April 28, 2026

Axonic Strategic Income Fund

A series of the Axonic Funds

Supplement to the Prospectus Dated February 28, 2026

This supplement updates certain information in the Prospectus of the Axonic Strategic Income Fund (the "**Fund**"), a series of the Axonic Funds, as described below.

The disclosure captioned "**Merrill Lynch, Pierce, Fenner & Smith Incorporated ("Merrill")**" under the section titled **Appendix A – Waivers and Discounts Available From Intermediaries** is deleted and replaced in its entirety with the following:

Merrill Lynch, Pierce, Fenner & Smith Incorporated ("Merrill")

Purchases or sales of front-end (for example, Class A) or level-load (for example, Class C) mutual fund shares through a Merrill platform or account will be eligible only for the following sales load waivers (front-end, contingent deferred, or back-end waivers) and discounts, which differ from those disclosed elsewhere in this Fund's prospectus. Purchasers will have to buy mutual fund shares directly from the mutual fund company or through another intermediary to be eligible for waivers or discounts not listed below.

It is the client's responsibility to notify Merrill at the time of purchase or sale of any relationship or other facts that qualify the transaction for a waiver or discount. A Merrill representative may ask for reasonable documentation of such facts and Merrill may condition the granting of a waiver or discount on the timely receipt of such documentation.

Additional information on waivers, discounts, and share class exchanges is available in the Merrill Sales Load Waiver and Discounts Supplement (the "Merrill SLWD Supplement") and in the Mutual Fund Investing at Merrill pamphlet at ml.com/funds. Clients are encouraged to review these documents and speak with their financial advisor to determine whether a transaction is eligible for a waiver or discount.

Front-end Load Waivers Available at Merrill
Shares of mutual funds available for purchase by employer-sponsored retirement, deferred compensation, and employee benefit plans (including health savings accounts) and trusts used to fund those plans provided the shares are not held in a commission-based brokerage account and shares are held for the benefit of the plan. For purposes of this provision, employer-sponsored retirement plans do not include SEP IRAs, Simple IRAs, SAR-SEPs or Keogh plans
Shares purchased through a Merrill investment advisory program
Brokerage class shares exchanged from advisory class shares due to the holdings moving from a Merrill investment advisory program to a Merrill brokerage account
Shares purchased through the Merrill Edge Self-Directed platform
Shares purchased through the systematic reinvestment of capital gains distributions and dividend reinvestment when purchasing shares of the same mutual fund in the same account
Shares exchanged from level-load shares to front-end load shares of the same mutual fund in accordance with the description in the Merrill SLWD Supplement
Shares purchased by eligible employees of Merrill or its affiliates and their family members who purchase shares in accounts within the employee's Merrill Household (as defined in the Merrill SLWD Supplement)
Shares purchased by eligible persons associated with the fund as defined in this prospectus (e.g. the fund's officers or trustees)
Shares purchased from the proceeds of a mutual fund redemption in front-end load shares provided (1) the repurchase is in a mutual fund within the same fund family; (2) the repurchase occurs within 90 calendar days from the redemption trade date, and (3) the redemption and purchase occur in the same account (known as Rights of Reinstatement). Automated transactions (i.e. systematic purchases and withdrawals) and purchases made after shares are automatically sold to pay Merrill's account maintenance fees are not eligible for Rights of Reinstatement

Contingent Deferred Sales Charge ("CDSC") Waivers on Front-end, Back-end, and Level Load Shares Available at Merrill
Shares sold due to the client's death or disability (as defined by Internal Revenue Code Section 22(e)(3))
Shares sold pursuant to a systematic withdrawal program subject to Merrill's maximum systematic withdrawal limits as described in the Merrill SLWD Supplement
Shares sold due to return of excess contributions from an IRA account
Shares sold as part of a required minimum distribution for IRA and retirement accounts due to the investor reaching the qualified age based on applicable IRS regulation
Front-end or level-load shares held in commission-based, non-taxable retirement brokerage accounts (e.g. traditional, Roth, rollover, SEP IRAs, Simple IRAs, SAR-SEPs or Keogh plans) that are transferred to fee-based accounts or platforms and exchanged for a lower cost share class of the same mutual fund
Front-end Load Discounts Available at Merrill: Breakpoints, Rights of Accumulation & Letters of Intent
Breakpoint discounts, as described in this prospectus, where the sales load is at or below the maximum sales load that Merrill permits to be assessed to a front-end load purchase, as described in the Merrill SLWD Supplement
Rights of Accumulation (ROA), as described in the Merrill SLWD Supplement, which entitle clients to breakpoint discounts based on the aggregated holdings of mutual fund family assets held in accounts in their Merrill Household On or about May 1, 2026, assets not held at Merrill will no longer be included in the ROA calculation. For more detail on the timing and calculation, please refer to the Merrill SLWD Supplement.
Letters of Intent (LOI), which allow for breakpoint discounts on eligible new purchases based on anticipated future eligible purchases within a fund family at Merrill, in accounts within your Merrill Household, as further described in the Merrill SLWD Supplement On or about May 1, 2026, Merrill will no longer accept new LOIs. For more detail on the timing, please refer to the Merrill SLWD Supplement.

Investors Should Retain this Supplement for Future Reference

AXONIC

Prospectus
February 28, 2026

Axonic Strategic Income Fund

Class A Shares (AXSAX)
Class I Shares (AXSIX)

A series of the
Axonic Funds

These securities have not been approved or disapproved by the Securities and Exchange Commission nor has the Securities and Exchange Commission passed upon the accuracy or adequacy of this prospectus. Any representation to the contrary is a criminal offense.

TABLE OF CONTENTS

Axonic Strategic Income Fund

INVESTMENT OBJECTIVE

The investment objective of Axonic Strategic Income Fund (the "Fund") is to seek to maximize total return, through a combination of current income and capital appreciation.

FEES AND EXPENSES

This table describes the fees and expenses that you may pay if you buy, hold, and sell shares of the Fund. **You may pay other fees, such as brokerage commissions and other fees to financial intermediaries, which are not reflected in the tables and examples below.** You may qualify for sales charge discounts if you and members of your household invest, or agree to invest in the future, at least $100,000 in Class A shares of the Fund. More information about these and other discounts is available from your financial professional and in this Prospectus in the "Class A Shares" section of the Fund's Prospectus and in Appendix A - Waivers and Discounts Available from Intermediaries.

Shareholder Fees (fees paid directly from your investment)	**Class A Shares**	**Class I Shares**
Maximum Sales Charge (Load) Imposed on Purchases (as a percentage of offering price)	2.25%	None
Maximum Deferred Sales Charge (Load)(as a percentage of the amount redeemed)	None(1)	None

Annual Fund Operating Expenses (expenses that you pay each year as a percentage of the value of your investment)	**Class A Shares**	**Class I Shares**
Management Fees	0.85%	0.85%
Distribution and/or Service (12b-1) Fees	0.25%	None
Shareholder Service Fees	0.15%	None
Other Expenses	0.17%	0.17%
Acquired Fund Fees and Expenses	0.01%	0.01%
Total Annual Fund Operating Expenses	1.43%	1.03%

(1) *There is no initial sales charge on purchases of Class A shares of $1 million or more; however, a contingent deferred sales charge of up to 1.00% may be imposed if such Class A shares are redeemed within eighteen (18) months of their purchase.*

Example

This Example is intended to help you compare the cost of investing in shares of the Fund with the cost of investing in other mutual funds. The Example assumes that you invest $10,000 in the Fund for the time periods indicated and then redeem all of your shares at the end of those periods. The Example also assumes that your investment has a 5% return each year and that the Fund's operating expenses remain the same. Although your actual costs may be higher or lower, based on these assumptions your costs would be:

Period Invested	1 Year	3 Years	5 Years	10 Years
Class A	$467	$667	$989	$1,898
Class I	$105	$328	$568	$1,258

You would pay the following expenses if you did not redeem your shares:

Period Invested	1 Year	3 Years	5 Years	10 Years
Class A	$367	$667	$989	$1,898
Class I	$105	$328	$568	$1,258

Portfolio Turnover

The Fund pays 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 Annual Fund Operating Expenses or in the Example, affect the Fund's performance. During the fiscal year ended October 31, 2025, the Fund's portfolio turnover rate was approximately 63% of the average value of its portfolio.

PRINCIPAL INVESTMENT STRATEGIES

In pursuing its investment objective, the Fund seeks to maximize risk-adjusted total returns by investing primarily in income-producing instruments (i.e., under normal circumstances, the Fund will invest at least 60% of its net assets in income-producing instruments). These instruments may include: (i) mortgage-backed securities ("MBS"), including agency and non-agency residential mortgage-backed securities ("RMBS") and commercial mortgage-backed securities ("CMBS"); (ii) other asset-backed securities ("ABS") and structured credit instruments, including instruments representing the ownership and cashflows from or financing of various assets (such as assets in the aviation industry and automobiles), collateralized debt obligations ("CDOs"), collateralized loan obligations ("CLOs"); collateralized mortgage obligations ("CMOs") and various commercial and consumer loans (and participations thereon) or receivables held in trust; and (iii) other income-producing investments, including corporate and bank-issued bonds, loans and participations, and instruments representing the ownership and cashflows from or financing of various assets, including assets in the aviation industry, automobiles, and intellectual property royalties. The Fund also may invest in real estate investment trusts ("REIT"), equity securities of companies whose business is substantially related to the mortgage business (e.g., title, financial guaranty and other insurers and reinsurers; banks; marketplace and other lenders; mortgage originators; mortgage and other loan servicers; and homebuilders), and mortgage derivatives such as stripped RMBS and inverse floaters. Fund investments may also include private placement debt securities or loans, which may be directly or indirectly originated by the Fund or purchased from other originators. The Fund may be the sole buyer of such loans or securities designed for purchase by the Fund.

Credit instruments acquired by the Fund may be fixed, floating or inverse floating; interest-only or principal-only (i.e., stripped securities); of any maturity or no maturity; senior or subordinate (including equity tranches of structured credit instruments); and/or secured or unsecured debt instruments. There is no limit on the amount of Fund assets that may be invested in the junior debt, residual or equity tranches of any of the structured finance vehicles in which the Fund may invest. The Fund's investments may be of any credit quality, including, without limitation, investments that are distressed or in default, unrated or rated below investment grade (commonly referred to as "high yield" or "junk" instruments). The Fund's investments may be issued by U.S. and non-U.S. issuers. There is no limit on the percentage of the Fund's assets that may be invested in the securities or loans of non-U.S. issuers or obligors, including, without limitation, securities of emerging markets issuers and obligors.

In addition, for speculative or hedging purposes, the Fund may use various cleared and uncleared over-the-counter and exchange-traded derivatives, including swaps (such as total return swaps), options, swaptions, futures and forward agreements on financial instruments, equity securities and indices, debt instruments and indices, government securities, treasuries, currencies and commodities.

Under normal circumstances, the Fund will concentrate its investments (i.e., invest 25% or more of its total assets (measured at the time of purchase)) in MBS and other mortgage-related securities (such as CMOs), which investments the Fund treats as investments in a group of industries. To the extent permitted by the Investment Company Act of 1940, as amended (the "1940 Act"), the Fund's positions may be leveraged, and may be financed by various sources of funding, including bank lines, margin trading, short positions, derivatives (including total return swaps and forward transactions), and reverse repurchase arrangements and participations. The Fund may invest up to 15% of its net assets in illiquid investments.

The Adviser's investment approach focuses primarily on generation of income and other gains while seeking to minimize the adverse effects of rising interest rates by: (i) utilizing both top-down and bottom-up analysis during the fundamental research phase; and (ii) focusing on key sources of risk during the portfolio construction and ongoing portfolio management phases.

The Adviser's investment strategy relies on three primary components:

- the Adviser's ability to identify and purchase appropriate securities;
- an intensive analytical approach to risk management and portfolio construction; and
- the Adviser's ability to construct a blended portfolio of risk-based assets and hedges with a return profile over time that demonstrates increased total return while mitigating discrete risks.

The Adviser carries out the Fund's investment process and risk control procedures by applying various valuation tools, including the Adviser's own risk and valuation pricing engine. In particular, the Adviser believes that attractive risk-adjusted returns can be produced by systematically discovering misvalued credit risk, structural nuances and other opportunities in income-producing investments.

In managing the Fund's investments, the Adviser applies top-down research in an effort to optimize portfolio construction for attractive risk-adjusted returns. In selecting securities for the Fund, the Adviser attempts to take advantage of the inefficiencies that result from, among other things: (i) inconsistency of performance across deals, issuers, and sectors; (ii) heterogeneity of securities from both a collateral and structural perspective; and (iii) structural complexity. The Adviser then supplements the foregoing where applicable by making investments that provide appropriate hedging mechanisms, as necessary. The Adviser sells securities when the securities have realized the Adviser's goals, the Adviser identifies more attractive opportunities or pressing needs for the Fund's portfolio, the securities are no longer attractive, or the Adviser wishes to raise cash for the Fund.

The Fund may invest in all money market instruments, U.S. Government obligations, commercial paper, repurchase agreements, and other cash or cash equivalent positions (collectively, "Cash Positions"). The Fund may invest in Cash Positions at any time to maintain liquidity, pending selection of investments by the Adviser, or if the Adviser believes that sufficient investment opportunities that meet the Fund's investment criteria are not available.

PRINCIPAL RISKS

An investment in the Fund is subject to investment risks; therefore you may lose money by investing in the Fund. There can be no assurance that the Fund will be successful in meeting its investment objective. The principal risks of an investment in the Fund are summarized below. For a more complete discussion of the risks of investing in the Fund, see "Principal Risks of Investing in the Fund".

Commercial Mortgage-Backed Securities Risks. Collateral underlying CMBS generally consists of mortgage loans secured by income-producing properties or other CMBS, and the performance of these loans, as well as the market value of the underlying properties, depends largely on the net operating income generated by the properties and the performance of the related businesses, including property management. Fluctuations in income generation may increase the likelihood of default and the severity of potential losses. Property management challenges, such as operational inefficiencies, tenant vacancies, or market competition, may negatively impact property performance and value. Additionally, commercial real estate values are subject to limitations imposed by bankruptcy laws, state foreclosure statutes, and rights of redemption, which may restrict creditors' remedies. The unavailability of financing for commercial real estate could further increase the risk of mortgage loan defaults, and recourse in such cases is generally limited to the collateral securing the loan, except where borrowers engage in fraudulent or illegal conduct. Broader economic factors, including higher CMBS delinquency rates caused by unforeseen events like economic downturns or natural disasters, may adversely affect payments on CMBS and, in turn, the value of the Fund's investments.

Residential Mortgage-Backed Securities Risks. Collateral underlying RMBS generally consists of mortgage loans secured by residential real estate or other RMBS. In addition to the risks associated with other asset-backed securities as described above, mortgage-backed securities are subject to the general risks associated with investing in real estate securities; that is, they may lose value if the value of the underlying real estate to which a pool of mortgages relates declines. In addition, the rate of prepayments on underlying mortgages affects the price and volatility of a mortgage-backed security, and may have the effect of shortening or extending the effective maturity beyond what was anticipated.

Concentration in Certain Mortgage-Related Assets Risk. The Fund's investments in mortgage-related assets, including private mortgage loans, RMBS (agency and non-agency), CMBS, CDOs, CLOs, and other mortgage-backed securities, introduces significant risks, including, without limitation, risks associated with lending and debt securities generally, investments in real estate generally, and similar risks described above and below. The Fund's concentration in mortgage-related investments magnifies these risks, as the Fund's performance will be disproportionately impacted by adverse developments in the commercial real estate market, the housing market, interest rates, or similar changes that reduce the values of real estate-related debt positions. These magnified risks may be realized rapidly if and when credit quality (or the perception of credit quality in the market) deteriorates within the mortgage sector generally or in one or more mortgage sub-sectors in which the Fund's investments are concentrated.

REIT Risk. Investments in REITs and securities of companies primarily engaged in the real estate industry expose the Fund to risks similar to those associated with direct investments in real estate. These risks include sensitivity to general and local economic conditions, fluctuations in property values, changes in interest rates, and the potential unavailability of financing. Additionally, the performance of REITs may be adversely affected by specific factors such as tenant defaults, property management issues, and regulatory or tax changes impacting the real estate sector. These risks could negatively impact the Fund's performance and value.

Asset-Backed Securities Risks. ABS are subject to credit risk, interest rate risk, and to a lesser degree, prepayment risk. ABS may also be subject to additional risks, including the fact that underlying assets may be unsecured.

Structured Investments Risks. The Fund may invest in entities structured to modify the investment characteristics of underlying debt securities, such as CDOs, CLOs (collateralized loan obligations), and CMOs, which are subject to significant risks arising from both the underlying assets and the structural complexities of these entities. The Fund does not directly own the underlying assets and therefore does not have rights typically afforded to asset holders, such as indemnification or voting rights, limiting its ability to influence or control the management of these assets. Structured finance securities are inherently exposed to credit, market, and structural risks, and investments in equity or junior tranches, which represent the first-loss position, are particularly vulnerable as they are typically unrated, highly leveraged, and carry heightened exposure to losses from defaults or underperformance of the underlying assets.

Commercial and Residential Mortgages and Loans Risks. Investing in loans, including commercial and residential mortgage loans, involves the general risks typically associated with investing in traditional fixed-income securities (including interest rate and credit risk) and certain additional risks and special considerations (including the risk of principal prepayment and, in the case of commercial and residential mortgage loans, the risk of investing in real estate). Loan prices also may be adversely affected by supply-demand imbalances caused by conditions in the loan market or related markets. Loans may be subject to structural subordination and may be subordinated to other obligations of the borrower or its subsidiaries.

Direct Lending/Origination Risk. When the Fund invests in loans or privately placed debt securities that it directly or indirectly originates or purchases from originators, it is subject to risks inherent in investing in commercial and residential mortgages and loans, as well as additional risks and expenses. These risks include potential borrower defaults, delinquencies, and challenges associated with enforcing loan terms. In the event of default, the Fund may incur significant costs and delays associated with servicing the debt and pursuing foreclosure, and the proceeds from the sale of foreclosed properties may be insufficient to recover the Fund's investment and related expenses. These risks may adversely impact the Fund's performance and subject it to greater volatility and potential losses.

Aircraft and Aviation Industry Risk. The Fund may invest in Aviation Assets, including securities collateralized or otherwise backed by assets in the aviation industry, and commercial aircraft and loans and leases thereof ("Aviation Assets"). Certain Aviation Impact Events may have a direct and indirect impact on the value of the Fund's Aviation Assets, including: (i) economic declines and recessions; (ii) geopolitical conflict; (iii) the price of petroleum; (iv) the availability of more attractively priced and/or more efficient aircraft; (v) price discounting by manufacturers of new aircraft; (vi) obsolescence (whether due to changes in technology or changes in regulation, particularly regulation related to environmental standards); (vii) the negative effects (including the related press coverage and negative public perception) of aircraft incidents, aerial catastrophes, aircraft disasters and other aviation accidents involving highly publicized commercial airlines and aviation manufacturers, whether as a result of mechanical, electrical, airframe or human failure; and (viii) the occurrence or threat of pandemic, terrorism and war. Each of the foregoing Aviation Impact Events can have a material effect on aircraft values, especially in the short term, but the effect may also be long-term or permanent. Most of these Aviation Impact Events either cannot be predicted or cannot be predicted with any degree of certainty, but will adversely affect the value of securities held by the Fund. In addition to factors linked to the aviation industry, other factors that may affect the value of an aircraft include: (i) manufacturers merging or exiting the industry or ceasing to produce aircraft types; (ii) the particular maintenance and operating history of the aircraft and engines; (iii) the number of operators using that type of aircraft; (iv) whether the aircraft is subject to a lease; (v) regulatory and legal requirements that must be satisfied before the aircraft can be operated, sold or re-leased, including airworthiness directives; (iv) layout of the aircraft amongst operators of particular aircraft; and (vii) any renegotiation of a lease on less favorable terms. Changes in the economic and public health situation, which can result in widespread travel restrictions and reduced travel demand at times, may have adverse effects on the value and liquidity of aircraft securitizations. To the extent an investment is collateralized or otherwise backed by assets in the aviation industry that are located outside the United States, such investment will be subject to the risks associated with non-U.S. investments, including risks of exposure to government restrictions, including confiscatory taxation, expropriation or nationalization of a company's assets.

Interest Rate Risk. The Fund is subject to interest rate risk, which is the risk that changes in prevailing interest rates will affect the value of fixed-income securities and other instruments held by the Fund. Generally, when interest rates rise, the value of fixed-rate securities falls, and when interest rates decline, the value of such securities increases. Longer-term securities and portfolios with longer average duration tend to experience greater fluctuations in value as interest rates change. Changes in interest rates may also affect borrowers' ability to meet their payment obligations, which could reduce the Fund's net investment income and its distributions to shareholders. Declines in the value of fixed-income securities could adversely impact the Fund's net asset value, and may also affect the Fund's ability to achieve its investment objectives.

Inflation Risk. The Fund is subject to inflation risk, which is the risk that the value of the Fund's assets or income from investments may be eroded over time as inflation reduces the purchasing power of money. Rising inflation can lead to a decline in the real value of the Fund's shares and dividends, thereby reducing the effective returns to investors. Inflation may also impact the broader economy and the performance of the Fund's investments, potentially affecting the Fund's ability to meet its investment objectives.

Market Risk. Market risk refers to the risk that the value of securities in the Fund's portfolio may decline due to daily fluctuations in the securities markets that are generally beyond the Adviser's control, including fluctuation in interest rates, the quality of the Fund's investments, general economic and market conditions, and investor sentiment. In a declining stock market, stock prices for all companies (including those in the Fund's portfolio) may decline, regardless of their long-term prospects. Certain market events (including, without limitation, the occurrence or threat of pandemic, terrorism or war) could cause turbulence in financial markets, and reduced liquidity in equity, credit and fixed income markets, which may negatively affect many issuers domestically and around the world. During periods of market volatility, security prices (including securities held by the Fund) could change drastically and rapidly and, therefore, adversely affect the Fund.

Unrated Securities Risk. The Fund may purchase unrated securities which are not rated by a rating agency. Unrated securities may be less liquid than comparable rated securities and involve the risk that the Adviser may not accurately evaluate the security's comparative credit rating.

High Yield Securities Risk. The Fund may invest in below investment grade and/or unrated instruments (also known as "junk bonds"), which may include securities rated as low as "D" or unrated securities of comparable quality. Such instruments are regarded as predominantly speculative with respect to an issuer's capacity to pay interest and repay principal. Lower grade instruments may be particularly susceptible to economic downturns. It is likely that a prolonged or deepening economic recession could adversely affect the ability of the issuers of such instruments to repay principal and pay interest thereon, increase the incidence of default for such instruments and severely disrupt the market value of such instruments. Debt rated "D" is in default or is expected to default upon maturity of payment date. Such investments are inherently speculative and involve major risk exposure to adverse conditions. There is no minimum credit quality for securities in which the Fund may invest.

Leverage. The Fund may use leverage, which will cause the Fund's NAV to be more volatile than it would otherwise be, may cause the Fund to experience losses if earnings on the investments made with borrowed money do not cover the costs of borrowing and may increase the risk of investing with the Fund.

Credit Risk. Certain investments may be exposed to the credit risk of the counterparties with whom the Fund deals. This includes the risk of default on interest or principal payments, as well as the potential for a deterioration in the creditworthiness of a counterparty or issuer, which could adversely affect the value of the Fund's investments.

Valuation Risk. The valuation of securities or instruments that lack a central trading place (such as fixed-income securities or instruments) may carry greater risk than those that trade on an exchange. Accordingly, there is a risk that the determination of the fair value of a security or instrument will not approximate the price at which the Fund could sell the security or instrument at the time of the fair valuation.

Illiquid Investments Risk. The Fund may, at times, hold illiquid investments, by virtue of the absence of a readily available market for certain of its investments, or because of legal or contractual restrictions on sales. The Fund could lose money if it is unable to dispose of an investment at a time or price that is most beneficial to the Fund.

Conflicts of Interest Risk. There are significant and potential conflicts of interest that could impact the Fund's investment returns, including the potential for portfolio managers to devote unequal time and attention to the management of the Fund and any other accounts managed; allocate a limited investment opportunity among more than one client for whom the investment may be suitable; and acquire material non-public information or otherwise be restricted from trading in certain potential investments.

Derivatives Risks. Credit derivatives are contracts that transfer price, spread and/or default risks of debt and other instruments from one party to another. Such instruments may be illiquid or less liquid, volatile, difficult to price and leveraged so that small changes in the value of the underlying instruments may produce disproportionate losses to the Fund. In addition, the Fund is subject to the credit risk associated with the underlying assets of a derivatives contract as well as the risk of counterparty default. As a result, the Fund's use of derivatives could result in losses, which could be significant.

Extension Risk. When interest rates rise, certain obligations may be paid off by the obligor more slowly than anticipated, causing the value of these securities to fall.

Non-U.S. Investments Risks. Non-U.S. investments may be traded in undeveloped, inefficient and less liquid markets and may experience greater price volatility and changes in value. Investments in emerging markets can impose greater risk than investing in developed foreign markets.

Foreign Currency Risk. Changes in foreign currency exchange rates may adversely affect the U.S. dollar value of and returns on foreign denominated investments.

Security Selection Risk. The Fund's financial condition and results of operations could be negatively affected if a significant investment fails to perform as expected.

General Market Risk. The capital markets may experience periods of disruption, instability and volatility. Such conditions may materially and adversely affect the markets globally and in the jurisdictions in which the Fund invests, which may have a negative impact on the Fund's performance. The Fund's NAV and investment return will fluctuate based on changes in the value of its portfolio securities. Certain market events could cause turbulence in financial markets, and reduced liquidity in equity, credit and fixed income markets, which may negatively affect many issuers domestically and around the world. During periods of market volatility, security prices (including securities held by the Fund) could change drastically and rapidly and therefore adversely affect the Fund.

Portfolio Turnover Risks. The Fund's annual portfolio turnover rate may vary greatly from year to year, as well as within a given year. The portfolio turnover rate is not considered a limiting factor in the execution of investment decisions for the Fund. Portfolio turnover generally involves a number of direct and indirect costs and expenses to the Fund, including, for example, brokerage commissions, dealer mark-ups and bid/ask spreads, and transaction costs on the sale of securities and reinvestment in other securities, and may result in the realization of taxable capital gains (including short-term capital gains, which are generally taxable to shareholders subject to tax at ordinary income rates).

Money Market Fund Risk. An investment in a money market fund is not a bank deposit and is not insured or guaranteed by any bank or any government agency. It is possible for the Fund to lose money by investing in money market funds. The value of money market instruments may be affected by changing interest rates and by changes in the credit ratings of the investments held by the money market fund. If the liquidity of a money market fund's portfolio deteriorates below certain levels, the money market fund may suspend redemptions and thereby prevent the Fund from selling its investment in the money market fund or impose a fee of up to 2% on amounts the Fund redeems from the money market fund. These measures may result in an investment loss or prohibit the Fund from redeeming shares when the Adviser would otherwise redeem shares.

Regulatory and Legal Risk. U.S. and non-U.S. government agencies and other regulators regularly adopt new regulations and legislatures enact new statutes that affect the investments held by the Fund, the strategies used by the Fund or the level of regulation or taxation that applies to the Fund. These statutes and regulations may impact the investment strategies, performance, costs and operations of the Fund or the taxation of its Shareholders.

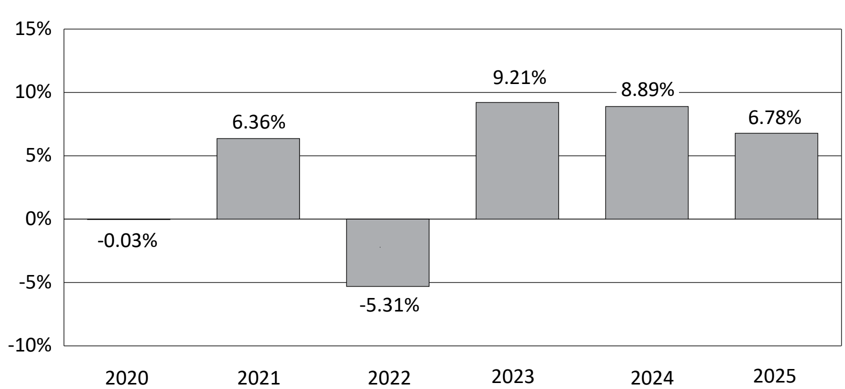
Regulatory Dispositions Risk. The Fund may be required to sell, reduce, hedge, unwind, or otherwise modify investments in order to avoid, cure, or mitigate potential or actual violations of legal, regulatory, or contractual requirements. Such circumstances may include, without limitation, compliance with the 1940 Act and related requirements (including, without limitation, leverage limitations, restrictions on transactions with affiliates and rules related to the use of derivatives transactions), investment concentration or diversification parameters, tax requirements applicable to regulated investment companies (including asset and income tests and distribution requirements), and covenants, eligibility criteria, borrowing base tests, performance triggers, or other requirements contained in credit facilities, warehouse or loan accumulation arrangements, securitizations, or similar financing and transactional documents. Dispositions or restructurings undertaken for compliance reasons may need to be executed during periods of market stress or reduced liquidity, and the Fund may be unable to trade in the desired size or timeframe. These actions can result in unfavorable pricing, wider bid/ask spreads, higher transaction costs, and realized losses. Compliance-driven sales can also alter the Fund's risk profile by changing sector, issuer, or factor exposures, increasing concentration in remaining assets, or otherwise heightening volatility. Such actions may have adverse tax and distribution consequences, including the acceleration of gains, limitations on the use of losses, or changes to the timing and character of distributions. To address compliance requirements, the Fund may be required to raise cash quickly, which could lead to the sale of more liquid or higher-quality assets first, potentially leaving a less liquid or riskier mix of holdings and compounding the effects of market volatility. Borrowings used to meet liquidity needs would increase expenses and may negatively affect remaining shareholders.

Risk Relating to the Fund's Regulated Investment Company ("RIC") Status. To qualify and remain eligible for the special tax treatment accorded to RICs and their Shareholders under the Code, the Fund must meet certain source-of-income, asset diversification and annual distribution requirements, and failure to do so could result in the loss of RIC status.

PERFORMANCE INFORMATION

The bar chart and table shown below provide an indication of the risks of investing in the Fund by showing changes in the Class I shares performance from year to year and by showing how the Fund's average annual total returns (before and after taxes) for 1 year and since inception compared to those of a broad-based securities market index. The Fund's past performance is not necessarily an indication of how the Fund will perform in the future. Updated information on the Fund's results can be obtained by calling (833) 429-6642 or by visiting www.axonicfunds.com.

Calendar Year Total Returns—Class I



Best Quarter – June 30, 2020	4.03%
Worst Quarter – March 31, 2020	-8.70%

The Fund's Class I calendar year-to-date return as of December 31, 2025 was 6.78%

Average Annual Total Returns *(as of December 31, 2025)*

	1 Year	5 Year	Since Inception
Axonic Strategic Income Fund – I *(Inception: 12/30/19)*			
Return Before Taxes	6.78%	5.04%	4.18%
Return After Taxes on Distributions	4.01%	2.24%	1.70%
Return After Taxes on Distributions and Sale of Fund Shares	3.97%	2.63%	2.10%
Bloomberg US Aggregate Bond Index	7.30%	(0.36)%	0.89%
Axonic Strategic Income Fund – A *(Inception 7/16/20)*			
Return Before Taxes	4.05%	4.12%	4.57%
Return After Taxes on Distributions	1.40%	1.37%	1.89%
Return After Taxes on Distributions and Sale of Fund Shares	2.36%	1.94%	2.32%
Bloomberg US Aggregate Bond Index	7.30%	(0.36)%	(0.25)%

After-tax returns are calculated using the historical highest individual Federal marginal income tax rates and do not reflect the impact of state and local taxes. Actual after-tax returns depend on an investor's tax situation and may differ from those shown. After-tax returns are not relevant to investors who hold their Fund shares through tax-deferred arrangements, such as 401(k) plans or individual retirement accounts. After-tax returns are shown only for Class I shares. After-tax returns for other classes will vary. The table includes all applicable fees and sales charges. All returns reflect reinvestment of all dividend and capital gain distributions.

MANAGEMENT OF THE FUND

Axonic Capital LLC (the "Adviser") is the Fund's investment adviser.

The Adviser employs a team of investment professionals responsible for the day-to-day management of the Fund's investments. The portfolio management team is comprised of Clayton DeGiacinto and Matthew Weinstein.

Name	Title with the Adviser	Length of Service to the Fund
Clayton DeGiacinto	Managing Partner and Co-Chief Investment Officer	Since Inception (December 2019)
Matthew Weinstein	Partner and Co-Chief Investment Officer	Since Inception (December 2019)

For important information about the purchase and sale of Fund shares, tax information, and financial intermediary compensation, please turn to "Additional Information About the Fund" of this Prospectus.

ADDITIONAL INFORMATION ABOUT THE FUND

PURCHASE AND SALE OF FUND SHARES

Minimum Initial Investment

$25,000 minimum initial investment for Class I shares. $2,500 minimum initial investment for Class A shares.

Minimum Additional Investment

$1,000 minimum additional investment for Class I shares and $1,000 minimum additional investment for Class A shares (or $100 for those participating in an automatic investment plan).

General Information

You may purchase or redeem (sell) shares of the Fund on each day that the New York Stock Exchange is open for business. Transactions may be initiated by written request, by telephone or through your financial intermediary.

TAX INFORMATION

The Fund's distributions are generally taxed as ordinary income or capital gains, unless you are investing through a tax-deferred arrangement, such as a 401(k) plan or an IRA. Such tax-deferred arrangements may be taxed later upon withdrawal of monies from those arrangements.

PAYMENTS TO BROKER-DEALERS AND OTHER FINANCIAL INTERMEDIARIES

If you purchase shares of the Fund through a broker-dealer or other financial intermediary (such as a bank), the Fund and its 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 the Fund over another investment. Ask your salesperson or visit your financial intermediary's website for more information.

ADDITIONAL INFORMATION ABOUT THE FUND'S INVESTMENT OBJECTIVES, INVESTMENT STRATEGIES AND RISKS

Investment Objective. The investment objective of the Fund is to seek to maximize total return, through a combination of current income and capital appreciation.

Changes to Investment Objectives. The Fund's investment objective may be changed by the Axonic Funds' (the "Trust") Board of Trustees (the "Board") without shareholder approval upon at least 60 days' prior written notice to the shareholders.

The Investment Process

The Adviser's investment approach primarily focuses on generation of income and other gains while seeking to minimize the adverse effects of rising interest rates by utilizing both top-down and bottom-up analysis during the fundamental research phase and focusing on key sources of risk during the portfolio construction and ongoing portfolio management phases. The Adviser's investment approach relies on three primary components: (i) the Adviser's ability to identify and purchase appropriate securities; (ii) an intensive analytical approach to risk management and portfolio construction; and (iii) the Adviser's ability to construct a blended portfolio of risk-based assets and hedges with a return profile over time that demonstrates increased total return while mitigating discrete risks.

Idea Generation/Security Analysis

The Adviser's idea generation and sourcing process seeks to identify repeatable themes that can meet the Fund's investment objective, using a fundamental and data driven approach during the fundamental research process. The Adviser applies various trading models developed by the Adviser to evaluate prospective instruments. In addition, the Adviser's portfolio managers and analysts regularly monitor market conditions, trade flows, and trade execution to understand current market trends and investment opportunities.

Portfolio Construction

The Adviser carries out the Fund's investment process and risk control procedures by applying various valuation tools, including the Adviser's own risk and valuation pricing engine. In particular, the Adviser believes that attractive risk-adjusted returns can be produced by systematically discovering misvalued credit risk, structural nuances and other opportunities in income-producing investments. The Adviser will attempt to take advantage of the inefficiencies that result from, among other things: (i) inconsistency of performance across deals, issuers, and sectors; (ii) heterogeneity of securities from both a collateral and structural perspective; and (iii) structural complexity. During the portfolio construction phase, the Adviser specifically focuses on minimizing or capitalizing on changes in key sources of risk for structured credit, including: prepayment rates, default rates, loss severity, regulation and legislation risk, and price/yield change risk. The Adviser seeks to achieve lower portfolio volatility by diversifying exposure to these risk sources.

Portfolio Management

In managing the Fund's portfolio, the Adviser actively reallocates the portfolio among securities with different risk profiles in an effort to adapt to new fundamental or technical conditions. The Adviser will attempt to consistently achieve attractive risk-adjusted returns through a complex bottom-up evaluation process of individual securities as well as the top-down nature of optimal portfolio construction and hedging.

Portfolio Composition

Below is a description of certain types of securities in which the Fund may invest as a part of its principal investment strategies.

Commercial Mortgage-Backed Securities. CMBS are fixed income instruments that may be secured by interests in a single mortgage loan or a pool of mortgage loans that are secured by multifamily or commercial properties, such as industrial and warehouse properties, office buildings, retail space and shopping malls, cooperative apartments, hotels and motels, nursing homes, hospitals, trailer parks and senior living centers. Certain CMBS may include single-asset, single-borrower ("SASB") transactions, which are backed by a mortgage loan secured by a single property or a small pool of related properties. SASB CMBS are typically structured with customized terms tailored to the specific asset or borrower and may be more sensitive to the financial performance of the underlying property or borrower compared to diversified CMBS pools.

Residential Mortgage-Backed Securities. RMBS are fixed income instruments that may be secured by interests in a single residential mortgage loan or a pool of mortgage loans secured by residential property. RMBS may be senior, subordinate, interest-only, principal-only, investment-grade, non-investment grade or unrated. The Fund acquires RMBS from private originators as well as from other mortgage loan investors, including savings and loan associations, mortgage bankers, commercial banks, finance companies and investment banks. The credit quality of any RMBS issue depends primarily on the credit quality of the underlying mortgage loans. The investment characteristics of RMBS differ from traditional debt securities. Among the major differences are that interest and principal payments are made more frequently, usually monthly, and that principal may be prepaid at any time because the underlying residential mortgage loans or other assets generally may be prepaid at any time. Mortgages underlying RMBS acquired by the Fund may include, without limitation, jumbo mortgages, second-lien mortgages, non-qualified mortgages, and non-performing loans.

Structured Investments. The Fund may invest in structured investments, which may include:

- **Collateralized Debt Obligations.** The term "CDO" refers to a class of debt or equity securities issued by an entity that owns a pool of assets. The payments to the holders of those CDO securities depend primarily on the cash flows generated by the assets owned by the issuer of the CDO. A synthetic CDO typically is backed by collateral in the form of an over-the-counter derivatives contract in which a portfolio of CDOs are the underlying reference securities.

- **Collateralized Mortgage Obligations.** Each class of a CMO (often referred to as a "tranche") is a debt obligation secured by a pool of mortgage loans pledged as collateral that is legally required to be paid by the issuer, regardless of whether payments are actually made on the underlying mortgages. In a CMO, bonds or certificates are issued in multiple classes. Each class of a CMO is issued at a specific coupon rate and has a stated maturity or final distribution date. CMO residuals generally represent the interests in any excess cash flow from a CMO remaining after the CMO makes required payments of principal and interest to the CMO bondholders and has paid the CMO's administrative expenses.

- **Collateralized Loan Obligations.** CLOs are limited recourse obligations of the issuer payable solely from the cashflow obligations of corporate borrowers that represent the underlying assets. Consequently, holders of the notes must rely solely on distributions of cashflows for the payment of principal and interest on their particular notes. If distributions of cashflows are insufficient to make full payment on a particular note, no other assets are available from which to pay any deficiencies. Investments in CLOs may include investments in income notes (a type of fixed income investment that produces interest income) and other residual interests. The Fund may invest in any tranche of a structured investment vehicle, including junior debt, residual or equity tranches. Among other things, CLO investments may take the form of (i) anchor CLO equity, (ii) risk retention capital, and (iii) equity for loan accumulation facilities or warehouse facilities to CLO managers.

Asset-Backed Securities. ABS are structured like mortgage-backed securities, but instead of mortgage loans or interests in mortgage loans, the underlying assets may include such items as motor vehicle installment sales or installment loan contracts, home equity loans, assets in the aviation industry, including commercial aircrafts or aircraft leases, leases of various types of real, personal and other property (including those relating to automobiles and intellectual property), unsecured consumer loans, receivables from credit card agreements and whole business securitizations. The cash flow generated by the underlying assets is applied to make required payments on the securities and to pay related administrative expenses. The amount of residual cash flow resulting from a particular issue of ABS depends on, among other things, the characteristics of the underlying assets, the coupon rates on the securities, prevailing interest rates, the amount of administrative expenses and the actual prepayment experience on the underlying assets.

Stripped Mortgage-Related Securities. Stripped mortgage-related securities ("SMRS") usually are collateralized by a pool of mortgages or a pool of mortgage-backed bonds or pass-through securities. SMRS usually are structured with two classes that receive different proportions of the principal and interest payments from the underlying assets. A common type of SMRS has one class receiving some of the interest and most of the principal, while the other class receives most of the interest and some of the principal. In the most extreme case, one class of interest-only securities receives all of the interest payments from the underlying assets and one class of principal-only securities ("POs") receives all of the principal payments from the underlying assets.

Pass-Through Mortgage-Related Securities. Interests in pools of mortgage-related securities differ from other forms of debt securities, which normally provide for periodic payment of interest in fixed amounts with principal payments at maturity or specified call dates. Instead, these securities provide a monthly payment consisting of both interest and principal payments. In effect, these payments are a "pass-through" of the monthly payments made by the individual borrowers on their residential mortgage loans, net of any fees paid to the issuer or guarantor of such securities. Additional payments may be generated by repayments of principal resulting from the sale of the underlying residential property, refinancing or foreclosure, net of fees or costs that may be incurred. Some mortgage-related securities, such as securities issued by the Government National Mortgage Association, are described as "modified pass-through." These securities entitle the holder to receive all interest and principal payments owed on the mortgage pool, net of certain fees, regardless of whether or not a mortgagor actually makes the payment.

Adjustable-Rate Mortgage Securities. Adjustable-rate mortgage securities ("ARMS") bear interest at a rate determined by reference to a predetermined interest rate or index. ARMS may be secured by fixed-rate mortgages or adjustable-rate mortgages. ARMS secured by fixed-rate mortgages generally have lifetime caps on the coupon rates of the securities. The adjustable-rate mortgages that secure ARMS will frequently have caps that limit the maximum amount by which the interest rate or the monthly principal and interest payments on the mortgages may increase.

REIT and Other Equities. The Fund may invest in equities and related securities such as exchange traded funds ("ETFs") and equity indices. Equity investments may include indices, ETFs or public or private companies, and may be effected directly in common or preferred stocks, or indirectly or through warrants, options or other derivatives. In general, equity positions are expected primarily to focus on financially-related companies such as mortgage, commercial and other REITs; title, financial guaranty and other insurers and reinsurers; banks; marketplace and other lenders; mortgage originators; mortgage and other loan servicers; homebuilders; asset managers, and other companies involved in loan and leasing origination, servicing, financing and securitization. REITs are entities that either own properties or make construction or mortgage loans, and also may include operating or finance companies.

High Yield Securities. The Fund may invest in below investment grade securities. These "high-yield" securities (also known as "junk bonds") will generally be rated BB or lower by S&P Global Ratings ("S&P") or of equivalent quality rating from another Nationally Recognized Statistical Ratings Organization ("NRSRO"), or if unrated, considered by the Adviser to be of comparable quality. There is no minimum credit quality for securities in which the Fund may invest. Accordingly, the Fund may invest without limit in securities rated as low as D by S&P or of equivalent quality rating from another NRSRO or that are unrated securities of comparable quality.

International Securities. The Fund may invest in the securities of non-U.S. issuers, including direct investments in companies whose securities are principally traded outside the United States on foreign exchanges or foreign over-the-counter markets. The Fund may invest, without limit, in securities of companies in developed, developing or emerging markets.

Credit Derivatives. The Fund may invest in credit derivatives, which are contracts that transfer price, spread and/or default risks of debt and other instruments from one party to another. Such instruments may include one or more debtors or tradeable indices, including mortgage-backed security credit default swap indices, such as CMBX (collectively, "CMBXIs"), and credit default swap indices, such as CDX (collectively, "CDXIs"). Payments under credit derivatives may be made during the exercise period of the contracts. Payments under many credit derivatives are triggered by credit events such as bankruptcy, default, restructuring, failure to pay, cross default or acceleration, interest shortfalls, principal shortfalls or writedowns, etc. Such payments may be for notional amounts, actual losses or amounts determined by a formula. CMBXIs and CDXIs are administered, calculated and published by third-party agents. The credit derivatives in which the Fund invests may include, among other things, credit-linked notes, interest rate swaps, treasury futures, and total return swaps.

Whole Loans. Loans include all kinds of mortgages, including commercial and residential mortgage loans. Whole loans typically involve the direct acquisition by the Fund of unsecuritized mortgage loans bearing either fixed or adjustable interest rates, including non-qualified mortgages, purchased from originators, warehouse providers or other counterparties. Unlike its investments in mortgage-backed and mortgage-related securities described herein, the Fund will have beneficial and record ownership of the whole loans originated or purchased by it. Whole loans may be held to maturity, or the Fund may (particularly in the case of a borrower not performing and/or defaulting) seek to sell or restructure the loan directly or through the services of a third party or to foreclose on the related mortgage or other collateral. The Fund may acquire defaulted, distressed, non-performing or under-performing loans or properties or options to acquire the foregoing. The Fund may also seek a third-party purchaser for such loans or options and may finance the purchase by such third party.

Other Information

Temporary Defensive Positions. The Fund may, from time to time, take temporary defensive positions that are inconsistent with the Fund's principal investment strategies in an attempt to respond to adverse market, economic, political, or other conditions. In such circumstances, the Fund may also hold up to 100% of its portfolio in Cash Positions. The Fund may invest in Cash Positions at any time to maintain liquidity, pending selection of investments by the Adviser, or if the Adviser believes that sufficient investment opportunities that meet the Fund's investment criteria are not available. By keeping cash on hand, the Fund may be able to meet shareholder redemptions without selling securities and realizing gains and losses. As a result of engaging in these temporary measures, the Fund may not achieve its investment objective.

CFTC Regulation. To the extent the Fund makes investments regulated by the Commodity Futures Trading Commission (the "CFTC"), the Fund intends to do so in accordance with Rule 4.5 under the Commodity Exchange Act, as amended ("CEA"). The Adviser has filed a notice of eligibility for exclusion from the definition of the term "commodity pool operator" in accordance with Rule 4.5 and therefore, is not subject to registration or regulation as a commodity pool operator under the CEA. If the Adviser is unable to comply with the requirements of Rule 4.5, the Fund may be required to modify its investment strategies or the Adviser may be subject to CFTC registration requirements, either of which may have an adverse effect on the Fund.

Portfolio Holdings and Disclosure Policy. A description of the Fund's policies and procedures with respect to the disclosure of its portfolio holdings is available in the Fund's statement of additional information ("SAI").

Additional Information. Whether the Fund is an appropriate investment for an investor will depend largely upon his or her financial resources and individual investment goals and objectives. The Fund may not be appropriate for investors who engage in short-term trading and/or other speculative strategies and styles.

The risks below include risks associated with investments in the Fund specifically, as well as risks generally associated with investment in a fund with investment objectives, investment policies, capital structure or trading markets similar to the Fund's. Investors should carefully consider the risk factors described below before deciding on whether to make an investment in the Fund.

Principal Risks of Investing in the Fund

Commercial Mortgage-Backed Securities Risks. The Fund may invest in tranches of Commercial CMBS transactions, ranging from the most senior tranches to the most subordinated tranches, including unrated tranches. The collateral underlying CMBS typically consists of mortgage loans secured by income-producing properties or other CMBS. The performance of a commercial mortgage loan, as well as the market value of the underlying property, is primarily dependent on the net operating income (NOI) generated by the property. Consequently, the success (or lack thereof) of management and operation of properties' related businesses (e.g., leasing, rents, expense management, maintenance, capital improvements, and other aspects of generating net income from underlying properties) directly influence the likelihood of loan delinquencies and defaults, and the severity of potential losses. Where delinquencies and defaults reduce payments on CMBS, the degree to which investors are affected depends on the seniority or subordination of the tranche in which the investor invested (i.e., more senior tranches will experience less loss, and more junior tranches will experience greater losses, up to (in each case) the entire amount of investment).

Numerous factors may impact the performance and market value of commercial properties, including, but not limited to: occupancy rates, rental rates, tenant mix, the success (or lack thereof) of tenant businesses, property location, physical condition, market competition, interest rate movements, real estate taxes, operational expenses, general or local economic conditions, industry-specific downturns, real estate market value movements, changes in adjacent and nearby properties, governmental regulations, government decisions, government fiscal policies, civil disturbances, social unrest, terrorist acts, acts of God, and insurance coverage (or the lack or insufficiency thereof). Adverse developments in any one or more of these factors may adversely affect the performance and market value of commercial properties, increasing the risk of delinquency and default on loans underlying CMBS. Moreover, in the event that collection issues arise, the ability to realize upon the rights and collateral securing the loans underlying CMBS may be constrained by legal limitations, such as bankruptcy laws, state foreclosure statutes, and rights of redemption, any one or all of which may hinder creditor remedies in cases of default.

Many commercial mortgage loans are structured with substantial principal amounts due at maturity, rather than being fully amortized over the loan term. As a result, the repayment of principal often depends on the borrower's planning and ability to make these payments at maturity. Delinquencies or defaults may occur because borrowers fail to appropriately plan for payments at maturity or use funds otherwise available for other purposes, or because the borrower's plans included new financing or refinancing that borrower is not able to secure as and when maturity payments become due (e.g., because the performance or market value, or both, of the applicable property has declined, is declining or is expected to decline or lender advance rates have declined).

Avoiding or minimizing losses on loans underlying CMBS often depend on the resolution of distressed or defaulted loans, which may include the pursuit of negotiated settlements or restructurings with borrowers. In these cases, the delinquent borrowers may not have the financial or business resources (e.g., due to issues with the performance or market value of the underlying commercial property), or otherwise may be unwilling to, enter into appropriate arrangements to resolve the borrowers' distressed or defaulted loans. Notwithstanding the foregoing, borrowers that enter into arrangements to satisfy problem loans may be unable to meet the terms of the arrangement, either because the benefits of the arrangement are not sufficient for the borrower to return to, or maintain, borrower's payment obligations, resulting in losses or further losses. In the case that borrowers are unable or unwilling to enter into negotiated settlements or restructurings, or such negotiated settlements or restructurings are not successful, avoiding or minimizing further losses will depend on additional efforts to resolve the distressed or defaulted loans, up to and including sale of the mortgage note or underlying commercial property, or, if an appropriate arrangement cannot be reached with the borrower, foreclosure on the loan.

While foreclosure or a deed in lieu of foreclosure followed by the liquidation of the collateral property may be necessary (particularly since most commercial property loans underlying CMBS are non-recourse, or effectively non-recourse, to the borrowers), foreclosure proceedings are costly, time-consuming, and subject to delays caused by litigation, bankruptcy or other factors. The ultimate recovery from foreclosure depends on numerous factors, such as minimizing costs incurred in the process, effective promotion and implementation of a foreclosure sale, and factors that affect performance and market value of the property (see above), any of which may deter third parties from purchasing the property at a foreclosure sale or reduce the price they are willing to pay, potentially leaving insufficient proceeds to satisfy the obligations of the related CMBS.

In some cases where loans underlying CMBS become delinquent or defaulted, the borrowers may use revenues from the commercial properties for purposes such as making payments to other creditors, maintaining insurance coverage, paying taxes, or funding property maintenance, instead of making interest or principal payments. In these cases, the diverted revenues are generally not recoverable unless a court appoints a receiver to take control of the collateral's cash flow. Accordingly, diverted funds are not likely to be made available to satisfy delinquent obligations on loans underlying CMBS.

The Fund's investments in SASB CMBS magnify the foregoing risks, as SASB CMBS may be more susceptible to concentration risk, property-specific issues, and borrower credit deterioration compared to diversified CMBS pools.

Residential Mortgage-Backed Securities Risks. In addition to the risks associated with other asset-backed securities as described above, mortgage-backed securities are subject to the general risks associated with investing in real estate securities; that is, they may lose value if the value of the underlying real estate to which a pool of mortgages relates declines. Mortgage-backed securities may be issued by governments or their agencies and instrumentalities, such as, in the United States, Ginnie Mae, Fannie Mae and Freddie Mac. They may also be issued by private issuers but represent an interest in or are collateralized by pass-through securities issued or guaranteed by a government or one of its agencies or instrumentalities. In addition, mortgage-backed securities may be issued by private issuers and be collateralized by securities without a government guarantee. Such securities usually have some form of private credit enhancement.

The rate of prepayments on underlying mortgages affects the price and volatility of a mortgage-backed security, and may have the effect of shortening or extending the effective maturity beyond what was anticipated. Further, different types of mortgage-backed securities are subject to varying degrees of prepayment risk. Finally, the risks of investing in such instruments reflect the risks of investing in real estate securing the underlying loans, including the effect of local and other economic conditions, the ability of tenants to make payments, and the ability to attract and retain tenants.

Pools created by private issuers generally offer a higher rate of interest than government and government-related pools because there are no direct or indirect government or agency guarantees of payments. Notwithstanding that such pools may be supported by various forms of private insurance or guarantees, there can be no assurance that the private insurers or guarantors will be able to meet their obligations under the insurance policies or guarantee arrangements. The Fund may invest in private mortgage pass-through securities without such insurance or guarantees. Any mortgage-backed securities that are issued by private issuers are likely to have some exposure to subprime loans as well as to the mortgage and credit markets generally. In addition, such securities are not subject to the underwriting requirements for the underlying mortgages that would generally apply to securities that have a government or government-sponsored entity guarantee, thereby increasing their credit risk. The risk of non-payment is greater for mortgage-related securities that are backed by mortgage pools that contain subprime loans, but a level of risk exists for all loans.

The Fund's RMBS investments may also have exposure to jumbo mortgages, second-lien loans, nonqualified mortgages, and non-performing loans, among others, exposing the Fund to the particular risks associated with each of these types of assets. For example, for securities with exposure to nonperforming loans, the payments to investors will come predominately from sale and liquidation proceeds, rather than from monthly payments by borrowers. Current market conditions, governmental actions and other factors may cause substantial delays in the ability to foreclose upon or liquidate the loans and sell the underlying properties and may adversely affect investment returns.

Market factors adversely affecting mortgage loan repayments generally may include a general economic downturn, high unemployment, a general slowdown in the real estate market, a drop in the market prices of real estate, or an increase in interest rates resulting in higher mortgage payments by holders of adjustable-rate mortgages.

Residential Transition Loan Risk. The Fund may have exposure to Residential Transition Loans ("RTLs"), also known as "fix and flip" loans. RTLs are generally shorter-term loans used to finance the acquisition, and re-development or construction of single family or multi-family residential properties by borrowers aiming to improve and then sell the properties within a short timeframe. The borrowers' ability to complete these necessary projects and sell the properties are subject to a variety of risks including weather, construction delays and the current state of the real-estate market in the applicable area in which the related property is located. There is a risk that a borrower may not be able to sell the property on attractive terms or at all once the property has been re-developed. Moreover, the borrower may experience difficulty in completing the re-development or construction of the property on schedule or at all, whether as a result of cost over-runs, construction-related delays or other issues, which may result in delays selling the property or an inability to sell the property at all. Since the borrower would typically use the proceeds of the sale of the property to repay the bridge loan, if any of the foregoing events were to occur, the borrower may be unable to repay its loan on a timely basis or at all, any of which could subject the Fund to losses. RTL loans are often for the purpose of financing construction, repairs or rehabilitation projects, and the properties are often in a general state of disrepair. In the event of foreclosure, a property may not be habitable or leasable and may only be able to be sold at a substantial discount to the original investment. To the extent permitted by the terms of the applicable loans, RTL borrowers may be entitled to request additional funds in connection with identified repair, construction or rehabilitation projects, which may require additional funding by the Fund. If a borrower is unable to satisfy the conditions in order to draw upon such unfunded commitments, the planned rehabilitation, renovation or construction of the underlying property may not be able to be completed and in turn the borrower may be unable to repay its obligations under the loan. Any failure to fund unfunded commitments when due with respect to the Mortgage Loans could result in claims by the borrower against the originator or lending party(s).

Due to their short term and the greater difficulty in recoupment in the event of a borrower's default, these loans can be particularly illiquid. Unlike consumer-purpose residential mortgage loans, which often are underwritten to the standards of government-sponsored enterprises such as Fannie Mae or Freddie Mac, or are underwritten to qualify for U.S. government insurance or guaranty through the United States Department of Agriculture, Federal Housing Administration or Veterans Affairs, RTLs are originated for a commercial purpose to a borrower who may not qualify for traditional agency, government or private label non-agency products. Originating loans to borrowers that may not qualify for traditional agency, government or private label products and that may not meet the requirements of Fannie Mae or Freddie Mac may increase the risks associated with such loans and such loans may experience higher rates of delinquency than consumer-purpose residential loans.

Concentration in Certain Mortgage-Related Assets Risks. The Fund's investments in mortgage-related assets, including private mortgage loans, RMBS (agency and non-agency), CMBS, CDOs, CLOs, and other mortgage-backed securities, introduces significant risks, including, without limitation, risks associated with lending and debt securities generally, investments in real estate generally, and similar risks described above and below. The Fund's concentration in mortgage-related investments magnifies these risks, as the Fund's performance will be disproportionately impacted by adverse developments in the commercial real estate market, the housing market, interest rates, or similar changes that reduce the values of real estate-related debt positions. These magnified risks may be realized rapidly if and when credit quality (or the perception of credit quality in the market) deteriorates within the mortgage sector generally or in one or more mortgage sub-sectors in which the Fund's investments are concentrated. See additional mortgage-related risk factors, including, without limitation, "Interest Rate Risks" and "Credit Risks" under this "Types of Investments and Related Risks, Principal Risks of Investing in the Fund" section for a more thorough discussion of risk factors that may heighten the vulnerabilities associated with the Fund's concentration in mortgage-related assets and, as a result, increasing the decline in the Fund's value relative to other credit-focused funds that do not concentrate their investments on real estate-backed lending assets.

REIT Risks. Investments in REITs and in securities of other companies principally engaged in the real estate industry subject the Fund to, among other things, risks similar to those of direct investments in real estate and the real estate industry in general. These include risks related to general and local economic conditions, possible lack of availability of financing and changes in interest rates or property values. The value of interests in a REIT may be affected by, among other factors, changes in the value of the underlying properties owned by the REIT, changes in the prospect for earnings and/or cash flow growth of the REIT itself, defaults by borrowers or tenants, market saturation, decreases in market rates for rents, and other economic, political, or regulatory matters affecting the real estate industry generally. REITs and similar non-U.S. entities depend upon specialized management skills, may have limited financial resources, may have less trading volume in their securities, and may be subject to more abrupt or erratic price movements than the overall securities markets. REITs are also subject to the risk of failing to qualify for favorable tax treatment under the Code. The failure of a REIT to continue to qualify as a REIT for tax purposes can materially and adversely affect its value. In addition, due to recent changes in tax laws, certain tax benefits of REITs may not be passed through to Fund shareholders. Some REITs (especially mortgage REITs) are affected by risks similar to those associated with investments in debt securities including changes in interest rates and the quality of credit extended.

Asset-Backed Securities Risks. The Fund's investments in asset-backed instruments are subject to risks similar to those associated with mortgage-related assets, as well as additional risks specific to the nature of the assets and the servicing of those assets. ABS are subject to credit risk, interest rate risk and, to a lesser degree, prepayment risk. ABS may also be subject to additional risks in that, unlike some mortgage-backed securities, ABS do not have the benefit of a security interest in the related collateral. Payment of principal and interest on asset-backed instruments may be largely dependent on the cash flows generated by the assets backing the instruments. Each type of ABS also entails unique risks depending on the type of assets involved and the legal structure used. For example, unsecured consumer loans are not secured by any collateral of the borrowers, rather the repayment of these loans is dependent upon the ability and willingness of the borrowers to repay and the ability of the borrowers to make payments on the loans may be affected by a variety of social and economic factors, making such assets particularly dependent upon the ability of the issuer and its service providers' to effectively underwrite and service the underlying loans. ABS typically experience credit risk. There is also the possibility that recoveries on repossessed collateral may not, in some cases, be available to support payments on these securities because of the inability to perfect a security interest in such collateral.

Structured Investments Risks. The Fund may invest in entities organized and operated for the purpose of restructuring the investment characteristics of other debt securities, which may include CDOs, CLOs, and CMOs. These investments typically consist of equity or subordinated debt securities issued by a private investment fund that invests, on a leveraged basis, in debt instruments, including primarily senior loans, high-yield bonds, mortgage-backed securities, and ABS, either directly or through total rate of return swaps or other credit derivatives. The cash flow from the underlying instruments may be apportioned among the newly issued securities to create securities with different investment characteristics, such as varying maturities, payment priorities, and interest rate provisions, and the extent of the payments made with respect to such securities is dependent on the extent of the cash flow on the underlying instruments. However, because the Fund will not own the underlying assets directly, it will not benefit from certain rights typically afforded to holders of those assets, such as indemnification and voting rights. Some of the loans underlying structured securities in which the Fund invests may be "covenant-lite" loans, which contain fewer or less restrictive constrains on the borrower than certain other types of loans. Covenant-lite loans lack traditional financial maintenance covenants that require borrowers to maintain certain financial ratios. Instead, these loans typically include only incurrence-based covenants that restrict specific actions, such as the incurrence of additional debt. The absence of maintenance covenants may delay lenders' ability to intervene in distressed situations, increasing the risk of loss. Covenant-lite loans may also create a higher risk of losses in the event of borrower default, as lenders have fewer contractual protections compared to loans with traditional covenants.

Exposure to structured finance securities entails a variety of risks, including credit risks, liquidity risks, prepayment risks, interest rate risks, market risks, operational risks, structural risks, geographical concentration risks, basis risks, and legal risks. Structured finance securities are also subject to the risk that the servicer of the underlying assets fails to perform its duties. These securities are further exposed to structural and execution risks related to how losses from the underlying loans affect both the issuing vehicle and investor returns. If borrowers fail to repay their loans, the issuing vehicle may not have enough cash to make full payments to investors. The structure of the collateral also impacts risk. Some securities are backed by a fixed pool of loans that do not change, while others allow new loans to be added over time. When new loans are introduced, there is a risk that their credit quality may be lower than the original loans. Additionally, the collateral may either revolve, meaning new loans replace maturing ones, or be closed-end, meaning the loan pool remains static and amortizes over time. Revolving structures add uncertainty because the performance of newly added loans may differ from the original ones. The structure of a securitization itself affects how and when investors are paid. In some transactions, any excess cash flows connected to underlying loans that remain after required payments have been made to investors may revert to the issuing entity instead of being distributed to investors such as the Fund. The timing of the issuer's payments may also be uncertain—if borrowers repay underlying loans earlier or later than expected, or if defaults and foreclosures are higher than anticipated, the maturity of the security could be affected. Furthermore, the entity that provided or contributed the underlying loans may not be required to cover losses or provide financial support to the issuing vehicle in the event of such defaults and foreclosures. If the collateral underperforms and no support is required, investors like the Fund may experience losses.

Most structured investments are issued in multiple tranches categorized as senior, mezzanine, and subordinated (or "equity" or "first loss") based on their degree of risk. The senior tranche has the greatest collateralization and the lowest credit risk but pays the lowest interest rate. Mezzanine tranches have a moderate level of risk and return, while subordinated or equity tranches are the most exposed to risk and offer the highest potential returns. If there are defaults or if the collateral underperforms, scheduled payments to senior tranches take precedence over those of mezzanine tranches, while payments to mezzanine tranches take precedence over those to subordinated or equity tranches. As a result, lower tranches—particularly subordinated and residual or equity tranches—are especially sensitive to the rate of defaults and losses in the collateral pool, as losses in the collateral pool are absorbed first by the equity tranche and subsequently by other subordinate tranches. The return on equity tranches depends primarily on residual interest payments, which are the funds left over after payments to higher tranches and expenses of the issuing entity. These tranches typically do not have a fixed interest rate and may be highly leveraged, significantly increasing the risk of loss.

Equity interests held by the Fund in structured finance entities are not secured by the assets of the structured product or guaranteed by any party. These equity interests rank behind all other creditors, including holders of senior and mezzanine tranches. Equity interests are typically subject to payment restrictions outlined in the indenture governing the senior tranches, meaning that scheduled payments may not be made in full or at all. Such investments are highly sensitive to defaults in the collateral pool and may result in total loss of the Fund's investment. The leveraged nature of these equity interests magnifies the impact of changes in interest rates, collateral performance, and other risk factors, increasing the potential for significant losses. Equity interests in structured products are typically illiquid investments, subject to extensive transfer restrictions, and may lack a secondary market. No party is obligated to make a market for these interests, and the Fund may not be able to sell or transfer them at their fair value—or at all—if it determines to liquidate its position. The lack of liquidity in these instruments may prevent the Fund from responding promptly to market changes or adverse developments, potentially leading to further losses.

The Fund may invest in risk retention tranches of CMBS or other securitizations, which are residual interests initially retained by the sponsors of the securitizations pursuant to the credit risk retention requirements of Section 941 of the Dodd-Frank Act and the U.S. Risk Retention Rules. These tranches must typically be held unhedged for at least five years following the closing of the securitization. Even after the holding period expires, the illiquid nature of these investments may limit exit strategies, and there is no assurance that the Fund will be able to dispose of these positions at a desirable price or time. The U.S. Risk Retention Rules are subject to limited regulatory guidance, and interpretations of these rules by federal agencies—including the FDIC, OCC, Federal Reserve, SEC, HUD, and FHFA—may change over time. These regulatory uncertainties could adversely impact the Fund's investments in risk retention tranches. When acting as a third-party purchaser of risk retention interests, the Fund may be required to execute Risk Retention Agreements containing representations, warranties, covenants, and indemnities. Breaches of these agreements may expose the Fund to legal claims and financial losses.

Aircraft and Aviation Industry Risk. The Fund may invest in securities collateralized or otherwise backed by assets in the aviation industry, including commercial aircraft and loans and leases thereof ("Aviation Assets"). Certain events ("Aviation Impact Events") may have a direct and indirect impact on the value of the Fund's Aviation Assets, including: (i) economic declines and recessions; (ii) geopolitical conflict; (iii) the price of petroleum; (iv) the availability of more attractively priced and/or more efficient aircraft; (v) price discounting by manufacturers of new aircraft; (vi) obsolescence (whether due to changes in technology or changes in regulation, particularly regulation related to environmental standards); (vii) the negative effects (including the related press coverage and negative public perception) of aircraft incidents, aerial catastrophes, aircraft disasters and other aviation accidents involving highly publicized commercial airlines and aviation manufacturers, whether as a result of mechanical, electrical, airframe or human failure; and (viii) the occurrence or threat of pandemic, terrorism, or war. Each of the foregoing Aviation Impact Events can have a material effect on aircraft values, especially in the short term, but the effect may also be long-term or permanent. Most of these Aviation Impact Events either cannot be predicted or cannot be predicted with any degree of certainty, but will adversely affect the value of securities held by the Fund. In addition to factors linked to the aviation industry, other factors that may affect the value of an aircraft include: (i) manufacturers merging or exiting the industry or ceasing to produce aircraft types; (ii) the particular maintenance and operating history of the aircraft and engines; (iii) the number of operators using that type of aircraft; (iv) whether the aircraft is subject to a lease; (v) regulatory and legal requirements that must be satisfied before the aircraft can be operated, sold or re-leased, including airworthiness directives; (iv) layout of the aircraft amongst operators of particular aircraft; and (vii) any renegotiation of a lease on less favorable terms. Changes in the economic and public health situation, which can result in widespread travel restrictions and reduced travel demand at times, may have adverse effects on the value and liquidity of aircraft securitizations. To the extent an investment is collateralized or otherwise backed by assets in the aviation industry that are located outside the United States, such investment will be subject to the risks associated with non-U.S. investments, including risks of exposure to government restrictions, including confiscatory taxation, expropriation or nationalization of a company's assets.

The realization of any of the foregoing risks with respect to aircraft or the airline industry generally will adversely affect the ability or perceived ability of obligors to make payments on aircraft-related debt securities, any of which will cause declines in the value of the securities and the receipt of payments therefrom.

Residential Mortgage Lending Market Risks. The residential mortgage market has been an attractive environment for finding value in securities, loans and other instruments. There can be no assurance that the Adviser will continue to be able to find value in such market.

Delinquencies, defaults and foreclosures on residential mortgage loans may affect the performance of collateralized debt obligations, asset backed securities and other securities, in particular residential mortgage securities that are backed by mortgage loans. Mortgage loans are generally made to borrowers with lower credit scores and are generally made with higher loan-to-value ratios than mortgage loans made to more creditworthy home buyers. Accordingly, mortgage loans backing residential mortgage securities are more sensitive to economic factors that could affect the ability of borrowers to pay their obligations under the mortgage loans backing these securities. A portion of CDO and asset backed securities' collateral may consist of residential mortgage securities. A deterioration in the assets collateralizing the CDO, asset backed or other securities held by the Fund would negatively affect the cash flows of the collateral securities, and consequently the performance or market value of the Fund. Therefore, the Fund will be sensitive to the same economic factors that affect residential mortgage securities. Further, a portion of the collateral securities may consist of securities which include or have significant exposure to residential mortgage securities which were originated or are serviced (or both) by mortgage companies which are currently in bankruptcy proceedings or which are experiencing financial difficulties or regulatory enforcement actions which have restricted the ability of the lender or its affiliates to originate mortgage loans and may affect its ability to service or subservice mortgage loans.

Commercial and Residential Mortgages and Loans Risks. Investing in loans, including commercial and residential mortgage loans, involves the general risks typically associated with traditional fixed-income securities, such as interest rate risk and credit risk, as well as additional risks including the risk of principal prepayment and risks inherent in real estate investments. These risks can affect individual mortgages or loans, as well as broader local, regional, national, or global markets, potentially leading to adverse effects on the performance and market value of applicable mortgages or loans. In unfavorable market conditions, delinquencies and losses on residential and commercial mortgage loans—particularly subprime and second-lien mortgage loans—generally increase. Declines or stagnation in commercial real estate, housing and other real property values typically exacerbate these delinquencies and losses.

As noted above and below, commercial and residential mortgage markets are subject to risks of decline in property values due to a number of different factors. The realization of any one or more of these factors creates unfavorable market conditions and reduced investor demand that further decreases liquidity in the secondary market for real estate properties and mortgage loans. This lack of liquidity may negatively impact market values and compound adverse market conditions, thereby further depressing market values, potentially on an accelerated basis. While the effects of a lack of liquidity may be observed in individual properties, the effects of illiquidity market-wide in geographic areas, market segments, or the real estate market as a whole may be more pronounced. In the case of rapid or widespread declines in real estate market sentiment, the value of real estate properties generally in the affected area, market segment or market as a whole will be adversely affected, potentially on an accelerated basis, regardless of the circumstances or prospects for any individual property. Mortgage and loan values may decline as applicable real estate values decline, potentially initiating, exacerbating or accelerating problem mortgages and loans. As mortgages or loans cease performing, the lender may face losses due to restructuring or, where restructuring is not available or fails, sales of underlying properties at discounts, or foreclosures, any of which may result in a shortfall on a mortgage or loan between the value generated through the amount realized on the collateral, and the costs and liabilities associated with owning, holding, or disposing of the property.

Rising interest rates generally extend the duration of fixed-rate mortgage-related assets, making them more sensitive to further changes in interest rates. This phenomenon, known as extension risk, can cause additional volatility, as individual mortgage holders are less likely to prepay their loans in rising rate environments. In addition, rising interest rates decrease the value of mortgages and loans carrying lower rates. Conversely, declining interest rates may incentivize borrowers to refinance or otherwise pay off their mortgages earlier than expected, reducing returns on the loans and creating reinvestment risk as proceeds are reinvested at lower prevailing rates. Mortgage-backed securities, particularly commercial loans and residential mortgages not backed by government guarantees, are highly sensitive to interest rate fluctuations, and even small changes can cause significant losses.

The Fund may face difficulties in disposing of loans, which typically do not trade in liquid markets and generally face limited demand from a relatively small universe of institutional investors even in positive market conditions. This lack of liquidity may reduce or inhibit the ability to sell loans and related instruments when it may be otherwise desirable to do so, such as during economic downturns, borrower credit deterioration, and market declines, and, in any event, will adversely affect the values realized from sales of mortgages and related instruments during such periods. The illiquidity of mortgages and associated instruments and properties also may make them difficult to value, potentially resulting in a misunderstanding of value or the mispricing of the same.

Investing in loans may expose the Fund to heightened levels of credit risk, call risk, settlement risk, and liquidity risk compared to other fixed-income instruments. Transactions involving loans may also involve greater costs due to restrictions on transfers, irregular trading activity, wide bid/ask spreads, and extended trade settlement periods. These factors may make it more challenging for the Fund to make, acquire, dispose of, or accurately price loans. The Fund may not realize the full value of loans upon sale and may experience delays in receiving sale proceeds. Extended settlement periods for loan transactions may delay the availability of proceeds for reinvestment or meeting obligations, such as share repurchases, potentially forcing the Fund to sell other investments or borrow funds to raise cash.

The Fund may purchase U.S. residential mortgages that do not meet the Consumer Financial Protection Bureau's ("CFPB") definition of a qualified mortgage or similar definitions from other regulators, as well as qualified mortgages and secured or unsecured consumer loans. Non-qualified mortgages expose the lender or holder to borrower defenses and claims that may not be available to qualified mortgage borrowers, even if the lender or holder was not at fault. In addition, the CFPB's rule-making authority and enforcement/oversight functions with respect to non-qualified mortgages is currently subject to significant uncertainty as recent regulatory policies and objectives have shifted, which could impact the value, availability or enforceability of non-qualified mortgages.

Purchasers and originators of residential mortgage loans or consumer loans may face enforcement actions by regulatory authorities, class action lawsuits by borrowers, or actions by governmental entities. The Fund may rely on third-party due diligence firms to assess whether loans are originated to acceptable standards. These firms are often exculpated from liability except in cases of fraud, leaving the lender or holder exposed to risks that may not be discovered for years. Borrowers may assert defenses to payment, including claims that loans violate usury laws or that the lender or holder lacks proper licenses to originate or hold the loans. Violations of these laws may void the enforceability of the loans, allow borrowers to recover prior payments, or subject the lender or holder to regulatory sanctions, penalties, and punitive damages.

To the extent that the Fund originates or makes loans, the Fund may also be required to obtain licenses or register in jurisdictions where borrowers or properties are located. Failure to comply with these requirements may limit the Fund's ability to hold or enforce loans, exposing the Fund to sanctions and monetary penalties. Certain states may require purchasers or holders of residential or consumer loans to be licensed to collect interest above a specified rate or to foreclose on properties. The Fund may use structures designed to preempt state licensing laws to address these requirements, but compliance with these laws remains a risk.

The Fund performs due diligence before making or acquiring loans or related instruments, but due diligence is subject to a number of risks, such as reliance on data and representations from third party borrowers, sellers, sponsors and issuers, any of which may be incomplete or inaccurate. In addition, due diligence processes may fail to identify compliance issues or violations, borrower delinquencies, or defaults, potentially because the information provided and available is limited, dated or insufficient. The Fund is also subject to the risk that the information reviewed is missed, misunderstood or misinterpreted, or that the information available is inadequate to fully appreciate, evaluate and assess loans and related instruments. The Fund's investments in mortgages and related instruments are also dependent on loan and similar servicing companies that may fail to adequately perform, fail to comply with applicable regulations or fail to meet processing or investor requirements, further increasing the risk of non-performance on serviced loans and related instruments. Where the Fund relied on representations, warranties and information provided in connection with diligence on loans and related instruments, counterparties and other involved third parties may be unwilling or unable to repurchase defective loans or pay damages for liabilities related to the same, regardless of their level of responsibility or judgments related to the same, particularly if the applicable parties are or become financially insolvent. Additionally, because loans may not be classified as "securities," the Fund may not benefit from anti-fraud protections under federal securities laws, relying instead on contractual remedies, which may be limited.

The mortgage loans acquired by the Fund may be significantly concentrated in one or more specific states or regions, increasing exposure to localized economic downturns, disasters, or declines in property values. While any of the foregoing may develop or occur in any jurisdiction, properties in certain jurisdictions may face heightened risks from uninsurable hazards, such as earthquakes, floods, hurricanes, or wildfires. Similarly, government actions and policies, outbreaks, pandemics, terrorist actions and other unexpected developments or disasters may precipitate economic declines or issues particular to a geographic area or the U.S. generally. The realization or any one or more of the foregoing would likely cause declines in property values and increases in loan delinquencies and defaults that adversely affect individual loans and related instruments.

The Fund is subject to risks associated with servicers hired to manage collections and workouts on loans. Both default frequency and default severity of loans may depend in part upon the quality of the servicer. If servicers are not vigilant in encouraging borrowers to make their payments, the borrowers may be less likely to make these payments, which could result in a higher frequency of default. The failure of servicers to effectively service loans could materially and adversely affect the Fund. The Fund is also subject to credit risk associated with loan originators from whom the Fund acquires loans. Such originators may be thinly capitalized and may not be able to fulfil contractual obligations (e.g., buyback obligations) or may not have sufficient assets to satisfy claims for breach of a representation or warranty. Any such failure by an originator could materially and adversely affect the Fund.

The Fund may need to foreclose on certain of the loans it owns or acquires and may take title to the properties securing such loans. If the Fund does not or cannot sell a property, the Fund would then come to own and operate the property as "real estate owned" (REO). The Fund may also acquire REO properties, including through the purchase of pools of loans (such as pools of non-performing loan or residential transition loans) that include REO properties. Owning and operating real property involves costs and risks that are different than the risks faced in owning an asset secured by that property. Risks include including the risks associated with both the domestic and international general economic climates; local real estate conditions; risks due to dependence on cash flow; risks and operating problems arising out of the absence of certain construction materials; changes in supply of, or demand for, competing properties in an area (as a result, for instance, of overbuilding); the financial condition of tenants, buyers and sellers of properties; changes in availability of debt financing; energy and supply shortages; changes in the tax, real estate, environmental and zoning laws and regulations; various uninsured or uninsurable risks; natural disasters; and the ability of the Fund or third-party borrowers to manage the real properties. Costs incident to the ownership of real estate include the paying of expenses and taxes, maintaining such property and any improvements thereon, and ultimately disposing of such property. Real-estate related taxes may increase, and if these increases are not passed on to tenants (or there are no tenants), the Fund's income will be reduced. Although some leases may permit pass through such tax increases to the tenants for payment, renewal leases or future leases may not be negotiated on the same basis. The costs associated with operating and redeveloping a property, including any operating shortfalls and significant capital expenditures, could materially and adversely affect the Fund's results of operations, financial conditions and liquidity. In addition, the liquidation proceeds upon sale of the underlying real estate may not be sufficient to recover the Fund's cost basis in the loan, resulting in a loss to the Fund. In order to ensure that income and fees earned from ownership of REO properties do not disqualify the Fund as a RIC for a failure to satisfy the source of income test, the Fund may be required to recognize the income from REO properties indirectly through one or more entities treated as corporations for U.S. federal income tax purposes. Such corporations will be subject to U.S. corporate income tax on their earnings, which ultimately will reduce the Fund's return on such income and fees.

Direct Lending/Origination Risk, Generally. The Fund may invest in loans or privately placed debt securities, which may be either directly or indirectly originated by the Fund or purchased from originators. If the Fund is the sole lender or investor in privately offered debt, it will hold a promissory note or an equivalent instrument and bear the expense of servicing the associated debt. This includes activities such as determining or monitoring the security for the debt and, if necessary, pursuing legal action to foreclose on the secured position. In such cases, the Fund assumes risks related to the impairment of the security, foreclosure expenses, and the possibility that foreclosure proceeds may fail to cover unpaid principal or interest. The Fund's exposure to a direct loan—whether originated or purchased—may exceed the exposure associated with similar investments acquired in the secondary market from a third-party issuer and servicer. Direct loans or privately placed debt securities generally carry greater risks than syndicated or publicly offered debt, as the responsibility and cost of collection and foreclosure, if necessary, rest solely on the holder of the debt. Various market and economic factors may negatively impact the value of loans and privately placed debt securities, including the availability of investment opportunities, fluctuations in interest rates, access to adequate short- and long-term financing, conditions in financial markets, and overall economic conditions. Additionally, the illiquidity and inefficiency inherent in private lending and private debt securities markets can further affect the valuation and performance of these investments. Competition for the origination or acquisition of loans and private debt securities may drive up the price of such assets or make it more challenging to identify and execute desirable investment opportunities. This competitive environment may limit the Fund's ability to achieve favorable terms or fully implement its investment strategy.

Direct Lending/Origination Risk – Lending Licensing and Compliance Risk. Many states and localities require entities that make, broker, service, collect, or enforce commercial or residential loans, or that hold or purchase certain high-rate consumer obligations, to be licensed or registered and to comply with usury limits, disclosure and fee restrictions, fair lending, data and privacy, debt collection, foreclosure, and reporting requirements. Whether a particular license is required can be highly fact-specific and may turn on the type of loan or collateral, the borrower's and collateral's location, the scope of the Fund's activities (including servicing, collecting, or enforcing), and evolving legal doctrines (for example, "true lender" or assignee liability concepts). Applicable standards can change through new statutes, regulations, guidance, court decisions, or enforcement priorities.

When the Fund originates loans (directly or through subsidiaries), or acquires, holds, services, or collects loans, it may be required to obtain its own licenses, rely on third-party licenses, appoint licensed servicers, or restructure transactions. The Fund may also determine that licensing is not required in jurisdictions based on the terms of a transaction and the advice of legal counsel. There is no guarantee that applicable regulators will agree with the Fund's determination. If the Fund's licensing determinations are challenged, if requirements or licensing interpretation changes, or if a counterparty's license lapses or is inadequate, regulators or private litigants may assert that loans are void or partially unenforceable, that interest and fees must be refunded or reduced, or that the Fund is subject to penalties, fines, treble or statutory damages, attorneys' fees, or restitution. The Fund could receive subpoenas or civil investigative demands, be subject to examinations, investigations, enforcement actions, or consent orders, be required to cease or modify activities, transfer servicing, delay or be barred from exercising remedies or foreclosing, or incur substantial compliance costs. Achieving and maintaining licensure can be time-consuming and costly (e.g., bonding, background checks, staffing, policies and procedures) and may limit permissible rates, fees, and activities. Multi-state compliance increases operational complexity and cost, and reliance on third-party licenses or servicers introduces additional counterparty and operational risk. Any of the foregoing could reduce yields or cash flows, increase losses and expenses, impair liquidity, and adversely affect the Fund's performance.

Credit Derivatives Risks. Credit derivatives are contracts that transfer price, spread and/or default risks of debt and other instruments from one party to another. Such instruments may be illiquid or less liquid, volatile, difficult to price and leveraged so that small changes in the value of the underlying instruments may produce disproportionate losses to the Fund. In addition, the Fund is subject to the credit risk associated with the underlying assets of a derivatives contract as well as the risk of counterparty default. As a result, the Fund's use of derivatives could result in losses, which could be significant.

Credit derivatives used by the Fund may include one or more debtors. Payments under credit derivatives may be made during the exercise period of the contracts. Payments under many credit derivatives are triggered by credit events such as bankruptcy, default, restructuring, failure to pay, cross default or acceleration, etc. Such payments may be for notional amounts, actual losses or amounts determined by a formula.

The Fund may use derivatives for hedging or speculative purposes, and certain of the derivative investments in which the Fund may invest may, in certain circumstances, give rise to a form of financial leverage, which may magnify the risk of owning such instruments. The ability to successfully use derivative investments depends on the ability of the Adviser to predict pertinent market movements, which cannot be assured. In addition, amounts paid by the Fund as premiums and cash or other assets held in margin accounts with respect to the Fund's derivative investments would not be available to the Fund for other investment purposes, which may result in lost opportunities for gain.

The market for credit derivatives is somewhat illiquid and there are considerable risks that it may be difficult to either buy or sell the contracts as needed or at reasonable prices. Sellers of credit derivatives carry the inherent price, spread and default risks of the debt instruments covered by the derivative instruments. Buyers of credit derivatives carry the risk of non-performance by the seller due to inability to pay. There are also risks with respect to credit derivatives in determining whether an event will trigger payment under the derivative and whether such payment will offset the loss or payment due under another instrument. In the past, buyers and sellers of credit derivatives have found that a trigger event in one contract may not match the trigger event in another contract, exposing the buyer or the seller to further risk. Credit derivatives may be cleared or uncleared. The Fund is exposed to the risk of a counterparty default (in the case of an uncleared transaction) or futures commission merchant's or clearinghouse's default (in the case of a cleared transaction).

Leverage Risk. Certain transactions, including, for example, forward commitment purchases, inverse floaters, loans of portfolio securities, repurchase agreements (or reverse repurchase agreements), and the use of some derivatives, can result in leverage. In addition, the Fund may create leverage by borrowing money. Leverage generally has the effect of increasing the amounts of loss or gain the Fund may realize, and creates the likelihood of greater volatility of the value of the Fund's investments. In transactions involving leverage, a relatively small market movement or change in other underlying indicator can lead to significantly larger losses to the Fund. There is a risk of loss in excess of invested capital. The use of leverage may also require the Fund to liquidate its other holdings at disadvantageous times and prices in order to satisfy repayment, interest payment or margin obligations or to meet asset segregation or coverage requirements.

Credit Default Swap Agreements Risks. The buyer of a credit default swap is obligated to pay the seller a periodic stream of payments over the term of the contract in return for one or more contingent payments upon the occurrence of a credit event with respect to one or more underlying reference obligations. Generally, a credit event means, (i) with respect to corporate reference obligations, bankruptcy, failure to pay and, in certain cases, restructuring, (ii) with respect to municipal or sovereign reference obligations, failure to pay, restructuring and, in certain cases, moratorium, and (iii) with respect to asset-backed security reference obligations, principal writedowns and interest shortfalls. If a credit event occurs under a swap referencing a corporate, sovereign or municipal reference obligation, the buyer typically receives the notional amount of the reference obligation subject to an obligation to physically deliver the notional amount of the reference obligation (or other permitted security) to the seller, which reference obligation (or other permitted security) may not be readily available to the buyer, in which case the buyer may forfeit its credit event payment. However, in many cases, the parties to the swap will agree to an industry-wide cash-settlement auction process. Following a credit event and the physical delivery or cash settlement thereof, a swap referencing a corporate, sovereign or municipal reference obligation will terminate. If a credit event occurs under a swap referencing an asset-backed security reference obligation, the buyer typically receives a payment calculated by reference to the principal writedowns and interest shortfalls under a notional amount of the reference obligation. In certain cases, the buyer may be required to make a payment calculated by reference to a write-up or recovery under a notional amount of the reference obligation, which may relate to a credit event that occurred prior to the time that the buyer entered into the swap. Swaps referencing asset-backed security reference obligations do not terminate following a credit event thereunder. Entering into a credit default swap may require an upfront payment be made by the buyer or seller thereunder. Credit default swaps may be cleared or uncleared and the Fund may be either the buyer or seller of a cleared or uncleared credit default swap. If the Fund is a buyer and no credit event occurs, the Fund will have made payments under the swap and received nothing. The selling of credit default swaps involves additional risks to those posed by investing in the reference obligation directly, including the credit risk of the counterparty (or the credit risk of the relevant futures commission merchants and clearinghouses, in the case of cleared swaps). The Fund is exposed to the risk of a counterparty's default (in the case of an uncleared transaction) or futures commission merchant's or clearinghouse's default (in the case of a cleared transaction). In addition to general market risks, credit default swaps are subject to liquidity risk, and may be more or less liquid than the underlying reference obligations.

Interest Rate Risk. The Fund is subject to interest rate risk, which is the risk that the value of fixed-income instruments and other interest rate–sensitive securities held by the Fund will change in response to changes in prevailing interest rates. Generally, when interest rates rise, the values of fixed-rate securities and portfolios with longer average duration decline, and when interest rates fall, the values of such securities generally rise. The value of longer-term securities tends to fluctuate more in response to interest rate changes than the value of shorter-term securities. Changes in interest rates may also affect the ability of borrowers underlying the Fund's investments to meet their payment or refinancing obligations, which could reduce the Fund's net investment income and distributions to shareholders. Interest rate movements may lead to increased volatility and potential losses, and may also impact the Fund's ability to meet its investment objectives. Declines in the value of fixed-income securities could adversely impact the Fund's net asset value, and may also affect the Fund's liquidity if significant shareholder redemptions or repurchase requests occur during periods of rising rates or declining bond prices. Additionally, if the Fund borrows money to finance shareholder redemptions, the interest on such borrowings will increase Fund expenses and reduce any net investment income, further impacting remaining shareholders.

To mitigate exposure to interest rate changes, the Fund may use hedging strategies, such as interest rate swaps, interest rate futures, and/or interest rate options. However, there is no guarantee these hedges will be implemented or, if implemented, will successfully mitigate the impact of interest rate changes on the Fund's portfolio.

Inflation Risk. The Fund is subject to inflation risk, which is the risk that the value of the Fund's assets or the income the Fund generates from investments may be eroded over time as inflation reduces the purchasing power of money. Inflation may cause the real value of the Fund's shares and distributions to decline, and can also affect interest rates, borrowing costs, and the broader economy. Unexpected or sustained increases in inflation may impact the performance of the Fund's investments and reduce effective returns to shareholders. The Fund may not be able to fully offset the impact of inflation through its investment strategy, and there is no assurance that returns will keep pace with rising costs or inflationary pressures.

Distressed Investments and Non-Performing Loans Risks. The Fund may invest in debt and equity securities, accounts and notes payable, and other financial instruments and obligations of troubled obligors that may result in significant returns to the Fund, but which involve a substantial degree of risk. The Fund may lose its entire investment in a troubled obligor, may be required to accept cash or securities with a value less than the Fund's investment and may be prohibited from exercising certain rights with respect to such investment. Troubled obligor investments may not show any returns for a considerable period of time. Funding a plan of reorganization involves additional risks, including risks associated with equity ownership in the reorganized entity. Troubled obligor investments may be adversely affected by state and federal laws relating to, among other things, fraudulent conveyances, voidable preferences, lender liability and the Bankruptcy Court's discretionary power to disallow, subordinate or disenfranchise particular claims. Investments in securities and private claims of troubled obligors made in connection with an attempt to influence a restructuring proposal or plan of reorganization in a bankruptcy case may also involve substantial litigation.

The Fund may have significant investments in companies involved in (or the target of) acquisition attempts or tender offers or companies involved in work-outs, liquidations, spin-offs, reorganizations, bankruptcies and similar transactions. In any investment opportunity involving any such type of business enterprise, there exists the risk that the transaction in which such business enterprise is involved either will be unsuccessful, take considerable time or result in a distribution of cash or a new security, the value of which will be less than the purchase price to the Fund of the security, or other financial instrument in respect of which such distribution is received. Similarly, if an anticipated transaction does not in fact occur, the Fund may be required to sell its investment at a loss. Because there is substantial uncertainty concerning the outcome of transactions involving financially troubled obligors in which the Fund may invest, there is a potential risk of loss by the Fund of its entire investment in such companies.

High Yield Securities Risks. The Fund may invest in "high yield" bonds and preferred securities (commonly referred to as "junk bonds") that are rated in the lower rating categories by the various credit rating agencies (or in comparable non-rated securities), which may include securities rated as low as "D" or unrated securities of comparable quality. Securities in the lower rating categories are subject to greater risk of loss of principal and interest than higher-rated securities and are generally considered to be predominantly speculative with respect to the issuer's capacity to pay interest and repay principal. They are also generally considered to be subject to greater risk than securities with higher ratings in the case of deterioration of general economic conditions. It is likely that a prolonged or deepening economic recession could adversely affect the ability of the issuers of such instruments to repay principal and pay interest thereon, increase the incidence of default for such instruments and severely disrupt the market value of such instruments. Because investors generally perceive that there are greater risks associated with lower-rated securities, the yields and prices of such securities may tend to fluctuate more than those for higher-rated securities. In addition, adverse publicity and investor perceptions about lower-rated securities, whether or not based on fundamental analysis, may be a contributing factor in a decrease in the value and liquidity of such lower-rated securities. Debt rated "D" is in default or is expected to default upon maturity of payment date. Such investments are inherently speculative and involve major risk exposure to adverse conditions.

Lower grade instruments, though higher yielding, are characterized by higher risk. The retail secondary market for lower grade instruments, which are often thinly traded or subject to irregular trading, may be less liquid than that for higher rated instruments. Such instruments can be more difficult to sell and to value than higher rated instruments because there is generally less public information available about such securities. As a result, subjective judgment may play a greater role in valuing such instruments. Adverse conditions could make it difficult at times for the Fund to sell certain instruments or could result in lower prices than those used in calculating the Fund's NAV. Because of the substantial risks associated with investments in lower grade instruments, investors could lose money on their investment in the Fund, both in the short-term and the long-term.

Equity Securities Risk. Equity securities may experience sudden, unpredictable drops in value or long periods of decline in value. Equity securities may also lose value because of factors affecting an entire industry or sector, such as increases in production costs, or factors directly related to a specific company, such as decisions made by its management. The equity securities in which the Fund invests may include common and preferred stocks.

Common stocks are susceptible to general stock market fluctuations and to volatile increases and decreases in value as market confidence in and perceptions of their issuers change. These investor perceptions are based on various and unpredictable factors including, competition; expectations regarding government, economic, monetary and fiscal policies; inflation and interest rates; economic expansion or contraction; and global or regional political, economic and banking crises. If an investor held common stock of an issuer, the investor would generally be exposed to greater risk than if the investor held preferred stocks and debt obligations of the issuer because holders of common stock generally have inferior rights to receive payments from issuers in comparison with the rights of the holders of other securities, bondholders and other creditors of such issuers.

A preferred stock is a blend of the characteristics of a bond and common stock. It can offer the higher yield of a bond and has priority over common stock in equity ownership, but does not have the seniority of a bond and, unlike common stock, its participation in the issuer's growth may be limited. Preferred stock has preference over common stock in the receipt of dividends and in any residual assets after payment to creditors should the issuer be dissolved. Although the dividend on a preferred stock may be set at a fixed annual rate, in some circumstances it can be changed or omitted by the issuer. Because preferred stocks represent an equity ownership interest in an issuer, their value will usually react more strongly than bonds and other debt instruments to actual or perceived changes in an issuer's financial condition or prospects or to fluctuations in the equity markets. Preferred stock may also be convertible. Convertible preferred stock may be converted at a stated price within a specified period of time into a certain quantity of common stock of the same or a different issuer. Convertible preferred stock is senior to common stocks in an issuer's capital structure, but is usually subordinated to similar non-convertible securities. However, convertible preferred stock provides a fixed-income stream (generally higher in yield than the income derived from common stock but lower than that afforded by a similar non-convertible security) and gives the investor the opportunity, through the conversion feature, to participate in the capital appreciation of the issuing company depending upon a market price advance in the convertible security's underlying common stock. The market value of convertible preferred stock performs like that of a regular debt security, that is, if market interest rates rise, the value of convertible preferred stock typically falls.

Market Risk. Investments in securities and other financial instruments are inherently subject to market risks, which can result in price fluctuations due to a variety of factors, including general economic, political, and market conditions, as well as specific developments impacting countries, sectors, industries, or individual issuers. Global conflicts, such as the ongoing Russia-Ukraine war, the Israel-Palestine crisis, and domestic political divisiveness in the United States, can exacerbate market instability, increase uncertainty, and heighten investor sensitivity to risk. Additionally, changes in government economic policies, interest rate movements, trade disputes, environmental disasters, military conflicts, acts of terrorism, and public health crises like the COVID-19 pandemic have historically disrupted financial markets, causing widespread volatility and declines in asset values. For example, the COVID-19 pandemic caused significant disruptions to global business activity, supply chains, and consumer behavior, resulting in market turbulence, reduced liquidity, and sharp declines in equity, credit, and fixed income markets. Periods of market stress can lead to high levels of shareholder redemptions, forcing the Fund to sell securities at inopportune times and potentially at unfavorable prices, which could further negatively impact the Fund's net asset value (NAV). Certain securities may also become difficult to value during such times, compounding the challenges of managing the portfolio effectively. Convertible securities, such as warrants and convertible debt, are particularly sensitive to changes in prevailing interest rates, issuer credit quality, and call provisions, adding another layer of risk to the portfolio. Moreover, the value of securities generally declines during periods of adverse economic developments or negative investor sentiment, even when such conditions are not directly related to the underlying issuer. This inverse relationship between interest rates and the value of fixed income securities, coupled with the amplified sensitivity of longer-term securities, can lead to significant fluctuations in the Fund's NAV. Political instability, whether domestic or global, such as contentious U.S. political environments or geopolitical conflicts, can further destabilize markets, increase volatility, and negatively affect the Fund's investments. Turbulent financial markets, reduced market liquidity, and trading halts can severely impact issuers globally, potentially eroding the value of the securities held by the Fund. These risks may impair the Fund's ability to execute its investment strategy effectively, limiting its capacity to meet its investment objectives and exposing it to rapid and severe declines in value. As a result, the Fund is vulnerable to market risks that may adversely affect its performance and the value of its investments, particularly during periods of heightened global and domestic uncertainty.

Unrated Securities Risks. The Fund may purchase unrated securities which are not rated by a rating agency if the Adviser determines that the security is of comparable quality to a rated security that the Fund may purchase. Unrated securities may be less liquid than comparable rated securities and involve the risk that the Adviser may not accurately evaluate the security's comparative credit rating. Analysis of creditworthiness of issuers of high yield securities may be more complex than for issuers of higher-quality debt securities. To the extent that the Fund purchases unrated securities, the Fund's success in achieving its investment objective may depend more heavily on the Adviser's creditworthiness analysis than if the Fund invested exclusively in rated securities.

Options Risks. The purchase or sale of an option involves the payment or receipt of a premium by the investor and the corresponding right or obligation, as the case may be, either to purchase or sell the underlying security, commodity or other instrument for a specific price at a certain time or during a certain period. Purchasing options involves the risk that the underlying instrument will not change price in the manner expected, so that the investor loses its premium. Selling options involves potentially greater risk because the investor is exposed to the extent of the actual price movement in the underlying security rather than only the premium payment received (which could result in a potentially unlimited loss). Over-the-counter options also involve counterparty solvency risk.

Non-U.S. Investments Risks. Investing in instruments of non-U.S. governments and companies, and non-U.S. properties and loans, including non-performing loans, which may be denominated in currencies other than the U.S. dollar and may be governed by laws of a foreign jurisdiction, and utilization of foreign currency forward contracts and options on foreign currencies, involve certain considerations comprising both risks and opportunities not typically associated with investing in securities of United States issuers. These considerations include changes in exchange rates and exchange control regulations, political and social instability, expropriation, imposition of non-U.S. taxes (including non-U.S. withholding taxes and transfer and stamp taxes), less liquid markets and less available information than are generally the case in the United States, higher transaction costs, less government supervision of exchanges, brokers and issuers, difficulty in enforcing contractual obligations, lack of uniform accounting and auditing standards, greater price volatility, and reliance on non-U.S. servicers and service providers.

The Fund may have exposure to loans from obligors located in non-U.S. jurisdictions. It may be more difficult and costly to enforce the terms of loans against foreign obligors than obligors of loans in U.S. jurisdictions. Adverse economic conditions in such jurisdictions, as well as foreign exchange rate fluctuations may affect the ability and incentive of foreign obligors to make timely payments of principal and interest on their loans. Collection on purchased loans may also be affected by economic and political conditions in the country or region in which the obligor is located. Rights and remedies available to enforce loan obligations and any security interest relating thereto will depend on the relevant country's laws, including insolvency laws and laws specifying the priority of payments to creditors, all of which laws may be significantly different from U.S. law. Accordingly, the actual rates of delinquencies, defaults and losses on non-U.S. loans could be higher than those experienced with loans to obligors located in the United States.

Investing in emerging markets can impose greater risk than investing in developed foreign markets. Governments of developing and emerging market countries may be more unstable as compared to those of more developed countries. Developing and emerging market countries may have less developed securities markets or exchanges and legal and accounting systems. It may be more difficult to sell securities at acceptable prices and security prices may be more volatile than in countries with more mature markets. Currency values may fluctuate more in developing or emerging markets. Developing or emerging market countries may be more likely to impose government restrictions, including confiscatory taxation, expropriation or nationalization of a company's assets, and restrictions on foreign ownership of local companies. In addition, emerging markets may impose restrictions on the ability to repatriate investment income or capital and, consequently, may adversely affect the operations of the Fund. Certain emerging markets may impose constraints on currency exchange and some currencies in emerging markets may have been devalued significantly against the U.S. dollar. For these and other reasons, the prices of securities in emerging markets can fluctuate more significantly than the prices of securities of companies in developed countries. The less developed the country, the greater effect these risks may have on the Fund.

Currency Risks. The Fund's investments that are denominated in a foreign currency are subject to the risk that the value of a particular currency will change in relation to one or more other currencies. Among the factors that may affect currency values are trade balances, the level of short-term interest rates, differences in relative values of similar assets in different currencies, long-term opportunities for investment and capital appreciation and political developments.

Highly Volatile Markets Risks. The prices of financial instruments in which the Fund may invest can be highly volatile. Price movements of forward and other derivative contracts in which the Fund's assets may be invested are influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments, and national and international political and economic events and policies. The Fund is subject to the risk of failure of any of the exchanges on which its positions trade and of the clearinghouses on which the positions are carried.

Trading Curbs Risks. Certain exchanges or markets may impose trading restrictions, also referred to as circuit breakers, which limit or stop trading in certain instruments when certain thresholds have been crossed. When a trading restriction is imposed, the Fund may be unable to enter into or close out desired positions or effectively hedge its existing portfolio, including when the Fund trades paired positions in different markets and a trading restriction impacts only one leg of the paired position.

Counterparty and Settlement Risks. Counterparty and settlement risk is the risk that the counterparty to a securities transaction (e.g., the issuer, seller, or buyer of a bond, derivative or other security), is, or is perceived as being, unable or unwilling to make timely interest, principal or settlement payments, or to otherwise honor its obligations. Transactions entered into directly between two counterparties (e.g., over-the-counter transactions, repurchase agreements, securities lending transactions, many derivatives contracts, and similar non-exchange traded securities) and transactions on foreign exchanges with few or no requirements for counterparties and intermediaries generally do not benefit from such protections and expose the parties to greater risk of counterparty default. Any such default by a trading counterparty could result in losses to the Fund due to the delay of settlement of a transaction or receipt of payments, loss of market gains or, in certain circumstances, loss of a portion or the full amount of the notional value of the transaction. If the creditworthiness of a counterparty to a transaction declines, the securityholder may not receive payments owed under the terms of the transaction in full or in a timely manner, and the value of the applicable transaction can be expected to decline, either of which would result in losses. While counterparty and settlement risks apply to all securities transactions, the risks are lessened in U.S. exchange-traded transactions, which generally are backed by clearing organization guarantees, daily marking-to-market and settlement, and segregation and minimum capital requirements applicable to intermediaries. Nevertheless, these transactions and any other securities transactions that are cleared through an intermediary (e.g., a clearing broker or futures commission merchant) are subject to credit and liquidity risks of the intermediary. To the extent that the buyer of a security or debt instrument prepays for security or instrument, the counterparty risk is increased.

Portfolio Turnover Risks. The Fund's annual portfolio turnover rate may vary greatly from year to year, as well as within a given year. The portfolio turnover rate is not considered a limiting factor in the execution of investment decisions for the Fund. High portfolio turnover may result in the realization of net short-term capital gains by the Fund which, when distributed to shareholders, will be taxable as ordinary income. A high portfolio turnover may increase the Fund's current and accumulated earnings and profits, resulting in a greater portion of the Fund's distributions being treated as a dividend to the Fund's shareholders. In addition, a higher portfolio turnover rate results in correspondingly greater brokerage and other transactional expenses that are borne by the Fund.

Proprietary Models Risks. The Adviser carries out its investment process and risk control procedures, in part, by applying various trading models (including proprietary models) developed by it. These models are used to evaluate prospective investments, as well as to monitor and value existing holdings. The accuracy and effectiveness of these models cannot be guaranteed.

Valuation Risk. The valuation of securities or instruments that lack a central trading place (such as fixed-income securities or instruments) may carry greater risk than those that trade on an exchange. Accordingly, there is a risk that the determination of the fair value of a security or instrument will not approximate the price at which the Fund could sell the security or instrument at the time of the fair valuation.

Private Placement Securities Risk. A private placement is a direct offering of securities that is exempt from registration under the Securities Act of 1933, generally made to a single or limited number of sophisticated investors (such as mutual funds, insurance companies, pension funds and accredited individual investors). Issuance is typically made by direct negotiation between an issuer and the investor(s), but may also be made with the assistance of a placement agent. Private placement debt securities may: (i) bear fixed or floating rates of interest; (ii) permit the issuer to increase the size of the issue at some future date; (iii) permit the issuer to extend or shorten the repayment date; (iv) be secured or unsecured; (v) or offer additional terms which are generally more flexible than those offered in the public market. Private placement debt securities are subject to all of the risks applicable to debt securities generally, as well as the risks described for applicable specific asset classes. In addition, because private placement securities are generally illiquid, purchases of such securities are subject to the risks of illiquid securities described below.

Illiquid Securities Risks. The Fund may invest up to 15% of its net assets in illiquid securities. The Fund may also invest in restricted securities, including Section 4(a)(2) commercial paper and Rule 144A securities. Investments in restricted securities could have the effect of increasing the amount of the Fund's assets invested in illiquid securities if qualified institutional buyers are unwilling to purchase these securities.

Illiquid and restricted securities may be difficult to dispose of at a fair price at the times when the Fund believes it is desirable to do so. The market price of illiquid and restricted securities generally is more volatile than that of more liquid securities, which may adversely affect the price that the Fund pays for or recovers upon the sale of such securities. Illiquid and restricted securities are also more difficult to value, especially in challenging markets. The Adviser's judgment may play a greater role in the valuation process. Investment of the Fund's assets in illiquid and restricted securities may restrict the Fund's ability to take advantage of market opportunities. To dispose of an unregistered security, the Fund, where it has contractual rights to do so, may have to cause such security to be registered. A considerable period may elapse between the time the decision is made to sell the security and the time the security is registered, thereby enabling the Fund to sell it. Contractual restrictions on the resale of securities vary in length and scope and are generally the result of a negotiation between the issuer and acquiror of the securities. In either case, the Fund would bear market risks during that period. The Fund may be forced to sell securities at inopportune prices to meet redemption requests or to satisfy margin calls.

Certain fixed-income instruments are not readily marketable and may be subject to restrictions on resale. Fixed-income instruments may not be listed on any national securities exchange and no active trading market may exist for certain of the fixed-income instruments in which the Fund will invest. Where a secondary market exists, the market for some fixed-income instruments may be subject to irregular trading activity, wide bid/ask spreads and extended trade settlement periods. In addition, dealer inventories of certain securities are at historic lows in relation to market size, which indicates a potential for reduced liquidity as dealers may be less able to "make markets" for certain fixed-income securities.

Borrowing Risks and Leverage Risks. Money borrowed will be subject to interest and other costs (including commitment fees and/or the cost of maintaining minimum average balances). Unless the income and capital appreciation, if any, on securities acquired with borrowed funds exceed the cost of borrowing, the use of leverage will diminish the investment performance of the Fund. The Fund may borrow money through a credit facility or other arrangements for investment purposes, to satisfy redemptions, and to provide the Fund with liquidity. The amount the Fund may borrow is limited by the provisions of Section 18 of the 1940 Act, which requires a fund to have net asset coverage of 300% of the amount of its indebtedness, including amounts borrowed. As a result, the value of the Fund's total indebtedness may not exceed one-third of the value of the Fund's total assets, including the value of the any assets purchased using the proceeds of the indebtedness. However, subsequent drops in asset values may magnify losses or reduce or eliminate the Fund's equity in a leveraged investment.

Certain transactions, including, for example, forward commitment purchases, inverse floaters, loans of portfolio securities, repurchase agreements (or reverse repurchase agreements), and the use of some derivatives, can result in leverage or leverage-like exposure. Leverage generally has the effect of increasing the amounts of loss or gain the Fund may realize, and creates the likelihood of greater volatility of the value of the Fund's investments. In transactions involving leverage, a relatively small market movement or change in another underlying indicator can lead to significantly larger losses to the Fund. There is a risk of loss in excess of invested capital. The use of leverage may also require the Fund to liquidate its other holdings at disadvantageous times and prices in order to satisfy repayment, interest payment or margin obligations or to meet asset segregation or coverage requirements. Money borrowed will be subject to interest and other costs (including commitment fees and/or the cost of maintaining minimum average balances). Unless the income and capital appreciation, if any, on securities acquired with borrowed funds exceed the cost of borrowing, the use of leverage will diminish the investment performance of the Fund.

Fixed-Income Instruments Risks. Changes in interest rates generally will cause the value of fixed-income instruments held by the Fund to vary inversely to such changes. Prices of longer-term fixed-income instruments generally fluctuate more than the prices of shorter-term fixed income instruments as interest rates change. In addition, a fund with a longer average portfolio duration will be more sensitive to changes in interest rates than a fund with a shorter average portfolio duration. Duration is a measure used to determine the sensitivity of a security's price to changes in interest rates that incorporates a security's yield, coupon, final maturity and call features, among other characteristics. For example, if a portfolio has a duration of three years, and interest rates increase (fall) by 1%, the portfolio would decline (increase) in value by approximately 3%. However, duration may not accurately reflect the true interest rate sensitivity of instruments held by the Fund and, therefore the Fund's exposure to changes in interest rates.

Fixed-income instruments that are fixed-rate are generally more susceptible than floating rate instruments to price volatility related to changes in prevailing interest rates. The prices of floating rate fixed-income instruments tend to have less fluctuation in response to changes in interest rates, but will have some fluctuation, particularly when the next interest rate adjustment on such security is further away in time or adjustments are limited in amount over time. The Fund may invest in short-term securities that, when interest rates decline, affect the Fund's yield as these securities mature or are sold and the Fund purchases new short-term securities with lower yields. Subordinated debt securities that receive payments of interest and principal after other more senior security holders are paid carry the risk that the issuer will not be able to meet its obligations and that the subordinated investments may lose value. An obligor's willingness and ability to pay interest or to repay principal due in a timely manner may be affected by its cash flow.

Floating or Variable Rate Securities Risks. Floating or variable rate securities pay interest at rates that adjust in response to changes in a specified interest rate or reset at predetermined dates (such as the end of a calendar quarter). Securities with floating or variable interest rates are generally less sensitive to interest rate changes than securities with fixed interest rates, but may decline in value if their interest rates do not rise as much, or as quickly, as comparable market interest rates. Conversely, floating or variable rate securities will not generally increase in value if interest rates decline. The impact of interest rate changes on floating or variable rate securities is typically mitigated by the periodic interest rate reset of the investments. Floating or variable rate securities can be rated below investment grade or unrated; therefore, the Fund relies heavily on the analytical ability of the Adviser. Lower-rated floating or variable rate securities are subject to many of the same risks as high yield securities, although these risks are reduced when the instruments are senior and secured as opposed to many high yield securities that are junior and unsecured. Floating or variable rate securities are often subject to restrictions on resale, which can result in reduced liquidity.

Prepayment Risks. When interest rates decline, fixed income securities with stated interest rates may have their principal paid earlier than expected. In such a case, the Fund may lose the benefit of a favorable interest rate for the remainder of the term of the security in question, and may only be able to reinvest the amount of the prepayment at a less favorable rate.

Extension Risks. Rising interest rates tend to extend the duration of securities, making them more sensitive to changes in interest rates. The value of longer-term securities generally changes more in response to changes in interest rates than shorter-term securities. As a result, in a period of rising interest rates, securities may exhibit additional volatility and may lose value.

Rating Agencies Risks. Rating agencies may fail to make timely changes in credit ratings and an issuer's current financial condition may be better or worse than a rating indicates. In addition, rating agencies are subject to an inherent conflict of interest because they are often compensated by the same issuers whose securities they grade.

Reverse Repurchase Agreement Risks. The Fund may enter into reverse repurchase agreements with respect to its portfolio investments, subject to the investment restrictions set forth herein and applicable law. Reverse repurchase agreements involve the sale of securities held by the Fund with an agreement by the Fund to repurchase the securities at an agreed upon price, date, and interest payment. With respect to leverage incurred through reverse repurchase agreements and similar financing transactions, the Fund will comply with the requirements of Rule 18f-4 by either complying with the asset coverage requirements of Section 18 of the 1940 Act by combining the aggregate amount of indebtedness associated with all reverse repurchase agreements or similar financing transactions with the aggregate amount of any other senior securities representing indebtedness when calculating the asset coverage ratio or by treating all reverse repurchase agreements or similar financing transactions as derivative transactions.

The use of reverse repurchase agreements involves many of the same risks as leverage, since the proceeds derived from such agreements may be invested in additional securities, amplifying gains and losses. Reverse repurchase agreements involve the risk that the market value of the securities acquired in connection with the agreement may decline below the price of the securities the Fund has sold but is obligated to repurchase. Similarly, reverse repurchase agreements involve the risk that the market value of the securities retained by the Fund in lieu of sale may decline in price. If the buyer of securities under a reverse repurchase agreement files for bankruptcy or becomes insolvent, such buyer or its trustee or receiver may receive an extension of time to determine whether to enforce the Fund's obligation to repurchase the securities, and the Fund's use of the proceeds of the reverse repurchase agreement may effectively be restricted pending such decision. The Fund would bear the risk of loss to the extent that the proceeds of the reverse repurchase agreement are less than the value of the securities subject to such agreement.

Sector Risks. To the extent the Fund invests more heavily in particular sectors of the economy, its performance will be especially sensitive to developments that significantly affect those sectors.

Conflicts of Interest Risk. There are significant and potential conflicts of interest that could impact the Fund's investment returns, including the potential for portfolio managers to devote unequal time and attention to the management of the Fund and any other accounts managed; allocate a limited investment opportunity among more than one client for whom the investment may be suitable; and acquire material non-public information or otherwise be restricted from trading in certain potential investments. Conflicts may also arise when the Fund and other clients managed by the Adviser invest at different levels or in different tranches or classes of the same securitization, structured product, or capital structure. In these situations, clients may have divergent or even competing interests, such as when voting on amendments, exercising call or control rights, or directing remedies, which may result in outcomes for the Fund that differ from or are less favorable than those for other clients. Although the Adviser endeavors to identify and address these types of conflicts when they arise, not all conflicts can be eliminated, and the Fund may be disadvantaged relative to other clients in certain transactions or decisions.

Security Selection Risk. The Fund is actively managed and its performance may reflect the Adviser's ability to make decisions which are suited to achieving the Fund's investment objective. Due to its active management, the Fund could under perform other funds with similar investment objectives.

General Market Risk. The NAV of the Fund and investment return will fluctuate based upon changes in the value of its portfolio securities. The market value of securities in which the Fund invests is based upon the market's perception of value and is not necessarily an objective measure of the securities' value. Other general market risks include: (i) the market may not recognize what the Adviser believes to be the true value or growth potential of the securities held by the Fund; (ii) the earnings of the companies in which the Fund invests will not continue to grow at expected rates, thus causing the price of the underlying securities to decline; (iii) the smaller a company's market capitalization, the greater the potential for price fluctuations and volatility of its securities due to lower trading volume for the stock, less publicly available information about the company and less liquidity in the market for the stock; (iv) the potential for price fluctuations in the securities of a medium capitalization company may be greater than that of a large capitalization company; (v) the Adviser's judgment as to the growth potential or value of a security may prove to be wrong; and (vi) a decline in investor demand for the securities held by the Fund also may adversely affect the value of the securities.

Regulatory and Legal Risks. U.S. and non-U.S. government agencies and other regulators regularly adopt new regulations and legislatures enact new statutes that affect the investments held by the Fund, the strategies used by the Fund or the level of regulation or taxation that applies to the Fund. These statutes and regulations may impact the investment strategies, performance, costs and operations of the Fund or the taxation of its shareholders.

Regulatory Dispositions Risk. The Fund may be required to sell, reduce, hedge, unwind, or otherwise modify investments to comply with applicable law or regulation, exchange or listing limits, tax requirements, or contractual covenants in financing, securitization, or other transactional documents. Such actions may occur at times or prices that are disadvantageous, increase realized income tax losses or income tax liabilities, alter portfolio construction and risk, impair liquidity (including the Fund's ability to meet repurchase offers), and adversely affect performance.

Risks Relating to the Fund's RIC Status. To qualify and remain eligible for the special tax treatment accorded to a RIC and its shareholders under the Code, the Fund must meet certain source-of-income, asset diversification and annual distribution requirements. Very generally, to qualify as a RIC, the Fund must derive at least 90% of its gross income for each taxable year from dividends, interest, payments with respect to certain securities loans, gains from the sale or other disposition of stock, securities or foreign currencies, net income from certain publicly traded partnerships or other income derived with respect to its business of investing in stock or other securities. The Fund must also meet certain asset diversification requirements at the end of each quarter of each of its taxable years. Failure to meet these diversification requirements on the last day of a quarter may result in the Fund having to dispose of certain investments quickly to prevent the loss of RIC status. Any such dispositions could be made at disadvantageous prices or times, and may result in substantial losses to the Fund. In addition, to be eligible for the special tax treatment accorded RICs, the Fund must meet the annual distribution requirement, requiring it to distribute with respect to each taxable year an amount at least equal to 90% of the sum of its "investment company taxable income" (generally its taxable ordinary income and realized net short-term capital gains in excess of realized net long-term capital losses, if any, and determined without regard to any deduction for dividends paid) and its net tax-exempt income (if any), to its shareholders. If the Fund fails to qualify as a RIC for any reason and becomes subject to corporate tax, the resulting corporate taxes could substantially reduce its net assets, the amount of income available for distribution and the amount of its distributions. Such a failure would have a material adverse effect on the Fund and its shareholders. In addition, the Fund could be required to recognize unrealized gains, pay substantial taxes and interest and make substantial distributions to re-qualify as a RIC.

RIC-Related Risks of Investments Generating Non-Cash Taxable Income. Certain of the Fund's investments will require the Fund to recognize taxable income in a taxable year in excess of the cash generated on those investments during that year. In particular, the Fund expects to invest in debt obligations that will be treated as having "market discount" and/or original issue discount ("OID") for U.S. federal income tax purposes. Additionally, some of the CLOs in which the Fund invests may be considered passive foreign investment companies, or under certain circumstances, controlled foreign corporations. Because the Fund may be required to recognize income in respect of these investments before, or without receiving, cash representing such income, the Fund may have difficulty satisfying the annual distribution requirements applicable to RICs and avoiding Fund-level U.S. federal income and/or excise taxes. Accordingly, the Fund may be required to sell assets, including at potentially disadvantageous times or prices, raise additional debt or equity capital, make taxable distributions of its shares or debt securities, or reduce new investments, to obtain the cash needed to make these income distributions. If the Fund liquidates assets to raise cash, the Fund may realize gain or loss on such liquidations; in the event the Fund realizes net capital gains from such liquidation transactions, the Fund shareholders may receive larger capital gain distributions than they would in the absence of such transactions.

Uncertain Tax Treatment Risks. The Fund may invest a portion of its net assets in below investment grade instruments. Investments in these types of instruments may present special tax issues for the Fund. U.S. federal income tax rules are not entirely clear about issues such as when the Fund may cease accruing interest, OID or market discount, when and to what extent deductions may be taken for bad debts or worthless instruments, how payments received on obligations in default should be allocated between principal and income and whether exchanges of debt obligations in a bankruptcy or workout context are taxable. These and other issues will be addressed by the Fund to the extent necessary to seek to ensure that it distributes sufficient income that it does not become subject to U.S. federal income or excise tax.

Cybersecurity Risks. Cybersecurity refers to the combination of technologies, processes and procedures established to protect information technology systems and data from unauthorized access, attack or damage. The Fund and its respective affiliates and third-party service providers are subject to cybersecurity risks. Cybersecurity risks have significantly increased in recent years, and the Fund could suffer material losses relating to cyber attacks or other information security breaches in the future. The Fund's and its respective affiliates' and third-party service providers' computer systems, software and networks may be vulnerable to unauthorized access, computer viruses or other malicious code and other events that could have a security impact. If one or more of such events occur, this potentially could jeopardize confidential and other information, including nonpublic personal information and sensitive business data, processed and stored in, and transmitted through, computer systems and networks, or otherwise cause interruptions or malfunctions in the Fund's operations or the operations of its respective affiliates and third-party service providers. This could result in financial losses to the Fund and its shareholders. These failures or breaches may also result in disruptions to business operations, potentially resulting in financial losses; interference with the Fund's ability to calculate its NAV, process shareholder transactions or otherwise transact business with shareholders; impediments to trading; violations of applicable privacy and other laws; regulatory fines; penalties; reputational damage; reimbursement or other compensation costs; or additional compliance costs. In addition, substantial costs may be incurred in an attempt to prevent any cyber incidents in the future. The Fund has established risk management systems and business continuity plans designed to reduce the risks associated with cybersecurity. However, there is no guarantee that such efforts will succeed, especially since the Fund does not directly control the cybersecurity systems of issuers or third-party service providers. The Fund and its shareholders could be negatively impacted as a result.

Other Investment Companies Risks. To the extent the Fund invests in other investment companies, which may include investment companies that are part of the same group of investment companies as the Fund, the risks associated with such investments will generally reflect the risks of owning the underlying investments held by the investment companies. In addition to the brokerage costs associated with the Fund's purchase and sale of the underlying securities, ETFs and mutual funds incur fees that are separate from those of the Fund. As a result, the Fund's Shareholders will indirectly bear a proportionate share of the operating expenses of the ETFs and mutual funds, in addition to Fund expenses. Because the Fund is not required to hold shares of underlying funds for any minimum period, it may be subject to, and have to pay, short-term redemption fees imposed by the underlying funds. ETFs are subject to additional risks such as the fact that the market price of its shares may trade above or below its NAV or an active market may not develop. The Fund has no control over the investments and related risks taken by the underlying funds in which it invests. The 1940 Act and the rules and regulations adopted under that statute impose conditions on investment companies which invest in other investment companies, and as a result, the Fund is generally restricted on the amount of shares of another investment company to shares amounting to no more than 3% of the outstanding voting shares of such other investment company.

In addition to risks generally associated with investments in investment company securities, ETFs are subject to the following risks that do not apply to traditional mutual funds. One such risk is the risk that the market price of an ETF's shares may be above or below its NAV. For example, where all or a portion of an ETF's underlying securities trade in a market that is closed when the market in which the ETF's shares are listed and trading in that market is open, there may be changes between the last quote from its closed foreign market and the value of such security during the ETF's domestic trading day. Additionally, in stressed market conditions, the market for an ETF's shares may become less liquid in response to deteriorating liquidity in the markets for the ETF's underlying portfolio holdings. Either of these can result in differences between the market price of the ETF's shares and the underlying value of those shares. Furthermore, if securities underlying an ETF are traded outside of a collateralized settlement system, there are a limited number of financial institutions that may act as authorized participants that post collateral for certain trades on an agency basis (i.e., on behalf of other market participants). To the extent that those authorized participants exit the business or are unable to process creation and/or redemption orders and no other authorized participant is able to step forward to do so, there may be a significantly diminished trading market for the ETF's shares. This could in turn lead to difference between the market price of the ETF's shares and the Fund's NAV.

Other risks of ETFs that do not apply to traditional mutual funds include the risk that: (i) an active trading market for an ETF's shares may not develop or be maintained; (ii) the ETF may employ an investment strategy that utilizes high leverage ratios; (iii) trading of an ETF's shares may be halted if the listing exchange's officials deem such action appropriate; and (iv) underlying ETF shares may be de-listed from the exchange or the activation of market-wide "circuit breakers" (which are tied to large decreases in stock prices) may temporarily stop stock trading. In addition, purchases and redemptions of creation units primarily with cash, rather than through in-kind delivery of portfolio securities, may cause an ETF to incur certain costs. These costs could include brokerage costs or taxable gains or losses that the ETF might not have incurred if it had made redemption in-kind. These costs could be imposed on the ETF, and thus decrease the ETF's net asset value, to the extent that the costs are not offset by a transaction fee payable by an authorized participant.

The Adviser may be subject to potential conflicts of interest in allocating the Fund's assets to other investment companies, such as a potential conflict in selecting affiliated investment companies over unaffiliated investment companies.

Money Market Funds. The Fund may invest in underlying money market funds that either seek to maintain a stable $1 NAV ("stable NAV money market funds") or that have a share price that fluctuates ("variable NAV money market funds"). Although an underlying stable NAV money market fund seeks to maintain a stable $1 NAV, it is possible for the Fund to lose money by investing in such a money market fund. Because the share price of an underlying variable NAV money market fund will fluctuate, when the Fund sells the shares it owns they may be worth more or less than what the Fund originally paid for them. In addition, neither type of money market fund is designed to offer capital appreciation. Certain underlying money market funds may impose a fee upon the sale of shares or may temporarily suspend the ability to sell shares if such fund's liquidity falls below required minimums.

U.S. Government Securities Risks. The Fund may invest, directly or indirectly, in U.S. Government Obligations. "U.S. Government Obligations" include securities, which are issued or guaranteed by the U.S. Department of the Treasury ("U.S. Treasury"), by various agencies of the U.S. government, and by various instrumentalities, which have been established or sponsored by the U.S. government. U.S. Treasury obligations are backed by the "full faith and credit" of the U.S. government. U.S. Treasury obligations include Treasury Bills, Treasury Notes, and Treasury Bonds. U.S. Government Obligations are subject to price fluctuations based upon changes in the level of interest rates, which will generally result in all those securities changing in price in the same way, i.e., all those securities experiencing appreciation when interest rates decline and depreciation when interest rates rise. Any guarantee of the U.S. government will not extend to the yield or value of the Fund's shares. Some obligations issued or guaranteed by U.S. government agencies, instrumentalities or government sponsored enterprises ("GSEs"), including, for example, pass-through certificates issued by Ginnie Mae, are supported by the full faith and credit of the U.S. Treasury. Other obligations issued by or guaranteed by federal agencies or GSEs, such as securities issued by Fannie Mae or Freddie Mac, are supported by the discretionary authority of the U.S. government to purchase certain obligations of the federal agency or GSE, while other obligations issued by or guaranteed by federal agencies or GSEs, such as those of the Federal Home Loan Banks, are supported by the right of the issuer to borrow from the U.S. Treasury. The maximum potential liability of the issuers of some U.S. Government securities held by the Fund may greatly exceed their current resources, including their legal right to support from the U.S. Treasury. It is possible that these issuers will not have the funds to meet their payment obligations in the future.

Valuation Risk. Many of the Fund's investments may be valued based on factors other than market quotations. While the Board retains ultimate authority as to the appropriate valuation of each such investment, pursuant to Rule 2a-5 under the 1940 Act, the Board has appointed the Adviser as the Fund's valuation designee to make fair value determinations. Therefore, investments for which there are no readily available market quotations will be valued at fair value, as determined by the Adviser in good faith in accordance with the Adviser's valuation procedures. The Adviser may utilize the services of third-party Pricing Services to make fair value determinations; however, third-party pricing information may at times be unavailable regarding certain of the Fund's investments. Fair valuation determinations are inherently uncertain, may fluctuate over short periods of time and may be based on estimates, uncertain information, assumptions, and/or inputs that rely on subjective determinations. Therefore, fair valuation determinations may differ materially from the values that would have been used if a ready market for these securities existed and may differ from the prices at which such investments may ultimately be sold. During times of market turmoil or reduced liquidity more of the Fund's investments may be subject to fair valuation. There is no assurance that the Fund could sell or close out an investment for the value established for it at any time, and it is possible that the Fund would incur a loss because an investment is sold or closed out at a discount to the valuation established by the Fund at that time.

INVESTMENT ADVISER

Axonic Capital LLC, 520 Madison Avenue, 42nd Floor, New York, New York 10022, an investment adviser registered with the SEC under the Advisers Act, serves as the investment adviser to the Fund. The Adviser serves in that capacity pursuant to an investment advisory agreement with the Trust on behalf of the Fund. Subject to the authority of the Board, the Adviser provides guidance and policy direction in connection with its daily management of the Fund's assets. The Adviser is also responsible for the selection of broker-dealers for executing portfolio transactions, subject to the brokerage policies approved by the Board.

The Adviser was formed in 2010 as a Delaware limited liability company and provides advisory services to high net worth individuals, institutions and registered investment companies. As of December 31, 2025, the Adviser had assets under management of approximately $7.6 billion. The Adviser is controlled by Clayton DeGiacinto, the Managing Member of the Adviser.

As full compensation for the investment advisory services provided to the Fund, the Adviser receives monthly compensation from the Fund computed at the annual rate of 0.85% of the Fund's average daily net assets (the "Management Fee"). The Adviser has entered into an Expense Limitation Agreement with the Fund, under which the Adviser has contractually agreed to waive or reduce its fees and to assume other expenses of the Fund, if necessary, in an amount that limits annual operating expenses (exclusive of any front-end sales loads, interest expense on any borrowings, taxes, brokerage commissions, extraordinary expenses, Acquired Fund Fees and Expenses, payments, if any, under a Rule 12b-1 Distribution Plan and/or Shareholder Services Plan and certain other Fund expenses such as dividend and interest expense and broker charges on short sales) to not more than 1.10% of average daily net assets of each class of shares. Management Fee reductions and expense reimbursements by the Adviser are subject to repayment by the Fund for a period of three years after the date on which such fees and expenses were incurred, provided that the repayments do not cause Total Annual Fund Operating Expenses (exclusive of such reductions and reimbursements) to exceed (i) the expense limitation then in effect, if any, and (ii) the expense limitation in effect at the time the expenses to be repaid were incurred. Prior to February 28, 2027, this agreement may not be modified or terminated without the approval of the Board. After February 28, 2027, the Expense Limitation Agreement may continue from year-to-year provided such continuance is approved by the Board. The Expense Limitation Agreement may be terminated by the Adviser or the Board, without approval by the other party, not less than 60 days' notice to the other party as set forth in the Expense Limitation Agreement. The Expense Limitation Agreement will terminate automatically if the Fund's Advisory Agreement with the Adviser is terminated. For the most recent fiscal year ended October 31, 2025, the Adviser received a Management Fee equal to 0.85% of the average daily net assets from the Fund.

Disclosure Regarding Advisory Agreement Approval. A discussion regarding the basis for the continuation of the investment advisory agreement by the Board is available in the Semi-Annual Report.

Portfolio Managers

The Fund is managed by a portfolio management team consisting of Clayton DeGiacinto and Matthew Weinstein. Information regarding the portfolio managers for the Fund is provided below. Each member of the Fund's portfolio management team is jointly and primarily responsible for the day-to-day management of the Fund and each has been on the portfolio management team since the Fund's inception.

Clayton DeGiacinto
Managing Partner,
Co-Chief Investment Officer

Prior to forming the Adviser in 2010, Mr. DeGiacinto was responsible for building out the mortgage investment platform at Tower Research Capital LLC and was the Senior Portfolio Manager for Split Level LLC, the predecessor fund to the Axonic Credit Opportunities Fund. He previously led a mortgage trading desk in the Fixed Income, Currency, and Commodities division at Goldman Sachs & Co. Mr. DeGiacinto' s duties included the securitization and retention of bonds backed by adjustable rate and negatively amortizing residential mortgages. He was also responsible for running the RMBS credit book for all prime, alt-A and negatively amortizing structures. Mr. DeGiacinto served as a Captain in the U.S. Army in the 25th Infantry Division (Hawaii) after completing the U.S. Army Ranger School, Airborne School and Air Assault Course. He is a graduate of the United States Military Academy at West Point and received an MBA in Finance and Statistics from the Wharton School at the University of Pennsylvania.

Matthew Weinstein
Partner,
Co-Chief Investment Officer

Mr. Weinstein joined the Adviser in 2012 and oversees the firm's investment team. In his role, alongside the Co-CIO, Mr. Weinstein oversees the Adviser's asset allocation, sector allocation, trading and investment management. Mr. Weinstein was responsible for the firm's build out of its commercial mortgage-backed securities and commercial real estate equity and debt businesses, and he serves as Head of the Real Estate Investment Committee. Prior to joining the firm, Mr. Weinstein was a Vice President at Macquarie Capital where he managed a CMBS principal investment strategy from 2010 through 2012. From 2003 to 2008, he was an Associate Director in the CMBS group at Bear Stearns & Co. Mr. Weinstein received his MBA in Finance at the New York University Stern School of Business and graduated from Cornell University with a BS in Industrial Labor Relations.

Additional information about the portfolio managers' compensation, other accounts managed by the portfolio managers, and the portfolio managers' ownership of shares of the Fund is available in the SAI.

BOARD OF TRUSTEES

The Fund is the sole series of the Trust, an open-end management investment company organized as a Delaware statutory trust on October 8, 2019. The Board supervises the operations of the Fund according to applicable state and federal law, and is responsible for the overall management of the Fund's business affairs.

ADMINISTRATOR AND TRANSFER AGENT

ALPS Fund Services, Inc. ("ALPS"), 1290 Broadway, Suite 1000 Denver, Colorado 80203, serves as the Fund's administrator and fund accounting agent and SS&C Global Investor & Distribution Solutions, Inc. 330 W. 9th St. Kansas City, MO 64105 serves as the Fund's transfer agent (the "Transfer Agent"). Administrative services of ALPS and the Transfer Agent may include (i) providing office space, equipment and officers and clerical personnel to the Fund, (ii) obtaining valuations, calculating net asset values and performing other accounting, tax and financial services, (iii) recordkeeping, (iv) regulatory, compliance and reporting services, and (v) processing shareholder account transactions and disbursing dividends and distributions.

DISTRIBUTOR

ALPS Distributors, Inc. (the "Distributor"), 1290 Broadway, Suite 1000 Denver, Colorado 80203, is the principal underwriter of the Fund's shares and serves as the exclusive agent for the distribution of the Fund's shares. The Distributor may sell the Fund's shares to or through qualified securities dealers or other approved entities, including, without limitation, sub-distributors, fund supermarkets, wholesalers, and other marketing and distribution outlets.

EXPENSES OF THE FUND

In addition to fees payable under the Fund's Rule 12b-1 Distribution Plan and Shareholder Services Plan and the Management Fees, the Fund pays all expenses not assumed by the Adviser, including, without limitation: (i) the fees and expenses of its independent registered public accounting firm and legal counsel; (ii) the costs of printing and mailing to existing shareholders annual and semi-annual reports, proxy statements, prospectuses, SAIs and supplements thereto; (iii) fees of the Fund's administrator and Transfer Agent; (iv) bank transaction charges and custodian fees; (v) proxy solicitors' fees and expenses; (vi) registration and filing fees; (vii) federal, state or local income or other taxes; (viii) interest; (ix) membership fees of the Investment Company Institute and similar organizations; (x) fidelity bond and liability insurance premiums; (xi) expenses with respect to the consideration and pursuit of transactions that are not ultimately consummated (broken-deal expenses) (e.g., research costs, fees and expenses of legal, financial, accounting, consulting or other advisers in connection with conducting due diligence or otherwise pursuing a particular non-consummated transaction, fees and expenses in connection with arranging financing for a particular non-consummated transaction, travel costs, deposits or down payments that are forfeited in connection with, or amounts paid as a penalty for, a particular non-consummated transaction and other expenses incurred in connection with activities related to a particular non-consummated transaction); and (xii) any extraordinary expenses, such as indemnification payments or damages awarded in litigation or settlements made. In the event that the Trust establishes additional series, all general Trust expenses would be allocated among and charged to the assets of the Fund and the other series on a basis that the Board deems fair and equitable, which may be on a basis of relative net assets of each or the nature of the services performed and relative applicability to each.

INVESTING IN THE FUND

MINIMUM INVESTMENT

Class A Shares. The minimum initial investment is $2,500 and the minimum additional investment is $1,000 (or $100 for those participating in an automatic investment plan). The Fund may, at the Adviser's sole discretion, accept accounts with less than the minimum investment.

Class I Shares. The minimum initial investment is $25,000 and the minimum additional investment is $1,000 (or $100 for those participating in an automatic investment plan). The Fund may, at the Adviser's sole discretion, accept accounts with less than the minimum investment.

The Adviser may waive or lower investment minimums for accounts participating in an automatic investment program and in certain other circumstances. The Fund may waive or lower investment minimums for investors who invest in the Fund through an asset-based fee program made available through a financial intermediary. If your investment is aggregated into an omnibus account established by an investment adviser, broker or other intermediary, the account minimums apply to the omnibus account, not to your individual investment. The financial intermediary may also impose minimum requirements that are different from those set forth in this Prospectus.

CHOOSING A SHARE CLASS

Through this Prospectus, the Fund is offering two classes of shares: Class A shares and Class I shares (each a "Class" and collectively the "Classes"). The two Classes, which represent interests in the same portfolio of investments and have the same rights, differ primarily in sales charges and the expenses to which they are subject. The decision as to which Class of shares (A or I) is more beneficial to you depends on the amount of your investment. If you are investing a large amount, you should consider purchasing Class I shares. If you are investing a lesser amount, you should consider Class A shares. Class A shares are sold subject to a sales charge and are subject to higher ongoing expenses than Class I shares. Class I are sold without any initial sales charge so the entire purchase price is immediately invested in the Fund. Class I shares generally are available only to investors investing at least $25,000. Not all financial intermediaries make all classes of shares available to their clients. Third parties making Fund shares available to their clients determine which share class(es) to make available.

DISTRIBUTION OF SHARES

The Fund has adopted a Distribution Plan (the "Plan") in accordance with Rule 12b-1 under the 1940 Act that allows it to pay for certain expenses related to the distribution of its shares and for other services provided to Fund shareholders ("12b-1 fees"), including, but not limited to, payments to securities dealers and other persons (including the Distributor and its affiliates) who are engaged in the sale of shares of the Fund and who may be advising investors regarding the purchase, sale or retention of Fund shares; expenses of maintaining personnel who engage in or support distribution of shares or who render shareholder support services not otherwise provided by the Transfer Agent or the Trust; expenses of formulating and implementing marketing and promotional activities, including direct mail promotions and mass media advertising; expenses of preparing, printing and distributing sales literature and prospectuses and statements of additional information and reports for recipients other than existing shareholders; expenses of obtaining such information, analysis and reports with respect to marketing and promotional activities as the Trust may, from time to time, deem advisable; and any other expenses related to the distribution of Fund shares.

The annual limitation for payment of expenses pursuant to the Plan is 0.25% of the Fund's average daily net assets allocable to Class A. The Distributor may pay all or a portion of these fees to any registered securities dealer, financial institution or any other person who renders assistance in distributing or promoting the sale of such class's shares, or who provides certain shareholder services, pursuant to a written agreement. Payments of 12b-1 fees to broker-dealers and others generally begin immediately after the purchase of Fund shares. For purchases of Class A shares of $1,000,000 or more upon which a sales commission was paid to a broker-dealer, the payment of 12b-1 fees to such broker-dealer and others will begin after the shares have been held for eighteen months.

In the event the Plan is terminated by the Fund in accordance with its terms, the Fund will not be required to make any payments for expenses incurred after the date the Plan terminates. Under the terms of the Plan and the Distribution Agreement with the Distributor, the Fund is authorized to make payments to pay or reimburse entities providing distribution and shareholder support services. The Distributor may make additional payments to dealers and other persons. Payments available under the Plan may exceed amounts received by broker-dealers or other financial intermediaries in connection with the sale of the Fund's shares. Because 12b-1 fees are paid out of the Fund's assets on an ongoing basis, these fees, over time, will increase the cost of your investment and may cost you more than paying other types of sales charges.

SHAREHOLDER SERVICES PLAN

The Fund has adopted a shareholder services plan (the "Shareholder Services Plan") with respect to Class A shares of the Fund. Under the Shareholder Services Plan, the Fund is authorized to pay third party service providers for non-distribution related services to Class A shareholders. Payments under the Shareholder Services Plan are calculated daily and paid monthly, and are not to exceed an annual rate of 0.15% of the Fund's average daily net assets attributable to Class A shares.

Payments under the Shareholder Services Plan are an operating expense of the Fund. Shareholder Services Fees vary according to the agreement and services provided up to the maximum amount provided by the Plan. Payments available under the Shareholder Services Plan may exceed amounts received by third party service providers for the provision of shareholder services. Because these shareholder services fees are paid out of assets attributable to the Fund's Class A shares on an ongoing basis, over time these fees will increase the cost of an investment in such shares.

CLASS A SHARES

Class A shares can be purchased directly through the Distributor or through registered broker-dealers, banks, advisers and other financial institutions. Class A shares are purchased at net asset value, plus an initial sales charge (unless you qualify for a reduction or waiver of the sale charge) and are subject to 12b-1 fees and shareholder servicing fees. There is no initial sales charge on purchases of Class A shares of $1 million or more; however, a contingent deferred sales charge ("CDSC") of up to 1.00% may be imposed if such Class A shares are redeemed within eighteen (18) months of their purchase. Class A shares are intended primarily for investors who meet the investment minimum for Class A shares and investors investing through omnibus accounts held by financial intermediaries that have entered into arrangements with the Fund's distributor to offer Class A shares.

Information about sales charges, including applicable waivers, breakpoints, and discounts to the sales charges, is fully disclosed in this Prospectus, which is available, free of charge, on the Fund's website at www.axonicfunds.com. The Fund believes that it is very important that an investor fully consider all aspects of their investment and be able to access all relevant information in one location. Therefore, the Fund does not make the sales charge information available to investors on the website independent of the Prospectus.

Sales Charges. The public offering price of Class A shares of the Fund is the NAV per share plus a sales charge, as shown in the table below. Certain persons may be entitled to purchase Class A shares of a Fund without paying a sales charge. See "Waived Sales Charges." The sales charge payable to the Distributor and the dealer reallowances may be suspended, terminated, or amended. The Distributor or the Adviser, at their expense, may, from time to time, provide additional promotional incentives to broker-dealers who sell shares of the Fund. Sales charges are not imposed on shares purchased with reinvested dividends or distributions. The table below also shows the portion of the sales charge that may be re-allowed to the broker-dealer or financial intermediary through whom you purchased your Class A shares.

Amount of Investment	Public Offering Price	Net Amount Invested	Dealer Reallowance As % of Public Offering Price
Less than $100,000	2.25%	2.30%	2.25%
$100,000 but less than $250,000	1.75%	1.78%	1.75%
$250,000 but less than $500,000	1.25%	1.27%	1.25%
$500,000 but less than $1,000,000	1.00%	1.01%	1.00%
$1,000,000 or more	None*	None*	1.00%*

* *A maximum CDSC of 1.00% will be imposed on redemptions of these shares (exclusive of shares purchased with reinvested dividends and/or distributions) within the first 18 months after the initial sale. The Adviser intends to pay a commission to financial advisers who place an order for a single purchaser based on the rates set forth in the section below entitled "Contingent Deferred Sales Charge and Dealer Reallowance".*

The following sections discuss ways to obtain discounts on purchases and waivers of contingent deferred sales charges on Class A shares of the Fund. The availability of sales charge waivers and discounts may depend on the particular financial intermediary or type of account through which you purchase or hold Fund shares. The Fund's sales charge waivers and discounts described in this Prospectus are available for Fund share purchases made directly from the Fund (or the Distributor) and are generally available through financial intermediaries. The sales charge waivers and discounts available through certain other financial intermediaries are set forth in Appendix A - Waivers and Discounts Available from Intermediaries, attached to this Prospectus, which may differ from the sales charge waivers and discounts available for purchases made directly from the Fund (or the Distributor). Please contact your financial intermediary for information about which classes of shares of the Fund they offer and to take advantage of the sales charge waivers and discounts described in this Prospectus or in Appendix A.

Waivers and Discounts Available From Intermediaries. Consistent with the policies in this Prospectus, certain investments in the Fund may be combined for purposes of purchasing shares with a lower sales charge.

Aggregating Accounts. Investors and members of the same household may aggregate investments in Class A shares held in all accounts (e.g., non-retirement and retirement accounts) with the Fund and/or with financial intermediaries in order to obtain a reduced sales charge.

Concurrent Purchases. For purposes of qualifying for a lower sales charge, investors have the privilege of combining concurrent purchases of Class A shares of the Fund. This privilege may be modified or eliminated at any time by the Trust without notice.

Rights of Accumulation. The sales charge applicable to a purchase of Class A shares by an investor is determined by adding the purchase price of the Class A shares to be purchased, including any concurrent purchases as described above, to the aggregate value of Class A shares of the Fund previously purchased and then owned, provided the Distributor is notified by the investor or the investor's broker-dealer each time a purchase is made which would so qualify. For example, an investor who is purchasing Class A shares with an aggregate value of $100,000 and who currently owns Class A shares of the Fund with an aggregate value of $250,000 would pay a sales charge of 1.25% of the offering price on the new investment.

Letter of Intent. Investors may qualify for a lower sales charge for Class A shares of the Fund by executing a letter of intent. A letter of intent allows an investor to purchase Class A shares of the Fund over a 13-month period at reduced sales charges based on the total amount intended to be purchased plus an amount equal to the then current net asset value of the purchaser's combined holdings of Class A shares of the Fund. Thus, a letter of intent permits an investor to establish a total investment goal to be achieved by any number of purchases of Class A shares over a 13-month period. Each investment made during the period receives the reduced sales charge applicable to the total amount of the intended investment.

The letter of intent does not obligate the investor to purchase, or the Fund to sell, the indicated amount. If such amount is not invested within the period, the investor must pay the difference between the sales charge applicable to the purchases made and the charges previously paid. If such difference is not paid by the investor, the Fund is authorized by the investor to liquidate a sufficient number of shares held by the investor to pay the amount due. On the initial purchase of shares, if required (or subsequent purchases, if necessary) shares equal to at least five percent of the amount indicated in the letter of intent will be held in escrow during the 13-month period (while remaining registered in the name of the investor) for this purpose. The value of any shares redeemed or otherwise disposed of by the investor prior to termination or completion of the letter of intent will be deducted from the total purchases made under such letter of intent.

A 90-day backdating period can be used to include earlier purchases at the investor's cost (without a retroactive downward adjustment of the sales charge); the 13-month period would then begin on the date of the first purchase during the 90-day period. No retroactive adjustment will be made if purchases exceed the amount indicated in the letter of intent. Investors must notify the Fund whenever a purchase is being made pursuant to a letter of intent.

Investors electing to purchase shares pursuant to a letter of intent should carefully read the letter of intent, which is included in the Fund's Account Application, or is otherwise available from the Fund. This letter of intent option may be modified or eliminated at any time or from time to time by the Trust without notice.

Investments of $1,000,000 or More. If you invest $1,000,000 or more either as a lump sum or through rights of accumulation quantity discount or letter of intent programs, you can buy Class A shares without an initial charge. The Distributor may pay a commission of up to 1.00% to a dealer of record for purchase amounts of $1 million or more.

In order to obtain a reduced sales charge, it may be necessary at the time of purchase for an investor to inform the Fund, the Distributor, or the investor's broker-dealer of the existence of other accounts or purchases which are eligible to be aggregated in order to obtain a reduced sales charge. An investor may be required to provide the Fund, the Distributor, or the investor's broker-dealer certain information to verify the investor's eligibility for a reduced sales charge. This information may include, to the extent applicable, the following: (i) information or records regarding shares of the Fund eligible to be aggregated that are in all accounts held at the Fund by the investor; (ii) information or records regarding shares of the Fund eligible to be aggregated that are in accounts held at broker-dealers by the investor; and (iii) information or records regarding shares of the Fund eligible to be aggregated that are in accounts held at the Fund or at any broker-dealers by related parties of the investor, such as members of the same household or certain qualified groups.

Waived Sales Charges. To encourage investment in the Fund, the Fund may sell Class A shares at a purchase price equal to the net asset value of such shares, without a sales charge, to Trustees, officers, directors, managers, and employees of the Trust, the Adviser, and other service providers to the Trust, and to employees and principals of related organizations and their families, and certain parties related thereto, including clients and related accounts of the Adviser. Clients of financial intermediaries may also purchase Class A shares at net asset value, without a sales charge, if the financial intermediary has made arrangements to permit them to do so with the Adviser or the Distributor. The public offering price of Class A shares of the Fund may also be reduced to the net asset value of such shares in connection with the acquisition of the assets of, or merger or consolidation with, a personal holding company or a public or private investment company.

The conditions upon which Class A shares of the Fund may be purchased without a front-end sales charge, provided that you notify the Fund in advance that the trade qualifies for this privilege, include the following:

- Purchases by current and former officers, Trustees, directors, managers, and employees of the Fund, the Adviser, or any of the Adviser's current affiliates and those that may in the future be created. At the direction of such persons, their family members (regardless of age), and any employee benefit plan established by any of the foregoing entities may also purchase shares at NAV.
- Participants in "no transaction fee" programs of discount brokerages that maintain an omnibus account with the Fund.
- Purchases resulting from the reinvestment of a distribution.
- Purchases through eligible Retirement Plans. "Retirement Plans" include 401(k) plans, 457 plans, employer-sponsored 403(b) plans, rabbi trusts, profit-sharing plans, non-qualified deferred compensation plans and other similar employer-sponsored retirement plans. Retirement Plans do not include individual retirement vehicles, such as traditional and Roth individual retirement accounts, Coverdell education savings accounts, individual 403(b)(7) custodial accounts, Keogh plans, SEPs, SARSEPs, SIMPLE IRAs or similar accounts.

The Fund reserves the right to modify or terminate these arrangements at any time.

The Fund may also waive applicable sales charges under certain other conditions. Please contact the Fund or the Distributor to determine eligibility for waived sales charges.

Additional Information About Sales Charges. The availability of certain sales charge waivers and discounts will depend on whether you purchase your shares directly from the Fund or through a financial intermediary. In all instances, it is the shareholder's responsibility to notify the Fund or the shareholder's financial intermediary at the time of purchase of any relationship or other facts qualifying the investor for sales charge waivers or discounts. **For waivers and discounts not available through a particular intermediary, shareholders will have to purchase Fund shares directly from the Fund or through another intermediary to receive these waivers or discounts.** Please see Appendix A - Waivers and Discounts Available from Intermediaries for a description of waivers or discounts available through certain intermediaries.

Further information is available by calling the Fund at 833-429-6642.

Contingent Deferred Sales Charge and Dealer Reallowance – Class A Shares. There is no initial sales charge on purchases of Class A shares of $1 million or more; however, a CDSC of up to 1.00% may be imposed if such Class A shares are redeemed within eighteen (18) months of their purchase, based on the lower of the shares' NAV at the time of purchase or current NAV. Such CDSC will be reduced for amounts over $3 million and for shares held for at least twelve (12) months, and the amount of such CDSC will be as follows:

	Shares Redeemed Within		
Purchased Amount	**Less than twelve (12) months**	**At least twelve (12) months and up to fifteen (15) months**	**More than fifteen (15) months and up to eighteen (18) months**
$1,000,000 to $2,999,999.99	1.00%	0.50%	0.25%
$3,000,000 to $49,999,999.99	0.50%	0.25%	0.12%
$50,000,000 and greater	0.25%	0.12%	0.06%

For example, an investment of $5 million redeemed after thirteen (13) months would be charged a CDSC of 0.50% on the first $2,999,999.99 and 0.25% on the balance of the $5 million. Any Class A shares acquired by reinvestment of distributions and dividends will be redeemed without a CDSC.

The Distributor may pay a commission of up to 1.00% to a dealer of record for purchase amounts of $1 million or more. These up-front payments are financed by the Adviser. However, the Distributor receives and can pay reimbursement to the Adviser all of the 12b-1 fees with respect to such shares. During the first 18 months, the Adviser may retain the full 0.25% 12b-1 fee to recoup the up-front payment advanced at the time of purchase.

The Distributor may pay a commission to a dealer of record for an investor's purchases of Class A shares that are subject to a sales charge waiver due to the investor's cumulative holdings of $1 million or more. Such commissions are paid at the rate of 1.00% of the amount under $3 million, 0.50% of the next $47 million and 0.25% thereafter. Starting in the nineteenth month after such a purchase, the dealer of record will also receive the 12b-1 fee of up to 0.25% of the average daily net assets represented by that purchase. Prior to the nineteenth month, the Distributor will retain this fee. Where the dealer of record does not receive the payment of this commission, the dealer of record will instead receive the 12b-1 fee starting immediately after purchase. Please contact your dealer of record for more information.

The CDSC is used to reimburse the Distributor for paying broker-dealers a sales commission up to a total of 1.00% of the purchase price of your investment in connection with your purchase.

The Fund uses a "first in, first out" method for calculating the CDSC. This means that Fund shares held the longest will be redeemed first, and Fund shares held the shortest time will be redeemed last. The CDSC will not be imposed on the redemption of shares representing reinvested dividends or capital gains distributions, or on amounts representing a capital appreciation of shares. In determining whether a CDSC is payable, the applicable Fund will first redeem Class A shares not subject to any charge. In determining whether a particular redemption is subject to a CDSC, the holding period for the CDSC begins on the day you buy your Fund shares. Your Fund shares will age one month on that same date the next month and each following month. For example, if you buy shares on the 15th of the month, they will age one month on the 15th day of the next month and each following month. To keep your CDSC as low as possible, each time you place a request to sell shares we will first sell any Fund shares in your account that are not subject to a CDSC. If there are not enough of these to meet your request, we will sell the Fund shares in the order they were purchased.

No CDSC is applied in the following instances:

- The redemption is due to the death or post-purchase disability of a shareholder or settlor of a living trust account.
- Redemptions from retirement plans qualified under Section 401 of the Code. The CDSC will be waived for benefit payments made directly to plan participants. Benefit payments will include, but are not limited to, payments resulting from death, disability, retirement, separation from service, required minimum distributions (as described under Section 401(a)(9) of the Code), in-service distributions, hardships, loans, and qualified domestic relations orders. The CDSC waiver will not apply in the event of termination of the plan or transfer of the plan to another financial intermediary.
- The redemption is for a mandatory withdrawal from a traditional IRA account after age 70 1/2.
- In the case of a divorce, where there exists a court decree that requires redemption of the shares.
- When shares are involuntarily redeemed due to low balance or other reasons.
- When shares are redeemed in accordance with the Fund's Systematic Withdrawal Program.
- Circumstances that the officers of the Fund, in their discretion, deem to warrant a waiver of the CDSC.
- The redemption relates to shares for which no commission was paid to the dealer of record (as described below).

Documentation may be required prior to the waiver of the CDSC, including death certificates, physicians' certificates, etc., in applicable instances. Under certain circumstances, the Fund's Distributor may change the reallowance to dealers and may also compensate dealers out of its own assets. Dealers engaged in the sale of shares of the Fund may be deemed to be underwriters under the Securities Act of 1933.

CDSC waivers and discounts available through certain financial intermediaries are set forth in Appendix A - Waivers and Discounts Available from Intermediaries, attached to this Prospectus, which may differ from the CDSC waivers and discounts available for purchases made directly from a Fund (or the Distributor), as described in this Prospectus.

CLASS I SHARES

Class I shares are sold at NAV without an initial sales charge so that the full amount of your purchase payment may be immediately invested in the applicable Fund. Class I shares are not subject to 12b-1 fees or fees under the Shareholder Services Plan. Class I shares can be purchased directly through the Distributor or other financial institutions, which may charge transaction fees with respect to your purchase. Class I shares are intended for: (i) investors who meet the investment minimum for Class I shares, (ii) institutional investors (e.g., financial institutions, corporations, trusts, foundations), (iii) funds of funds, (iv) investors investing through omnibus accounts held by financial intermediaries that charge transaction fees and have entered into arrangements with the Fund's distributor to offer Class I shares, (v) current and former trustees of the Fund, and (vi) other investors that have been approved by the Fund or the Adviser.

The Fund may offer Class I shares through platforms of brokers and other financial intermediaries that have agreements with the Fund's distributor to offer such shares solely when acting as an agent for the investor. Because the Fund does not charge any distribution fees or sales charges in connection with Class I shares, these shares are often referred to as "Clean Shares". However, financial intermediaries may charge fees (including, without limitation, a commission) for investors' purchases and/or redemptions of Clean Shares, as determined by the financial intermediary. Therefore, investors of Clean Shares should consider that other share classes of the Fund are sold subject to different fees and expenses. Investors should discuss their share class purchase options with their financial intermediary representative.

ADMINISTRATIVE AND PROCESSING SUPPORT PAYMENTS

To the extent approved by the Board, the Fund may make payments (either directly or as reimbursement to the Distributor for payments made by the Distributor) to financial intermediaries (such as brokers or third party administrators) for providing the types of services that would typically be provided by the Fund's Transfer Agent, including sub-accounting, sub-transfer agency or similar recordkeeping services, shareholder reporting, shareholder transaction processing, and/or the provision of call center support. These payments will be in lieu of, and may differ from, amounts paid to the Fund's Transfer Agent for providing similar services to other accounts. These payments may be in addition to any amounts the intermediary may receive as compensation for distribution or shareholder servicing pursuant to the Plan or Shareholder Services Plan or as part of any revenue sharing or similar arrangement with the Adviser or its affiliates, as described elsewhere in the Prospectus.

ADDITIONAL PAYMENTS TO DEALERS

In addition to dealer reallowances and payments made by the Fund for distribution and shareholder servicing, the Adviser or its affiliates may make additional payments ("Additional Payments") to certain selling or shareholder servicing agents for the Fund, which includes broker-dealers. These Additional Payments, sometimes characterized as "revenue sharing" payments, are made in connection with the sale and distribution of shares of the Fund or for services to the Fund and its shareholders. These Additional Payments, which may be significant, are paid by the Adviser or its affiliates, out of their own resources, which may include profits derived from servicing the Fund. Such payments by such parties may create an incentive for these financial institutions to recommend that you purchase Fund shares.

In return for these Additional Payments, the Adviser expects to receive certain marketing or servicing advantages that are not generally available to mutual funds that do not make such payments. Such advantages are expected to include, without limitation, placement of the Fund on a list of mutual funds offered as investment options to the selling agent's clients (sometimes referred to as "Shelf Space"); access to the selling agent's registered representatives; and the ability to assist in training and educating the selling agent's registered representatives.

Certain selling or shareholder servicing agents receive these Additional Payments to supplement amounts payable by the Fund under the Plan. In exchange, these agents provide services including, but not limited to, establishing and maintaining accounts and records; answering inquiries regarding purchases, exchanges and redemptions; processing and verifying purchase, redemption and exchange transactions; furnishing account statements and confirmations of transactions; processing and mailing monthly statements, prospectuses, shareholder reports and other SEC-required communications; and providing the types of services that might typically be provided by the Transfer Agent (e.g., the maintenance of omnibus or omnibus-like accounts, the use of the National Securities Clearing Corporation for the transmission of transaction information and the transmission of shareholder mailings) or other service providers. The Adviser may also pay cash compensation in the form of finder's fees that vary depending on the dollar amount of the Shares sold. Additional Payments may be structured: (i) as a percentage of sales; (ii) as a percentage of net assets; and/or (iii) as a fixed dollar amount.

The Additional Payments may create potential conflicts of interests between an investor and a selling agent who is recommending a particular mutual fund over other mutual funds. Before investing, you should consult with your financial consultant and review carefully any disclosure by the selling agent as to what monies they receive from mutual fund advisers and distributors, as well as how your financial consultant is compensated.

PRICING OF SHARES

The price at which you purchase or redeem Fund shares is based on the Fund's NAV. The Fund's NAV is calculated at the close of trading (normally 4:00 p.m. Eastern Time) on each day the NYSE and the principal bond markets (as recommended by the Securities Industry and Financial Markets Association) are open for regular trading (e.g., the NYSE is closed on weekends, most federal holidays and Good Friday). The Fund's NAV is calculated by dividing the value of the Fund's total assets (including interest and dividends accrued but not yet received) minus liabilities (including accrued expenses) by the total number of shares outstanding. Requests to purchase and sell shares are processed at the NAV next calculated after the Fund receives your order in proper form. If the NYSE is closed due to inclement weather, technology problems or any other reason on a day it would normally be open for business, or the NYSE has an unscheduled early closing on a day it has opened for business, the Fund reserves the right to treat such day as a business day and accept purchase and redemption orders until, and calculate the Fund's NAV as of, the normally scheduled close of regular trading on the NYSE for that day, so long as Fund management believes there remains an adequate market to meet purchase and redemption orders for that day.

In the event the Fund holds portfolio securities that trade in foreign markets or that are primarily listed on foreign exchanges that trade on weekends or other days when the Fund does not price its shares, the NAV of the Fund's shares may change on days when shareholders will not be able to purchase or redeem the Fund's shares.

The Board has approved procedures pursuant to which the Fund will value its investments and has delegated to the Adviser, as valuation designee, general responsibility for determining, in accordance with such procedures, the value of such investments. Generally, portfolio investments for which market quotations are readily available are valued at market value, which is ordinarily determined based on official closing prices or the last reported sale prices of an instrument. Where no such closing price or sale price is reported, market value is determined based on quotes obtained from market makers or prices supplied by one or more third-party pricing source ("Pricing Services"), which may include evaluated prices. Many of the types of investments in which the Fund invests are valued using evaluated prices provided by Pricing Services, which may be based on a number of factors, including, among other things, information obtained from market makers and estimates based on recent market prices for investments with similar characteristics. If market or evaluated prices are not readily available (including when the Adviser determines that prices are not reliable), or if an event occurs after the close of the trading market but before the calculation of the applicable NAV that materially affects the values, assets may be valued at a fair value by the Adviser, as valuation designee.

Fair valuation may occur in instances when market or evaluated prices are not available or are deemed not to be reliable or accurate in the opinion of the Adviser, or if an event occurs after the close of the trading market but before the calculation of the NAV that materially affects the values. Fair valuation could also occur in instances of (a) thinly traded securities, or (b) lack of liquidity or depth in the market for the security. For example, the Fund may be obligated to fair value a foreign security because many foreign markets operate at times that do not coincide with those of the major U.S. markets. In such situations, the Adviser may consider, when calculating fair value, (a) the nature and duration of the restrictions upon disposition of the securities or other assets, (b) the extent to which there is market for similar securities or other assets of the same class, or (c) availability of fundamental analytical data relating to the investment including the use of proprietary pricing models. When pricing securities using these methods, the Fund (with the assistance of its Pricing Services and other service providers) seeks to assign the value that represents the amount that the Fund might reasonably expect to receive upon a current sale of the securities. In this regard, the Adviser, pursuant to the terms of the investment advisory agreement with the Fund, has agreed to provide the Fund's pricing information that the Adviser reasonably believes may assist in the determination of fair value consistent with requirements under the 1940 Act and the Fund's policies and procedures. The Fund's policies and procedures include the consideration of pricing information from one or more Pricing Services (including averages of pricing information from multiple Pricing Services), which information is monitored by the Adviser daily.

When using pricing models or other pricing methods that are not based solely on market quotes for actively-traded securities, the Adviser's review process may include periodic back-testing by appropriate valuation personnel or third-party service providers, when applicable, of a sample of valuations, to the extent possible and where it is likely to provide a reasonable base of comparison, against the recent sale prices of investment positions. Back-testing, if performed, may focus on identifying trends in valuations versus sale prices, not the accuracy of individual marks for individual investment positions. Differences will be expected and viewed in the context of the overall analysis, especially since back-testing has inherent limitations, particularly during periods of market stress. This analysis can provide further assurance in assessing the quality of models and other evaluative processes being employed internally or by third-party service providers, but not absolute certainty to the accuracy of the fair value itself.

In calculating the Fund's NAV, the Adviser, as valuation designee, uses various valuation techniques. To the extent practicable, the Adviser generally endeavors to maximize the use of observable inputs and minimize the use of unobservable inputs by requiring that the most observable inputs are to be used when available. The availability of valuation techniques and observable inputs can vary from investment to investment and are affected by a wide variety of factors. When valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment, and may involve alternative methods to obtain fair values where market prices are not readily available. Because of the inherent uncertainty of valuation, those estimated values may be materially higher or lower than the values that would have been used if a ready market for the investments existed. As a result, the Adviser may exercise a higher degree of judgement in determining fair value for certain financial instruments.

Notwithstanding the foregoing, given the subjectivity inherent in fair valuation and the fact that events could occur after NAV calculation, the actual market prices for a security may differ from the fair value of that security as determined by the Fund at the time of NAV calculation. Thus, discrepancies between fair values and actual market prices may occur on a regular and recurring basis. These discrepancies do not necessarily indicate that the Fund's fair value methodology is inappropriate. The Fund will adjust the fair values assigned to securities in the Fund's portfolio, to the extent necessary, as soon as market prices become available. The Fund (and its service providers) continually monitor and evaluate the appropriateness of their fair value methodologies through systematic comparisons of fair values to the actual next available market prices of securities contained in the Fund's portfolio. To the extent the Fund invests in other investment companies, the Fund's NAV is calculated based, in part, upon the NAVs of such investment companies; the prospectuses for those investment companies in which the Fund will invest describe the circumstances under which those investment companies will use fair value pricing, which, in turn, affects their NAVs.

Because the Fund relies on various sources to calculate its NAVs, the Fund is subject to certain operational risks associated with reliance on the Pricing Services and other service providers and data sources. The Fund's NAV calculation may be impacted by operational risks arising from factors such as failures in systems and technology. Such failures may result in delays in the calculation of the Fund's NAV and/or the inability to calculate NAV over extended time periods. The Fund may be unable to recover any losses associated with such failures.

PURCHASING SHARES

Shares of the Fund may be purchased directly through the Fund or through any broker-dealer authorized to sell shares of the Fund.

Opening An Account

By Mail. To open a new account by mail:

- Complete and sign the account application.
- Enclose a check payable to the Fund; reference Class A or Class I shares to ensure proper crediting to your account.
- Mail the application and the check to the Trust's Transfer Agent at the following address:

Regular Mail	Overnight Delivery
Axonic Funds PO Box 219576 Kansas City MO 64121-9576	Axonic Funds C/O SS&C. 430 W. 7th Street Kansas City MO 64105-1407

Payment for shares must be made by check from a U.S. financial institution and payable in U.S. dollars. When Fund shares are purchased by check, the proceeds from the redemption of those shares may not be paid until the purchase check has been converted to federal funds, which could take up to 15 calendar days from the date of purchase. If an order to purchase shares is canceled because your check does not clear, you will be responsible for any resulting losses or other fees incurred by the Fund or the Transfer Agent in the transaction. The Fund does not accept third party checks, checks drawn on non-U.S. financial institutions, cash, drafts, money orders, cashier's checks, traveler's checks, credit card checks, "starter" checks, or post-dated checks.

By sending your check to the Fund, please be aware that you are authorizing the Fund to make a one-time electronic debit from your account at the financial institution indicated on your check. Your bank account will be debited as early as the same day the Fund receives your payment in the amount of your check; no additional amount will be added to the total. The transaction will appear on your bank statement. Your original check will be destroyed once processed, and you will not receive your canceled check back. If the Fund cannot post the transaction electronically, you authorize the Fund to present an image copy of your check for payment.

The Fund does not consider the US Postal Service or other independent delivery services to be their agents. Therefore, deposit in the mail or with such services, or receipt at the Trust's post office box, of purchase orders or redemption requests does not constitute receipt by the Fund.

By Wire Transfer. To open a new account by wire transfer of federal funds, call the Transfer Agent at 833-429-6642. A representative will assist you in obtaining an account application, which must be completed, signed and delivered by facsimile, email or mail to the Transfer Agent before payment by wire may be made.

The Fund requires advance notification of all wire purchases in order to ensure that the wire is received in proper form and that your account is subsequently credited in a timely fashion for a given trade date. Failure to notify the Transfer Agent prior to the transmittal of the bank wire may result in a delay in purchasing shares of the Fund. An order is considered received when the Fund receives payment by wire in proper form, provided that the completed and signed account application has been accepted by the Transfer Agent and determined to be in proper form. See "Opening an Account – By Mail" above. Your financial institution may charge a fee for wiring funds.

Through Your Broker or Financial Intermediary. Shares of the Fund may be purchased through certain brokerage firms and financial intermediaries that are authorized to receive orders on behalf of the Fund and such organizations may be authorized to designate intermediaries to receive orders on behalf of the Fund. Receipt of your order by such authorized organizations and intermediaries will constitute receipt of your order by the Fund. Orders will be priced at the NAV (plus any applicable sales charge) next determined after your order is received by such organization, or its authorized designee, in proper form.

Certain financial intermediaries may charge fees for purchase and/or redemption transactions by customers, depending on the nature and terms of the financial intermediaries' particular platform. Additionally, investors purchasing "clean shares" from a broker or other financial intermediary may be required to pay a commission in connection with such purchase, and therefore such investors should consider that other share classes of a Fund are sold subject to different fees and expenses. Such investors should consult with their financial intermediary regarding any commissions and other fees and expenses of the shares being purchased and whether other classes of shares of the Fund may be available on the financial intermediary's platform. An investor transacting in Class I shares through a broker acting as an agent for the investor may be required to pay a commission and/or other forms of compensation to the broker. These organizations may charge you transaction fees on purchases of Fund shares and may impose other charges or restrictions or account options that differ from those applicable to shareholders who purchase shares directly through the Fund. These organizations may be the shareholders of record of your Fund shares. Shareholders investing in this manner should look to the organization through which they invest for specific instructions on how to purchase and redeem Fund shares.

Additional Investments. Once an account is open, additional purchases of shares may be made at any time in minimum amounts of $1,000 for Class I shares or Class A shares, except for accounts participating in an automatic investment plan, which must be in amounts of at least $100. Additional purchases may be made:

- By sending a check, made payable to the Fund, Axonic Funds, PO Box 219576 Kansas City MO 64121-9576. Be sure to note your account number on the memo line of your check. The shareholder will be responsible for any fees incurred or losses suffered by the Fund as a result of any check returned for insufficient funds;

- By wire transfer of federal funds, as described above under "Opening an Account – By Wire Transfer." Shareholders should call the Transfer Agent at 833-429-6642 before wiring funds; or

- Through your brokerage firm or other financial institution.

Automatic Investment Plan and Direct Deposit Plans. You may make automatic monthly or quarterly investments in the Fund from your bank, savings and loan, or other depository institution account. The minimum investment must be $100 under the automatic investment plan and investments are made on or about the 15th and/or last business day of each month. The Transfer Agent currently pays the costs of this service, but reserves the right, upon 30 days' written notice, to make reasonable charges. Your depository institution may impose its own charge for making transfers from your account.

Your employer may offer a direct deposit plan which will allow you to have all or a portion of your paycheck transferred automatically to purchase shares of the Fund. Please call 833-429-6642 for more information about the automatic investment plan and direct deposit plans.

Important Information about Procedures for Opening a New Account. To help the government fight the funding of terrorism and money laundering activities, federal law requires all financial institutions to obtain, verify and record information that identifies each person that opens a new account, and to determine whether such person's name appears on government lists of known or suspected terrorists and terrorist organizations. As a result, the Fund must obtain the following information for each person that opens a new account:

- Name;

- Date of birth (for individuals);

- Residential or business street address (although post office boxes are still permitted for mailing); and

- Social security number, taxpayer identification number, or other identifying number.

You may also be asked for a copy of your driver's license, passport, or other identifying document in order to verify your identity. In addition, it may be necessary to verify your identity by cross-referencing your identification information with a consumer report or other electronic database. Additional information may be required to open accounts for corporations and other entities. Federal law prohibits the Fund and other financial institutions from opening a new account unless they receive the minimum identifying information listed above.

After an account is opened, the Fund may restrict your ability to purchase additional shares until your identity is verified. The Fund also may close your account or take other appropriate action if it is unable to verify your identity within a reasonable time. If your account is closed for this reason, your Fund shares will be redeemed at the NAV next calculated after the account is closed. In that case, your redemption proceeds may be worth more or less than your original investment. The Fund will not be responsible for any loss incurred due to the Fund's inability to verify your identity.

If you are opening an account in the name of a legal entity (e.g., a partnership, business trust, limited liability company, corporation, etc.), you may be required to supply the identity of the beneficial owner or controlling person(s) of the legal entity prior to the opening of your account. The Fund may request additional information about you (which may include certain documents, such as articles of incorporation for companies) to help the Transfer Agent verify your identity.

Additional Information. The Fund reserves the right to reject any purchase request and suspend the offering of its shares at any time. The Fund mails you confirmations of all purchases or redemptions of Fund shares. Certificates representing shares are not issued.

Interclass Exchanges. You may exchange your shares of the Fund for another Class of the Fund, provided that you hold your shares through an eligible institution that has a valid sales agreement with the Distributor authorizing such transaction, and you are eligible to invest in another Class of the Fund in accordance with the criteria set for in this prospectus. In the event that you no longer meet eligibility requirements for investment in one or more classes of shares, the Fund or your authorized representative may elect to exchange your shares for another Class of the Fund for which you are eligible. Interclass exchanges are generally not taxable. Shares otherwise subject to a CDSC will be charged a CDSC in an exchange, depending upon when you originally purchased the exchanged shares. For purposes of computing the CDSC, the length of time you have owned your shares will be measured from the date of original purchase and will not be affected by any exchange.

REDEEMING SHARES

Shares of the Fund may be redeemed on any day on which the Fund computes its NAV. Shares are redeemed at their NAV (subject to any applicable CDSC) next determined after the Fund receives your redemption request in proper form. Redemption requests may be made by mail or by telephone.

By Mail. You may redeem shares by mailing a written request to the Axonic Funds, PO Box 219576, Kansas City MO 64121-9576. Written requests must state the shareholder's name, the account number and the shares or dollar amount to be redeemed and be signed exactly as your name appears on the Fund's account records.

The Fund does not consider the US Postal Service or other independent delivery services to be its agents. Therefore, deposit in the mail or with such services, or receipt at the Fund's post office box, of purchase orders or redemption requests does not constitute receipt by the Fund.

Signature Guarantees. If the shares to be redeemed have a value greater than $100,000, you must have all signatures on redemption requests guaranteed. If the name(s) or the address on your account has changed within the previous 30 days of your redemption request, or if the payment of the proceeds of a redemption of any amount is to be sent to a person, address or bank account not on record with the Fund, the request must be made in writing with your signature guaranteed, regardless of the value of the Fund shares being redeemed. The Transfer Agent will accept signatures guaranteed by a domestic bank or trust company, broker, dealer, clearing agency, savings association, or other financial intermediary that participates in the STAMP Medallion signature guarantee program sponsored by the Securities Transfer Association. Signature guarantees from financial institutions that do not participate in the STAMP Medallion Program will not be accepted. A notary public cannot provide a signature guarantee. Members of STAMP are subject to dollar limitations which must be considered when requesting their guarantee. The Fund may reject any signature guaranteed transaction if it believes the transaction would otherwise be improper. The Fund and the Transfer Agent reserve the right to require signature guarantees on all redemptions. The Transfer Agent has adopted standards for accepting signature guarantees from the above institutions. The Fund and the Transfer Agent reserve the right to amend these standards at any time without notice.

Redemption requests by corporate and fiduciary shareholders must be accompanied by appropriate documentation establishing the authority of the person seeking to act on behalf of the account. Forms of resolutions and other documentation to assist in compliance with the Transfer Agent's procedures may be obtained by calling the Transfer Agent.

Telephone Redemptions. Unless you specifically decline the telephone redemption privilege on your account application, you may also redeem Fund shares having a value of $50,000 or less by telephone by calling the Transfer Agent at 833-429-6642.

Telephone redemptions may be requested only if the proceeds are to be sent to the shareholder of record and mailed to the address on record with the Fund. Upon request, redemption proceeds of $100 or more may be transferred electronically from an account you maintain with a financial institution by an ACH transaction, and proceeds of $5,000 or more may be transferred by wire, in either case to the account stated on the account application. Shareholders may be charged a fee by the Fund's custodian for outgoing wires. Account designations may be changed by sending the Transfer Agent a written request with all signatures guaranteed as described above.

The Transfer Agent requires personal identification before accepting any redemption request by telephone, and telephone redemption instructions may be recorded. If reasonable procedures are followed by the Transfer Agent, neither the Transfer Agent nor the Fund will be liable for losses due to unauthorized or fraudulent telephone instructions. In the event of drastic economic or market changes, a shareholder may experience difficulty redeeming shares by telephone. If such a case should occur, redemption by mail should be considered.

Through Your Broker or Financial Intermediary. You may also redeem your shares through a brokerage firm or financial intermediary that has been authorized to accept orders on behalf of the Fund at the NAV next determined after your order is received by such organization in proper form. NAV is normally determined as of 4:00 p.m., Eastern time. Your brokerage firm or financial intermediary may require a redemption request to be received at an earlier time during the day in order for your redemption to be effective as of the day the order is received. These organizations may be authorized to designate other intermediaries to act in this capacity. Such an organization may charge you transaction fees on redemptions of Fund shares and may impose other charges or restrictions or account options that differ from those applicable to shareholders who redeem shares directly through the Transfer Agent.

Receiving Payment. The Fund normally makes payment for all shares redeemed within 7 days after receipt by the Transfer Agent of a redemption request in proper form. Under unusual circumstances as provided by the rules of the SEC, the Fund may suspend the right of redemption or delay payment of redemption proceeds for more than 7 days. A requested wire of redemption proceeds normally will be sent on the business day following a redemption. However, when Fund shares are purchased by check, the proceeds from the redemption of those Fund shares will not be paid until the purchase check has been converted to federal funds, which could take up to 15 calendar days.

The Fund typically expects to meet redemption requests by borrowing cash pursuant to the Fund's line of credit or through the sale of cash equivalents and other Fund assets. These methods may be used during both normal and stressed market conditions.

The Fund is not responsible for losses or fees resulting from posting delays or non-receipt of redemption payments at your bank when shareholder payment instructions are followed.

Systematic Withdrawal Plan. A shareholder who owns shares of the Fund valued at more than $25,000 at the current offering price may establish a Systematic Withdrawal Plan to receive a monthly or quarterly payment in a stated amount (not less than $100). Each month or quarter, as specified, shares in your account will automatically be redeemed to meet the specified withdrawal amount. The shareholder may establish this service whether dividends and distributions are reinvested in shares of the Fund or paid in cash. There is currently no charge for this service, but the Transfer Agent reserves the right, upon 30 days' written notice, to make reasonable charges. Telephone the Transfer Agent toll-free at 833-429-6642 for additional information.

Redemptions In Kind. The Fund reserves the right to make redemptions in kind (a payment in portfolio securities rather than cash). For example the Fund may elect to make redemptions in kind where the redemption might be expected to have an unfavorable tax effect on the Fund, during a period of deteriorating market conditions or market stress, or in the case of a very large redemption that could adversely affect Fund operations. In such a case, the Fund may authorize payment to be made in readily marketable portfolio securities of the Fund. Securities delivered in payment of redemptions will be valued at the same value assigned to them in computing the Fund's NAV. If the Fund pays your redemption proceeds by a distribution of securities, you could incur brokerage or other charges in converting the securities to cash and will bear any market risks associated with such securities until they are converted into cash. For U.S. federal income tax purposes, redemptions paid in securities are taxed in the same manner as redemptions paid in cash.

Minimum Account Balance. Due to the high cost of maintaining shareholder accounts, the Fund may involuntarily redeem Fund shares in an account and pay the proceeds to the shareholder if the shareholder's account balance falls below the minimum initial investment required for the shareholder's type of account due to shareholder redemptions (see "Investing in the Fund – Minimum Investment" above). This does not apply, however, if the balance falls below the minimum solely because of a decline in the Fund's NAV. Before Fund shares are redeemed to close an account, the shareholder is notified in writing and allowed 30 days to purchase additional Fund shares to meet the minimum account balance requirement.

Verification of Shareholder Transaction Statements. You must contact the Fund in writing regarding any errors or discrepancies within 60 days after the date of the statement confirming a transaction. The Fund may deny your ability to refute a transaction if it does not hear from you within 60 days after the confirmation statement date.

Non-receipt of Purchase Wire / Insufficient Funds Policy. The Fund reserves the right to cancel a purchase if payment of the check or electronic funds transfer does not clear your bank, or if a wire is not received by settlement date. The Fund may charge a fee for insufficient funds and you may be responsible for any fees imposed by your bank and any losses that the Fund may incur as a result of the canceled purchase.

FREQUENT TRADING POLICIES

The Board has adopted policies and procedures with respect to frequent purchases and redemptions of Fund shares by Fund shareholders and discourages market timing. Market timing is an investment strategy using frequent purchases, redemptions and/or exchanges in an attempt to profit from short-term market movements. Market timing may disrupt portfolio management strategies and hurt Fund performance. Such practices may dilute the value of Fund shares, interfere with the efficient management of the Fund's investments, and increase brokerage and administrative costs. The Fund may reject purchase orders or temporarily or permanently revoke privileges if there is reason to believe that a shareholder is engaging in market timing activities. Brokers maintaining omnibus accounts with the Fund generally agree to provide shareholder transaction information, to the extent known to the broker, to the Fund upon request. The Fund does not accommodate frequent purchases and redemptions of Fund shares by Fund shareholders.

To prevent disruption in the management of the Fund, excessive trading activity is limited. An investor's right to purchase additional shares may be revoked if the redemption or exchange activity is considered excessive. Generally, trading or exchange activity is considered excessive if an exchange or redemption in excess of a predetermined dollar amount occurs within 10 calendar days of purchase.

The Fund may accept redemptions and exchanges in excess of the above guidelines if it believes that granting such exceptions is in the best interest of the Fund and the redemption is not part of a market timing strategy.

The Fund will apply its policies and procedures uniformly to all Fund shareholders. Although the Fund intends to deter market timing, there is no assurance that it will be able to identify and eliminate all market timers. For example, certain accounts called "omnibus accounts" include multiple shareholders. Omnibus accounts typically provide the Fund with a net purchase or redemption request on any given day where purchasers of the Fund's shares and redeemers of the Fund's shares are netted against one another and the identities of individual purchasers and redeemers whose orders are aggregated are not known by the Fund. The netting effect often makes it more difficult for the Fund to detect market timing, and there can be no assurance that the Fund will be able to do so. While the Fund will encourage financial intermediaries to apply the Fund's Market Timing Trading Policy to their customers who invest indirectly in the Fund, the Fund is limited in its ability to monitor the trading activity or enforce the Fund's Market Timing Trading Policy with respect to customers of financial intermediaries.

The Fund reserves the right to modify its policies and procedures at any time without prior notice as it deems in its sole discretion to be in the best interests of its shareholders, or to comply with state or Federal legal requirements.

DISTRIBUTIONS

The Fund may distribute its net investment income to its shareholders monthly, but, in any event, expects to distribute substantially all of its net investment income to its shareholders at least annually. The Fund expects to distribute its net realized capital gains at least annually. Absent instructions to pay distributions in cash, distributions will be reinvested automatically in additional shares of the Fund.

U.S. FEDERAL INCOME TAXES

The following information is meant as a general summary for U.S. federal income taxpayers (other than U.S. investors who hold their shares in a tax-deferred arrangement, such as an IRA or other tax-qualified plan). Additional tax information appears in the SAI. Shareholders should rely on their own tax advisors for advice about the particular federal, state, and local tax consequences of investing in the Fund.

The Fund

The Fund intends to qualify each year for treatment as a RIC for U.S. federal income taxes under Subchapter M of the Internal Revenue Code of 1986, as amended ("Code"). If it meets certain minimum distribution requirements, a RIC is not subject to tax at the fund level on income and gains from investments that are timely distributed to shareholders. However, a Fund's failure to qualify as a RIC or to meet minimum distribution requirements would result (if certain relief provisions were not available) in fund-level taxation and, consequently, a reduction in income available for distribution to shareholders. In addition, the Fund may be subject to a 4% excise tax if it fails to make sufficient distributions.

In order to qualify for taxation as a RIC, the Fund must derive at least 90% of its gross income each taxable year from qualifying income and diversify its assets as described in more detail in the SAI. Although the Fund will monitor its investments with the objective of maintaining its continued qualification as a RIC under the Code, certain investments of a Fund may not generate qualifying income if made directly by such Fund.

Some of the income and fees that the Fund may recognize will not satisfy the 90% income test. In order to ensure that such income and fees do not disqualify the Fund as a RIC for a failure to satisfy such test, the Fund may be required to recognize such income and fees indirectly through one or more entities treated as corporations for U.S. federal income tax purposes. Such corporations will be subject to U.S. corporate income tax on their earnings, which ultimately will reduce the Fund's return on such income and fees.

U.S. Shareholders.

The Fund intends to distribute substantially all of their net investment income and net realized capital gains, if any. The dividends and distributions you receive, whether in cash or reinvested in additional shares of the Fund, may be subject to federal, state, and local taxation, depending upon your tax situation. Shareholders may elect to receive dividends from net investment income or capital gains distributions, if any, in cash or reinvest them in additional Fund shares. Although the Fund will not be taxed on amounts it distributes, shareholders will generally be taxed on distributions paid by the Fund, regardless of whether distributions are paid in cash or reinvested in additional Fund shares.

Distributions attributable to net investment income and short-term capital gains are generally taxed as ordinary income, although certain income dividends may be taxed to non-corporate shareholders at long-term capital gains rates and certain qualified REIT dividend income may be eligible for a 20% deduction for "qualified business income" under Code section 199A (discussed below). Distributions of long-term capital gains are generally taxed as long-term capital gains, regardless of how long a shareholder has held Fund shares. Distributions may be subject to state and local taxes, as well as U.S. federal income taxes.

RICs that receive qualified REIT dividend income may designate such amounts as Section 199A dividends. Qualified REIT dividend income is the excess of qualified REIT dividends received by the RIC over the amount of the RIC's deductions that are properly allocable to such income. If the Fund designates a dividend as a Section 199A distribution, it may be treated by shareholders as a qualified REIT dividend that is taxed as ordinary income and for non-corporate taxpayers eligible for the 20% deduction for "qualified business income" under Code section 199A. Generally, only non-corporate shareholders who have held their shares for more than 45 days during the 91-day period beginning on the date which is 45 days prior to the ex-dividend date for such dividend are eligible for such treatment.

RICs that receive business interest income may pass through its business interest income under Code section 163(j) as a "section 163(j) interest dividend." A RIC's total section 163(j) interest dividend amount for a tax year is limited to the excess of the RIC's business interest income over the sum of its business interest expense and its other deductions properly allocable to its business interest income. A RIC shareholder that receives a section 163(j) interest dividend may treat the dividend as interest income for purposes of section 163(j), subject to holding period requirements and other limitations.

In general, a shareholder who sells or redeems Fund shares will realize a capital gain or loss, which will be long-term or short-term, depending upon the shareholder's holding period for the Fund shares. Generally, an exchange of shares is treated as a sale and any gain may be subject to tax. However, certain exchanges of shares may be exempt from tax, including exchanges of Fund shares for shares of a different class of the Fund. All or a portion of any loss realized upon a taxable disposition of Fund shares will be disallowed if you purchase other substantially identical shares within 30 days before or 30 days after the disposition. In such a case, the basis of the newly purchased shares will be adjusted to reflect the disallowed loss.

U.S. individuals with income exceeding $200,000 ($250,000 if married and filing jointly or $125,000 if married filling separately) are subject to a 3.8% tax on their "net investment income," including interest, dividends, and capital gains (including capital gains realized on the sale or exchange of shares of a Fund).

As with all mutual funds, the Fund may be required to withhold U.S. federal income tax (presently at the rate of 24%) for all distributions payable to shareholders who fail to provide the Fund with their correct taxpayer identification numbers or to make required certifications, or who have been notified by the Internal Revenue Service ("IRS") that they are subject to backup withholding. Backup withholding is not an additional tax; rather, it is a way in which the IRS ensures it will collect taxes otherwise due. Any amounts withheld may be credited against a shareholder's U.S. federal income tax liability.

Mutual fund companies are required to report cost basis information to the IRS on Form 1099-B for sales of mutual fund shares ("Covered Shares"). Mutual funds must select a default cost basis calculation method and apply that method to the sale of Covered Shares unless an alternate IRS approved method is specifically elected in writing by the shareholder. Average Cost, which is the mutual fund industry standard, has been selected as the Fund's default cost basis calculation method. If a shareholder determines that an IRS approved cost basis calculation method other than the Fund's default method of Average Cost is more appropriate, the shareholder must contact the Fund at the time of or in advance of the sale of Covered Shares that are to be subject to that alternate election. The Treasury regulations do not permit the change of a cost basis election on previously executed trades.

Shareholders should consult with their own tax advisors to ensure that distributions and income from the sale of Fund shares are treated appropriately on their income tax returns.

Non-U.S. Shareholders.

Shareholders that are not "U.S. persons" within the meaning of the Code ("non-U.S. shareholders") should consult their tax advisers and, if holding shares through intermediaries, their intermediaries, concerning the application of U.S. tax rules and tax rules of other applicable jurisdictions to their investment in the Fund.

A non-U.S. shareholder is not, in general, subject to U.S. federal income tax on gains (and is not allowed a deduction for losses) realized on the sale of shares of the Fund except under certain circumstances (e.g., such gain is effectively connected with the conduct by the non-U.S. shareholder of a trade or business within the United States, or in the case of a non-U.S. shareholder that is an individual, the shareholder is present in the United States for a certain period of time during the year of the sale and certain other conditions are met).

Subject to certain exceptions, distributions by the Fund to non-U.S. shareholders properly reported by the Fund as: (1) capital gain dividends; (2) short-term capital gain dividends; (3) interest-related dividends; and (4) exempt-interest dividends, generally are not subject to withholding of U.S. federal income tax (though exempt interest dividends may be subject to backup withholding). Other distributions by the Fund to non-U.S. shareholders (e.g., dividends attributable to dividend and foreign source interest income or to short-term capital gains or U.S. source interest income to which the exception from withholding described above does not apply) are generally subject to withholding of U.S. federal income tax at a rate of 30% (or lower applicable treaty rate). Subject to certain exceptions, the Fund is generally not required to withhold on the amount of a non-dividend distribution (i.e., a distribution that is not paid out of the Fund's current or accumulated earnings and profits for the applicable taxable year) when paid to its non-U.S. shareholders.

In order to qualify for any exemptions from withholding or for lower withholding tax rates under income tax treaties, or to establish an exemption from backup withholding, a non-U.S. shareholder must comply with special certification and filing requirements relating to its non-U.S. status (including, in general, furnishing an IRS Form W-8BEN, W-8BEN-E or substitute form). Special rules (including withholding and reporting requirements) apply to foreign partnerships and those holding Fund shares through foreign partnerships. Additional considerations may apply to foreign trusts and estates. Investors holding Fund shares through foreign entities should consult their tax advisers about their particular situation. A non-U.S. shareholder may be subject to state and local tax and to the U.S. federal estate tax in addition to the U.S. federal income tax referred to above.

FINANCIAL HIGHLIGHTS

The financial highlights tables are intended to help you understand the Fund's financial performance since inception. Certain information reflects financial results for a single Fund share. The total returns in the table represent the rate that an investor would have earned or lost on an investment in the Fund (assuming reinvestment of all dividends and distributions). This information has been audited by Cohen & Company, Ltd., the Fund's independent registered public accounting firm, whose report, along with the Fund's financial statements and financial highlights are included in the Fund's annual report, which is available upon request by calling the Fund at (833) 429-6642.

Axonic Strategic Income Fund Class A

For a Share Outstanding Throughout each Period Presented

	For the Year Ended October 31, 2025	For the Year Ended October 31, 2024	For the Year Ended October 31, 2023	For the Year Ended October 31, 2022	For the Year Ended October 31, 2021
OPERATING PERFORMANCE:					
Net asset value - beginning of period	$ 8.86	$ 8.67	$ 8.78	$ 9.94	$ 9.68
INCOME/(LOSS) FROM INVESTMENT OPERATIONS:					
Net investment income[(a)]	0.50	0.62	0.60	0.37	0.44
Net realized and unrealized gain/(loss) on investments	0.07	0.29	(0.16)	(0.90)	0.30[(b)]
Total Income/(Loss) from Investment Operations	0.57	0.91	0.44	(0.53)	0.74
DISTRIBUTIONS TO SHAREHOLDERS:					
From net investment income	(0.62)	(0.72)	(0.53)	(0.43)	(0.43)
From net realized gains	—	—	(0.02)	(0.20)	(0.05)
Total Distributions to Shareholders	(0.62)	(0.72)	(0.55)	(0.63)	(0.48)
Net asset value - end of period	$ 8.81	$ 8.86	$ 8.67	$ 8.78	$ 9.94
Total Investment Return - Net Asset Value[(c)]	6.63%[(d)]	10.93%[(d)]	5.25%[(d)]	(5.29%)[(d)]	7.85%[(d)]
RATIOS AND SUPPLEMENTAL DATA:					
Net assets end of period (000s)	$ 110,972	$ 79,893	$ 62,415	$ 44,534	$ 40,414
Including Interest Expense					
Ratio of expenses to average net assets excluding reimbursement/recoupment[(e)]	1.42%	1.42%	1.42%	1.39%	1.60%
Ratio of expenses to average net assets including reimbursement/recoupment[(e)]	1.42%	1.42%	1.44%	1.50%	1.50%
Excluding Interest Expense					
Ratio of expenses to average net assets excluding reimbursement/recoupment[(e)]	1.40%	1.42%	1.42%	1.39%	1.60%
Ratio of expenses to average net assets including reimbursement/recoupment[(e)]	1.40%	1.42%	1.44%	1.50%	1.50%
Ratio of net investment income to average net assets[(e)]	5.65%	7.04%	6.90%	3.93%	4.40%
Portfolio turnover rate	63%	72%	38%	32%	66%

(a) *Calculated using average shares method.*

(b) *Realized and unrealized gains and losses per share in this caption are balancing amounts necessary to reconcile the change in net asset value per share for the period and may not reconcile with the aggregate gains and losses in the Consolidated Statement of Operations due to share transactions for the period.*

(c) *During periods in which certain expenses were reimbursed, total returns would have been lower. During periods in which certain expenses were recouped, total returns would have been higher. Returns shown do not reflect the deduction of taxes that a shareholder would pay on Fund distributions or the redemption of Fund shares. Returns shown exclude applicable sales charges.*

(d) *Includes adjustments in accordance with accounting principles generally accepted in the United States of America and, consequently, the net asset values for financial reporting purposes and the returns based upon those net asset values may differ from the net asset values and returns for shareholder transactions.*

(e) *Expenses and net investment income/(loss) amounts used to calculate the ratios above include amounts allocated to investors. An individual investor's results may vary based on a variety of factors and the timing of capital transactions.*

Axonic Strategic Income Fund Class I

For a Share Outstanding Throughout each Period Presented

	For the Year Ended October 31, 2025	For the Year Ended October 31, 2024	For the Year Ended October 31, 2023	For the Year Ended October 31, 2022	For the Year Ended October 31, 2021
OPERATING PERFORMANCE:					
Net asset value - beginning of period	$ 9.01	$ 8.79	$ 8.86	$ 9.99	$ 9.69
INCOME/(LOSS) FROM INVESTMENT OPERATIONS:					
Net investment income[(a)]	0.54	0.66	0.65	0.42	0.48
Net realized and unrealized gain/(loss) on investments	0.06	0.30	(0.15)	(0.92)	0.30[(b)]
Total Income/(Loss) from Investment Operations	0.60	0.96	0.50	(0.50)	0.78
DISTRIBUTIONS TO SHAREHOLDERS:					
From net investment income	(0.63)	(0.74)	(0.55)	(0.43)	(0.43)
From net realized gains	—	—	(0.02)	(0.20)	(0.05)
Total Distributions to Shareholders	(0.63)	(0.74)	(0.57)	(0.63)	(0.48)
Net asset value - end of period	$ 8.98	$ 9.01	$ 8.79	$ 8.86	$ 9.99
Total Investment Return - Net Asset Value[(c)]	6.94%[(d)]	11.31%[(d)]	5.82%[(d)]	(4.84%)[(d)]	8.28%[(d)]
RATIOS AND SUPPLEMENTAL DATA:					
Net assets end of period (000s)	$ 3,675,825	$ 2,876,885	$ 1,855,409	$ 1,313,775	$ 1,306,541
Including Interest Expense					
Ratio of expenses to average net assets excluding reimbursement/recoupment[(e)]	1.02%	1.03%	1.02%	1.00%	1.02%
Ratio of expenses to average net assets including reimbursement/recoupment[(e)]	1.02%	1.03%	1.02%	1.00%	1.04%
Excluding Interest Expense					
Ratio of expenses to average net assets excluding reimbursement/recoupment[(e)]	1.00%	1.03%	1.02%	1.00%	1.02%
Ratio of expenses to average net assets including reimbursement/recoupment[(e)]	1.00%	1.03%	1.02%	1.00%	1.04%
Ratio of net investment income to average net assets[(e)]	6.08%	7.42%	7.31%	4.42%	4.87%
Portfolio turnover rate	63%	72%	38%	32%	66%

(a) *Calculated using average shares method.*

(b) *Realized and unrealized gains and losses per share in this caption are balancing amounts necessary to reconcile the change in net asset value per share for the period and may not reconcile with the aggregate gains and losses in the Consolidated Statement of Operations due to share transactions for the period.*

(c) *During periods in which certain expenses were reimbursed, total returns would have been lower. During periods in which certain expenses were recouped, total returns would have been higher. Returns shown do not reflect the deduction of taxes that a shareholder would pay on Fund distributions or the redemption of Fund shares. Returns shown exclude applicable sales charges.*

(d) *Includes adjustments in accordance with accounting principles generally accepted in the United States of America and, consequently, the net asset values for financial reporting purposes and the returns based upon those net asset values may differ from the net asset values and returns for shareholder transactions.*

(e) *Expenses and net investment income/(loss) amounts used to calculate the ratios above include amounts allocated to investors. An individual investor's results may vary based on a variety of factors and the timing of capital transactions.*

Appendix A – Waivers and Discounts Available From Intermediaries

The availability of certain initial or deferred sales charge waivers and discounts may depend on the particular financial intermediary or type of account through which you purchase or hold Fund shares. Intermediaries may have different policies and procedures regarding the availability of front-end sales load waivers or contingent deferred (back-end) sales load ("CDSC") waivers, which are discussed below. In all instances, it is the purchaser's responsibility to notify the fund or the purchaser's financial intermediary at the time of purchase of any relationship or other facts qualifying the purchaser for sales charge waivers or discounts. For waivers and discounts not available through a particular intermediary, shareholders will have to purchase fund shares directly from the Fund or through another intermediary to receive these waivers or discounts.

Raymond James & Associates, Inc., Raymond James Financial Services, Inc. and each entity's affiliates ("Raymond James")

Shareholders purchasing fund shares through a Raymond James platform or account, or through an introducing broker-dealer or independent registered investment adviser for which Raymond James provides trade execution, clearance, and/or custody services, will be eligible only for the following load waivers (front-end sales charge waivers and contingent deferred, or back-end, sales charge waivers) and discounts, which may differ from those disclosed elsewhere in this fund's prospectus or SAI.

Front-end sales load waivers on Class A shares available at Raymond James
Shares purchased in an investment advisory program.
Shares purchased within the same fund family through a systematic reinvestment of capital gains and dividend distributions.
Employees and registered representatives of Raymond James or its affiliates and their family members as designated by Raymond James.
Shares purchased from the proceeds of redemptions within the same fund family, provided (1) the repurchase occurs within 90 days following the redemption, (2) the redemption and purchase occur in the same account, and (3) redeemed shares were subject to a front-end or deferred sales load (known as Rights of Reinstatement).
A shareholder in the Fund's Class C shares will have their shares converted at net asset value to Class A shares (or the appropriate share class) of the Fund if the shares are no longer subject to a CDSC and the conversion is in line with the policies and procedures of Raymond James.

CDSC Waivers on Classes A, B and C shares available at Raymond James
Death or disability of the shareholder.
Shares sold as part of a systematic withdrawal plan as described in the fund's prospectus.
Return of excess contributions from an IRA Account.
Shares sold as part of a required minimum distribution for IRA and retirement accounts due to the shareholder reaching the qualified age based on applicable Treasury regulations as described in the fund's prospectus.
Shares sold to pay Raymond James fees but only if the transaction is initiated by Raymond James.
Shares acquired through a right of reinstatement.

Front-end load discounts available at Raymond James: breakpoints, rights of accumulation, and/or letters of intent
Breakpoints as described in this prospectus.
Rights of accumulation which entitle shareholders to breakpoint discounts will be automatically calculated based on the aggregated holding of fund family assets held by accounts within the purchaser's household at Raymond James. Eligible fund family assets not held at Raymond James may be included in the calculation of rights of accumulation only if the shareholder notifies his or her financial advisor about such assets.
Letters of intent which allow for breakpoint discounts based on anticipated purchases within a fund family, over a 13-month time period. Eligible fund family assets not held at Raymond James may be included in the calculation of letters of intent only if the shareholder notifies his or her financial advisor about such assets.

Front-end sales load waivers on Class A shares available at Morgan Stanley Wealth Management
Shareholders purchasing Fund shares through a Morgan Stanley Wealth Management transactional brokerage account are eligible only for the following front-end sales charge waivers with respect to Class A shares, which may differ from and may be more limited than those disclosed elsewhere in this Fund's Prospectus or SAI.
• Employer-sponsored retirement plans (e.g., 401(k) plans, 457 plans, employer-sponsored 403(b) plans, profit sharing and money purchase pension plans and defined benefit plans). For purposes of this provision, employer-sponsored retirement plans do not include SEP IRAs, Simple IRAs, SAR-SEPs or Keogh plans
• Morgan Stanley employee and employee-related accounts according to Morgan Stanley's account linking rules
• Shares purchased through reinvestment of dividends and capital gains distributions when purchasing shares of the same fund
• Shares purchased through a Morgan Stanley self-directed brokerage account

•	Class A (i.e., level-load) shares that are no longer subject to a contingent deferred sales charge and are converted to Class I shares of the same fund pursuant to Morgan Stanley Wealth Management's share class conversion program
•	Shares purchased from the proceeds of redemptions within the same fund family, provided (i) the repurchase occurs within 90 days following the redemption, (ii) the redemption and purchase occur in the same account, and (iii) redeemed shares were subject to a front-end or deferred sales charge.

Merrill Lynch, Pierce, Fenner & Smith Incorporated ("Merrill")

Purchases or sales of front-end (i.e. Class A) or level-load (i.e., Class C) mutual fund shares through a Merrill platform or account will be eligible only for the following sales load waivers (front-end, contingent deferred, or back-end waivers) and discounts, which differ from those disclosed elsewhere in this Fund's prospectus. Purchasers will have to buy mutual fund shares directly from the mutual fund company or through another intermediary to be eligible for waivers or discounts not listed below.

It is the client's responsibility to notify Merrill at the time of purchase or sale of any relationship or other facts that qualify the transaction for a waiver or discount. A Merrill representative may ask for reasonable documentation of such facts and Merrill may condition the granting of a waiver or discount on the timely receipt of such documentation.

Additional information on waivers and discounts is available in the Merrill Sales Load Waiver and Discounts Supplement (the "Merrill SLWD Supplement") and in the Mutual Fund Investing at Merrill pamphlet at ml.com/funds. Clients are encouraged to review these documents and speak with their financial advisor to determine whether a transaction is eligible for a waiver or discount.

Front-end Load Waivers Available at Merrill
Shares of mutual funds available for purchase by employer-sponsored retirement, deferred compensation, and employee benefit plans (including health savings accounts) and trusts used to fund those plans provided the shares are not held in a commission-based brokerage account and shares are held for the benefit of the plan. For purposes of this provision, employer-sponsored retirement plans do not include SEP IRAs, Simple IRAs, SAR-SEPs or Keogh plans
Shares purchased through a Merrill investment advisory program
Brokerage class shares exchanged from advisory class shares due to the holdings moving from a Merrill investment advisory program to a Merrill brokerage account
Shares purchased through the Merrill Edge Self-Directed platform
Shares purchased through the systematic reinvestment of capital gains distributions and dividend reinvestment when purchasing shares of the same mutual fund in the same account
Shares exchanged from level-load shares to front-end load shares of the same mutual fund in accordance with the description in the Merrill SLWD Supplement
Shares purchased by eligible employees of Merrill or its affiliates and their family members who purchase shares in accounts within the employee's Merrill Household (as defined in the Merrill SLWD Supplement)
Shares purchased by eligible persons associated with the fund as defined in this prospectus (e.g. the fund's officers or trustees)
Shares purchased from the proceeds of a mutual fund redemption in front-end load shares provided (1) the repurchase is in a mutual fund within the same fund family; (2) the repurchase occurs within 90 calendar days from the redemption trade date, and (3) the redemption and purchase occur in the same account (known as Rights of Reinstatement). Automated transactions (i.e. systematic purchases and withdrawals) and purchases made after shares are automatically sold to pay Merrill's account maintenance fees are not eligible for Rights of Reinstatement

Contingent Deferred Sales Charge Waivers on Front-end, Back-end, and Level Load Shares Available at Merrill
Shares sold due to the client's death or disability (as defined by Internal Revenue Code Section 22I(3))
Shares sold pursuant to a systematic withdrawal program subject to Merrill's maximum systematic withdrawal limits as described in the Merrill SLWD Supplement
Shares sold due to return of excess contributions from an IRA account
Shares sold as part of a required minimum distribution for IRA and retirement accounts due to the investor reaching the qualified age based on applicable IRS regulation
Front-end or level-load shares held in commission-based, non-taxable retirement brokerage accounts (e.g. traditional, Roth, rollover, SEP IRAs, Simple IRAs, SAR-SEPs or Keogh plans) that are transferred to fee-based accounts or platforms and exchanged for a lower cost share class of the same mutual fund

Front-end Load Discounts Available at Merrill: Breakpoints, Rights of Accumulation & Letters of Intent
Breakpoint discounts, as described in this prospectus, where the sales load is at or below the maximum sales load that Merrill permits to be assessed to a front-end load purchase, as described in the Merrill SLWD Supplement
Rights of Accumulation (ROA), as described in the Merrill SLWD Supplement, which entitle clients to breakpoint discounts based on the aggregated holdings of mutual fund family assets held in accounts in their Merrill Household
Letters of Intent (LOI), which allow for breakpoint discounts on eligible new purchases based on anticipated future eligible purchases within a fund family at Merrill, in accounts within your Merrill Household, as further described in the Merrill SLWD Supplement

J.P. MORGAN SECURITIES LLC

If you purchase or hold fund shares through an applicable J.P. Morgan Securities LLC brokerage account, you will be eligible for the following sales charge waivers (front-end sales charge waivers and contingent deferred sales charge, or back-end sales charge, waivers), share class conversion policy and discounts, which may differ from those disclosed elsewhere in this fund's prospectus or Statement of Additional Information.

Front-end sales charge waivers on Class A shares available at J.P. Morgan Securities LLC
• Shares exchanged from Class C (i.e., level-load) shares that are no longer subject to a CDSC and are exchanged into Class A shares of the same fund pursuant to J.P. Morgan Securities LLC's share class exchange policy.
• Qualified employer-sponsored defined contribution and defined benefit retirement plans, nonqualified deferred compensation plans, other employee benefit plans and trusts used to fund those plans. For purposes of this provision, such plans do not include SEP IRAs, SIMPLE IRAs, SAR-SEPs or 501(c)(3) accounts.
• Shares of funds purchased through J.P. Morgan Securities LLC Self-Directed Investing accounts.
• Shares purchased through rights of reinstatement.
• Shares purchased through reinvestment of capital gains distributions and dividend reinvestment when purchasing shares of the same fund (but not any other fund within the fund family).
• Shares purchased by employees and registered representatives of J.P. Morgan Securities LLC or its affiliates and their spouse or financial dependent as defined by J.P. Morgan Securities LLC.

Class C to Class A share conversion
• A shareholder in the fund's Class C shares will have their shares converted by J.P. Morgan Securities LLC to Class A shares (or the appropriate share class) of the same fund if the shares are no longer subject to a CDSC and the conversion is consistent with J.P. Morgan Securities LLC's policies and procedures.

CDSC waivers on Class A and C shares available at J.P. Morgan Securities LLC
• Shares sold upon the death or disability of the shareholder.
• Shares sold as part of a systematic withdrawal plan as described in the fund's prospectus.
• Shares purchased in connection with a return of excess contributions from an IRA account.
• Shares sold as part of a required minimum distribution for IRA and retirement accounts pursuant to the Internal Revenue Code.
• Shares acquired through a right of reinstatement.

Front-end load discounts available at J.P. Morgan Securities LLC: breakpoints, rights of accumulation & letters of intent
• Breakpoints as described in the prospectus.
• Rights of Accumulation ("ROA") which entitle shareholders to breakpoint discounts as described in the fund's prospectus will be automatically calculated based on the aggregated holding of fund family assets held by accounts within the purchaser's household at J.P. Morgan Securities LLC. Eligible fund family assets not held at J.P. Morgan Securities LLC (including 529 program holdings, where applicable) may be included in the ROA calculation only if the shareholder notifies their financial advisor about such assets.
• Letters of Intent ("LOI") which allow for breakpoint discounts based on anticipated purchases within a fund family, through J.P. Morgan Securities LLC, over a 13-month period of time (if applicable).

ADDITIONAL INFORMATION

The SAI provides more detailed information about the Fund and is incorporated by reference into, and is legally part of, this Prospectus. A description of the Fund's policies and procedures with respect to the disclosure of its portfolio securities is available in the SAI.

Additional information about the Fund's investments is available in the annual and semi-annual reports to shareholders and in Form N-CSR. In the Fund's annual report you will find a discussion of the market conditions and investment strategies that significantly affected the Fund's performance during its last fiscal year. In Form N-CSR you will find the Fund's annual and semi-annual financial statements.

To obtain a free copy of the SAI, the annual and semiannual reports or other information about the Fund, such as Fund financial statements, or to make inquiries about the Fund, please call Toll-Free:

833-429-6642

This Prospectus, the SAI, the most recent shareholder reports, and copies of the Fund financial statements, are also available without charge on the Fund's website at www.axonicfunds.com or upon written request to PO Box 219576 Kansas City MO 64121-9576.

Only one copy of a Prospectus or an annual or semiannual report will be sent to each household address. This process, known as "Householding," is used for most required shareholder mailings. (It does not apply to confirmations of transactions and account statements, however.) You may, of course, request an additional copy of a Prospectus or an annual or semiannual report at any time by calling or writing the Fund. You may also request that Householding be eliminated from all your required mailings.

Reports and other information about the Fund are available on the EDGAR Database on the SEC's Internet site at http://www.sec.gov. Copies of information on the SEC's Internet site may be obtained, upon payment of a duplicating fee, by electronic request at the following e-mail address: publicinfo@sec.gov.

Axonic Funds: Investment Company Act file number 811-23483