AQR FUNDS

AQR Risk-Balanced Commodities Strategy Fund

12/31/2013

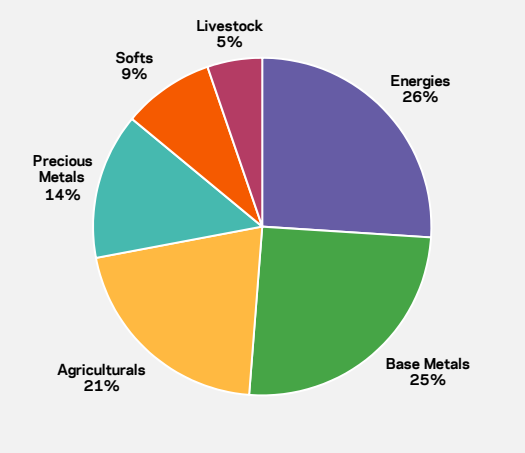
PERFORMANCE– *as of* 12/31/2013

	QTD	YTD	Annualized Total Return 1 Yr	3 Yr	5 Yr	Since Inception (7/09/2012)
Class I Shares: ARCIX	-2.36 %	-16.01 %	-16.01 %	N/A	N/A	-11.91 %
Class N Shares: ARCNX	-2.48 %	-16.23 %	-16.23 %	N/A	N/A	-12.12 %
Dow Jones-UBS Commodity Index	-1.05 %	-9.52 %	-9.52 %	N/A	N/A	-6.77 %

As reported in the latest Prospectus, the gross expense ratios for the Class N and Class I are expected to be 4.20% and 1.92%, respectively. See Fund Facts below for net expense ratios. The performance data quoted represents past performance. Past performance does not guarantee future results. Investment returns and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than the performance data quoted. Call 1-866-290-2688 or visit www.aqrfunds.com for current month-end performance.

*The DJ-UBSCI is a broadly diversified index that allows investors to track commodity futures through a single measure. Indexes are unmanaged and one cannot invest directly in an index.

RISK ALLOCATION (%)*



PORTFOLIO STATISTICS†

Beta of Fund to DJ-UBS	1.1
Beta of Fund to S&P GSCI	0.8
Current Fund Target Volatility	11 %
Total Fund Assets ($MM)	**34**

* Risk Allocation of each sector is an estimate of the volatility of that sector (taking into account correlations within the sector) using AQR proprietary risk models, divided by the sum of the volatilities of the sectors. Within a sector, each asset risk allocation is an estimate of the volatility of that asset, divided by the sum of the volatilities of the assets in that sector, and multiplied by the sector "Risk Allocation" calculated above.

† Portfolio holdings are subject to change and should not be considered a recommendation to buy or sell securities.

EXPOSURES BY SECTOR†

	% of Risk Allocation
Brent Crude	10.3 %
WTI Crude	5.3 %
RBOB Gasoline	4.8 %
Gas Oil	2.7 %
Natural Gas	1.9 %
Heating Oil	0.9 %
Total Energies Risk	**26.0 %**
Corn	9.0 %
Soybeans	5.2 %
Soybean Oil	3.7 %
Soybean Meal	1.7 %
Wheat	1.2 %
Total Agriculturals Risk	**20.8 %**
Copper	12.8 %
Aluminum	5.4 %
Zinc	5.1 %
Nickel	1.0 %
Lead	0.9 %
Total Base Metals Risk	**25.2 %**
Silver	9.5 %
Gold	4.5 %
Total Precious Metals	**14.0 %**
Coffee	3.6 %
Sugar	2.5 %
Cotton	1.4 %
Cocoa	1.3 %
Total Softs Risk	**8.7 %**
Live Cattle	3.0 %
Lean Hogs	2.2 %
Total Livestock Risk	**5.2 %**
Total Fund Risk Exposure	**100.0%**

FUND FACTS

	Ticker	CUSIP	Inception Date	Investment Minimum*	12b-1Fee	Net Expense Ratio	Expense Cap*
Class I Shares	ARCIX	00203H677	7/9/2012	$5 Million	None	1.25%	1.05%
Class N Shares	ARCNX	00203H727	7/9/2012	$1 Million	0.25%	1.50%	1.30%

* As reported in the most recent Prospectus. The Adviser has contractually agreed until at least April 30, 2014 to waive its management fee and/or reimburse expenses of the Fund to the extent necessary to maintain the total annual fund operating expenses at the stated levels, exclusive of certain expenses such as acquired fund fees and extraordinary expenses. Investment minimums are waived to fee-based advisors and certain other investors. See the Prospectus for additional details.

ABOUT THE FUND

Investment Objective:

Seeks total return.

Reasons to Invest:

Portfolio Diversification
Commodities can diversify a portfolio due to their historically low correlation to other asset classes.

Hedge Against Inflation
The prices of commodities generally increase in periods of rising inflation and thus may provide an effective hedge to inflation.

Risk-Balanced Across Sectors
The Fund seeks to diversify broadly by targeting balanced risk weights across various commodity sectors and regularly reviewing the risk in those sectors as market conditions change.

Risk-Balanced Through Time
The Fund seeks to proactively manage the target volatility of the portfolio by varying the level of exposure to commodities. As market conditions change, the Fund seeks to keep the Fund's volatility within the desired range.

Actively Managed Tactical Positioning
The Fund seeks to dynamically adjust exposure across and within commodity sectors, with the flexibility to go both long and short, but with a long bias.

Drawdown Control
The Fund will incorporate systematic drawdown control that seeks to mitigate loss of capital and tail risk.

Key Advantages:

Academic Research Foundation
Investment approach is grounded in academic research dating back several decades.

Experienced Management Team
AQR has been implementing commodity strategies since 1999

Trading Infrastructure
Ability to minimize transaction costs using proprietary trading algorithms and direct market access.

Cutting Edge Research
Ongoing commitment to research and development.

AQR FUNDS

INVESTMENT APPROACH

The Fund invests in a portfolio of commodity futures contracts. The Fund seeks to balance risks across commodity sectors, managing risk over time through volatility targeting and drawdown control, and improving returns using information on commodity fundamentals and trends. The fund can go long or short individual commodity contracts, but will always be net long commodities as a whole.

Risk Balancing Across Sectors

In a risk balanced commodities portfolio, every sector contributes roughly equally to the volatility of the total portfolio and no one commodity dominates near-term returns. To achieve this, less volatile sectors are given larger notional allocations, while volatile sectors get a smaller notional allocation.

Risk Balancing Through Time

Over time, the volatility of commodities can vary significantly. During stress periods when the volatility across commodities increases sharply, such as 2008, the riskiness of a commodities portfolio may become higher than desirable. By monitoring volatilities and correlations across commodities, it is possible to increase or decrease portfolio-wide exposures in order to target a pre-specified risk level for the fund and attempt to keep returns smoother over time.

Drawdown Control

We believe volatility targeting should be supplemented by a systematic, pre-set drawdown control policy, dictating how portfolio risk will be reduced during a prolonged crisis to help control the size of absolute drawdowns. As soon as markets stabilize, the drawdown policy seeks to ensure that the fund returns to being fully invested. We believe that this improves investors' odds of sticking with a long-term allocation.

Active Management

The fund is actively managed, and the fund managers will vary the fund's positions in individual commodities and commodity sectors (even going short in some commodities at times) based on an evaluation of the attractiveness of the positions. These shifts in allocations will be determined using AQR's proprietary models. Information that is evaluated includes the roll yield, inventory, and supply and demand relationships of each commodity, as well as the macroeconomic environment and other factors.

PRINCIPAL RISKS:

Foreign investing involves special risks such as currency fluctuations and political uncertainty. The use of derivatives, forward and futures contracts, and commodities exposes the Fund to additional risks including increased volatility, lack of liquidity, and possible losses greater than the Fund's initial investment as well as increased transaction costs. This fund enters into a short sale by selling a security it has borrowed. If the market price of a security increases after the Fund borrows the security, the Fund will suffer a potentially unlimited loss when it replaces the borrowed security at the higher price. Short sales also involve transaction and other costs that will reduce potential Fund gains and increase potential Fund losses. When investing in bonds, yield and share price will vary with changes in interest rates and market conditions. Investors should note that if interest rates rise significantly from current levels, bond total returns will decline and may even turn negative in the short term. There is also a chance that some of the fund's holdings may have their credit rating downgraded or may default. Actual or realized volatility can and will differ from the forecasted or target volatility described above.

Commodities and futures generally are volatile and involve a high degree of risk. The fund may trade more frequently and incur higher levels of brokerage fees and commissions, and cause higher levels of current tax liability to shareholders in the Fund. Prices of fixed income securities generally increase when interest rates decline and decrease when interest rates increase and may cause losses. The Adviser from time to time employs various hedging techniques, it is not possible to hedge fully or perfectly against any risk, and hedging entails its own costs.

This Fund is not suitable for all investors. An investor considering the Funds should be able to tolerate potentially wide price fluctuations. The Funds may attempt to increase its income or total return through the use of securities lending, and they may be subject to the possibility of additional loss as a result of this investment technique. Risk allocation and attribution are based on estimated data, and may be subject to change.

Definitions:
Current Beta of Fund to Index: A forward-looking measure of the amount the fund is expected to move given a move in the specified Index, based on AQR proprietary risk models. A beta of 1 indicates that if the index moves 10%, the fund is expected to move, on average, 10% over the same period. A beta of more than 1 indicates the fund is expected to move, on average, more than 10% in that case, and a beta of less than one indicates the fund is expected to move less than 10% in that case.
Futures Contract: An exchange-traded standardized contract to buy or sell a specified asset in the future for a price agreed today.
Roll Yield: The percentage difference in price between two futures contracts for different delivery dates. Represents the difference between spot price returns and the returns to holding futures.
S&P GSCI Commodity Index: a composite index of commodity sector returns representing an unleveraged, long only investment in commodity futures that is broadly diversified across the spectrum of commodities.
Volatility: A statistical measure of the variation in returns for a given security or index.

Investors should carefully consider the investment objectives, risks, charges and expenses of the Funds before investing. To obtain a prospectus containing this and other important information, please call 1-866-290-2688 or visit www.aqrfunds.com to view or download a prospectus online. Read the prospectus carefully before you invest. There are risks involved with investing including the possible loss of principal. Past performance does not guarantee future results. AQR Funds are distributed by ALPS Distributors, Inc. AQR3051 1-22-15.

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