

## Independent Accountant's Verification and Performance Examination Report

Horizon Asset Management LLC:

We have examined whether (1) Horizon Asset Management Institutional (the "Firm") has complied with all the composite construction requirements of the Global Investment Performance Standards (GIPS® standards) on a firm-wide basis for the periods from January 1, 1996, to December 31, 2016, and (2) the Firm's policies and procedures are designed to calculate and present performance results in compliance with the GIPS standards as of December 31, 2016. We have also examined the accompanying performance presentation and Composite Disclosure Presentation of the Firm's **Asia Opportunity - Institutional Composite** for the periods from January 1, 2008, to December 31, 2016. The Firm's management is responsible for compliance with the GIPS standards, the design of its policies and procedures and for the Quarterly Performance and Composite Disclosure Presentations. Our responsibility is to express an opinion based on our examination.

### Scope of Work

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the Firm's compliance with the previously mentioned requirements; evaluating the design of the Firm's policies and procedures previously referred to; examining, on a test basis, evidence supporting the accompanying composite compliant presentation; and performing the procedures for a verification and performance examination required by the GIPS standards and such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

### Opinion

In our opinion, in all material respects,

- the Firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis for the periods from January 1, 1996, to December 31, 2016; and
- the Firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards as of December 31, 2016.

Also, in our opinion, in all material respects, the Firm has

- constructed the **Asia Opportunity - Institutional Composite** and calculated the **Asia Opportunity - Institutional Composite** performance for the periods from January 1, 2008, to December 31, 2016, in compliance with the GIPS standards; and
- prepared and presented the Composite Disclosure Presentation of the Firm's **Asia Opportunity - Institutional Composite** for the periods from January 1, 2008, to December 31, 2016, in compliance with the GIPS standards.

This report does not contain an opinion on the accuracy of any composite presentation of the Firm other than the Composite Disclosure Presentation of the Firm's **Asia Opportunity - Institutional Composite** for the periods from January 1, 2008, to December 31, 2016.



Ashland Partners & Company LLP  
April 24, 2017

**HORIZON ASSET MANAGEMENT INSTITUTIONAL  
ASIA OPPORTUNITY - INSTITUTIONAL COMPOSITE  
QUARTERLY PERFORMANCE PRESENTATION**

*Asset-Weighted Performance Gross and Net of Management Fees  
Results have been calculated in U.S. Dollars*

		1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Annual
2016	Gross	(1.45%)	1.39%	(0.06%)	(5.16%)	(5.29%)
	Net	(1.70%)	1.14%	(0.31%)	(5.40%)	(6.24%)
2015	Gross	7.66%	7.59%	(9.81%)	4.88%	9.57%
	Net	7.39%	7.32%	(10.04%)	4.62%	8.47%
2014	Gross	(2.44%)	3.90%	(2.43%)	(1.06%)	(2.15%)
	Net	(2.69%)	3.63%	(2.68%)	(1.30%)	(3.13%)
2013	Gross	15.20%	1.12%	7.07%	3.30%	28.83%
	Net	14.91%	0.86%	6.80%	3.04%	27.54%
2012	Gross	10.16%	(1.39%)	8.61%	6.84%	26.05%
	Net	9.88%	(1.63%)	8.33%	6.57%	24.79%
2011	Gross	(2.64%)	4.43%	(17.62%)	5.23%	(11.86%)
	Net	(2.88%)	4.17%	(17.83%)	4.97%	(12.74%)
2010	Gross	5.59%	(6.94%)	18.79%	4.32%	21.77%
	Net	5.32%	(7.17%)	18.50%	4.06%	20.56%
2009	Gross	1.04%	22.50%	6.70%	12.05%	47.97%
	Net	0.79%	22.19%	6.43%	11.77%	46.49%
2008	Gross	(8.30%)	(6.59%)	(7.30%)	(8.30%)	(27.19%)
	Net	(8.54%)	(6.83%)	(7.53%)	(8.53%)	(27.92%)

Past performance is not indicative of future results. The Independent Accountant's Verification and Performance Examination Report and the Composite Disclosure Presentation are an integral part of this presentation.

# Asia Opportunity – Institutional Composite



January 1, 2008 - December 31, 2016

	<b>Total Gross Return (%)</b>	<b>Total Net Return (%)</b>	<b>Benchmark Return (%)</b>	<b>Internal Dispersion- AW (%)</b>	<b>No. of Accounts</b>	<b>Composite Assets</b>	<b>Total Firm Assets</b>	<b>Composite 3-Yr St Dev</b>	<b>Benchmark 3-Yr St Dev (%)</b>
2016	-5.29	-6.24	3.93	0.63	57	16.2 mm	2,293mm	10.28	12.96
2015	9.57	8.47	-0.65	1.18	62	19.3mm	2,711mm	12.30	11.87
2014	-2.15	-3.13	0.54	0.68	62	18.3mm	3,176mm	12.48	11.76
2013	28.83	27.54	13.43	0.56	50	16.7mm	3,130mm	16.29	14.20
2012	26.05	24.79	15.77	0.77	19	5.5mm	2,507mm	17.31	15.78
2011	-11.86	-12.74	-15.93	0.58	25	7.4mm	2,301mm	19.12	19.10
2010	21.77	20.56	17.55	1.47	19	5.9mm	2,448mm	18.57	24.57
2009	47.97	46.49	31.73	N/A <sup>(1)</sup>	13	8.0mm	2,210mm		
2008	-27.19	-27.92	-40.30	N/A <sup>(1)</sup>	1	7.3mm	1,956mm		
Since Inception <sup>(2)</sup>	7.44	6.36	0.64	N/A	57	16.2 mm	2,293mm		

1) N/A. Information is not statistically meaningful due to an insufficient number of portfolios in the composite for the entire year.

2) Annualized

# Asia Opportunity – Institutional Composite



January 1, 2008 - December 31, 2016

## Disclosure Notes

Horizon Asset Management Institutional ("Horizon Institutional") is defined as the traditional long only separate accounts and private investment fund assets of Horizon Asset Management LLC. ("Horizon" or the "Firm"), an SEC-registered investment adviser. Horizon Institutional excludes separately managed, non-direct accounts, and other accounts that are either serviced by wrap/dual contract sponsors or utilize a wrap or bundled fee structure. The Firm maintains a complete list and description of composites, which is available upon request.

The Asia Opportunity - Institutional Composite seeks above market long-term returns by investing primarily in a focused portfolio of common stocks of Asian issuers. Horizon Institutional's Asia Opportunity - Institutional Composite seeks exposure to above average growth businesses within the developed and developing economies of Asia. The strategy focuses the majority of its exposure in common or preferred equity or convertible bonds in companies domiciled in Australia, China, Hong Kong, India, Indonesia, Japan, Malaysia, New Zealand, Singapore, South Korea, Taiwan, Thailand and Vietnam. The strategy favors investing in businesses that conduct their operations in local currency and whose revenue streams typically have less exposure to foreign unit demand. The strategy does not seek to track or compare itself to any particular equity benchmark; hence the MSCI All Country Asia benchmark shown here is for informational purposes only. On February 29<sup>th</sup> 2012 the benchmark for the Horizon Institutional Asia Opportunity Strategy was changed retroactively from the S&P Asia 50 index to the MSCI All Country Asia Index, as we believe that the regional coverage within the MSCI All Country Asia index better reflects the universe of the strategy (The MSCI All Country Asia is an equity index drawn from eleven Asian markets – Hong Kong, Singapore, Korea, Japan, China, Philippines, Malaysia, India, Indonesia, Thailand, and Taiwan. It is designed for investors seeking broad market exposure through an index that is efficient to replicate. The underlying prices for the MSCI All Country World Index are collected in local currencies and index levels are released in U.S. dollars and calculated on a real-time basis. On August 1st 2014, the name of this strategy was changed from the Horizon Asia Strategy to the Asia Opportunity Strategy, in order to better reflect the Firm's strategy of investing in companies and regions in which potential, long-term growth opportunities have been identified. Process: The strategy focuses on opportunities in Asia that, in addition to offering superior growth potential, have the added benefit of exposure to undervalued foreign currencies. The process identifies businesses that cater to local economies, e.g. infrastructure, energy, financial services, etc. Such companies' revenue streams typically have less exposure to foreign unit demand. Portfolio Construction: Portfolio typically invests in 35-60 securities, utilizing ADRs as well as common shares. In the case of Chinese common stocks, H-Shares are purchased via the Hong Kong Exchange. A portfolio's cash position may vary depending on the availability of attractive opportunities. Horizon Institutional does not strictly follow a portfolio model and as a result dispersion among client portfolios may be experienced in the short run. Portfolio turnover will typically average 20% per annum over time. Although the focus of the portfolios is equities, the portfolio may invest in other parts of the capital structure when the research process identifies opportunities that may offer superior risk/return opportunities. The portfolio manager also has discretion to utilize derivatives opportunistically when the research process identifies superior risk/return of such positions. The Asia Opportunity Composite may also opportunistically invest in countries outside of the benchmark. Horizon Institutional's opportunistic investment process is global in scope and requires a thorough understanding of all parts of an investment's capital structure. Performance of substantially all portfolios in the composite has been calculated net of foreign withholding taxes. A more consistent treatment of withholding taxes is not feasible due to custodial recordkeeping, and the difference on performance has not been identified to be material. Withholding taxes may vary according to the investor's domicile and the treatment of withholding taxes by a portfolio's custodians. The U.S. Dollar is the currency used to express performance.

The Asia Opportunity - Institutional Composite was created on 1 Jan 08. The composite includes all fully discretionary accounts under management, including accounts no longer with the Firm. Returns include the effect of foreign currency exchange rates. Past performance is not indicative of future returns. Returns are presented gross and net of management fees and include the reinvestment of all income. In addition to investment advisory fees, returns will be reduced by other expenses that may be incurred in the management of the account. Net of fee performance was calculated using the highest applicable annual management fee of 1% applied monthly. The investment management fee schedule for the composite is 1.00% on the First \$5 million, 0.95% on the Next \$5 million, 0.85% on the Next \$15 million, 0.75% on the Balance. Actual investment advisory fees incurred by clients may vary. The collection of fees produces a compounding effect on the total rate of return net of management fees. For example, a portfolio that earned 8% per annum for ten years would result in a cumulative return of 115.9% before investment management fees and 96.72% net of such fees, assuming a 100 basis point (1.0%) fee per year. The annual composite dispersion presented is an asset-weighted standard deviation of annual gross returns of those portfolios that were included in the composite for the entire year. The three-year annualized standard deviation measures the variability of the composite and the benchmark returns over the preceding 36-month period. Composite returns represent investors domiciled primarily in the United States. Additional information regarding policies for valuing portfolios, calculating performance, and preparing compliant presentations are available upon request.

Horizon Institutional claims compliance with the Global Investment Performance Standards GIPS® and has prepared and presented this report in compliance with the GIPS standards. Horizon Institutional has been independently verified for the period January 1, 1996 through September 30, 2016.

Verification assesses whether (1) the Firm has complied with all the composite construction requirements of the GIPS standards on a Firm-wide basis and (2) the Firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. The Asia Opportunity – Institutional Composite has been examined for the periods January 1, 2008 through September 30, 2016. The verification and performance examination reports are available upon request.

Horizon Institutional has retained the identical management team and investment style since the inception of the composite and maintains the records necessary to support the performance of all composites and will provide these records upon request