AQR FUNDS

Risk Parity Mutual Fund

12/31/2013

PERFORMANCE – *as of 12/31/2013*

	Annualized Total Return					
	QTD	YTD	1 Yr	3 Yr	5 Yr	Since Inception (9/29/2010)
Class I Shares: AQRIX	2.62 %	0.12 %	0.12 %	6.42 %	N/A	7.14 %
Class N Shares: AQRNX	2.54 %	-0.23 %	-0.23 %	6.14 %	N/A	6.85 %
60/40 Portfolio*	6.16 %	17.57 %	17.57 %	11.27 %	N/A	12.21 %

As reported in the latest Prospectus, the gross expense ratios for the Class N and Class I are expected to be 1.32% and 1.04%, 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.

*Consists of 60% S&P 500 Index / 40% Barclays Capital Aggregate Bond Index. The S&P 500 Index is a market value weighted index consisting of 500 stocks chosen for market size, liquidity, and industry grouping, and is meant to reflect the risk/return characteristics of the large cap universe. The Barclays Capital Aggregate Bond Index is a broad-based index used to represent investment grade bonds being traded in the United States. One cannot invest directly in an index.

RISK ALLOCATION (%)†

	% of Risk Allocation
Global Developed Equities	25.6 %
Global Emerging Equities	4.3 %
U.S. Mid Cap Equities	1.2 %
U.S. Small Cap Equities	1.1 %
Total Equity	**32.2 %**
	% of Risk Allocation
Global Developed Bonds	13.7 %
Global Emerging Bonds	4.3 %
Total Nominal Interest Rate	**18.0 %**
	% of Risk Allocation
Commodities	19.4 %
Global Inflation-Linked Bonds	5.0 %
Total Inflation	**24.4 %**
	% of Risk Allocation
High Yield Credit	11.1 %
Emerging Currencies	7.2 %
Investment Grade Credit	5.6 %
Emerging Credit	1.2 %
Commercial Mortgage Credit	0.3 %
Total Credit/Currency	**25.4 %**
Total Fund Risk Exposure	**100.0 %**

TOP POSITIONS IN EACH CATEGORY†

	% of Risk Allocation
Equities	
S&P 500 Index Future	9.6 %
Japan Topix Index Future	3.0 %
HSCEI China Index Future	2.2 %
Fixed Income	
US 10 Yr Treasury Bond Future	9.6 %
Euro 10 Yr Bund Future	2.9 %
South Africa Interest Rate Swap	1.5 %
Inflation	
Brent Crude Financial Future	4.6 %
WTI Crude Future	4.0 %
US 10 Yr TIPS	2.5 %
Credit/Currency	
US CDX HY Index	3.7 %
Itraxx HY Index	3.0 %
Mexican Peso	2.2 %

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

PORTFOLIO STATISTICS (%)†

Realized Beta Since Inception to S&P 500	0.38
Realized Beta Since Inception to BarCap Agg	0.60
Realized Since Inception Volatility	9.1 %
Realized Since Inception Sharpe Ratio	0.75
Total Fund Assets ($MM)	**938.8**

The "Risk Allocation" for each individual position is calculated by taking the standard deviation (a measure of the extent to which numbers are spread around their average) of returns for that position (as if it were a static holding in the Fund) over the prior 60 days, and dividing that number by the sum of that calculation for all instruments such that the sum of all risk allocations equals 100%. Betas are calculated using three-day overlapping returns.

All portfolio characteristics are subject to change. Definitions on following page

FUND FACTS

	Ticker	CUSIP	Inception Date	Investment Minimum	12b-1 Fee	Net Expense Ratio*	Expense Cap*
Class I Shares	AQRIX	00203H826	9/30/10	$5 Million	None	1.04%	0.95%
Class N Shares	AQRNX	00203H834	9/30/10	$1 Million	0.25%	1.29%	1.20%

*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:

Risk-Diversified Global Market Exposure

The Fund invests across a wide variety of global markets, including: developed and emerging market equities, fixed income, currencies, global credit markets (corporate, government, and mortgage) and commodities.

Access to Risk Parity Strategy

The Fund delivers exposure to a risk parity asset allocation strategy in a mutual fund vehicle.

A Risk Parity approach to asset allocation seeks to balance the allocation of risk across four major risk inflation risk, and credit/currency risk and is considered a low beta strategy. Our research shows that historically this strategy has performed more consistently across a variety of economic environments than additional approaches to asset allocation.

Actively Managed Tactical Positioning

The strategy will dynamically adjust exposure to markets bases on the fund manager's views

Risk Management

The Fund will incorporate drawdown control, stress testing, and volatility targeting to help manage risk while implementing the strategy.

Key Advantages:

Academic Research Foundation

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

Experienced Management Team

AQR senior management has been an early pioneer in Risk Parity investing, actively managing these strategies for institutional investors since 2006. Senior managers at AQR have been implementing alternative strategies together 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 uses a risk budgeting approach to combine a large number of liquid, global risk premia into a diversified portfolio, which aims to provide positive total returns. We seek assets that we believe are liquid and provide either a positive expected return or some portfolio diversification benefit over the long-term. The strategy seeks to offer investors exposure to a number of global equity, fixed income, commodity, currency, and credit markets. We believe the Fund attempts to draw on Modern Portfolio Theory in three ways: employing a broad investment opportunity set, maximizing diversification, and utilizing leverage to manage risk.

Philosophy – Risk Parity

In allocating investments among asset classes, the strategy follows a "risk parity" approach. The "risk parity" approach to asset allocation seeks to balance the allocation of risk across asset classes (as measured by forecasted volatility, estimated potential loss, and other proprietary measures) when building a diversified portfolio. This means that lower-risk asset classes (such as global fixed income and inflation-linked government bonds) will generally have higher capital allocations than higher-risk asset classes (such as global developed and emerging market equities). This risk parity portfolio aims to have less equity risk than traditional 60/40 asset allocations do, and more investment in government bonds, commodities, currencies and credit. The Fund's strategy will target a volatility of 10% (with a range of 7-13%) which is comparable to a typical 60/40 portfolio.**

A "neutral" asset allocation targets an equal risk allocation from each of the four following major risk sources: equity risk, fixed income risk, inflation risk, and credit/currency risk.

Risk Parity Takes an Equal Risk Weighting Across Four Risk Premia Groups

Traditional "60/40" Risk Allocation

Highly concentrated in equity risk

Risk Parity "Neutral" Risk Allocation

Diversified risk allocation that considers correlations across asset classes

- Equity Risk
- Inflation Risk
- Nominal Interest Rate Risk
- Credit/Currency Risk

Tactical Views

The Fund is actively managed, and the fund managers will vary the Fund's exposures to various asset classes based on the evaluation of investment opportunities within and across these asset classes. These shifts in allocations will be determined using models based on AQR's general value and momentum investment philosophy, and may cause the Fund to deviate from a "neutral" position.

Information that is evaluated to arrive at the Fund's views includes, but is not limited to: global interest rates, earnings, cash flows, dividend yields, import/export flows, currency movements, sentiment indicators, trend indicators, inflation and growth forecasts and news feeds.

FUND MANAGERS

John M. Liew, Ph.D.
Founding Principal, AQR
Ph.D., M.B.A., University of Chicago
B.A, University of Chicago

Brian Hurst
Principal, AQR
B.S., University of Pennsylvania

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Principal, AQR
M.B.A., UCLA
S.M., S.B. (3), Massachusetts Instituteof Technology

Yao Hua Ooi
Principal, AQR
B.S., B.S., University of Pennsylvania

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.

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.

*** From January 1971 through December 2009, the historical volatility of the 60/40 portfolio was 9.5%*

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.

Modern Portfolio Theory: an investment theory which aims to maximize the expected return for a portfolio given a certain amount of portfolio risk, or minimize risk for a given level of expected return, by varying the proportions of various assets.

Risk Premia: the minimum difference a person must be willing to take an uncertain bet, between the expected value of the bet and the certain value that he is indifferent to.

Sharpe Ratio: a ratio which measures risk-adjusted performance.

Volatility: the standard deviation of the compounded returns of a financial instrument within a specific time horizon.

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 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. AQR3037 1-22-15.

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