

### **CashFlow Units**

#### Objective

The MGAM CashFlow Units discipline seeks to deliver high current income and capital appreciation above inflation.

#### Investment Philosophy

MGAM CashFlow Units seek to achieve the objective by selecting investments based upon current and estimated future cash flow from dividends and interest. The discipline may accomplish this across a variety of high cash flow yielding assets including, but not limited to:

- mutual funds, managers or exchanged traded funds (including below investment grade bank loan and commercial paper)
- exchange listed companies (including ADRs, GDRs)
- Money market funds

#### Risks

The discipline will experience exposure to the following risks:

- Market
- Issuer/Credit
- Reinvestment
- Duration
- Interest Rate
- Call
- Liquidity

#### Benchmark

The benchmark is a blend of 50% of the S&P 500 (SPY) and 50% of the Barclays Aggregate Bond Index.

*Risk Disclosures*

**General Risks**

**Reinvestment/Call Risk**

If interest rates fall, callable security issuers may call or prepay their securities before maturity, causing our investment strategy to shift towards reinvesting proceeds in securities with lower interest rates and reducing potential income.

**Price/Market Risk**

Refers to general stock market fluctuations, volatile increases/decreases in value as market confidence in and perceptions of the issuers change. Investor perceptions can be based on various and unpredictable factors including expectations regarding government economic, monetary and fiscal policies, inflation and interest rates, economic expansion or contraction and political climates. The value of any security can rise or fall and when liquidated may be worth more or less than the original investment.

**Interest rate risk**

Refers to a rise in interest rates will cause the value of investments to decline and or experience heightened volatility and reduced liquidity through national or international governmental policy changes.

**Credit Risk**

Refers to an issuer's ability to meet its obligation to make interest and principal payments, or a decline in the market's assessment of the issuer's ability to pay. This may trigger the lowering or removal of the issuer's credit rating. Generally, lower rated securities provide higher current income but are considered to carry greater credit risk than higher rated securities.

**Liquidity Risk**

Refers to the fact that the investment strategy may hold illiquid securities that is may be unable to sell at the preferred time or price and could lose its entire investment in such securities.

**Other Risks**

All or a portion of the disciplines otherwise tax-exempt income may be subject to the federal alternative minimum tax.

Municipal securities have the risk that legislative or economic conditions could affect an issuer's ability to make principal and/or interest payments.

The value, interest rates, and liquidity of non-cash paying instruments, such as zero coupon and pay-in-kind securities, are subject to greater fluctuation than other types of securities.

**Investment-Specific Risks**

**Price Risk**

MGAM may purchase shares of closed-end investment funds that frequently trade at a discount from their net asset value. Shares at any point in time may be worth less than the original investment, even after taking into account the reinvestment of dividends and distributions.

**Leverage Risk**

MGAM may purchase shares of closed-end investment funds and the risk of higher share price volatility and the cost to a fund of its leveraged capital, such as preferred stock or debt, will exceed the earnings on the related assets.

**Tax Risk**

MGAM may purchase shares of closed-end investment funds and the tax treatment of Fund distributions may be affected by IRS interpretations of the Internal Revenue Code and future changes in tax laws and regulations, including changes resulting from the "sunset" provisions that may apply to the favorable tax treatment of tax-advantaged dividends. There can be no assurance as to the percentage of a Fund's distributions that will qualify as tax-advantaged dividends.