

The XYZ Income Fund

Class A – XYZIA | Class Z – XYZIZ

Annual Shareholder Report

XYZ Funds, Inc.



January 31, 2020

This annual shareholder report contains important information about the XYZ Income Fund for the period of February 1, 2019, to January 31, 2020, as well as certain changes to the Fund. You can find additional information at XYZfunds.com/XYZIFdocs or on the XYZ App. You can also request this information by contacting us at 1-800-XYZ-FUND or documents@xyzfunds.com.

What were your Fund costs for the period? *(based on a hypothetical \$10,000 investment)*

Class	Beginning account value 2/1/2019	Total return before costs paid*	Costs paid†	Ending account value 1/31/2020	Costs paid as a percentage of your investment†
Class A	\$10,000	+ \$723	-\$78	= \$10,645	0.77%
Class Z	\$10,000	+ \$723	-\$53	= \$10,670	0.52%

* Certain Fund expenses, such as those associated with buying and selling fund investments, reduced your total return.

† The costs paid during the period do not reflect certain costs paid outside the Fund (such as purchase charges you might have paid if you bought shares of the Fund during the period).

How did the Fund perform last year? What affected the Fund's performance?

Performance Highlights

- XYZ Income Fund returned 6.45% for Class A and 6.70% for Class Z for the 12 months ended January 31, 2020. The Fund underperformed its benchmark (the QRS Aggregate Bond Index), which returned 7.72%. This underperformance is largely the result of our portfolio holding more interest-rate-sensitive investments than our benchmark.
- Top contributors to performance:
 - » long-term fixed interest rate investments because the Federal Reserve reduced interest rates during the period which increased long-term bond prices; and
 - » investments in technology and financial services companies.
- Top detractors from performance:
 - » short duration investments (such as bank loans) and new purchases of fixed income instruments because of the lower interest rate environment; and
 - » investments in oil and telecommunication companies.

Performance Attribution

ASSET CLASS

Top Contributors

- ↑ Corporate – High Yield
- ↑ Corporate – High Quality
- ↑ Mortgage Backed Securities

Top Detractors

- ↓ Bank Loans
- ↓ Asset Backed Securities
- ↓ Treasury

SECTOR

Top Contributors

- ↑ Technology
- ↑ Financial Services
- ↑ Health Care

Top Detractors

- ↓ Energy
- ↓ Telecommunications
- ↓ Industrials

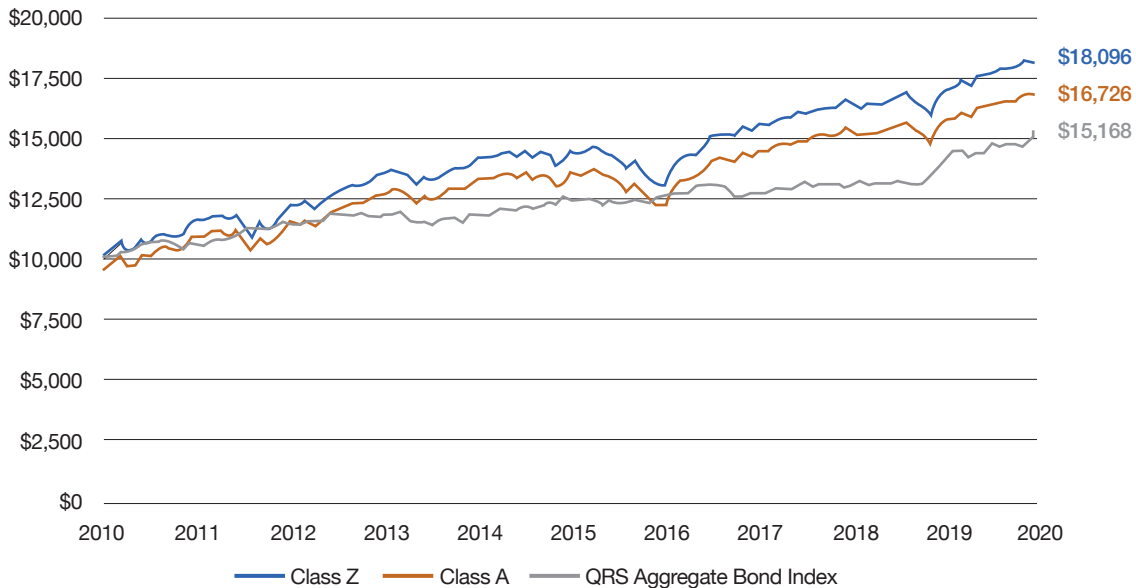
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How did the Fund perform over the past 10 years?

Keep in mind that the Fund's past performance is not a good predictor of how the Fund will perform in the future.

Cumulative Performance: February 1, 2010, through January 31, 2020

Initial Investment of \$10,000



Average Annual Total Returns:

	1 Year	5 Years	10 Years
Class A (with purchase charge)	1.21%	4.32%	5.29%
Class A (without purchase charge)	6.45%	5.36%	5.86%
Class Z	6.70%	5.61%	6.11%
QRS Aggregate Bond Fund	7.72%	5.21%	4.25%

Visit xyzfunds.com/XYZG or the XYZ App for more recent performance information.

What are some key Fund statistics? *(as of January 31, 2020)*

Fund Size:	\$789 mil.
Number of Investments:	722
Annual Portfolio Turnover:	78%
Average Credit Quality:*	BB*
30-Day SEC Yield:**	
• Class A	4.28%
• Class Z	4.53%
Effective Duration:	1.4 years
Weighted Average Maturity:	5.4 years

* The Average Credit Quality is based on credit ratings provided by UFW Rating Inc.

** The 30-Day SEC Yield is a standardized calculation so you can compare yields across funds.

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What did the Fund invest in? (as of January 31, 2020)

Asset Class (% of net assets)		Credit Quality* (% of net assets)		Sector (% of net assets)
Bank Loans	52.6%	U.S. Government	4.8%	<ul style="list-style-type: none"> ■ Technology ■ Consumer Discretionary ■ Industrials ■ Financial Service ■ Consumer Staples ■ Health Care ■ Telecommunications ■ Energy ■ Real Estate ■ Materials
Corporate – High Quality	14.3%	AAA	3.6%	
Corporate – High Yield	11.4%	AA	5.8%	
Mortgage Backed Securities	7.1%	A	16.7%	
Treasury	4.8%	BBB	20.4%	
Asset Backed Securities	3.3%	BB	34.9%	
Cash	1.8%	B	8.1%	
Equity	1.6%	CCC & Below	3.6%	
Other	3.1%	Unrated	2.1%	

* Credit Quality is based on credit ratings provided by UWW Rating Inc., a nationally recognized statistical rating organization, because the XYZ Advisers (the Fund's manager) believes they have the broadest coverage of securities held by the Fund.

Visit xyzfunds.com/XYZG or the XYZ App for more recent holdings information.

How has the Fund changed?

Beginning June 1, 2020, the Fund is revising its Interest Rate Risk to include risks of very low or negative interest rates. Very low or negative interest rates may prevent the Fund from earning positive returns and increases the risk of rising interest rates, which may negatively impact the Fund's performance.

This is a summary of a planned change to the Fund's principal risk disclosure. For more complete information, you may review the Fund's next prospectus, which we expect to be available by June 1, 2020, at XYZfunds.com/XYZIFdocs or upon request at 1-800-XYZ-FUND or documents@xyzfunds.com.

How does the Fund ensure that it has money available to pay me when I exit the Fund?

The XYZ Loan Fund has investments that may not be as liquid as typical stocks and bonds.

Primary source of the Fund's liquidity risk:	How does the Fund manage its liquidity risk?
The Fund invested significantly in bank loans. When a fund sells one of these loans, it may take a significant amount of time before the Fund receives the money from the sale.	<ul style="list-style-type: none"> • The Fund has a liquidity risk management program (LRMP) to ensure the Fund can pay you on time when you sell shares. • This program includes: (1) maintaining a minimum amount of highly liquid assets and limiting purchases of illiquid assets; (2) borrowing money and entering into expedited settlement agreements when needed; and (3) stress testing to see how the Fund would perform in stressed market conditions and, if necessary, modifying the Fund's investments in response to these tests. • At a meeting on December 5, 2019, the Fund's board of directors reviewed a report prepared by XYZ Advisers (the LRMP administrator) that described the operation of the Fund's LRMP over the prior year and affirmed that the program effectively managed the Fund's liquidity risk.

Where can I find additional information about the Fund?

Additional information is available on the Fund's website, including its:

- prospectus
- financial information
- holdings
- proxy voting information
- description of UWW Rating Inc.'s credit ratings



XYZFunds.com/XYZGEdocs