

The logo for K&L GATES is displayed in white, uppercase letters on an orange rectangular background. The background of the entire slide features a blurred cityscape at night with various lights and a digital overlay of a world map and financial charts.

K&L GATES

Disclosure Modernization Webinar Series: Shareholder Report Workshop

Moderator: Keri E. Riemer, Of Counsel, K&L Gates

Mike Donowitz, Vice President Regulatory Affairs, Broadridge Financial Solutions

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FINAL RULE AND FORM AMENDMENTS

- Final rule and form amendments for mutual funds and exchange-traded funds (ETFs) will substantially impact the content and scope of disclosure for shareholder reports
- Layered approach
 - Streamlined shareholder reports required to present only information that the SEC believes will allow retail shareholders to assess and monitor their investments on an ongoing basis
 - Information more relevant to financial professionals and investors seeking more in-depth information will be available online and filed on Form N-CSR
- Separate report for each series and class (although Form N-CSR and website information may be combined)
- Streamlined shareholder report requirements do not apply to investment companies that are not Form N-1A registrants (e.g., closed-end funds, unit investment trusts and issuers of variable annuity contracts)



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FINAL RULE AND FORM AMENDMENTS

- New disclosure requirements/amendments include:
 - New “statement of material changes” disclosure
 - New statistics disclosure
 - Modified Management’s Discussion of Fund Performance disclosure
 - Modified definition of “appropriate broad-based securities market index”
- Amendments exclude Form N-1A registrants from the scope of Rule 30e-3
 - Open-end funds, including funds that serve as underlying funds of insurance company separate accounts, will need to mail shareholder reports to each investor (other than an investor who has consented to electronic delivery)



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WHAT IS REQUIRED?

Previous Shareholder Report Contents

Fund expenses
Management's discussion of fund performance, including performance information
Graphical representation of holdings
Statement regarding liquidity risk management program
Multiple, separate statements on the availability of additional information
Financial statements
Financial highlights
Changes in/disagreements with accountants
Results of shareholder votes
Remuneration paid to directors, officers, and others
Board's basis for approving investment advisory contract
Management information

New "Tailored" Report Contents

Brief cover page with identifying information
Fund expenses (more concise form)
Management's discussion of fund performance (more concise form)
Fund statistics such as net assets, total number of portfolio holdings, portfolio turnover rate and total advisory fees paid during the period
Graphical representation of holdings
Material fund changes section
General reference to availability of additional fund information
Changes in/disagreements with accountants

WHAT INFORMATION IS NEW?

Previous Shareholder Report Contents

Fund expenses
Management's discussion of fund performance, including performance information
Graphical representation of holdings
Statement regarding liquidity risk management program
Multiple, separate statements on the availability of additional information
Financial statements
Financial highlights
Changes in/disagreements with accountants
Results of shareholder votes
Remuneration paid to directors, officers, and others
Board's basis for approving investment advisory contract
Management information

New "Tailored" Report Contents

Brief cover page with identifying information
Fund expenses (more concise form)
Management's discussion of fund performance (more concise form)
Fund statistics such as net assets, total number of portfolio holdings, portfolio turnover rate and total advisory fees paid during the period
Graphical representation of holdings
Material fund changes section
General reference to availability of additional fund information
Changes in/disagreements with accountants

WHAT INFORMATION CARRIED OVER?

Previous Shareholder Report Contents

Fund expenses
Management's discussion of fund performance, including performance information
Graphical representation of holdings
Statement regarding liquidity risk management program
Multiple, separate statements on the availability of additional information
Financial statements
Financial highlights
Changes in/disagreements with accountants
Results of shareholder votes
Remuneration paid to directors, officers, and others
Board's basis for approving investment advisory contract
Management information

New "Tailored" Report Contents

Brief cover page with identifying information
Fund expenses (more concise form)
Management's discussion of fund performance (more concise form)
Fund statistics such as net assets, total number of portfolio holdings, portfolio turnover rate and total advisory fees paid during the period
Graphical representation of holdings
Material fund changes section
General reference to availability of additional fund information
Changes in/disagreements with accountants

WHAT IS MOVING OUT OF THE REPORT?

Previous Shareholder Report Contents

Fund expenses
Management's discussion of fund performance, including performance information
Graphical representation of holdings
Statement regarding liquidity risk management program
Multiple, separate statements on the availability of additional information
Financial statements
Financial highlights
Changes in/disagreements with accountants
Results of shareholder votes
Remuneration paid to directors, officers, and others
Board's basis for approving investment advisory contract
Management information

Form N-CSR and Website Contents

Form N-CSR	Website
Financial statements for funds	
Financial highlights for funds	
Remuneration paid to directors officers and others	
Changes in/disagreements with accountants	
Matters submitted to fund shareholders for a vote	
Board's basis for approving investment advisory contract	
	Complete portfolio holdings as of the close of the fund's most recent first and third fiscal quarters

SHAREHOLDER REPORT: DELIVERY

- Rule 30e-3 amended to exclude open-end mutual funds and ETFs registered on Form N-1A
 - No longer able to satisfy their shareholder report transmission requirements by making shareholder reports available online
- Revert to opt-in e-delivery
 - Shareholder reports must be delivered in paper unless a shareholder affirmatively elects e-delivery
- Proposed Rule 498B not adopted. Would have permitted funds to satisfy prospectus delivery obligations to existing shareholders with shareholder reports and notices of any material changes.



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SHAREHOLDER REPORT: MATERIAL CHANGES

- Shareholder reports are required to disclose material changes that occurred since the beginning of the period or that the fund plans to make in connection with its annual prospectus update:
 - Name
 - Investment objective or goals
 - Annual operating expenses, shareholder fees, or maximum account fee including the termination or introduction of an expense reimbursement or fee waiver arrangement
 - Principal investment strategies
 - Principal risks
 - Investment adviser(s)
- A fund may also include material changes that the fund plans to make in connection with its annual prospectus update or any additional changes that the fund believes are material that it would like to disclose to shareholders



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ITEM 27A(B) – COVER PAGE/BEGINNING

ITEM 27A(C) – FUND EXPENSES



This annual shareholder report contains important information about the XYZ Income Fund for the period of February 1, 2022, to January 31, 2023, as well as changes to the Fund. You can find additional information about the Fund 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. **This report describes changes to the Fund that occurred during the reporting period.**

What were your Fund costs for the year?

(based on a hypothetical \$10,000 investment)

[Fund or Class Name]	Costs of a \$10,000 investment	Costs paid as a percentage of a \$10,000 investment
Class A	\$67	0.67%

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ITEM 27A(D)(1) – MANAGEMENT’S DISCUSSION OF FUND PERFORMANCE

How did the Fund perform last year? What affected the Fund’s performance?	
<p>Performance Highlights</p> <ul style="list-style-type: none"> · XYZ Income Fund returned 6.45% for Class A for the 12 months ended January 31, 2023. The Fund underperformed its benchmark (the Broad-based Securities Market 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: <ul style="list-style-type: none"> » 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: <ul style="list-style-type: none"> » 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. 	<p>Performance</p> <p>ASSET CLASS</p> <p>Top Contributors</p> <ul style="list-style-type: none"> ↑ Corporate - High Yield ↑ Corporate - High Quality ↑ Mortgage Backed Securities <p>Top Detractors</p> <ul style="list-style-type: none"> ↓ Bank Loans ↓ Asset Backed Securities ↓ Treasury <p>Attribution</p> <p>SECTOR</p> <p>Top Contributors</p> <ul style="list-style-type: none"> ↑ Technology ↑ Financial Services ↑ Health Care <p>Top Detractors</p> <ul style="list-style-type: none"> ↓ Energy ↓ Telecommunications ↓ Industrials

ITEM 27A(D)(2) – LINE GRAPH AND TABLE

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. The graph and table do not reflect the deduction of taxes that a shareholder would pay on fund distributions or redemption of fund shares.

Cumulative Performance: February 1, 2013, through January 31, 2023
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%
Broad-based Securities Market Index	7.72%	5.21%	4.25%

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



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ITEM 27A(E) – FUND STATISTICS

What are some key Fund statistics? *(as of January 31, 2023)*

Fund Size:	\$789 mil.
Number of Investments:	722
Total Advisory Fee:	\$859,679
Annual Portfolio Turnover:	78%
Average Credit Quality:*	BB*
30- Day SEC Yield:**	
· Class A	4.28%
Effective Duration:	1.4 years
Weighted Average Maturity:	5.4 years

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

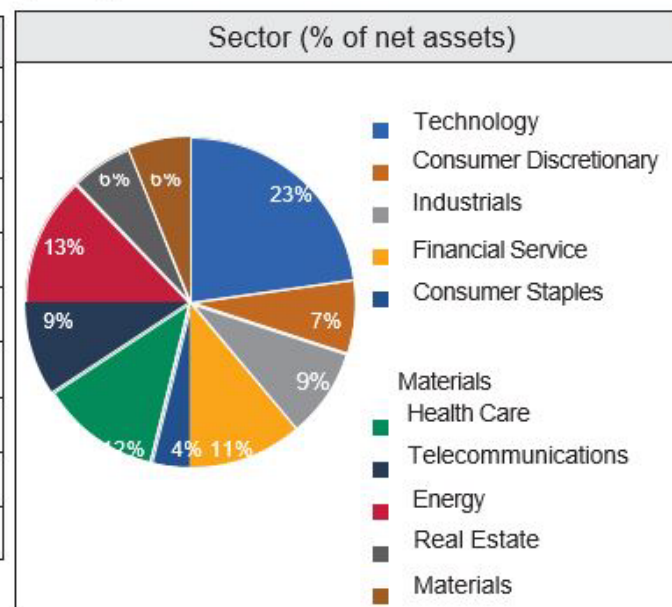
** The 30-Day SEC Yield is a standardized calculation so you can compare yields across funds.

ITEM 27A(F) – GRAPHICAL REPRESENTATION OF HOLDINGS

What did the Fund invest in? *(as of January 31, 2023)*

Asset Class (% of net assets)	
Bank Loans	52.6%
Corporate – High Quality	14.3%
Corporate – High Yield	11.4%
Mortgage Backed Securities	7.1%
Treasury	4.8%
Asset Backed Securities	3.3%
Cash	1.8%
Equity	1.6%
Other	3.1%

Credit Quality* (% of net assets)	
U.S. Government	4.8%
AAA	3.6%
AA	5.8%
A	16.7%
BBB	20.4%
BB	34.9%
B	8.1%
CCC & Below	3.6%
Unrated	2.1%



* Credit Quality is based on credit ratings provided by UVW 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.

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ITEM 27A(G) – MATERIAL FUND CHANGES

How has the Fund changed?

Beginning June 1, 2023, 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, 2023, at XYZfunds.com/XYZIFdocs or upon request at 1-800-XYZ-FUND or documents@xyzfunds.com.



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ITEM 27A(I) – AVAILABILITY OF ADDITIONAL INFORMATION

ITEM 27A(J) – HOUSEHOLDING

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 UVW Rating Inc.'s credit ratings



XYZFunds.comXYZGEdocs

[Householding]

The Securities and Exchange Commission permits funds to deliver only one copy of shareholder documents, including prospectuses, proxy statements and shareholder reports, to fund investors with multiple accounts at the same residential or post office box address. XYZ Funds, or your financial intermediary, may household the mailing of your documents indefinitely unless you instruct XYZ Funds, or your financial intermediary, otherwise. If you would prefer that your XYZ Funds documents not be householded, please contact XYZ Funds at 1-800-XYZ-FUND, or contact your financial intermediary. Your instructions that householding not apply to delivery of your XYZ Funds documents will typically be effective within 30 days of receipt by XYZ Funds or your financial intermediary.

IMPLEMENTATION DATES

- The final rule was published in the Federal Register on November 25, 2022, which sets the implementation timeline running according to the table below:

Effective Date	January 24, 2023
Compliance Date	July 24, 2024

CONCLUSION

- Questions?
- Don't forget to join K&L Gates again for this related webinar:
 - December 14: Implementation Logistics



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