# AQR Tax-Managed International Momentum Fund

03/31/2014

## Performance as of 03/31/2014

| | QTD | YTD | 1 Yr | 3 Yr | 5 Yr | Since Inception (01/27/2012) |
|---|---|---|---|---|---|---|
| | | Annualized Total Return | | | | |
| Class L Shares: ATIMX | -1.03 % | -1.03 % | 13.65 % | N/A | N/A | 16.52 % |
| *Return after taxes on distributions* | -1.03 % | -1.03 % | 13.05 % | N/A | N/A | 16.12 % |
| *Return after taxes on distributions and share liquidation* | -0.58 % | -0.58 % | 7.92 % | N/A | N/A | 12.84 % |
| Class N Shares: ATNNX | -1.10 % | -1.10 % | 13.34 % | N/A | N/A | 17.10 % |
| *Return after taxes on distributions* | -1.10 % | -1.10 % | 12.85 % | N/A | N/A | 15.87 % |
| *Return after taxes on distributions and share liquidation* | -0.62 % | -0.62 % | 7.73 % | N/A | N/A | 12.62 % |
| MSCI World ex USA (Net) Index | 0.75 % | 0.75 % | 16.44 % | N/A | N/A | 14.37 % |
| MSCI World ex-USA Growth Index | 0.40 % | 0.40 % | 13.91 % | N/A | N/A | 13.49 % |

*As of the latest Prospectus, the gross expense ratios for the Class N and Class I are expected to be 5.02% and 2.33%, 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.*

Performance shown for Class N shares prior to December 17, 2012 reflect the historical performance of the Fund's Class L shares, calculated using the fees and expenses of the Class N Shares.

## COUNTRY EXPOSURES (%) *

| | AQR Tax-Mgd int'l Mom Fund | MSCI World ex USA (Net) Index | Fund - Index |
|---|---|---|---|
| Australia | 4.6 % | 7.2 % | -2.6 % |
| Austria | 0.1 % | 0.3 % | -0.1 % |
| Belgium | 1.0 % | 1.1 % | -0.1 % |
| Canada | 12.7 % | 9.1 % | 3.6 % |
| Denmark | 3.1 % | 1.2 % | 1.9 % |
| Finland | 1.5 % | 0.8 % | 0.7 % |
| France | 3.2 % | 9.4 % | -6.2 % |
| Germany | 11.8 % | 8.6 % | 3.1 % |
| Hong Kong | 3.0 % | 2.5 % | 0.5 % |
| Ireland | 0.0 % | 0.3 % | -0.3 % |
| Israel | 0.6 % | 0.5 % | 0.2 % |
| Italy | 2.2 % | 2.4 % | -0.2 % |
| Japan | 32.3 % | 17.9 % | 14.4 % |
| Netherlands | 2.2 % | 2.5 % | -0.3 % |
| New Zealand | 0.0 % | 0.1 % | -0.1 % |
| Norway | 0.0 % | 0.8 % | -0.7 % |
| Portugal | 0.0 % | 0.2 % | -0.2 % |
| Singapore | 0.5 % | 1.3 % | -0.8 % |
| Spain | 8.1 % | 3.2 % | 4.9 % |
| Sweden | 1.1 % | 3.0 % | -1.9 % |
| Switzerland | 6.7 % | 8.5 % | -1.7 % |
| United Kingdom | 5.2 % | 19.1 % | -14.0 % |
| **Total Equity Investments** | **100.0 %** | **100.0 %** | **0.0 %** |

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

## SECTOR EXPOSURE (%) *

| | AQR Tax-Mgd int'l Mom Fund | MSCI World ex USA (Net) Index | Fund - Index |
|---|---|---|---|
| Consumer Discretionary | 21.1 % | 11.2 % | 9.9 % |
| Consumer Staples | 4.8 % | 10.2 % | -5.4 % |
| Energy | 1.3 % | 8.7 % | -7.4 % |
| Financials | 28.5 % | 26.6 % | 1.9 % |
| Health Care | 8.9 % | 9.8 % | -0.9 % |
| Industrials | 12.5 % | 12.4 % | 0.1 % |
| Information Technology | 9.4 % | 4.2 % | 5.2 % |
| Materials | 3.4 % | 8.5 % | -5.1 % |
| Telecommunication Services | 7.5 % | 4.8 % | 2.7 % |
| Utilities | 2.7 % | 3.5 % | -0.8 % |
| **Total Equity Investments** | **100.0 %** | **100.0 %** | **0.0 %** |

## TOP TEN HOLDINGS*

| Security | % of Net Assets |
|---|---|
| TOYOTA MOTOR | 3.4 % |
| DAIMLER | 2.9 % |
| BAYER | 2.6 % |
| DEUTSCHE POST | 2.3 % |
| SOFTBANK | 1.9 % |
| GIVAUDAN | 1.7 % |
| AMADEUS IT | 1.7 % |
| DEUTSCHE TELEKOM | 1.7 % |
| MAGNA INTERNATIONAL | 1.4 % |
| BANCO SANTANDER | 1.4 % |
| **Total Fund** | **21.0%** |

## PORTFOLIO STATISTICS **

| | AQR Tax-Mgd Int'l Mom Fund | MSCI World ex USA (Net) Index |
|---|---|---|
| # of stocks | 367 | 1,002 |
| Price Momentum | 0.4 | 0.2 |
| EPS Growth (5 Year) | 8.9 | 4.2 |
| P/B | 2.0 | 1.7 |
| P/E (trailing 12 months) | 18.5 | 16.2 |

| | AQR Tax-Mgd Int'l Mom Fund | MSCI World ex USA (Net) Index |
|---|---|---|
| Median Market Cap ($MM) | 13,410 | 9,280 |
| Average Market Cap ($MM) | 40,303 | 64,275 |
| **Total Fund Assets ($MM)** | **62** | **N/A** |

** All Portfolio Statistics are subject to change. See statistic definitions on following page.

## Fund Facts

| | Ticker | CUSIP | Inception Date | Investment Minimum* | Gross Expense Ratio** | Net Expense Ratio** |
|---|---|---|---|---|---|---|
| Class L Shares | AIMOX | 00203H883 | 7/09/2009 | $5 Million | 2.33 % | 0.72 % |
| Class N Shares | AIONX | 00203H578 | 12/17/201 | $1 Million | 5.02 % | 0.97 % |

*Investment minimums are waived to fee-based advisors and certain other investors. See Prospectus for additional details.

**As reported in the most recent Prospectus. The Adviser has contractually agreed until at least January 28, 2015 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. See the Prospectus for additional details.

## ABOUT THE FUND

**Investment Objective:**

Long-term after-tax capital appreciation.

**Reasons to Invest:**

Systematic exposure to stocks with positive momentum (see page 2 for more information).

Momentum offers the potential to outperform broad markets and growth style benchmarks.

Historically, momentum has been negatively correlated with value, and thus could provide diversification benefits when combined with value.[1]

The Fund employs a variety of techniques designed to reduce the impact of taxes on investors' returns, seeking to maximize after-tax returns.

**Key Advantages:**

***Academic Research Foundation***
Investment approach to momentum investing grounded in academic research dating back to the late 1980s.

***Experienced Management Team***
AQR has been implementing and trading momentum based portfolios since the firm's inception in 1998.

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

***Cutting Edge Research***
AQR is a thought leader on momentum investing with an ongoing commitment to research and development.

## INVESTMENT APPROACH

- The Fund invests in stocks of large and mid-cap non-U.S. companies with positive momentum. "Momentum" is the tendency of stocks that have outperformed the market in the recent past (the "winners") to keep outperforming the market in the near term. It is not about the overall direction of the market, but rather the relative performance of individual stocks.
- The Fund uses a systematic approach that ranks the stocks in its investable universe by their total return over the prior twelve months excluding the last month, and selects those stocks that rank in the top third, weighting them by market capitalization. The Fund is not restricted exclusively to the securities that rank in the top third, and will trade opportunistically in order to strike the appropriate balance between maintaining consistent exposure to the momentum style and keeping implementation costs low.
- The Fund is expected to have annual turnover near or in excess of 100%, and will therefore employ optimization and other sophisticated techniques to keep transaction costs as low as possible.
- The Fund is designed to lower distributions of realized, particularly short-term, capital gains than funds that do not take tax consequences into account. However, investors should not expect that capital gains distributions will be completely eliminated. The tax-management techniques include:
  - deferring realizations of net capital gains and attempting to generate long term capital gains,
  - harvesting losses to offset realized gains and attempting to generate short term losses,
  - limiting portfolio turnover that may result in taxable gains, and
  - limiting the purchase of high dividend yielding stocks.

[1]Asness, C.S. "The Interaction Between Value and Momentum Strategies." Financial Analysts Journal, March/April (1997).

A stock is deemed to have positive momentum if it has performed well in the past relative to other stocks in the same investment universe.

The Morgan Stanley Capital International World ex-USA Growth Index is a market capitalization weighted index composed of companies with higher price-to-book ratios representative of the market structure of 23 Developed Market countries in North America, Europe and the Asia/Pacific Region, excluding the USA. The Morgan Stanley Capital International World ex-USA Index is a market capitalization weighted index composed of companies representative of the market structure of 23 Developed Market countries in North America, Europe and the Asia/ Pacific Region, excluding the USA. You cannot invest directly in an index.

P/B (Price to Book Ratio): A valuation ratio of a company's current share price compared to its book value.
P/E (Price to Earnings Ratio):A valuation ratio of a company's current share price compared to its per-share earnings.

Price Momentum: Total return over the prior twelve months excluding the last month.

EPS Growth (5 Year): The growth of the earning per share over the last five years.

PRINCIPAL RISKS:

Past performance is no guarantee of future results. An investment in the Funds involves risk, including loss of principal. The Fund is not suitable for all investors.

An investment in the Fund is subject to risks, including the possibility that the value of the Fund's portfolio holdings may fluctuate in response to events specific to the companies in which the Fund invests, as well as economic, political or social events in the United States or abroad. Securities with positive Momentum generally will be more volatile than a broad cross-section of securities. In addition, there may be periods when the Momentum style is out of favor, and during which the investment performance of a Fund using a Momentum strategy generally will suffer.

The performance of the Fund may deviate from that of non-tax-managed funds and may not provide as high a return before consideration of federal income tax consequences. The Fund will balance investment considerations with tax consequences and can realize capital gains.
An investor considering the funds should be able to tolerate potentially wide price fluctuations. The Fund is 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 Fund. Since the Fund may also attempt to increase its income or total return through the use of securities lending, it may be subject to the possibility of additional loss as a result of this investment technique.

**An investor should consider the investment objectives, risks, charges and expenses of the Fund carefully before investing. To obtain a Prospectus containing this and other information, please call 1-866-290-2688 or download the file from www.aqrfunds.com. Read the Prospectus carefully before you invest. There is no assurance the stated objective(s) will be met. [AQR3285 expiration date 3-31-2015] © AQR Funds distributed by ALPS Distributors, Inc.**

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