

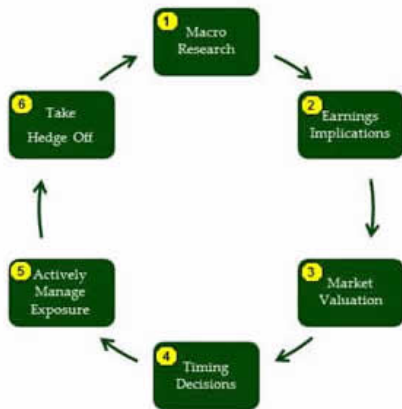
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Why Hedged Equity Investing?

At Forester, our main objective is long term capital growth. We believe long term performance is enhanced by focusing on downside protection during unfavorable market conditions or times of increased volatility. The fund invests in undervalued stocks and also uses put options and cash to vary exposure to the market when the portfolio manager feels a defensive position is warranted. Over the long term we believe our hedged equity strategy has been successful. In the last four down markets in 2000, 2001, 2002 and 2008 the fund has reported positive returns

Investment Philosophy – The Hedging Overlay



- 1 **Macro Research** – Analyze the drivers of US and global GDP.
- 2 **Implications for S&P 500 Earnings** - If proprietary analysis of leading economic indicators proves significantly more bearish than popular opinion, we approximate a more realistic forecast for S&P 500 earnings.
- 3 **Market Valuation** - Given more conservative estimate of S&P earnings, we derive a fair value range for the S&P 500.
- 4 **Timing Decisions** – Purchase S&P 500 puts weeks before the news flow turns negative, while volatility is still low and protection is inexpensive.
- 5 **Actively Manage Exposure** - As puts become in-the-money, roll down the strikes to lock in the gain and have less premium at risk.
- 6 **Take Hedge Off** – When there is no longer a large discrepancy in our macro outlook and that of consensus, the hedge is taken off.

Performance data quoted represents past performance and does not guarantee future results. Investment returns and principal value will fluctuate, and when sold, your investment may be worth more or less than its original cost.

Performance current to the most recent month-end may be lower or higher than performance quoted and can be obtained by calling 800-388-0365. Performance for periods less than one year is not annualized.

MARKET COMMENTARY

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- ▶ Forbes "How Value Investor Tom Forester is playing defense" 1/20/16
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- ▶ Fund Reference interview with Tom Forester 7/23/15
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