

**EAGLE CAPITAL APPRECIATION FUND
EAGLE GROWTH & INCOME FUND
EAGLE SERIES TRUST
Eagle International Stock Fund
Eagle Investment Grade Bond Fund
Eagle Mid Cap Growth Fund
Eagle Mid Cap Stock Fund
Eagle Small Cap Growth Fund
Eagle Smaller Company Fund
Eagle Tactical Allocation Fund
(the “Funds”)**

SUPPLEMENT DATED JUNE 1, 2017
TO THE STATEMENT OF ADDITIONAL INFORMATION DATED MARCH 1, 2017

Effective June 1, 2017, Eagle Asset Management, Inc. (“Eagle”) will, as part of an internal corporate reorganization (the “Reorganization”), terminate the investment advisory and administration agreements that it has entered into with the Funds, and Eagle’s affiliate, Carillon Tower Advisers, Inc. (“Carillon”), will enter into new investment advisory and administration agreements with the Funds pursuant to which Carillon will serve as the investment adviser and administrator for each Fund. Eagle will also terminate the subadvisory agreements that it has entered into with ClariVest Asset Management LLC (“ClariVest”), with respect to the Eagle Capital Appreciation Fund and Eagle International Stock Fund, and Cougar Global Investments Ltd. (“Cougar”), with respect to the Eagle Tactical Allocation Fund. Carillon will enter into new subadvisory agreements with ClariVest and Cougar.

Eagle will serve as the investment subadviser for the Eagle Growth & Income Fund, Eagle Investment Grade Bond Fund, Eagle Mid Cap Growth Fund, Eagle Mid Cap Stock Fund, Eagle Small Cap Growth Fund and Eagle Smaller Company Fund. The investment professionals of Eagle who previously provided services to the Funds under the investment advisory agreement will continue to provide the same services. There will be no change in the investment processes with respect to any Fund, the level of services provided to any Fund, or the fees any Fund pays under the investment advisory agreement. In addition, the investment professionals of, and services provided by, ClariVest, with respect to the Eagle Capital Appreciation Fund and Eagle International Stock Fund, and Cougar, with respect to the Eagle Tactical Allocation Fund, will remain unchanged.

Eagle Fund Distributors, Inc. (“EFD”), the distributor of the Funds, will be renamed Carillon Fund Distributors, Inc. (“Carillon Distributors”). Carillon, Eagle and Carillon Distributors are directly or indirectly wholly owned by Raymond James Financial, Inc.

The changes that will result from the Reorganization are described below:

1) Throughout the Statement of Additional Information, references to Eagle as the Funds’ investment adviser are replaced with Carillon.

2) In the “Fund Information - Investment Adviser and Administrator; Subadviser” section on page 58 of the Statement of Additional Information, the first paragraph is replaced in its entirety with the following:

The investment adviser and administrator for each fund is Carillon. Carillon was organized as a Florida corporation in 2014. All the capital stock of Carillon is owned by RJF. RJF is a holding company that, through its subsidiaries, is engaged primarily in providing customers with a wide variety of financial services in connection with securities, limited partnerships, options, investment banking and related fields.

3) In the “Fund Information - Investment Adviser and Administrator; Subadviser” section on page 58 of the Statement of Additional Information, the third paragraph is replaced in its entirety with the following:

Under separate Subadvisory Agreements (collectively the “Subadvisory Agreements”), subject to the direction of Carillon and each Trust’s Board, the following firms provide investment advice and portfolio management services to certain funds, as noted, for a fee payable by Carillon:

Subadviser	Funds
Eagle Asset Management, Inc.	Growth & Income, Investment Grade Bond, Mid Cap Growth, Mid Cap Stock, Small Cap Growth, Smaller Company
ClariVest Asset Management LLC (“ClariVest”)	Capital Appreciation, International Stock
Cougar Global Investments Limited (“Cougar Global”)	Tactical Allocation

4) All references to EFD throughout the Statement of Additional Information are replaced with Carillon Distributors.

5) All references to Eagle Fund Services, Inc., the Funds’ Shareholder Servicing Agent, throughout the Statement of Additional Information are replaced with Carillon Fund Services, Inc., which is a wholly owned subsidiary of Carillon.

* * *

INVESTORS SHOULD RETAIN THIS SUPPLEMENT WITH
THE STATEMENT OF ADDITIONAL INFORMATION FOR FUTURE REFERENCE

STATEMENT OF ADDITIONAL INFORMATION

EAGLE MUTUAL FUNDS

- CAPITAL APPRECIATION FUND
- GROWTH & INCOME FUND
- INTERNATIONAL STOCK FUND
- INVESTMENT GRADE BOND FUND
- MID CAP GROWTH FUND
- MID CAP STOCK FUND
- SMALL CAP GROWTH FUND
- SMALLER COMPANY FUND
- TACTICAL ALLOCATION FUND

This Statement of Additional Information (“SAI”) dated March 1, 2017 should be read in conjunction with the Prospectus dated March 1, 2017 describing the shares of the Capital Appreciation Fund, the Growth & Income Fund and seven series of the Eagle Series Trust, which are the International Stock Fund, the Investment Grade Bond Fund, the Mid Cap Growth Fund, the Mid Cap Stock Fund, the Small Cap Growth Fund, the Smaller Company Fund, and the Tactical Allocation Fund (each a “fund” and, collectively, the “funds”).

This SAI is not a prospectus itself. The financial statements for each fund for the fiscal year ended October 31, 2016 are incorporated herein by reference to the funds’ Annual Reports to Shareholders dated October 31, 2016. Copies of the Prospectus and Annual and Semiannual Reports to shareholders are available, without charge, upon request by writing to Eagle Family of Funds at P.O. Box 23572, St. Petersburg, FL, 33742, calling 800.421.4184 or by visiting our website at eagleasset.com.

	Class A	Class C	Class I	Class R-3	Class R-5	Class R-6
Capital Appreciation Fund	HRCPX	HRCCX	HRCIX	HRCLX	HRCMX	HRCUX
Growth & Income Fund	HRCVX	HIGCX	HIGJX	HIGRX	HIGSX	HIGUX
International Stock Fund	EISAX	EISDX	EISIX	EISRX	EISSX	EISVX
Investment Grade Bond Fund	EGBAX	EGBCX	EGBLX	EGBRX	EGBTX	EGBUX
Mid Cap Growth Fund	HAGAX	HAGCX	HAGIX	HAREX	HARSX	HRAUX
Mid Cap Stock Fund	HMCAX	HMCCX	HMCJX	HMRRX	HMRSX	HMRUX
Small Cap Growth Fund	HRSCX	HSCCX	HSIIX	HSRRX	HSRSX	HSRUX
Smaller Company Fund	EGEAX	EGECX	EGEIX	EGERX	EGESX	EGEUX
Tactical Allocation Fund	ETAFX	ETDFX	ETIFX	ETRFX	ETSFX	ETUFX

EAGLE ASSET MANAGEMENT, INC.
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I. GENERAL INFORMATION

The Eagle Capital Appreciation Fund (“Capital Appreciation”), formerly known as the Heritage Capital Appreciation Trust, the Eagle Growth & Income Fund (“Growth & Income”), formerly known as the Heritage Growth and Income Trust, and the Eagle Series Trust (“Series Trust”), formerly known as the Heritage Series Trust (collectively, the “Trusts”) each was established as a Massachusetts business trust under a Declaration of Trust dated June 21, 1985, July 25, 1986 and October 28, 1992, respectively.

Each Trust is registered as an open-end diversified management investment company under the Investment Company Act of 1940, as amended (the “1940 Act”). Capital Appreciation and Growth & Income each offer shares through a single investment portfolio. Series Trust currently offers its shares through seven separate investment portfolios and an eighth investment portfolio that has not yet commenced operations:

- The International Stock Fund (“International Stock”),
- The Investment Grade Bond Fund (“Investment Grade Bond”),
- The Mid Cap Growth Fund (“Mid Cap Growth”) (prior to January 2, 2004, named Aggressive Growth Fund and from January 2, 2004 to November 1, 2008, named Diversified Growth Fund),
- The Mid Cap Stock Fund (“Mid Cap Stock”),
- The Small Cap Growth Fund (“Small Cap Growth”) (prior to November 1, 2008, named Small Cap Stock Fund),
- The Smaller Company Fund (“Smaller Company”) (prior to March 1, 2012, named Small Cap Core Value Fund),
- The Tactical Allocation Fund (“Tactical Allocation”), and
- The Tax-Exempt Bond Fund (“Tax-Exempt Bond”), which has not yet commenced operations as of the date of this SAI.

Each fund that has commenced operations is authorized and currently offers Class A shares sold subject to a front-end sales charge (“Class A shares”) and Class C shares sold subject to a 1% contingent deferred sales charge (“CDSC”) (“Class C shares”). In addition, each fund offers Class I, Class R-3 and Class R-5 shares, each sold without a front-end sales charge or CDSC. Each fund also offers Class R-6 shares, sold without a front-end sales charge, CDSC or Rule 12b-1 fee.

Each fund described in this SAI operates for many purposes as if it were an independent company. Each fund has its own objective(s), policies, strategies and portfolio managers, among other characteristics.

II. INVESTMENT INFORMATION

A. Investment Policies, Strategies and Risks

This section provides a detailed description of the securities in which a fund may invest to achieve its investment objective(s), the strategies it may employ and the corresponding risks of such securities and strategies. For more information regarding the description of various types of securities in which a fund may invest, please refer to Appendix A, Investment Types Glossary. Each fund may invest in the types of assets described below, either directly or indirectly, unless otherwise noted. For more information on a fund’s principal strategies and risks, please see the funds’ Prospectus.

Equity Securities:

Common Stocks. Each fund may invest in common stocks, which represent an equity or ownership interest in an issuer. In the event an issuer is liquidated or declares bankruptcy, the claims of bondholders, other debt holders, owners of preferred stock, and general creditors take precedence over the claims of those who own common stock. Common stocks fluctuate in price in response to many factors including historical and prospective earnings of the issuer, the value of its assets, general economic conditions, interest rates, investor perceptions and market liquidity. An adverse event, such as an unfavorable earnings report, may depress the value of a particular common stock.

Convertible Securities. Each fund may invest in convertible securities. While no securities investment is without some risk, investments in convertible securities generally entail less risk than the issuer's common stock, although the extent to which such risk is reduced depends in large measure upon the degree to which the convertible security sells above its value as a fixed income security. The market value of convertible securities tends to decline as interest rates increase and, conversely, increases as interest rates decline. While convertible securities generally offer lower interest or dividend yields than nonconvertible debt securities of similar quality, they do enable the investor to benefit from increases in the market price of the underlying common stock.

Other Investment Companies, including ETFs. Each fund may invest in shares of other open-end or closed-end investment companies, including exchange-traded funds ("ETFs"), up to the limits prescribed in the 1940 Act, the rules thereunder and any exemptive relief. Investments in the securities of other investment companies (which may, in turn invest in equities, bonds, and other financial vehicles) may involve duplication of advisory fees and certain other expenses. By investing in another investment company, a fund becomes a shareholder of that investment company. As a result, fund shareholders indirectly bear the fund's proportionate share of the fees and expenses paid by shareholders of the other investment company, in addition to the fees and expenses fund shareholders directly bear in connection with the fund's own operations.

S&P's Depository Receipts, S&P's MidCap 400 Depository Receipts, and other similar index securities are ETFs and are considered investments in other investment companies ("Index Securities"). Index Securities are subject to the risks of an investment in a broadly based portfolio of common stocks.

As a shareholder, a fund must rely on the other investment company to achieve its investment objective. If the other investment company or ETF fails to achieve its investment objective, the value of a fund's investment will decline, adversely affecting a fund's performance. In addition, because ETFs are listed on national stock exchanges and are traded like stocks listed on an exchange, ETF shares may potentially trade at a discount or a premium. Investments in ETFs are also subject to brokerage and other trading costs, which could result in greater expenses to a fund. Finally, because the value of ETF shares depends on the demand in the market, the portfolio manager may not be able to liquidate a fund's holdings of ETF shares at the most optimal time, adversely affecting the fund's performance.

Preferred Stock. Each fund may invest in preferred stock which is subordinated to all debt obligations in the event of insolvency. An issuer's failure to make a dividend payment is normally not considered a default entitling the preferred shareholder to take action. Preferred stock generally has no maturity date, meaning that its market value is dependent on the issuer's future potential for growth over an unspecified period of time. Distributions on preferred stock are generally considered dividends and treated as such for federal income tax purposes.

Real Estate Investment Trusts ("REITs"). Each fund may invest in REITs. The risks associated with REITs include defaults by borrowers, self-liquidation, failure to qualify for pass-through treatment

under the federal tax law, failure to qualify as an exempt entity under the 1940 Act and the fact that REITs are not diversified.

Warrants and Rights. Each fund may invest in warrants and rights. Rights are instruments that permit a fund to acquire, by subscription, the capital stock of a corporation at a set price, regardless of the market price for such stock. The market price of warrants is usually significantly less than the current market price of the underlying stock. Thus, there is a greater risk that warrants might drop in value at a faster rate than the underlying stock.

Debt Securities:

Debt Securities. Each fund may invest in debt securities which will fluctuate in value based upon changes in interest rates and the issuer's credit quality. Also, the value of a fund's investments in debt securities will change as prevailing interest rates change. Generally, the prices of fixed income securities move inversely to interest rates. For example, the value of a fund's fixed income investments typically will fall when interest rates rise. A fund may be particularly sensitive to changes in interest rates if it invests in debt securities with intermediate and long terms to maturity. Debt securities with longer durations tend to be more sensitive to changes in interest rates, usually making them more volatile than debt securities with shorter durations. Yields of debt securities will fluctuate over time. Depending upon the particular amount and type of fixed income securities holdings of a fund, these changes may impact the net asset value ("NAV") of a fund's shares. Given that as of the date of this SAI interest rates remain near historic lows, they may rise significantly and rapidly. If so, this may result in substantial losses to a fund and expose fixed income and related markets to heightened volatility and may reduce liquidity for certain fund investments, which could cause the value of a fund's investments and share price to decline. A fund by investing in Derivatives (as defined below) tied to fixed income markets may be more substantially exposed to these risks than a fund that does not invest in Derivatives. To the extent a fund experiences high redemptions due to this risk, a fund may experience increased portfolio turnover, which will increase the costs that a fund incurs and may lower a fund's performance. The liquidity levels of a fund's portfolios may also be affected.

Corporate Debt Obligations. Each fund may invest in corporate debt securities, including corporate bonds, debentures, notes and other similar corporate debt instruments. Please see the discussions of "Investment Grade" and "Lower Rated" securities below for additional information.

Investment Grade and Lower Rated Securities:

Investment Grade Securities. Each fund may invest in debt securities rated investment grade. Securities rated in the lowest category of investment grade are considered to have speculative characteristics and changes in economic conditions are more likely to lead to a weakened capacity to pay interest and repay principal than is the case with higher grade bonds. Each fund may retain a security that has been downgraded below investment grade if, in the opinion of its portfolio manager, it is in the fund's best interest.

Lower Rated / High Yield Securities. Growth & Income, International Stock, Investment Grade Bond, Mid Cap Growth, Mid Cap Stock, Small Cap Growth and Smaller Company may invest in debt securities rated below investment grade. These securities are commonly referred to as "high yield securities" or "junk bonds" and are deemed to be predominantly speculative with respect to the issuer's capacity to pay interest and repay principal and may involve major risk exposure to adverse conditions. These securities are subject to specific risks that may not be present with investments of higher grade securities. International Stock, Investment Grade Bond, Mid Cap Growth, Mid Cap Stock, Small Cap Growth and Smaller Company currently do not intend to invest more than 5% of their respective net assets in lower rated/high-yield securities.

Risk Factors of Lower Rated / High Yield Securities:

Interest Rate and Economic Risk. As with all debt securities, the market values of high yield securities tend to decrease when interest rates rise and increase when interest rates fall. The prices of high yield securities will also fluctuate greatly during periods of economic uncertainty and changes resulting in changes in a fund's NAV. During these periods, some highly leveraged high yield securities issuers may experience a higher incidence of default due to their inability to meet principal and interest payments, projected business goals or to obtain additional financing. In addition, a fund may need to replace or sell a junk bond that it owns at unfavorable prices or returns. Accordingly, those high yield securities held by a fund may affect its NAV and performance adversely during such times.

In a declining interest rate market, if an issuer of a high yield security containing a redemption or call provision exercises either provision, a fund would have to replace the security, which could result in a decreased return for shareholders. Conversely, if a fund experiences unexpected net redemptions in a rising interest rate market, it might be forced to sell certain securities, regardless of investment merit. While it is impossible to protect entirely against this risk, diversification of a fund's investment portfolio and its portfolio manager's careful analysis of prospective investment portfolio securities should help reduce the impact of a decrease in value of a particular security or group of securities in the fund's investment portfolio.

Securities Ratings and Credit Ratings. Securities ratings are based largely on the issuer's historical financial information and the rating agencies' investment analysis at the time of rating. Credit ratings usually evaluate the safety of principal and interest payment of debt securities, such as high yield securities, but may not reflect the true risks of an investment in such securities. A reduction in an issuer's credit rating may cause that issuer's high yield securities to decrease in market value. Also, credit rating agencies may fail to change the credit ratings to reflect subsequent events. Consequently, the rating assigned to any particular security is not necessarily a reflection of the issuer's current financial condition, which may be better or worse than the rating would indicate.

A fund's portfolio manager continually monitors the investments in its respective investment portfolio and carefully evaluates whether to dispose of or retain high yield securities whose credit ratings have changed. A fund's portfolio manager primarily relies on its own credit analysis, including a study of existing debt, capital structure, ability to service debt and pay interest, sensitivity to economic conditions and other factors in its determination. See Appendix B for a description of corporate debt ratings.

Liquidity Risk and Valuation. The market for high yield securities tends to be less active and primarily dominated by institutional investors compared to the market for high-quality debt securities. During periods of economic uncertainty or adverse economic changes, the market may be further restricted. In these conditions, a fund may have to dispose of its high yield securities at unfavorable prices or below fair market value. In addition, during such times, reliable objective information may be limited or unavailable and negative publicity may adversely affect the public's perception of the junk bond market. A Trust's Board of Trustees ("Board") or portfolio manager may have difficulty assessing the value of high yield securities during these times. Consequently, any of these factors could reduce the market value of high yield securities held by a fund.

Municipal Obligations:

General Description. Municipal obligations are issued by or on behalf of states, the District of Columbia and U.S. territories and possessions and their political subdivisions, agencies and instrumentalities. The interest on municipal obligations is generally excludable from gross income from federal income tax but may be an item of tax preference for purposes of the federal alternative minimum tax. A fund will rely on an

opinion of the issuer's bond counsel at the time municipal obligations are issued to determine the excludability of interest thereon.

There are many different types of municipal obligations. The principal types include "general obligation" securities, which are backed by a municipality's full taxing power, and "revenue" securities, which are backed only by the income from a specific project, facility or tax. Municipal obligations also include (1) private activity bonds ("PABs"), which are issued by or on behalf of public authorities but are not backed by the credit of any governmental or public authority, (2) "anticipation notes," which are issued by municipalities in expectation of future proceeds from the issuance of bonds or from taxes or other revenues and are payable from those bond proceeds, taxes or revenues and (3) tax-exempt commercial paper, which is issued by municipalities to help finance short-term capital or operating requirements.

A municipal obligation's value depends on the issuer's continuing payment of interest and principal when due or, in the case of PABs, the revenues generated by the facility financed by the bonds. An increase in interest rates generally will reduce the value of a fund's investments in municipal obligations, while a decline in interest rates generally will increase that value.

Short-Term Money Market Instruments:

Bankers' Acceptances. Each fund may invest in bankers' acceptances. A bankers' acceptance is a negotiable instrument in the form of a bill of exchange or time draft drawn on and accepted by a commercial bank. The instrument's marketability is affected primarily by the reputation of the accepting bank and market demand.

Growth & Income and Investment Grade Bond may invest in bankers' acceptances of domestic banks and savings and loans that have assets of at least \$1 billion and capital, surplus and undivided profits of over \$100 million as of the close of their most recent fiscal year. These funds may also invest in instruments that are insured by the Bank Insurance Fund or the Savings Institution Insurance Fund of the Federal Deposit Insurance Corporation ("FDIC").

Certificates of Deposit ("CDs"). Each fund may invest in CDs issued by domestic institutions with assets in excess of \$1 billion. CDs carry a minimal amount of inflation risk due to their fixed interest rate and early withdrawal penalties.

Commercial Paper. Each fund may invest in commercial paper that is rated Prime-1 or Prime-2 by Moody's Investors Service, Inc. ("Moody's"), or A-1+, A-1 or A-2 by Standard and Poor's ("S&P"), or F1+, F1 or F2 by Fitch Ratings Ltd. ("Fitch"). In difficult market environments, commercial paper may be subject to liquidity risk. Also, because it is an unsecured promissory note issued by a company, commercial paper is subject to issuer risk.

Repurchase and Reverse Repurchase Agreements:

Repurchase Agreements. A fund may enter into repurchase agreements with member banks of the Federal Reserve System, securities dealers who are members of a national securities exchange or market makers in U.S. Government Securities. Although repurchase agreements carry certain risks not associated with direct investment in securities, delays and costs to a fund if the other party becomes bankrupt, a fund intends to enter into repurchase agreements only with banks and dealers in transactions believed by its portfolio manager to present minimal credit risks.

Reverse Repurchase Agreements. Each fund may borrow by entering into reverse repurchase agreements with the same parties with whom it may enter into repurchase agreements. Reverse repurchase

agreements involve the risk that the market value of securities retained in lieu of sale by a fund may decline below the price of the securities the fund has sold but is obliged to repurchase. If the buyer of securities under a reverse repurchase agreement becomes bankrupt or insolvent, such buyer or its trustee or receiver may receive an extension of time to determine whether to enforce a fund's obligation to repurchase the securities. During that time, a fund's use of the proceeds of the reverse repurchase agreement effectively may be restricted. Reverse repurchase agreements create leverage, a speculative factor, and are considered borrowings for the purpose of a fund's limitation on borrowing.

U.S. Government Securities:

U.S. Government Securities. U.S. Government Securities are securities issued or guaranteed by the U.S. Government, its agencies or instrumentalities. Some obligations issued by U.S. Government agencies and instrumentalities are supported by the full faith and credit of the U.S. Treasury; others by the right of the issuer to borrow from the U.S. Treasury; others by discretionary authority of the U.S. Government to purchase certain obligations of the agency or instrumentality; and others only by the credit of the agency or instrumentality. Those securities bear fixed, floating or variable rates of interest. Interest may fluctuate based on generally recognized reference rates or the relationship of rates. While the U.S. Government currently provides financial support to such U.S. Government-sponsored agencies or instrumentalities, no assurance can be given that it will always do so, since it is not so obligated by law. U.S. Government Securities include U.S. Treasury bills, notes and bonds, Federal Home Loan Bank obligations, Federal Intermediate Credit Bank obligations, U.S. Government agency obligations and repurchase agreements secured thereby.

Zero Coupon Securities:

Zero Coupon Securities and Pay-In-Kind Bonds. Growth & Income, Investment Grade Bond and Tactical Allocation may invest in zero coupon securities. The market value of zero coupon securities generally is more volatile than the value of securities that pay interest periodically and is likely to respond to changes in interest rates to a greater degree than do other types of debt securities having similar maturities and credit value. Although zero coupon securities generally are not traded on a national securities exchange, such securities are widely traded by brokers and dealers.

Growth & Income, Investment Grade Bond and Tactical Allocation also may invest in pay-in-kind bonds, which allow the issuer the option to pay cash at a specified coupon payment date or to provide the holder of the security with a similar bond with the same coupon rate and a face value equal to the amount of the coupon payment that would have been made.

The Internal Revenue Code of 1986, as amended ("Code"), requires the holder of a zero coupon security and certain other securities acquired at a discount (such as Brady Bonds), as well as pay-in-kind bonds, to accrue income with respect to these securities prior to the receipt of cash payments. See "Taxes."

Pass-through Securities:

Mortgage-Backed Securities. Each fund may invest in debt securities backed by pools of various types of mortgages. The fund may invest in pass-through securities issued by private, governmental and governmental-related agencies, as well as collateralized mortgage obligations ("CMOs"). Principal and interest payments made on the underlying mortgages or mortgage pools are "passed through" to investors. Mortgage-backed securities may be issued by U.S. Government or its agencies, including, but not limited to, the Government National Mortgage Association ("GNMA" or "Ginnie Mae"), the Federal National

Mortgage Association (“FNMA” or “Fannie Mae”), and the Federal Home Loan Mortgage Corporation (“FHLMC” or “Freddie Mac”). Mortgage-backed securities issued by private entities have similar structures, but are not guaranteed by a government agency.

In September 2008, the U.S. Treasury and the Federal Housing Finance Agency (“FHFA”) announced that FNMA and FHLMC had been placed in conservatorship. Since that time, FNMA and FHLMC have received significant capital support through Treasury preferred stock purchases, as well as Treasury and Federal Reserve purchases of their mortgage -backed securities. The FHFA and the U.S. Treasury (through its agreement to purchase FNMA and FHLMC preferred stock) have imposed strict limits on the size of their mortgage portfolios. While the mortgage-backed securities purchase programs ended in 2010, the Treasury continued its support for the entities’ capital as necessary to prevent a negative net worth through at least 2012. When a credit rating agency downgraded long-term U.S. Government debt in August 2011, the agency also downgraded FNMA and FHLMC’s bond ratings, from AAA to AA+, based on their direct reliance on the U.S. Government (although that rating did not directly relate to their mortgage-backed securities). From the end of 2007 through the third quarter of 2016, FNMA and FHLMC required Treasury support of approximately \$187.5 billion through draws under the preferred stock purchase agreements. However, including payments after the third quarter of 2016 (of \$3.0 billion from FNMA and \$2.3 billion from FHLMC), they have paid approximately \$255.8 billion in aggregate cash dividends to the Treasury (although those payments do not constitute a repayment of their draws). FHFA has stated that FNMA and FHLMC may need an injection of Treasury capital in the future. Accordingly, no assurance can be given that the Federal Reserve or the Treasury will ensure that FNMA and FHLMC remain successful in meeting their obligations with respect to the debt and mortgage-backed securities that they issue.

In addition, the problems faced by FNMA and FHLMC, resulting in their being placed into federal conservatorship and receiving significant U.S. Government support, have sparked serious debate among federal policymakers regarding the continued role of the U.S. Government in providing liquidity for mortgage loans. In December 2011, Congress enacted the Temporary Payroll Tax Cut Continuation Act of 2011 which, among other provisions, requires that FNMA and FHLMC increase their single-family guaranty fees by at least 10 basis points and remit this increase to the Treasury with respect to all loans acquired by FNMA or FHLMC on or after April 1, 2012 and before January 1, 2022. Discussions among policymakers continue, however, as to whether FNMA and FHLMC should be nationalized, privatized, restructured or eliminated altogether. FNMA reported in the second quarter of 2014 that there was “significant uncertainty regarding the future of our company, including how long the company will continue to exist in its current form, the extent of our role in the market, what form we will have, and what ownership interest, if any, our current common and preferred stockholders will hold in us after the conservatorship is terminated and whether we will continue to exist following conservatorship.” FHLMC faces similar uncertainty about its future role. FNMA and FHLMC also are the subject of several continuing legal actions and investigations over certain accounting, disclosure or corporate governance matters, which (along with any resulting financial restatements) may continue to have an adverse effect on the guaranteeing entities.

Asset-Backed Securities. Each fund may invest in securities that are backed by other assets, such as automobile loans, consumer loans, credit cards, and equipment leases. Asset-backed securities are subject to the risk of premature pre-payment of principal which can change their effective maturities. These securities are also sensitive to changes in interest rates, the financial situation of the issuer, and the credit quality of the underlying collateral.

Foreign Securities Exposure:

Depository Receipts. Each fund may invest in sponsored or unsponsored European Depository Receipts (“EDRs”), Fiduciary Depository Receipts (“FDRs”), Global Depository Receipts (“GDRs”), International Depository Receipts (“IDRs”), Special Drawing Rights (“SDRs”) or other similar securities representing interests in or convertible into securities of foreign issuers (collectively, “Depository Receipts”).

Issuers of the securities underlying unsponsored Depository Receipts are not obligated to disclose material information in the U.S. and, therefore, there may be less information available regarding such issuers and there may not be a correlation between such information and the market value of these unsponsored Depository Receipts. For purposes of certain investment limitations, EDRs, GDRs and IDRs are considered to be foreign securities and are subject to many of the risks inherent in investing in foreign securities, as discussed below.

American Depository Receipts (“ADRs”). Each fund may invest in both sponsored and unsponsored ADRs. Holders of unsponsored depository receipts generally bear all the costs of such facilities, and the depository of an unsponsored facility frequently is under no obligation to distribute shareholder communications received from the issuer of the deposited security or to pass through voting rights to the holders of such receipts of the deposited securities. For purposes of certain investment limitations, ADRs are considered to be foreign securities and are subject to many of the risks inherent in investing in foreign securities, as discussed below.

Euro/Yankee Bonds. International Stock, Investment Grade Bond and Tactical Allocation may invest in dollar-denominated bonds issued by foreign branches of domestic banks (“Eurobonds”) and dollar-denominated bonds issued by a U.S. branch of a foreign bank and sold in the U.S. (“Yankee bonds”). Investment in Eurobonds and Yankee bonds entails certain risks similar to investment in foreign securities in general. These risks are discussed below.

Eurodollar Certificates. Growth & Income, Investment Grade Bond and Tactical Allocation may invest in CDs issued by foreign branches of domestic and foreign banks. Such obligations may be subject to different risks than are those of domestic banks or domestic branches of foreign banks. These risks include foreign economic and political developments, foreign governmental restrictions that may adversely affect payment of principal and interest on the obligations, foreign exchange controls and foreign withholding and other taxes on interest income. Foreign branches of foreign banks are not necessarily subject to the same or similar regulatory requirements, loan limitations, and accounting, auditing and recordkeeping requirements as are domestic banks or domestic branches of foreign banks. In addition, less information may be publicly available about a foreign branch of a domestic bank or a foreign bank than a domestic bank.

Foreign Securities. Each fund may invest in foreign equity securities. In most cases, the best available market for foreign securities will be on the exchanges or in over-the-counter (“OTC”) markets located outside the U.S. Foreign stock markets, while growing in volume and sophistication, generally are not as developed as those in the U.S., and securities of some foreign issuers (particularly those located in developing countries) may be less liquid and more volatile than securities of comparable U.S. companies. Their markets and economies may react differently to specific or global events than the U.S. market and economy. In addition, foreign brokerage commissions generally are higher than commissions on securities traded in the U.S. In general, there is less overall governmental supervision and regulation of securities exchanges, brokers and listed companies than in the U.S. Investments in foreign securities also involve the risk of possible adverse changes in investment or exchange control regulations, expropriation or confiscatory taxation, limitation on or delays in the removal of funds or other assets of a fund, custodial

issues, political or financial instability or diplomatic and other developments that could affect such investments. Foreign security risk may also apply to ADRs, GDRs and EDRs. The risks associated with investments in governmental or quasi-governmental entities of a foreign country are heightened by the potential for unexpected governmental change, which may lead to default or expropriation, and inadequate government oversight and accounting.

Each fund may invest in emerging markets. Special considerations (in addition to the considerations regarding foreign investments generally) may include greater political uncertainties, an economy's dependence on revenues from particular commodities or on international aid or development assistance, currency transfer restrictions, a limited number of potential buyers for such securities and delays and disruptions in securities settlement procedures. Compared to the U.S. and other developed countries, emerging market countries may have relatively unstable governments, economies based on only a few industries, present the risk of nationalization of businesses, restrictions on foreign ownership, or prohibitions on repatriation of assets, and may have less protection of property rights than more developed countries and securities markets that are less liquid and trade a smaller number of securities. Prices on these exchanges tend to be volatile and, in the past, securities in these countries have offered greater potential for gain (as well as loss) than securities of companies located in developed countries. Political, legal and economic structures in emerging market countries may be undergoing significant evolution and rapid development, and they may lack the social, political, legal and economic stability characteristics of more developed countries. Their economies may be highly vulnerable to changes in local or global trade conditions and may suffer from extreme and volatile debt burdens or inflation rates.

No fund will invest in foreign securities when there are currency or trading restrictions in force or when, in the judgment of its portfolio manager, such restrictions are likely to be imposed. However, certain currencies may become blocked (*i.e.*, not freely available for transfer from a foreign country), resulting in the possible inability of the fund to convert proceeds realized upon sale of portfolio securities of the affected foreign companies into U.S. currency.

Because investments in foreign companies usually involve currencies of foreign countries and because the funds may temporarily hold funds in bank deposits in foreign currencies during the completion of investment programs, the value of any of the assets of the funds as measured in U.S. dollars may be affected favorably or unfavorably by changes in foreign currency exchange rates and exchange control regulations, and a fund may incur costs in connection with conversions between various currencies. Each fund will conduct its foreign currency exchange transactions on a spot (*i.e.*, cash) basis at the spot rate prevailing in the foreign currency exchange market. Additionally, to protect against uncertainty in the level of future exchange rates, Capital Appreciation, Growth & Income, International Stock and Tactical Allocation may enter into contracts to purchase or sell foreign currencies at a future date (a "forward currency contract" or "forward contract"). When deemed appropriate by the portfolio managers, each fund may from time to time seek to reduce foreign currency risk by hedging some or all of the fund's foreign currency exposure back into the U.S. dollar. The risks for forward contracts and hedging are discussed below.

Commodities:

Tactical Allocation may invest in the securities of companies that explore for, extract, process or deal in commodities (e.g., gold, silver and platinum), and in instruments whose value is tied to the value of commodities. Based on historical experience, during periods of economic or financial instability the securities of companies involved in the commodities industry may be subject to extreme price fluctuations, reflecting the high volatility of commodities during such periods. In addition, the instability of commodity prices may result in volatile earnings of precious metal-related companies, which may, in turn, adversely affect the financial condition of such companies. Commodity-producing countries may face political or economic

turmoil.

Derivatives - Futures, Forwards, Options and Hedging Transactions:

General Description. Each fund, except Small Cap Growth, may use certain financial instruments, which may include futures contracts (sometimes referred to as “futures”), options, options on futures, swaps and non-deliverable forward currency contracts (“Derivatives”).

In addition, the funds expect to discover new opportunities in connection with such instruments and, as these new opportunities may become available and regulatory authorities broaden the range of permitted transactions, a fund’s portfolio manager may utilize these opportunities to the extent it is consistent with a fund’s investment objective(s) and permitted by the fund’s investment limitations and applicable regulatory authorities. (For purposes of this discussion, such new opportunities are included in the defined term Derivatives.) Although a fund may be permitted to use a variety of Derivatives, each fund presently intends to purchase, sell and use for hedging or investment purposes those Derivatives as specified and discussed in the sections that follow.

Regulation.

The enactment of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the “Dodd-Frank Act”) resulted in historic and comprehensive statutory reform of the regulation of Derivatives, including the manner in which they are entered into, reported, recorded, executed, and settled (or “cleared”). In particular, the Dodd-Frank Act mandates the elimination of references to credit ratings in numerous securities laws, including the 1940 Act. Certain swap Derivatives have been and other Derivatives may be mandated for central clearing under the Dodd-Frank Act, which likely will require technological and other changes to the operations of registered investment companies and the market in which they will trade. Central clearing also entails the use of assets of a registered investment company to satisfy margin calls and this may have an effect on the performance of such a fund. The regulators have not yet issued final regulations implementing all of the Dodd-Frank Act’s margin requirements and clearing mandates.

The regulators that have been charged with the responsibility for implementing the Dodd-Frank Act (i.e., the SEC, the CFTC, and the banking regulators) have been active in proposing and adopting regulations and guidance on the use of Derivatives by registered investment companies. As discussed below, the CFTC adopted a revision to one of its rules that, as revised, either restricts the use of Derivatives by a registered investment company or requires the fund’s adviser to register as a commodity pool operator (“CPO”). The SEC has proposed a new rule governing funds’ use of derivatives. If adopted, the rule would impose new limits on funds’ derivatives usage and new asset segregation requirements for funds’ derivatives transactions. Any such changes may, among various possible effects, increase the cost of entering into derivatives transactions, require more assets of a Fund to be used for collateral in support of those derivatives than is currently the case, or restrict the ability of a Fund to enter into certain types of derivative transactions.

Historically, advisers of registered investment companies trading commodity interests (such as futures contracts, options on futures contracts, non-deliverable forwards and swaps), including the Funds, had been excluded from regulation as commodity pool operators (“CPOs”) pursuant to CFTC Regulation 4.5. In 2012, the CFTC amended Regulation 4.5 to narrow this exclusion. Under the amended Regulation 4.5 exclusion, in order to rely on the exclusion a registered investment company’s commodity interests — other than those used for bona fide hedging purposes (as defined by the CFTC) — must be limited such that the aggregate initial margin and premiums required to establish the positions (after taking into account unrealized profits and unrealized losses on any such positions and excluding the amount by

which options that are “in-the-money” at the time of purchase) does not exceed 5% of a fund’s NAV, or alternatively, the aggregate net notional value of the positions, determined at the time the most recent position was established, does not exceed 100% of a fund’s NAV (after taking into account unrealized profits and unrealized losses on any such positions). Further, to qualify for the exclusion in amended Regulation 4.5, a fund must satisfy a marketing test, which requires, among other things, that a fund not hold itself out as a vehicle for trading commodity interests. A fund’s ability to use these instruments may also be limited by tax considerations. Eagle is registered as an investment adviser under the Investment Advisers Act of 1940, as amended. On behalf of each fund, an exemption from registration or regulation as a commodity pool operator under the Commodity Exchange Act has been claimed with the CFTC under CFTC Regulation 4.5, and Eagle is exempt from registration as a commodity trading adviser under CFTC Regulation 4.14(a)(8) with respect to each fund.

Special Risks of Hedging Strategies. The use of Derivatives involves special considerations and risks, as described below. Risks pertaining to particular Derivatives are described in the sections that follow.

(1) Successful use of most Derivatives depends upon a portfolio manager’s ability to predict movements of the overall securities, currency and interest rate markets, which requires different skills than predicting changes in the prices of individual securities. While each fund’s portfolio manager is experienced in the use of Derivatives, there can be no assurance that any particular hedging strategy adopted will succeed.

(2) There might be imperfect correlation, or even no correlation, between price movements of a Derivative and price movements of the investments being hedged. For example, if the value of a Derivative used in a short hedge increased by less than the decline in value of the hedged investment, the hedge would not be fully successful. Such a lack of correlation might occur due to factors unrelated to the value of the investments being hedged, such as speculative or other pressures on the markets in which Derivatives are traded. The effectiveness of hedges and using Derivatives on indices will depend on the degree of correlation between price movements in the Derivative and price movements in the securities being hedged.

To compensate for imperfect correlation, a fund may purchase or sell Derivatives in a greater dollar amount than the hedged investment if the volatility of the hedged investment is historically greater than the volatility of the Derivatives. Conversely, a fund may purchase or sell fewer contracts if the volatility of the price of the hedged investment is historically less than that of the Derivatives.

(3) Hedging strategies, if successful, can reduce risk of loss by wholly or partially offsetting the negative effect of unfavorable price movements in the investments being hedged. However, hedging strategies can also reduce opportunity for gain by offsetting the positive effect of favorable price movements in the hedged investments. For example, if a fund entered into a short hedge because its portfolio manager projected a decline in the price of a security in the fund’s investment portfolio, and the price of that security increased instead, the gain from that increase might be wholly or partially offset by a decline in the price of the Derivative. Moreover, if the price of the Derivative declined by more than the increase in the price of the security, the fund could suffer a loss. In either such case, the fund would have been in a better position had it not hedged at all. Some Derivatives have the potential for unlimited loss, regardless of the size of a fund’s initial investment.

(4) As described below, each fund might be required to maintain assets as “cover,” maintain segregated accounts or make margin payments when it takes positions in Derivatives involving obligations to third parties. If a fund were unable to close out its positions in such Derivatives, it might be required to continue to maintain such assets or accounts or make such payments until the position expired or

matured. These requirements might impair a fund's ability to sell a portfolio security or make an investment at a time when it would otherwise be favorable to do so, or require that the fund sell a portfolio security at a disadvantageous time. A fund's ability to close out a position in a Derivative prior to expiration or maturity depends on the existence of a liquid secondary market or, in the absence of such a market, the ability and willingness of the other party to the transaction ("counterparty") to enter into a transaction closing out the position. Therefore, there is no assurance that any hedging position can be closed out at a time and price that is favorable to the fund. Further, not all Derivative transactions require a counterparty to post collateral, which may expose a fund to greater losses in the event of a default by a counterparty.

Cover for Hedging Strategies. Some Derivatives expose a fund to an obligation to another party. A fund will not enter into any such transactions unless it owns either (1) an offsetting ("covered") position in securities, currencies, forward currency contracts, options, or futures contracts or (2) cash and other liquid assets with a value, mark-to-market daily, sufficient at all times to cover its potential obligations to the extent not covered as provided in (1) above. Each fund will comply with Commission guidelines regarding cover for instruments and will, if the guidelines so require, set aside cash or other liquid assets in an account with or on the books of the fund's custodian, in the prescribed amount.

Assets used as cover or otherwise held in an account cannot be sold while the position in the corresponding Derivative is open, unless they are replaced with other appropriate assets. As a result, the commitment of a large portion of a fund's assets to cover in segregated accounts could impede the adviser's ability to manage the portfolio or the fund's ability to meet redemption requests or other current obligations.

Options:

Each fund, except Small Cap Growth, may use for hedging, substitution or investment purposes, certain options, including options on securities, equity and debt indices and currencies. However, Growth & Income and Investment Grade Bond may only purchase and write call options on securities as discussed below. Certain risks and special characteristics of these strategies are discussed below.

Risks of Options Trading. The purchase of call options can serve as a long hedge, and the purchase of put options can serve as a short hedge. Writing put or call options can enable the fund to enhance income or yield by reason of the premiums paid by the purchasers of such options. However, if the market price of the security underlying a put option declines to less than the exercise price of the option, minus the premium received, the fund would expect to suffer a loss.

Writing call options can serve as a limited short hedge, because declines in the value of the hedged investment would be offset to the extent of the premium received for writing the option. However, if the security or currency appreciates to a price higher than the exercise price of the call option, it can be expected that the option will be exercised and the fund will be obligated to sell the security or currency at less than its market value. If the call option is an OTC option, the securities or other assets used as cover would be considered illiquid to the extent described under "Illiquid and Restricted Securities."

Writing put options can serve as a limited long hedge because increases in the value of the hedged investment would be offset to the extent of the premium received for writing the option. However, if the security or currency depreciates to a price lower than the exercise price of the put option, it can be expected that the put option will be exercised and the fund will be obligated to purchase the security or currency at more than its market value. If the put option is an OTC option, the securities or other assets used as cover would be considered illiquid to the extent described under "Illiquid and Restricted Securities."

A fund effectively may terminate its right or obligation under an option by entering into a closing transaction. If the fund wished to terminate its obligation to purchase or sell the investment under a put or call option it has written, a fund may purchase a put or call option of the same series (*i.e.*, an option identical in its terms to the option previously written); this is known as a closing purchase transaction. Conversely, in order to terminate its right to purchase or sell under a call or put option it has purchased, a fund may write a call or put option of the same series; this is known as a closing sale transaction. Closing transactions essentially permit the fund to realize profits or limit losses on its options positions prior to the exercise or expiration of the option. Whether a profit or loss is realized from a closing transaction depends on the price movement of the underlying security, index, currency or futures contract and the market value of the option.

In considering the use of options, particular note should be taken of the following:

(1) Options on securities and options on securities indices are treated as securities for purposes of CFTC regulation (as discussed above under “CFTC Regulation”). Accordingly, a fund’s positions in such options would not be counted against the de minimis limits in CFTC Regulation 4.5. However, a fund’s positions in options on futures contracts, if applicable, would be counted against such de minimis limits, unless used only for bona fide hedging.

(2) The value of an option position will reflect, among other things, the current market price of the underlying security, index, currency or futures contract, the time remaining until expiration, the relationship of the exercise price to the market price, the historical price volatility of the underlying instrument and general market conditions. For this reason, the successful use of options depends upon a fund’s portfolio manager’s ability to forecast the direction of price fluctuations in the underlying instrument.

(3) At any given time, the exercise price of an option may be below, equal to or above the current market value of the underlying instrument. Purchased options that expire unexercised have no value. Unless an option purchased by a fund is exercised or unless a closing transaction is effected with respect to that position, a loss will be realized in the amount of the premium paid.

(4) A position in an exchange-traded option may be closed out only on an exchange that provides a secondary market for identical options. Most exchange-traded options relate to futures contracts, stocks and currencies. The ability to establish and close out positions on an exchange is subject to the maintenance of a liquid secondary market. Although a fund intends to purchase or write only those options for which there appears to be an active secondary market, there is no assurance that a liquid secondary market will exist for any particular option at any specific time. In such event, it may not be possible to effect closing transactions with respect to certain options, with the result that the fund would have to exercise those options that it has purchased in order to realize any profit.

Unlike exchange-traded options, which are standardized with respect to the underlying instrument, expiration date, contract size and strike price, the terms of over-the-counter (“OTC”) options (options not traded on exchanges) generally are established through negotiation with the other party to the option contract. While this type of arrangement allows a fund greater flexibility to tailor the option to its needs, OTC options generally involve greater risk than exchange-traded options, which are guaranteed by the clearing organization of the exchange where they are traded. Since closing transactions may be effected with respect to options traded in the OTC markets (currently the primary markets of options on debt securities) only by negotiating directly with the other party to the option contract, or in a secondary market for the option if such market exists, there can be no assurance that a fund will, in fact, be able to close out an OTC option position at a favorable price prior to expiration. In the event of insolvency of the counterparty, a fund might be unable to close out an OTC option position at any time prior to its expiration.

With respect to options written by a fund, the inability to enter into a closing transaction may result in material losses. For example, because a fund may maintain a covered position with respect to any call option it writes on a security, it may not sell the underlying security during the period it is obligated under such option. This requirement may impair the fund's ability to sell a portfolio security or make an investment at a time when such a sale or investment might be advantageous.

(5) Activities in the options market may result in a higher portfolio turnover rate and additional brokerage costs; however, a fund also may save on commissions by using options as a hedge rather than buying or selling individual securities in anticipation of market movements.

(6) The risks of investment in options on indices may be greater than options on securities or currencies. Because index options are settled in cash, when a fund writes a call on an index it cannot provide, in advance, for its potential settlement obligations by acquiring and holding the underlying securities. A fund can offset some of the risk of writing a call index option by holding a diversified portfolio of securities similar to those on which the underlying index is based. However, the fund cannot, as a practical matter, acquire and hold an investment portfolio containing exactly the same securities as underlie the index and, as a result, bears a risk that the value of the securities held will vary from the value of the index.

Even if a fund could assemble an investment portfolio that exactly reproduced the composition of the underlying index, it still would not be fully covered from a risk standpoint because of the "timing risk" inherent in writing index options. When an index option is exercised, the amount of cash that the holder is entitled to receive is determined by the difference between the exercise price and the closing index level on the date when the option is exercised. As with other kinds of options, a fund as the call writer will not learn that it has been assigned until the next business day, at the earliest. The time lag between exercise and notice of assignment poses no risk for the writer of a covered call on a specific underlying security, such as common stock, because there the writer's obligation is to deliver the underlying security, not to pay its value as of a fixed time in the past. So long as the writer already owns the underlying security, it can satisfy its settlement obligations by simply delivering it, and the risk that its value may have declined since the exercise date is borne by the exercising holder. In contrast, even if the writer of an index call holds securities that exactly match the composition of the underlying index, it will not be able to satisfy its assignment obligations by delivering those securities against payment of the exercise price. Instead, it will be required to pay cash in an amount based on the closing index value on the exercise date. By the time a fund learns it has been assigned, the index may have declined, with a corresponding decline in the value of its investment portfolio. This "timing risk" is an inherent limitation on the ability of index call writers to cover their risk exposure by holding securities positions.

If a fund has purchased an index option and exercises it before the closing index value for that day is available, it runs the risk that the level of the underlying index subsequently may change. If such a change causes the exercised option to fall out-of-the-money, the fund will be required to pay the difference between the closing index value and the exercise price of the option (times the applicable multiplier) to the assigned writer.

As noted above, Growth & Income and Investment Grade Bond may write covered call options on securities to increase income in the form of premiums received from the purchasers of the options. Because it can be expected that a call option will be exercised if the market value of the underlying security increases to a level greater than the exercise price, a fund will write covered call options on securities generally when its portfolio manager believes the premium received by the fund plus anticipated appreciation in the market price of the underlying security up to the exercise price of the option, will be greater than the total appreciation in the price of the security. For each of Growth & Income and Investment Grade Bond, the aggregate value of the securities underlying call options (based on the lower of the option price or market) may not exceed 50% of its net assets. The strategy also may be used to provide limited protection against a decrease in the market

price of the security in an amount equal to the premium received for writing the call option, less any transaction costs. Thus, if the market price of the underlying security held by a fund declines, the amount of such decline will be offset wholly or in part by the amount of the premium received by the fund. If, however, there is an increase in the market price of the underlying security and the option is exercised, the fund will be obligated to sell the security at less than its market value. A fund would lose the ability to participate in the value of such securities above the exercise price of the call option. A fund also gives up the ability to sell the portfolio securities used to cover the call option while the call option is outstanding.

Futures:

All futures contracts are deemed to be commodity interest for purposes of CFTC Regulation 4.5 (discussed above under “CFTC Regulation”). Thus, a fund’s futures positions will be counted against the de minimis limits in CFTC Regulation 4.5, unless used for bona fide hedging.

Risks of Futures Trading. Although futures contracts by their terms call for actual delivery or acceptance of currencies or financial instruments, in most cases the contracts are closed out before the settlement date without the making or taking of delivery. Closing out a futures contract sale is effected by purchasing a futures contract for the same aggregate amount of the specific type of financial instrument or currency and the same delivery date. If the price of the initial purchase (sale) of the futures contract exceeds the price of the offsetting sale (purchase), the seller earns the difference and realizes a gain. Conversely, if the price of the offsetting purchase (sale) exceeds the price of the initial sale (purchase), the seller realizes a loss.

A fund is required to maintain margin deposits in connection with its transactions in futures contracts. Initial margin deposits vary from contract to contract and are subject to change. Margin balances are adjusted daily to reflect unrealized gains and losses on open contracts. If a fund has market exposure on an open futures contract, the broker will require the fund to deposit variation margin. Conversely, if a fund no longer has market exposure on such contract, the broker will pay any excess variation margin to the fund.

Most of the exchanges on which futures contracts are traded limit the amount of fluctuation permitted in futures prices during a single trading day. The daily price limit establishes the maximum amount the price of a futures contract may vary either up or down from the previous day’s settlement price at the end of a trading session. Once the daily price limit has been reached in a particular type of contract, no trades may be made on that day at a price beyond that limit. The daily price limit governs only price movement during a particular trading day and therefore does not limit potential losses because the limit may prevent the liquidation of unfavorable positions. Futures contract prices occasionally have moved to the daily limit for several consecutive trading days with little or no trading, thereby preventing prompt liquidation of futures positions and subjecting persons trading such futures contracts to substantial losses.

Another risk in employing futures contracts as a hedge is the prospect that prices will correlate imperfectly with the behavior of cash prices for the following reasons. First, rather than meeting additional margin deposit requirements, investors may close contracts through offsetting transactions. Second, the liquidity of the futures market depends on participants entering into offsetting transactions rather than making or taking delivery. To the extent participants decide to make or take delivery, liquidity in the futures market could be reduced, thus producing distortion. Third, from the point of view of speculators, the deposit requirements in the futures market are less onerous than margin requirements in the securities market. Therefore, increased participation by speculators in the futures market may cause temporary price distortions. Due to the possibility of distortion, a correct forecast of general interest rate, currency exchange rate or security price trends by a portfolio manager may still not result in a successful transaction.

Stock and Bond Index Futures. A stock or bond index assigns relative values to the common stocks or bonds comprised in the index. In an index futures contract, a party agrees to take or make delivery of an amount of cash equal to a specified dollar amount times the difference between the index value at the close of the last trading day of the contract and the price at which the futures contract is originally struck. No physical delivery of the underlying securities in the index is made.

The risk of imperfect correlation between movements in the price of an index futures contract and movements in the price of the securities that are the subject of the hedge increases as the composition of a fund's portfolio diverges from the securities included in the applicable index. The price of the index futures may move more than or less than the price of the securities being hedged. If the price of the futures contract moves less than the price of the securities that are the subject of the hedge, the hedge will not be fully effective but, if the price of the securities being hedged has moved in an unfavorable direction, the fund would be in a better position than if it had not hedged at all. If the price of the securities being hedged has moved in a favorable direction, this advantage will be partially offset by the futures contract. If the price of the futures contract moves more than the price of the securities, a fund will experience either a loss or a gain on the futures contract that will not be completely offset by movements in the price of the securities that are the subject of the hedge. To compensate for the imperfect correlation of movements in the price of the securities being hedged and movements in the price of the index futures contracts, a fund may buy or sell index futures contracts in a greater dollar amount than the dollar amount of securities being hedged if the historical volatility of the prices of such securities is more than the historical volatility of the index. It is also possible that, where a fund has sold futures contracts to hedge its securities against decline in the market, the market may advance and the value of securities held by the fund may decline. If this occurred, the fund would lose money on the futures contract and also experience a decline in value in its portfolio securities. However, while this could occur for a very brief period or to a very small degree, over time the value of a diversified portfolio of securities will tend to move in the same direction as the market indices upon which the futures contracts are based.

Where index futures contracts are purchased to hedge against a possible increase in the price of securities before a fund is able to invest in securities in an orderly fashion, it is possible that the market may decline instead. If a fund then concludes not to invest in securities at that time because of concern as to possible further market decline for other reasons, it will realize a loss on the futures contract that is not offset by a reduction in the price of the securities it had anticipated purchasing.

A broad-based securities index will generally have at least ten component issues, while a narrow-based index will generally have nine or fewer. Futures contracts on a broad-based security index are subject to exclusive regulatory jurisdiction of the CFTC, while futures contracts on a narrow-based security index are a class of "security futures" subject to joint SEC-CFTC jurisdiction.

Foreign Currency Hedging Strategies. International Stock, Investment Grade Bond and Tactical Allocation may use options and futures on foreign currencies. Options traded on a board of trade and futures on foreign currencies are deemed to be commodity interest for purposes of CFTC Regulation 4.5 (discussed above under "CFTC Regulation"). Thus, a fund's trading in such interests will be counted against the de minimis limits in CFTC Regulation 4.5, unless used for bona fide hedging.

Currency hedges can protect against price movements in a security that a fund owns or intends to acquire that are attributable to changes in the value of the currency in which it is denominated. Such hedges do not, however, protect against price movements in the securities that are attributable to other causes.

A fund might seek to hedge against changes in the value of a particular currency when no Derivatives on that currency are available or such Derivatives are more expensive than certain other Derivatives. In such cases, a fund may hedge against price movements in that currency by entering into

transactions using Derivatives on another currency or basket of currencies, the values of which its portfolio manager believes will have a high degree of positive correlation to the value of the currency being hedged. The risk that movements in the price of the Derivative will not correlate perfectly with movements in the price of the currency being hedged is magnified when this strategy is used.

The value of Derivatives on foreign currencies depends on the value of the underlying currency relative to the U.S. dollar.

Forward Currency Contracts. Each fund, except Small Cap Growth, may enter into forward currency exchange contracts and non-deliverable forwards as discussed below.

Capital Appreciation and Smaller Company may enter into such contracts to purchase or sell foreign currencies at a future date that is not more than 30 days from the date of the contract. A forward currency exchange contract involves an obligation to purchase or sell a specified currency at a future date, which may be any fixed number of days from the date of the contract agreed upon by the parties at a price set at the time of the contract. Non-deliverable forwards (“NDFs”) are cash-settled, short-term forward contracts on foreign currencies that are non-convertible and that may be thinly traded or illiquid. NDFs involve an obligation to pay an amount equal to the difference between the prevailing market exchange rate for the relevant currency and the agreed upon exchange rate, with respect to an agreed notional amount.

International Stock, Investment Grade Bond and Tactical Allocation generally will not enter into a forward currency contract with a term of greater than one year.

Growth & Income, International Stock, Investment Grade Bond, Smaller Company and Tactical Allocation may enter into a forward currency contract to sell the foreign currency for a fixed U.S. dollar amount approximating the value of some or all of their respective portfolio securities denominated in such foreign currency.

Capital Appreciation, Growth & Income, International Stock, Investment Grade Bond, Smaller Company and Tactical Allocation may use forward currency contracts when its portfolio manager wishes to “lock in” the U.S. dollar price of a security when the fund is purchasing or selling a security denominated in a foreign currency or anticipates receiving a dividend or interest payment denominated in a foreign currency.

Growth & Income, International Stock, Investment Grade Bond and Tactical Allocation may enter into forward currency contracts for the purchase or sale of a specified currency at a specified future date either with respect to specific transactions or with respect to portfolio positions in order to minimize the risk to the fund from adverse changes in the relationship between the U.S. dollar and foreign currencies.

Capital Appreciation, Growth & Income, International Stock, Investment Grade Bond, Mid Cap Growth, Smaller Company and Tactical Allocation may seek to hedge against changes in the value of a particular currency by using forward currency contracts on another foreign currency or a basket of currencies, the value of which the fund’s portfolio manager believes will have a positive correlation to the values of the currency being hedged. Use of a different foreign currency magnifies the risk that movements in the price of the forward currency contract will not correlate or will correlate unfavorably with the foreign currency being hedged.

Growth & Income, International Stock, Investment Grade Bond, Smaller Company and Tactical Allocation may use forward currency contracts to shift exposure to foreign currency fluctuations from one country to another. For example, if a fund owned securities denominated in a foreign currency and its

portfolio manager believed that currency would decline relative to another currency, it might enter into a forward currency contract to sell an appropriate amount of the first foreign currency, with payment to be made in the second foreign currency. Transactions that use two foreign currencies are sometimes referred to as “cross hedging.” Use of a different foreign currency magnifies a fund’s exposure to foreign currency exchange rate fluctuations.

Forward Currency Exchange Contracts. Forward currency exchange contracts are physically settled through an exchange of currencies. Accordingly, they are traded in the interbank market directly between currency traders (usually large commercial banks) and their customers. In addition, because they are physically settled, they are not treated as commodity interests for purposes of CFTC Regulation 4.5 (discussed above under “CFTC Regulation”). Therefore, a fund’s positions in them is not subject to the de minimis limits in CFTC Regulation 4.5.

The cost to a fund of engaging in forward currency contracts varies with factors such as the currency involved, the length of the contract period and the market conditions prevailing. Because forward currency contracts usually are entered into on a principal basis, no fees or commissions are involved. When a fund enters into a forward currency contract, it relies on the counterparty to make or take delivery of the underlying currency at the maturity of the contract. Failure by the counterparty to do so would result in the loss of any expected benefit of the transaction.

The precise matching of forward currency contract amounts and the value of the securities involved generally will not be possible because the value of such securities, measured in the foreign currency, will change after the forward currency contract has been established. Thus, a fund might need to purchase or sell foreign currencies in the spot (cash) market to the extent such foreign currencies are not covered by forward contracts. The projection of short-term currency market movements is extremely difficult, and the successful execution of a short-term hedging strategy is highly uncertain.

A fund bears the risk of loss of the amount expected to be received under a forward contract in the event of the default or bankruptcy of a counterparty. If such a default occurs, a fund may have contractual remedies pursuant to the forward contract, but such remedies may be subject to bankruptcy and insolvency laws which could affect a fund’s rights as a creditor.

Non-Deliverable Forwards. NDFs are similar to forward currency exchange contracts, but do not require physical delivery of any currency on the settlement date. Rather, on the settlement date, the only transfer between the counterparties is the monetary settlement amount representing the difference between the contract rate and the prevailing market exchange rate. NDFs typically may have terms from one month up to two years and are settled in U.S. dollars.

A fund will typically use NDFs for hedging purposes or for direct investment in a foreign country for income or gain. The use of NDFs for hedging or to increase income or gain may not be successful, resulting in losses to a fund, and the cost of such strategies may reduce a fund’s respective returns.

NDFs are subject to many of the risks associated with Derivatives in general and forward currency transactions including risks associated with fluctuations in foreign currency and the risk that the counterparty will fail to fulfill its obligations. In addition, pursuant to the Dodd-Frank Act and implementing regulations, NDFs are deemed to be commodity interests, including for purposes of amended Regulation 4.5. Therefore, funds claiming an exclusion under Regulation 4.5 will limit their investment in NDFs as discussed above under “CFTC Regulation.”

Although NDFs have historically been traded OTC, in the future pursuant to the Dodd-Frank Act, they may be exchange-traded. Under such circumstances, they will be centrally cleared and a secondary

market for them will exist. All NDFs are subject to counterparty risk, which is the risk that the counterparty will not perform as contractually required under the NDF. With respect to NDFs that are centrally-cleared, a fund could lose margin payments it has deposited with the clearing organization as well as the net amount of gains not yet paid by the clearing organization if it breaches its obligations under the NDF, becomes insolvent or goes into bankruptcy. In the event of bankruptcy of the clearing organization, the investor may be entitled to the net amount of gains the investor is entitled to receive plus the return of margin owed to it only in proportion to the amount received by the clearing organization's other customers, potentially resulting in losses to the investor.

Combined Transactions. A fund may purchase and write options in combination with each other, or in combination with futures or forward contracts, to adjust the risk and return characteristics of its overall position. For example, a fund may purchase a put option and write a call option on the same underlying instrument, in order to construct a combined position whose risk and return characteristics are similar to selling a futures contract. Another possible combined position would involve writing a call option at one strike price and buying a call option at a lower price, in order to reduce the risk of the written call option in the event of a substantial price increase. Because combined options positions involve multiple trades, they result in higher transaction costs and may be more difficult to open and close out.

A fund's options and futures activities may affect its turnover rate and brokerage commission payments, and status under CFTC Regulation 4.5 (as discussed above under "CFTC Regulation"). The exercise of calls or puts written by a fund, and the sale or purchase of futures contracts, may cause it to sell or purchase related investments, thus increasing its turnover rate. Once a fund has received an exercise notice on an option it has written, it cannot effect a closing transaction in order to terminate its obligation under the option and must deliver or receive the underlying securities at the exercise price. The exercise of puts purchased by a fund may also cause the sale of related investments, and increasing turnover; although such exercise is within the fund's control, holding a protective put might cause it to sell the related investments for reasons that would not exist in the absence of the put. A fund will pay a brokerage commission each time it buys or sells a put or call or purchases or sells a futures contract. Such commissions may be higher than those that would apply to direct purchases or sales.

Swaps, Caps, Floors and Collars:

The swap market has grown substantially in recent years, with a large number of banks and investment banking firms acting both as principals and as agents utilizing standardized swap documentation. As a result, the swap market has become relatively liquid. Caps, floors and collars are more recent innovations for which standardized documentation has not yet been fully developed and, accordingly, less liquid than swaps.

Among the transactions into which International Stock may enter are interest rate, currency, index and total return swaps and the purchase or sale of related caps, floors and collars. The fund expects to enter into these transactions primarily to preserve a return or spread on a particular investment or portion of its portfolio, to protect against currency fluctuations, as a duration management technique or to protect against any increase in the price of securities the fund anticipates purchasing at a later date. Interest rate swaps involve the exchange with another party of respective commitments to pay or receive interest, *e.g.*, an exchange of floating rate payments for fixed rate payments with respect to a notional amount of principal.

International Stock will usually enter into swaps on a net basis. These swaps, caps, floors and collars, which are used for bona fide hedging purposes, are subject to the Funds' asset segregation requirements under the 1940 Act. However, they are not subject to the Funds' borrowing restrictions. In

addition, a fund will not enter into any swap, cap, floor or collar transaction unless, at the time of entering into such transaction, the unsecured long-term debt of the counterparty, combined with any credit enhancements, is rated at least A by S&P, Moody's or Fitch or has an equivalent rating from any other Nationally Recognized Statistical Rating Organization or is determined to be of equivalent credit quality by the portfolio manager. If there is a default by the counterparty, the fund may have contractual remedies pursuant to the agreements related to the transaction.

International Stock may enter into credit default swap contracts for investment purposes. As the seller in a credit default swap contract, the fund would be required to pay the par (or other agreed-upon) value of a referenced debt obligation to the counterparty in the event of a default by a third party, such as a U.S. or foreign corporate issuer, on the debt obligation. In return, the fund would receive from the counterparty a periodic stream of payments over the term of the contract, provided that no event of default has occurred. If no default occurs, the fund would keep the stream of payments and would have no payment obligations. As the seller, the fund would be subject to investment exposure on the notional amount of the swap.

International Stock may also purchase credit default swap contracts in order to hedge against the risk of default of debt securities held in its portfolio, in which case the fund would function as the counterparty referenced in the preceding paragraph. This would involve the risk that the investment may expire worthless and would only generate income in the event of an actual default by the issuer of the underlying obligation (as opposed to a credit downgrade or other indication of financial instability). It would also involve credit risk, *i.e.* that the seller may fail to satisfy its payment obligations to the fund in the event of a default.

International Stock may be required to segregate liquid assets equal to the full notional amount of certain swaps, such as written credit default swaps on physically settled forwards or written options. The amount that International Stock must segregate may be reduced by the value of any collateral that it has pledged to secure its own obligations under the swap.

Options on Swap Agreements:

International Stock may enter into options on swap agreements ("swaptions"). These transactions are entered into in an attempt to obtain a particular return when it is considered desirable to do so, possibly at a lower cost to the fund than if the fund had invested directly in an instrument that yielded that desired return. The fund may write (sell) and purchase put and call swap options. Depending on the terms of a particular option agreement, the fund will generally incur a greater degree of risk when it writes a swap option than it will incur when it purchases a swap option. When the fund purchases a swap option, it risks losing only the amount of the premium it has paid should it decide to let the option expire unexercised. However, when the fund writes a swap option, upon the exercise of the option, the fund will become obligated according to the terms of the underlying agreement. Swaptions are deemed to be commodity interests for purposes of CFTC Regulation 4.5 (discussed above under "CFTC Regulation") if the underlying instrument is a swap, which itself would be deemed a commodity interest; therefore, in these circumstances, a fund's swaptions transactions count against the de minimis limits in CFTC Regulation 4.5, unless done for bona fide hedging purposes. However, if the underlying instrument is a security-based swap, which itself would be deemed a security, then the option thereon would be an option on a security that would not count against the de minimis limits in CFTC Regulation 4.5.

Forward Commitments:

Growth & Income, International Stock, Investment Grade Bond and Tactical Allocation may make contracts to purchase securities for a fixed price at a future date beyond customary settlement time ("forward

commitments”). However, these funds currently have no intention of engaging in such transactions at this time. A fund may engage in forward commitments if it either (1) holds and maintains until the settlement date in a segregated account, cash or high-grade debt obligations in an amount sufficient to meet the purchase price or (2) enters into an offsetting contract for the forward sale of securities of equal value that it owns. Forward commitments may be considered securities in themselves. They involve a risk of loss if the value of the security to be purchased declines prior to the settlement date, which risk is in addition to the risk of decline in value of a fund’s other assets. When such purchases are made through dealers, a fund relies on the dealer to consummate the sale. The dealer’s failure to do so may result in the loss to the fund of an advantageous yield or price. Although a fund generally will enter into forward commitments with the intention of acquiring securities for its investment portfolios, each fund may dispose of a commitment prior to settlement and may realize short-term profits or losses upon such disposition.

Illiquid and Restricted Securities:

Each fund will not purchase or otherwise acquire any illiquid security, agreements maturing in more than seven days, if, as a result, more than 15% of its net assets (taken at current value) would be invested in securities that are illiquid by virtue of the absence of a readily available market or legal or contractual restrictions on resale. OTC options and their underlying collateral are currently considered to be illiquid investments. Growth & Income, Investment Grade Bond, Mid Cap Stock and Smaller Company may sell OTC options and, in connection therewith, segregate assets or cover its obligations with respect to OTC options written by these funds. The assets used as cover for OTC options written by a fund will be considered illiquid unless OTC options are sold to qualified dealers who agree that the fund may repurchase any OTC option it writes at a maximum price to be calculated by a formula set forth in the option agreement. The cover for an OTC option written subject to this procedure would be considered illiquid only to the extent that the maximum repurchase price under the formula exceeds the intrinsic value of the option.

Not all restricted securities are deemed illiquid for the purposes noted in this section. There is a large institutional market for certain securities that are not registered under the Securities Act of 1933, as amended (“1933 Act”). Rule 144A under the 1933 Act, establishes a “safe harbor” from the registration requirements of the 1933 Act for resales of certain securities to qualified institutional buyers. Institutional markets for restricted securities that have developed as a result of Rule 144A provide both readily ascertainable values for certain restricted securities and the ability to liquidate an investment to satisfy share redemption orders. An insufficient number of qualified institutional buyers interested in purchasing Rule 144A eligible securities held by a fund, however, could adversely affect the marketability of such portfolio securities and a fund may be unable to dispose of such securities promptly or at reasonable prices. These securities are deemed to be illiquid for purposes of compliance limitations on holdings of illiquid securities.

Other Investment Practices:

When-Issued and Delayed Delivery Transactions. International Stock and Tactical Allocation may enter into agreements with banks or broker-dealers for the purchase or sale of securities at an agreed-upon price on a specified future date. Such agreements might be entered into, for example, when International Stock anticipates a decline in interest rates and is able to obtain a more advantageous yield by committing currently to purchase securities to be issued later. When a fund purchases securities on a when-issued or delayed delivery basis, it is required either (1) to create a segregated account with the custodian and to maintain in that account cash, U.S. Government Securities or other high grade debt obligations in an amount equal on a daily basis to the amount of a fund’s when-issued or delayed delivery commitments or (2) to enter into an offsetting forward sale of securities it owns equal in value to those purchased. A fund will only make commitments to purchase securities on a when-issued or delayed delivery basis with the intention of actually

acquiring the securities. However, a fund may sell these securities before the settlement date if it is deemed advisable as a matter of investment strategy. When the time comes to pay for when-issued or delayed delivery securities, a fund will meet its obligations from the available cash flow and/or the sale of securities, or, although it would not normally expect to do so, from the sale of the when-issued or delayed delivery securities themselves (which may have a value greater or less than a fund's payment obligation).

At the time that a fund purchases a security using one of these techniques, a segregated account consisting of cash or liquid securities equal to the value of the when-issued or forward or firm commitment securities will be established and maintained with the Trust's Custodian or on the fund's books and records and will be marked-to-market daily. On the delivery date, the fund will meet its obligations from securities that are then maturing or sales of securities held in the segregated account and/or from available cash flow. When-issued and forward commitment securities may be sold prior to the settlement date. The fund will engage in when-issued and forward commitment transactions only with the intention of actually receiving or delivering the securities, as the case may be. However, if the fund chooses to dispose of the right to acquire a security prior to its acquisition or dispose of its right to deliver or receive against a forward commitment, it can incur a gain or loss. In addition, there is always the risk that the securities may not be delivered and that the fund may incur a loss or will have lost the opportunity to invest the amount set aside for such transaction in the segregated account.

If the fund disposes of the right to acquire a when-issued or forward commitment security prior to its acquisition or disposes of its right to deliver against a forward commitment, it can incur a gain or loss due to market fluctuation. In some instances prior to the settlement date, the third-party seller of when-issued or forward commitment securities may determine that it will be unable to meet its existing transaction commitments without borrowing securities. In the event that it is advantageous from a yield perspective, the fund may agree to resell its purchase commitment to the third-party seller at the current market price on the date of sale and concurrently enter into another purchase commitment for such securities at a later date. As an inducement for the fund to "roll over" its purchase commitment, the fund may receive a negotiated fee.

Loans of Portfolio Securities. Each fund may loan portfolio securities to qualified broker-dealers. The collateral for a fund's loans will be marked-to-market daily so that at all times the collateral exceeds 100% of the value of the loan. A fund may terminate such loans at any time and the market risk applicable to any security loaned remains its risk. Although voting rights, or rights to consent, with respect to the loaned securities pass to the borrower, a fund retains the right to call the loans at any time on reasonable notice, and it will do so in order that the securities may be voted by it if the holders of such securities are asked to vote upon or consent to matters materially affecting the investment. A fund also may call such loans in order to sell the securities involved. The borrower must add to the collateral whenever the market value of the securities rises above the level of such collateral. Securities loans involve some risk. A fund could incur a loss if the borrower should fail financially at a time when the value of the loaned securities is greater than the collateral. The primary objective of securities lending is to supplement a fund's income through investment of the cash collateral in short-term interest bearing obligations.

Selling Securities Short. Each fund may sell securities short if they own or have the right to obtain like securities of an amount equivalent to those sold short without incurring any additional costs. Transactions in swaps, options, future and forward contracts not involving short sales are not considered to be selling securities short.

Temporary Defensive Purposes. For temporary defensive purposes during anticipated periods of general market decline, each fund may invest up to 100% of its net assets in: (1) money market instruments, including securities issued by the U.S. Government, its agencies or instrumentalities and repurchase agreements secured thereby; (2) bank CDs and bankers' acceptances issued by banks having net assets of at

least \$1 billion as of the end of their most recent fiscal year; (3) high-grade commercial paper; and (4) other long- and short-term debt instruments that are rated A or higher by S&P, Moody's or Fitch. For a description of S&P, Moody's and Fitch's commercial paper and corporate debt ratings, see Appendix B. Each fund may also take positions that are inconsistent with its principal investment strategies.

In addition, for temporary defensive purposes, International Stock and Tactical Allocation may invest all or a major portion of its assets in: (1) foreign debt securities; (2) debt and equity securities of U.S. issuers; and (3) obligations issued or guaranteed by the U.S. or a foreign government or their respective agencies, authorities or instrumentalities.

Cyber Security:

With the increased use of technologies such as the Internet to conduct business, each fund is susceptible to operational, information security and related risks, including potential damage to computer systems (including shareholder computer systems). Operational risks include processing errors and human errors, inadequate or failed internal or external processes, failures in systems and technology errors or malfunctions, changes in personnel, and errors caused by a fund's manager, sub-adviser, third-party service providers or counterparties. The funds attempt to mitigate such risks; however, it is not possible to identify all of the risks that may affect a fund.

Additionally, the funds, and their service providers, may be prone to operational and information security risks resulting from cyber-attacks. Cyber-attacks include, among other behaviors, stealing or corrupting data maintained online or digitally, denial of service attacks on websites, the unauthorized release of confidential information or various other forms of cyber security breaches. Cyber security attacks affecting the funds or their investment adviser, subadvisers, custodian, transfer agent, intermediaries and other third-party service providers may adversely impact the funds. For instance, cyber-attacks may interfere with the processing of shareholder transactions, impact the funds' ability to calculate their NAVs, cause the release of private shareholder information or confidential business information, impede trading, subject the funds to regulatory fines or financial losses and/or cause reputational damage. The funds may also incur additional costs for cyber security risk management purposes. Similar types of cyber security risks are also present for issues or securities in which the funds may invest, which could result in material adverse consequences for such issuers, and may cause the funds' investment in such companies to lose value.

B. Industry Classifications

For purposes of determining industry classifications, each fund relies primarily upon classifications published by Standard & Poor's Global Industry Classification Standard ("GICS®"). If GICS® does not have an industry classification for a particular security, Eagle Asset Management, Inc., the fund's investment adviser ("Eagle"), will then rely upon classifications published by Bloomberg L.P. If the designated industry no longer appears reasonable, or if any classifications are determined by Eagle to be so broad that the primary economic characteristics of issuers within a single class are materially different, the funds will classify issuers within that class according to the Directory of Companies Filing Annual Reports with the Commission.

III. INVESTMENT LIMITATIONS

A. Fundamental Investment Policies for All Funds

The funds are subject to the following investment limitations that are fundamental policies and may not be changed without the vote of a majority of the outstanding voting securities of the applicable fund. Under the 1940 Act, a “vote of a majority of the outstanding voting securities” of a fund means the affirmative vote of the lesser of (1) more than 50% of the outstanding shares of the fund or (2) 67% or more of the shares present at a shareholders meeting if more than 50% of the outstanding shares are represented at the meeting in person or by proxy.

Borrowing. The funds may not borrow money, except to the extent permitted by the 1940 Act, the rules and regulations thereunder and any applicable exemptive relief.

Commodities.

All funds except Tactical Allocation: The funds may not purchase or sell commodities or commodity contracts unless acquired as a result of ownership of securities or other instruments issued by persons that purchase or sell commodities or commodities contracts; but this shall not prevent the fund from purchasing, selling and entering into financial futures contracts (including futures contracts on indices of securities, interest rates and currencies), options on financial futures contracts (including futures contracts on indices of securities, interest rates and currencies), warrants, swaps, forward contracts, foreign currency spot and forward contracts or other derivative instruments that are not related to physical commodities.

Tactical Allocation: The fund may not purchase or sell commodities or commodity contracts unless acquired as a result of ownership of securities or other instruments issued by persons that purchase or sell commodities or commodities contracts; but this shall not prevent the fund from purchasing, selling and entering into financial futures contracts (including futures contracts on indices of securities, interest rates and currencies), options on financial futures contracts (including futures contracts on indices of securities, interest rates and currencies), warrants, swaps, forward contracts, foreign currency spot and forward contracts or other derivative instruments or exchange-traded products that provide exposure to physical commodities. This policy shall not prevent the fund from investing in issuers engaged in the commodities business or securities or other instruments backed by commodities.

Concentration.

All funds except International Stock and Tactical Allocation: Except for any fund that is ‘concentrated’ in an industry or group of industries within the meaning of the 1940 Act, the funds may not purchase the securities of any issuer (other than securities issued or guaranteed by the U.S. Government, U.S. states, District of Columbia, U.S. territories and possessions, and any of the political subdivisions of the aforementioned entities) if, as a result, more than 25% of the fund’s total assets would be invested in the securities of companies whose principal business activities are in the same industry.

International Stock and Tactical Allocation: The fund may not purchase the securities of any issuer (other than securities issued or guaranteed by the U.S. Government, U.S. states, District of Columbia, U.S. territories and possessions, and any of the political subdivisions of the aforementioned entities, as well as securities of other investment companies that provide exposure to such entities and pay “exempt interest dividends”) if, as a result, more than 25% of the fund’s total assets would be invested in the securities of companies whose principal business activities are in the same industry.

The following interpretation applies to, but is not part of, this fundamental restriction for Tactical Allocation. Investment companies are not considered an industry for purposes of this restriction. The fund may invest in ETFs that may concentrate their assets in one or more industries. The fund will consider the concentration of such ETFs in determining compliance with this fundamental restriction.

Diversification.

Except to the extent permitted by the 1940 Act, the rules and regulations thereunder and any applicable exemptive relief, each fund may not with respect to 75% of the fund's total assets, purchase the securities of any issuer (other than securities issued or guaranteed by the U.S. Government or any of its agencies or instrumentalities, and securities of other investment companies) if, as a result, (a) more than 5% of a fund's total assets would be invested in the securities of that issuer, or (b) a fund would hold more than 10% of the outstanding voting securities of that issuer.

Loans, Repurchase Agreements and Loans of Portfolio Securities. The funds may make loans only as permitted under the 1940 Act, the rules and regulations thereunder and any applicable exemptive relief.

Real Estate.

All funds except Tactical Allocation: The funds may not purchase or sell real estate, except that, to the extent permitted by applicable law, the funds may (1) invest in securities or other instruments directly or indirectly secured by real estate, and (2) invest in securities or other instruments issued by issuers that invest in real estate.

Tactical Allocation: The fund may not purchase or sell real estate, except that, to the extent permitted by applicable law, the fund may (1) invest in securities or other instruments directly or indirectly secured by real estate, and (2) invest in securities or other instruments issued by issuers that invest in real estate, such as REITs or real estate operating companies.

Senior Securities. The funds may not issue senior securities, except to the extent permitted by the 1940 Act, the rules and regulations thereunder and any applicable exemptive relief.

Underwriting. The funds may not underwrite securities issued by others, except to the extent that the fund may be considered an underwriter within the meaning of the 1933 Act in the disposition of restricted securities or in connection with investments in other investment companies.

B. Non-Fundamental Investment Policies

The funds have adopted the following additional restrictions which, together with certain limits described above, may be changed by the Board without shareholder approval in compliance with applicable law, regulation or regulatory policy.

Investing in Illiquid Securities. Each fund may not invest more than 15% of their net assets in repurchase agreements maturing in more than seven days or in other illiquid securities, including securities that are illiquid by virtue of the absence of a readily available market or legal or contractual restrictions as to resale and including privately placed securities.

Investing in Investment Companies. Each fund may invest in securities issued by other investment companies as permitted by the 1940 Act, and the rules thereunder and any exemptive relief.

Except with respect to borrowing money, if a percentage limitation is adhered to at the time of the investment, a later increase or decrease in the percentage resulting from any change in value of net assets will not result in a violation of such restriction.

IV. NET ASSET VALUE

The NAV per share of each class of shares is normally determined each business day as of the scheduled close of regular trading on the New York Stock Exchange (the “NYSE”) and the NASDAQ, (typically 4 p.m. Eastern time). The Fund will not treat an intraday unscheduled disruption in trading on either the NYSE or NASDAQ as a closure of that particular market, and will price its shares as of the normally scheduled close of the NYSE and NASDAQ if the disruption directly affects only one of those markets. The NYSE and NASDAQ normally are open for business Monday through Friday except the following holidays: New Year’s Day, Martin Luther King Day, President’s Day, Good Friday, Memorial Day, Independence Day, Labor Day, Thanksgiving Day and Christmas Day.

Pursuant to the Board’s delegation of pricing and valuation responsibilities to Eagle, Eagle has established a Valuation Committee to carry out the supervisory functions associated with properly valuing securities in the funds’ portfolios. In the event that a “Significant Event” occurs that may affect a fund’s valuation, the Valuation Committee will follow procedures outlined in the funds’ Pricing and Valuation Procedures. Significant Events include, but are not limited to, single-issuer events that affect one company, multiple-issuer events that affect a large segment of the market, a vendor-specific event that may cause one or more of the funds’ vendors to become unable to render services during the pricing process.

The funds value securities or assets held in their portfolios as follows:

Equity Securities. A security listed or traded on a domestic exchange is valued at its last sales price at the close of the principal exchange on which it is traded. A security listed principally on the NASDAQ Stock Market is normally valued at the NASDAQ Official Closing Price (“NOCP”) provided by NASDAQ each business day. The NOCP is the most recently reported price as of 4:00:02 p.m. Eastern time, unless that price is outside the range of the “inside” bid and asked prices. If no last sale is reported at that time or the security is traded in the OTC market, market value is based on the most recent quoted bid price.

Fixed Income Securities. Government bonds, corporate bonds, asset-backed bonds, municipal bonds, short-term securities (investments that have a maturity date of 60 days or less) and convertible securities, including high yield or junk bonds, normally are valued on the basis of evaluated prices provided by independent pricing services. Prices provided by the pricing services may be determined without exclusive reliance on quoted prices, and may reflect appropriate factors such as institution-size trading in similar groups of securities, developments related to special securities, dividend rate, maturity and other market data. If the prices provided by the pricing service and independent quoted prices are unavailable or unreliable, the Valuation Committee will fair value the security using the Pricing and Valuation Procedures approved by the Board.

Investment Companies and ETFs. Investments in other investment companies are valued at their reported NAV. The prospectuses for these companies explain the circumstances under which these companies will use fair value pricing and the effect of the fair value pricing. In addition, investments in ETFs are valued on the basis of market quotations, if available and reliable. If the prices provided by independent pricing services and independent quoted prices are unavailable or unreliable, the Valuation Committee will fair value the security using the Procedures.

Options and Futures. Options and futures positions are valued based on market quotations. Futures and options with no readily available fair market value shall be valued using quotations obtained from

independent brokers or, if no quotations are available, the security will be valued in good faith by the Valuation Committee. Market quotations generally will not be available for options traded in the OTC market.

Foreign Assets. Securities and other assets in foreign currency and foreign currency contracts will be valued daily in U.S. dollars at the foreign currency exchange rates prevailing at the time a fund calculates the daily NAV of each class. Foreign currency exchange rates generally are determined as of the close of regular trading on the NYSE. Occasionally, a Significant Event affecting the value of foreign securities occurs between the time at which they are determined and the close of regular trading on the NYSE; such events will not be reflected in a computation of the fund's NAV. If a "significant event" materially affecting the value of such securities or assets occurred during such time period, the securities or assets would be valued at their fair value as determined in good faith by Eagle or a third-party under procedures established by and under the general supervision and responsibility of the Board. The foreign currency exchange transactions of a fund conducted on a spot basis are valued at the spot rate for purchasing or selling currency prevailing on the foreign exchange market.

Fair Value Estimates. In the event that (1) price quotations or valuations are not readily available, (2) readily available price quotations are not reflective of market value (prices deemed unreliable), or (3) a significant event has been recognized in relation to a security or class of securities, such securities will be valued by the Valuation Committee consistent with procedures established by and under the general supervision and responsibility of the Board. Significant events include, but are not limited to, single-issuer events such as corporate announcements or earnings, multiple-issuer events such as natural disasters and significant market fluctuations.

The funds are open each Business Day. Trading in securities on European and Far Eastern securities exchanges and OTC markets normally is completed well before the funds' close of business on each Business Day. In addition, trading in various foreign markets may not take place on all Business Days or may take place on days that are not Business Days and on which the funds' NAVs per share are not calculated. The funds calculate NAV per share and, therefore, effect sales and redemptions, as of the close of regular trading on the NYSE each Business Day. If events materially affecting the value of such securities or other assets occur between the time when their prices are determined (including their value in U.S. dollars by reference to foreign currency exchange rates) and the time when the funds' NAV is calculated, such securities and other assets may be valued at fair value by methods as determined in good faith by or under procedures established by the Board.

V. INVESTING IN THE FUNDS

Each class of shares are sold at their next determined NAV on Business Days. The procedures for purchasing shares of a fund are explained in the Prospectus under "How to Invest."

VI. INVESTMENT PROGRAMS

A. Retirement Plans

Eagle IRA. An individual who earns compensation and has not reached age 70½ before the close of the year generally may establish an individual retirement account ("IRA"). An individual may make limited deductible contributions to an IRA through the purchase of fund shares ("Eagle IRA"). A separate agreement is required to establish an Eagle IRA. An Eagle IRA also may be used for certain "rollovers" from qualified benefit plans and from Section 403(b) annuity plans. For more detailed information on an Eagle IRA, please contact Eagle.

The Code limits the deductibility of IRA contributions to a certain maximum. Additionally, individuals who are age 50 or over by the end of any year may make additional special deductible “catch-up” contributions up to a certain maximum per year. These deductible contributions may be made only by taxpayers who are not active participants (and whose spouses are not active participants) in employer-provided retirement plans or who have adjusted gross income below a certain level; however, a married investor who is not an active participant in such a plan and files a joint income tax return with his or her spouse (and their combined adjusted gross income does not exceed a certain maximum established in the Code and adjusted for inflation annually) is not affected by the spouse’s active participant status. The Code also permits other individuals to make nondeductible IRA contributions up to certain specified amounts. In addition, individuals whose earnings (together with their spouse’s earnings) do not exceed a certain level may establish a Roth IRA; although contributions to this type of account are nondeductible, withdrawals from it generally will not be taxable.

If any investment held in an IRA is liquidated or, at our sole discretion, otherwise becomes unavailable as a permissible investment, the liquidation or other proceeds will be invested in accordance with your instructions. If such instructions are unclear, unavailable or incomplete, the liquidation and any other proceeds will be invested in a taxable money market fund until such time complete instructions are received.

Other Retirement Plans. Fund shares also may be used as the investment medium for qualified plans (defined benefit or defined contribution plans established by corporations, partnerships or sole proprietorships), nonqualified deferred compensation plans, and certain voluntary employee benefit association and post-retirement benefit plans. Contributions to these plans may be made (within certain limits) on behalf of the employees, including owner-employees, of the sponsoring entity.

B. Rights of Accumulation

Certain investors may qualify for the Class A sales charge reductions indicated in the sales charge schedule in the prospectus by combining purchases of Class A and Class C shares into a single “purchase,” if the resulting purchase totals at least \$25,000. The term “purchase” refers to: (i) a single purchase by an individual, or to concurrent purchases that, in the aggregate, are at least equal to the prescribed amounts, by an individual, his spouse and their children under the age of 21 purchasing Class A or Class C shares for his or their own account; (ii) a single purchase by a trustee or other fiduciary purchasing Class A or Class C shares for a single trust, estate or single fiduciary account although more than one beneficiary is involved; or (iii) a single purchase for the employee benefit plans of a single employer. The term “purchase” also includes purchases by a “company,” as the term is defined in the 1940 Act, but does not include purchases by any such company that has not been in existence for at least six months or that has no purpose other than the purchase of mutual fund shares at a discount. A “purchase” also may include Class A or Class C shares purchased at the same time through a single selected dealer of any other Eagle Mutual Fund that distributes its shares subject to a sales charge.

The applicable Class A shares initial sales charge will be based on the total of:

- (i) the investor’s current purchase;
- (ii) the NAV (at the close of business on the previous day) of (a) all Class A and Class C shares of a fund held by the investor and (b) all Class A and Class C shares of any other Eagle Mutual Fund held by the investor and purchased at a time when Class A shares of such other fund were distributed subject to a sales charge (including shares in a money market fund advised or offered by Eagle acquired by exchange); and

- (iii) the NAV of all Class A and Class C shares described in paragraph (ii) owned by another shareholder eligible to combine his purchase with that of the investor into a single “purchase.”

To qualify for a reduced sales charge on a purchase through a selected dealer, the investor or selected dealer must provide the funds’ transfer agent with sufficient information to verify that each purchase qualifies for the privilege or discount.

C. Class A Letter of Intent

Investors may also obtain the reduced sales charges shown in the prospectus by means of a written Letter of Intent, which expresses the investor’s intention to invest not less than \$25,000 within a period of 13 months in Class A and Class C shares of any fund managed by Eagle. Each purchase of Class A shares under a Letter of Intent will be made at the public offering price or prices applicable at the time of such purchase to a single transaction of the dollar amount indicated in the Letter of Intent. In addition, if you own Class A shares of any other Eagle Mutual Fund subject to a sales charge, you may include those shares in computing the amount necessary to qualify for a sales charge reduction. Shares purchased within 90 days of the date you sign the Letter of Intent may be used as credit toward completion, but the reduced sales charge will only apply to new purchases made on or after that date.

The Letter of Intent is not a binding obligation upon the investor to purchase the full amount indicated. The minimum initial investment under a Letter of Intent is 5% of such amount. Class A shares purchased with the first 5% of such amount will be held in escrow (while remaining registered in the name of the investor) to secure payment of the higher sales charge applicable to the shares actually purchased if the full amount indicated is not purchased, and such escrowed Class A shares will be redeemed involuntarily to pay the additional sales charge, if necessary. When the full amount indicated has been purchased, the escrow will be released. The difference in sales charge will be used to purchase additional Class A shares of a fund subject to the rate of sales charge applicable to the actual amount of the aggregate purchases. An investor may amend their Letter of Intent to increase the indicated dollar amount and begin a new 13-month period. In that case, all investments subsequent to the amendment will be made at the sales charge in effect for the higher amount. The escrow procedures discussed above will apply.

VII. REDEEMING SHARES

The methods of redeeming shares are described in the section of the Prospectus entitled “How to Sell Your Investment.”

A. Receiving Payment

If a request for redemption is received by a fund in good order (as described below) before the close of regular trading on the NYSE (usually 4:00 p.m. Eastern time) on a Business Day, the shares will be redeemed at the NAV per share determined as of 4:00 p.m. Eastern time, minus any applicable CDSC. Requests for redemption received by the fund after 4:00 p.m. Eastern time will be executed at the NAV determined as of 4:00 p.m. Eastern time on the next Business Day, minus any applicable CDSC. Each fund reserves the right to accept and execute orders to redeem at such other time as designated by the fund if it accepts orders on days when the exchange is closed.

If shares of a fund are redeemed by a shareholder through a participating dealer or participating bank (“Financial Advisor”) or Plan Administrator, the redemption is settled with the shareholder as an ordinary transaction (generally three business days after the order was received). Payment for shares redeemed normally will be made by the fund after settlement to the Distributor, a Financial Adviser or a Plan Administrator on the next business day.

Other supporting legal documents may be required from corporations or other organizations, fiduciaries or persons other than the shareholder of record making the request for redemption. Questions concerning the redemption of fund shares can be directed to the Distributor, a Financial Advisor, a Plan Administrator or to the funds.

For the funds to process a redemption request, it must be in “good order.” Good order means that Eagle has been provided sufficient information necessary to process the request as outlined in this statement of additional information, including:

- The shareholder’s name,
- The name of the fund,
- The account number,
- The share or dollar amount to be redeemed, and
- The signatures of all registered shareholders with signature guarantees, if applicable.

Further, there must not be any restrictions applied to the account making the redemption request. Certain requests are subject to the transfer agent’s verification procedures before they are considered in good order. A request is not considered to be in “good order” by the funds until it meets these requirements.

Each fund has the right to suspend redemption or postpone payment at times when the exchange is closed (other than customary weekend or holiday closings) or during periods of emergency or other periods as permitted by the Commission. In the case of any such suspension, the shareholder or Plan Administrator may either withdraw the request for redemption or receive payment based upon the NAV next determined, less any applicable CDSC, after the suspension is lifted. If a redemption check remains outstanding after six months, each fund reserves the right to redeposit those funds in any deposit account registered to the shareholder or Plan Administrator.

The Board may suspend the right of redemption or postpone payment for more than seven days at times (1) during which the NYSE is closed other than for the customary weekend and holiday closings, (2) during which trading on the NYSE is restricted as determined by the Commission, (3) during which an emergency exists as a result of which disposal by the funds of securities owned by them is not reasonably practicable or it is not reasonably practicable for the funds fairly to determine the value of their net assets or (4) for such other periods as the Commission may by order permit for the protection of the holders of a class of shares.

B. Telephone Transactions

Shareholders of Class A, C and I may redeem shares by placing a telephone request to a fund. Shareholders of Class R-3, R-5 and R-6 shares should call their Plan Administrator to redeem shares. A fund, Eagle, the transfer agent, the Distributor and their Trustees, directors, officers and employees are not liable for any loss arising out of telephone instructions they reasonably believe are authentic. In acting upon telephone instructions, these parties use procedures that are reasonably designed to ensure that such instructions are genuine, such as (1) obtaining some or all of the following information: account number, name(s) and social security number(s) registered to the account, and personal identification; (2) recording all telephone transactions; and (3) sending written confirmation of each transaction to the registered owner. If a fund, Eagle, the transfer agent, the Distributor and their Trustees, directors, officers and employees do not follow reasonable procedures, some or all of them may be liable for any such losses.

C. Systematic Withdrawal Plan

Shareholders may elect to make systematic withdrawals from a fund account on a periodic basis. The amounts paid each period are obtained by redeeming sufficient shares from an account to provide the withdrawal amount specified. Should a CDSC apply, the liquidation will be the requested amount, less any applicable charges. The Systematic Withdrawal Plan currently is not available for shares held in an IRA, Section 403(b) annuity plan, defined contribution plan, simplified employee pension plan or other retirement plan, unless the shareholder establishes, to the funds' satisfaction, that withdrawals from such an account may be made without imposition of a penalty. Shareholders may change the amount to be paid by contacting the funds and no charges shall apply.

Redemptions will be made at NAV determined as of the close of regular trading on the Exchange on a day of each month chosen by the shareholders or a day of the last month of each period chosen by the shareholders, whichever is applicable. Except as described in the Prospectus, systematic withdrawals may be subject to a CDSC. If the Exchange is not open for business on that day, the shares will be redeemed at NAV determined as of the close of regular trading on the Exchange on the following Business Day, minus any applicable CDSC for Class C shares. If a shareholder elects to participate in the Systematic Withdrawal Plan, dividends and other distributions on all shares in the account should be reinvested automatically in fund shares. A shareholder may terminate the Systematic Withdrawal Plan at any time without charge or penalty by giving written notice to the funds. The funds, Eagle, the transfer agent and the Distributor also reserve the right to modify or terminate the Systematic Withdrawal Plan at any time.

A withdrawal payment is treated as proceeds from a sale of shares rather than as a dividend or a capital gain distribution. These payments are taxable to the extent that the total amount of the payments exceeds the tax basis of the shares sold. If the periodic withdrawals exceed reinvested dividends and other distributions, the amount of the original investment may be correspondingly reduced.

Ordinarily, a shareholder should not purchase additional Class A shares of a fund, if maintaining a Systematic Withdrawal Plan of Class A shares, because the shareholder may incur tax liabilities in connection with such purchases and withdrawals. A fund will not knowingly accept purchase orders from shareholders for additional Class A shares if they maintain a Systematic Withdrawal Plan unless the purchase is equal to at least one year's scheduled withdrawals. In addition, a shareholder who maintains such a Systematic Withdrawal Plan may not make periodic investments under each fund's Automatic Investment Plan.

D. Waiver of CDSC

The CDSC is currently waived for: (1) any partial or complete redemption in connection with a distribution, without penalty, under Section 72(t) of the Code from a qualified retirement plan, including a self-employed individuals retirement plan (a "Keogh Plan") or IRA upon attaining age 70½; (2) any redemption resulting from a tax-free return of an excess contribution to a qualified employer retirement plan or an IRA; (3) any partial or complete redemption following death or disability (as defined in Section 72(m)(7) of the Code) of a shareholder (including one who owns the shares as joint tenant with their spouse) from an account in which the deceased or disabled is named, provided the redemption is requested within one year of the death or initial determination of disability; (4) any redemption of shares to make payments through certain sales from a Systematic Withdrawal Plan of up to 12% annually of the account balance at the beginning of the plan; and (5) any redemption of shares to close out shareholder accounts that do not comply with the minimum balance requirements.

E. Redemptions-in-Kind

A fund is obligated to redeem shares for any shareholder for cash during any 90-day period up to \$250,000 or 1% of that fund's NAV, whichever is less. Any redemption beyond this amount also will be in cash unless the Board determines that further cash payments will have a material adverse effect on remaining shareholders. In such a case, a fund will pay all or a portion of the remainder of the redemption in portfolio instruments, valued in the same way as each fund determines NAV. The portfolio instruments will be selected in a manner that the Board deems fair and equitable. A redemption-in-kind is not as liquid as a cash redemption. If a redemption is made in kind, a shareholder receiving portfolio instruments could receive less than the redemption value thereof and could incur certain transaction costs upon the subsequent sale of the portfolio instruments.

F. Frequent Purchases and Redemptions of Fund Shares

"Market timing" typically refers to the practice of frequent trading in the shares of mutual funds in order to exploit inefficiencies in fund pricing. Eagle has no formal or informal arrangements to allow customers to frequently trade in the funds. Eagle and its service providers monitor trading activity in the funds in order to detect and deter market timing activities. In some cases, such monitoring results in rejection of purchase or exchange orders. While there is no guarantee that all market timing will be detected, Eagle has adopted a Market Timing Policy, described in the funds' Prospectus, to deter such activity.

VIII. EXCHANGE PRIVILEGE

An exchange is effected through the redemption of the shares tendered for exchange and the purchase of shares being acquired, at their respective NAVs, as next determined following receipt by the fund whose shares are being exchanged of: (1) proper instructions and all necessary supporting documents or (2) a telephone request from Class A, C, or I shareholders, or from Plan Administrators, for such exchange in accordance with the procedures set forth in the Prospectus and below. Telephone requests for an exchange received by a fund before the close of regular trading on the NYSE will be effected at the close of regular trading on that day. Requests for an exchange received after the close of regular trading will be effected on the NYSE's next trading day.

Each fund reserves the right to: (1) reject any order to acquire its shares through exchange or otherwise, (2) restrict or (3) terminate the exchange privilege at any time. In addition, each Eagle Mutual Fund may terminate this exchange privilege upon 60 days' notice.

IX. DISCLOSURE OF PORTFOLIO HOLDINGS

The funds' policy is to protect the confidentiality of information relating to portfolio holdings and to prevent the selective disclosure of non-public information. To this extent, neither the funds nor Eagle will provide portfolio holdings information to any individual, investor, Plan Administrator or other person unless specifically authorized by the funds' Chief Compliance Officer ("CCO") or as described below.

Each fund's top 20 portfolio holdings will be posted on the funds' website no earlier than 5 business days after a calendar month's end and the full portfolio holdings (security name and percentage of total net assets) will be posted and available upon request to the funds' shareholders no earlier than 5 business days after a calendar quarter's end. Note that, in the event a fund has 20 or fewer holdings, the disclosure of the holdings at month-end will contain full holdings for that fund. In the event of a new fund, the disclosure of holdings may occur on the first day on which the new fund's portfolio has been fully assembled, at the CCO's discretion. In addition, each fund's portfolio holdings are reported on

Form N-Q for its first and third fiscal quarter and are reported on Form N-CSR for its semiannual and annual periods. See the Prospectus under “Account and Transaction Policies” for more information regarding public disclosure of the funds’ portfolio holdings.

The funds’ Board, officers and certain Eagle employees have regular access to the funds’ portfolio holdings. In addition to being subject to the prohibitions regarding disclosure of, and trading on non-public information described in Eagle’s Code of Ethics, all Eagle personnel must annually certify compliance with the funds’ policy. Specifically, Eagle’s Code of Ethics prohibits employees from revealing non-public information other than to: (1) persons whose responsibilities require knowledge of the information; (2) regulatory authorities who have appropriate jurisdiction with respect to such matters or (3) third parties who utilize such information for ratings or performance analysis. The CCO may approve access to the funds’ portfolio holdings by other persons in Eagle for a limited period of time upon determining that the access is in the best interest of the funds’ shareholders.

Certain employees of the funds’ subadvisers also have regular access to the funds’ portfolio holdings and must protect the confidentiality of the funds’ portfolio holdings. The funds, Eagle and the subadvisers are prohibited from entering into any arrangement to disclose the funds’ portfolio holdings for any type of consideration.

The CCO may provide an entity including the funds’ subadvisers and custodians (“Authorized Service Provider”) with access to a fund’s portfolio holdings more frequently than is publicly available after the CCO’s determination that such access serves a legitimate business purpose. An Authorized Service Provider may not receive portfolio holdings information unless it signs a confidentiality agreement.

Pursuant to arrangements with third-party vendors, Eagle provides the funds’ portfolio holdings information to Asset Management Services, Inc., Lipper Analytical Services Corporation, Morningstar, Bloomberg, Standard & Poor’s, Thompson Financial Services, Inc., ISS’ Securities Class Action Services, GainsKeeper, and Vickers on a daily, monthly or quarterly basis subject to confidentiality agreements unless the information is publicly available. Public information received by third party vendors is available no earlier than 5 business days after calendar month or quarter end.

The CCO will assess each ad hoc request for access on a case-by-case basis. Each request and the CCO’s response will be documented in writing, provided to Eagle’s compliance department for approval and posted on the funds’ website. The CCO will send a response to the person making an ad hoc request at least one day after it is posted on the funds’ website. All ad hoc disclosure requests will be reported to the funds’ Board at its next meeting.

In the event portfolio holdings disclosure made pursuant to the policy present a conflict of interest between the funds’ shareholders and Eagle, a subadviser, the Distributor or any affiliated person of the funds, the disclosure will not be made unless a majority of the Trustees who are not interested persons of a fund, as defined in the 1940 Act (“Independent Trustees”) or a majority of a board committee consisting solely of Independent Trustees approves such disclosure.

The CCO will make an annual report to the funds’ Board on the operation and effectiveness of the policy and any changes thereto. In addition, the Board will receive any interim reports that the CCO may deem appropriate.

X. TAXES

General. Each fund is treated as a separate corporation for federal tax purposes and intends to continue to qualify for favorable tax treatment as a regulated investment company under the Code (“RIC”). By so qualifying, a fund (but not its shareholders) will be relieved of federal income tax on the part of its investment company taxable income and net capital gain (the excess of net long-term capital gain over net short-term capital loss) that it distributes to its shareholders.

To continue to qualify for treatment as a RIC, a fund must distribute annually to its shareholders at least 90% of its investment company taxable income (generally consisting of net investment income, the excess of net short-term capital gain over net long-term capital loss and net gains and losses from certain foreign currency transactions, all determined without regard to any deduction for dividends paid) (“Distribution Requirement”) and must meet several additional requirements. With respect to each fund, these requirements include the following: (1) the fund must derive at least 90% of its gross income each taxable year from dividends, interest, payments with respect to securities loans and gains from the sale or other disposition of stock, securities or foreign currencies, or other income (including gains from options, futures or forward currency contracts) derived with respect to its business of investing in stock, securities or those currencies (“Income Requirement”); and (2) at the close of each quarter of the fund’s taxable year, (a) at least 50% of the value of its total assets must be represented by cash and cash items, Government securities, securities of other RICs and other securities, with those other securities limited, in respect of any one issuer, to an amount that does not exceed 5% of the value of the fund’s total assets and that does not represent more than 10% of the issuer’s outstanding voting securities, and (b) at the close of each quarter of the fund’s taxable year, not more than 25% of the value of its total assets may be invested in securities (other than Government securities or the securities of other RICs) of any one issuer or of two or more issuers the fund controls (by owning 20% or more of their voting power) that are determined to be engaged in the same, similar or related trade or business (each, a “Diversification Requirement”).

If a fund failed to qualify for treatment as a RIC for any taxable year -- either (1) by failing to satisfy the Distribution Requirement, even if it satisfied the Income Requirement and the Diversification Requirements, or (2) by failing to satisfy the Income Requirement and/or either Diversification Requirement and was unable to, or determined not to, avail itself of Code provisions that enable a RIC to cure a failure to satisfy any of the Income and Diversification Requirements as long as the failure “is due to reasonable cause and not due to willful neglect” and the RIC pays a deductible tax calculated in accordance with those provisions and meets certain other requirements -- it would be taxed on the full amount of its taxable income for that year without being able to deduct the distributions it makes to its shareholders. Additionally, the shareholders would treat all those distributions, including distributions of net capital gain, as dividends to the extent of the fund’s earnings and profits, taxable as ordinary income (except that, for individual and certain other non-corporate shareholders (each, a “non-corporate shareholder”), all or part of those dividends may be Qualified Dividend Income (defined below)). In addition, the fund could be required to recognize unrealized gains, pay substantial taxes and interest and make substantial distributions before requalifying for RIC treatment.

Each fund will be subject to a nondeductible 4% excise tax (“Excise Tax”) to the extent it fails to distribute by the end of any calendar year substantially all of its ordinary income for that year and its capital gain net income for the one-year period ending on October 31 of that year, plus certain other amounts.

Disposition of Fund Shares and Distributions. A redemption of fund shares will result in a taxable gain or loss to the redeeming shareholder, depending on whether the redemption proceeds are more or less than the shareholder’s adjusted basis in the redeemed shares (which normally includes any sales charge paid on Class A shares). An exchange of shares of any fund for shares of another Eagle Mutual Fund generally will have similar tax consequences. However, special rules apply when a shareholder disposes of Class A

shares of a fund through a redemption or exchange and, by January 31 of the calendar year following the year of that disposition, acquires Class A shares of that fund or of another Eagle Mutual Fund without paying a sales charge due to the 90-day reinstatement or exchange privileges. In those cases, any gain on the disposition of the original Class A shares will be increased, or loss decreased, by the amount of the sales charge paid when those shares were acquired, and that amount will increase the basis in the shares subsequently acquired. In addition, if shares of a fund are purchased (whether pursuant to the reinstatement privilege or otherwise) within 30 days before or after redeeming other shares of that fund (regardless of class) at a loss, all or a portion of that loss will not be deductible and will increase the basis in the newly purchased shares. Any capital gain a non-corporate shareholder recognizes on a redemption or exchange of his or her fund shares that have been held for more than one year will qualify for maximum federal income tax rates of 15% for a single shareholder with taxable income not exceeding \$418,400 (\$440,700 for married shareholders filing jointly) and 20% for non-corporate shareholders with taxable income exceeding those respective amounts, which are effective for 2017 and will be adjusted for inflation annually.

If shares of a fund are sold at a loss after being held for six months or less, the loss will be treated as long-term, instead of short-term, capital loss to the extent of any capital gain distributions received on those shares. Investors also should be aware that if shares are purchased shortly before the record date for a dividend or other distribution, the shareholder will pay full price for the shares and receive some portion of the price back as a taxable distribution.

Dividends and other distributions a fund declares in the last quarter of any calendar year that are payable to shareholders of record on a date in that quarter will be deemed to have been paid by the fund and received by those shareholders on December 31 of that year if the fund pays them during the following January. Accordingly, those distributions will be taxed to those shareholders for the taxable year in which that December 31 falls.

Dividends from a fund's investment company taxable income, whether received in cash or in additional fund shares, are generally taxable to its shareholders as ordinary income, to the extent of its earnings and profits. A portion of those dividends, however, attributable to the aggregate dividends a fund receives from most domestic corporations and certain foreign corporations, or all of those dividends if that aggregate is at least 95% of its gross income (as specially computed) for the taxable year ("Qualified Dividend Income"), may be eligible to be taxed at the 15%/20% maximum federal income tax rates for non-corporate shareholders mentioned above. In addition, the availability of those rates is subject to satisfaction by the fund, and by the shareholder with respect to the fund shares on which the dividends are paid, of certain holding period and other restrictions. A portion of a fund's dividends – not exceeding the aggregate dividends it receives from domestic corporations only – also may be eligible for the dividends-received deduction allowed to corporations, subject to similar holding period and other restrictions; however, dividends a corporate shareholder deducts pursuant to the dividends-received deduction are subject indirectly to the federal alternative minimum tax. Distributions of a fund's net capital gain are taxable to its shareholders as long-term capital gains, whether received in cash or in additional fund shares and regardless of the length of time the shares have been held. Shareholders receive federal income tax information regarding dividends and other distributions after the end of each year.

Basis Election and Reporting. A shareholder's basis in shares of a fund that he or she acquired or acquires after December 11, 2011 ("Covered Shares"), will be determined in accordance with the funds' default method, which is average basis, unless the shareholder affirmatively elects in writing (which may be electronic) to use a different acceptable basis determination method, such as a specific identification method. The method a fund shareholder elects (or the default method) may not be changed with respect to a redemption (including a redemption that is part of an exchange) of Covered Shares after the settlement date of the redemption.

In addition to the requirement to report the gross proceeds from redemptions of fund shares, each fund (or its administrative agent) must report to the Internal Revenue Service (“IRS”) and furnish to its shareholders the basis information for Covered Shares and indicate whether they had a short-term (one year or less) or long-term (more than one year) holding period. Fund shareholders should consult with their tax advisers to determine the best IRS-accepted basis determination method for their tax situation and to obtain more information about how the basis reporting law applies to them.

Fund of Funds (Tactical Allocation). Tactical Allocation is a “fund of funds” that seeks to achieve its investment objective by investing its assets primarily in underlying funds. The fund may also invest directly in a basket of securities that represent an asset class or investment type (described in “Investment Information - Investment Policies, Strategies and Risks”) (“other securities”) if its subadviser determines that investing in an underlying fund for that type of investment is not feasible or otherwise not in the best interest of the fund and its shareholders. Accordingly, the fund’s income will consist of distributions from the underlying funds and dividends and/or interest on any other securities and net gains realized from the disposition of underlying fund shares and other securities.

If an underlying fund qualifies for treatment as a RIC -- which Eagle expects each underlying fund to do -- (1) dividends paid to Tactical Allocation that are attributable to the underlying fund’s investment company taxable income (which may include net gains from certain foreign currency transactions) will be taxable to Tactical Allocation as ordinary income to the extent of the underlying fund’s earnings and profits and (2) distributions paid to Tactical Allocation that are attributable to the underlying fund’s net capital gain will be taxable to Tactical Allocation as long-term capital gains, regardless of how long Tactical Allocation has held the underlying fund’s shares. (As noted above, Tactical Allocation will be able to avoid having to pay entity-level federal income tax on those distributions by distributing the amount thereof to its shareholders.) If Tactical Allocation purchases shares of an underlying fund within 30 days before or after redeeming other shares of that underlying fund at a loss (whether pursuant to a rebalancing of Tactical Allocation’s portfolio or otherwise), all or a part of the loss will not be deductible by Tactical Allocation and instead will increase its basis in the newly purchased shares.

Income from Foreign Securities. Dividends and interest a fund receives, and gains it realizes, on foreign securities may be subject to income, withholding or other taxes imposed by foreign countries and U.S. possessions (“foreign taxes”) that would reduce the total return on its securities. Tax conventions between certain countries and the United States may reduce or eliminate foreign taxes, however, and many foreign countries do not impose taxes on capital gains in respect of investments by foreign investors.

If more than 50% of the value of International Stock’s total assets at the close of any taxable year consists of securities of foreign corporations, it will be eligible to, and may, (as it has done in many previous taxable years), file an election with the IRS that would enable its shareholders, in effect, to receive the benefit of the foreign tax credit with respect to any foreign taxes it paid. Pursuant to this election, the fund would treat those taxes as dividends paid to its shareholders and each shareholder (1) would be required to include in gross income, and treat as paid by the shareholder, the shareholder’s proportionate share of those taxes, (2) treat the shareholder’s share of those taxes and of any dividend the fund paid that represents income from foreign or U.S. possessions sources (“foreign-source income”) as the shareholder’s own income from those sources, and (3) could either use the foregoing information in calculating the foreign tax credit against the shareholder’s federal income tax or, alternatively, deduct the taxes deemed paid by the shareholder in computing the shareholder’s taxable income. If International Stock makes this election, it will report to its shareholders shortly after each taxable year their respective shares of foreign-source income and foreign taxes it paid. Individuals who have no more than \$300 (\$600 for married persons filing jointly) of creditable foreign taxes included on Forms 1099 and have no foreign-source non-passive income will be able to claim a foreign tax credit without having to file the detailed Form 1116 that otherwise is required.

Each fund may invest in the stock of passive foreign investment companies (“PFICs”). A PFIC is any foreign corporation (with certain exceptions) that, in general, meets either of the following tests for a taxable year: (1) at least 75% of its gross income is passive or (2) an average of at least 50% of its assets produce, or are held for the production of, passive income. Under certain circumstances, a fund will be subject to federal income tax on a portion of any “excess distribution” it receives on the stock of a PFIC and of any gain on disposition of the stock (collectively “PFIC income”), plus interest thereon, even if the fund distributes the PFIC income as a taxable dividend to its shareholders. The balance of the PFIC income will be included in the fund’s investment company taxable income and, accordingly, will not be taxable to it to the extent it distributes that income to its shareholders. Fund distributions thereof will not be eligible for the 15% and 20% maximum federal income tax rates on Qualified Dividend Income.

If a fund invests in a PFIC and is able to and elects to treat the PFIC as a qualified electing fund (“QEF”), then in lieu of the foregoing tax and interest obligation, the fund would be required to include in income each year its *pro rata* share of the QEF’s annual ordinary earnings and net capital gain - which the fund most likely would have to distribute to satisfy the Distribution Requirement and avoid imposition of the Excise Tax - even if the fund did not receive those earnings and gain from the QEF. In most instances it will be very difficult, if not impossible, to make this election because of certain requirements thereof.

Each fund may elect to mark-to-market its stock in any PFIC and, in such event, would be required to distribute to its shareholders any mark-to-market gains in accordance with the Distribution Requirement. “Marking-to-market,” in this context, means including in gross income each taxable year (and treating as ordinary income) the excess, if any, of the fair market value of a PFIC’s stock over a fund’s adjusted basis therein as of the end of that year. Pursuant to the election, a fund also would be allowed to deduct (as an ordinary, not a capital, loss) the excess, if any, of its adjusted basis in PFIC stock over the fair market value thereof as of the taxable year-end, but only to the extent of any net marked-to-market gains with respect to that stock the fund included in income for prior taxable years under the election. A fund’s adjusted basis in each PFIC’s stock subject to the election would be adjusted to reflect the amounts of income included and deductions taken thereunder.

Investors should be aware that determining whether a foreign corporation is a PFIC is a fact-intensive determination that is based on various facts and circumstances and thus is subject to change, and the principles and methodology used therein are subject to interpretation. As a result, a fund may not be able, at the time it acquires a foreign corporation’s shares, to ascertain whether the corporation is a PFIC and a foreign corporation may become a PFIC after a fund acquires shares therein. While each fund generally will seek to minimize its investments in PFIC shares, and to make appropriate elections when they are available, to lessen the adverse tax consequences detailed above, there are no guarantees that it will be able to do so; and each fund reserves the right to make such investments as a matter of its investment policy.

Gains or losses (1) from the disposition of foreign currencies, including forward currency contracts, (2) on the disposition of a foreign-currency-denominated debt security that are attributable to fluctuations in the value of the foreign currency between the dates of acquisition and disposition of the security and (3) that are attributable to exchange rate fluctuations between the time a fund accrues dividends, interest or other receivables, or expenses or other liabilities, denominated in a foreign currency and the time the fund actually collects the receivables or pays the liabilities, generally will be treated as ordinary income or loss. These gains or losses will increase or decrease the amount of a fund’s investment company taxable income available to be distributed to its shareholders as ordinary income, rather than affecting the amount of its net capital gain.

Hedging Strategies. The use of hedging strategies, such as writing (selling) and purchasing options and futures contracts and entering into forward currency contracts, involves complex rules that will

determine, for federal income tax purposes, the amount, character and timing of recognition of the gains and losses a fund realizes in connection therewith. Gains from the disposition of foreign currencies (except certain gains that may be excluded by future regulations), and gains from options, futures and forward currency contracts a fund derives with respect to its business of investing in securities or foreign currencies, will be treated as qualifying income under the Income Requirement.

Some futures, foreign currency contracts and “non-equity options” (*i.e.*, certain listed options, such as those on a broad-based securities index) - but excluding any “securities futures contract” that is not a “dealer securities futures contract” (both as defined in the Code) and any interest rate swap, currency swap, basis swap, interest rate cap, interest rate floor, commodity swap, equity swap, equity index swap, credit default swap, or similar agreement - in which a fund may invest will be subject to section 1256 of the Code (“Section 1256 Contracts”). Section 1256 Contracts a fund holds at the end of each taxable year, other than Section 1256 Contracts that are part of a “mixed straddle” with respect to which it has made an election not to have the following rules apply, must be marked-to-market for federal tax purposes, with the result that unrealized gains or losses will be treated as though they were realized. Sixty percent of any net gain or loss recognized on these deemed sales, and 60% of any net realized gain or loss from any actual sales of Section 1256 Contracts, will be treated as long-term capital gain or loss, and the balance will be treated as short-term capital gain or loss. Section 1256 Contracts also may be marked-to-market for purposes of the Excise Tax. These rules may operate to increase the amount that a fund must distribute to satisfy the Distribution Requirement (*i.e.*, with respect to the portion treated as short-term capital gain), which will be taxable to its shareholders as ordinary income when distributed to them, and to increase the net capital gain a fund recognizes, without in either case increasing the cash available to the fund.

Code section 1092 (dealing with straddles) also may affect the taxation of certain Derivatives in which a fund may invest. That section defines a “straddle” as offsetting positions with respect to actively traded personal property; for these purposes, options, futures and forward currency contracts are positions in personal property. Under that section, any loss from the disposition of a position in a straddle generally may be deducted only to the extent the loss exceeds the unrealized gain on the offsetting position(s) of the straddle. In addition, these rules may postpone the recognition of loss that otherwise would be recognized under the mark-to-market rules discussed above. The regulations under section 1092 also provide certain “wash sale” rules, which apply to transactions where a position is sold at a loss and a new offsetting position is acquired within a prescribed period, and “short sale” rules applicable to straddles. If a fund makes certain elections, the amount, character and timing of recognition of gains and losses from the affected straddle positions would be determined under rules that vary according to the elections made. Because only a few of the regulations implementing the straddle rules have been promulgated, the federal income tax consequences to a fund of straddle transactions are not entirely clear.

If a fund has an “appreciated financial position” – generally, an interest (including an interest through an option, futures or forward currency contract or short sale) with respect to any stock, debt instrument (other than “straight debt”) or partnership interest the fair market value of which exceeds its adjusted basis – and enters into a “constructive sale” of the position, the fund will be treated as having made an actual sale thereof, with the result that it will recognize gain at that time. A constructive sale generally consists of a short sale, an offsetting notional principal contract or futures or forward currency contract a fund or a related person enters into with respect to the same or substantially identical property. In addition, if the appreciated financial position is itself a short sale or such a contract, acquisition of the underlying property or substantially identical property will be deemed a constructive sale. The foregoing will not apply, however, to any transaction by a fund during any taxable year that otherwise would be treated as a constructive sale if the transaction is closed within 30 days after the end of that year and the fund holds the appreciated financial position unhedged for 60 days after that closing (*i.e.*, at no time during that 60-day period is the fund’s risk of loss regarding that position reduced by reason of certain specified transactions with respect to substantially identical or related property, such as having an option

to sell, being contractually obligated to sell, making a short sale or granting an option to buy substantially identical stock or securities).

Original Issue Discount Securities. Growth & Income, Investment Grade Bond and Tactical Allocation each may acquire zero coupon or other securities issued with original issue discount (“OID”). As a holder of those securities, such a fund must include in its income the OID that accrues on them during the taxable year, even if it receives no corresponding payment on them during the year. Similarly, each such fund must include in its gross income each taxable year the securities it receives as “interest” on pay-in-kind securities during the year. Because each fund annually must distribute substantially all of its investment company taxable income, including any OID and other non-cash income, to satisfy the Distribution Requirement and avoid imposition of the Excise Tax, it may be required in a particular year to distribute as a dividend an amount that is greater than the total amount of cash it actually receives. Those distributions will be made from the fund’s cash assets or from the proceeds of sales of portfolio securities, if necessary. A fund may realize capital gains or losses from those sales, which would increase or decrease its taxable income and/or net capital gain.

REITs. Each fund may invest in REITs. A fund’s investment in REIT equity securities may result in the receipt of cash in excess of the REIT’s earnings. If a fund distributes those amounts, that distribution could constitute a return of capital to the fund’s shareholders for federal income tax purposes. Dividends a fund receives from a REIT generally will not constitute Qualified Dividend Income. A fund distribution to foreign shareholders may be subject to certain federal withholding and other requirements if the distribution is related to a distribution the fund receives from a REIT that is attributable to a sale of U.S. real property interests.

Foreign Account Tax Compliance Act (“FATCA”). Under FATCA, “foreign financial institutions” (“FFIs”) and “non-financial foreign entities” (“NFFEs”) that are fund shareholders may be subject to a generally nonrefundable 30% withholding tax on (1) income dividends a fund pays and (2) certain capital gain distributions and the proceeds of redemptions of fund shares it pays after December 31, 2018. The FATCA withholding tax generally can be avoided (a) by an FFI, if it reports certain information regarding direct and indirect ownership of financial accounts U.S. persons hold with the FFI, and (b) by an NFFE, certifies its status as such and, in certain circumstances, reports information regarding substantial U.S. owners. An FFI can avoid FATCA withholding by becoming a “participating FFI,” which requires the FFI to enter into a tax compliance agreement with the IRS under the Code. Under such an agreement, a participating FFI agrees to (1) verify and document whether it has U.S. accountholders, (2) report certain information regarding their accounts to the IRS, and (3) meet certain other specified requirements.

The U.S. Treasury Department has negotiated intergovernmental agreements (“IGAs”) with certain countries and is in various stages of negotiations with other foreign countries with respect to one or more alternative approaches to implement FATCA. An entity in one of those countries may be required to comply with the terms of the IGA instead of Treasury regulations. An FFI resident in a country that has entered into a Model I IGA with the United States must report to that country’s government (pursuant to the terms of the applicable IGA and applicable law), which will, in turn, report to the IRS. An FFI resident in a Model II IGA country generally must comply with U.S. regulatory requirements, with certain exceptions, including the treatment of recalcitrant accountholders. An FFI resident in one of those countries that complies with whichever of the foregoing applies will be exempt from FATCA withholding.

An NFFE that is the beneficial owner of a payment from a fund can avoid FATCA withholding generally by certifying its status as such and, in certain circumstances, either that (1) it does not have any substantial U.S. owners or (2) it does have one or more such owners and reports the name, address, and taxpayer identification number of each such owner. The NFFE will report to a fund or other applicable withholding agent, which may, in turn, report information to the IRS.

Those foreign shareholders also may fall into certain exempt, excepted, or deemed compliant categories established by U.S. Treasury regulations, IGAs, and other guidance regarding FATCA. An FFI or NFFE that invests in a fund will need to provide the fund with documentation properly certifying the entity's status under FATCA to avoid FATCA withholding. The requirements imposed by FATCA are different from, and in addition to, the tax certification rules to avoid backup withholding described in the Prospectus. Foreign investors are urged to consult their tax advisers regarding the application of these requirements to their own situation and the impact thereof on their investment in a fund.

* * *

The foregoing is only a general summary of some of the important federal tax considerations generally affecting the funds and their shareholders. No attempt is made to present a complete explanation of the federal tax treatment of the funds' activities, and this discussion is not intended as a substitute for careful tax planning. Accordingly, potential investors are urged to consult their own tax advisers for more detailed information and for information regarding the treatment of an investment in the funds under state and local tax laws, which may differ from the federal tax treatment described above.

XI. SHAREHOLDER INFORMATION

Each share of a fund gives the shareholder one vote in matters submitted to shareholders for a vote. Each class of shares of each fund has equal voting rights, except that, in matters affecting only a particular class or series, only shares of that class or series are entitled to vote. As Massachusetts business trusts, Eagle Capital Appreciation Fund, Eagle Growth & Income Fund and Eagle Series Trust are not required to hold annual shareholder meetings. Shareholder approval will be sought only for certain changes in a Trust's or a fund's operation and for the election of Trustees under certain circumstances. A special meeting of shareholders shall be called by the Trustees upon the written request of shareholders owning at least 10% of a Trust's outstanding shares.

XII. FUND INFORMATION

A. Management of the Funds

Boards of Trustees. The funds are governed by the Boards of Trustees ("Board"). The Board is responsible for and oversees the overall management and operations of each Trust and the funds, which includes the general oversight and review of the funds' investment activities, in accordance with federal law and the law of the Commonwealth of Massachusetts, as well as the stated policies of the funds. The Board oversees the funds' officers and service providers, including Eagle, which is responsible for the management of the day-to-day operations of the funds based on policies and agreements reviewed and approved by the Board. In carrying out these responsibilities, the Board regularly interacts with and receives reports from senior personnel of service providers, including Eagle personnel, and the funds' Chief Compliance Officer, who reports directly to the Board. The Board also is assisted by the funds'

independent auditor (who reports directly to the funds' Audit Committee), independent counsel and other experts as appropriate, all of whom are selected by the Board.

Risk Oversight

Consistent with its responsibility for oversight of the Trusts and the funds, the Board oversees the management of risks relating to the administration and operation of the Trusts and the funds. Eagle, as part of its responsibilities for the day-to-day operations of the funds, is responsible for day-to-day risk management for the funds. The Board, in the exercise of its reasonable business judgment, also separately considers potential risks that may impact the funds. The Board performs this risk management oversight directly and, as to certain matters, through its committees (described below) and through the Independent Trustees. The following provides an overview of the principal, but not all, aspects of the Board's oversight of risk management for the Trusts and the funds.

In general, a fund's risks include, among others, investment risk, credit risk, liquidity risk, valuation risk and operational risk. The Board has adopted, and periodically reviews, policies and procedures designed to address risks to the Trusts and the funds. In addition, under the general oversight of the Board, Eagle, the funds' subadvisers and other service providers to the funds have themselves adopted a variety of policies, procedures and controls designed to address particular risks to the funds. Different processes, procedures and controls are employed with respect to different types of risks. Further, Eagle oversees and regularly monitors the investments, operations and compliance of the funds' subadvisers.

The Board also oversees risk management for the Trusts and the funds through review of regular reports, presentations and other information from officers of the funds and other persons. The funds' CCO and senior officers of Eagle regularly report to the Board on a range of matters, including those relating to risk management. The Board also regularly receives reports from Eagle and the funds' subadvisers with respect to the funds' investments. In addition to regular reports from Eagle, the Board also receives reports regarding other service providers to the funds, either directly or through Eagle or the funds' CCO, on a periodic or regular basis. At least annually, the Board receives a report from the funds' CCO regarding the effectiveness of the funds' compliance program. Also, on an annual basis, the Board receives reports, presentations and other information from Eagle and the funds' subadvisers in connection with the Board's consideration of the renewal of: (1) each of the Trusts' agreements with Eagle and the funds' subadviser; (2) the Trusts' agreements with EFD; and (3) the Trusts' distribution plans under Rule 12b-1 under the 1940 Act.

The fund's Principal Financial Officer also reports regularly to the Audit Committee on fund valuation matters. In addition, the Audit Committee receives regular reports from the funds' independent registered public accounting firm on internal control and financial reporting matters. On at least a quarterly basis, the Independent Trustees meet with the funds' CCO to discuss matters relating to the funds' compliance program.

Not all risks that may affect the funds can be identified nor can controls be developed to eliminate or mitigate their occurrence or effects. It may not be practical or cost effective to eliminate or mitigate certain risks, the processes and controls employed to address certain risks may be limited in their effectiveness, and some risks are simply beyond the reasonable control of Eagle, the funds, the subadvisers or other service providers. Moreover, it is necessary to bear certain risks (such as investment-related risks) in seeking to achieve each fund's goals. As a result of the foregoing and other factors, the Board's ability to manage risk is subject to substantial limitations.

Board Structure and Related Matters

Board members who are not “interested persons” of the funds as defined in Section 2(a)(19) of the 1940 Act (“Independent Trustees”) constitute more than three-quarters of the Board. In addition, the Chairman of the Board is an Independent Trustee. The Chairman presides at all meetings of the Board and acts as a liaison with officers, attorneys, and other Trustees between meetings. The Board believes that its leadership structure, including having an Independent Trustee as Chairman, allows for effective communication between the Trustees and fund management and enhances the independent oversight of the funds.

The Trustees discharge their responsibilities collectively as a Board, as well as through Board committees. The Board has established four standing committees, each of which operates pursuant to a charter approved by the Board that delineates the specific responsibilities of that committee: the Audit Committee, the Compliance Committee, the Nominating Committee and the Qualified Legal Compliance Committee. For example, the Audit Committee is responsible for specific matters related to oversight of the funds’ independent auditors, subject to approval of the Audit Committee’s recommendations by the Board. The members and responsibilities of each Board committee are summarized below.

The Board periodically evaluates its structure and composition as well as various aspects of its operations. The Board believes that its leadership structure, including its Independent Trustees, Independent Board Chairman and Board committees, is appropriate for the funds in light of, among other factors, the asset size and nature of the funds, the number of funds overseen by the Board, the arrangements for the conduct of the funds’ operations, the number of Trustees, and the Board’s responsibilities. On an annual basis, the Board conducts a self-evaluation that considers, among other matters, whether the Board and its committees are functioning effectively and whether, given the size and composition of the Board and each of its committees, the Trustees are able to oversee effectively the number of funds in the complex.

The Board holds four regularly scheduled in-person meetings each year. The Board may hold special meetings, as needed, either in person or by telephone, to address matters arising between regular meetings. During a portion of each in-person meeting, the Independent Trustees meet outside of management’s presence. The Independent Trustees may hold special meetings, as needed, either in person or by telephone. The Board met four times during the most recent fiscal year.

The Trustees are identified in the tables below, which provide information as to their principal business occupations held during the last five years and certain other information.

Background of Trustees and Officers. The following is a list of the Trustees of the Trusts with their principal occupations and present positions, including any affiliation with Raymond James Financial, Inc. (“RJF”), the Distributor or Eagle, the length of service to the Trust, and the position, if any, they hold on the board of directors/trustees of companies other than the Trust. Each Trustee serves as Trustee on the Boards of three investment companies in the Eagle Mutual Fund complex: Eagle Capital Appreciation Fund, Eagle Growth & Income Fund and Eagle Series Trust, consisting of a total of ten portfolios. The principal address of each Trustee and Officer is P.O. Box 23572, St. Petersburg, Florida 33742.

Trustees			
<u>Name, Birth Year and Position, Term of Office^(a) and Length of Time Served</u>	<u>Principal Occupation(s) During Past Five Years</u>	<u>Number of Funds Overseen in Fund Complex</u>	<u>Other Directorships held by Trustee for the Past Five Years</u>

<u>Interested Trustee^(b):</u>			
J. Cooper Abbott (1969) Trustee since 2012	Executive Vice President, Investments and Co-Chief Operating Officer of Eagle since 2009; Director of ClariVest Asset Management LLC since 2012; Director, Eagle Fund Services, Inc. since 2009; President, Eagle Boston Management, Inc. since 2009	10	N/A
Court James (1974) Trustee since 2016	Executive Vice President, Carillon Tower Advisers since 2016, Vice President, New Business Development of Eagle 2010-2016	10	N/A
<u>Independent Trustees:</u>			
Keith B. Jarrett, PhD (1948) Trustee since 2005	Managing Partner, PW1 LLC since 2013; Founder, Rockport Funding, LLC (private equity), and Ajax Partners (investment partnership) since 2003	10	Safeguard Scientific, Inc.
William J. Meurer (1943) Trustee since 2003	Private investor and financial consultant since 2000	10	Sykes Enterprises, Inc. (c); Walter Investment Mgmt. Corp.; LifeLink Foundation (private)
Liana O’Drobinak (1963) Trustee since 2014	Managing Member, Bay Consulting Partners, LLC since 2010; Board Member, Florida Prepaid College Board, 2012-2014; Board Member, Health Insurance Innovations, Inc., 2/2013-10/2013	10	N/A
James L. Pappas, PhD (1943) Trustee since 1989; Chairman of the Board of Trustees since 2012	Private investor	10	Walter Investment Mgmt. Corp. (ended 2017)
Deborah L. Talbot, PhD (1950) Trustee since 2002	Independent Consultant; Principal, Lazure Enterprises, since 2013; Deans’ Advisory Board, College of Arts and Sciences, University of Memphis since 2002	10	N/A

John Carter (1961) Trustee since 2016	Law Office of John K. Carter, P.A. since 2015, Founder, Global Recruiters of St. Petersburg since 2012; President and Chief Executive Officer, Transamerica Asset Management 2006 - 2012; Chairman, Board Member, Transamerica Partners Portfolios, Transamerica Partners Funds Group, Transamerica Partners Funds Group II and Transamerica Asset Allocation Variable Funds 2007 - 2012	10	Raymond James Bank
Stephen Roussin (1963) Trustee since 2016	President, SR2X Consulting since 2013; Chief Executive Officer and President, Campbell & Company 2011 - 2012	10	Ramius IDF Master Fund (ended 2016)

- (a) Trustees serve for life or until they are removed, resign or retire. The Board has adopted a Board Governance Policy that requires Independent Trustees to retire no later than at the end of the meeting which occurs immediately after his or her 75th birthday.
- (b) Messrs. Abbott and James are Interested Trustees as that term is defined by the 1940 Act. Messrs. Abbott and James are affiliated with ClariVest, Cougar Global Investments, Eagle Fund Distributors, Eagle and Raymond James Financial.
- (c) Sykes Enterprises, Inc. is a technical support company.

In addition to the information set forth in the table above and other relevant qualifications, experience, attributes or skills applicable to a particular Trustee, the following provides further information about the qualifications and experience of each Trustee.

J. Cooper Abbott: Mr. Abbott has extensive experience in the investment management business, including as Co-Chief Operating Officer of Eagle. In addition, he acquired specialized knowledge of investment management matters while serving as Director of Asset Management Services of RJF and Senior Vice President of Institutional Sales of Eagle.

Court James: Mr. James has extensive financial and organizational management experience, including service as a board member of Raymond James Bank, Eagle Asset Management, Cougar Global Investments and ClariVest Asset Management, Vice President of New Business Development for Eagle, Director of Human Resources at Raymond James Financial, and service as a director of numerous non-profit organizations.

Keith B. Jarrett: Dr. Jarrett has extensive financial and organizational management experience, including as founder of a private equity business and investment partnership, director of numerous private companies and multiple years of service as a Trustee.

William J. Meurer: Mr. Meurer has extensive financial and organizational management experience as a managing partner with a large public accounting firm, service as a director of numerous public and private companies, service as a trustee of a hospital and multiple years of service as a Trustee.

Liana O’Drobinak: Ms. O’Drobinak has extensive financial and organizational management experience, including as founder of a private consulting business, president and CEO of a private

company, partner in a public accounting firm, director of numerous private companies and multiple years of service as Board member of the Florida Prepaid College Board.

James L. Pappas: Dr. Pappas has extensive financial experience as a professor of banking, economics and finance at public universities, President of a graduate school of banking, director of private and public companies, and multiple years of service as a Trustee.

Deborah L. Talbot: Dr. Talbot has extensive financial and organizational management experience, including service as an executive of a global financial services firm, service on the advisory boards of one private university and one public university, director of community development organizations and multiple years of service as a Trustee.

John Carter: Mr. Carter has extensive experience in the investment management business, including as president, chief executive officer and general Counsel of a global asset management firm and service as a chairman of the board of registered investment companies.

Stephen Roussin: Mr. Roussin has extensive financial and organizational management experience, including service as president and chief executive officer of a private investment company, managing director of a global asset management firm, chief operating officer and president of a large financial services firm, and president of a private consulting business.

Board Committees

The funds have an Audit Committee, consisting of Mr. Meurer, Ms. O'Drobinak, Dr. Pappas and Mr. Roussin. The members of the Audit Committee are not "interested" persons of the funds (as defined in the 1940 Act). Mr. Meurer serves as Chairman of the Audit Committee and is the funds' designated Audit Committee Financial Expert. The primary responsibilities of the Audit Committee are, as set forth in its charter, to make recommendations to the Board Members as to: the engagement or discharge of the funds' independent auditors (including the audit fees charged by auditors); the supervision of investigations into matters relating to audit matters; the review with the independent auditors and independent consultants of the results of audits; and addressing any other matters regarding audits and financial statements. The Audit Committee met five times during the most recent fiscal year.

The funds also have a Compliance Committee, consisting of Dr. Talbot, Dr. Jarrett and Mr. Carter, each of whom is an Independent Trustee. Dr. Talbot serves as Chairman of the Compliance Committee. The primary responsibilities of the Compliance Committee are: to oversee the funds' compliance with all regulatory obligations arising under the applicable federal securities law, rules and regulations and oversee management's implementation and enforcement of the funds' compliance policies and procedures. The Compliance Committee met four times during the last fiscal year.

The funds also have a Nominating Committee, consisting of Dr. Jarrett, Mr. Meurer, Dr. Pappas, Dr. Talbot, Ms. O'Drobinak, Mr. Carter and Mr. Roussin, each of whom is an Independent Trustee. The Nominating Committee's primary responsibility is to make recommendations to the Board on issues related to the composition of the Board, communicate with management on those issues and evaluate and nominate Board member candidates. In determining potential candidates' qualifications for Board membership, the Nominating Committee considers all factors it determines to be relevant to fulfilling the role of being a member of the Board. The Nominating Committee considers potential candidates for nomination identified by one or more shareholders of a fund. Shareholders can submit recommendations in writing to the attention of the Chairperson of the Nominating Committee at an address to be maintained by the fund for this purpose. In order to be considered by the Nominating Committee, any shareholder recommendation must include certain information, such as the candidate's business, professional or other

relevant experience and areas of expertise, current business and home addresses and contact information, other board positions or prior experience and any knowledge and experience relating to investment companies and investment company governance. The Nominating Committee met one time during the last fiscal year.

The funds also have a Qualified Legal Compliance Committee, consisting of Dr. Jarrett, Mr. Meurer, Ms. O'Drobinak, Dr. Pappas, Dr. Talbot, Mr. Carter and Mr. Roussin, each of whom is an Independent Trustee. The primary responsibility of the funds' Qualified Legal Compliance Committee is to receive, review and take appropriate action with respect to any report made or referred to the Qualified Legal Compliance Committee by: an attorney of evidence of a material violation of applicable U.S. federal or state securities law, material breach of a fiduciary duty under U.S. federal or state law; or a similar material violation by the funds or by any officer, director, employee, or agent of the funds. The Qualified Legal Compliance Committee did not meet during the most recent fiscal year.

The following table shows the amount of equity securities in the funds owned by the Trustees as of December 31, 2016:

Dollar Range of Equity Securities Owned:									
	Interested Trustees		Independent Trustees						
	J. Cooper Abbott	Court James	John Carter	Keith Jarrett	William J. Meurer	Liana O'Drobinak	James L. Pappas	Steve Roussin	Deborah L. Talbot
Capital Appreciation	\$1 - \$10,000	None	None	\$10,001 - \$50,000	\$10,001 - \$50,000	\$50,001 - \$100,000	\$10,001 - \$50,000	None	\$50,001 - \$100,000
Growth & Income	\$50,001 - \$100,000	Over \$100,000	None	\$10,001 - \$50,000	\$50,001 - \$100,000	None	\$50,001 - \$100,000	None	\$10,001 - \$50,000
International Stock	\$1 - \$10,000	None	None	\$10,001 - \$50,000	None	None	\$10,001 - \$50,000	None	\$10,001 - \$50,000
Investment Grade Bond	\$10,001 - \$50,000	None	None	None	\$10,001 - \$50,000	None	\$10,001 - \$50,000	None	\$1 - \$10,000
Mid Cap Growth	\$10,001 - \$50,000	\$50,001 - \$100,000	None	\$10,001 - \$50,000	\$50,001 - \$100,000	None	\$10,001 - \$50,000	None	\$50,001 - \$100,000
Mid Cap Stock	\$10,001 - \$50,000	\$10,001 - \$50,000	None	None	\$10,001 - \$50,000	None	\$10,001 - \$50,000	None	None
Small Cap Growth	\$10,001 - \$50,000	Over \$100,000	None	\$10,001 - \$50,000	Over \$100,000	\$10,001 - \$50,000	\$10,001 - \$50,000	None	\$10,001 - \$50,000
Smaller Company	\$10,001 - \$50,000	None	None	None	\$50,001 - \$100,000	None	\$10,001 - \$50,000	None	None
Tactical Allocation	\$10,001 - \$50,000	None	None	None	None	None	\$10,001 - \$50,000	None	\$10,001 - \$50,000
Aggregate Dollar Range of Securities in Eagle Family of Funds ^(a)	Over \$100,000	Over \$100,000	None	\$50,001 - \$100,000	Over \$100,000	\$50,001 - \$100,000	Over \$100,000	None	Over \$100,000

(a) The Eagle Family of Funds, as of December 31, 2016, consisted of three separate registered investment companies, which included Eagle Capital Appreciation Fund, Eagle Growth & Income Fund and Eagle Series

Trust, and 10 portfolios of those companies. One of these portfolios, Tax Exempt Bond, had not commenced operations as of the date of this SAI.

The Trustees and officers of the Trusts, as a group, own less than 1% of each class of each fund's shares outstanding. Each Trust's Declaration of Trust provides that the Trustees will not be liable for errors of judgment or mistakes of fact or law. However, they are not protected against any liability to which they would otherwise be subject by reason of willful misfeasance, bad faith, gross negligence or reckless disregard of the duties involved in the conduct of their office.

Effective January 1, 2016, each Independent Trustee of the Eagle Family of Funds who is not an employee of Eagle or its affiliates receives an annual retainer of \$58,000 and an additional fee of \$5,000 for each combined quarterly meeting of the Eagle Family of Funds attended. In addition, each Audit Committee and Compliance Committee member receives \$1,000 per meeting (in person or telephonic). The Independent Chairman receives an annual retainer of \$25,000, the Audit Committee Chairperson receives an annual retainer of \$15,000, and the Compliance Committee Chairperson receives an annual retainer of \$15,000. The same compensation schedule remains in effect for the 2017 calendar year. Trustees' fees and expenses are paid equally by each fund in the Eagle Family of Funds. Prior to January 1, 2016, each Independent Trustee received an annual retainer of \$48,000. Because Eagle and other unaffiliated service providers perform substantially all of the services necessary for the operation of the Trust, the Trust requires no employees. Except for the Chief Compliance Officer, no officer, director or employee of Eagle receives any compensation from the Trust for acting as a director or officer. The following table shows the compensation earned by each Trustee during the fiscal year ended October 31, 2016:

Aggregate Compensation from:				Total Compensation From the Trusts and the Eagle Family of Funds ^(a) Paid to Trustees
Trustee Name	Capital Appreciation	Growth & Income	Series Trust	
<u>Interested Trustees:</u>				
J. Cooper Abbott	\$0	\$0	\$0	\$0
Court James	\$0	\$0	\$0	\$0
<u>Independent Trustees:</u>				
John Carter	\$2,777.78	\$2,777.78	\$19,444.44	\$25,000.00
Keith Jarrett	\$9,368.06	\$9,368.06	\$60,763.88	\$79,500.00
William J. Meurer	\$11,263.88	\$11,263.88	\$72,972.24	\$95,500.00
Liana O'Drobinak	\$9,493.06	\$9,493.06	\$61,513.88	\$80,500.00
James L. Pappas	\$12,444.44	\$12,444.44	\$80,611.12	\$105,500.00
Steve Roussin	\$2,777.78	\$2,777.78	\$19,444.44	\$25,000.00
Deborah L. Talbot	\$11,138.88	\$11,138.88	\$72,222.24	\$94,500.00

(a) The Eagle Family of Funds, as of October 31, 2016, consisted of three separate registered investment companies, which included Eagle Capital Appreciation Fund, Eagle Growth & Income Fund and Eagle Series Trust, and 9 portfolios of those companies. Eagle Small Cap Stock Fund ("Small Cap Stock"), a portfolio of

the Eagle Series Trust, was reorganized into Eagle Smaller Company Fund effective February 20, 2015. Tax Exempt Bond, a portfolio of Eagle Series Trust, had not commenced operations as of the date of this SAI.

No Trustee will receive any benefits upon retirement. Thus, no pension or retirement benefits have accrued as part of any of any Trust's expenses.

The following is a list of the Officers of the Trusts with their principal occupations and present positions, including any affiliation with Raymond James Financial, Inc. ("RJF"), the Distributor or Eagle.

Officers	
Name, Birth Year and Position, Term of Office ^(a) and Length of Time Served	Principal Occupation(s) During Past Five Years
J. Cooper Abbott (1969) President since April 2016	Executive Vice President, Investments and Co-Chief Operating Officer of Eagle since 2009; Director of ClariVest Asset Management LLC since 2012; Director, Eagle Fund Services, Inc. ("EFS") ^(b) since 2009
Susan L. Walzer (1967) Principal Executive Officer since 2011	Vice President of Fund Administration since 2011
Carolyn K. Gill (1978) Principal Financial Officer and Treasurer since 2011	Manager of Fund Accounting and Fund Reporting for Eagle since 2005 and 2010, respectively
Daniel R. Dzibinski (1974) Chief Compliance Officer and Secretary since 2011	Manager of Fund Compliance for Eagle since 2011

(a) Officers each serve one year terms.

(b) Prior to September 13, 2010, EFS served as the funds' transfer agent.

B. Control Persons and Principal Holders of Securities

Control Persons are those beneficial owners who may have the power to exercise a controlling influence over the management or policies of a company as a result of their ownership of more than 25% of the voting securities of the company. Listed below are shareholders who owned of record or were known by the funds to own beneficially 5% or more of the outstanding shares of a class of the following funds as of February 3, 2017.

Capital Appreciation							
Name and Address of Principal Holder	Fund Percentage (listed if over 25%)	Class A Shares	Class C Shares	Class I Shares	Class R-3 Shares	Class R-5 Shares	Class R-6 Shares
Raymond James Omnibus Account St. Petersburg, FL	33.54%	47.19%	54.76%				
Pershing LLC		6.02%	8.47%	60.95%			

Jersey City, NJ							
Charles Schwab & Co. San Francisco, CA		5.78%					
Wells Fargo Clearing LLC Saint Louis, MO			5.87%				
Morgan Stanley Smith Barney New York, NY				11.05%			
DCGT Des Moines, IA					23.92%		99.80%
Dennis Morgenstern FBO Morgenstern and Herd, PA 401k Tampa, FL					6.56%		
Mid Atlantic Trust Company FBO Alakai Defense Systems Pittsburgh, PA					14.18%		
Mid Atlantic Trust Company FBO Big Truck Rental LLC Pittsburgh, PA					6.84%		
Matthew W. Fitzgerald FBO Orchard Made Products Corp 401k Methuen, MA					12.66%		
MG Trust Co. FBO Entitlement Engineering Denver, CO					9.79%		
US Bank FBO SD Electrical Annuity Plan Milwaukee, WI						53.75%	
State Street Bank and Trust Co Boston, MA						41.08%	

Growth & Income							
Name and Address of Principal Holder	Fund Percentage (listed if over 25%)	Class A Shares	Class C Shares	Class I Shares	Class R-3 Shares	Class R-5 Shares	Class R-6 Shares
Raymond James Omnibus Account St. Petersburg, FL	43.24%	43.37%	52.87%	42.49%			
Wells Fargo		6.40%	5.99%				

Clearing LLC Saint Louis, MO							
Merrill Lynch Pierce Fenner & Smith Jacksonville, FL		5.14%	15.23%	21.35%	21.83%		
Pershing LLC Jersey City, NJ		5.02%					
UBS Weehawken, NJ				7.90%			
Morgan Stanley Smith Barney New York, NY				7.19%			
DCGT Des Moines, IA					34.45%		99.80%
Robert Giacovas FBO Lazare Potter & Giacovas 401k New York, NY					10.90%		
Great West Trust Company Greenwood Village, CO					5.84%		
Mid Atlantic Trust Company FBO Gordon H Zuerndorfer MD PA 401K Pittsburgh, PA					7.67%		
Mid Atlantic Trust Company FBO Keith G Wood DDS 401K Pittsburgh, PA						62.48%	
MG Trust Co. FBO Comfort Solutions Denver, CO						5.50%	
ENT FPSC of Fredricksburg FBO Alerus Financial St. Paul, MN						29.41%	

International Stock							
Name and Address of Principal Holder	Fund Percentage (listed if over 25%)	Class A Shares	Class C Shares	Class I Shares	Class R-3 Shares	Class R-5 Shares	Class R-6 Shares
Raymond James Omnibus Account St. Petersburg, FL	75.48%	71.56%	81.69%	82.31%			
Robert W. Baird & Co.		5.57%					

Milwaukee, WI							
Great West Trust Co FBO Employee Benefits Clients Greenwood Village, CO					99.41%		
Eagle Asset Mgmt St. Petersburg, FL						11.03%	31.32%
NFS LLC FBO Mary Lebsack Enterprise, AL						88.97%	
Matrix Trust Co. FBO Manhattan- Ogden Denver, CO							65.00%

Investment Grade Bond							
Name and Address of Principal Holder	Fund Percentage (listed if over 25%)	Class A Shares	Class C Shares	Class I Shares	Class R-3 Shares	Class R-5 Shares	Class R-6 Shares
Raymond James Omnibus Account St. Petersburg, FL	75.14%	76.24%	85.87%	60.68%			
UBS Weehawken, NJ				15.52%			
Charles Schwab & Co Inc San Francisco, CA				6.96%			
Mid Atlantic Trust Company FBO Palmer Capital Inc 401k Pittsburgh, PA					43.45%		
Mid Atlantic Trust Company FBO Dialyspa Mgmt Svcs. Pittsburgh, PA					12.81%		
Mid Atlantic Trust Company FBO Dialyspa Staffing Svcs Pittsburgh, PA					20.44%		
Pershing LLC Jersey City, NJ					11.59%	83.43%	
Merrill Lynch Pierce Fenner & Smith Jacksonville, FL					10.32%		
Eagle Asset Mgmt St. Petersburg, FL						12.52%	
Voya Retirement							99.63%

Insurance and Annuity Company Windsor, CT							
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Mid Cap Growth							
Name and Address of Principal Holder	Fund Percentage (listed if over 25%)	Class A Shares	Class C Shares	Class I Shares	Class R-3 Shares	Class R-5 Shares	Class R-6 Shares
Raymond James Omnibus Account St. Petersburg, FL		21.78%	47.96%				
DCGT Des Moines, IA		7.63%			50.60%	12.33%	8.03%
NFS LLC FEBO The Northern Trust Company Chicago, IL		5.58%					
Charles Schwab & Co Inc. San Francisco, CA		7.80%		8.05%		9.39%	
Pershing LLC Jersey City, NJ			8.13%				
Wells Fargo Clearing LLC St. Louis, MO			10.66%				
UBS Weehawken, NJ				12.87%			
NFS LLC Covington, KY	27.17			22.81%		31.51%	31.37%
PIMS/Prudential Retirement Norwell, MA				5.89%			
Merrill Lynch Pierce Fenner & Smith Jacksonville, FL					7.75%		
State Street Bank & Trust Co Boston, MA					23.74%		
Wells Fargo Bank Charlotte, NC						19.78%	6.75%

Mid Cap Stock							
Name and Address of Principal Holder	Fund Percentage (listed if over 25%)	Class A Shares	Class C Shares	Class I Shares	Class R-3 Shares	Class R-5 Shares	Class R-6 Shares
Raymond James Omnibus Account St. Petersburg, FL	38.92	39.06%	50.85%	10.89%			
Pershing LLC Jersey City, NJ		10.32%	6.48%				

RBC Capital Markets LLC Minneapolis, MN		6.80%	7.57%	30.60%			
Charles Schwab & Co Inc San Francisco, CA		5.10%					
Wells Fargo Clearing LLC St. Louis, MO			5.45%	20.32%			
LPL Financial San Diego, CA				10.27%			
Voya Retirement Insurance and Annuity Company Windsor, CT					41.55%		75.69%
Ascensus Trust Company FBO Krause Moorhead Draisen PA Fargo, ND					16.05%		
State Street Bank & Trust Co Boston, MA					7.08%		
GreatWest Trust Company Greenwood Village, CO						12.22%	
MG Trust Co. FBO Crystal Bioscience Inc. Denver, CO						8.61%	
MG Trust Co. FBO Rybicki Associates Denver, CO						15.87%	
MG Trust Co. FBO Viva Beverages LLC Denver, CO						5.15%	
Brad Hudson FBO Sound Harbor Wealth Partners 401k Wilmington, NC						34.85%	
Counsel Trust DBA MATC FBO Holly J Carter DDS PA 401K Pittsburgh, PA						8.52%	
PAI Trust Co FBO Scheff Investment Group De Pere, WI							23.65%

Small Cap Growth							
Name and Address of Principal Holder	Fund Percentage (listed if over 25%)	Class A Shares	Class C Shares	Class I Shares	Class R-3 Shares	Class R-5 Shares	Class R-6 Shares
Raymond James Omnibus Account St. Petersburg, FL		9.04%	43.44%				
Charles Schwab & Co Inc San Francisco, CA		30.95%	7.53%	10.96%			
Merrill Lynch Pierce Fenner & Smith Jacksonville, FL			9.12%	6.90%	5.88%		
Wells Fargo Clearing LLC Saint Louis, MO			11.33%	10.96%			
Pershing LLC Jersey City, NJ			7.09%	10.97%			
UBS Weehawken, NJ			5.31%				
NFS LLC Covington, KY				7.72%		15.65%	28.30%
DCGT Des Moines, IA					16.54%	12.06%	7.17%
Voya Retirement Insurance and Annuity Company Windsor, CT					49.63%		
State Street Bank & Trust Co Boston, MA					11.90%		
Great West Trust Company Greenwood Village, CO						14.88%	
Wells Fargo Bank Charlotte, NC						7.11%	
Matrix Trust Company FBO City National Corporation Phoenix, AZ						8.40%	
The Northern Trust Company FBO Goodyear Overland Park, KS							5.16%
NFS LLC FEBO FMTC as TTEE, US Small & Mid Cap							7.11%

Merrimack, NH							
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Smaller Company							
Name and Address of Principal Holder	Fund Percentage (listed if over 25%)	Class A Shares	Class C Shares	Class I Shares	Class R-3 Shares	Class R-5 Shares	Class R-6 Shares
Raymond James Omnibus Account St. Petersburg, FL	38.43%	53.63%	39.59%	19.33%			
RBC Capital Markets LLC Minneapolis, MN		15.34%					
Pershing LLC Jersey City, NJ			41.67%	22.44%			
Merrill Lynch Pierce Fenner & Smith Jacksonville, FL				11.96%	62.23%		
Charles Schwab & Co Inc San Francisco, CA				5.58%			9.29%
LPL Financial San Diego, CA				11.39%			
Mid Atlantic Trust Company FBO Gregory's Auto Supply Corporation 401K Pittsburgh, PA					9.29%		
Mid Atlantic Trust Company FBO Bunn Insurance Co Pittsburgh, PA					5.07%		
State Street Bank & Trust Co Boston, MA					12.91%		
Eagle Asset Mgmt St. Petersburg, FL						14.55%	
Erik Dochtermann TTEE FBO K D & E Advertising New York, NY						85.45%	
T Rowe Price Owings Mills, MD							87.30%

Tactical Allocation							
Name and Address of Principal Holder	Fund Percentage (listed if over 25%)	Class A Shares	Class C Shares	Class I Shares	Class R-3 Shares	Class R-5 Shares	Class R-6 Shares
Eagle Asset Mgmt		35.42%			100.00%	20.42%	100.00%

St. Petersburg, FL							
LPL Financial San Diego, CA	66.98%	5.85%		91.65%			
Raymond James Omnibus Account St. Petersburg, FL		30.79%	92.77%				
Pershing LLC Jersey City, NJ						79.58%	

C. Proxy Voting Policies and Procedures

The Board has adopted Proxy Voting Policies and Procedures (“Proxy Policies”) wherein each Trust has delegated to Eagle or a subadviser, as applicable, the responsibility for voting proxies relating to portfolio securities held by each fund as part of their investment advisory services, subject to the supervision and oversight of Eagle. All such proxy voting duties shall be subject to the Board’s continuing oversight. Notwithstanding this delegation of responsibilities, however, each fund retains the right to vote proxies relating to its portfolio securities. The fundamental purpose of the Proxy Policies is to ensure that each vote will be in a manner that reflects the best interest of each fund and its shareholders, taking into account the value of a fund’s investments.

Proxy Voting Guidelines. Generally, Eagle or a subadviser, as applicable, will vote proxies in accordance with the proxy voting guidelines (“Proxy Guidelines”) adopted as part of each Trust’s Proxy Policies. Eagle or a subadviser, as applicable, is permitted to vote a proxy based on the best interest of the fund if a proxy presents an issue that is not addressed in the Proxy Guidelines or the Proxy Guidelines provide discretion as to how to vote a proxy. Eagle and a subadviser, as appropriate, should vote proxies to further the long-term economic value of the underlying securities and in the best interest of the fund and its shareholders.

The Proxy Guidelines distinguish between routine and non-routine proposals. In general, routine proposals are those proposals that do not propose to change the structure, bylaws or operations of the company to the detriment of shareholders. Examples of such proposals would include, among other things, the approval of auditors, election of director and/or officers, liability limitations for directors, and indemnification provisions for directors.

Non-routine proposals are those proposals more likely to affect the structure and operations of the company, which would have a greater impact on the value of the underlying security. Examples of non-routine proposals would include, among other things, decisions as to corporate restructuring, poison pill provisions, and changes in capitalization. These proposals may require special consideration by Eagle or a subadviser, as appropriate, depending on whether and how they are addressed in the Proxy Guidelines.

Conflicts of Interest. The Proxy Guidelines also address procedures to be used by Eagle or each subadviser, as applicable, when there is a conflict of interest between the interests of its respective fund shareholders and those of Eagle, the subadviser, the fund’s principal underwriter or other affiliated persons of the fund. Upon the discovery of a conflict of interest, a subadviser must consult with Eagle to assess the extent to which there may be a material conflict of interest. After such consultation, the subadviser will provide Eagle with pertinent written information as to how and why the proxy was voted in a particular manner. In addition, Eagle will provide a quarterly report to the Board that includes information as to how each conflict was resolved.

More Information. Information regarding how proxies were voted during the most recent twelve-

month period ended June 30 is available without charge, upon request by calling toll-free, 800.421.4184, visiting our website, eagleasset.com, or by accessing each Trust’s most recently filed report on Form N-PX on the Commission’s website at www.sec.gov. In addition, a copy of the Eagle Family of Funds Proxy Voting Guidelines is also available by calling 800.421.4184 or visiting our website, eagleasset.com. The guidelines will be sent within three business days of receipt of a request.

D. Investment Adviser and Administrator; Subadviser

The investment adviser and administrator for each fund is Eagle. Eagle was organized as a Florida corporation in 1976. All the capital stock of Eagle is owned by RJF. RJF is a holding company that, through its subsidiaries, is engaged primarily in providing customers with a wide variety of financial services in connection with securities, limited partnerships, options, investment banking and related fields.

With respect to each fund, Eagle is responsible for managing the fund’s investment and noninvestment affairs, subject to the direction of each fund’s Board. Each Trust, on behalf of its respective series, if any, entered into an Investment Advisory Agreement effective November 1, 2008. Under the Investment Advisory Agreement, Eagle provides a continuous investment program for each fund and determines what securities and other investments will be purchased, retained, sold or loaned by each fund and what portion of such assets will be invested or held uninvested as cash. Eagle also is responsible for effecting transactions for each fund and selecting brokers or dealers to execute such transactions for each fund. Eagle may delegate these duties subject to Board approval, and if required by the 1940 Act, shareholder approval.

Under separate Subadvisory Agreements (collectively the “Subadvisory Agreements”), subject to the direction of Eagle and each Trust’s Board, the following firms provide investment advice and portfolio management services to certain funds, as noted, for a fee payable by Eagle:

<u>Subadviser</u>	<u>Fund</u>
ClariVest Asset Management LLC (“ClariVest”)	Capital Appreciation
ClariVest	International Stock
Cougar Global Investments Limited (“Cougar Global”)	Tactical Allocation

Eagle currently owns a 45% interest in ClariVest. The principals of ClariVest own the remaining 55% of the company. Under certain conditions, Eagle may increase its ownership interest in ClariVest in future years.

Cougar Global is an investment manager that utilizes a tactical asset allocation strategy to construct globally diversified portfolios. Effective April 30, 2015, Cougar Global was acquired by RJF. RJF is a diversified financial services holding company whose subsidiaries engage primarily in securities brokerage, investment banking, asset management and banking services. Prior to April 30, 2015, Cougar Global was an independent investment management firm not affiliated with any parent organization.

The Advisory Agreement and the Subadvisory Agreements were approved by the Board (including all of the Trustees who are not “interested persons” of Eagle or a subadviser, as defined under the 1940 Act) and by the shareholders of the applicable funds in compliance with the 1940 Act. Each Agreement provides that it will be in force for an initial two-year period and it must be approved each year thereafter by (1) a vote, cast in person at a meeting called for that purpose, of a majority of those Trustees who are not “interested

persons” of Eagle, a subadviser or the Trust, and by (2) the majority vote of either the full Board or the vote of a majority of the outstanding shares of a fund.

The Advisory and Subadvisory Agreements each automatically terminates on assignment, and each is terminable on not more than 60 days written notice by the Trust to either party. In addition, the Advisory Agreements may be terminated on not less than 60 days written notice by Eagle, as applicable, to a fund and the Subadvisory Agreements may be terminated on not less than 60 days written notice by Eagle as applicable, or 90 days written notice by a subadviser. Under the terms of the Advisory Agreement, Eagle automatically becomes responsible for the obligations of a subadviser upon termination of the Subadvisory Agreements. In the event Eagle ceases to be the investment adviser of a fund or the Distributor ceases to be principal distributor of shares of a fund, the right of a fund to use the identifying name of “Eagle” may be withdrawn.

Eagle and a subadviser shall not be liable to any fund or any shareholder for anything done or omitted by them, except acts or omissions involving willful misfeasance, bad faith, gross negligence or reckless disregard of the duties imposed upon them by their agreements with a fund or for any losses that may be sustained in the purchase, holding or sale of any security.

All of the officers of each fund are officers or directors of Eagle or its affiliates. These relationships are described under “Management of the Funds.”

Advisory Fees:

The tables below set forth the investment advisory and administration fees paid by each fund to Eagle.

Fund		Investment Advisory fees paid:		
		FYE 10/31/16	FYE 10/31/15	FYE 10/31/14
Capital Appreciation	Gross Advisory	\$2,036,547	\$2,033,670	\$1,854,417
	(Waived)/Recovered	(\$16)	\$6,282	\$8,439
	Net Advisory	\$2,036,531	\$2,039,952	\$1,862,856
Growth & Income	Gross Advisory	\$2,612,603	\$2,954,663	\$2,761,094
	(Waived)/Recovered	\$0	\$0	\$0
	Net Advisory	\$2,612,603	\$2,954,663	\$2,761,094
International Stock	Gross Advisory	\$159,926	\$107,255	\$73,614
	(Waived)/Recovered	(\$159,926)	(\$107,255)	(\$73,614)
	Net Advisory	\$0	\$0	\$0
Investment Grade Bond	Gross Advisory	\$144,548	\$161,185	\$204,176
	(Waived)/Recovered	(\$144,548)	(\$161,185)	(\$204,176)
	Net Advisory	\$0	\$0	\$0
Mid Cap Growth	Gross Advisory	\$7,291,238	\$5,301,205	\$3,755,093
	(Waived)/Recovered	\$0	\$0	\$0
	Net Advisory	\$7,291,238	\$5,301,205	\$3,755,093
Mid Cap Stock	Gross Advisory	\$1,654,655	\$2,130,514	\$2,496,060
	(Waived)/Recovered	(\$20,795)	(\$75,185)	(\$131,328)
	Net Advisory	\$1,633,860	\$2,055,329	\$2,364,732

Small Cap Growth	Gross Advisory	\$20,198,576	\$20,937,888	\$20,306,197
	(Waived)/Recovered	\$0	\$0	\$0
	Net Advisory	\$20,198,576	\$20,937,888	\$20,306,197
Smaller Company	Gross Advisory	\$308,950	\$498,782	\$871,150
	(Waived)/Recovered	(\$228,219)	(\$216,645)	(\$148,933)
	Net Advisory	\$80,731	\$282,137	\$722,217
Tactical Allocation	Gross Advisory	\$17,007	N/A (a)	N/A (a)
	(Waived)/Recovered	(\$17,007)	N/A (a)	N/A (a)
	Net Advisory	\$0	N/A (a)	N/A (a)

Fund		Administrative fees paid:		
		FYE 10/31/16	FYE 10/31/15	FYE 10/31/14
Capital Appreciation	Gross Admin	\$450,779	\$457,685	\$430,474
	(Waived)/Recovered	\$0	\$0	\$0
	Net Admin	\$450,779	\$457,685	\$430,474
Growth & Income	Gross Admin	\$734,425	\$850,698	\$805,002
	(Waived)/Recovered	\$0	\$0	\$0
	Net Admin	\$734,425	\$850,698	\$805,002
International Stock	Gross Admin	\$25,557	\$18,160	\$12,520
	(Waived)/Recovered	(\$25,557)	(\$18,160)	(\$12,520)
	Net Admin	\$0	\$0	\$0
Investment Grade Bond	Gross Admin	\$67,376	\$76,190	\$99,062
	(Waived)/Recovered	(\$67,376)	(\$76,190)	(\$23,558)
	Net Admin	\$0	\$0	\$75,504
Mid Cap Growth	Gross Admin	\$1,544,023	\$1,154,000	\$848,465
	(Waived)/Recovered	\$0	\$0	\$0
	Net Admin	\$1,544,023	\$1,154,000	\$848,465
Mid Cap Stock	Gross Admin	\$390,563	\$497,890	\$579,101
	(Waived)/Recovered	\$0	\$0	\$0
	Net Admin	\$390,563	\$497,890	\$579,101
Small Cap Growth	Gross Admin	\$4,400,675	\$4,594,506	\$4,528,812
	(Waived)/Recovered	\$0	\$0	\$0
	Net Admin	\$4,400,675	\$4,594,506	\$4,528,812
Smaller Company	Gross Admin	\$68,852	\$103,262	\$161,666
	(Waived)/Recovered	\$0	\$0	\$0
	Net Admin	\$68,852	\$103,262	\$161,666
Tactical Allocation	Gross Admin	\$3,834	N/A (a)	N/A (a)
	(Waived)/Recovered	(\$3,834)	N/A (a)	N/A (a)
	Net Admin	\$0	N/A (a)	N/A (a)

In addition, Eagle has entered into agreements with each fund’s subadviser and, therefore, paid the following subadvisory fees. Effective February 28, 2013, ClariVest began serving as subadviser to International Stock and on June 28, 2013, ClariVest replaced Goldman Sachs Asset Management as the subadviser for Capital Appreciation. Effective October 20, 2014, Eagle began managing Smaller Company pursuant to the existing advisory agreement between Eagle and the fund. Prior to October 20, 2014, Eagle Boston Investment Management, Inc. (“EBIM”) was a subadviser to Smaller Company.

Fund	Subadvisory fees paid:		
	FYE 10/31/16	FYE 10/31/15	FYE 10/31/14
Capital Appreciation ClariVest / Goldman Sachs Asset Management	\$1,866,834.71	\$1,864,198	\$1,699,890
Growth & Income	\$0	\$0	\$0
International Stock	\$159,926.21	\$107,255	\$73,615
Investment Grade Bond	\$0	\$0	\$0
Mid Cap Growth	\$0	\$0	\$0
Mid Cap Stock	\$0	\$0	\$0
Small Cap Growth	\$0	\$0	\$0
Smaller Company EBIM	\$0	\$0	\$533,714
Tactical Allocation Cougar Global	\$17,007.43	N/A (a)	N/A (a)

(a) Information is not provided for Tactical Allocation because the fund commenced operations on December 31, 2015.

Eagle has entered into an administration agreement with each Trust, on behalf of its respective series, if any. Under the administration agreement, Eagle provides to each fund and its respective classes certain administrative and clerical services deemed necessary or advisable for the operation of such funds and classes. With the exception of the funds’ Chief Compliance Officer, Eagle pays all salaries, fees and expenses of Officers and Trustees of each fund who are affiliated with Eagle. Eagle and the Trusts jointly pay the salary, fees and expenses of the funds’ Chief Compliance Officer. Further Eagle oversees the activities of the subadviser, custodian, distributor, transfer agent and other service providers. Eagle also provides office facilities, equipment, and personnel, prepares required regulatory filings, prepares Board materials and coordinates mailing of Prospectuses, notices, proxy statements and other shareholder or investor communications. The fees under the administration agreement are equal to 0.15% of the average daily net assets of Class A, Class C and Class R-3 shares and 0.10% of the average daily net assets of Class I, Class R-5 and Class R-6 shares. Eagle has entered into a sub-administration agreement with U.S. Bancorp Fund Services, LLC (“USBFS”). Under the sub-administration agreement, USBFS provides to each fund certain financial reporting and tax services.

For each fund, the current advisory and subadvisory fees, as applicable, are determined as follows:

Fund	Fee Type	Average daily net assets	Rate charged
Capital Appreciation	Investment Advisory	\$0 to \$1 billion	0.60%
		Over \$1 billion	0.55%

	Subadvisory	All Assets	0.55%
Growth & Income	Investment Advisory	\$0 to \$100 million	0.60%
		\$100 million to \$500 million	0.45%
		Over \$500 million	0.40%
International Stock	Investment Advisory	All Assets	0.70%
	Subadvisory	All Assets	0.70%
Investment Grade Bond	Investment Advisory	All Assets	0.30%
Mid Cap Growth, Mid Cap Stock, Small Cap Growth, Smaller Company	Investment Advisory	\$0 to \$500 million	0.60%
		\$500 million to \$1 billion	0.55%
		Over \$1 billion	0.50%
Tactical Allocation	Investment Advisory	All Assets	0.57%
	Subadvisory	All Assets	0.57%

Eagle has contractually agreed to cap its investment advisory fee and/or reimburse certain expenses of the funds. The expense limitations exclude interest, taxes, brokerage commissions, costs related to investments in other investment companies, dividends, and extraordinary expenses. The Board may agree to change fee limitations or reimbursements without the approval of fund shareholders. Any reimbursement of fund expenses or reduction in Eagle's investment advisory fees is subject to reimbursement by the fund within the following two fiscal years if overall expenses fall below the lesser of its then current expense cap or the expense cap in effect at the time of the fund reimbursement. The following table summarizes the expense caps in effect through February 28, 2018:

<u>Fund</u>	<u>Class A</u>	<u>Class C</u>	<u>Class I & R5</u>	<u>Class R3</u>	<u>Class R6</u>
Capital Appreciation	1.25%	2.00%	0.95%	1.50%	0.85%
Growth & Income	1.25%	2.00%	0.95%	1.50%	0.85%
International Stock	1.45%	2.20%	1.15%	1.70%	1.05%
Investment Grade Bond	0.73%	1.48%	0.43%	0.98%	0.33%
Mid Cap Growth	1.25%	2.00%	0.95%	1.50%	0.85%
Mid Cap Stock	1.25%	2.00%	0.95%	1.50%	0.85%
Small Cap Growth	1.25%	2.00%	0.95%	1.50%	0.85%
Smaller Company	1.25%	2.00%	0.95%	1.50%	0.85%
Tactical Allocation	1.17%	1.92%	0.87%	1.42%	0.77%

Class-Specific Expenses. Each fund may determine to allocate certain of its expenses (in addition to distribution fees) to the specific classes of a fund's shares to which those expenses are attributable.

E. Portfolio Managers

1) Eagle

Eagle has adopted policies regarding material conflicts of interest and portfolio manager compensation. Specific information regarding portfolio manager's compensation follows.

Material Conflicts of Interest: When a portfolio manager has responsibility for managing more than one account, potential conflicts of interest may arise. Those conflicts could include preferential treatment of one account over others in terms of allocation of resources or of investment opportunities. Eagle has adopted policies and procedures designed to address these potential material conflicts. For instance, portfolio managers within Eagle are normally responsible for all accounts within a certain investment discipline, and do not, absent special circumstances, differentiate among the various accounts when allocating resources. Additionally, Eagle and its advisory affiliates utilize a system for allocating investment opportunities among portfolios that is designed to provide a fair and equitable allocation.

The officers and employees of Eagle and accounts in which affiliated persons have an investment interest, may at times buy or sell and have positions in securities which may be those recommended for purchase or sale to investment advisory clients. In addition, Eagle and its related persons may also give advice and take action in the performance of their duties to clients, which may differ from, or be similar to the advice given, or the timing and nature of action taken, with respect to their own accounts. Eagle may combine transaction orders placed on behalf of clients, including accounts in which affiliated persons of Eagle have an investment interest. Eagle seeks to ensure that the firm and its employees do not personally benefit from the short-term market effects of recommendations to or actions for clients through personal securities policies and procedures under the firm's Code of Ethics.

Compensation: Eagle seeks to maintain a compensation program that is competitively positioned to attract and retain high caliber investment professionals. Portfolio Manager compensation is reviewed and may be modified periodically as appropriate to reflect changes in the market, as well as to adjust the factors used to determine variable compensation. Investment professionals receive a base salary and deferred compensation along with a variable bonus based on revenues on accounts under management and various other variable forms of compensation, including stock options and an executive benefit plan. Eagle has created a compensation plan that provides its investment professionals with long-term financial incentives and encourages them to develop their careers at Eagle. The investment professionals are compensated as follows:

- All portfolio managers are paid base salaries,
- Portfolio managers participate in a revenue-sharing program that provides incentives to build a successful investment program over the long term,
- Additional deferred compensation plans, including restricted stock awards and stock option programs, may be provided to key investment professionals, and
- All portfolio managers generally are eligible to receive benefits from Eagle's parent company including health care and other insurance benefits, a 401(k) plan, profit sharing, Long-Term Incentive Plan, Employee Stock Option Plan and Employee Stock Purchase Plan.

Eagle typically compensates its portfolio managers based primarily on the scale and complexity of their portfolio responsibilities and the performance of funds and managed accounts relative to benchmarks and peer groups. Each portfolio manager is evaluated based on the composite performance of funds and accounts in each strategy for which the individual serves on the portfolio management team. Periods evaluated include the 1, 3, 5 and 10 year (or since inception) periods for relevant strategies. This evaluation may afford differing weights to specific funds, accounts or products based on a portfolio manager's contribution or responsibility to the team. This weighting process may be based on the overall size of a given fund or investment product and portfolio manager responsibility and/or contribution and

may provide incentive for a portfolio manager to favor another account over their fund(s). A portfolio manager may manage a separate account or other pooled investment vehicle which may have materially higher fee arrangements than their fund(s). Eagle has established procedures to mitigate these conflicts, including review of performance dispersion across all firm managed accounts and policies to monitor trading and best execution for all managed accounts and funds.

A. Bert L. Boksen and Eric Mintz (Mid Cap Growth, Small Cap Growth)

As of December 31, 2016, Mr. Boksen and Mr. Mintz are responsible for the day-to-day management of the following other accounts:

	<u>Number of accounts</u>	<u>Total assets</u>
Registered investment companies	2	\$365 million
Other pooled investment vehicles	2	\$178 million
Other accounts	1,625	\$3.1 billion

In the “other pooled investment vehicles” category above, the advisory fee payable to Eagle is based upon the account’s performance. In none of the 1,625 above “other accounts” is the advisory fee payable to Eagle based upon the account’s performance and none of the assets managed pay a performance fee.

Eagle currently holds a 51% ownership interests in EB Management I, LLC which acts as the general partner in a limited partnership formed for investment purposes. Bert Boksen is a 49% owner of EB Management I, LLC and the Portfolio Manager for the Eagle Aggressive Growth Partners Fund I L.P. and Eagle Aggressive Growth Partners II L.P. Eagle also provides administrative and investment research services for the general partner. Certain officers and employees of Eagle have investment interests in the limited partnership. On occasion, orders for the securities transactions of the limited partnership may be aggregated with orders for Eagle's client accounts. In such instances, Eagle will ensure that the allocation of securities among Eagle's clients and the partnership is equitable; price averaging may be used for trades executed in a series of transactions on the same day. Mr. Boksen’s additional compensation includes receipt of 50% of the net profits generated by EB Management I.

Mr. Boksen’s and Mr. Mintz’ benchmarks for evaluation purposes include Lipper and Morningstar rankings for mutual fund performance and the Russell 2000® Growth and Russell Mid Cap® Growth indices for separate accounts along with peer group rankings such as those from Callan Associates and Mercer Investment Consulting.

As of December 31, 2016, Mr. Boksen owns over \$1,000,000 of Mid Cap Growth’s shares and over \$1,000,000 of Small Cap Growth’s shares. As of December 31, 2016, Mr. Mintz owns between \$100,001 and \$500,000 of Mid Cap Growth’s shares and between \$100,001 and \$500,000 of Small Cap Growth’s shares.

B. Charles Schwartz, Betsy Pecor and Matthew McGeary (Mid Cap Stock, Smaller Company)

As of December 31, 2016, Mr. Schwartz, Ms. Pecor and Mr. McGeary are each responsible for the day-to-day management of the following other accounts:

	<u>Number of accounts</u>	<u>Total assets</u>
Registered investment companies	1	\$289 million

Other pooled investment vehicles	0	\$0
Other accounts	341	\$131 million

In none of the 341 above “other accounts” is the advisory fee payable to Eagle based upon the account’s performance and none of the assets managed pay a performance fee.

Mr. Schwartz’s, Ms. Pecor’s and Mr. McGeary’s benchmarks for evaluation purposes include Lipper and Morningstar rankings for mutual fund performance and the Russell 2000® Index for separate accounts along with peer group rankings such as those from Callan Associates and Mercer Investment Consulting.

As of December 31, 2016, Mr. Schwartz owns between \$10,001 and \$50,000 of Mid Cap Stock, Ms. Pecor owns between \$100,001 and \$500,000 of Mid Cap Stock and Mr. McGeary owns between \$100,001 and \$500,000 of Mid Cap Stock. As of December 31, 2016, Mr. Schwartz owns between \$10,001 and \$50,000 of Small Cap Stock, Ms. Pecor owns between \$100,001 and \$500,000 of Small Cap Stock and Mr. McGeary owns between \$100,001 and \$500,000 of Small Cap Stock. Effective February 20, 2015, Small Cap Stock was reorganized into Smaller Company.

C. James C. Camp and Joseph Jackson (Investment Grade Bond)

As of December 31, 2016, Mr. Camp and Mr. Jackson are responsible for the day-to-day management of the following other accounts:

	<u>Number of accounts</u>	<u>Total assets</u>
Registered investment companies	1	\$60 million
Other pooled investment vehicles	0	\$0
Other accounts	7,182	\$6.6 billion

In none of the 7,182 above “other accounts” is the advisory fee payable to Eagle based upon the account’s performance and none of the assets managed pay a performance fee.

Mr. Camp’s and Mr. Jackson’s benchmarks for evaluation purposes include Lipper and Morningstar rankings for mutual fund performance and the Barclays Intermediate Government/Credit Bond Index for separate accounts along with peer group rankings such as those from Callan Associates and Mercer Investment Consulting.

As of December 31, 2016, Mr. Camp owns between \$50,001 and \$100,000 of the fund’s shares and Mr. Jackson owns between \$1 and \$10,000 of the fund’s shares.

D. Edmund Cowart, David Blount, and Harald Hvideberg (Growth & Income)

As of December 31, 2016, Messrs. Cowart, Blount, and Hvideberg are each responsible for the day-to-day management of the following other accounts:

	<u>Number of accounts</u>	<u>Total assets</u>
Registered investment companies	1	\$76 million
Other pooled investment vehicles	0	\$0
Other accounts	813	\$1.5 billion

In none of the 813 above “other accounts” is the advisory fee payable to Eagle based upon the account’s performance and none of the assets managed pay a performance fee.

Mr. Cowart’s, Mr. Blount’s, and Mr. Hvideberg’s benchmarks for evaluation purposes include Lipper and Morningstar rankings for mutual fund performance and the S&P 500 Index for separate accounts along with peer group rankings such as those from Callan Associates and Mercer Investment Consulting.

As of December 31, 2016, Mr. Cowart owns between \$100,001 and \$500,000, Mr. Blount owns between \$100,001 and \$500,000, and Mr. Hvideberg owns between \$1 and \$10,000 of the fund’s shares.

E. Christopher Sassouni (Mid Cap Growth, Small Cap Growth)

Christopher Sassouni, D.M.D., Vice President of Eagle, has been Assistant Portfolio Manager of Mid Cap Growth since 2006 and Small Cap Growth since 2015. Mr. Sassouni does not have individual discretion over the assets of the funds or of any other accounts.

Mr. Sassouni is paid a base salary and a bonus that is based on his individual performance as a research analyst as well as his contribution to the results of Eagle’s investment products. In addition, he may receive additional compensation for his contributions as Assistant Portfolio Manager of the fund and other similarly managed accounts. Mr. Sassouni, along with all Eagle employees, receives benefits from Eagle’s parent company including a 401(k) plan, profit sharing, and Employee Stock Purchase Plan. Mr. Sassouni also may receive an allocation of a portion of the incentive fee earned, if any, by EB Management I, LLC.

As of December 31, 2016, Mr. Sassouni owns between \$10,001 and \$50,000 of Mid Cap Growth’s shares and \$0 of Small Cap Growth’s shares.

In addition, the following subadvisers have provided information regarding their respective portfolio managers:

2) ClariVest Asset Management LLC (Capital Appreciation and International Stock)

As of December 31, 2016, Mr. Pavan is responsible for the day-to-day management of the following other accounts:

<u>Without performance fee</u>	<u>Number of accounts</u>	<u>Total assets</u>
Registered investment companies	3	\$2,315,407,714
Other pooled investment vehicles	4	\$326,408,288
Other accounts	4	\$71,716,134
 With performance fee		
Other Pooled	1	\$13,848,431

As of December 31, 2016, Dr. Feng is responsible for the day-to-day management of the following other accounts:

<u>Without performance fee</u>	<u>Number of accounts</u>	<u>Total assets</u>
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Registered investment companies	3	\$2,315,407,714
Other pooled investment vehicles	0	\$0
Other accounts	4	\$28,112,046
With performance fee		
Other Pooled	1	\$13,848,431

As of December 31, 2016, Mr. Wagner is responsible for the day-to-day management of the following other accounts:

<u>Without performance fee</u>	<u>Number of accounts</u>	<u>Total assets</u>
Registered investment companies	3	\$2,315,407,714
Other pooled investment vehicles	4	\$326,408,288
Other accounts	5	\$71,815,902

As of December 31, 2016, Mr. Vaughn is responsible for the day-to-day management of the following other accounts:

<u>Without performance fee</u>	<u>Number of accounts</u>	<u>Total assets</u>
Registered investment companies	2	\$193,340,573
Other pooled investment vehicles	9	\$628,560,997
Other accounts	8	\$285,260,004
With performance fee		
Other Pooled	1	\$13,848,431

As of December 31, 2016, Mr. Turner is responsible for the day-to-day management of the following other accounts:

<u>Without performance fee</u>	<u>Number of accounts</u>	<u>Total assets</u>
Registered investment companies	2	\$193,340,573
Other pooled investment vehicles	9	\$628,560,997
Other accounts	9	\$285,359,771

As of December 31, 2016, Mr. Mutreja is responsible for the day-to-day management of the following other accounts:

<u>Without performance fee</u>	<u>Number of accounts</u>	<u>Total assets</u>
Registered investment companies	2	\$193,340,573
Other pooled investment vehicles	9	\$628,560,997
Other accounts	8	\$285,260,004

As of December 31, 2016, Dr. Nutt is not responsible for the day-to-day management of any other accounts.

In none of the accounts above is the advisory fee payable to ClariVest based upon the account's performance.

Mr. Pavan's, Dr. Feng's, Mr. Wagner's, Mr. Vaughn's, Mr. Turner's, Mr. Mutreja's and Dr. Nutt's benchmarks for evaluation purposes include Lipper and Morningstar rankings for mutual fund performance and the Russell 1000[®] Growth Index or MSCI EAFE[®] Index (as appropriate) for separate accounts along with peer group rankings such as those from Callan Associates and Mercer Investment Consulting.

As of December 31, 2016, Mr. Pavan, Dr. Feng, Mr. Wagner, Mr. Vaughn, Mr. Turner, Mr. Mutreja and Dr. Nutt do not own any shares of the Capital Appreciation Fund or the International Stock Fund.

Material Conflicts of Interest: Because portfolio managers manage accounts for multiple clients, conflicts of interest may arise in connection with the portfolio managers' management of the fund on the one hand and accounts for other clients on the other hand. For example, a portfolio manager may have conflicts of interest in allocating time, resources and investment opportunities among the fund and the other client accounts that he manages. In addition, due to differences in the investment strategies or restrictions between the fund and the other clients, a portfolio manager may take action with respect to another client that differs from the action taken with respect to the fund. In some cases, another account managed by a portfolio manager may compensate the investment adviser based on the performance of the securities held by that account or otherwise provide more revenue to the investment adviser. While these factors may create conflicts of interest for a portfolio manager in the allocation of time, resources and investment opportunities, the portfolio managers will endeavor to exercise their discretion in a manner that they believe is equitable to all interested persons.

Compensation: Compensation paid by ClariVest to its portfolio managers has three primary components: (1) a base salary, (2) a discretionary bonus, and (3) for those employees with equity in the firm, distributions from the LLC. The portfolio managers also receive certain retirement, insurance, and other benefits that are broadly available to all ClariVest employees. The intent of this compensation plan is to achieve a market competitive structure with a high degree of variable compensation through participation in a bonus pool and equity distributions. ClariVest seeks to compensate portfolio managers in a manner commensurate with their responsibilities, contributions and performance, and that is competitive with other firms within the investment management industry. Salaries, bonuses, and distributions are also influenced by the operating performance of ClariVest.

Bonuses are based on a variety of factors, including overall profitability of the firm as well as individual contribution to the firm. Bonuses are not simply tied to individual product performance. ClariVest believes that payment of bonuses based on short term performance is counterproductive to the environment at ClariVest. All members of the investment team are expected to actively participate in ongoing research, some of which may not primarily benefit the product on which they are the named portfolio manager. Bonuses based on short term individual performance would not incent investment team members to do so. The firm's overall annual cash bonus pool is typically based on a fixed percentage of pre-bonus operating income. ClariVest believes that equity ownership in the firm (or the potential for such) is a tool for both attracting and retaining employees.

3) Cougar Global (Tactical Allocation)

As of December 31, 2016, Mr. Breech is responsible for the day-to-day management of the following other accounts:

<u>Number of accounts</u>	<u>Total assets</u>
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Registered investment companies	0	\$0
Other pooled investment vehicles	0	\$0
Other accounts	290	\$135 million

In none of the accounts above is the advisory fee payable to Cougar Global based upon the account's performance.

Mr. Breech's benchmarks for evaluation purposes include Lipper and Morningstar rankings for mutual fund performance and the Barclays Capital U.S. Aggregate Bond Index or MSCI ACWI® Index (as appropriate) for separate accounts along with peer group rankings such as those from Callan Associates and Mercer Investment Consulting.

As of December 31, 2016, Mr. Breech does not own any shares of the Tactical Allocation Fund.

Material Conflicts of Interest: Because the portfolio manager manages accounts for multiple clients, conflicts of interest may arise in connection with the portfolio manager's management of the fund on the one hand and accounts for other clients on the other hand. For example, the portfolio manager may have conflicts of interest in allocating time, resources and investment opportunities among the fund and the other client accounts that he manages. In addition, due to differences in the investment strategies or restrictions between the fund and the other clients, the portfolio manager may take action with respect to another client that differs from the action taken with respect to the fund. In some cases, another account managed by the portfolio manager may compensate the investment adviser based on the performance of the securities held by that account or otherwise provide more revenue to the investment adviser. While these factors may create conflicts of interest for the portfolio manager in the allocation of time, resources and investment opportunities, the portfolio manager will endeavor to exercise his discretion in a manner that he believes is equitable to all interested persons.

Compensation: Cougar Global seeks to maintain a compensation program that is competitively positioned to attract and retain high caliber investment professionals. Portfolio Manager compensation is reviewed and may be modified periodically as appropriate to reflect changes in the market, as well as to adjust the factors used to determine variable compensation. Investment professionals receive a base salary and deferred compensation along with a variable bonus based on revenues on accounts under management and various other variable forms of compensation, including stock options and an executive benefit plan. Cougar Global has created a compensation plan that provides its investment professionals with long-term financial incentives and encourages them to develop their careers at Cougar Global. The investment professionals are compensated as follows:

- All portfolio managers are paid base salaries,
- Portfolio managers participate in a revenue-sharing program that provides incentives to build a successful investment program over the long term,
- Additional deferred compensation plans, including restricted stock awards and stock option programs, may be provided to key investment professionals, and
- All portfolio managers generally are eligible to receive benefits from Eagle's parent company including health care and other insurance benefits, a 401(k) or RRSP plan, profit sharing, Long-Term Incentive Plan, Employee Stock Option Plan and Employee Stock Purchase Plan.

Cougar Global typically compensates its portfolio managers based primarily on the scale and complexity of their portfolio responsibilities and the performance of funds and managed accounts relative

to benchmarks and peer groups. Each portfolio manager is evaluated based on the composite performance of funds and accounts in each strategy for which the individual serves on the portfolio management team. Periods evaluated include the 1, 3, 5 and 10 year (or since inception) periods for relevant strategies. This evaluation may afford differing weights to specific funds, accounts or products based on a portfolio manager’s contribution or responsibility to the team. This weighting process may be based on the overall size of a given fund or investment product and portfolio manager responsibility and/or contribution and may provide incentive for a portfolio manager to favor another account over their fund(s). A portfolio manager may manage a separate account or other pooled investment vehicle which may have materially higher fee arrangements than their fund(s). Cougar Global has established procedures to mitigate these conflicts, including review of performance dispersion across all firm managed accounts and policies to monitor trading and best execution for all managed accounts and funds.

F. Portfolio Turnover and Brokerage Practices

Each fund may engage in short-term transactions under various market conditions to a greater extent than certain other mutual funds with similar investment objectives. Thus, the turnover rate may vary greatly from year to year or during periods within a year. A fund’s portfolio turnover rate is computed by dividing the lesser of purchases or sales of securities for the period by the average value of portfolio securities for that period. A 100% turnover rate would occur if all the securities in a fund’s portfolio, with the exception of securities whose maturities at the time of acquisition were one year or less, were sold and either repurchased or replaced within one year. A high rate of portfolio turnover (100% or more) generally leads to higher transaction costs and may result in a greater number of taxable transactions. The following table shows the turnover rate for each fund for the periods shown:

Fund	11/1/15-10/31/16	11/1/14-10/31/15
Capital Appreciation	35%	42%
Growth & Income	15%	25%
International Stock	100%	86%
Investment Grade Bond	90%	82%
Mid Cap Growth	34%	52%
Mid Cap Stock	44%	56%
Small Cap Growth	32%	45%
Smaller Company	46%	79%
Tactical Allocation	66%	N/A ^(a)

(a) Information is not provided for Tactical Allocation because the fund commenced operations on December 31, 2015.

Eagle or a subadviser, as applicable, is responsible for the execution of each fund’s portfolio transactions and must seek the most favorable price and execution for such transactions. Best execution, however, does not mean that a fund necessarily will be paying the lowest commission or spread available. Rather, each fund also will take into account such factors as size of the order, difficulty of execution, efficiency of the executing broker’s facilities and any risk assumed by the executing broker.

It is a common practice in the investment advisory business for advisers of investment companies and other institutional investors to receive research, statistical and quotation services from broker-dealers who execute portfolio transactions for the clients of such advisers. Consistent with the policy of most favorable price and execution, Eagle or a subadviser may give consideration to research, statistical and other services furnished by brokers-dealers, and to potential access to initial public offerings (“IPOs”) that may be made available by such broker-dealers. In addition, Eagle or a subadviser, as applicable, may place orders with

brokers who provide supplemental investment and market research and securities and economic analysis and may pay to these brokers a higher brokerage commission or spread than may be charged by other brokers, provided that Eagle or a subadviser determines in good faith that such commission or spread is reasonable in relation to the value of brokerage and research services provided. Such research and analysis may be useful to Eagle or a subadviser in connection with services to clients other than the funds. A fund also may purchase and sell portfolio securities to and from dealers who provide it with research services. However, portfolio transactions will not be directed by the funds to dealers on the basis of such research services.

During the fiscal year ended October 31, 2016, the funds directed transactions to brokers pursuant to which the brokers provided third-party or proprietary research or brokerage services to Eagle or the subadviser. Pursuant to these arrangements to receive research and brokerage services, during the fiscal year ended October 31, 2016 it is estimated that Growth & Income paid total commissions of approximately \$15,776 on transactions with a principal value of approximately \$50,629,307, Mid Cap Growth paid total commissions of approximately \$192,523 on transactions with a principal value of approximately \$386,217,983, Mid Cap Stock paid total commissions of approximately \$14,915 on transactions with a principal value of approximately \$39,196,571, Small Cap Growth paid total commissions of approximately \$435,331 on transactions with a principal value of approximately \$596,957,597, and Smaller Company paid total commissions of approximately \$5,004 on transactions with a principal value of approximately \$10,100,757.

Eagle or a subadviser, as applicable, may use an affiliated broker-dealer, its affiliates or certain affiliates of Eagle as a broker for agency transactions in listed and OTC securities at commission rates and under circumstances consistent with the policy of best execution. Commissions paid to affiliates of Eagle will not exceed “usual and customary brokerage commissions.” Rule 17e-1 under the 1940 Act defines “usual and customary” commissions to include amounts that are “reasonable and fair compared to the commission, fee or other remuneration received or to be received by other brokers in connection with comparable transactions involving similar securities being purchased or sold on a securities exchange during a comparable period of time.”

Eagle or a subadviser, as applicable, also may select other brokers to execute portfolio transactions. In the OTC market, each fund generally deals with primary market makers unless a more favorable execution can otherwise be obtained. The following table shows the aggregate brokerage commissions paid for the periods shown.

Fund	11/1/15-10/31/16	11/1/14-10/31/15	11/1/13-10/31/14
<u>Capital Appreciation</u>			
Total	\$78,044	\$86,052	\$64,969
Paid to Affiliate	\$0	\$0	\$0
% to Affiliate	0.0%	0.0%	0.0%
% of transactions w/ Affiliate	0.0%	0.0%	0.0%
<u>Growth & Income</u>			
Total	\$95,409	\$108,135	\$55,441
Paid to Affiliate	\$0	\$0	\$0
% to Affiliate	0.0%	0.0%	0.0%
% of transactions w/ Affiliate	0.0%	0.0%	0.0%
<u>International Stock</u>			
Total	\$18,132	\$13,875	\$9,721
	\$0	\$0	\$0

Paid to Affiliate % to Affiliate % of transactions w/ Affiliate	0.0% 0.0%	0.0% 0.0%	0.0% 0.0%
<u>Investment Grade Bond</u> Total Paid to Affiliate % to Affiliate % of transactions w/ Affiliate	\$0 \$0 0.0% 0.0%	\$0 \$0 0.0% 0.0%	\$0 \$0 0.0% 0.0%
<u>Mid Cap Growth</u> Total Paid to Affiliate ^(a) % to Affiliate % of transactions w/ Affiliate	\$533,040 \$27,059 5.1% 2.7%	\$622,319 \$12,844 2.1% 0.6%	\$422,293 \$7,410 1.8% 3.8%
<u>Mid Cap Stock</u> Total Paid to Affiliate ^(a) % to Affiliate % of transactions w/ Affiliate	\$133,885 \$6,166 4.6% 1.8%	\$196,130 \$11,105 5.7% 5.6%	\$147,446 \$15,316 10.4% 1.4%
<u>Small Cap Growth</u> Total Paid to Affiliate ^(a) % to Affiliate % of transactions w/ Affiliate	\$1,813,019 \$112,832 6.2% 1.4%	\$2,260,111 \$147,520 6.5% 1.8%	\$1,813,397 \$34,918 1.9% 1.4%
<u>Smaller Company</u> Total Paid to Affiliate ^(a) % to Affiliate % of transactions w/ Affiliate	\$35,936 \$2,648 7.4% 7.6%	\$96,922 \$8,941 9.2% 2.0%	\$114,702 \$3,233 2.8% 2.5%
<u>Tactical Allocation</u> Total Paid to Affiliate % to Affiliate % of transactions w/ Affiliate	\$1,524 \$0 0.0% 0.0%	N/A ^(b)	N/A ^(b)

(a) The affiliate is Raymond James & Associates, Inc., a wholly owned subsidiary of RJF.

(b) Information is not provided for Tactical Allocation because the fund commenced operations on December 31, 2015.

Each fund may not buy securities from, or sell securities to, an affiliate as a principal transaction. However, the Board has adopted procedures in conformity with Rule 10f-3 under the 1940 Act whereby each fund may purchase securities that are offered in underwritings in which an affiliate is a participant. The Board will consider the ability to recapture fund expenses on certain portfolio transactions, such as underwriting commissions and tender offer solicitation fees, by conducting such portfolio transactions

through affiliated entities, but only to the extent such recapture would be permissible under applicable regulations, including the rules of the Financial Industry Regulatory Authority, Inc. and other self-regulatory organizations. Payments to affiliates in the preceding table were made to RJF.

Pursuant to Section 11(a) of the Securities Exchange Act of 1934, as amended, each fund has expressly consented to the Distributor executing transactions on an exchange on its behalf.

Pursuant to Section 17(j) of the 1940 Act and Rule 17j-1 there under, Eagle, a subadvisor and the Distributor have adopted Codes of Ethics ("Codes"). These Codes permit portfolio managers and other access persons of the applicable funds to invest in securities that may be owned by the funds, subject to certain restrictions. The Codes are on public file with, and may be obtained from, the Commission.

Securities of Regular Broker-Dealers. A fund may acquire securities issued by one or more of its "regular brokers or dealers," as defined in Rule 10b-1 under the 1940 Act. Rule 10b-1 provides that a "regular broker or dealer" is one of the ten brokers or dealers that, during the fund's last fiscal year: (1) received the greatest dollar amount of brokerage commissions from participating, either directly or indirectly, in the fund's portfolio transactions, (2) engaged as principal in the largest dollar amount of the fund's portfolio transactions or (3) sold the largest dollar amount of the fund's securities. The following is a list of the issuers of the securities, and the aggregate value per issuer, of a fund's regular brokers or dealers held by such fund as of October 31, 2016:

Fund	Broker-Dealer	Aggregate Value (in 000's)
Growth & Income	JP Morgan Chase & Co.	\$18,093
International Stock	Barclays Capital, Inc.	\$100
Investment Grade Bond	Goldman Sachs & Co.	\$508
Investment Grade Bond	JP Morgan Chase & Co.	\$504
Investment Grade Bond	U.S. Bank N.A.	\$500

G. Distribution of Shares

Distribution. Shares of each fund are offered continuously through EFD, a subsidiary of Eagle, and through other participating dealers or banks that have dealer agreements with the Distributor. The Distributor receives commissions consisting of that portion of the sales load remaining after the dealer concession is paid to participating dealers or banks. Such dealers may be deemed to be underwriters pursuant to the 1933 Act.

The following table describes the compensation paid to the principal underwriter, EFD, for the fiscal year ended October 31, 2016 (amounts have been rounded to the nearest whole dollar):

Fund	Net Underwriting Discounts and Commissions	Compensation on Redemptions	Brokerage Commissions	Other Compensation^(a)
Capital Appreciation	\$6,145	\$0	\$473	\$1,049,434
Growth & Income	\$30,386	\$0	\$785	\$2,334,978
International Stock	\$2,396	\$0	\$76	\$72,936
Investment Grade Bond	\$2,404	\$0	\$83	\$250,935
Mid Cap Growth	\$21,144	\$0	\$582	\$2,092,041
Mid Cap Stock	\$2,451	\$0	\$1163	\$1,311,772

Small Cap Growth	\$19,499	\$0	\$306	\$4,126,001
Smaller Company	\$1,843	\$0	\$129	\$224,241
Tactical Allocation	\$1,555	\$0	\$0	\$7,386

(a) Fees paid by the funds pursuant to Rule 12b-1 are provided in the "Rule 12b-1 Distribution Plan" section below.

The following table sets forth the aggregate amount of underwriting commissions retained by EFD from the funds with respect to the fiscal years indicated (amounts have been rounded to the nearest whole dollar):

Fund	11/1/1-10/31/16	11/1/15-10/31/15	11/1/14-10/31/14
Capital Appreciation	\$6,145	\$11,258	\$6,233
Growth & Income	\$30,386	\$42,878	\$84,481
International Stock	\$2,396	\$2,007	\$3,038
Investment Grade Bond	\$2,404	\$1,226	\$3,167
Mid Cap Growth	\$21,144	\$50,908	\$17,790
Mid Cap Stock	\$2,451	\$6,235	\$9,319
Small Cap Growth	\$19,499	\$35,431	\$32,940
Smaller Company	\$1,843	\$2,783	\$1,736
Tactical Allocation	\$1,555	N/A ^(a)	N/A ^(a)

(a) Information is not provided for Tactical Allocation because the fund commenced operations on December 31, 2015.

The Distributor and financial intermediaries or banks with whom the Distributor has entered into dealer agreements offer shares of each fund as agents on a best efforts basis and are not obligated to sell any specific amount of shares. In this connection, the Distributor makes distribution and servicing payments, excluding business related to Class R-6 shares, to participating financial intermediaries.

Eagle has entered into agreements with the Distributor and other financial intermediaries or service providers to provide certain services on behalf of the funds. Such services include, but are not limited to, account opening, record retention, processing cash receipts from and disbursements to shareholders and preparing account statements. The Distributor's role is that of an underwriter and it serves only as an agent for accepting shareholder instructions and does not maintain brokerage accounts for any shareholders. As compensation, Eagle pays from its own resources, not out of fund assets (i.e., without additional cost to the funds or their shareholders), a service fee of up to 0.25% of average daily net assets of each fund to the Distributor and other broker-dealers. EFD's address is 880 Carillon Parkway, St Petersburg, FL 33716.

Distribution Agreement. Each fund has adopted a distribution agreement pursuant to which the Distributor bears the cost of making information about each fund available through advertising, sales literature and other means, the cost of printing and mailing prospectuses to persons other than shareholders, and salaries and other expenses relating to selling efforts. The Distributor also pays service fees, excluding business related to Class R-6 shares, to dealers for providing personal services to shareholders and for maintaining shareholder accounts. Each fund pays the cost of registering and qualifying its shares under state and federal securities laws and typesetting of its prospectuses and printing and distributing prospectuses to existing shareholders.

The distribution agreements may be terminated at any time on 60 days written notice without payment of any penalty by either party. Each fund may effect such termination by vote of a majority of the outstanding voting securities of a fund or by vote of a majority of the Independent Trustees. For so long as such a plan is in effect, selection and nomination of the Independent Trustees shall be committed to the discretion of such disinterested persons.

Rule 12b-1 Distribution Plan. Each fund has adopted a distribution plan under Rule 12b-1 for each class of shares (each a “Plan” and collectively the “Plans”). These Plans permit a fund to pay the Distributor the monthly distribution and service fee (“12b-1 fee”) out of the fund’s net assets to finance activity that is intended to result in the sale and retention of each class of shares. The funds used all Class A, Class C and Class R-3 12b-1 fees to pay the Distributor. Each Plan was approved by the Board, including a majority of the Independent Trustees. In approving such Plans, the Board determined that there is a reasonable likelihood that each fund and its shareholders will benefit from each Plan. Each Plan may be terminated by vote of a majority of the Independent Trustees, or by vote of a majority of the outstanding voting securities of a class of a fund. The Board reviews quarterly a written report of Plan costs and the purposes for which such costs have been incurred. A Plan may be amended by vote of the Board, including a majority of the Independent Trustees, cast in person at a meeting called for such purpose. Any change in a Plan that would increase materially the distribution cost to a class requires shareholder approval of that class.

The Distribution Agreements and each Plan will continue in effect for successive one-year periods, provided that each such continuance is specifically approved (1) by the vote of a majority of the Independent Trustees and (2) by the vote of a majority of the entire Board cast in person at a meeting called for that purpose. If a Plan is terminated, the obligation of a fund to make payments to the Distributor pursuant to the Plan will cease and the fund will not be required to make any payment past the date the Plan terminates.

As compensation for services rendered and expenses borne by the Distributor in connection with the distribution of Class A shares and in connection with personal services rendered to Class A shareholders and the maintenance of Class A shareholder accounts, each fund of the Series Trust may pay the Distributor distribution and service fees of up to 0.35% of that fund’s average daily net assets attributable to Class A shares of that fund. Capital Appreciation Fund and Growth & Income Fund may pay the Distributor distribution and service fees of up to 0.50% of that fund’s average daily net assets attributable to Class A shares of that fund. Currently, each fund pays the Distributor a fee of up to 0.25% of its average daily net assets attributable to Class A shares. These fees are computed daily and paid monthly. The Distributor, on Class A shares, may retain the first 18 months’ distribution fee for reimbursement of amounts paid to the broker-dealer at the time of purchase.

As compensation for services rendered and expenses borne by the Distributor in connection with the distribution of Class C shares and in connection with personal services rendered to Class C shareholders and the maintenance of Class C shareholder accounts, each fund pays the Distributor a service fee of 0.25% and a distribution fee of 0.75% of that fund’s average daily net assets attributable to Class C shares. These fees are computed daily and paid monthly. The Distributor, on Class C shares, may retain the first 12 months’ distribution fee for reimbursement of amounts paid to the broker-dealer at the time of purchase.

As compensation for services rendered and expenses borne by the Distributor in connection with the distribution of Class R-3 shares and in connection with personal services rendered to Class R-3 shareholders and the maintenance of Class R-3 shareholder accounts, each fund offering Class R-3 shares pays the Distributor a service fee of 0.25% and a distribution fee of 0.25% of that fund’s average daily net assets attributable to Class R-3 shares. These fees are computed daily and paid monthly.

With respect to Class I, Class R-5 and Class R-6 shares, the funds offering such shares do not currently pay the Distributor a Rule 12b-1 fee.

The following table illustrates the amount of class specific 12b-1 fees paid by the funds to the Distributor for the fiscal year ended October 31, 2016. 12b-1 payments are made to the Distributor for distribution services designed to promote the sale and retention of fund shares.

Fund	Class A	Class C	R-3
Capital Appreciation	\$390,900	\$653,566	\$4,968
Growth & Income	\$425,379	\$1,895,306	\$14,293
International Stock	\$20,315	\$51,640	\$981
Investment Grade Bond	\$44,088	\$206,174	\$673
Mid Cap Growth	\$837,964	\$1,144,494	\$109,583
Mid Cap Stock	\$325,454	\$978,708	\$7,610
Small Cap Growth	\$1,859,438	\$1,751,690	\$514,873
Smaller Company	\$40,369	\$182,017	\$1,855
Tactical Allocation	\$3,195	\$4,149	\$42

H. Payments to Dealers

The Distributor may elect to re-allow the entire initial sales charge to dealers for all sales with respect to which orders are placed with the Distributor during a particular period. Dealers to whom substantially the entire sales charge is re-allowed may be deemed to be “underwriters” as that term is defined under the 1933 Act.

The Financial Adviser through which you purchase your shares may receive all or a portion of the sales charges and Rule 12b-1 fees discussed above. In addition to those payments, Eagle or one or more of its corporate affiliates (collectively, the “Affiliates”) may make additional cash payments to intermediaries in connection with the promotion and sale of shares of funds. Affiliates make these payments from their own resources, which in the case of the Distributor may include the retention of underwriting concessions and payments the Distributor receives under the Rule 12b-1 plans. These additional cash payments are described below. The categories described below are not mutually exclusive. The same financial intermediary may receive payments under more than one or all categories. Many financial intermediaries that sell shares of funds receive one or more types of these cash payments. Financial intermediaries negotiate the cash payments to be paid on an individual basis. Where services are provided, the costs of providing the services and the overall package of services provided may vary from one financial intermediary to another. Affiliates do not make an independent assessment of the cost of providing such services.

Eagle will not make cash payments to financial intermediaries in connection with the promotion and sale of Class R-6 shares.

In this context, “financial intermediaries” include any broker, dealer, bank (including bank trust departments), registered investment advisor, financial planner, retirement plan administrator and any other financial intermediary having a selling, administration or similar agreement with one or more of the Affiliates.

Revenue Sharing Payments. Affiliates make revenue sharing payments as incentives to certain financial intermediaries to promote and sell shares of funds. Revenue sharing arrangements are not

financed by the Funds, and thus, do not result in increased fund expenses. The benefits that Affiliates receive when they make these payments include, among other things, placing funds on the financial intermediary's funds sales system, placing funds on the financial intermediary's preferred or recommended fund list, and access (in some cases on a preferential basis over other competitors) to individual members of the financial intermediary's sales force or to the financial intermediary's management. Revenue sharing payments are sometimes referred to as "shelf space" payments because the payments compensate the financial intermediary for including funds in its fund sales system (on its "sales shelf"). Affiliates compensate financial intermediaries differently depending typically on the level and/or type of considerations provided by the financial intermediary.

The revenue sharing payments Affiliates make may be calculated on sales of shares of funds ("Sales-Based Payments"). Such payments also may be calculated on the average daily net assets of the applicable funds attributable to that particular financial intermediary ("Asset-Based Payments"). Sales-Based Payments primarily create incentives to make new sales of shares of funds and Asset-Based Payments primarily create incentives to retain previously sold shares of funds in investor accounts. Affiliates may pay a financial intermediary either or both Sales-Based Payments and Asset-Based Payments.

Affiliates will not make revenue sharing payments to financial intermediaries in connection with the promotion and sale of Class R-6 shares.

Administrative and Processing Support Payments. Affiliates also make payments to certain financial intermediaries that sell fund shares for certain administrative services, including record keeping and sub-accounting shareholder accounts. Payments for these services typically do not exceed 0.25% of average annual assets. Affiliates also make payments to certain financial intermediaries that sell fund shares in connection with client account maintenance support, statement preparation and transaction processing. The types of payments that Affiliates make under this category include, among others, payment of ticket charges per purchase or exchange order placed by a financial intermediary, payment of networking or other recordkeeping fees, or one-time payments for ancillary services such as setting up funds on a financial intermediary's mutual fund trading systems. To the extent that these services replace services that would otherwise be provided by the funds' transfer agent or would otherwise be a direct obligation of the funds, the funds, subject to limits authorized by the Board, reimburse an Affiliate for these payments as a transfer agent out-of-pocket expense.

Affiliates will not make administrative and processing support payments to financial intermediaries in connection with services related to Class R-6 shares.

Other Cash Payments. From time to time, Affiliates, at their expense, may provide additional compensation or waive or reimburse costs to financial intermediaries which sell or arrange for the sale of shares of the funds. This additional compensation, waiver or reimbursement may be offered to the extent not prohibited by state laws or any self-regulatory agency, such as Financial Industry Regulatory Authority, Inc. Affiliates make payments for entertainment or other events they deem appropriate, subject to Affiliate guidelines and applicable law. These payments, waivers or reimbursements may vary depending upon the nature of the event or the relationship. Such compensation provided by Affiliates may include financial assistance to financial intermediaries that enable Affiliates to

- participate in and/or present at conferences or seminars, sales or training programs for invited registered representatives and other employees,
- client entertainment, client and investor events, and other financial intermediary-sponsored events, and

- travel expenses, including lodging incurred by registered representatives and other employees in connection with client prospecting, retention and due diligence trips.

Affiliates are motivated to make the payments, waivers or reimbursements described above since they promote the sale of fund shares and the retention of those investments by clients of financial intermediaries. To the extent financial intermediaries sell more shares of funds or retain shares of funds in their clients' accounts, Affiliates benefit from the incremental management and other fees paid to Affiliates by the funds with respect to those assets.

Affiliates will not make other cash payments to financial intermediaries in connection with the promotion and sale of Class R-6 shares.

In certain cases these payments could be significant to the financial intermediary. Your financial intermediary may charge you additional fees or commissions other than those disclosed in this prospectus and SAI. You can ask your financial intermediary about any payments it receives from Affiliates or the funds, as well as about fees and/or commissions it charges.

XIII. Additional Services to the Funds

Transfer Agent and Fund Accounting Services. USBFS is the transfer and dividend disbursing agent and fund accountant for each fund.

Each fund pays directly for fund accounting and transfer agent services. Transfer agent fees are paid according to a fee schedule based principally on the number of accounts serviced. Fund accounting fees are paid based on a percentage of fund assets. EFS, an affiliate of Eagle, serves as the shareholder servicing agent for each fund.

The following table shows the fees paid to the transfer agent for each of the indicated periods for all funds:

Fund	Transfer Agent Fees Paid		
	11/1/15-10/31/16	11/1/14-10/31/15	11/1/13-10/31/14
Capital Appreciation	\$329,918	\$280,219	\$298,008
Growth & Income	\$558,696	\$625,517	\$543,334
International Stock	\$37,505	\$16,251	\$10,562
Investment Grade Bond	\$52,051	\$45,536	\$54,997
Mid Cap Growth	\$1,280,075	\$780,471	\$674,556
Mid Cap Stock	\$362,307	\$509,296	\$637,083
Small Cap Growth	\$4,563,433	\$4,254,768	\$4,667,348
Smaller Company	\$80,091	\$98,789	\$208,568
Tactical Allocation	\$11,425	N/A ^(a)	N/A ^(a)

(a) Information is not provided for Tactical Allocation because the fund commenced operations on December 31, 2015.

The following table shows the fees paid to the fund accountant for each of the indicated periods for all funds:

Fund	Fund Accounting Fees Paid		
	11/1/15-10/31/16	11/1/14-10/31/15	11/1/13-10/31/14
Capital Appreciation	\$37,153	\$24,259	\$20,029
Growth & Income	\$53,722	\$46,351	\$38,789
International Stock	\$30,767	\$14,666	\$13,691
Investment Grade Bond	\$21,013	\$7,683	\$4,623
Mid Cap Growth	\$129,643	\$68,395	\$42,450
Mid Cap Stock	31,197	\$25,887	\$29,444
Small Cap Growth	\$381,343	\$278,935	\$257,293
Smaller Company	\$9,912	\$7,947	\$11,752
Tactical Allocation	\$529	N/A ^(a)	N/A ^(a)

(a) Information is not provided for Tactical Allocation because the fund commenced operations on December 31, 2015.

The following table shows the fees paid to EFS as the shareholder servicing agent:

Fund	11/1/15-10/31/16
Capital Appreciation	\$20,567
Growth & Income	\$31,608
International Stock	\$1,161
Investment Grade Bond	\$2,902
Mid Cap Growth	\$61,795
Mid Cap Stock	\$16,640
Small Cap Growth	\$182,873
Smaller Company	\$2,744
Tactical Allocation	\$176

Custodian. U.S. Bank, N.A., 1555 North Rivercenter Drive, Suite 302, Milwaukee, WI 53212, serves as custodian of each fund's assets. The custodian also provides portfolio accounting and certain other services for the funds.

Legal Counsel. K&L Gates LLP, 1601 K Street NW, Washington, D.C. 20006, serves as counsel to the funds.

Independent Registered Certified Public Accounting Firm. PricewaterhouseCoopers LLP, 4040 W. Boy Scout Boulevard, Suite 1000, Tampa, Florida, 33607 is the independent registered certified public accounting firm for the funds. The Financial Statements of the funds that appear in this SAI have been incorporated by reference into the SAI. The financial statements were audited by PricewaterhouseCoopers LLP, independent registered certified public accounting firm.

Potential Liability:

Under certain circumstances, shareholders may be held personally liable as partners under Massachusetts law for obligations of a fund. To protect its shareholders, each fund has filed legal documents with Massachusetts that expressly disclaim the liability of its shareholders for acts or obligations of a fund. These documents require notice of this disclaimer to be given in each agreement, obligation or instrument

each fund or its Trustees enter into or sign. In the unlikely event a shareholder is held personally liable for a fund's obligations, that fund is required to use its property to protect or compensate the shareholder. On request, a fund will defend any claim made and pay any judgment against a shareholder for any act or obligation of a fund. Therefore, financial loss resulting from liability as a shareholder will occur only if a fund itself cannot meet its obligations to indemnify shareholders and pay judgments against them.

The Trust's Declaration of Trust provides that the Trustees will not be liable for errors of judgment or mistakes of fact or law. However, they are not protected against any liability to which they would otherwise be subject by reason of willful misfeasance, bad faith, gross negligence or reckless disregard of the duties involved in the conduct of their office.

APPENDIX A

INVESTMENT TYPES GLOSSARY

Equity Securities:

Common Stocks. Common stocks represent the residual ownership interest in the issuer. They are entitled to the income and increase in the value of the assets and business of the entity after all of its obligations, including preferred stock, are satisfied. Common stocks generally have voting rights. Common stocks fluctuate in price in response to many factors including historical and prospective earnings of the issuer, the value of its assets, general economic conditions, interest rates, investor perceptions and market liquidity.

Convertible Securities. Convertible securities include corporate bonds, notes and preferred stock that can be converted into or exchanged for a prescribed amount of common stock of the same or a different issuer within a particular period of time at a specified price or formula. A convertible security entitles the holder to receive interest paid or accrued on debt or dividends paid on preferred stock until the convertible stock matures or is redeemed, converted or exchanged. While no securities investment is without some risk, investments in convertible securities generally entail less risk than the issuer's common stock, although the extent to which such risk is reduced depends in large measure upon the degree to which the convertible security sells above its value as a fixed income security. The market value of convertible securities tends to decline as interest rates increase and, conversely, increases as interest rates decline. While convertible securities generally offer lower interest or dividend yields than nonconvertible debt securities of similar quality, they do enable the investor to benefit from increases in the market price of the underlying common stock. Please see the discussion of "Investment Grade/Lower Rated Securities" below for additional information.

Exchange-Traded Funds ("ETFs"). Many ETFs are index funds that trade like stocks on major stock exchanges. ETFs provide an inexpensive alternative for investing in whole indexes, industries or sectors. ETFs are also available for individual corporations, real estate investment trusts, international securities, bonds, and commodities. Unlike traditional mutual funds, ETFs can be purchased throughout the normal trading day and the market price of the ETFs shares may trade at a discount to their NAV.

Preferred Stock. A preferred stock blends some of the characteristics of a bond and common stock. It can offer the higher yield of a bond and has priority over common stock in equity ownership but does not have the seniority of a bond, and its participation in the issuer's growth may be limited. Preferred stock has preference over common stock in the receipt of dividends and in any residual assets after payment to creditors if the issuer is dissolved. Although the dividend is set at a fixed annual rate, in some circumstances it can be changed or omitted by the issuer.

Real Estate Investment Trusts ("REITs"). Equity REITs own real estate properties, and their revenue comes principally from rent. Mortgage REITs loan money to real estate owners, and their revenue comes principally from interest earned on their mortgage loans. Hybrid REITs combine characteristics of both equity and mortgage REITs. The value of an equity REIT may be affected by changes in the value of the underlying property, while a mortgage REIT may be affected by the quality of the credit extended. The performance of both types of REITs depends upon conditions in the real estate industry, management skills and the amount of cash flow. The risks associated with REITs include defaults by borrowers, self-liquidation, failure to qualify for pass-through treatment under the Code, failure to qualify as an exempt entity under the 1940 Act and the fact that REITs are not diversified.

Warrants and Rights. Warrants may be either perpetual or of limited duration but they usually do not have voting rights or pay dividends. The market price of warrants is usually significantly less than the current price of the underlying stock. Thus, there is a greater risk that warrants might drop in value at a faster rate than the underlying stock.

Debt Securities:

Debt Securities. The market value of debt securities is influenced primarily by changes in the level of interest rates. Generally, as interest rates rise, the market value of debt securities decreases. Conversely, as interest rates fall, the market value of debt securities increases. Factors that could result in a rise in interest rates, and a decrease in the market value of debt securities, include an increase in inflation or inflation expectations, an increase in the rate of U.S. economic growth, an increase in the federal budget deficit or an increase in the price of commodities such as oil.

Corporate Debt Obligations. Corporate debt securities include corporate bonds, debentures, notes and other similar corporate debt instruments. Investors in corporate debt securities lend money to the issuing corporation in exchange for interest payments and repayment of the principal at a set maturity date. Rates on corporate debt securities are set according to prevailing interest rates at the time of the issue, the credit rating of the issuer, the length of the maturity and other terms of the security, such as a call feature. The rate of interest on a corporate debt security may be fixed, floating or variable, and may vary inversely with respect to a reference rate. Please see the discussion of “Investment Grade/Lower Rated Securities” below for additional information.

Fixed and Floating Rate Loans. Fixed and floating rate loans (“Loans”) are loans arranged through private negotiations between a corporate borrower or a foreign sovereign entity and one or more financial institutions (“Lenders”). Loans may be in the form of participations in Loans (“Participations”) and assignments of all or a portion of Loans from third parties (“Assignments”). These investments are considered to be investments in debt securities.

Brady Bonds. Brady Bonds, which are debt securities, generally denominated in U.S. dollars, are issued under the framework of the Brady Plan. The Brady Plan is an initiative announced by former U.S. Treasury Secretary Nicholas F. Brady in 1989 as a mechanism for debtor nations to restructure their outstanding external commercial bank indebtedness. In restructuring its external debt under the Brady Plan framework, a debtor nation negotiates with its existing bank lenders, as well as multilateral institutions, such as the International Bank for Reconstruction and Development (the “World Bank”) and the International Monetary Fund (the “IMF”). The Brady Plan framework, as it has developed, contemplates the exchange of external commercial bank debt for newly issued bonds (“Brady Bonds”). Brady Bonds also may be issued with respect to new money being advanced by existing lenders in connection with the debt restructuring. The World Bank and/or the IMF support the restructuring by providing funds pursuant to loan agreements or other arrangements, which enable the debtor nation to collateralize the new Brady Bonds or to repurchase outstanding bank debt at a discount. These arrangements with the World Bank and/or the IMF require debtor nations to agree to the implementation of certain domestic monetary and fiscal reforms. Such reforms have included the liberalization of trade and foreign investment, the privatization of state-owned enterprises and the setting of targets for public spending and borrowing. These policies and programs seek to promote the debtor country’s economic growth and development. Investors should recognize that the Brady Plan only sets forth general guiding principles for economic reform and debt reduction, emphasizing that solutions must be negotiated on a case-by-case basis between debtor nations and their creditors

Agreements implemented under the Brady Plan to date are designed to achieve debt and debt-service reduction through specific options negotiated by a debtor nation with its creditors. As a result, the

financial packages offered by each country differ. The types of options have included the exchange of outstanding commercial bank debt for bonds issued at 100% of face value of such debt that carry a below-market stated rate of interest (generally known as par bonds), bonds issued at a discount from the face value of such debt (generally known as discount bonds), bonds bearing an interest rate which increases over time, and bonds issued in exchange for the advancement of new money by existing lenders. Discount bonds issued to date under the framework of the Brady Plan generally have borne interest computed semiannually at a rate equal to 13/16 of one percent above the then-current six month London Inter-Bank Offered Rate ("LIBOR").

Foreign Debt Securities. A foreign debt security may have fixed and floating rate income securities (including emerging market securities), all or a portion of which may be non-U.S. dollar denominated and which include: (a) debt obligations issued or guaranteed by foreign national, provincial, state, municipal or other governments with taxing authority or by their agencies or instrumentalities, including Brady Bonds; (b) debt obligations of supranational entities; (c) debt obligations of the U.S. Government issued in non-dollar securities; (d) debt obligations and other fixed income securities of foreign corporate issuers (both dollar and non-dollar denominated); and (e) U.S. corporate issuers (both Eurodollar and non-dollar denominated).

Investment Grade/Lower Rated Securities:

Investment Grade Securities. Investment grade securities include securities rated BBB or above by Standard & Poor's ("S&P"), Baa or above by Moody's Investors Service, Inc. ("Moody's"), or BBB or above by Fitch Ratings Ltd. ("Fitch") or, if unrated, are deemed to be of comparable quality by a fund's portfolio manager. Securities may be rated by other nationally recognized statistical rating organizations ("NRSROs") and these ratings may be higher or lower. When ratings from multiple agencies are available, the highest is used, consistent with the Funds' portfolio investment processes. Credit quality ratings are subject to change without notice. For more information on S&P's rating methodology, please visit standardandpoors.com and select "Understanding Ratings" under Rating Resources on the homepage. For more information on Moody's rating methodology, please visit moody.com and select "Rating Methodologies" under Research & Ratings on the homepage. For more information on Fitch's rating methodology, please visit fitchratings.com and select "Ratings Definitions" at the bottom of the homepage.

Eagle also performs its own fundamental credit analysis of each security. As part of its fundamental credit analysis, Eagle considers various criteria, including industry specific actions, peer comparisons, payment ranking, and structure-specific characteristics. Any securities that are not rated by S&P, Moody's, or Fitch are analyzed and monitored by Eagle on an ongoing basis. For these securities, Eagle uses its own credit analysis to assign ratings in categories similar to those of S&P or Moody's. The use of similar categories is not an indication that Eagle's credit analysis process is consistent or comparable with that of S&P's, Moody's, Fitch's or any other NRSRO's process were S&P, Moody's, Fitch or any other NRSRO to rate the same security. Government securities that are issued or guaranteed as to principal and interest by the U.S. government are not rated, but are treated by the Funds as being rated AAA and Aaa for credit quality purposes.

Lower Rated / High Yield Securities. Lower rated/high-yield securities are securities rated below investment grade, *i.e.*, rated below BBB by S&P, below Baa by Moody's, or below BBB by Fitch, or unrated securities determined to be below investment grade by its portfolio manager. These securities are commonly referred to as "high yield securities" and are deemed to be predominantly speculative with respect to the issuer's capacity to pay interest and repay principal and may involve major risk exposure to adverse conditions. These securities are subject to specific risks that may not be present with investments of higher grade securities.

Short-Term Money Market Instruments:

Bankers' Acceptances. Bankers' acceptances generally are negotiable instruments (time drafts) drawn to finance the export, import, domestic shipment or storage of goods. They are termed "accepted" when a bank writes on the draft its agreement to pay it at maturity, using the word "accepted." The bank is, in effect, unconditionally guaranteeing to pay the face value of the instrument on its maturity date. The acceptance may then be held by the accepting bank as an asset, or it may be sold in the secondary market at the going rate of interest for a specified maturity. Maturities on bankers' acceptances that are eligible for purchase usually range from 20 to 180 days but may extend for longer periods.

Certificates of Deposit ("CDs"). CDs available for investment by the funds are issued by domestic institutions with assets in excess of \$1 billion. The FDIC is an agency of the U.S. Government that insures the deposits of certain banks and savings and loan associations up to \$100,000 per deposit. The interest on such deposits may not be insured to the extent this limit is exceeded. Current federal regulations also permit such institutions to issue insured negotiable CDs in amounts of \$100,000 or more, without regard to the interest rate ceilings on other deposits. To remain fully insured, these investments must be limited to \$100,000 per insured bank or savings and loan association.

Commercial Paper. Commercial paper includes notes, drafts or similar instruments payable on demand or having a maturity at the time of issuance not exceeding nine months, exclusive of days of grace or any renewal thereof. See Appendix B for a description of commercial paper ratings.

Repurchase and Reverse Repurchase Agreements:

Repurchase Agreements. A repurchase agreement is a transaction in which a fund purchases securities and commits to resell the securities to the original seller at an agreed upon date. The resale price reflects a market rate of interest that is unrelated to the coupon rate or maturity of the purchased securities.

Reverse Repurchase Agreements. Under a reverse repurchase agreement, a fund sells securities and agrees to repurchase them at a mutually agreed to price. If required, at the time a fund enters into a reverse repurchase agreement, it will establish and maintain a segregated account with an approved custodian containing liquid high-grade securities, marked-to-market daily, having a value not less than the repurchase price (including accrued interest).

U.S. Government and Zero Coupon Securities:

U.S. Government Securities. U.S. Government Securities are securities issued or guaranteed by the U.S. Government or its agencies or instrumentalities. Some obligations issued by U.S. Government agencies and instrumentalities are supported by the full faith and credit of the U.S. Treasury; others by the right of the issuer to borrow from the U.S. Treasury; others by discretionary authority of the U.S. Government to purchase certain obligations of the agency or instrumentality; and others only by the credit of the agency or instrumentality. Those securities bear fixed, floating or variable rates of interest. Interest may fluctuate based on generally recognized reference rates or the relationship of rates.

Zero Coupon Securities and Pay-In-Kind Bonds. Zero coupon securities are debt obligations that do not entitle the holder to any periodic payment of interest prior to maturity or a specified date when the securities begin paying current interest. Zero coupon securities are issued and traded at a discount from their face amount or par value, which discount rate varies depending on the time remaining until cash payments begin, prevailing interest rates, liquidity of the security, and the perceived credit quality of the issuer.

Pay-in-kind bonds pay all or a portion of their interest in the form of debt or equity securities. Pay-in-kind bonds may also be issued by a wide variety of corporate and governmental issuers.

Pass-through Securities:

Mortgage-Backed Securities. Mortgage-backed securities are pools of mortgage loans that are assembled as securities for sale to investors by various governmental, government-related and private organizations. Mortgage-backed securities are “pass through” securities, meaning that a pro rata share of regular interest and principal payments, as well as unscheduled early prepayments, on the underlying mortgage pool is passed through to the holder.

Asset-Backed Securities. Asset-backed securities are securities that are secured or “backed” by pools of various types of assets on which cash payments are due at fixed intervals over set periods of time. Asset-backed securities are “pass through” securities, meaning that principal and interest payments made by the borrower on the underlying assets are passed through to the holder.

Foreign Securities Exposure:

Depository Receipts. Sponsored or unsponsored European Depository Receipts (“EDRs”), Global Depository Receipts (“GDRs”), International Depository Receipts (“IDRs”), Special Drawing Rights (“SDRs”) or other similar securities represent interests in or convertible into securities of foreign issuers (collectively, “Depository Receipts”). Depository Receipts are not necessarily denominated in the same currency as the underlying securities into which they may be converted and are subject to foreign securities risks, as discussed below.

EDRs and IDRs are receipts typically issued by a European bank or trust company evidencing ownership of the underlying foreign securities. GDRs are issued globally for trading in non-U.S. securities markets and evidence a similar ownership arrangement.

Euro/Yankee Bonds. International Stock may invest in dollar-denominated bonds issued by foreign branches of domestic banks (“Eurobonds”) and dollar-denominated bonds issued by a U.S. branch of a foreign bank and sold in the U.S. (“Yankee bonds”).

Eurodollar Certificates. Growth & Income may purchase CDs issued by foreign branches of domestic and foreign banks. Domestic and foreign Eurodollar certificates, such as CDs and time deposits, may be general obligations of the parent bank in addition to the issuing branch or may be limited by the terms of a specific obligation or governmental regulation.

Foreign Securities. The fund may invest in securities of companies that are organized in, based in, and/or have their primary listing on non-U.S. markets.

American Depository Receipts (“ADRs”):

Sponsored and unsponsored ADRs are receipts that represent interests in, or are convertible into, securities of foreign issuers. These receipts are not necessarily denominated in the same currency as the underlying securities into which they may be converted.

ADRs may be purchased through “sponsored” or “unsponsored” facilities and also include New York Shares (“NYRs”). A sponsored facility is established jointly by the issuer of the underlying security and a depository, whereas a depository may establish an unsponsored facility without participation by the

issuer of the depository security. Generally, ADRs in registered form are designed for use in the U.S. securities market and ADRs in bearer form are designed for use outside the U.S. For purposes of certain investment limitations, ADRs are considered to be foreign securities and are subject to many of the risks inherent in investing in foreign securities, as discussed previously.

Derivatives - Futures, Forwards, Options and Hedging Transactions:

General Description. Certain financial instruments (“Derivatives”), include futures contracts (sometimes referred to as “futures”), options, options on futures and forward currency contracts, to attempt to hedge the fund’s investment portfolio as discussed below.

Hedging strategies can be broadly categorized as “short hedges” and “long hedges.” A short hedge is the purchase or sale of a Derivative intended partially or fully to offset potential declines in the value of one or more investments held in a fund’s investment portfolio. Thus, in a short hedge, a fund takes a position in a Derivative whose price is expected to move in the opposite direction of the price of the investment being hedged. A long hedge is the purchase or sale of a Derivative intended partially or fully to offset potential increases in the acquisition cost of one or more investments that the fund intends to acquire. Thus, in a long hedge, a fund takes a position in a Derivative whose price is expected to move in the same direction as the price of the prospective investment being hedged.

Derivatives on securities generally are used to hedge against price movements in one or more particular securities positions that a fund owns or intends to acquire. Derivatives on indices may be used to hedge broad market sectors.

Options:

Options may include options on securities, equity and debt indices and currencies.

Characteristics of Options Trading. A call option gives the purchaser the right to buy, and obligates the writer to sell, the underlying investment at the agreed-upon price during the option period. A put option gives the purchaser the right to sell, and obligates the writer to buy, the underlying investment at the agreed-upon price during the option period. Purchasers of options pay an amount, known as a premium, to the option writer in exchange for the right under the option contract.

Futures and Options on Futures:

Guidelines and Characteristics of Futures and Options on Futures Trading. The purchase of futures or call options on futures can serve as a long hedge, and the sale of futures or the purchase of put options on futures can serve as a short hedge. Writing call options on futures contracts can serve as a limited short hedge, using a strategy similar to that used for writing call options on securities or indices. Similarly, writing put options on futures contracts can serve as a limited long hedge. Futures contracts and options on futures contracts can also be purchased and sold to attempt to enhance income or yield.

Stock and Bond Index Futures. A stock or bond index assigns relative values to the common stocks or bonds comprised in the index. In an index futures contract, a party agrees to take or make delivery of an amount of cash equal to a specified dollar amount times the difference between the index value at the close of the last trading day of the contract and the price at which the futures contract is originally struck. No physical delivery of the underlying securities in the index is made.

The risk of imperfect correlation between movements in the price of an index futures contract and movements in the price of the securities that are the subject of the hedge increases as the composition of a

fund's portfolio diverges from the securities included in the applicable index. The price of the index futures may move more than or less than the price of the securities being hedged. If the price of the futures contract moves less than the price of the securities that are the subject of the hedge, the hedge will not be fully effective but, if the price of the securities being hedged has moved in an unfavorable direction, the fund would be in a better position than if it had not hedged at all. If the price of the securities being hedged has moved in a favorable direction, this advantage will be partially offset by the futures contract. If the price of the futures contract moves more than the price of the securities, a fund will experience either a loss or a gain on the futures contract that will not be completely offset by movements in the price of the securities that are the subject of the hedge. To compensate for the imperfect correlation of movements in the price of the securities being hedged and movements in the price of the index futures contracts, a fund may buy or sell index futures contracts in a greater dollar amount than the dollar amount of securities being hedged if the historical volatility of the prices of such securities is more than the historical volatility of the index. It is also possible that, where a fund has sold futures contracts to hedge its securities against decline in the market, the market may advance and the value of securities held by the fund may decline. If this occurred, the fund would lose money on the futures contract and also experience a decline in value in its portfolio securities. However, while this could occur for a very brief period or to a very small degree, over time the value of a diversified portfolio of securities will tend to move in the same direction as the market indices upon which the futures contracts are based.

Where index futures contracts are purchased to hedge against a possible increase in the price of securities before a fund is able to invest in securities in an orderly fashion, it is possible that the market may decline instead. If a fund then concludes not to invest in securities at that time because of concern as to possible further market decline for other reasons, it will realize a loss on the futures contract that is not offset by a reduction in the price of the securities it had anticipated purchasing.

Forward Currency Contracts. A forward currency contract involves an obligation of a fund to purchase or sell specified currency at a future date, which may be any fixed number of days from the date of the contract agreed upon by the parties at a price set at the time of the contract. These contracts are traded in the interbank market conducted directly between currency traders (usually large commercial banks) and their customers.

Forward currency transactions may serve as long hedges – for example, a fund may purchase a forward currency contract to lock in the U.S. dollar price of a security denominated in a foreign currency that it intends to acquire. Forward currency contract transactions also may serve as short hedges – for example, a fund may sell a forward currency contract to lock in the U.S. dollar equivalent of the proceeds from the anticipated sale of a security or from a dividend or interest payment on a security denominated in a foreign currency.

The precise matching of forward currency contract amounts and the value of the securities involved generally will not be possible because the value of such securities, measured in the foreign currency, will change after the forward currency contract has been established. Thus, a fund might need to purchase or sell foreign currencies in the spot (cash) market to the extent such foreign currencies are not covered by forward contracts. The projection of short-term currency market movements is extremely difficult, and the successful execution of a short-term hedging strategy is highly uncertain.

Combined Transactions. A fund may purchase and write options in combination with each other, or in combination with futures or forward contracts, to adjust the risk and return characteristics of its overall position. For example, a fund may purchase a put option and write a call option on the same underlying instrument, in order to construct a combined position whose risk and return characteristics are similar to selling a futures contract. Another possible combined position would involve writing a call option at one strike price and buying a call option at a lower price, in order to reduce the risk of the

written call option in the event of a substantial price increase. Because combined options positions involve multiple trades, they result in higher transaction costs and may be more difficult to open and close out.

A fund's options and futures activities may affect its turnover rate and brokerage commission payments. The exercise of calls or puts written by a fund, and the sale or purchase of futures contracts, may cause it to sell or purchase related investments, thus increasing its turnover rate. Once a fund has received an exercise notice on an option it has written, it cannot effect a closing transaction in order to terminate its obligation under the option and must deliver or receive the underlying securities at the exercise price. The exercise of puts purchased by a fund may also cause the sale of related investments, and increasing turnover; although such exercise is within the fund's control, holding a protective put might cause it to sell the related investments for reasons that would not exist in the absence of the put. A fund will pay a brokerage commission each time it buys or sells a put or call or purchases or sells a futures contract. Such commissions may be higher than those that would apply to direct purchases or sales.

Swaps, Caps, Floors and Collars:

Among the transactions into which a fund may enter are interest rate, currency, index and total return swaps and the purchase or sale of related caps, floors and collars. In a standard swap transaction, two parties agree to exchange the returns (or differentials in rates of return) earned or realized on a particular predetermined asset, reference rate or index. Forms of swap agreements include interest rate caps, under which, in return for a premium, one party agrees to make payments to the other to the extent that interest rates exceed a specified rate, or "cap"; interest rate floors, under which, in return for a premium, one party agrees to make payments to the other to the extent that interest rates fall below a specified rate, or "floor"; and interest rate collars, under which a party sells a cap and purchases a floor or vice versa in an attempt to protect itself against interest rate movements exceeding given minimum or maximum levels.

Forward Commitments:

A fund may make contracts to purchase securities for a fixed price at a future date beyond customary settlement time ("forward commitments"). In such transactions, securities are purchased or sold with payment and delivery taking place in the future in order to secure what is considered to be an advantageous price and yield at the time of entering into the transaction.

Illiquid and Restricted Securities:

Illiquid securities are securities that are illiquid by virtue of the absence of a readily available market or legal or contractual restrictions on resale. OTC options and their underlying collateral are currently considered to be illiquid investments. Restricted securities may be sold only in privately negotiated transactions or in a public offering with respect to which a registration statement is in effect under the Securities Act of 1933. Not all restricted securities are deemed illiquid for the purposes noted in this section.

Index Securities:

Index Securities represent interests in a fixed portfolio of common stocks designed to track the price and dividend yield performance of a broad-based securities index, such as the Standard & Poor's 500 Composite Stock Index ("S&P 500 Index"), but are traded on an exchange like shares of common stock. The value of Index Securities fluctuates in relation to changes in the value of the underlying portfolio of securities. However, the market price of Index Securities may not be equivalent to the *pro rata* value of the index it

tracks. Index Securities are subject to the risks of an investment in a broadly based portfolio of common stocks.

APPENDIX B

SHORT-TERM RATINGS

The rating services' descriptions of commercial paper ratings in which the fund may invest are:

Description of Moody's Investors Service, Inc. ("Moody's") Short-Term Ratings

Moody's short-term ratings are opinions of the ability of issuers to honor short-term financial obligations. Ratings may be assigned to issuers, short-term programs or to individual short-term debt instruments. Such obligations generally have an original maturity not exceeding thirteen months, unless explicitly noted.

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.

Description of Standard & Poor's Short-Term Issue Ratings

A Standard & Poor's issue credit rating is a current opinion of the creditworthiness of an obligor with respect to a specific financial obligation, a specific class of financial obligations, or a specific financial program (including ratings on medium-term note programs and commercial paper programs). It takes into consideration the creditworthiness of guarantors, insurers, or other forms of credit enhancement on the obligation and takes into account the currency in which the obligation is denominated. The opinion evaluates the obligor's capacity and willingness to meet its financial commitments as they come due, and may assess terms, such as collateral security and subordination, which could affect ultimate payment in the event of default. The issue credit rating is not a recommendation to purchase, sell, or hold a financial obligation, inasmuch as it does not comment as to market price or suitability for a particular investor.

Issue credit ratings are based on current information furnished by the obligors or obtained by Standard & Poor's from other sources it considers reliable. Standard & Poor's does not perform an audit in connection with any credit rating and may, on occasion, rely on unaudited financial information. Credit ratings may be changed, suspended, or withdrawn as a result of changes in, or unavailability of, such information, or based on other circumstances.

Issue credit ratings are based, in varying degrees, on the following considerations:

- Likelihood of payment—capacity and willingness of the obligor to meet its financial

- commitment on an obligation in accordance with the terms of the obligation;
- Nature of and provisions of the obligation;
- Protection afforded by, and relative position of, the obligation in the event of bankruptcy, reorganization, or other arrangement under the laws of bankruptcy and other laws affecting creditors' rights.

Short-term ratings are generally assigned to those obligations considered short-term in the relevant market. In the U.S., for example, that means obligations with an original maturity of no more than 365 days—including commercial paper. Short-term ratings are also used to indicate the creditworthiness of an obligor with respect to put features on long-term obligations. The result is a dual rating, in which the short-term rating addresses the put feature, in addition to the usual long-term rating.

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

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

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

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

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

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

*Note: **Dual Ratings.*** Standard & Poor's assigns "dual" ratings to all debt issues that have a put option or demand feature as part of their structure. The first rating addresses the likelihood of repayment of principal and interest as due, and the second rating addresses only the demand feature. The long-term rating symbols are used for bonds to denote the long-term maturity and the short-term rating symbols for the put option (for example, 'AAA/A-1+'). With U.S. municipal short-term demand debt, note rating symbols are used with the short-term issue credit rating symbols (for example, 'SP-1+/A-1+').

Description of Fitch's Short-Term Issuer Ratings

A short-term issuer or obligation rating is based in all cases on the short-term vulnerability to default of the rated entity or security stream and relates to the capacity to meet financial obligations in accordance with the documentation governing the relevant obligation. Short-Term Ratings are assigned to obligations whose initial maturity is viewed as "short term" based on market convention. Typically, this means up to 13 months for corporate, sovereign, and structured obligations, and up to 36 months for obligations in U.S. public finance markets.

F1: Highest short-term credit quality.

Indicates the strongest intrinsic capacity for timely payment of financial commitments; may have an added "+" to denote any exceptionally strong credit feature.

F2: Good short-term credit quality.

Good intrinsic capacity for timely payment of financial commitments.

F3: Fair short-term credit quality.

The intrinsic capacity for timely payment of financial commitments is adequate.

B: Speculative short-term credit quality.

Minimal capacity for timely payment of financial commitments, plus heightened vulnerability to near term adverse changes in financial and economic conditions.

C: High short-term default risk.

Default is a real possibility.

RD: Restricted default.

Indicates an entity that has defaulted on one or more of its financial commitments, although it continues to meet other financial obligations. Typically applicable to entity ratings only.

D: Default

Indicates a broad-based default event for an entity, or the default of a short-term obligation.

LONG-TERM RATINGS

The rating services' descriptions of corporate debt ratings in which the fund may invest are:

Description of Moody's Investors Service, Inc. Long-Term Corporate Obligation Ratings

Moody's long-term obligation ratings are opinions of the relative credit risk of fixed-income obligations with an original maturity of one year or more. They address the possibility that a financial obligation will not be honored as promised. Such ratings use Moody's Global Scale and reflect both the likelihood of default and any financial loss suffered in the event of default.

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

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

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

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

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

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

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

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

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

Note: Moody's appends numerical modifiers 1, 2, and 3 to each generic rating classification from Aa through Caa. The modifier 1 indicates that the obligation ranks in the higher end of its generic rating category; the modifier 2 indicates a mid-range ranking; and the modifier 3 indicates a ranking in the lower end of that generic rating category. Additionally, a "(hyb)" indicator is appended to all ratings of hybrid securities issued by banks, insurers, finance companies, and securities firms. By their terms, hybrid securities allow for the omission of scheduled dividends, interest, or principal payments, which can potentially result in impairment if such an omission occurs. Hybrid securities may also be subject to contractually allowable write-downs of principal that could result in impairment. Together with the hybrid indicator, the long-term obligation rating assigned to a hybrid security is an expression of the relative credit risk associated with that security.

Description of Standard & Poor's Long-Term Issue Credit Ratings

Issue ratings are an assessment of default risk, but may incorporate an assessment of relative seniority or ultimate recovery in the event of default. Junior obligations are typically rated lower than senior obligations, to reflect the lower priority in bankruptcy, as noted above. (Such differentiation may apply when an entity has both senior and subordinated obligations, secured and unsecured obligations, or operating company and holding company obligations.)

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

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

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

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

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

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

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

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

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

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

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

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

*Note: **Plus (+) or minus (-).*** 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.

Description of Fitch’s Long-Term Issuer Credit Ratings

Rated entities in a number of sectors, including financial and non-financial corporations, sovereigns and insurance companies, are generally assigned Issuer Default Ratings (IDRs). IDRs opine on an entity’s relative vulnerability to default on financial obligations. The “threshold” default risk addressed by the IDR is generally that of the financial obligations whose non-payment would best reflect the uncured failure of that entity. As such, IDRs also address relative vulnerability to bankruptcy,

administrative receivership or similar concepts, although the agency recognizes that issuers may also make pre-emptive and therefore voluntary use of such mechanisms.

In aggregate, IDRs provide an ordinal ranking of issuers based on the agency's view of their relative vulnerability to default, rather than a prediction of a specific percentage likelihood of default. For historical information on the default experience of Fitch-rated issuers, please consult the transition and default performance studies available from the Fitch Ratings website.

AAA: Highest credit quality.

'AAA' ratings denote the lowest expectation of default risk. They are assigned only in cases of exceptionally strong capacity for payment of financial commitments. This capacity is highly unlikely to be adversely affected by foreseeable events.

AA: Very high credit quality.

'AA' ratings denote expectations of very low default risk. They indicate very strong capacity for payment of financial commitments. This capacity is not significantly vulnerable to foreseeable events.

A: High credit quality.

'A' ratings denote expectations of low default risk. The capacity for payment of financial commitments is considered strong. This capacity may, nevertheless, be more vulnerable to adverse business or economic conditions than is the case for higher ratings.

BBB: Good credit quality.

'BBB' ratings indicate that expectations of default risk are currently low. The capacity for payment of financial commitments is considered adequate but adverse business or economic conditions are more likely to impair this capacity.

BB: Speculative.

'BB' ratings indicate an elevated vulnerability to default risk, particularly in the event of adverse changes in business or economic conditions over time; however, business or financial flexibility exists which supports the servicing of financial commitments.

B: Highly speculative.

'B' ratings indicate that material default risk is present, but a limited margin of safety remains. Financial commitments are currently being met; however, capacity for continued payment is vulnerable to deterioration in the business and economic environment.

CCC: Substantial credit risk.

Default is a real possibility.

CC: Very high levels of credit risk.

Default of some kind appears probable.

C: Exceptionally high levels of credit risk.

Default is imminent or inevitable, or the issuer is in standstill. Conditions that are indicative of a 'C' category rating for an issuer include:

a. the issuer has entered into a grace or cure period following non-payment of a material financial obligation;

b. the issuer has entered into a temporary negotiated waiver or standstill agreement following a payment default on a material financial obligation; or

c. Fitch Ratings otherwise believes a condition of 'RD' or 'D' to be imminent or inevitable, including through the formal announcement of a distressed debt exchange.

RD: Restricted default.

'RD' ratings indicate an issuer that in Fitch Ratings' opinion has experienced an uncured payment default on a bond, loan or other material financial obligation but which has not entered into bankruptcy filings, administration, receivership, liquidation or other formal winding-up procedure, and which has not otherwise ceased operating. This would include:

- a. the selective payment default on a specific class or currency of debt;
- b. 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;
- c. 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
- d. execution of a distressed debt exchange on one or more material financial obligations.

D: Default.

'D' ratings indicate an issuer that in Fitch Ratings' opinion has entered into bankruptcy filings, administration, receivership, liquidation or other formal winding-up procedure, or which has otherwise ceased business.

Default ratings are not assigned prospectively to entities or their obligations; within this context, non-payment on an instrument that contains a deferral feature or grace period will generally not be considered a default until after the expiration of the deferral or grace period, unless a default is otherwise driven by bankruptcy or other similar circumstance, or by a distressed debt exchange.

"Imminent" default typically refers to the occasion where a payment default has been intimated by the issuer, and is all but inevitable. This may, for example, be where an issuer has missed a scheduled payment, but (as is typical) has a grace period during which it may cure the payment default. Another alternative would be where an issuer has formally announced a distressed debt exchange, but the date of the exchange still lies several days or weeks in the immediate future.

In all cases, the assignment of a default rating reflects the agency's opinion as to the most appropriate rating category consistent with the rest of its universe of ratings, and may differ from the definition of default under the terms of an issuer's financial obligations or local commercial practice.

Note:

The modifiers "+" or "-" may be appended to a rating to denote relative status within major rating categories. Such suffixes are not added to the 'AAA' Long-Term IDR category, or to Long-Term IDR categories below 'B'.

APPENDIX C

FUND INVESTMENT SUMMARY

The following chart summarizes the types of investments in which each fund may invest.

Investment Type	Capital Appreciation	Growth & Income	International Stock	Investment Grade Bond	Mid Cap Growth	Mid Cap Stock	Small Cap Growth	Smaller Company	Tactical Allocation
Equity Securities (NET ASSETS)	•	•	•	•	•	•	•	•	•
Common Stocks (NET ASSETS)	•	•	•	•	•	•	•	•	•
Convertible Securities	•	•	•	•	•	•	•	•	•
Preferred Stock	•	•	•	•	•	•	•	•	•
REITs	•	•	•	•	•	•	•	•	•
Warrants	•	•	•	•	•	•	•	•	•
Rights	•	•	•	•	•	•	•	•	•
Debt Securities (NET ASSETS)	•	•	•	•	•	•	•	•	•
Corporate Debt	•	•	•	•	•	•	•	•	•
Lower rated/High Yield (NET ASSETS)		•	•	•	•	•	•	•	•
Bankers Acceptances	•	•	•	•	•	•	•	•	•
Certificate of Deposit in institution w/assets greater than \$1 billion	•	•	•	•	•	•	•	•	•
Commercial paper of P- 1 or P- 2 or A-1 and A-2	•	•	•	•	•	•	•	•	•
Repurchase Agreements(NET ASSETS)	•	•	•	•	•	•	•	•	•
Reverse Repurchase Agreements	•	•	•	•	•	•	•	•	•
U.S. Gov't Securities	•	•	•	•	•	•	•	•	•
Zero Coupon Securities		•		•					•
Total Foreign Securities Exposure including ADRs	•	•	•	•	•	•	•	•	•
ADRs	•	•	•	•	•	•	•	•	•
Depository receipts	•	•	•	•	•	•	•	•	•
Euro/Yankee Bonds			•	•					•
Eurodollar Certificates		•	•	•					•
Emerging markets	•	•	•	•	•	•	•	•	•
Futures Contracts	•	•	•	•	•	•		•	•
Options Contracts	•	•	•	•	•	•		•	•
Forward Contracts	•	•	•	•	•	•		•	•
Stock Index Futures	•	•	•	•	•	•		•	•
Foreign currency hedging options				•					•
Foreign currency hedging futures			•	•					•

Investment Type	Capital Appreciation	Growth & Income	International Stock	Investment Grade Bond	Mid Cap Growth	Mid Cap Stock	Small Cap Growth	Smaller Company	Tactical Allocation
Forward Currency Contracts	•	•	•	•	•	•		•	•
Combined transactions with options, futures and forwards	•	•	•	•	•	•		•	•
Swaps, Caps, Floors, Collars, Options on swaps			•						
Forward Commitments		•	•	•					•
Illiquid Securities (NET ASSETS)	•	•	•	•	•	•	•	•	•
Investment Companies	•	•	•	•	•	•	•	•	•
Index Securities	•	•	•	•	•	•	•	•	•
When-Issued & Delayed Delivery Transactions			•						•
Loans of Portfolio Securities	•	•	•	•	•	•	•	•	•
Temporary Defensive Measures	•	•	•	•	•	•	•	•	•