do apply to an investment in the Fund. The voluntary fee waiver for the next fund-year will be based on a 24-month comparison of the Fund's net return to that of the S&P 500® Total Return Index. Thereafter, the comparison period will become (and remain at) 36 months. performance of the Overlay Strategy is based on Equinox's internal calculations.

[2]The performance of the Overlay Strategy is based on Equinox's internal calculations.

[3]Class A and I inception: 9/9/2013

Investors cannot directly invest in an index and unmanaged index returns do not reflect any fees, expenses, or sales charges. S&P 500® Total Return Index (S&P 500®): regarded as the best single gauge of the US equities market.

CONDITIONAL RETURNS

JULY 2 - JUN 28, 2019	FREQUENCY	S&P 500® CUMULATIVE RETURN	AMPERSAND OVERLAY CUMULATIVE RETURN
S&P POSITIVE DAYS	135	+140.30%	−10.00%
S&P NEGATIVE DAYS	115	−54.10%	+18.60%
ALL DAYS	250	+10.40%	+6.80%

We start by examining the returns of the Overlay Strategy conditional on the performance of the S&P 500®.

As shown in the table, the S&P 500® was up on 135 (out of 250) days, and down on the remaining 115 days during the twelve-month period. Its compounded return (not annualized) was +140.3% on just the positive days, and −54.1% on just the negative days.

The compounded Ampersand Overlay return was *down* −10.0% on days when the S&P 500® was *up*. By contrast, the overlay was *up* +18.6% on days when the S&P 500® was *down*.

Based on this analysis, it appears that the Overlay performed as we might have expected and was virtually uncorrelated, even slightly negatively correlated, to equities. This is confirmed by the correlation coefficient between the two series of returns, which was −0.23. This negative value merits further investigation.

RETURNS DURING EQUITY DRAWDOWNS

Next, we examine the performance of the Ampersand Overlay Strategy during equity market drawdowns. We limit ourselves to peak-to-trough drawdowns greater than 1% and lasting more than one day, ignoring smaller drawdowns as being economically insignificant. There were twelve such drawdowns during the period, as shown in the table below.

The overlay earned positive returns during seven of these twelve periods; its compounded return was +13.0% compared to −35.3% for the S&P 500®. During the four largest S&P 500® drawdowns (highlighted), which ranged from −2.12% to −19.36%, the overlay earned positive returns ranging from +0.36% to +4.80%.

OVERLAY PERFORMANCE (%) DURING EQUITY MARKET DRAWDOWNS >1%
JULY - JUNE. 2019

	DRAWDOWN START	DRAWDOWN END	S&P 500® RETURN	OVERLAY RETURN
1	7/26/2018	7/30/2018	-1.52%	-0.69%
2	8/8/2018	8/13/2018	-1.22%	-0.30%
3	8/30/2018	9/7/2018	-1.38%	-0.11%
4	9/21/2018	12/24/2018	-19.36%	+4.80%
5	1/22/2019	1/29/2019	-1.14%	+1.66%
6	2/6/2019	2/7/2019	-1.13%	+1.77%
7	3/4/2019	3/8/2019	-2.12%	+2.75%
8	3/22/2019	3/25/2019	-1.96%	+0.87%
9	5/6/2019	5/13/2019	-4.46%	+0.36%
10	5/17/2019	5/20/2019	-1.24%	-0.30%
11	5/22/2019	6/3/2019	-4.13%	+2.86%
12	6/21/2019	6/26/2019	-1.36%	-1.21%

CONCLUSION

While historical performance is not necessarily indicative of the future, and the evidence above can be viewed as "anecdotal," the Ampersand Overlay Strategy has performed as expected, especially during significant and extended equity drawdowns, because of its composition of diversifying and dynamic hedging futures-trading strategies. We believe that the Ampersand Fund may provide investors with "smart" exposure to equities: equity exposure that is coupled with the potential for downside risk mitigation in the event of extended equity drawdowns.

The Gross/Net Expense Ratio *for the Fund does not include costs associated with any over-the-counter derivatives that provide the Fund exposure to the Overlay Strategy. The Investment Advisor anticipates that such exposure will indirectly subject the Fund to (i) counterparty fees of up to 0.50% (annualized) of notional exposure, and (ii) (annualized) management fees of up to 1.25% of notional exposure and performance-based incentive fees of up to 25% of new high net trading profits. The Adviser anticipates that the Fund's average notional exposure to the Overlay Strategy generally range between approximately 100% and 200% of Fund assets. The performance of the Fund will be net of all such embedded counterparty, management and incentive/performance fees. Please review the Fund's prospectus for more information regarding fees and expenses.*

Mutual funds involve risk including possible loss of principal. There is no assurance that the Fund will achieve its investment objective.

Exposure to the commodities markets may subject the Fund to greater volatility than investments in traditional securities. Many of the derivative contracts entered into by the Fund, the Subsidiary or a trading company will be privately negotiated in the OTC market. These contracts also involve exposure to credit risk, since contract performance depends in part on the financial condition of the counterparty. Credit risk refers to the possibility that the issuer of the security will not be able to make principal and interest payments when due. Currency rates in foreign countries may fluctuate significantly over short periods of time for a number of reasons, including changes in interest rates and and the imposition of currency controls or other political developments in the US or abroad. Derivative instruments come in many varieties and have a wide range of potential risks and rewards, and may include futures contracts, options on futures contracts, options, swaps, and forward currency exchange contracts. Derivatives typically have economic leverage inherent in their terms. The use of leverage tends to exaggerate the effect of any increase or decrease in the value of the Fund's portfolio securities or other investments. Furthermore, derivative instruments and futures contracts are highly volatile and are subject to occasional rapid and substantial fluctuations. Investments in foreign securities could subject the Fund to greater risks including, currency fluctuation, economic conditions, and different governmental and accounting standards. derivative instruments and futures contracts are highly volatile and are subject to occasional rapid and substantial fluctuations.

Investors should carefully consider the investment objectives, risks, charges, and expenses of Equinox Ampersand Strategy Fund. This and other important information about the Fund is contained in the Prospectus, which can be obtained by calling 1.888.643.3431. The Prospectus should be read carefully before investing.

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