AQR Diversified Arbitrage Fund

12/31/2018

Performance as of 12/31/2018

	QTD	YTD	Annualized Total Return: 1 Yr	3 Yr	5 Yr	Since Inception (1/15/2009)
Class I Shares: ADAIX	-1.80%	2.19%	2.19%	5.22%	1.02%	2.47%
Class N Shares: ADANX	-1.86%	2.01%	2.01%	4.93%	0.78%	2.20%
Class R6 Shares: QDARX	-1.69%	2.41%	2.41%	5.34%	1.14%	2.58%
Bank of America ML 3 Month T-Bill Index	0.57%	1.88%	1.88%	1.02%	0.63%	0.38%

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 prior to a share class's inception date reflects the historical performance of the Fund's Class I shares, calculated using the fees and expenses of the Class N or Class R6 shares, respectively.

Strategy Exposure

	Long Positions as % of Net Assets	Short Positions as % of Net Assets
Event Driven	56.5%	-21.4%
Convertible Arbitrage	50.6%	-38.8%
Merger Arbitrage	26.3%	-8.0%
Total	**133.4%**	**-68.2%**

Top 5 Long Holdings†

	% of Net Assets
Intel	8.3%
Altaba	3.1%
Novellus Systems	2.5%
Amyris Inc Amrs 9.500 04/15/19 Cvt	1.6%
Modern Media	1.5%

Top 5 Short Holdings†

	% of Net Assets
E-Mini S&P 500 Index Future	-10.5%
Intel	-8.3%
CDX.NA.HY	-5.1%
U.S. 10 Yr Treasury Note Future	-4.7%
U.S. 2 Yr Treasury Note Future	-4.4%

Security Types†

	% of Net Assets
Individual Stocks	48.5%
Convertible Bonds	41.5%
Close-end Funds	5.3%
Debt	4.7%
Total	**100.0%**

Sector Exposure†

	% of Long Assets
Communication Services	4.8%
Consumer Discretionary	6.7%
Consumer Staples	0.8%
Energy	3.5%
Financials	11.3%
Health Care	8.5%
Industrials	4.5%
Information Technology	19.5%
Materials	3.1%
Miscellaneous	33.4%
Real Estate	1.6%
Utilities	2.4%
Total	**100.0%**

†All Fund statistics are subject to change

Portfolio Statistics*

# of long holdings	263
# of short holdings	126
Total Fund Assets ($MM)	**400**

*Includes holdings with a long portfolio weight of .10% or greater

Fund Facts

	Ticker	CUSIP	Inception Date	Investment Minimum*	12b-1 Fee	Gross Expense Ratio	Net Expense Ratio**
Class I Shares	ADAIX	00203H602	1/15/09	$5 Million	None	2.15%	2.10%
Class N Shares	ADANX	00203H107	1/15/09	$1 Million	0.25%	2.41%	2.36%
Class R6 Shares	QDARX	00191K104	9/2/14	$100,000	None	2.05%	2.00%

* Investment minimums are waived to fee-based advisors and certain other investors. Some financial intermediaries may impose different or additional eligibility and minimum requirements for Class R6 shares. See the Prospectus for additional details.
** The Adviser has contractually agreed to waive its management fee and/or to reimburse expenses of the Fund at least through April 30, 2019. Total Annual Fund Operating Expenses after Fee Waivers and/or Expense Reimbursements are 1.27% for Class I Shares, 1.52% for Class N Shares, and 1.17% for Class R6 Shares if dividends and interest on short sales are not included.

About the Fund

Investment Objective:
Seeks long-term positive absolute returns.

Reasons to Invest:

Access to Hedge Fund Strategies
The Fund delivers corporate arbitrage strategies in a mutual fund vehicle.

Portfolio Diversification
Arbitrage 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 philosophy grounded in academic research by Mark Mitchell, Todd Pulvino and AQR principals dating back to the late 1980s.

Experienced Management Team
The Fund's portfolio managers have managed various merger and convertible arbitrage strategies since 2001.

Proprietary Database
Extensive proprietary databases provide rigorous framework to evaluate risk and return characteristics.

Trading Infrastructure
Customized liquidity-providing algorithms help minimize transaction costs.

Cutting Edge Research
Ongoing commitment to research and development.

Example of Underlying Strategies

Merger Arbitrage

The intuition behind this strategy is to capture a liquidity and deal risk / insurance premium.

- When a merger is announced, the stock price of the target generally trades at a discount to the consideration offered by the acquirer until the deal closes.
- The discount reflects the tension between the likelihood that the deal will close at the stated terms and the willingness of holders of the target's stock to sell at a discount to lock in gains and avoid the risks if the deal fails to close.
- Arbitrageurs provide liquidity to holders of target stocks who often sell after a merger or other corporate event is announced.

Basic implementation:

- Take a long position in the target company and a short position in the acquirer (stock only deal).
- The Fund will invest in deals based on the expected risk-adjusted return for the arbitrage transaction.
- Generally, the Fund will invest soon after the announcement of the merger transaction and in most cases will hold the stock until the deal is completed.

Convertible Arbitrage

The intuition behind this strategy is to capture a liquidity premium.

- Convertible bonds are usually sold at a discount to their components (bond + option) due to illiquidity.
- Convertible bond buyers hope to earn a liquidity premium for holding an illiquid asset and providing financing for companies that would otherwise have difficulty borrowing.
- The return premium for convertible arbitrage is compensation for liquidity risk and the risk that the value of a convertible bond fails to converge with component parts — or, stated another way, that investors are forced to liquidate positions before this convergence occurs.

Basic implementation:

- Take long position in the convertible bond and a short position in its underlying common stock.
- Rehedge the position as the underlying stock price and/or economic conditions change.
- Generally, the holding period for an investment by the Fund in a convertible arbitrage trade will be longer than a year, and could be up to several years for some convertible bonds.

Corporate Events And Other Arbitrage

Event-Driven Credit

- This strategy purchases debt securities (and corporate loans) on a hedged basis, typically around corporate events such as bankruptcies, recapitalizations, refinancings, and near-term maturities.

Dual-Class Arbitrage

- This strategy takes advantage of inefficiencies in the prices at which different classes of a publicly traded company's stock are trading.

When-Issued Arbitrage

- This strategy takes advantage of inefficiencies in the prices at which a parent's and subsidiary's stock are trading on a "when-issued" basis immediately prior to the spin-off of the subsidiary.

Stub-Trading Arbitrage

- This strategy takes advantage of inefficiencies in the prices at which a stock of a publicly traded parent corporation and its publicly traded subsidiary are trading.

Special Purpose Acquisition Companies (SPACs)

- SPACs, often called "blank check" companies, are publicly traded companies whose primary asset is a trust invested in short-term high-grade securities. The Fund seeks to capture a liquidity premium when these securities, which are typically thinly traded, are selling at a discount.

Price Pressure

- This strategy captures a risk premium by providing liquidity around different types of securities issues and restructuring events.

The Fund may employ additional arbitrage and alternative strategies as they arise. Please see the Fund's Prospectus for a more detailed description of the strategies employed by the Fund.

Fund Managers

Investment Advisor:
AQR Capital Management, LLC

Investment Sub-Advisor:
CNH Partners, LLC, a merger arbitrage, convertible arbitrage and diversified arbitrage research affiliate of the Investment Advisor.

Jacques Friedman
Principal, AQR
M.S., University of Washington
B.S., Brown University

Ronen Israel
Principal, AQR
M.S., Columbia University
B.S., B.A.S., University of Pennsylvania

Mark Mitchell, Ph.D.
Founding Principal, CNH Partners
Ph.D., Clemson University
B.B.A., University of Louisiana at Monroe

Todd Pulvino, Ph.D.
Founding Principal, CNH Partners
Ph.D., A.M., Harvard University
M.S., California Institute of Technology
B.Sc., University of Wisconsin-Madison

PRINCIPAL RISKS:

An investment in the Fund involves risk, including loss of principal. The Fund is not suitable for all investors.

The Fund has the risk that the anticipated arbitrage opportunities do not play out as planned, resulting in potentially reduced returns or losses to the Fund as it unwinds its trades. The use of derivative instruments exposes the Fund to additional risks and transaction costs. The 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.

Please refer to the Prospectus for complete information regarding all risks associated with the Fund. Risk Allocation and attribution are based on estimated data, and may be subject to change.

Definitions:
Volatility: a statistical measure of the dispersion of returns for a given security or index.
Beta: A measure of systematic risk of a portfolio
Sharpe Ratio: a ratio which measures risk-adjusted performance

An investor should consider the investment objectives, risks, charges and expenses of the Fund carefully before investing. To obtain a Prospectus or Summary Prospectus containing this and other information, please call 1-866-290-2688 or download the file from www.aqrfunds.com. Read the Prospectus or Summary Prospectus carefully before you invest. There is no assurance the stated objective(s) will be met. [AQR006313 Exp: 07/31/2020] © AQR Funds distributed by ALPS Distributors, Inc.

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