AQR FUNDS

AQR Managed Futures Strategy Fund

12/31/2013

PERFORMANCE – *as of 12/31/2013*

	QTD	YTD	Annualized Total Return 1 Yr	3 Yr	5 Yr	Since Inception (01/05/2010)
Class I Shares: AQMIX	7.42 %	9.40 %	9.40 %	1.80 %	N/A	2.70 %
Class N Shares: AQMNX	7.37 %	9.14 %	9.14 %	1.54 %	N/A	2.43 %
Merrill Lynch 3 Month T-Bill Index	0.02 %	0.07 %	0.07 %	0.10 %	N/A	0.10 %

As of the latest Prospectus, the gross expense ratios for the Class N and Class I are expected to be 1.67% and 1.40%, 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 Merrill Lynch 3-Month Treasury Bill Index consists of U.S. Treasury Bills maturing in 90 days. Indexes are unmanaged and one cannot invest directly in an index.

TOP ACTIVE POSITIONS BY ASSET CLASS (%)†

		% of Risk Allocation			% of Risk Allocation
Commodities			**Equities**		
Corn Future	(Short)	2.7 %	E-Mini Nasdaq 100 Index Future	(Long)	1.9 %
Wheat Future	(Short)	2.7 %	DAX Index Future	(Long)	1.8 %
Sugar No. 11 Future	(Short)	2.5 %	S&P/TSE 60 Index Future	(Long)	1.7 %
Currencies			**Fixed Income**		
EUR vs CAD	(Cross-Currency)	2.5 %	U.K. 10 Yr Gilt Future	(Short)	1.3 %
EUR vs SEK	(Cross-Currency)	2.4 %	Australia 10 Yr Bond Future	(Short)	1.2 %
EUR vs USD	(Cross-Currency)	2.2 %	U.S. 30 Yr Treasury Bond Future	(Short)	1.1 %

Number of long holdings: 45 **Number of short holdings: 36** **Number of currency pairs: 50**

ASSET CLASS EXPOSURE (%)†

	% of Risk Allocation
Commodities	17.4 %
Currencies	38.6 %
Equities	32.8 %
Fixed Income	11.3 %

PORTFOLIO STATISTICS (%)†

Realized Since Inception Beta to S&P 500	0.06
Realized Since Inception Beta to BarCap Agg	0.12
Realized Since Inception Volatility	8.7 %
Realized Since Inception Sharpe Ratio	0.28
Total Fund Assets ($MM)	**5,980**

For these purposes, position risk allocations are calculated by dividing estimated position volatility by the sum of all position volatilities. Sector risk allocations are calculated by dividing estimated sector volatility by the sum of all sector volatilities. Volatilities and betas are calculated using three-day overlapping returns.

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

S&P 500 Index: An index of 500 stocks chosen for market size, liquidity and industry grouping, among other factors. The S&P 500 is designed to be a leading indicator of U.S. equities and is meant to reflect the risk/return characteristics of the large cap universe. BarCap Aggregate Bond Index: a broad base index which is often used to represent investment grade bonds being traded in the US.

FUND FACTS

	Ticker	CUSIP	Inception Date	Investment Minimum	12b-1 Fee	Net Expense Ratio*	Expense Cap*
Class I Shares	AQMIX	00203H859	1/05/10	$5 Million	None	1.35%	1.25%
Class N Shares	AQMNX	00203H842	1/05/10	$1 Million	0.25%	1.60%	1.50%

*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 positive absolute returns.

Reasons to invest:

Access to Alternative Investment Strategies
The Fund delivers an active long/ short Managed Futures strategy in a mutual fund vehicle.

Portfolio Diversification
Managed Futures strategies seek to generate returns that are uncorrelated to traditional asset classes on average, and can increase a portfolio's diversification.

Key advantages:

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

Experienced Management Team
AQR senior management has been working together and implementing futures based strategies since the mid-1990s.

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

Cutting Edge Research
Ongoing commitment to research and development.

INVESTMENT APPROACH

The Fund invests in a portfolio of futures contracts and futures-related instruments [1], utilizing more than100 contracts across four major asset classes: commodities, currencies, fixed income and equities. The fund can take long or short positions in any of these instruments, and thus seeks to benefit both if the price of the underlying instrument rises or falls.

Trading Strategies

The Adviser seeks to establish long or short positions based on a combination of several trading strategies described below.

Short-Term Strategy

This strategy aims to profit from a number of behavioral biases and market frictions that cause prices to under-react to either good or bad news. These biases present opportunities for the fund to invest before prices move fully to reflect the change in fundamental value. The key reasons for this under-reaction are:

Anchoring Bias: Investors tend to anchor their views of fair price to the prior price level and adjust their views insufficiently to news. This phenomenon was first described in Kahneman and Tversky's Nobel-Prize winning research.[2]

Disposition Effect: Investors tend to sell winners too quickly, while holding onto losers too long.

Price Insensitive Market Participants: Certain market participants, like central banks, may operate to dampen market volatility.

Long-Term Trend Strategy

This strategy aims to profit from a number of behavioral biases that cause market participants to over-react.
The key reasons for this over-reaction are:

Herding: After prices have trended for a while, some investors jump on the bandwagon, and this herding effect can prolong price trends.

Confirmation Bias: People tend to look for information that confirms what they already believe and look at recent price moves as representative of the future. This can lead investors to move money to investments that have recently made money, and conversely out of investments that have declined, causing trends to continue.

Risk Management: Some risk-management schemes will sell in down markets and buy in up markets, causing trends to persist.

Over-Extended Trend Strategy

This strategy aims to recognize when a trend is over-extended, which can increase the probability that the trend will reverse:

Trend Velocity: Trends that occur very quickly have a higher tendency to reverse.

Length and Magnitude of Trend: Trends that have persisted for long periods and that have moved prices substantially have a higher tendency to reverse.

Trading and Risk Control

The Adviser employs a number of techniques to effectively trade its investments and to monitor risk:

Trading Cost Management

The Fund employs proprietary portfolio optimization techniques to reduce the costs of trading. Trading is performed by a 24 hour global trading team with extensive expertise in trading many asset classes. The fund employs proprietary electronic order placement algorithms to minimize the market impact of trades.

Drawdown Control

The Fund's portfolio managers utilize a proprietary drawdown control system engineered to reduce the size of drawdowns and maximize gains from favorable market conditions.

[1] Futures-related instruments include equity index futures, currency forwards, commodity futures, swaps on commodity futures, fixed income futures and bond futures, as well as exchange-traded funds or exchange traded notes that are linked to these contracts.

[2] See Tversky and Kahnemann (1974).

FUND MANAGERS

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PRINCIPAL RISKS:

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. Concentration generally will lead to greater price volatility. 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. Risk allocation and attribution are based on estimated data, and may be subject to change. Diversification does not eliminate risk.

An investor considering the Funds should be able to tolerate potentially wide price fluctuations. The funds are subject to high portfolio turnover risk as a result of frequent trading, and thus, will incur a higher level of brokerage fees and commissions, and cause a higher level of tax liability to shareholders in the funds. 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.

Definitions:
Realized Beta of Fund to Index: A measure of the amount the fund has tended to move given a move in the specified Index, using three-day overlapping returns. A beta of 1 indicates that if the index has moved 10% over a three-day period, the fund has tended to move, on average, 10% over the same period. A beta of more than 1 indicates the fund has tended to move, on average, more than 10% in that case, and a beta of less than one indicates the fund has tended to move less than 10% in that case.
Realized Sharpe Ratio: a ratio which measures risk-adjusted performance.
Realized Volatility: the standard deviation of the compounded returns of a financial instrument within a specific time horizon.

Cliff Asness, Brian Hurst and Yao Hua Ooi are registered representatives of ALPS Distributors, Inc.
Investors should carefully consider the investment objectives, risks, charges and expenses of the Fund before investing. To obtain a prospectus containing this and other important information, please call 1-866-290-2688. 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. AQR3034 1-22-15

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