

## ASTON/Lake Partners LASSO Alternatives (N: ALSNX) (I: ALSOX)

### Fund Quarterly Commentary

#### 4th Quarter 2014

##### Fund Performance Summary

The ASTON/Lake Partners LASSO Alternatives Fund (the “Fund”) was off slightly in the fourth quarter. The Fund’s benchmark (the HFRX Equity Hedge Index) rose slightly with a return of 0.2%.

The Fund has provided returns with less volatility than conventional equity markets. Since the Fund’s inception, its annualized standard deviation of daily returns has been 5.7%, which is approximately one-third of the annualized standard deviation of 16.7% for the S&P 500 Index.

##### Market Overview

Although the S&P 500 finished the quarter with a gain of 4.9%, all of this occurred in the last two weeks of December, as US equities were buffeted by heightened volatility throughout the period. The Index started the quarter with a decline of -5.5%, weighed down by the IMF’s gloomy assessment of the global economy, a lack of action by the ECB on quantitative easing, and disappointing US retail sales. It then climbed 11.8% over the next seven weeks, as investors were encouraged by dovish Fed policy pronouncements, improving economic data in the US, and strong corporate earnings. However, the S&P 500 slumped -4.5% in the first half of December, winding up at a level only marginally above where it began the quarter, as investors fretted that the slide in oil prices might be a harbinger of a global slowdown rather than the result of oversupply. Nerves were further frayed by uncertainty about whether the Fed might turn hawkish on interest rates. However, after Yellen provided policy guidance that was seen as dovish, the S&P 500 rebounded once again.

International equity markets followed similar patterns, but with different regional nuances. Currency effects also were very pronounced. For example, the MSCI Japan Index rose 6.7% in yen, but fell -2.4% in US dollars as the currency slid sharply. Japanese stocks also were very volatile, dropping more than 10% in yen in October on economic worries but then rallying in response to quantitative easing and other stimulus measures. In contrast, the MSCI Europe Index finished the quarter flat in local currency terms, and -4.4% in US dollars. As in Japan, European stocks initially fell nearly 10% in euro on signs of economic weakness. Although they did climb on expectations of monetary stimulus, a lack of action by the ECB left investors disappointed. The MSCI Emerging Markets Index was down -4.5% for the quarter.

In fixed income markets, there was a continued divergence between “core” assets, such as US Treasuries and European sovereign bonds, and “risk assets” such as high yield and emerging market bonds. Ten-year Treasury yields fluctuated in a relatively narrow band but edged down to 2.17% by the end of December. In contrast, the Barclays US High Yield Index fell -1.0%. Yields on European sovereigns continued to move steadily lower on signs of weakness in the regional economy and low inflation. Notably, yields on 10-year German bunds slipped to an historic low of 0.54% by yearend. The JPM Emerging Market Global Bond Index, though, was down -1.7% in US dollar terms.

##### Portfolio Overview

Several adjustments were made to the Fund’s strategy allocations during the quarter. The core of the portfolio continued to be represented by a diverse set of equity-oriented strategies, which increased marginally from less than 52% at the end of September to just under 55% at the end of December. The combined allocation to hedged credit and strategic fixed income strategies was

increased from 27% at the end of September to 30% at the end of December. While the allocation to the global macro strategy remained near 10%, the arbitrage/event driven category was scaled back from just below 10% to 4%.

### Strategy Allocations

- **Equity-Oriented Strategies.** At the end of December, equity-oriented funds accounted for 54.8% of the Fund's portfolio versus 51.7% at the end of September. Although this has been the largest single strategy allocation in the Fund, it is important to note that this broad category encompasses a diverse mix of long-biased, hedged, multi-asset, and global strategies. Within the group we eliminated one long-biased manager and added one "net 100" fund during the quarter.
- **Hedged Credit and Strategic Fixed Income.** The combined allocation to hedged credit and strategic fixed income was increased from 27.2% at the end of September to 30.4% at the end of December. While the allocation to strategic fixed income was largely unchanged at 10%, the hedged credit allocation was raised from 17.3% at the end of September to 20.4% at yearend, reflecting a higher allocation to an opportunistic manager that has been focused on European asset-backed securities.
- **Global Macro.** The allocation to this strategy continued to be comprised of one manager that takes an opportunistic approach to global fixed income and currencies, and another manager that uses a diverse set of quantitative and fundamental strategies across a wide range of asset classes.
- **Arbitrage/Event Driven.** The arbitrage/event driven allocation was scaled back from 9.8% at the end of September to 4.0% at the end of December, as we eliminated an opportunistic, global event-driven fund with a deteriorating risk/return profile. The remaining allocation to this category is with a convertible arbitrage/covered call fund.

### Strategy Performance

Collectively, the US-focused equity-oriented funds participated in much of the upside of the S&P 500. The notable exception was our core highly hedged manager, who was down moderately for the quarter. Our global allocations also were unproductive: both our global long/short manager and our emerging markets small-cap growth manager were down.

While our core strategic fixed income manager was up slightly, the hedged credit allocations had negative results during the quarter. Although our global opportunistic manager was down only modestly, our US-oriented credit manager suffered a more serious drawdown due to the general selloff in high yield and related securities despite his hedged, defensive approach.

In the arbitrage/event driven area, the convertible arbitrage/covered call manager was up modestly due to residual equity exposure. The event driven fund, which was eliminated at the end of October, had a negligible impact on overall performance.

In the global macro area, both managers struggled sideways, with one finishing the quarter up slightly and the other booking a modest loss, as their eclectic strategies faced various crosscurrents.

### Outlook

Continued progress for equities and risk assets is possible, but it is likely to occur at a more modest pace, and with greater volatility than investors have been accustomed to. On the plus side, fundamentals in the US continue to firm up, and the Fed remains cautious. However, US equity valuations are not cheap, and the economic situation in Europe, Japan, and among many emerging countries remains tenuous. We therefore are continuing to allocate the LASSO program across a diversified mix of strategies, and net composite equity exposure is near the middle of our target range. We believe that the LASSO strategy is well positioned to live up to its history of seeking attractive risk-adjusted returns over time.

### **Lake Partners, Inc. Stamford, Connecticut**

Note: The Fund is a fund-of-funds, and by investing in the Fund you incur the expenses and risks of the underlying funds it invests in. Potential risks from exposure to the underlying funds include the use of aggressive investment techniques and instruments such as options and futures, derivatives, commodities, credit-risk, leverage, and short-sales that taken alone are considered riskier than conventional market strategies. Use of aggressive investment techniques including short sales may expose an underlying fund to potentially dramatic changes (losses) in the value of its portfolio. Short sales may involve the risk that an underlying fund will incur a loss by subsequently buying a security at a higher price than the price at which the fund previously sold the security short.

*Before investing, consider the Fund's investment objectives, risks, charges, and expenses. Contact 800 992-8151 for a prospectus or summary prospectus containing this and other information. Please, read it carefully. Aston Funds are distributed by Foreside*



## Fund Performance

### Average Annual Total Returns

	Monthly returns (%)			Annualized Returns (%)						
	Period ended 12/31/14			Period ended <span style="border: 1px solid black; padding: 2px;">12/31/14</span>						
	Month	3 Months	YTD	1 yr	3 yr	5 yr	10 yr	Since Incept.	Incept. Date	
Fund Class N Shares (ALSNX)	-0.79	-0.21	1.20	1.20	5.70	N/A	N/A	4.65	3/3/2010	
Fund Class I Shares (ALSOX)	-0.76	-0.18	1.45	1.45	5.95	4.95	N/A	6.85	4/1/2009	
HFRX Equity Hedge Index	-0.54	0.19	1.42	1.42	5.71	0.81	0.31	2.63	4/1/2009	
Category: Multialternative	-0.37	0.72	1.81	1.81	4.16	3.65	3.33	5.16	3/31/2009	

### Calendar year-end returns

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Fund Class N Shares (ALSNX)	N/A	8.85	7.21	-1.90	N/A	N/A	N/A	N/A	N/A	N/A
Fund Class I Shares (ALSOX)	N/A	9.07	7.49	-1.60	8.79	N/A	N/A	N/A	N/A	N/A
HFRX Equity Hedge Index	0.00	11.14	4.81	-19.08	8.93	N/A	N/A	N/A	N/A	N/A

The performance data quoted represents past performance. Past performance is no guarantee of future results. Investment return and principal value will fluctuate so that an investor's shares upon redemption may be worth more or less than their original cost. Certain expenses were subsidized. If these subsidies were not in effect, the returns would have been lower. The adviser is contractually obligated to waive management fees and/or reimburse expenses through February 28, 2015. Current performance may be lower or higher than the performance data quoted.

For periods less than one-year, total returns are reported; for periods more than one-year, average annual total returns are reported.

The HFRX Equity Index is an unmanaged index designed to measure daily performance representative of long-short equity hedge funds. Source: Hedge Fund Research, Inc. (HFR). Indices are adjusted for the reinvestment of capital gains and income dividends. Individuals cannot invest in an index.

Morningstar Rating™ (based on risk-adjusted returns) and Morningstar Rankings™ (based on total returns)  
 Multialternative Category as of 12/31/2014

	Overall		1 yr		3 yr		5 yr		10 yr	
	Rating	Rank	Rating	Rank	Rating	Rank	Rating	Rank	Rating	Rank
Fund Class N Shares (ALSNX)	★★★★	65	★★★★	29	N/A	N/A	N/A	N/A	N/A	N/A
Fund Class I Shares (ALSOX)	★★★★	62	★★★★	26	★★★★	25	N/A	N/A	N/A	N/A
Total # funds in category	204	373	204		124				N/A	

For each fund with at least a three-year history, Morningstar calculates a Morningstar Rating™ based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a fund's monthly performance (including the effects of sales charges, loads, and redemption fees), placing more emphasis on downward variations and rewarding consistent performance. The top 10% of funds in each category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars, and the bottom 10% receive 1 star. The Overall Morningstar Rating is derived from a weighted-average of the performance figures associated with its three-, five-, and 10-year (if applicable) Morningstar Rating metrics. © Morningstar, Inc.

The highest or most favorable Morningstar percentile rank is 1 and the lowest percentile rank is 100. The top-performing fund in a category will always receive a rank of 1. Various rating agencies categorize funds differently. Past performance is no guarantee of future results.

## Fund Overview

The Fund's net expense ratio excludes acquired fund fees and expenses of 1.77% and 1.77% for the N and I class, respectively which includes dividend and interest expense

on short sales in underlying funds of 0.46%. By investing in the Fund you incur the expenses and risks of the underlying funds it invests in.

## Investment Strategy

The LASSO® strategy is intended to produce long-term total returns with less volatility than the overall stock market and reduced correlation to conventional asset classes, across a variety of market climates.

[An "All in One" Approach to Alternative Strategies Brochure](#) (252 KB, PDF)

## Objective

The Fund seeks to provide long-term total return with reduced correlation to the conventional stock and bond markets.

## Risk Considerations

The Fund also incurs the risks of the underlying funds it invests in. Potential risks include the use of aggressive investment techniques and instruments such as options and futures, derivatives, commodities, credit-risk, leverage, and short-sales that taken alone are generally considered riskier than conventional market strategies. Use of aggressive investment techniques may expose an underlying fund to potentially dramatic changes (losses) in the value of its portfolio. Short sales may involve the risk that an underlying fund will incur a loss by subsequently buying a security at a higher price than the price at which the fund previously sold the security short. Volatility is found by calculating the annualized standard deviation of daily change in price. Drawdown helps to determine the peak-to-trough decline during a specific period of an investment quoted as the percentage between the peak the trough. Stop loss guidelines are designed to limit an investor's loss on a security position. It is a practice of selling a security when it reaches a certain price.

Fund Stats (as of 12/31/14)	N Shares	I Shares
Origin Of Information	N/A	N/A
Sales Load	None	None
Total Net Assets (1/30/15)	\$46,445,392.91	\$355,122,351.51
Turnover	46%	46%
Minimum Investment	2,500	100,000
Alpha (3 yr.)	2.30	2.56
Beta (3 yr.)	0.69	0.68
R-Squared (3 yr.)	68.35	68.54
Standard Dev (3 yr.)	3.92	3.90
Sharpe Ratio (3 yr.)	1.42	1.49
Current Wtd Average P/E (trailing)	N/A	N/A
Current Wtd Average P/B (trailing)	N/A	N/A
Median Mkt Cap (\$Mil)	N/A	N/A
Average Wtd Coupon	N/A	N/A
Effective Maturity	N/A	N/A

### Sector Breakdown (as of 12/31/14)

U.S.HEDGED EQUITY	43.34%
STRATEGIC FIXED INCOME	25.96%
HEDGED CREDIT	10.69%
GLOBAL MACRO	9.70%
GLOBAL HEDGED EQUITY	5.86%
ARBITRAGE AND EVENT DRIVEN	4.06%



CASH EQUIVALENTS &amp; OTHER

0.39%



**Past performance does not guarantee future results.** Investment return and principal value of mutual funds will vary with market conditions, so that shares, when redeemed, may be worth more or less than their original cost.

As the fund is actively managed, the securities as presented may not represent the current or future composition of the portfolio.

## Fund Holdings

Holdings as of: 12/31/14

Company	Ticker	CUSIP	Number of Shares	Market Value	% of Net Assets ↓
ROBECO BOSTON PARTNERS LONG/SHORT EQUITY	BPLSX	749255261	2,311,665	\$45,562,925.75	11.20%
LEGG MASON BW ALTERNATIVE CREDIT FUND	LMAMX	52471E811	4,138,783	\$43,498,619.62	10.69%
THE WEITZ FUNDS - PARTNERS III OPPORTUNI	WPOPX	94904P708	2,587,796	\$42,931,544.20	10.55%
FPA CRESCENT FUND	FPACX	30254T759	1,266,845	\$42,743,353.54	10.50%
METROPOLITAN WEST UNCONSTRAINED BOND FUN	MWCIX	592905749	3,437,188	\$40,971,286.87	10.07%
AVENUE CREDIT STRATEGIES FUND	ACSBX	05358F301	3,709,750	\$39,954,012.87	9.82%
WESTERN ASSET MACRO OPPORTUNITIES FUND	LAOSX	95768D509	2,934,084	\$31,247,999.89	7.68%
GOTHAM ABSOLUTE RETURN FUND	GARIX	360873137	1,775,403	\$24,678,112.35	6.06%
CONVERGENCE CORE PLUS FUND	MARNX	89833W535	1,356,010	\$24,462,432.56	6.01%
PROSHARES LARGE CAP CORE PLUS	CSM	74347R248	204,000	\$20,585,640.00	5.06%
CALAMOS MARKET NEUTRAL INCOME FUND	CMNIX	128119880	1,288,883	\$16,523,491.57	4.06%
DRIEHAUS EMERGING MARKETS SMALL CAP GROW	DRESX	262028830	1,186,363	\$15,671,863.71	3.85%
JOHN HANCOCK FUNDS II - GLOBAL ABSOLUTE	JHAIX	47804M878	749,192	\$8,188,675.81	2.01%
BLACKROCK GLOBAL LONG/SHORT EQUITY FUND	BDMIX	091936526	689,655	\$8,179,310.34	2.01%
CASH EQUIVALENTS & OTHER			5,194,818	\$1,573,692.12	0.38%
				<b>\$406,772,961.20</b>	<b>100%</b>

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