Why the New GIC Sector Matters

On August 31st of this year, the S&P Dow Jones Indices and MSCI, founders of the GICS[1] framework, will reclassify all equity listed real estate companies into their own sector – the 11th sector and the first new sector created since the development of the framework in 1999. The sector will be appropriately named the Real Estate Sector, and will remove all equity REITs (excluding mortgage REITs) from the Financial Sector.

With REITs receiving their own dedicated sector it is a positive affirmation of the performance of REITs in the marketplace and the continued growth of the industry. The new sector is likely to have a sweeping impact on portfolio planning and research given the importance of the GICS standards in creating asset allocations.

What Next?

As the GIC sector changes take place, the focus on allocation to REITs should increase as GICS is used by nearly all investors as an outline for analyzing and categorizing equity securities. GICS weightings are an important factor in determining what investment research, product / fund development, media coverage and investment strategies are created. The continued increase in the profile of REITs should assist additional capital in finding its way to the asset class as investors seek to gain exposure. As REITs have historically been part of the financial sector, investment managers could allocate to insurance companies, bank stocks or a REIT to remain properly allocated. Going forward that same manager must invest specifically in REITs to satisfy the new standards.

More REIT ownership across institutions should lead to better liquidity and that additional liquidity should entice investors to allocate to the space. An initial concern was that REITs would come under some short term selling pressure due the re-balancing of portfolios by Financials ETFs and dedicated Financial Funds. In October 2015, S&P announced that the S&P Financials Select Sector Index, of which many ETFs track, will remain unchanged and unadjusted. The S&P will launch two new indices that will split financials and real estate, alongside the original S&P Financials Select Sector. In response to the announcement, State Street Global Advisors ("SSGA"), managers of the XLF – the world's largest financials ETF – announced that all REITs in the S&P 500 will remain in the ETF as is. To track the new S&P indexes, SSGA will create two new ETFs. While over time investors could migrate to the newly formed ETFs, the concern over the potential volatility at the outset of the change is alleviated.

The new classification should finally provide REITs the dedicated recognition that an independent asset class deserves. Increased coverage of the sector should lead to greater understanding of industry specific terms and dispel common misconceptions that continue to exist, such as REITs being a proxy for the housing market. A raised profile should benefit the sector in numerous ways. The increased demand should lead to a broadened investor class across the space, increase liquidity and create a dedicated following of the asset class.

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[1] In 1999, the Global Industry Classification Standard, or GICS, was created in tandem by MSCI and Standard & Poor's that sought to provide an investment tool to classify all equities worldwide. Today, GICS is the leading classification system for stock exchange listed equities worldwide and is used as a basis for all S&P and MSCI financial market indexes.

IMPORTANT RISK AND DISCLOSURES

Before investing you should carefully consider the West Loop Realty Fund's investment objectives, risks, charges and expenses. This and other information about the Fund is in the prospectus and summary prospectus, a copy of which may be obtained by calling 800- 207-7108 or by visiting the Fund's website at www.libertystreetfunds.com. Please read the Fund's prospectus or summary prospectus carefully before investing.

RISK AND OTHER DISCLOSURES:

An investment in the West Loop Realty Fund is subject to risk, including the possible loss of principal amount invested and including, but not limited to, the following risks, which are more fully described in the prospectus:

- The Fund invests in Real Estate Investment Trusts (REITs), which involve additional risks compared to those from investments in common stock. REITs are dependent upon management skills; generally may not be diversified; and are subject to heavy cash flow dependency, defaults by borrowers, self-liquidation, and tax risks.
- Investments in REITs involve risks including, but not limited to, market risk, interest rate risk, equity risk and risks related to the real estate market.
- The Fund will be closely linked to the performance of the real estate markets. The Real Estate industry is subject to certain market risks such as property revaluations, interest rate fluctuations, rental rate fluctuations and operating expenses, increasing vacancies, rising construction costs and potential modifications to government regulations.
- REITs are subject to declines in the value of real estate as it relates to general and local economic conditions and decreases in property revenues. Continued disruptions in the financial markets and deteriorating economic conditions could adversely affect the value of the Fund's investments.
- As a non-diversified fund, the Fund may focus its assets in the securities of fewer issuers, which exposes the Fund to greater market risk than if its assets were diversified among a greater number of issuers.
- The Fund's investments will be concentrated in the real estate sector. The focus of the Fund's portfolio on a specific sector may present more risks than if the portfolio were broadly diversified over numerous sectors.
- Foreign investment risk. These risks include currency fluctuations, economic or financial instability, lack of timely or reliable financial information or unfavorable political or legal developments. Foreign companies are generally subject to different legal and accounting standards than U.S. companies.
- The Fund invests in small and mid-cap real estate companies, which may involve less trading and, therefore, a larger impact on a stock's price than customarily associated with larger, more established company stocks.
- In order to qualify for the favorable tax treatment generally available to regulated investment companies, the Fund must satisfy certain diversification requirements. The Fund's strategy of investing in a relatively small number of securities may cause it inadvertently to fail to satisfy the diversification requirements. If the Fund were to fail to qualify as a regulated investment company, it would be taxed in the same manner as an ordinary corporation, and distributions to its shareholders would not be deductible by the Fund in computing its taxable income.

The Fund may not be suitable for all investors. The views in this material do not constitute investment advice. We encourage you to consult with appropriate financial professionals before considering an investment in the Fund.

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