

Undiscovered in Plain Sight

By Josh Charney

Disclosures



Morningstar Rating™

Overall rating out of 72 long-short equity funds as of 3/31/2012.

The Overall Morningstar Rating for a fund is derived from a weighted average of the performance figures associated with its 3-year Morningstar Rating metrics.

Average Annual total returns as of 3/31/2012:

As of 3/31/2012	1 Month	YTD	1 Year	Since Inception Annualized (7/31/2007)	Since Inception Cumulative (7/31/2007)
MFLDX	+3.31%	+6.78%	+9.35%	+9.08%	+50.06%
S&P 500	+3.29%	+12.59%	+8.54%	+1.52%	+7.28%
Morningstar Long/Short Average	+0.77%	+4.80%	-0.30%	-1.08%	-4.93%

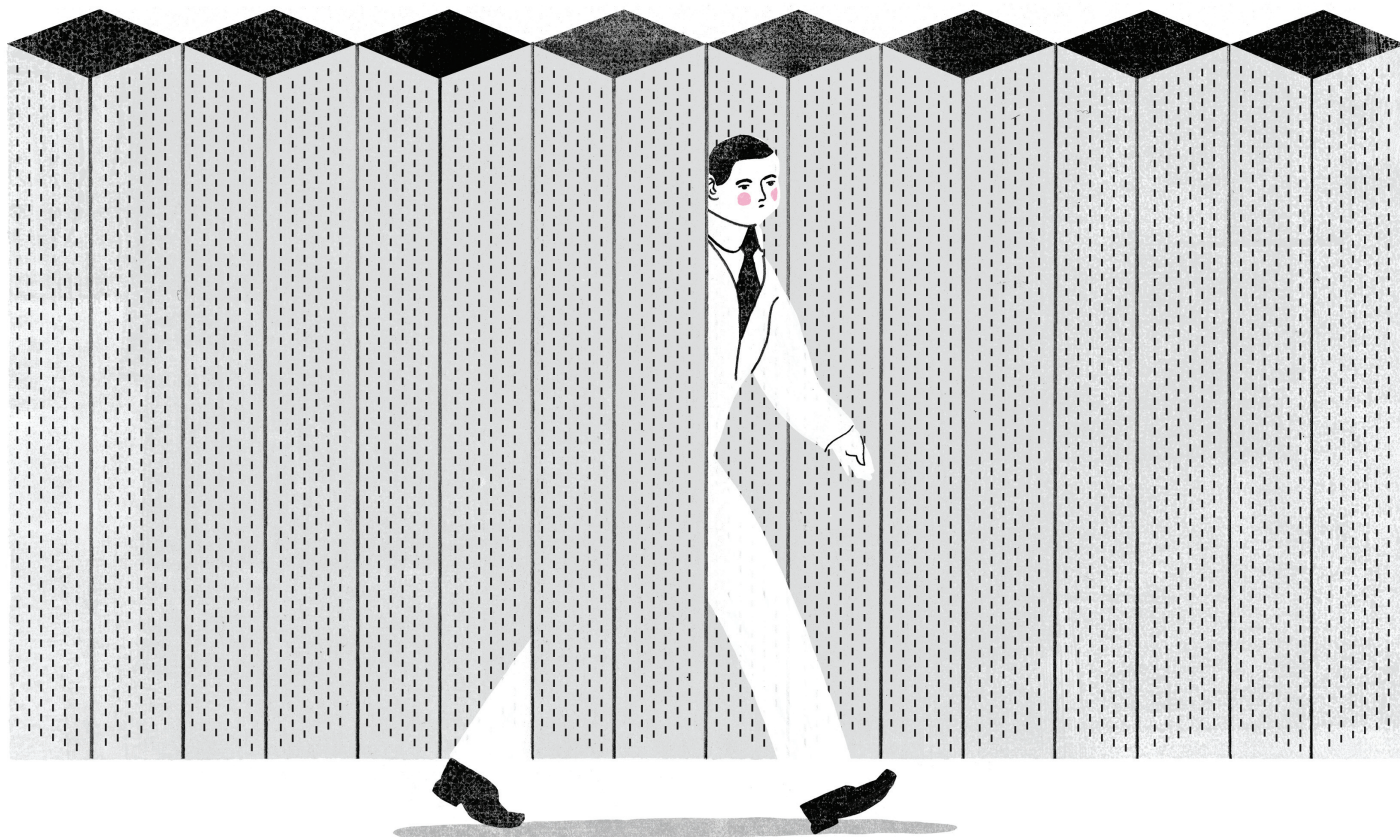
Note: Between Inception date (7/31/2007) and Investment date (10/12/2007), Fund assets were solely invested in money market instruments.

Gross Expense Ratio	2.43%
*Net Expense Ratio	2.54%
**Operating Expense Cap	1.75%

* The net expense ratio includes dividends and interest expense on short positions, & the recoupment of previously waived expenses.

** The Adviser contractually has agreed to waive its management fees and/or to reimburse expenses of the Fund to ensure that total Annual Fund Operating Expenses (exclusive of taxes, leverage, interest, brokerage commissions, expenses incurred in connection with any merger or reorganization, dividends on short positions, acquired fund fees and expenses and extraordinary or non-recurring expenses, such as litigation) do not exceed 1.75% of the Fund's average annual net assets, at least through August 31, 2012 and for an indefinite period thereafter.

Performance reflects the reinvestment of dividends and other earnings and is net of advisory fees. Performance data quoted represents past performance and does not guarantee future results. The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance of the Fund may be lower or higher than the performance quoted. Performance data current to the most recent month end may be obtained by calling (888) 236-4298. The Fund imposes a redemption fee of 1.00% for shares held 60 days or less. Performance data quoted does not reflect the redemption fee. If reflected, total return would be reduced.



Undiscovered in Plain Sight

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Michael Aronstein's long-short equity fund has been around since 2007, but it's only just starting to pick up assets.

When an investor hears the term "undiscovered manager," he may think about one whose headquarters is off the beaten path, or one whose strategy is so bizarre that very few investors would consider it. Michael Aronstein, portfolio manager of the Marketfield Fund MFLDX, fits neither of those descriptions. His firm is located next to Grand Central Station in the middle of Manhattan. And his top-down long-short equity strategy, though refreshingly different from most other long-only or long-short equity offerings, is reasonably straightforward. But lying in plain

sight by no means disqualifies Aronstein from being an undiscovered gem (ask any aspiring actor). His fund has been around since mid-2007, longer than most other long-short equity offerings, yet its assets have only begun to grow. Alternative mutual funds are largely unknown to many investors.

An Alternative "Alternative"

Although alternative investments, such as long-short equity strategies, are just now starting to catch on with advisors, they still only represent less than 2% of mutual fund

assets. Long-short equity offerings are some of the oldest and well-known in the realm of alternative mutual funds, but they are also some of the most basic and worst-performing. The average long-short equity fund lost 2.8% last year, for example, when the S&P 500 increased by 2.1%. Aronstein's long-short strategy is better than average, however. Last year, his fund returned 3.7% by reducing the fund's net stock exposure to less than 50% and shorting emerging-markets exchange-traded funds. Instead of selecting stocks from the bottom up, Aronstein and his small team

comb macroeconomic data to find contrarian investment ideas and then determine which stocks or ETFs will best execute those ideas. His macro-mindfulness and concentrated playbook have set him apart from the long-short crowd, not just in 2011, but since the fund's inception.

Aronstein has consistently demonstrated his ability to time the market. In late 2007 through 2008, Aronstein shorted bank stocks. The fund fell by only 12.9% in 2008, significantly outperforming the S&P 500, which dropped 35.9%, as well as the average long-short fund, which lost 16.1%. When equities came roaring back in 2009 and 2010, Aronstein dialed up the fund's net exposure and took long positions in economically sensitive stocks and ETFs such as retailers, homebuilders, and airlines. The fund outpaced both the S&P 500 and the category average by a wide margin over this two-year period.

Aronstein attributes some of his success to two people who mentored him early in his career. These figures were instrumental in shaping his investment philosophy.

Being Right Is Not Enough

When a younger Aronstein started working at Merrill in 1979, he crossed paths with a rising legend, Bob Farrell, one of the early pioneers of technical analysis. Despite being trained by Benjamin Graham and David Dodd, Farrell was quick to learn that market psychology played a fundamental role in markets. He was an avid contrarian. Farrell instilled a set of core values that are still with Aronstein today. While far too many investors (and television pundits alike) become trapped in group think, Aronstein instead hones in on managing the market's expectations and where his fundamental views differ from them.

"Being right when the market expects the outcome that you're right about is meaningless," he says.

Farrell taught Aronstein that research had its limits; when market participants are analyzing the same data under the same criteria, research should be geared toward understanding the divergence of judgments among various market outcomes. Farrell was one of the first people to study a field now referred to as behavioral finance; Aronstein was fortunate enough to have a front-row seat.

Aronstein most recently applied Farrell's thought process to Europe and, more specifically, to Greece. To Aronstein, the probability of Greece leaving the euro monetary union was less than 10%, even though the media was widely speculating on a doomsday scenario. Instead of focusing on European shorts (which in his mind was a risk-on, risk-off trade), Aronstein figured that investors would start to question the stability of emerging-markets economies. Because there was wide disagreement over how well they could skirt the European slowdown, Aronstein knew there was a tremendous opportunity in shorting emerging-markets ETFs. The market quickly sided with Aronstein's bet. Investors starting fleeing the emerging markets in droves. In fact, when the S&P 500 lost 7% in September 2011, the fund eked out a 0.3% gain.

Filtering the Data

By 1983, another figure emerged in Aronstein's life: a man by the name of Stanley Salvigsen. He joined Merrill as chief investment strategist and worked with Aronstein in formulating the firm's views on the market. Aronstein had started reading Salvigsen's economic research in the late '70s and was more than impressed. Aronstein believes that Salvigsen was not only one of the only people to predict the end of the high interest-rate environment of the '80s, but also to predict exactly how and why it would unfold. Salvigsen was hired by Merrill in 1983 to become the firm's chief investment strategist (Aronstein believes he was instrumental in the hiring decision), and the two quickly hit it off. They would constantly talk to each other about the markets and investment ideas,

having offices in close proximity. At times their conversations would continue late into the evenings by phone. Salvigsen taught Aronstein that managing the market's expectations was important but that he also needed to finesse the data in order to ascertain a better judgment.

"Markets are extremely inefficient in incorporating big picture data, because it's so complex, that you have to approach the spectrum of all the available data with an understanding beforehand of what is and what is not important," Aronstein says.

In the '80s, investment research was moving in the direction of a heavy reliance on economic models, a direction later characterized by some as "physics envy," or the desire to make soft sciences harder. Salvigsen brought Aronstein to realize that even the best projections (including many of the government's forecasts) were far from precise. When Salvigsen eventually left in 1987 to found Comstock Partners, an institutional money-management firm, Aronstein would soon follow to serve as the firm's president for the next six years.

Bounded Rationality

Aronstein learned many financial lessons before starting Marketfield. He left Comstock Partners and unsuccessfully tried to run a lumber mill in Maine. He also attempted to start a private bank. Though those lessons were costly (eating up a large portion of Aronstein's savings), few fund managers can claim to have dabbled in running a series of small businesses. Aronstein concedes that his string of entrepreneurial failures proved he was destined to be a money manager. But he also believes that through his tribulations, he gained valuable insight into the bounded rationality of the human persona, which he believes far too few investors comprehend. For example, when he was investigating a mining-rights sale in rural Appalachia, an investor raised his hand during the presentation and asked if there was an

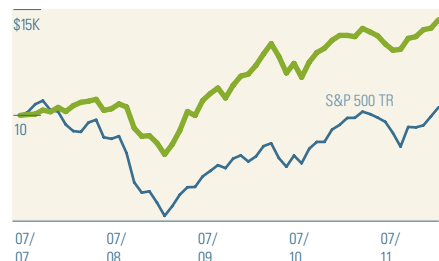
Undiscovered Managers



Michael Aronstein

Marketfield Fund MFLDX

Growth of \$10,000



Category
Long/Short Equity

Fee Level
Average

Morningstar Rating
★★★★

6-Mo Anl Total Rtn (%)
11.03

Minimum Investment
\$2,500

6-Mo Anl TR % Rank Cat
9

Data as of Feb. 29, 2012

"Internet application for the rights." The year was 1998, during the dot-com bubble. To this day, Aronstein struggles to sell investors on the future when they are constantly anchored in the past.

"I learned early ... you can always sell people what worked already," Aronstein says.

As Aronstein continued to struggle in his career, his views became more grounded in rationality and more contrarian. At one point, under severe financial strain, he made his kids a tabletop hockey game because he couldn't afford gifts. Luckily, the dark days swiftly ended.

On the Cutting Edge

Aronstein ultimately threw in the towel for his ambition to run a private bank and shifted his focus to macroeconomic research. In 2004,

he joined Michael Shaoul of Oscar Gruss & Son, and the duo schemed for something bigger—a long-short fund. But like much of Aronstein's career, it had to be different. The common vehicle at the time, for a long-short fund, was a hedge fund. Hedge funds, in Aronstein's mind, shouldn't be exclusive to institutional and high-net-worth investors, especially for strategies such as long-short equity. If a fund is going to trade highly liquid assets, why shroud those trades behind a veil? Michael Aronstein and Michael Shaoul, Chairman of Marketfield Asset Management, launched the Marketfield Fund in July 2007, named after a tiny alleyway off of Wall Street where their first office was located. (They ended up establishing an offshore fund for non-U.S. investors in April 2, 2008, but Aronstein insists that it is run on equal footing to the mutual fund, without performance fees.) Since Marketfield's birth, nearly 50 long-short mutual funds have followed in its footsteps.

Like Flying a Plane

Marketfield's COO, Myles Gillespie, joined Aronstein and Shaoul in 2007. Gillespie is an experienced pilot, and Aronstein and Gillespie frequently fly together. Aronstein trusts Gillespie's piloting abilities, not because he's fairly experienced, he says, but because Gillespie knows the bounds of his capabilities, often overstating his limitations. If it looks like rain, they stay grounded. Aronstein, too, understands the need to remain grounded. He knows his strengths (which are clearly on the macro side) and avoids the "heavy" bottom-up number crunching (such as scrutinizing accounting statements).

Aronstein acknowledges that he has made mistakes along the way. He was early on his bullish homebuilders call, and he tripped up on long positions in Green Mountain Coffee Roasters GMCR and OpenTable OPEN. His firm recently hired research director David Johnson to help Aronstein pick individual names to match his macro views. Aronstein and Johnson select stocks by identifying

what is changing in today's world and then hone in on the companies that will meet tomorrow's challenges. As of Jan. 31, for example, the fund held a 1.82% stake in Priceline PCLN, as more consumers are realizing they can save money by bundling their flight and hotel bookings. Another example is Amazon.com AMZN.

Just the Beginning

The journey of Aronstein and Marketfield isn't over. The firm is relatively young, and assets are matriculating. Marketfield Fund will likely remain a diamond in the rough for some time though, as investors slowly discover alternative strategies. The next time someone proclaims to have the next great hidden investment idea, remember that sometimes the greatest opportunities are found in the most obvious of places. ■■■

Josh Charney is an alternatives investment analyst with Morningstar.

Disclosures

The opinions expressed are those of Michael Aronstein and/or the author and should not be considered a forecast of future events, a guarantee of future results nor investment advice.

The Growth of \$10,000 chart illustrates the performance of a hypothetical \$10,000 investment made in the Fund on July 1, 2007. It assumes reinvestment of dividends and capital gains, but does not reflect the effect of any applicable sales charge or redemption fees. This chart does not imply any future performance.

As of 3/31/2012, the top 10 portfolio holdings and ownership as a % of the portfolio were:

W.W. Grainger Inc.	2.79%
BASF SE	2.36%
Priceline.com Inc.	2.33%
Google Inc.	2.15%
iShares MSCI Mexico ETF	2.03%
Wolseley PLC	1.91%
Fast Retailing Co. Ltd.	1.88%
Teradata Corp.	1.87%
USG Corp.	1.84%
iShares Dow Jones Transport Avg. ETF	1.82%
Total:	20.98%

Fund holdings and/or sector allocations are subject to change and are not recommendations to buy or sell any security. While the fund is no-load, management fees and other expenses still apply.

Current and future portfolio holdings are subject to risk.

The S&P 500 Index (SPX) is a broad-based unmanaged index of 500 stocks, which is widely recognized as representative of the equity market in general. The securities holdings and volatility of the Fund differ significantly from the stocks that make up the SPX. You cannot invest directly in an index.

Mutual fund investing involves risk. Principal loss is possible. The Fund invests in smaller companies, which involve additional risks such as limited liquidity and greater volatility. The Fund invests in foreign securities which involve greater volatility and political, economic and currency risks and differences in accounting methods. These risks are greater for investments in emerging markets. Investments in debt securities typically decrease in value when interest rates rise. This risk is usually greater for longer-term debt securities. Investment by the Fund in lower-rated and non-rated securities presents a greater risk of loss to principal and interest than higher-rated securities. Investments in asset-backed and mortgage-backed securities involve additional risks such as credit risk, prepayment risk, possible illiquidity and default, and increased susceptibility to adverse economic developments. The Fund regularly makes short sales of securities, which involves the risk that losses may exceed the original amount invested, however a mutual fund investor's risk is limited to the amount invested in a fund. The Fund may also use options and futures contracts, which have the risks of unlimited losses of the underlying holdings due to unanticipated market movements and failure to correctly predict the direction of securities prices, interest rates and currency exchange rates. The investment in options is not suitable for all investors.

Because the fund invests in ETFs, it is subject to additional risks that do not apply to conventional mutual funds, including the risks that the market price of an ETF's shares may trade at a discount to its net asset value ("NAV"), an active secondary trading market may not develop or be maintained, or trading may be halted by the exchange in which they trade, which may impact a fund's ability to sell its shares.

The Marketfield Fund is distributed by Quasar Distributors, LLC

The Fund's investment objectives, risks, charges and expenses must be considered carefully before investing. The statutory and summary prospectuses contain this and other important information about the investment company, and may be obtained by calling (888) 236-4298 or by visiting www.marketfield.com. Read carefully before investing.

Each Morningstar Category Average is representative of funds with similar investment objectives.

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