

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 **High Yield Opportunity - Institutional Composite** for the periods from January 1, 2000, 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 **High Yield Opportunity - Institutional Composite** and calculated the **High Yield Opportunity - Institutional Composite** performance for the periods from January 1, 2000, to December 31, 2016, in compliance with the GIPS standards; and
- prepared and presented the Composite Disclosure Presentation of the Firm's **High Yield Opportunity - Institutional Composite** for the periods from January 1, 2000, 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 **High Yield Opportunity - Institutional Composite** for the periods from January 1, 2000, to December 31, 2016.



Ashland Partners & Company LLP
April 24, 2017

**HORIZON ASSET MANAGEMENT INSTITUTIONAL
HIGH YIELD OPPORTUNITY - INSTITUTIONAL COMPOSITE
QUARTERLY PERFORMANCE PRESENTATION - PAGE 1 OF 2**

*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	3.19%	5.05%	4.90%	3.21%	17.35%
	Net	2.93%	4.78%	4.64%	2.95%	16.18%
2015	Gross	0.57%	(0.64%)	(3.26%)	(0.12%)	(3.44%)
	Net	0.32%	(0.89%)	(3.50%)	(0.37%)	(4.41%)
2014	Gross	2.27%	4.05%	(1.99%)	0.84%	5.17%
	Net	2.01%	3.79%	(2.23%)	0.58%	4.12%
2013	Gross	3.68%	(1.66%)	(0.04%)	1.47%	3.42%
	Net	3.42%	(1.91%)	(0.29%)	1.21%	2.38%
2012	Gross	4.75%	(1.21%)	3.58%	0.65%	7.88%
	Net	4.49%	(1.46%)	3.32%	0.39%	6.80%
2011	Gross	6.06%	(0.51%)	(8.59%)	2.70%	(0.94%)
	Net	5.79%	(0.76%)	(8.82%)	2.45%	(1.93%)
2010	Gross	5.83%	(3.92%)	8.98%	6.90%	18.47%
	Net	5.56%	(4.16%)	8.70%	6.64%	17.28%
2009	Gross	(0.66%)	18.24%	14.21%	4.99%	40.84%
	Net	(0.91%)	17.94%	13.92%	4.72%	39.43%
2008	Gross	(3.64%)	2.16%	(5.67%)	(16.02%)	(22.02%)
	Net	(3.89%)	1.91%	(5.91%)	(16.23%)	(22.80%)
2007	Gross	7.13%	4.28%	2.15%	0.42%	14.60%
	Net	6.86%	4.02%	1.89%	0.17%	13.45%
2006	Gross	8.57%	3.16%	2.57%	9.55%	25.86%
	Net	8.30%	2.91%	2.31%	9.27%	24.60%

**HORIZON ASSET MANAGEMENT INSTITUTIONAL
HIGH YIELD OPPORTUNITY - INSTITUTIONAL COMPOSITE
QUARTERLY PERFORMANCE PRESENTATION - PAGE 2 OF 2**

*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
2005	Gross	(0.39%)	1.64%	6.00%	(1.21%)	6.02%
	Net	(0.64%)	1.39%	5.73%	(1.45%)	4.96%
2004	Gross	0.55%	(1.08%)	1.97%	5.90%	7.41%
	Net	0.30%	(1.32%)	1.71%	5.63%	6.33%
2003	Gross	12.30%	20.68%	5.37%	12.74%	61.00%
	Net	12.02%	20.38%	5.11%	12.46%	59.39%
2002	Gross	3.00%	0.80%	(3.31%)	5.09%	5.50%
	Net	2.74%	0.55%	(3.56%)	4.83%	4.45%
2001	Gross	(9.88%)	4.05%	0.03%	0.99%	(5.27%)
	Net	(10.10%)	3.79%	(0.22%)	0.74%	(6.22%)
2000	Gross	3.26%	18.41%	12.60%	13.14%	55.76%
	Net	3.00%	18.11%	12.32%	12.85%	54.20%

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.

High Yield Opportunity Institutional Composite

January 1, 2000 - December 31, 2016



	Total Gross Return (%)	Total Net Return (%)	Benchmark Return (%)	Internal Dispersion- AW (%)	No. of Accounts	Composite Assets	Total Firm Assets	Composite 3-Yr St Dev	Benchmark 3-Yr St Dev (%)
2016	17.35	16.18	17.49	N/A ⁽¹⁾	4	0.8 mm	2,293mm	5.41	6.10
2015	-3.44	-4.41	-4.64	0.87	6	1.4mm	2,711mm	4.72	5.34
2014	5.17	4.12	2.50	0.70	10	27.4mm	3,176mm	4.61	4.50
2013	3.42	2.38	7.42	3.12	13	43.3mm	3,130mm	6.02	6.51
2012	7.88	6.80	15.58	0.68	19	141.9mm	2,507mm	8.06	7.14
2011	-0.94	-1.93	4.38	0.95	23	148.4mm	2,301mm	10.49	11.15
2010	18.47	17.28	15.19	2.07	24	153.0mm	2,448mm	13.02	17.16
2009	40.84	39.43	57.51	2.52	26	125.9mm	2,210mm	12.10	17.02
2008	-22.02	-22.80	-26.39	5.41	16	50.7mm	1,956mm	10.53	13.50
2007	14.60	13.45	2.19	3.89	31	81.2mm	5,934mm	7.69	4.55
2006	25.86	24.60	11.77	6.20	30	29.2mm	3,625mm	8.25	3.86
2005	6.02	4.96	2.74	1.36	31	21.9mm	2,106mm	9.87	5.47
2004	7.41	6.33	10.87	1.54	32	17.8mm	1,182mm	9.65	8.48
2003	61.00	59.39	28.15	5.16	24	13.9mm	889mm	11.86	10.63
2002	5.50	4.45	-1.89	N/A ⁽¹⁾	3	1.6mm	576mm	12.58	10.30
2001	-5.27	-6.22	4.48	N/A ⁽¹⁾	2	1.3mm	535mm		
2000	55.76	54.20	-5.12	N/A ⁽¹⁾	1	0.4mm	508mm		
Since Inception ⁽²⁾	12.18	11.06	7.13	N/A	4	0.8 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

High Yield Opportunity Institutional Composite



January 1, 2000 - 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 High Yield Opportunity - Institutional Composite seeks positive above market long-term returns by investing primarily in a focused portfolio of high yielding investments in below investment grade and distressed corporate debt, preferred stock and convertible bonds. The strategy does not seek to track or compare itself to any particular fixed income benchmark; hence the Merrill Lynch High Yield Master II benchmark shown here is for informational purposes only (The BofA Merrill Lynch US High Yield Index tracks the performance of U.S. dollar denominated below investment grade corporate debt publicly issued in the U.S. domestic market. Qualifying securities must have a below investment grade rating (based on an average of Moody's, S&P and Fitch) and an investment grade rated country of risk (based on an average of Moody's, S&P and Fitch foreign currency long term sovereign debt ratings). In addition, qualifying securities must have at least one year remaining term to final maturity, a fixed coupon schedule and a minimum amount outstanding of \$100 million. Original issue zero coupon bonds, "global" securities (debt issued simultaneously in the Eurobond and U.S. domestic bond markets), 144a securities and pay-in-kind securities, including toggle notes, qualify for inclusion in the Index. Callable perpetual securities qualify provided they are at least one year from the first call date. Fixed-to-floating rate securities also qualify provided they are callable within the fixed rate period and are at least one year from the last call prior to the date the bond transitions from a fixed to a floating rate security. DRD-eligible and defaulted securities are excluded from the Index). The strategy capitalizes on Horizon Institutional's extensive research capabilities to invest in all levels of a company's capital structure seeking equity-like returns. Process: The strategy combines qualitative strategic and quantitative financial measures to identify attractive business models with pricing inefficiencies within the company's capital structure. Returns are typically produced through long-term, tax efficient capital appreciation and the compounding of interests and dividends. However, in periods of extreme market dislocations, it is likely that the short-term performance will be more income driven. The process does not constrain security selection through specific maturity, duration or credit quality parameters, but has historically focused on short to intermediate maturities in distressed situations. Portfolio Construction: Portfolio typically invests in 30-80 securities. The portfolio will invest in government securities or cash alternatives in periods where investment opportunity appears limited. 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. The portfolio manager also has discretion to utilize derivatives opportunistically when the research process identifies superior risk/return of such positions. The High Yield Opportunity - Institutional 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. Substantially all portfolios in the composite show performance net of foreign withholding taxes. A more consistent treatment of withholding taxes was not feasible due to fee coding from the custodian, 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 High Yield Opportunity - Institutional Composite was created on 1 Jan 00. 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 High Yield Opportunity - Institutional composite has been examined for the periods January 1, 2000 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.