

**Item 1 – Cover Page**

Whitney Bank dba Horizon Advisers

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Form ADV, Part 2, our “Disclosure Brochure” or “Brochure,” as required by the United States Securities and Exchange Commission (“SEC”) and other state securities authorities, is a very important document between Clients (Client, you, your) and Horizon Advisers (Horizon Advisers, Applicant, us, we, our). Horizon Advisers’ IARD firm number is 111983.

This Brochure provides information about our qualifications and business practices. If you have any questions about the contents of this brochure, please contact our Chief Compliance Officer, John Rigney, at (504) 299-5168, [John.Rigney@HancockWhitney.com](mailto:John.Rigney@HancockWhitney.com). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC) or by any state securities authority.

We are a registered investment adviser with the SEC. Our registration as an Investment Adviser does not imply any level of skill or training. Additional information about Horizon Advisers is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) (click on the link, select “investment adviser firm” and type in our firm name). The results will provide you with both Parts 1 and 2 of our Form ADV.

## Item 2 – Material Changes

There are no material changes since the last annual filing of our Form ADV Part 2 or “Brochure”, dated March 2017. This Brochure was developed in response to new requirements adopted and imposed by the SEC under the Investment Advisers Act of 1940 (“Advisers Act”).

1. For future filings, this section of the Brochure will address only those “material changes” that have been incorporated since our last delivery or posting of this Brochure on the SEC’s public disclosure website (IAPD) at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).
2. We may, at any time, update this Brochure and send a copy to you with a summary of material changes, or a summary of material changes that includes an offer to send you a copy [either by electronic means (email) or in hard copy form].
3. If you would like another copy of this Brochure, please download it from the SEC website or you may contact our Chief Compliance Officer, John Rigney, at (504) 299-5168 [John.Rigney@HancockWhitney.com](mailto:John.Rigney@HancockWhitney.com).

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## **Item 4 – Advisory Business**

Horizon Advisers, an unincorporated Separately Identifiable Department ("SID") of Whitney Bank, serves as the investment adviser to the Hancock Horizon Funds. Whitney Bank conducts its mutual funds advisory business as Horizon Advisers (Horizon Advisers, Adviser, us, we, our). Whitney Bank is a corporation organized on October 6, 1899 under the laws of the State of Mississippi. Horizon Advisers serves as the Investment Adviser to the Hancock Horizon Funds ("the Funds"). Whitney Bank provides office space, equipment, technology, personnel, materials, and other overhead support to Horizon Advisers. In addition, another department of Whitney Bank provides asset custody services to certain clients of Horizon Advisers. Whitney Bank is headquartered in Gulfport, Mississippi and has provided banking, trust, and financial services to individuals and businesses since 1899. Adviser is a wholly owned subsidiary of the Hancock Holding Company, a publicly traded entity (NASDAQ: HBHC), headquartered in Gulfport, Mississippi.

Adviser is registered as an investment adviser with the United States Securities and Exchange Commission ("SEC") in order to provide the investment advisory products and services described within this document. Horizon Advisers has a related person, Hancock Investment Services, Inc., which is a dually registered investment adviser and broker-dealer registered with the SEC and each state in which it conducts business, and is a member of the Financial Industry Regulatory Authority ("FINRA"). As of January 31, 2018 Horizon Adviser managed approximately \$1.3 billion in assets under management managed on a discretionary basis.

Please contact Mr. Rigney at (504) 299-5168 if you have any questions about this Brochure. This Disclosure Brochure provides you with information regarding our qualifications, business practices, and the nature of advisory services that should be considered before becoming our advisory client.

Individuals associated with us will provide our investment advisory services. To help the client identify which advisory service and/or portfolio would be appropriate, the client will work with one of these individuals who are our investment adviser representatives (each a "Representative" or "IAR"). These individuals are appropriately licensed and qualified to provide advisory services on our behalf.

Below is a description of the investment advisory services we offer. For more detail on any product or service please reference the advisory agreement or speak with Mr. Rigney or your Representative.

Horizon Advisers makes investment decisions for the Funds and continuously reviews, supervises and administers each Fund's respective investment program. In addition, we oversee the Sub-Advisers to the Diversified International Fund and International Small Cap Fund to ensure its compliance with the investment policies and guidelines of the Diversified International Fund and the International Small Cap Fund, and their investment styles. In addition, the Board of Trustees of the Trust (the "Board") supervises Horizon Advisers and the Sub-Adviser and establishes policies that Horizon Advisers and Sub-Adviser must follow in their management activities.

Listed below is a general description of the Funds Horizon Advisers manages. Horizon Advisers "clients" are the Funds and we tailor our advice to each Fund based on each Fund's investment objective and any restrictions imposed by the Fund. For a more complete description of each Fund, including its investment objectives, strategy, fee structure, restrictions and other important information, please refer to each Fund's Prospectus and State of Additional Information, which can be found on our website [www.HancockHorizonFunds.com](http://www.HancockHorizonFunds.com) or through the EDGAR system as [www.sec.gov](http://www.sec.gov).

## **DIVERSIFIED INTERNATIONAL FUND**

### Investment Objective

The Diversified International Fund seeks long-term capital appreciation.

### Principal Investment Strategy

The Diversified International Fund seeks long-term capital appreciation by investing primarily in equity securities of foreign companies. The Diversified International Fund may also purchase American Depositary Receipts ("ADRs"), European Depositary Receipts ("EDRs") and Global Depositary Receipts ("GDRs" and, together with ADRs and EDRs, "Depositary Receipts"), which are certificates typically issued by a bank or trust company that represent securities issued by a foreign or domestic company. The Diversified International Fund's investments are ordinarily diversified among currencies, regions and countries, including emerging market countries, as determined by the Diversified International Fund's sub-adviser, EARNEST Partners, LLC (the "Sub-Adviser"). In addition, the Diversified International Fund may invest in other investment companies, including mutual funds, closed-end funds and exchange-traded funds ("ETFs").

The Sub-Adviser is a fundamental, bottom-up investment manager that seeks to construct a portfolio that will outperform the Diversified International Fund's benchmark, the MSCI ACWI ex U.S. Index, while controlling volatility and risk. The Sub-Adviser

implements this philosophy through fundamental analysis, risk management that seeks to minimize the likelihood of underperformance, and the use of Return Pattern Recognition®, a screening tool developed by the Sub-Adviser. Using this tool, potential Fund investments are first screened based on such qualities as valuation measures, market trends, operating trends, growth measures, profitability measures, and macroeconomics. After screening the relevant universe, the Sub-Adviser utilizes fundamental analysis and a statistical risk management approach to select Fund investments.

The Sub-Adviser may sell a security if the company's prospects deteriorate as a result of poor business plan execution, new competitors, management changes, a souring business environment or other adverse effects. In addition, if the investment process identifies a company with more attractive return and risk characteristics, the Sub-Adviser may sell a current security and replace it with the more attractive alternative.

## **QUANTITATIVE LONG/SHORT FUND**

### **Investment Objective**

The Quantitative Long/Short Fund (the "Long/Short Fund") seeks long-term capital appreciation.

### **Principal Investment Strategy**

The Long/Short Fund seeks long-term capital appreciation by taking long and short positions in equity securities of publicly-traded companies in the United States included in the S&P Composite 1500 Index, but may invest in other companies with market capitalizations of at least \$100 million. Using a quantitative model developed by Horizon Advisers, the Long/Short Fund buys stocks "long" that Horizon Advisers believes are undervalued relative to their peers, and sells stocks "short" that Horizon Advisers believes are overvalued relative to their peers.

The Long/Short Fund typically maintains a net long exposure of approximately 45-115% and expects that, on average, 0-35% of the Long/Short Fund's assets will be sold "short." With a long position, the Long/Short Fund purchases a security outright; with a short position, the Fund sells a security that it has borrowed. When the Long/Short Fund sells a security short, it borrows the security from a third party and sells it at the then current market price. The Long/Short Fund is then obligated to buy the security on a later date so that it can return the security to the lender. Short positions may be used either to hedge long positions or may be used speculatively to seek positive returns in instances where Horizon Advisers believes a security's price will decline. The Long/Short Fund will either realize a profit or incur a loss from a short position, depending on whether the value of the underlying stock decreases or increases,

respectively, between the time it is sold and when the Long/Short Fund replaces the borrowed security. The Long/Short Fund may reinvest the proceeds of its short sales by taking additional long positions, thus allowing the Long/Short Fund to maintain long positions in excess of 100% of its net assets.

The Long/Short Fund may, but is not required to, use derivatives, such as futures, options, forward contracts, and swap agreements, as an alternative to selling a security short, to increase returns, or as part of a hedging strategy.

In its investment decision making process, the Adviser first utilizes various quantitative screens based on valuation, earnings, and momentum factors. The information provided by the quantitative screens is then supplemented by fundamental and technical analysis. The Adviser continually monitors the Fund's portfolio and may sell or cover a short position of a security when there is a fundamental change in the company's prospects or better investment opportunities become available. The Fund may buy and sell investments frequently, which could result in a high portfolio turnover rate.

## **BURKENROAD SMALL CAP FUND**

### Investment Objective

The Burkenroad Small Cap Fund (the "Burkenroad Fund") seeks long-term capital appreciation.

### Principal Investment Strategy

Under normal market conditions, the Fund will invest at least 80% of its net assets, plus any borrowings for investment purposes, in common stocks and other equity securities of companies with small capitalizations located or doing business in Alabama, Florida, Georgia, Louisiana, Mississippi and Texas. This investment policy may be changed by the Fund upon 60 days' prior written notice to shareholders. The Fund considers small-capitalization companies to be those with market capitalizations, at the time of purchase, that fall within or below the current range of companies in either the Russell 2000 Index or the S&P Small Cap 600 Index, or below the average of the maximum market capitalizations of companies in either index as of January 31 of each of the three preceding years. As of January 31, 2017, the market capitalization ranges for the Russell 2000 Index and the S&P Small Cap 600 Index were approximately \$21.3 million to \$9,611.6 billion and \$103.5 million to \$4,709.7 billion, respectively. The other equity securities in which the Fund may invest include real estate investment trusts ("REITs").

In selecting securities, the Adviser primarily considers sales and expense trends, market position, historic and expected earnings and dividends. The Adviser will diversify the

Fund's securities across industry sectors. The Adviser continually monitors the Fund's portfolio and may sell a security when there is a fundamental change in the security's prospects or better investment opportunities become available. The Fund will not automatically sell or cease to purchase stock of a company it already owns just because the company's market capitalization grows above the Fund's small-capitalization range.

The Adviser utilizes Tulane University's Burkenroad Reports as a source of investment research and also employs its own fundamental research and quantitative analysis in its investment decision making. The Adviser independently verifies the information contained within the Burkenroad Reports and considers, but does not rely exclusively on, the Reports in making investment decisions for the Fund. The Fund will regularly invest in companies other than those covered by the Reports, and may not own shares of all of the companies covered by the Reports.

## **LOUISIANA TAX-FREE INCOME FUND**

### **Investment Objective**

The Louisiana Tax-Free Income Fund seeks current income exempt from both federal income tax and Louisiana personal income tax.

### **Principal Investment Strategy**

Under normal circumstances, the Louisiana Tax-Free Income Fund invests at least 80% of its net assets (plus any borrowings for investment purposes) in municipal bonds that pay interest that is exempt from federal and Louisiana income tax. This investment policy may not be changed without shareholder approval. While the Louisiana Tax-Free Income Fund intends to invest primarily in municipal bonds of Louisiana issuers, securities of issuers located outside of Louisiana that are exempt from both federal and Louisiana income tax are included for purposes of the 80% test. The Fund may invest up to 35% of its total assets in municipal securities issued by U.S. territories.

The types of municipal securities that the Louisiana Tax-Free Income Fund may invest in include, without limitation, state and local general obligation bonds (bonds whose payments are typically backed by the taxing power of the municipal issuer) and revenue bonds (bonds whose payments are backed by revenue from a particular source). The Louisiana Tax-Free Income Fund may also invest in other municipal securities including, without limitation, industrial development bonds, bond anticipation notes, tax anticipation notes, municipal lease obligations, certificates of participation and tax exempt commercial paper. In addition, the Louisiana Tax-Free Income Fund may invest in securities of investment companies, including exchange traded funds ("ETFs"), pending direct investment in municipal securities. The Louisiana Tax-Free Income Fund



intends to invest in investment grade municipal bonds (rated in one of the four highest rating categories by at least one rating agency), but also may invest up to 15% of its net asset in municipal bonds rated below investment grade (high yield or “junk” bonds). Although the Louisiana Tax-Free Income Fund intends to invest substantially all of its assets in tax-free securities, the Louisiana Tax-Free Income Fund may invest up to 20% of its net assets in securities that pay interest subject to the federal alternative minimum tax and in securities that pay taxable interest. The Louisiana Tax-Free Income Fund is non-diversified, meaning that it may invest a large percentage of its assets in a single issuer or a relatively small number of issuers. The Louisiana Tax-Free Income Fund, however, will satisfy the asset diversification tests to be treated as a regulated investment company.

In selecting investments for the Louisiana Tax-Free Income Fund, Horizon Advisers (the “Adviser”) employs a value-oriented strategy to identify higher yielding bonds that offer a greater potential for above average returns. When making investment decisions, Horizon Advisers seeks to leverage its knowledge of Louisiana issues and issuers to gain a competitive advantage in the selection of undervalued bonds. Although Horizon Advisers intends to invest the Louisiana Tax-Free Income Fund assets across a variety of municipal securities, the Louisiana Tax-Free Income Fund may have significant positions in certain types of municipal obligations (such as general obligations, municipal leases, revenue bonds and industrial development bonds) and in one or more economic sectors (such as housing, hospitals, healthcare facilities or utilities). Horizon Advisers may sell a bond it deems to have deteriorating credit quality or limited upside potential as compared to other investments.

## **MISSISSIPPI TAX-FREE INCOME FUND**

### **Investment Objective**

The Mississippi Tax-Free Income Fund seeks current income exempt from both federal income tax and Mississippi personal income tax.

### **Principal Investment Strategy**

Under normal circumstances, the Mississippi Tax-Free Income Fund invests at least 80% of its net assets (plus any borrowings for investment purposes) in municipal bonds that pay interest that is exempt from federal and Mississippi income tax. This investment policy may not be changed without shareholder approval. While the Fund intends to invest primarily in municipal bonds of Mississippi issuers, securities of issuers located outside of Mississippi that are exempt from both federal and Mississippi income tax are included for purposes of the 80% test. The Mississippi Tax-Free Income Fund may also invest up to 35% of its total assets in municipal securities issued by U.S. territories. The

types of municipal securities that the Mississippi Tax-Free Income Fund may invest in include, without limitation, state and local general obligation bonds (bonds whose payments are typically backed by the taxing power of the municipal issuer) and revenue bonds (bonds whose payments are backed by revenue from a particular source). The Mississippi Tax-Free Income Fund may also invest in other municipal securities including, without limitation, industrial development bonds, bond anticipation notes, tax anticipation notes, municipal lease obligations, certificates of participation and tax exempt commercial paper. In addition, the Mississippi Tax-Free Income Fund may invest in securities of investment companies, including exchange traded funds (“ETFs”), pending direct investment in municipal securities. The Mississippi Tax-Free Income Fund intends to invest in investment grade municipal bonds (rated in one of the four highest rating categories by at least one rating agency), but also may invest up to 15% of its net assets in municipal bonds rated below investment grade (high yield or “junk” bonds). Although the Mississippi Tax-Free Income Fund intends to invest substantially all of its assets in tax-free securities, the Mississippi Tax-Free Income Fund may invest up to 20% of its net assets in securities that pay interest subject to the federal alternative minimum tax and in securities that pay taxable interest. The Mississippi Tax-Free Income Fund is non-diversified, meaning that it may invest a large percentage of its assets in a single issuer or a relatively small number of issuers. The Mississippi Tax-Free Income Fund, however, will satisfy the asset diversification tests to be treated as a regulated investment company.

In selecting investments for the Mississippi Tax-Free Income Fund, Horizon Advisers employs a value-oriented strategy to identify higher yielding bonds that offer a greater potential for above average returns. When making investment decisions, Horizon Advisers seeks to leverage its knowledge of Mississippi issues and issuers to gain a competitive advantage in the selection of undervalued bonds. Although Horizon Advisers intends to invest Mississippi Tax-Free Income Fund assets across a variety of municipal securities, the Mississippi Tax-Free Income Fund may have significant positions in certain types of municipal obligations (such as general obligations, municipal leases, revenue bonds and industrial development bonds) and in one or more economic sectors (such as housing, hospitals, healthcare facilities or utilities). Horizon Advisers may sell a bond it deems to have deteriorating credit quality or limited upside potential as compared to other investments.

## **U.S. SMALL CAP FUND**

### **Investment Objective**

The U.S. Small Cap Fund seeks long-term capital appreciation.

### **Principal Investment Strategy**

Under normal market conditions, the U.S. Small Cap Fund will invest at least 80% of its net assets, plus any borrowings for investment purposes, in common stocks and other equity securities of U.S. companies with small capitalizations. This investment policy may be changed by the Fund upon 60 days' prior notice to shareholders. The U.S. Small Cap Fund considers small capitalization companies to be those with market capitalizations that fall within or below the current range of companies in either the Russell 2000 Index or the S&P Small Cap 600 Index, or below the three year average maximum market cap of companies in either Index as of January 31 of the three preceding years. January 31, 2017, the market capitalization ranges for the Russell 2000 Index and the S&P Small Cap 600 Index were approximately \$21.3 million to \$9.6 billion and \$103.5 million to \$4.7billion, respectively

In selecting securities, the Horizon Adviser primarily considers sales and expense trends, market position, historic and expected earnings and dividends. The Horizon Adviser continually monitors the U.S. Small Cap Fund's portfolio and may sell a security when there is a fundamental change in the security's prospects or better investment opportunities become available. The U.S. Small Cap Fund will not automatically sell or cease to purchase stock of a company it already owns just because the company's market capitalization grows above the U.S. Small Cap Fund's small capitalization range

## **DIVERSIFIED INCOME FUND**

### Investment Objective

The Diversified Income Fund seeks to maximize current income

### Principal Investment Strategy

The Diversified Income Fund seeks to maximize current income and secondarily achieve long-term capital appreciation by investing in a broad range of income producing securities, including but not limited to common and preferred stocks, corporate bonds, municipal securities, government bonds, real estate investment trusts (REITS), master limited partnerships (MLPs), and mortgage backed and asset backed securities. For the equity portion of the fund, the Diversified Income Fund may invest in common or preferred stock. In addition to stocks, MLPs and REITS, the fund may also invest in convertible securities, and American Depositary Receipts (ADRs), which are certificates typically issued by a bank or trust company that represent securities issued by a foreign or domestic company. The Diversified Income Fund may invest in securities of companies of any market capitalization. The Adviser may, from time to time, focus the Diversified Income Fund's investments on dividend-paying securities.

For the fixed income portion of the portfolio, the Diversified Income Fund may invest in debt instruments of any maturity or credit quality, including instruments rated below investment grade (“high-yield or “junk bonds”). There is no limit on the amount of fund assets that may be invested in high-yield bonds.

The Diversified Income Fund may invest in government securities, including securities issued by U.S. government-sponsored entities, U.S. agencies and instrumentalities, foreign governments and supranational entities, and municipal bonds. In addition, the Diversified Income Fund may invest in asset-backed securities, including residential and commercial mortgage-backed securities.

The Adviser may, from time to time, focus the Diversified Income Fund’s investments on corporate debt. Securities in the Diversified Income Fund’s portfolio may be issued by domestic or foreign public or private entities, and may include securities of emerging markets issuers. The Diversified Income Fund may invest up to 20% of its assets in securities of emerging markets issuers. The Diversified Income Fund may also invest in exchange-traded funds (“ETFs”), mutual funds and closed-end funds in seeking to achieve its investment objective.

The Adviser allocates the Diversified Income Fund’s assets among asset classes based on, among other things, its evaluation of market conditions, asset class and/or security values, correlation among asset classes, and the level of income production of a particular asset class or security. Allocations may vary from time to time. There is no limit on how or the percentage of Diversified Income Fund assets the Adviser may allocate to different asset classes. In selecting investments for the Fund, the Adviser considers the level of income that an investment can provide to achieve the Diversified Income Fund’s objective. In addition, a potential investment will be evaluated in terms of its level of risk, its relative value to similar types of investments, and its correlation to other assets within the Diversified Income Fund’s portfolio. The Adviser may sell a security if its relative contribution to the Diversified Income Fund’s portfolio has diminished compared to other investment alternatives or if its risk has increased relative to other investment alternatives.

## **DYNAMIC ASSET ALLOCATION FUND**

### **Investment Objective**

The Dynamic Asset Allocation Fund seeks long-term capital appreciation.

### **Principal Investment Strategy**

The Dynamic Asset Allocation Fund is designed to provide diversification among various

asset classes by investing its assets in a combination of exchange-traded funds (“ETFs”). ETFs are pooled investment vehicles, such as registered investment companies, grantor trusts and publicly traded partnerships, whose shares are listed and traded on stock exchanges or otherwise traded in the over-the-counter market.

The Adviser buys and sells certain broad-based ETFs (“Underlying ETFs”) for the Dynamic Asset Allocation Fund based on a quantitative model that seeks to identify trends and momentum in equity, fixed income and alternative asset classes. The equity Underlying ETFs in which the Dynamic Asset Allocation Fund invests include those that attempt to track the price movements of common stocks, preferred stocks, and convertible securities. The fixed income Underlying ETFs in which the Dynamic Asset Allocation Fund invests include those that attempt to track the price movements of securities issued or guaranteed by the U.S. Government and its agencies or instrumentalities, foreign sovereign debt, municipal bonds, corporate obligations, residential and commercial mortgage-backed securities, and asset-backed securities. The Underlying ETFs may attempt to track the price movements of fixed income securities of any credit quality, including those that are rated below investment grade (“high yield” or “junk” bonds). The alternative Underlying ETFs in which the Dynamic Asset Allocation Fund invests include those that attempt to track the price movements of commodities, real estate investment trusts (“REITs”) and master limited partnerships (“MLPs”). The Underlying ETFs may use derivatives, principally futures contracts, forward contracts, options and swaps, to achieve their investment objectives.

The Dynamic Asset Allocation Fund will invest in Underlying ETFs that may attempt to track the price movements of assets throughout the world, including securities of companies in both developed and emerging market countries. The Dynamic Asset Allocation Fund may buy and sell investments frequently, which could result in a high portfolio turnover rate.

## **INTERNATIONAL SMALL CAP FUND**

### Investment Objective

The International Small Cap Fund seeks long-term capital appreciation.

### Principal Investment Strategy

Under normal market conditions, the International Small Cap Fund will invest at least 80% of its net assets, plus any borrowings for investment purposes, in equity securities of companies with small capitalizations. This investment policy may be changed by the International Small Cap Fund upon 60 days’ prior written notice to shareholders. The equity securities in which the Fund invests are primarily common stocks. The International

Small Cap Fund considers small-capitalization companies to be those with market capitalizations of \$75 million to \$5 billion at the time of purchase.

Under normal market conditions, the International Small Cap Fund will invest in at least three countries and at least 40% of its assets will be invested in non-U.S. companies. For purposes of this policy, a company is considered to be a non-U.S. company if: (i) 50% of the company's assets are located outside of the United States; (ii) 50% of the company's revenues are generated outside of the United States; or (iii) the company maintains its principal place of business outside of the United States.

In selecting securities to purchase for the International Small Cap Fund, the Sub-Adviser utilizes a fundamental, bottom-up process to seek to identify companies with strong growth prospects not recognized by the market, based on criteria such as improving business conditions, quality management, and attractive valuations. The Sub-Adviser continually monitors the International Small Cap Fund's portfolio and will sell a security of a company that it believes has declining growth potential or is no longer undervalued. The International Small Cap Fund will not automatically sell or cease to purchase stock of a company it already owns just because the company's market capitalization grows above the International Small Cap Fund's small-capitalization range.

## **MICROCAP FUND**

### Investment Objective

The Microcap Fund seeks long-term capital appreciation.

### Principal Investment Strategy

Under normal market conditions, the Microcap Fund will invest at least 80% of its net assets, plus any borrowings for investment purposes, in equity securities of U.S. companies with micro capitalizations. This investment policy may be changed by the Microcap Fund upon 60 days' prior written notice to shareholders. The securities in which the Microcap Fund invests are primarily common stock. The Microcap Fund considers micro-capitalization companies to be those with market capitalizations under \$750 million at the time of purchase.

In selecting securities, the Adviser primarily considers sales and expense trends, market position, historic and expected earnings and dividends. The Adviser continually monitors the Microcap Fund's portfolio and may sell a security when there is a fundamental change in the security's prospects or better investment opportunities become available. The Microcap Fund will not automatically sell or cease to purchase stock of a company it

already owns just because the company's market capitalization grows above the Microcap Fund's micro-capitalization range.

## Item 5 – Fees and Compensation

### Fee Schedule

Our current fee schedule is listed below (as of the May 31, 2017 prospectuses). Fees may be negotiable.

<b>Portfolio</b>	<b>Fee</b>
Diversified International Fund	1.00% on the first \$100 million in assets and 0.90% on assets over \$100 million
Quantitative Long/Short Fund	0.80% on the first \$500 million in assets; 0.75% for assets between \$500 million and \$1 billion; and 0.70% on assets over \$1 billion
Burkenroad Fund	0.95% on the first \$500 million in assets; 0.90% for assets between \$500 million and \$1 billion; and 0.85% on assets over \$1 billion
Louisiana Tax-Free Income Fund	0.60% on the first \$500 million in assets; 0.55% for assets between \$500 million and \$1 billion; and 0.50% on assets over \$1 billion
Mississippi Tax-Free Income Fund	0.60% on the first \$500 million in assets; 0.55% for assets between \$500 million and \$1 billion; and 0.50% on assets over \$1 billion
U.S. Small Cap Fund	0.80% on the first \$500 million in assets; 0.75% for assets between \$500 million and \$1 billion; and 0.70% on assets over \$1 billion
Diversified Income Fund	0.70% on the first \$500 million in assets; 0.65% for assets between \$500 million and \$1 billion; and 0.60% on assets over \$1 billion
Dynamic Asset Allocation Fund	0.70% on the first \$500 million in assets; 0.65% for assets between \$500 million and \$1 billion; and 0.60% on assets over \$1 billion
International Small Cap Fund	1.10% on the first \$500 million in assets; 1.05% for assets between \$500 million and \$1 billion; and 1.00% on assets over



	\$1 billion
Microcap Fund	1.00% on the first \$500 million in assets; 0.95% for assets between \$500 million and \$1 billion; and 0.90% on assets over \$1 billion

Horizon Advisers pays the Sub-Advisers out of the advisory fee it receives from the Diversified International Fund and International Small Cap Fund. The Sub-Adviser's fee schedule for the Diversified International Fund is as follows: .50% up to \$100 million and .45% for assets over \$100 million. The Sub-Adviser's fee schedule for the International Small Cap Fund is as follows: 0.55% of the average daily net assets.

The advisory fee is paid to Horizon Advisers at the end of each month, and calculated by applying a daily rate, based on the annual percentage rates. The fee shall be based on the average daily net assets for the month involved. The Fund accountant calculates fees every month and sends instructions to the custodian to send fees to Horizon Advisers.

Compensation is made payable after services have been provided.

The advisory agreement may be terminated at any time, without the payment of any penalty by vote of a majority of the Trustees of the Trust or by vote of a majority of the outstanding voting securities of the Portfolio on not less than 30 days nor more than 60 days written notice to Horizon Advisers, or by Horizon Advisers at any time without the payment of any penalty, on 90 days written notice to the Trust. The advisory agreement will automatically and immediately terminate in the event of its assignment. Please refer to your advisory agreement for more detail.

#### Portfolio Turnover

The Funds pay transaction costs, such as commissions, when it buys and sells securities (or "turns over" its portfolio). A higher portfolio turnover rate may indicate higher transaction costs and may result in higher taxes when Fund shares are held in a taxable account. These costs, which are not reflected in total annual fund operating expenses or in the example, affect the Funds' performance.

#### Possibility of Lower Fees

Clients should be aware that lower fees for comparable services may be available from other advisers.

#### General Information About Sales Charges

Your securities dealer is paid a commission when you buy your shares and is paid a servicing fee as long as you hold your shares. Your securities dealer or servicing agent may receive different levels of compensation depending on which class of shares you buy.

From time to time, some financial institutions, including brokerage firms affiliated with Horizon Advisers, may be re-allowed up to the entire sales charge. Firms that receive a reallowance of the entire sales charge may be considered underwriters for the purpose of federal securities law.

The distributor may, from time to time in its sole discretion, institute one or more promotional incentive programs for dealers, which will be paid for by the distributor from any sales charge it receives or from any other source available to it. Under any such program, the distributor may provide cash or non-cash compensation as recognition for past sales or encouragement for future sales that may include merchandise, travel expenses, prizes, meals, lodgings, and gifts that do not exceed \$100 per year, per individual.

### Other Fees

The advisory fee does not cover charges imposed by third parties for investments held in the account, such as contingent deferred sales charges or 12b-1 trails on mutual funds. In addition, each mutual fund or non-affiliated financial advisor charges asset management fees, which are in addition to the advisory fees charged by us. The fees charged by such funds or non-affiliated financial advisors are disclosed in each fund's prospectus or non-affiliated financial advisor's Disclosure Brochure. The advisory fee also does not cover debit balances or related margin interest or SEC fees or other fees or taxes required by law.

### How the Funds Calculate NAV

NAV for one Fund share is the value of that share's portion of all of the net assets of the Fund. In calculating NAV, each Fund generally values its investment portfolio at market price. If market prices are not readily available or a Fund reasonably believes that they are unreliable, such as in the case of a security value that has been materially affected by events occurring after the relevant market closes, the Fund is required to price those securities at fair value as determined in good faith using methods approved by the Funds' Board. Pursuant to the policies adopted by, and under the ultimate supervision of the Funds' Board, these methods are implemented through the Fund's Fair Value Committee, members of which are appointed by the Board. The Funds' determination of a security's fair value price often involves the consideration of a number of subjective factors, and is therefore subject to the unavoidable risk that the value that a Fund

assigns to a security may be higher or lower than the security's value would be if a reliable market quotation for the security was readily available.

With respect to non-U.S. securities held by a Fund, a Fund may take factors influencing specific markets or issuers into consideration in determining the fair value of a non-U.S. security. International securities markets may be open on days when the U.S. markets are closed. In such cases, the value of any international securities owned by a Fund may be significantly affected on days when investors cannot buy or sell shares. In addition, due to the difference in times between the close of the international markets and the time a Fund prices its shares, the value a Fund assigns to securities generally will not be the same as the quoted or published prices of those securities on their primary markets or exchanges. In determining fair value prices, a Fund may consider the performance of securities on their primary exchanges, foreign currency appreciation/depreciation, securities market movements in the United States, or other relevant information as related to the securities.

Although the Funds (except for the Diversified International Fund and International Small Cap Fund) invest primarily in the stocks of U.S. companies that are traded on U.S. exchanges, there may be limited circumstances in which a Fund would price securities at fair value – for example, if the exchange on which a portfolio security is principally traded closed early or if trading in a particular security was halted during the day and did not resume prior to the time the Fund calculated its NAV.

## **Item 6 – Types of Clients**

Horizon Advisers solely provides investment services on a discretionary basis to investment companies.

Initial purchase of shares of a Fund is at least \$1,000 and any subsequent investments in a Fund must be made in amounts of at least \$500. A Fund may accept investments of smaller amounts in its sole discretion.

If your account balance drops below the required minimum (\$1,000) you may be required to sell your shares. A Fund will generally provide at least 60 days' written notice to allow you sufficient time to add to your account and avoid the involuntary redemption of your shares.

## **Item 7 – Methods of Analysis, Investment Strategies and Risk of Loss**

Horizon Advisers will generally use fundamental, charting, and technical analysis methods to select the investments for the Funds. Described, in Item 4 are the types of investments, methods of analysis, and sources of information (e.g. investment strategies) used in making investment decisions for each Fund. There are inherent risks involved for each investment strategy or method of analysis we use and the particular type of security we recommend. Investing in securities involves risk of loss which you should be prepared to bear. Below is a brief description of each Fund's principal risks. Please reference each Fund's Prospectus and Statement of Additional Information for more detail on each Fund's methods of analysis, investment strategies, and investment risks.

### **DIVERSIFIED INTERNATIONAL FUND**

#### Principal Risks

As with all mutual funds, a shareholder is subject to the risk that an investment in the Diversified International Fund could lose money. A Diversified International Fund share is not a bank deposit and it is not insured or guaranteed by the FDIC or any government agency. The principal risk factors affecting shareholders' investments in the Diversified International Fund are set forth below.

Since it purchases common stocks, the Diversified International Fund is subject to the risk that stock prices will fall over short or extended periods of time. Historically, the equity market has moved in cycles, and the value of the Diversified International Fund's securities may fluctuate from day to day. Individual companies may report poor results or be negatively affected by industry and/or economic trends and developments. The prices of securities issued by such companies may suffer a decline in response. These factors contribute to price volatility, which is the principal risk of investing in the Diversified International Fund.

Investing in foreign companies poses additional risks since political and economic events unique to a country or region will affect those markets and their issuers. These risks will not necessarily affect the U.S. economy or similar issuers located in the United States. In addition, investments in foreign companies are generally denominated in a foreign currency, the value of which may be influenced by currency exchange rates and exchange control regulations. Changes in the value of a currency compared to the U.S. dollar may affect (positively or negatively) the value of the Diversified International Fund's investments. These currency movements may occur separately from, and in

response to, events that do not otherwise affect the value of the security in the issuer's home country. While Depositary Receipts provide an alternative to directly purchasing the underlying foreign securities in their respective national markets and currencies, investments in Depositary Receipts continue to be subject to many of the risks associated with investing directly in foreign securities.

The Diversified International Fund may invest in companies located or doing business in emerging market countries. An "emerging market" country is any country determined by the Sub-Adviser to have an emerging market economy, considering factors such as the country's credit rating, its political and economic stability and the development of its financial and capital markets. Typically, emerging markets are in countries that are in the process of industrialization, with lower gross national products than more developed countries. Investments in emerging market securities are considered speculative and subject to heightened risks in addition to the general risks of investing in non-U.S. securities. Unlike more established markets, emerging markets may have governments that are less stable, markets that are less liquid and economies that are less developed. In addition, emerging market securities may be subject to smaller market capitalization of securities markets, which may suffer periods of relative illiquidity; significant price volatility; restrictions on foreign investment; and possible restrictions on repatriation of investment income and capital. Furthermore, foreign investors may be required to register the proceeds of sales, and future economic or political crises could lead to price controls, forced mergers, expropriation or confiscatory taxation, seizure, nationalization or creation of government monopolies. Moreover, the currencies of emerging market countries may experience significant declines against the U.S. dollar, and devaluation may occur subsequent to investments in these currencies by the Diversified International Fund. Inflation and rapid fluctuations in inflation rates have had, and may continue to have, negative effects on the economies and securities markets of certain emerging market countries.

ETFs are pooled investment vehicles, such as registered investment companies and grantor trusts, whose shares are listed and traded on U.S. stock exchanges or otherwise traded in the over-the-counter market. To the extent the Diversified International Fund invests in other investment companies, such as ETFs, closed-end funds and other mutual funds, the Diversified International Fund will be subject to substantially the same risks as those associated with the direct ownership of the securities held by such other investment companies. As a shareholder of another investment company, the Diversified International Fund relies on that investment company to achieve its investment objective. If the investment company fails to achieve its objective, the value of the Diversified International Fund's investment could decline, which could adversely affect the Diversified International Fund's performance. By investing in another investment company, Diversified International Fund shareholders

indirectly bear the Diversified International Fund's proportionate share of the fees and expenses of the other investment company, in addition to the fees and expenses that Diversified International Fund shareholders directly bear in connection with the Diversified International Fund's own operations. The Diversified International Fund does not intend to invest in other investment companies unless Horizon Advisers believes that the potential benefits of the investment justify the payment of any additional fees or expenses. Federal securities laws impose limitations on the Diversified International Fund's ability to invest in other investment companies.

Because closed-end funds and ETFs are listed on national stock exchanges and are traded like stocks listed on an exchange, their shares potentially may trade at a discount or premium. Investments in closed-end funds and ETFs are also subject to brokerage and other trading costs, which could result in greater expenses to the Fund. In addition, because the value of closed-end funds and ETF shares depends on the demand in the market, Horizon Advisers may not be able to liquidate the Fund's holdings at the most optimal time, which could adversely affect Fund performance.

## **QUANTITATIVE LONG/SHORT FUND**

### **Principal Risks**

As with all mutual funds, a shareholder is subject to the risk that an investment in the Quantitative Long/Short Fund could lose money. A Quantitative Long/Short Fund share is not a bank deposit and it is not insured or guaranteed by the FDIC or any government agency. The principal risk factors affecting shareholders' investments in the Quantitative Long/Short Fund are set forth below.

Since it purchases common stocks, the Quantitative Long/Short Fund is subject to the risk that stock prices will fall over short or extended periods of time. Historically, the equity market has moved in cycles, and the value of the Quantitative Long/Short Fund's securities may fluctuate from day to day. Individual companies may report poor results or be negatively affected by industry and/or economic trends and developments. The prices of securities issued by such companies may suffer a decline in response. These factors contribute to price volatility, which is the principal risk of investing in the Quantitative Long/Short Fund.

The Quantitative Long/Short Fund is also subject to short sales risk. Short sales are transactions in which the Quantitative Long/Short Fund sells a security it does not own. The Quantitative Long/Short Fund must borrow the security to make delivery to the buyer. The Quantitative Long/Short Fund is then obligated to replace the security borrowed by purchasing the security at the market price at the time of replacement. The price at such time may be higher or lower than the price at which the security was sold

by the Quantitative Long/Short Fund. If the underlying security goes down in price between the time the Quantitative Long/Short Fund sells the security and buys it back, the Quantitative Long/Short Fund will realize a gain on the transaction. Conversely, if the underlying security goes up in price during the period, the Fund will realize a loss on the transaction. Because the market price of the security sold short could increase without limit, the Quantitative Long/Short Fund could be subject to a theoretically unlimited loss. The risk of such price increases is the principal risk of engaging in short sales.

In addition, the Quantitative Long/Short Fund's investment performance may suffer if the Quantitative Long/Short Fund is required to close out a short position earlier than it had intended. This would occur if the securities lender required the Quantitative Long/Short Fund to deliver the securities the Quantitative Long/Short Fund borrowed at the commencement of the short sale and the Quantitative Long/Short Fund was unable to borrow the securities from another securities lender or otherwise obtain the security by other means. Moreover, the Quantitative Long/Short Fund may be subject to expenses related to short sales that are not typically associated with investing in securities directly, such as costs of borrowing and margin account maintenance costs associated with the Quantitative Long/Short Fund's open short positions. These expenses negatively impact the performance of the Quantitative Long/Short Fund. For example, when the Quantitative Long/Short Fund short sells an equity security that pays a dividend, it is obligated to pay the dividend on the security it has sold. However, a dividend paid on a security sold short generally reduces the market value of the shorted security and thus, increases the Quantitative Long/Short Fund's unrealized gain or reduces the Quantitative Long/Short Fund's unrealized loss on its short sale transaction. To the extent that the dividend that the Quantitative Long/Short Fund is obligated to pay is greater than the return earned by the Quantitative Long/Short Fund on investments, the performance of the Quantitative Long/Short Fund will be negatively impacted. Furthermore, the Quantitative Long/Short Fund may be required to pay a premium or interest to the lender of the security. The foregoing types of short sale expenses are sometimes referred to as the "negative cost of carry," and will tend to cause the Quantitative Long/Short Fund to lose money on a short sale even in instances where the price of the underlying security sold short does not change over the duration of the short sale. The Quantitative Long/Short Fund is also required to segregate other assets on its books to cover its obligation to return the security to the lender which means that those other assets may not be available to meet the Quantitative Long/Short Fund's needs for immediate cash or other liquidity.

Derivatives are often more volatile than other investments and may magnify the Quantitative Long/Short Fund's gains or losses. There are various factors that affect the Quantitative Long/Short Fund's ability to achieve its investment objective with



derivatives. Successful use of a derivative depends upon the degree to which prices of the underlying assets correlate with price movements in the derivatives the Quantitative Long/Short Fund buys or sells. The Quantitative Long/Short Fund could be negatively affected if the change in market value of its securities fails to correlate perfectly with the values of the derivatives it purchased or sold.

The lack of a liquid secondary market for a derivative may prevent the Quantitative Long/Short Fund from closing its derivative positions and could adversely impact its ability to achieve its investment objective or to realize profits or limit losses.

Because derivative instruments may be purchased by the Quantitative Long/Short Fund for a fraction of the market value of the investments underlying such instruments, a relatively small price movement in the underlying investment may result in an immediate and substantial gain or loss to the Quantitative Long/Short Fund. Derivatives are often more volatile than other investments and the Quantitative Long/Short Fund may lose more in a derivative than it originally invested in it.

The mid- and small-capitalization companies the Quantitative Long/Short Fund invests in may be more vulnerable to adverse business or economic events than larger, more established companies. In particular, these medium and small-sized companies may have limited product lines, markets and financial resources, and may depend upon a relatively small management group. Therefore, mid- and small-cap stocks may be more volatile than those of larger companies. These securities may be traded over-the-counter or listed on an exchange.

## **BURKENROAD SMALL CAP FUND**

### **Principal Risks**

As with all mutual funds, a shareholder is subject to the risk that his or her investment could lose money. A Burkenroad Small Cap Fund share is not a bank deposit and it is not insured or guaranteed by the FDIC or any government agency. The principal risk factors affecting shareholders' investments in the Burkenroad Small Cap Fund are set forth below.

Since it purchases equity securities, the Burkenroad Small Cap Fund is subject to the risk that stock prices will fall over short or extended periods of time. Historically, the equity market has moved in cycles, and the value of the Burkenroad Small Cap Fund's securities may fluctuate from day to day. Individual companies may report poor results or be negatively affected by industry and/or economic trends and developments. The prices of securities issued by such companies may suffer a decline in response. These factors contribute to price volatility, which is a principal risk of

investing in the Burkenroad Small Cap Fund.

The smaller capitalization companies that the Burkenroad Small Cap Fund invests in may be more vulnerable to adverse business or economic events than larger, more established companies. In particular, these small companies may pose additional risks, including liquidity risk, because these companies tend to have limited product lines, markets and financial resources, and may depend upon a relatively small management group. Therefore, small capitalization stocks may be more volatile than those of larger companies. These securities may be traded over the counter or listed on an exchange. The Burkenroad Small Cap Fund is also subject to the risk that Horizon Advisers' particular investment style, which focuses on small capitalization stocks, may underperform other segments of the equity market or the equity market as a whole.

The Burkenroad Small Cap Fund's concentration of investments in securities of companies located or doing business in Alabama, Louisiana, Mississippi, Florida, Georgia and Texas subjects the Burkenroad Small Cap Fund to economic conditions and government policies within those states. As a result, the Burkenroad Small Cap Fund will be more susceptible to factors that adversely affect companies located or doing business in those states than a mutual fund that does not have as great a concentration in those states.

## **LOUISIANA TAX-FREE INCOME FUND**

### **Principal Risks**

As with all mutual funds, a shareholder is subject to the risk that his or her investment could lose money. A Louisiana Tax-Free Income Fund share is not a bank deposit and it is not insured or guaranteed by the FDIC or any government agency. The principal risk factors affecting shareholders' investments in the Louisiana Tax-Free Income Fund are set forth below.

Because the Louisiana Tax-Free Income Fund primarily purchases municipal bonds, the Louisiana Tax-Free Income Fund is more susceptible to adverse economic, political or regulatory changes that may impact the ability of municipal issuers to repay principal and to make interest payments on municipal securities. Changes in the financial condition or credit rating of municipal issuers also may adversely affect the value of the Louisiana Tax-Free Income Fund's securities. Constitutional or legislative limits on borrowing by municipal issuers may result in reduced supplies of municipal securities. Moreover, certain municipal securities are backed only by a municipal issuer's ability to levy and collect taxes.

The Louisiana Tax-Free Income Fund's concentration of investments in securities of issuers located in Louisiana subjects the Louisiana Tax-Free Income Fund to economic conditions and government policies within that state. As a result, the Louisiana Tax-Free Income Fund will be more susceptible to factors that adversely affect issuers of Louisiana obligations than a mutual fund that does not have as great a concentration in Louisiana. As with Louisiana municipal securities, events in any of the U.S. territories where the Louisiana Tax-Free Income Fund is invested may affect the Louisiana Tax-Free Income Fund's investments and its performance.

The Louisiana Tax-Free Income Fund may invest more than 25% of its assets in municipal securities that finance similar types of projects, such as hospitals, higher education, housing industrial development, and transportation or pollution control. A change that affects one project, such as proposed legislation on the financing of the project, a shortage of the materials needed for the project or a declining need for the project, would likely affect all similar projects, thereby increasing market risk.

Income from municipal obligations could be declared taxable because of unfavorable changes in tax laws, adverse interpretations by the Internal Revenue Service or state tax authorities or non-compliant conduct of bond issuers. A portion of the Louisiana Tax-Free Income Fund's income may be taxable to shareholders subject to the federal alternative minimum tax.

The prices of the Louisiana Tax-Free Income Fund's fixed income securities respond to economic developments, particularly interest rate changes, as well as to perceptions about the creditworthiness of individual issuers, including governments. Generally, the Louisiana Tax-Free Income Fund's fixed income securities will decrease in value if interest rates rise and vice versa, and the volatility of lower-rated securities is even greater than that of higher-rated securities. Interest rate risk is generally for fixed income securities with longer maturities or duration.

The credit rating or financial condition of an issuer may affect the value of a debt security. Generally, there is a greater risk that the issuer will fail to pay interest fully and return principal in a timely manner if the quality rating of a security is lower. If an issuer defaults or becomes unable to honor its financial obligations, the security may lose some or all of its value. The issuer of an investment-grade security is more likely to pay interest and repay principal than an issuer of a lower rated bond. Adverse economic conditions or changing circumstances, however, may weaken the capacity of the issuer to pay interest and repay principal.

High yield or "junk" bonds are highly speculative securities that are usually issued by smaller, less credit worthy and/or highly leveraged (indebted) companies. Compared with investment-grade bonds, high yield bonds are considered to carry a greater degree

of risk and are considered to be less likely to make payments of interest and principal. Market developments and the financial conditions of the issuer of these securities generally influence their price and liquidity more than changes in interest rates, when compared to investment-grade debt securities. Insufficient liquidity in the non-investment grade bond market may make it more difficult to dispose of non-investment grade bonds and may cause the Louisiana Tax-Free Income Fund to experience sudden and substantial price declines. A lack of reliable, objective data or market quotations may make it more difficult to value non-investment grade bonds accurately.

To the extent the Louisiana Tax-Free Income Fund invests in other investment companies, such as ETFs, closed-end funds and other mutual funds, the Louisiana Tax-Free Income Fund will be subject to substantially the same risks as those associated with the direct ownership of the securities held by such other investment companies. As a shareholder of another investment company, the Louisiana Tax-Free Income Fund relies on that investment company to achieve its investment objective. If the investment company fails to achieve its objective, the value of the Louisiana Tax-Free Income Fund's investment could decline, which could adversely affect the Louisiana Tax-Free Income Fund's performance. By investing in another investment company, Louisiana Tax-Free Income Fund shareholders indirectly bear the Louisiana Tax-Free Income Fund's proportionate share of the fees and expenses of the other investment company, in addition to the fees and expenses that Louisiana Tax-Free Income Fund shareholders directly bear in connection with the Louisiana Tax-Free Income Fund's own operations. The Louisiana Tax-Free Income Fund does not intend to invest in other investment companies unless Horizon Advisers believes that the potential benefits of the investment justify the payment of any additional fees or expenses. Federal securities laws impose limitations on the Louisiana Tax-Free Income Fund's ability to invest in other investment companies.

Because closed-end funds and ETFs are listed on national stock exchanges and are traded like stocks listed on an exchange, their shares potentially may trade at a discount or premium. Investments in closed-end funds and ETFs are also subject to brokerage and other trading costs, which could result in greater expenses to the Louisiana Tax-Free Income Fund. In addition, because the value of closed-end funds and ETF shares depends on the demand in the market, Horizon Advisers may not be able to liquidate the Louisiana Tax-Free Income Fund's holdings at the most optimal time, which could adversely affect Louisiana Tax-Free Income Fund performance.

Because the Louisiana Tax-Free Income Fund is non-diversified, it may be more susceptible to a single adverse economic or political occurrence affecting one or more of the issuers, and may experience increased volatility due to its investments in those securities.

## **MISSISSIPPI TAX-FREE INCOME FUND**

### Principal Risks

As with all mutual funds, a shareholder is subject to the risk that his or her investment could lose money. A Mississippi Tax-Free Income Fund share is not a bank deposit and it is not insured or guaranteed by the FDIC or any government agency. The principal risk factors affecting shareholders' investments in the Mississippi Tax-Free Income Fund are set forth below.

Because the Mississippi Tax-Free Income Fund primarily purchases municipal bonds, the Mississippi Tax-Free Income Fund is more susceptible to adverse economic, political or regulatory changes that may impact the ability of municipal issuers to repay principal and to make interest payments on municipal securities. Changes in the financial condition or credit rating of municipal issuers also may adversely affect the value of the Mississippi Tax-Free Income Fund's securities. Constitutional or legislative limits on borrowing by municipal issuers may result in reduced supplies of municipal securities. Moreover, certain municipal securities are backed only by a municipal issuer's ability to levy and collect taxes.

The Mississippi Tax-Free Income Fund's concentration of investments in securities of issuers located in Mississippi subjects the Mississippi Tax-Free Income Fund to economic conditions and government policies within that state. As a result, the Mississippi Tax-Free Income Fund will be more susceptible to factors that adversely affect issuers of Mississippi obligations than a mutual fund that does not have as great a concentration in Mississippi. As with Mississippi municipal securities, events in any of the U.S. territories where the Mississippi Tax-Free Income Fund is invested may affect the Mississippi Tax-Free Income Fund's investments and its performance.

The Mississippi Tax-Free Income Fund may invest more than 25% of its assets in municipal securities that finance similar types of projects, such as hospitals, higher education, housing industrial development, and transportation or pollution control. A change that affects one project, such as proposed legislation on the financing of the project, a shortage of the materials needed for the project or a declining need for the project, would likely affect all similar projects, thereby increasing market risk.

Income from municipal obligations could be declared taxable because of unfavorable changes in tax laws, adverse interpretations by the Internal Revenue Service or state tax authorities or non-compliant conduct of bond issuers. A portion of the Mississippi Tax-Free Income Fund's income may be taxable to shareholders subject to the federal alternative minimum tax.

The prices of the Mississippi Tax-Free Income Fund's fixed income securities respond to economic developments, particularly interest rate changes, as well as to perceptions about the creditworthiness of individual issuers, including governments. Generally, the Mississippi Tax-Free Income Fund's fixed income securities will decrease in value if interest rates rise and vice versa, and the volatility of lower-rated securities is even greater than that of higher-rated securities. Interest rate risk is generally for fixed income securities with longer maturities or duration.

The credit rating or financial condition of an issuer may affect the value of a debt security. Generally, there is a greater risk that the issuer will fail to pay interest fully and return principal in a timely manner if the quality rating of a security is lower. If an issuer defaults or becomes unable to honor its financial obligations, the security may lose some or all of its value. The issuer of an investment-grade security is more likely to pay interest and repay principal than an issuer of a lower rated bond. Adverse economic conditions or changing circumstances, however, may weaken the capacity of the issuer to pay interest and repay principal.

High yield or "junk" bonds are highly speculative securities that are usually issued by smaller, less credit worthy and/or highly leveraged (indebted) companies. Compared with investment-grade bonds, high yield bonds are considered to carry a greater degree of risk and are considered to be less likely to make payments of interest and principal. Market developments and the financial conditions of the issuer of these securities generally influence their price and liquidity more than changes in interest rates, when compared to investment-grade debt securities. Insufficient liquidity in the non-investment grade bond market may make it more difficult to dispose of non-investment grade bonds and may cause the Mississippi Tax-Free Income Fund to experience sudden and substantial price declines. A lack of reliable, objective data or market quotations may make it more difficult to value non-investment grade bonds accurately.

To the extent the Mississippi Tax-Free Income Fund invests in other investment companies, such as ETFs, closed-end funds and other mutual funds, the Mississippi Tax-Free Income Fund will be subject to substantially the same risks as those associated with the direct ownership of the securities held by such other investment companies. As a shareholder of another investment company, the Mississippi Tax-Free Income Fund relies on that investment company to achieve its investment objective. If

the investment company fails to achieve its objective, the value of the Mississippi Tax-Free Income Fund's investment could decline, which could adversely affect the Mississippi Tax-Free Income Fund's performance. By investing in another investment company, Mississippi Tax-Free Income Fund shareholders indirectly bear the Mississippi Tax-Free Income Fund's proportionate share of the fees and expenses of the other investment company, in addition to the fees and expenses that Mississippi Tax-Free Income Fund shareholders directly bear in connection with the Mississippi Tax-Free Income Fund's own operations. The Mississippi Tax-Free Income Fund does not intend to invest in other investment companies unless Horizon Advisers believes that the potential benefits of the investment justify the payment of any additional fees or expenses. Federal securities laws impose limitations on the Mississippi Tax-Free Income Fund's ability to invest in other investment companies.

Because closed-end funds and ETFs are listed on national stock exchanges and are traded like stocks listed on an exchange, their shares potentially may trade at a discount or premium. Investments in closed-end funds and ETFs are also subject to brokerage and other trading costs, which could result in greater expenses to the Mississippi Tax-Free Income Fund. In addition, because the value of closed-end funds and ETF shares depends on the demand in the market, Horizon Advisers may not be able to liquidate the Mississippi Tax-Free Income Fund's holdings at the most optimal time, which could adversely affect Mississippi Tax-Free Income Fund performance.

Because the Mississippi Tax-Free Income Fund is non-diversified, it may be more susceptible to a single adverse economic or political occurrence affecting one or more of the issuers, and may experience increased volatility due to its investments in those

## **U.S. SMALL CAP FUND**

### **Principal Risks**

As with all mutual funds, a shareholder is subject to the risk that an investment in the U.S. Small Cap Fund could lose money. A U.S. Small Cap Fund share is not a bank deposit and it is not insured or guaranteed by the FDIC or any government agency. The principal risk factors affecting shareholders' investments in the U.S. Small Cap Fund are set forth below.

Since it purchases equity securities, the U.S. Small Cap Fund is subject to the risk that stock prices will fall over short or extended periods of time. Historically, the equity market has moved in cycles, and the value of the U.S. Small Cap Fund's securities may fluctuate from day to day. Individual companies may report poor results or be negatively affected by industry and/or economic trends and developments. The prices of securities issued by such companies may suffer a decline in response. These

factors contribute to price volatility, which is a principal risk of investing in the U.S. Small Cap Fund.

The smaller capitalization companies that the U.S. Small Cap Fund invests in may be more vulnerable to adverse business or economic events than larger, more established companies. In particular, these small companies may pose additional risks, including liquidity risk, because these companies tend to have limited product lines, markets and financial resources, and may depend upon a relatively small management group. Therefore, small capitalization stocks may be more volatile than those of larger companies. These securities may be traded over the counter or listed on an exchange. The U.S. Small Cap Fund is also subject to the risk that the Adviser's particular investment style, which focuses on small capitalization stocks, may underperform other segments of the equity market or the equity market as a whole.

Because the U.S. Small Cap Fund is new, investors in the U.S. Small Cap Fund bear the risk that the U.S. Small Cap Fund may not be successful in implementing its investment strategy, may not employ a successful investment strategy, or may fail to attract sufficient assets under management to realize economies of scale, any of which could result in the U.S. Small Cap Fund being liquidated at any time without shareholder approval and at a time that may not be favorable for all shareholders. Such liquidation could have negative tax consequences for shareholders and will cause shareholders to incur expenses of liquidation.

## **DIVERSIFIED INCOME FUND**

### **Principal Risks**

As with all mutual funds, a shareholder is subject to the risk that an investment in the Diversified Income Fund could lose money. A Diversified Income Fund share is not a bank deposit and it is not insured or guaranteed by the Federal Deposit Insurance Corporation or any government agency. The principal risk factors affecting shareholders' investments in the Diversified Income Fund are set forth below.

Since it purchases equity securities, the Diversified Income Fund is subject to the risk that stock prices will fall over short or extended periods of time. Historically, the equity market has moved in cycles, and the value of the Diversified Income Fund's securities may fluctuate from day to day. Individual companies may report poor results or be negatively affected by industry and/or economic trends and developments. The prices of securities issued by such companies may suffer a decline in response. These factors contribute to price volatility, which is the principal risk of investing in the Diversified Income Fund. The mid- and small-capitalization companies the Diversified Income



Fund may invest in may be more vulnerable to adverse business or economic events than larger, more established companies. In particular, these medium- and small-sized companies may have limited product lines, markets and financial resources, and may depend upon a relatively small management group. Therefore, mid- and small capitalization stocks may be more volatile than those of larger companies. These securities may be traded over-the-counter or listed on an exchange. The prices of the Diversified Income Fund's fixed income securities respond to economic developments, particularly interest rate changes, as well as to perceptions about the creditworthiness of individual issuers, including governments. Generally, the Diversified Income Fund's fixed income securities will decrease in value if interest rates rise and vice versa, and the volatility of lower-rated securities is even greater than that of higher-rated securities. Also, longer-term securities are generally more volatile, so the average maturity or duration of these securities affects risk.

The credit rating or financial condition of an issuer may affect the value of a debt security. Generally, the lower the quality rating of a security, the greater the risk that the issuer will fail to pay interest fully and return principal in a timely manner. If an issuer defaults or becomes unable to honor its financial obligations, the security may lose some or all of its value. The issuer of an investment grade security is more likely to pay interest and repay principal than an issuer of a lower-rated bond. Adverse economic conditions or changing circumstances, however, may weaken the capacity of the issuer to pay interest and repay principal.

The mortgages underlying mortgage-backed securities may be paid off early, which makes it difficult to determine their actual maturity and therefore difficult to calculate how they will respond to changes in interest rates. The Diversified Income Fund may have to re-invest prepaid amounts at lower interest rates. This risk of prepayment is an additional risk of mortgage-backed securities. Asset-backed securities are subject to risks similar to those associated with mortgage-backed securities, as well as additional risks associated with the nature of the assets and the servicing of those assets. Some asset-backed securities present credit risks that are not presented by mortgage-backed securities. This is because certain asset-backed securities generally do not have the benefit of a security interest in collateral that is comparable in quality to mortgage assets. Moreover, the value of the collateral may be insufficient to cover the principal amount of the obligation. Other asset-backed securities do not have the benefit of a security interest in collateral at all.

Although the Diversified Income Fund's U.S. government securities are considered to be among the safest investments, they are not guaranteed against price movements due to changing interest rates. Obligations issued by some U.S. government agencies are backed by the U.S. Treasury, while others are backed solely by the

ability of the agency to borrow from the Treasury or by the agency's own resources. As a result, investments in securities issued by the government sponsored agencies that are not backed by the U.S. Treasury are subject to higher credit risk than those that are. High yield, or "junk," bonds are highly speculative securities that are usually issued by smaller, less creditworthy and/or highly leveraged (indebted) companies. Compared with investment grade bonds, high yield bonds carry a greater degree of risk and are less likely to make payments of interest and principal. Market developments and the financial and business conditions of the corporation issuing these securities influences their price and liquidity more than changes in interest rates, when compared to investment grade debt securities. Insufficient liquidity in the junk bond market may make it more difficult to dispose of junk bonds and may cause the Diversified Income Fund to experience sudden and substantial price declines. A lack of reliable, objective data or market quotations may make it more difficult to value junk bonds accurately.

Investing in foreign companies poses additional risks since political and economic events unique to a country or region will affect those markets and their issuers. In addition, investments in foreign companies are generally denominated in a foreign currency, the value of which may be influenced by currency exchange rates and exchange control regulations. Changes in the value of a currency compared to the U.S. dollar may affect (positively or negatively) the value of the Diversified Income Fund's investments. These currency movements may occur separately from, and in response to, events that do not otherwise affect the value of the security in the issuer's home country. Differences in tax and accounting standards and difficulties obtaining information about foreign companies can negatively affect investment decisions. The Diversified Income Fund's investments in foreign securities are also subject to the risk that the securities may be difficult to value and/or valued incorrectly. While depositary receipts provide an alternative to directly purchasing the underlying foreign securities in their respective national markets and currencies, investments in depositary receipts continue to be subject to many of the risks associated with investing directly in foreign securities.

The Diversified Income Fund may invest in companies located or doing business in emerging market countries. An "emerging market" country is any country determined by the Adviser to have an emerging market economy, considering factors such as the country's credit rating, its political and economic stability and the development of its financial and capital markets. Typically, emerging markets are in countries that are in the process of industrialization, with lower gross national products than more developed countries. Investments in emerging market securities are considered speculative and subject to heightened risks in addition to the general risks of investing in non-U.S. securities. Unlike more established markets,

emerging markets may have governments that are less stable, markets that are less liquid and economies that are less developed. In addition, emerging market securities may be subject to smaller market capitalization of the securities markets, which may suffer periods of relative illiquidity; significant price volatility; restrictions on foreign investment; and possible restrictions on repatriation of investment income and capital. Furthermore, foreign investors may be required to register the proceeds of sales, and future economic or political crises could lead to price controls, forced mergers, expropriation or confiscatory taxation, seizure, nationalization or creation of government monopolies. Moreover, the currencies of emerging market countries may experience significant declines against the U.S. dollar, and devaluation may occur subsequent to investments in these currencies by the Diversified Income Fund. Inflation and rapid fluctuations in inflation rates have had, and may continue to have, negative effects on the economies and securities markets of certain emerging market countries.

MLPs are limited partnerships in which the ownership units are publicly traded. MLP units are registered with the U.S. Securities and Exchange Commission (the "SEC") and are freely traded on a securities exchange or in the over-the-counter market. MLPs often own several properties or businesses (or own interests) that are related to oil and gas industries or other natural resources, but they also may finance other projects. To the extent that an MLP's interests are all in a particular industry, the MLP will be negatively impacted by economic events adversely impacting that industry. The risks of investing in a MLP are generally those involved in investing in a partnership as opposed to a corporation, such as limited control of management, limited voting rights and tax risks. MLPs may be subject to state taxation in certain jurisdictions, which will have the effect of reducing the amount of income paid by the MLP to its investors.

REITs are pooled investment vehicles that own, and usually operate, income-producing real estate. REITs are susceptible to the risks associated with direct ownership of real estate, such as the following: (i) declines in property values; (ii) increases in property taxes, operating expenses, rising interest rates or competition overbuilding; (iii) zoning changes; and (iv) losses from casualty or condemnation. REITs typically incur fees that are separate from those of the Diversified Income Fund. Accordingly, the Diversified Income Fund's investments in REITs will result in the layering of expenses such that shareholders will indirectly bear a proportionate share of the REITs' operating expenses, in addition to paying Diversified Income Fund expenses.

ETFs are pooled investment vehicles, such as registered investment companies and grantor trusts, whose shares are listed and traded on U.S. stock exchanges or otherwise traded in the over-the-counter market. To the extent the Diversified Income Fund invests in other investment companies, such as ETFs, closed-end funds and

mutual funds, the Diversified Income Fund will be subject to substantially the same risks as those associated with the direct ownership of the securities held by such other investment companies. As a shareholder of another investment company, the Diversified Income Fund relies on that investment company to achieve its investment objective. If the investment company fails to achieve its objective, the value of the Diversified Income Fund's investment could decline, which could adversely affect the Diversified Income Fund's performance. By investing in another investment company, Diversified Income Fund shareholders indirectly bear the Diversified Income Fund's proportionate share of the fees and expenses of the other investment company, in addition to the fees and expenses that Diversified Income Fund shareholders directly bear in connection with the Diversified Income Fund's own operations. The Diversified Income Fund does not intend to invest in other investment companies unless the Adviser believes that the potential benefits of the investment justify the payment of any additional fees or expenses. Federal securities laws impose limitations on the Diversified Income Fund's ability to invest in other investment companies.

Because closed-end funds and ETFs are listed on national stock exchanges and are traded like stocks listed on an exchange, their shares may trade at a discount or premium. Investments in closed-end funds and ETFs are also subject to brokerage and other trading costs, which could result in greater expenses to the Diversified Income Fund. In addition, because the value of closed-end funds and ETF shares depends on the demand in the market, the Adviser may not be able to liquidate the Diversified Income Fund's holdings at the most optimal time, which could adversely affect Diversified Income Fund performance. Because the Diversified Income Fund is new, investors in the Diversified Income Fund bear the risk that the Diversified Income Fund may not be successful in implementing its investment strategy, may not employ a successful investment strategy, or may fail to attract sufficient assets under management to realize economies of scale, any of which could result in the Diversified Income Fund being liquidated at any time without shareholder approval and at a time that may not be favorable for all shareholders. Such liquidation could have negative tax consequences for shareholders and will cause shareholders to incur expenses of liquidation.

## **DYNAMIC ASSET ALLOCATION FUND**

### **Principal Risks**

As with all mutual funds, a shareholder is subject to the risk that an investment in the Dynamic Asset Allocation Fund could lose money. A Dynamic Asset Allocation Fund share is not a bank deposit and is not insured or guaranteed by the FDIC, or any government agency. The principal risks affecting shareholders' investments in the

Dynamic Asset Allocation Fund are set forth below.

The Dynamic Asset Allocation Fund is subject to asset allocation risk, which is the risk that the Adviser's allocation of the Dynamic Asset Allocation Fund's assets among the various asset classes and selection of the Underlying ETFs will cause the Dynamic Asset Allocation Fund to underperform other funds with a similar investment objective and/or underperform the markets in which the Dynamic Asset Allocation Fund invests.

The Dynamic Asset Allocation Fund's investments in Underlying ETFs will subject it to substantially the same risks as those associated with the direct ownership of the securities held by such Underlying ETFs. As a shareholder of an Underlying ETF, the Dynamic Asset Allocation Fund relies on the Underlying ETF to achieve its investment objective. If the Underlying ETF fails to achieve its objective, the value of the Dynamic Asset Allocation Fund's investment could decline, which could adversely affect the Dynamic Asset Allocation Fund's performance. By investing in an Underlying ETF, Dynamic Asset Allocation Fund shareholders indirectly bear the Dynamic Asset Allocation Fund's proportionate share of the fees and expenses of the Underlying ETF, in addition to the fees and expenses that Dynamic Asset Allocation Fund shareholders directly bear in connection with the Dynamic Asset Allocation Fund's own operations.

Because the value of the Underlying ETFs depends on the demand in the market, they potentially may trade at a discount or premium to their net asset value and the Adviser may not be able to liquidate the Dynamic Asset Allocation Fund's holdings at the most optimal time, which could adversely affect Dynamic Asset Allocation Fund performance. Investments in Underlying ETFs are also subject to brokerage and other trading costs, which could result in greater expenses to the Dynamic Asset Allocation Fund.

Before investing in the Dynamic Asset Allocation Fund, investors should assess the risks associated with the Underlying ETFs and the types of investments made, or tracked, by the Underlying ETFs. These risks include any combination of the risks described below, although the Dynamic Asset Allocation Fund's exposure to a particular risk will depend on its allocations to the Underlying ETFs.

**Equity Risk** – Investments in common stocks are subject to the risk that stock prices will fall over short or extended periods of time. Historically, the equity market has moved in cycles, and the value of equity securities may fluctuate from day to day. Individual companies may report poor results or be negatively affected by industry and/or economic trends and developments. The prices of securities issued by such companies may suffer a decline in response.

**Foreign Company Risk** – Investing in foreign companies poses additional risks since political and economic events unique to a country or region will affect those markets and their issuers. These risks will not necessarily affect the U.S. economy or similar issuers

located in the United States. In addition, investments in foreign companies are generally denominated in a foreign currency, the value of which may be influenced by currency exchange rates and exchange control regulations. Changes in the value of a currency compared to the U.S. dollar may affect (positively or negatively) the value of foreign investments. These currency movements may occur separately from, and in response to, events that do not otherwise affect the value of the security in the issuer's home country. Securities of foreign companies may not be registered with the U.S. Securities and Exchange Commission and foreign companies are generally not subject to the regulatory controls imposed on U.S. issuers and, as a consequence, there is generally less publicly available information about foreign securities than is available about domestic securities. Income from foreign securities may be reduced by a withholding tax at the source, which tax would reduce income received from the securities. Foreign securities may also be more difficult to value than securities of U.S. issuers.

**Emerging Markets Securities Risk** – Investments in emerging markets securities are considered speculative and subject to heightened risks in addition to the general risks of investing in non-U.S. securities. Unlike more established markets, emerging markets may have governments that are less stable, markets that are less liquid and economies that are less developed. In addition, the securities markets of emerging market countries may consist of companies with smaller market capitalizations and may suffer periods of relative illiquidity; significant price volatility; restrictions on foreign investment; and possible restrictions on repatriation of investment income and capital. Furthermore, foreign investors may be required to register the proceeds of sales, and future economic or political crises could lead to price controls, forced mergers, expropriation or confiscatory taxation, seizure, nationalization or creation of government monopolies. Moreover, the currencies of emerging market countries may experience significant declines against the U.S. dollar, and devaluation may occur subsequent to investments in these currencies. Inflation and rapid fluctuations in inflation rates have had, and may continue to have, negative effects on the economies and securities markets of certain emerging market countries.

**Preferred Stocks Risk** – Preferred stocks are sensitive to interest rate changes, and are also subject to equity risk, which is the risk that stock prices will fall over short or extended periods of time. The rights of preferred stocks on the distribution of a company's assets in the event of liquidation are generally subordinate to the rights associated with a company's debt securities.

**Convertible Securities Risk** – The value of a convertible security is influenced by changes in interest rates (with investment value declining as interest rates increase and increasing as interest rates decline) and the credit standing of the issuer. The price of a convertible security will also normally vary in some proportion to changes in the price of

the underlying common stock because of the conversion or exercise feature.

**Fixed Income Securities Risk** – The prices of fixed income securities respond to economic developments, particularly interest rate changes, as well as to perceptions about the creditworthiness of individual issuers, including governments.

Generally, fixed income securities will decrease in value if interest rates rise, and vice versa. Interest rate risk is generally greater for lower-rated securities and securities with longer maturities or durations.

The credit rating or financial condition of an issuer may affect the value of a debt security. Generally, the lower the quality rating of a security, the greater the risk that the issuer will fail to pay interest fully and return principal in a timely manner. If an issuer defaults or becomes unable to honor its financial obligations, the security may lose some or all of its value. The issuer of an investment grade security is more likely to pay interest and repay principal than an issuer of a lower-rated bond. Adverse economic conditions or changing circumstances, however, may weaken the capacity of the issuer to pay interest and repay principal.

**High Yield Securities Risk** – High yield, or “junk” bonds, are highly speculative securities that are usually issued by smaller, less credit worthy and/or highly leveraged (indebted) companies. Compared with investment-grade bonds, high yield bonds are considered to carry a greater degree of risk and are considered to be less likely to make payments of interest and principal. Market developments and the financial condition of the issuer of these securities generally influence their price and liquidity more than changes in interest rates, when compared to investment-grade debt securities. Insufficient liquidity in the non-investment grade bond market may make it more difficult to dispose of non-investment grade bonds and a lack of reliable, objective data or market quotations may make it more difficult to value non-investment grade bonds accurately.

**U.S. Government Securities Risk** – Investment in U.S. government obligations may include securities issued or guaranteed as to principal and interest by the U.S. government, or its agencies or instrumentalities. Payment of principal and interest on U.S. government obligations may be backed by the full faith and credit of the United States or may be backed solely by the issuing or guaranteeing agency or instrumentality itself. There can be no assurance that the U.S. government would provide financial support to its agencies or instrumentalities (including government-sponsored enterprises) where it is not obligated to do so. In addition, U.S. government securities are not guaranteed against price movements due to changing interest rates.

**Foreign Sovereign Debt Securities Risk** – The risks that: (i) the governmental entity that controls the repayment of sovereign debt may not be willing or able to repay the

principal and/or interest when it becomes due, due to factors such as debt service burden, political constraints, cash flow problems and other national economic factors; (ii) governments may default on their debt securities, which may require holders of such securities to participate in debt rescheduling or additional lending to defaulting governments; and (iii) there is no bankruptcy proceeding by which defaulted sovereign debt may be collected in whole or in part.

**Municipal Securities Risk** – Municipal securities are susceptible to adverse economic, political or regulatory changes that may impact the ability of municipal issuers to repay principal and to make interest payments. Changes in the financial condition or credit rating of municipal issuers also may adversely affect the value of municipal securities. Constitutional or legislative limits on borrowing by municipal issuers may result in reduced supplies of municipal securities. Moreover, certain municipal securities are backed only by a municipal issuer's ability to levy and collect taxes.

**Mortgage-Backed and Asset-Backed Securities Risk** – The mortgages underlying mortgage-backed securities may be paid off early, which makes it difficult to determine their actual maturity and therefore difficult to calculate how they will respond to changes in interest rates. Prepaid amounts may have to be re-invested at lower interest rates. Asset-backed securities are subject to risks similar to those associated with mortgage-backed securities, as well as additional risks associated with the nature of the assets and the servicing of those assets. Some asset-backed securities present credit risks that are not presented by mortgage-backed securities. This is because certain asset-backed securities do not have the benefit of a security interest in collateral that is comparable in quality to mortgage assets. Moreover, the value of the collateral may be insufficient to cover the principal amount of the obligation. Other asset asset-backed securities do not have the benefit of a security interest in collateral at all.

**Commodities Risk** – The prices of physical commodities (such as energy, minerals, or agricultural products) may be affected by factors such as natural disasters, weather, and U.S. and international economic, political and regulatory developments. The prices of commodities can also fluctuate due to supply and demand disruptions in major producing or consuming regions, as well as temporary distortions in the commodities markets due to, among other factors, lack of liquidity, the participation of speculators, and government regulation and other actions.

**REITs Risk** – REITs are pooled investment vehicles that own, and usually operate, income-producing real estate. REITs are susceptible to the risks associated with direct ownership of real estate, such as the following: (i) declines in property values; (ii) increases in property taxes, operating expenses, interest rates or competition; (iii) overbuilding; (iv) zoning changes; and (v) losses from casualty or condemnation.



**MLPs Risk** – MLPs are limited partnerships in which the ownership units are publicly traded. MLPs often own several properties or businesses (or own interests) that are related to oil and gas industries or other natural resources, but they also may finance other projects. To the extent that an MLP's interests are all in a particular industry, the MLP will be negatively impacted by economic events adversely impacting that industry. Additional risks of investing in a MLP also include those involved in investing in a partnership as opposed to a corporation, such as limited control of management, limited voting rights and tax risks. MLPs may be subject to state taxation in certain jurisdictions, which will have the effect of reducing the amount of income paid by the MLP to its investors.

**Derivatives Risk** – Derivatives are often more volatile than other investments and may magnify gains or losses. Successful use of a derivative depends upon the degree to which prices of the underlying assets correlate with price movements in the derivatives purchased or sold. The lack of a liquid secondary market for a derivative may prevent the closing of derivative positions and could adversely impact the ability to realize profits or limit losses. Because derivative instruments may be purchased for a fraction of the market value of the investments underlying such instruments, a relatively small price movement in the underlying investment may result in an immediate and substantial gain or loss. Derivatives are often more volatile than other investments and more can be lost from a derivative than the amount originally invested in it.

The Dynamic Asset Allocation Fund is subject to portfolio turnover risk since it may buy and sell investments frequently. Such a strategy often involves higher expenses, including brokerage commissions, and may increase the amount of capital gains (in particular, short term gains) realized by the Dynamic Asset Allocation Fund. Shareholders may pay tax on such capital gains.

## **INTERNATIONAL SMALL CAP FUND**

### **Principal Risks**

As with all mutual funds, a shareholder is subject to the risk that an investment in the International Small Cap Fund could lose money. An International Small Cap Fund share is not a bank deposit and is not insured or guaranteed by the FDIC, or any government agency. The principal risks affecting shareholders' investments in the International Small Cap Fund are set forth below.

Since it purchases equity securities, the International Small Cap Fund is subject to the risk that stock prices will fall over short or extended periods of time. Historically, the equity market has moved in cycles, and the value of the International Small Cap Fund's securities may fluctuate from day to day. Individual companies may report poor results

or be negatively affected by industry and/or economic trends and developments. The prices of securities issued by such companies may suffer a decline in response. These factors contribute to price volatility, which is the principal risk of investing in the International Small Cap Fund.

The smaller-capitalization companies that the International Small Cap Fund invests in may be more vulnerable to adverse business or economic events than larger, more established companies. In particular, these small companies may pose additional risks, including liquidity risk, because these companies tend to have limited product lines, markets and financial resources, and may depend upon a relatively small management group. Therefore, small-capitalization stocks may be more volatile than those of larger companies. These securities may be traded over-the-counter or listed on an exchange. The International Small Cap Fund is also subject to the risk that the International Small Cap Fund's particular investment style, which focuses on small-capitalization stocks, may underperform other segments of the equity market or the equity market as a whole.

Investing in foreign companies poses additional risks since political and economic events unique to a country or region will affect those markets and their issuers. These risks will not necessarily affect the U.S. economy or similar issuers located in the United States. In addition, investments in foreign companies are generally denominated in a foreign currency, the value of which may be influenced by currency exchange rates and exchange control regulations. Changes in the value of a currency compared to the U.S. dollar may affect (positively or negatively) the value of the International Small Cap Fund's investments. These currency movements may occur separately from, and in response to, events that do not otherwise affect the value of the security in the issuer's home country. Securities of foreign companies may not be registered with the U.S. Securities and Exchange Commission and foreign companies are generally not subject to the regulatory controls imposed on U.S. issuers and, as a consequence, there is generally less publicly available information about foreign securities than is available about domestic securities. Income from foreign securities owned by the International Small Cap Fund may be reduced by a withholding tax at the source, which tax would reduce income received from the securities comprising the portfolio. Foreign securities may also be more difficult to value than securities of U.S. issuers.

## **MICROCAP FUND**

### Principal Risks

As with all mutual funds, a shareholder is subject to the risk that an investment in the Microcap Fund could lose money. A Microcap Fund share is not a bank deposit and is not insured or guaranteed by the FDIC, or any government agency. The principal risks affecting shareholders' investments in the Microcap Fund are set forth below.

Since it purchases equity securities, the Microcap Fund is subject to the risk that stock prices will fall over short or extended periods of time. Historically, the equity market has moved in cycles, and the value of the Microcap Fund's securities may fluctuate from day to day. Individual companies may report poor results or be negatively affected by industry and/or economic trends and developments. The prices of securities issued by such companies may suffer a decline in response. These factors contribute to price volatility, which is the principal risk of investing in the Microcap Fund.

The micro-capitalization companies that the Microcap Fund invests in may be newly formed or in the early stages of development with limited product lines, markets or financial resources. Therefore, micro-capitalization companies may be less financially secure than large-, mid- or small-capitalization companies and may be more vulnerable to key personnel losses due to reliance on a smaller number of management personnel. In addition, there may be less public information available about these companies. Micro-capitalization stock prices may be more volatile than large-, mid- and small-capitalization companies and such stocks may be more thinly traded and thus difficult for the Microcap Fund to buy and sell in the market. Investing in micro-capitalization companies requires a longer term investment view and may not be appropriate for all investors. The Microcap Fund is also subject to the risk that the Microcap Fund's particular investment style, which focuses on micro-capitalization stocks, may underperform other segments of the equity market or the equity market as a whole.

#### More Information About Risk

Investing in each Fund involves risk and there is no guarantee that a Fund will achieve its goal. Adviser's judgments about the markets, the economy, or companies may not anticipate actual market movements, economic conditions or company performance, and these judgments may affect the return on your investment.

The value of your investment in a Fund is based on the value of the securities the Fund holds. These prices change daily due to economic and other events that affect particular companies and other issuers. These price movements, sometimes called volatility, may be greater or lesser depending on the types of securities a Fund owns and the markets in which they trade. The effect on a Fund of a change in the value of a single security will depend on how widely the Fund diversifies its holdings.

Equity Risk (Diversified International Fund, Quantitative Long/Short Fund, Burkenroad Small Cap Fund, Microcap Fund Diversified Income Fund, U.S. Small Cap Fund) — Equity securities include public and privately issued equity securities, common and preferred stocks, warrants, rights to subscribe to common stock and convertible securities, interests in MLPs and royalty trusts, shares of REITs and ADRs, as well as shares of ETFs that attempt to track the price movement of equity indices. Common

stock represents an equity or ownership interest in an issuer. Preferred stock provides a fixed dividend that is paid before any dividends are paid to common stock holders, and which takes precedence over common stock in the event of liquidation. Like common stock, preferred stocks represent partial ownership in a company, although preferred stock shareholders do not enjoy any of the voting rights of common stockholders. Also, unlike common stock, a preferred stock pays a fixed dividend that does not fluctuate, although the company does not have to pay this dividend if it lacks the financial ability to do so. Investments in equity securities in general are subject to market risks that may cause their prices to fluctuate over time. The value of such securities, convertible into equity securities, such as warrants or convertible debt, is also affected by prevailing interest rates, the credit quality of the issuer and any call provision. Fluctuations in the value of equity securities in which a mutual fund invests will cause the fund's net asset value to fluctuate. An investment in a portfolio of equity securities may be more suitable for long-term investors who can bear the risk of these share price fluctuations.

Foreign Security Risk (Diversified International Fund, International Small Cap) — Investments in securities of foreign companies (including direct investments as well as investments through Depositary Receipts) can be more volatile than investments in U.S. companies. Diplomatic, political, or economic developments, including nationalization or appropriation, could affect investments in foreign companies. Foreign securities markets generally have less trading volume and less liquidity than U.S. markets. In addition, the value of securities denominated in foreign currencies, and of dividends from such securities, can change significantly when foreign currencies strengthen or weaken relative to the U.S. dollar. Foreign companies or governments generally are not subject to uniform accounting, auditing, and financial reporting standards comparable to those applicable to domestic U.S. companies or governments. Transaction costs are generally higher than those in the United States and expenses for custodial arrangements of foreign securities may be somewhat greater than typical expenses for custodial arrangements of similar U.S. securities. Some foreign governments levy withholding taxes against dividend and interest income. Although in some countries a portion of these taxes are recoverable, the non-recovered portion will reduce the income received from the securities comprising the portfolio.

Fixed Income Risk (Louisiana Tax-Free Income Fund, Mississippi Tax-Free Income Fund) — The market value of fixed income investments change in response to interest rate changes and other factors. During periods of falling interest rates, the values of outstanding fixed income securities generally rise. Moreover, while securities with longer maturities tend to produce higher yields, the prices of longer maturity securities are also subject to greater market fluctuations as a result of

changes in interest rates. In addition to these risks, fixed income securities may be subject to the following additional risks:

Call Risk (Louisiana Tax-Free Income Fund, Mississippi Tax-Free Income Fund)

— During periods of falling interest rates, certain debt obligations with high interest rates may be prepaid (or “called”) by the issuer prior to maturity. This may cause the Fund’s average weighted maturity to fluctuate, and may require the Fund to invest the resulting proceeds at lower interest rates.

Credit Risk (Louisiana Tax-Free Income Fund, Mississippi Tax-Free Income Fund)

— The possibility that an issuer will be unable to make timely payments of either principal or interest.

## **Item 8 – Disciplinary Information**

We do not have any legal, financial or other “disciplinary” item to report. We are obligated to disclose any disciplinary event that would be material to you when evaluating us to initiate a Client / Adviser relationship, or to continue a Client / Adviser relationship with us.

## Item 9 – Other Financial Industry Activities and Affiliations

Neither Adviser nor any of our management persons (except as disclosed below) are registered, or have an application pending to register as a futures commission merchant, commodity pool operator, commodity trading advisor or as an associated person (or registered representative) of the foregoing entities.

In addition, neither Adviser nor any of our management persons have any relationship or arrangement that is material to our advisory business or to our clients that we or any of our management persons have with any related person that is a:

- Futures commission merchant (or commodity pool operator or commodity trading advisor),
- Accountant or accounting firm,
- Lawyer or law firm,
- Insurance company,
- Pension consultant, or
- Real estate broker or dealer.

Hancock Investment Services, Inc. (“H.I.S., Inc.”) is a dually registered investment adviser and broker-dealer member Financial Industry Regulatory Authority (“FINRA”) and SIPC clearing through National Financial Services, LLC on a fully disclosed basis. H.I.S., Inc. acts as dealer in connection with the sale of Investor Class Shares of the Funds and will be entitled to receive a commission of up to the entire amount of the sales charge.

Horizon Advisers, an unincorporated Separately Identifiable Division (“SID”) of Whitney Bank, serves as the investment adviser to the Funds.

Hancock Horizon Investments (HHI) is an unincorporated dba or trade name of Whitney Bank which serves as the investment adviser for all other investment management services.

Whitney Bank is headquartered in Gulfport, Mississippi and has provided banking, trust and financial services to individuals and businesses since 1899. As of December 31, 2017, Whitney Bank managed approximately \$15.5 billion in assets. Whitney Bank provides office space, equipment, technology, personnel, materials, and other overhead

support to Horizon Advisers and Hancock Horizon Investments. In addition, another department of Whitney Bank provides asset custody services to certain clients of Horizon Advisers and Hancock Horizon Investments.

Miles Milton is the executive director of Whitney Bank's Trust and Financial Services Group. He supervises all aspects of Trust activities at Whitney Bank. David Lundgren serves as Chief Investment Officer, and supervises the investment management activities for Whitney Bank.

Although Adviser's recommendations will be guided by its duties to act in the best interests of its clients, the existence of the potential economic benefits to the Bank and its affiliates from investments by clients in the Horizon Funds may influence Adviser's decisions with respect to investing the account.

EARNEST Partners, LLC serves as the investment sub-adviser to the Diversified International Fund and is responsible for the day-to-day management of the Fund's investments. The Sub-Adviser's principal place of business is located in Atlanta, GA. As of December 2016, the Sub-Adviser managed approximately \$21.4 billion in assets. Horizon Advisers and its affiliates are not under common control or ownership with EARNEST Partners, LLC.

GlobeFlex Capital LP serves as the investment sub-adviser to the International Small Cap Fund and is responsible for the day-to-day management of the Fund's investments. The Sub-Adviser's principal place of business is located in San Diego, CA. As of March 2017, the Sub-Adviser managed approximately \$3.7 billion in assets. Horizon Advisers and its affiliates are not under common control or ownership with GlobeFlex Capital LP.



## Item 10 – Code of Ethics

In an effort to prevent any conflicts from arising and in accordance with Rule 17j-1 under the Investment Company Act of 1940 (the "1940 Act"), Horizon Advisers has adopted a Code of Ethics expressing the firm's commitment to ethical conduct and to address transactions that may create or appear to create conflicts of interest with the Funds, and to establish reporting requirements and enforcement procedures. Officers, directors and employees of Horizon Advisers are expected to act with integrity and good faith. In recognition of the Fund and confidence placed in Horizon Advisers by the Funds and their shareholders, and because Horizon Advisers believes that its operations should benefit the Fund's shareholders, Horizon Advisers has adopted universally applicable principles:

1. The interest of the Funds' shareholders are paramount. All access persons of Horizon Advisers must place shareholder interests before their own.
2. They must accomplish all personal securities transactions in a manner that avoids a conflict (or the appearance of a conflict) between their personal interests and those of the Funds or their shareholders.
3. They must avoid actions or activities that allow (or appear to allow) themselves or their family to benefit from their position with Horizon Advisers, or that bring into question their independence or judgment.

Our IARs buy, sell or hold securities we also recommend to a Fund, subject to the requirements of its internal policies and procedures. No employee of Horizon Advisers or any access person shall purchase or sell a security on the same day on which a Fund for which he/she is associated, engages in any purchase or sale in such security; provided, however, that in appropriate cases the Chief Compliance Officer may waive such prohibition in his discretion. Our policies are based on the principle that we have a fiduciary duty to place the interests of clients (the Funds) ahead of their own interests. To the extent not prohibited by its policies, our IARs may hold, acquire, increase, decrease or dispose of securities or other interests at or about the same time that we are purchasing or selling the same securities or interests for a Fund.

A copy of Adviser's Code of Ethics is available to advisory clients upon request to Mr. Rigney, at (504) 299-5168.

## Item 11 – Brokerage Practices

Horizon Advisers is under no obligation to deal with any broker-dealer or group of broker-dealers in the execution of transactions in portfolio securities. Subject to policies established by the Trustees of the Trust, Horizon Advisers is responsible for placing the orders to execute transactions for the Fund. In placing orders, it is the policy of the Trust to seek to obtain the best net results taking into account such factors as price (including the applicable dealer spread), the size, type and difficulty of the transaction involved, the firm's general execution and operational facilities and the firm's risk in positioning the securities involved. While Horizon Advisers generally seeks reasonably competitive spreads or commissions, a Fund will not necessarily be paying the lowest spread or commission available.

The money market instruments in which a Fund invests are traded primarily in the over-the-counter market. Bonds and debentures are usually traded over-the-counter, but may be traded on an exchange. Where possible, Horizon Advisers will deal directly with the dealers who make a market in the securities involved except in those circumstances where better prices and execution are available elsewhere. Such dealers usually are acting as principal for their own account. On occasion, securities may be purchased directly from the issuer. Money market instruments are generally traded on a net basis and do not normally involve either brokerage commissions or transfer taxes. The cost of executing portfolio securities transactions of a Fund will primarily consist of dealer spreads and underwriting commissions.

Horizon Advisers selects brokers or dealers to execute transactions for the purchase or sale of securities on the basis of its judgment of their professional capability to provide the service. The primary consideration is to have brokers or dealers provide transactions at best price and execution for the portfolios. Best price and execution includes many factors, including the price paid or received for a security, the commission charged, the promptness and reliability of execution, the confidentiality and placement accorded the order and other factors affecting the overall benefit obtained by the account on the transaction. The Trust's determination of what are reasonably competitive rates is based upon the professional knowledge of its trading department as to rates paid and charged for similar transactions throughout the securities industry. In some instances, the Trust pays a minimal share transaction cost when the transaction presents no difficulty. Some trades are made on a net basis where the Trust either buys securities directly from the dealer or sells them to the dealer. In these instances, there is no direct commission charged but there is a spread (the difference between the buy and sell price) which is the equivalent of a commission.

The Trust may allocate some or all commission brokerage business generated by the Trust and accounts under management by Horizon Advisers, to brokers or dealers who provide brokerage and research services. These research services include advice, either directly or through publications or writings, as to the value of securities, the advisability of investing in, purchasing or selling securities, and the availability of securities or purchasers or sellers of securities; furnishing of analyses and reports concerning issuers, securities or industries; providing information on economic factors and trends, assisting in determining portfolio strategy, providing computer software used in security analyses, and providing portfolio performance evaluation and technical market analyses. Such services are used by Horizon Advisers in connection with its investment decision-making process with respect to one or more funds and accounts managed by it, and may not be used exclusively with respect to the Fund or account generating the brokerage.

As provided in the Securities Exchange Act of 1934 (the "1934 Act"), higher commissions may be paid to broker-dealers who provide brokerage and research services than to broker-dealers who do not provide such services if such higher commissions are deemed reasonable in relation to the value of the brokerage and research services provided. Although transactions are directed to broker-dealers who provide such brokerage and research services, the Trust believes that the commissions paid to such broker-dealers are not, in general, higher than commissions that would be paid to broker-dealers not providing such services and that such commissions are reasonable in relation to the value of the brokerage and research services provided.

Horizon Advisers may place a combined order for two or more accounts or funds engaged in the purchase or sale of the same security if, in its Judgment, joint execution is in the best interest of each participant and will result in best price and execution. Transactions involving commingled orders are allocated in a manner deemed equitable to each account or fund. It is believed that the ability of the accounts to participate in volume transactions will generally be beneficial to the accounts and funds. Although it is recognized that, in some cases, the joint execution of orders could adversely affect the price or volume of the security that a particular account or the Portfolio may obtain, it is the opinion of Horizon Advisers and the Trust's Board of Trustees that the advantages of combined orders outweigh the possible disadvantages of separate transactions.

Consistent with the Conduct Rules of the Financial Industry Regulatory Authority, and subject to seeking best price and execution, a Trust, at the request of the Distributor, gives consideration to sales of shares of the Trust as a factor in the selection of brokers and dealers to execute Trust portfolio transactions.

Horizon Advisers may, consistent with the interest of the Funds, select brokers on the basis of the research services they provide to Horizon Advisers. Such services may include analyses of the business or prospects of a company, industry or economic sector, or statistical and pricing services. Information so received by Horizon Advisers will be in addition to and not in lieu of the services required to be performed by Horizon Advisers under the Advisory Agreement. If, in the judgment of Horizon Advisers, a Fund or other accounts managed by Horizon Advisers will be benefited by supplemental research services, Horizon Advisers is authorized to pay brokerage commissions to a broker furnishing such services which are in excess of commissions which another broker may have charged for effecting the same transaction. These research services include advice, either directly or through publications or writings, as to the value of securities, the advisability of investing in, purchasing or selling securities, and the availability of securities or purchasers or sellers of securities; furnishing of analyses and reports concerning issuers, securities or industries; providing information on economic factors and trends; assisting in determining portfolio strategy; providing computer software used in security analyses; and providing portfolio performance evaluation and technical market analyses. The expenses of Horizon Advisers will not necessarily be reduced as a result of the receipt of such supplemental information, such services may not be used exclusively, or at all, with respect to a Fund or account generating the brokerage, and there can be no guarantee that Horizon Advisers will find all of such services of value in advising the Fund.

Horizon Advisers' soft dollar policy is to make a good faith determination of the value of the research product or services in relation to the commissions paid. Horizon Advisers also maintains soft dollar arrangements for those research products and services which assist Horizon Advisers in its investment decision-making process.

In the event Horizon Advisers obtains any mixed-use products or services on a soft dollar basis, Horizon Advisers will make a reasonable allocation of the cost between that portion which is eligible as research or brokerage services and that portion which is not so qualified. The portion eligible as research or other brokerage services will be paid for with discretionary client commissions and the non-eligible portion, e.g. computer hardware, accounting systems, etc., which is not eligible for the Section 28(e) safe harbor will be paid for with Horizon Advisers' own funds. For any mixed-use products or services, Horizon Advisers will maintain appropriate records of its reviews and good faith determinations of its reasonable allocations.

Horizon Advisers periodically reviews its soft dollar arrangements, budget, allocations and monitors its policy. As part of Horizon Advisers' policy and soft dollar practices, appropriate disclosures are included in our Disclosure Document(s) and periodically reviewed and updated to accurately disclose its policies and practices.

In addition to being able to buy and sell Fund shares directly from the Funds through their transfer agent, you may also buy or sell shares of the Funds through accounts with financial intermediaries such as brokers and other institutions that are authorized to place trades in Fund shares for their customers (“authorized institutions”). Your authorized institution may charge a fee for your purchase and/or redemption transactions.

If you purchase shares of a Fund through a broker-dealer or other financial intermediary (such as a bank), the Funds and their related companies may pay the intermediary for the sale of Fund shares and related services. These payments may create a conflict of interest by influencing the broker-dealer or other intermediary and your salesperson to recommend a Fund over another investment.

We do not select or recommend broker-dealers for client transactions; therefore, we do not consider whether we or a related person receive client referrals from a broker-dealer or third party. Additionally, we do not routinely recommend, request or require that a client direct us to execute transactions through a specified broker-dealer.

## Item 12 – Review of Accounts

For equity, fixed income, and money market portfolios, cash flows are reviewed daily to make sure all liquidity is invested properly and an adequate level of cash is maintained to meet possible disbursements. Accounts are also reviewed daily to insure that they remain in compliance with all applicable laws and regulations.

At least quarterly, Horizon Advisers provides a written report to their clients. This report reviews current economic conditions, account performance, and Horizon Advisers' strategy going forward.

Equity portfolios: Reviews are completed on two levels: Economic sector and individual stocks. Based on the objective of the account (value or growth), current economic conditions, and relative valuations, sector strategies are reviewed to develop the proper mix to reach an account's objective. Also, Horizon Advisers reviews individual stocks in an account to determine whether an issue should be held or sold.

Fixed Income portfolios: Reviews are completed on three levels: Sector, duration, and individual issue. Based on current sector valuation levels and Horizon Advisers' expectations going forward, sector weightings are determined to best achieve the objective of the account. Horizon Advisers' expectations of interest rate shifts will determine whether an account will have duration longer or shorter than its benchmark. Finally, individual issues are reviewed for credit quality and valuation.

### Reviewers:

Jeffery Tanguis - Director of Fixed Income and Trading - Jeffery is responsible for management of all fixed income. Jeffery is currently responsible for the management of two accounts.

David Lundgren - Chief Investment Officer - David is responsible for the management of equity portfolios. David is currently responsible for the management of four accounts.

Greg Hodlewsky - Investment Director - Greg is responsible for the management of equity portfolios. Greg is currently responsible for the management of three accounts.

## Item 13 – Client Referrals and Other Compensation

See items 5 and 8 above for additional information and disclosure regarding fees and compensation.

It is expected that a Fund may execute brokerage or other agency transactions through the Distributor, which is a registered broker-dealer, for a commission in conformity with the Investment Company Act of 1940, the 1934 Act and rules promulgated by the SEC. Under these provisions, the Distributor is permitted to receive and retain compensation for effecting portfolio transactions for the Portfolio on an exchange if a written contract is in effect between the Distributor and the Trust expressly permitting the Distributor to receive and retain such compensation. These rules further require that commissions paid to the Distributor by the Fund for exchange transactions not exceed "usual and customary" brokerage commissions. The rules define "usual and customary" commissions to include amounts which 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." The Trustees, including those who are not "interested persons" of the Trust, have adopted procedures for evaluating the reasonableness of commissions paid to the Distributor and will review these procedures periodically.

Whitney Bank and its affiliates may act as fiduciary or provide services in various non-fiduciary capacities with respect to plans subject to the Employee Retirement Income Security Act of 1974 ("ERISA") and other trust and agency accounts that invest in the Funds. Whitney Bank and its affiliates also may receive compensation for providing services to the Funds in cases where the compensation is not duplicative of the compensation those ERISA accounts pay for fiduciary and non-fiduciary services. Whitney Bank and its affiliates also may receive compensation in connection with the following:

### Custody Services

Whitney Bank serves as custodian to the Funds, and for such services is paid an annual fee, payable from the Funds' assets, of 0.03% of each Fund's average daily net assets.

### Commissions, Distribution and Servicing (12b-1) Fees

Brokerage firms affiliated with Whitney Bank, including Hancock Investment Services, Inc. ("H.I.S., Inc."), acting as dealer in connection with the sale of Investor Class Shares of the Funds, will be entitled to receive a commission of up to the entire

amount of the sales charge. In addition, to the extent that Investor Shares are held through Whitney Bank or any of its affiliates providing custodial, brokerage or investment-related services, including H.I.S., Inc., those entities may receive the distribution and servicing fees, payable from the Funds' assets, applicable to that class of shares.

#### Transfer Agency Services

Whitney Bank serves as the transfer agent and dividend disbursing agent for the Funds. For providing these services, Whitney Bank is paid an annual fee of \$20,000 per class per fund for the first ten classes and \$17,500 per class for any additional classes.

#### Shareholder Servicing Fees

To the extent that Investor Class or Class C Shares are held through Whitney Bank or any of its affiliates providing custodial, brokerage or investment-related services, including H.I.S., Inc., those entities may receive shareholder servicing fees, payable from the Funds' assets, of up to 0.25% of average daily net assets attributable to Investor Class and Class C Shares.

#### Payments to Financial Intermediaries

From time to time, Horizon Advisers and/or its affiliates, in their discretion, may make payments to certain affiliated or unaffiliated financial intermediaries to compensate them for the costs associated with distribution, marketing, administration and shareholder servicing support. These payments may be in addition to any Rule 12b-1 fees and/or shareholder servicing payments that are reflected in the fee table section of the prospectuses. These payments are sometimes characterized as "revenue sharing" payments and are made out of Horizon Advisers' and/or its affiliates' own legitimate profits or other resources, and are not paid by the Funds. A financial intermediary may provide these services with respect to Fund shares sold or held through programs such as retirement plans, qualified tuition programs, fund supermarkets, fee-based advisory or wrap fee programs, bank trust programs, and insurance (e.g., individual or group annuity) programs. In addition, financial intermediaries may receive payments for making shares of the Funds available to their customers or registered representatives, including providing the Funds with "shelf space," placing it on a preferred or recommended fund list, or promoting the Funds in certain sales programs that are sponsored by financial intermediaries. To the extent permitted by SEC and FINRA rules and other applicable laws and regulations, Horizon Advisers and/or its affiliates may pay or allow other promotional incentives or payments to financial intermediaries. For more information please see "Payments to Financial Intermediaries" in the Funds' SAI.

The level of payments to individual financial intermediaries varies in any given year and may be negotiated on the basis of sales of Fund shares, the amount of Fund assets



served by the financial intermediary or the quality of the financial intermediary's relationship with Horizon Advisers and/or its affiliates. These payments may be more or less than the payments received by the financial intermediaries from other mutual funds and may influence a financial intermediary to favor the sales of certain funds or share classes over others. In certain instances, the payments could be significant and may cause a conflict of interest for your financial intermediary. Any such payments will not change the net asset value or price of the Fund's shares.

#### Payments to Broker-Dealers and Other Financial Intermediaries

If you purchase shares of a Fund through a broker-dealer or other financial intermediary (such as a bank), the Funds and their related companies may pay the intermediary for the sale of Fund shares and related services. These payments may create a conflict of interest by influencing the broker-dealer or other intermediary and your salesperson to recommend a Fund over another investment.

As part of its duties to its clients, Horizon Advisers endeavors to put the interest of its clients first at all times.

We do not receive an economic benefit from a non-client for providing investment advice or other advisory services to our clients. We do not have any arrangement under which we, or a related person, directly or indirectly compensate any person, who is not our supervised person, or receive compensation from another for client referrals.

## Item 14 – Custody

Another department of Whitney Bank serves as custodian to the Funds, and for such services is paid an annual fee, payable from the Funds' assets, of 0.03% of each Fund's average daily net assets. As an advisory firm with custody, Horizon Advisers' procedures include the following practices:

- A qualified custodian(s) sends account statements at least quarterly to the investors of each Fund.
- An independent public accountant audits annually each Fund and the audited financial statements are distributed to the investors of each Fund.
- An independent public accountant conducts an annual surprise examination of the Funds.
- An independent public accountant prepares an internal control report with respect to custodial services given a related person acts as qualified custodian for the Funds.
- Horizon Advisers will report, in response to Item 9 of Part 1A of Form ADV, that it does not have custody of client funds or securities however; Whitney Bank (an affiliated entity) does have custody.
- Additional, books and records are maintained for those clients for whom Horizon Advisers maintains custody regarding client transactions, receipts/deliveries of funds and securities, confirmations and positions.

## **Item 15 – Investment Discretion**

Horizon Advisers' authority and discretion under the advisory agreement may be exercised by the IAR, and will include, without limitation: the power to buy, sell, retain and exchange investments, and exercise such other powers as Horizon Advisers or IAR deems appropriate to manage and execute transactions for the client's account in a manner consistent with the model portfolio selected by the client. The advisory agreement shall include any limitations on this discretionary authority and any restrictions that client wishes to place on the account. Clients may change or amend these limitations or restrictions at any time. Such amendment must be submitted in writing.

## **Item 16 – Voting Client Securities (i.e., Proxy Voting)**

Horizon Advisers, as a matter of policy and as a fiduciary to our clients, has responsibility for voting proxies for portfolio securities consistent with the best economic interests of the clients. Our policy and practice includes the responsibility to monitor corporate actions, receive and vote client proxies and disclose any potential conflicts of interest as well as making corporate actions, receive and vote client proxies and disclose any potential conflicts of interest as well as making information available to clients about the voting of proxies for their portfolio securities and maintaining relevant and required records.

We have a written proxy policy and guidelines that govern our voting of proxies for client accounts. We take reasonable steps under the circumstances to ensure that proxies are voted in the best interest of our clients, which means voting proxies with a view to enhancing the financial value of the securities held each Fund's portfolio. In the case of social and political responsibility issues that, in our view, do not primarily involve financial considerations, it is not possible to represent fairly the diverse views of our clients. Thus, we generally vote in accordance with the recommendations of our proxy voting service on such issues, although, on occasion we could abstain from voting.

### **Conflicts of Interest**

From time to time, we may have a business relationship with an issuer whose securities are held in a client account or a business relationship with an entity or person that could be impacted by the vote of proposal for a company whose securities are held in client accounts. The issuer may be a client, vendor, lender or trading partner. Because of the appearance of a conflict of interest in such cases, we generally vote in accordance with the recommendations of our proxy voting service on such issues, although, on occasion we could abstain from voting. In addition, we have established standards for identifying and reviewing certain proxy votes to identify and resolve voting on matters involving a material conflict of interest. If we determined to have a material conflict of interest, the matter is reviewed by Compliance who will direct the voting of a proxy in the interest of clients holding such securities. Because some non-apparent potential conflicts of interest based on personal interests or relationships requires reporting, if the potential conflict is not raised by someone in the firm, it may not be identified and resolved by Compliance.

### Other Issues in Voting Proxies

We seek to vote proxies that we are eligible to vote and timely receive. We will not vote proxies that we do not receive in time to submit a timely vote. The timeliness of notification, distribution of proxy materials, book closure and the actual meeting date will vary by jurisdiction and market practice. In certain situations, we may not be able to vote or may decide not to vote particular proxies on behalf of clients if we determine that voting is not in the best interests of our clients. Such circumstances may include when securities are out on loan, or if voting requires us to change the registration or restrict us from selling the security for a period of time, or if the perceived costs or burdens of voting outweigh the benefits. Voting proxies for securities of companies located outside of the United States could involve significantly greater effort or cost than voting proxies for companies located in the United States that could result in us deciding not to vote more often than clients may experience with proxy votes for US companies.

For example, some markets require that shares to be voted be “blocked” by the custodian before or after the meeting, or that shares be registered in a particular way that could negatively impact our ability to trade. Under those circumstances, we could decide not to vote to preserve investment flexibility to sell such securities depending on market conditions and the time period of the restriction.

### For More Information

You may obtain information from us about how we voted proxies for securities in your account and a copy of our proxy voting policies procedures and guidelines, by calling Mr. Rigney at (504) 299-5168.

### Class Actions, Bankruptcies and Other Legal Proceedings

Clients should note that Horizon Advisers will neither advise nor act on behalf of the client in legal proceedings involving companies whose securities are held or previously were held in the client account(s), including, but not limited to, the filing of “Proofs of Claim” in class action settlements. If desired, clients may direct Horizon Advisers to transmit copies of class action notices to the client or a third party. Upon such direction, Horizon Advisers will make commercially reasonable efforts to forward such notices in a timely manner.

## **Item 17 – Financial Information**

We have no financial condition that is reasonably likely to impair our ability to meet contractual commitments to you given that we do not have custody of client funds or securities or require or solicit prepayment of fees in excess of \$1,200 per client and six months or more in advance. In addition, we are not currently, nor at any time in the past ten years been the subject of a bankruptcy petition.