Statement of Additional Information

May 30, 2025

Permanent Portfolio®
Class A — PRPDX | Class C — PRPHX | Class I — PRPFX

Short-Term Treasury Portfolio
Class I — PRTBX

Versatile Bond Portfolio
Class A — PRVDX | Class C — PRVHX | Class I — PRVBX

Aggressive Growth Portfolio
Class A — PAGDX | Class C — PAGHX | Class I — PAGRX

This Statement of Additional Information ("SAI") of Permanent Portfolio Family of Funds ("Trust") is not a prospectus and should be read in conjunction with the Trust's prospectus, dated May 30, 2025, and any supplements thereto ("Prospectus"). The Prospectus and the Trust's Annual Financial Statements and Other Information which are included in the Trust's Form N-CSR (SEC Accession No. 0001193125-25-073541) for the fiscal year ended January 31, 2025, each of which are incorporated herein by reference, may be obtained, without charge and upon request, by calling the Trust's Shareholder Services Office toll free at (800) 531-5142, or by writing to the Shareholder Services Office, 130 South Brune Street, Bartlett, Texas 76511. The Prospectus and the Annual Report to Shareholders are also available on the Trust's website at www.permanentportfoliofunds.com.

No Person is authorized to give any information or to make any representation not contained in the Prospectus or this SAI in connection with the matters described herein or therein. If given or made, such information or representation must not be relied upon as having been authorized. The Prospectus and this SAI do not constitute an offering by any Portfolio or its distributor in any jurisdiction in which such offering may not lawfully be made.

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ORGANIZATION OF THE TRUST

Permanent Portfolio Family of Funds ("Trust") was organized on September 21, 2015 as a Delaware statutory trust under the laws of the State of Delaware and is an open-end management investment company registered under the Investment Company Act of 1940, as amended ("1940 Act"). The Trust is the successor to Permanent Portfolio Family of Funds, Inc. ("Corporation"), a Maryland corporation organized on December 14, 1981, pursuant to a reorganization on May 27, 2016 ("Reorganization"). (The Corporation was originally organized under the name "Permanent Portfolio Fund, Inc." and changed its name to "Permanent Portfolio Family of Funds, Inc." on August 10, 1988.) References to the Trust herein include the Corporation unless otherwise noted.

The Trust currently has four separate portfolios, Permanent Portfolio®, Short-Term Treasury Portfolio, Versatile Bond Portfolio and Aggressive Growth Portfolio (each a "Portfolio"). Each Portfolio is a series of the Trust and the successor to the corresponding series of the Corporation, including each series' accounting and investment performance histories. Permanent Portfolio commenced operations on October 15, 1982. Treasury Bill Portfolio commenced operations on May 26, 1987 and changed its name to "Short-Term Treasury Portfolio" on June 1, 2010. Aggressive Growth Portfolio commenced operations on January 2, 1990 and Versatile Bond Portfolio commenced operations on September 27, 1991. Pacific Heights Asset Management, LLC ("Pacific Heights" or "Investment Adviser"), a California limited liability company, is the investment adviser to the Trust and each Portfolio.

The Trust currently offers Class A, Class C and Class I shares of the Permanent Portfolio®, Versatile Bond Portfolio and Aggressive Growth Portfolio, and Class I shares of the Short-Term Treasury Portfolio. The Board of Trustees of the Trust ("Board of Trustees," "Trust Board" or "Board") is permitted to create additional portfolios or classes. Class I shares are offered at net asset value and are not subject to distribution fees imposed pursuant to a distribution plan. Class A and Class C shares are offered at net asset value and are subject to fees imposed under distribution plans adopted pursuant to Rule 12b-1 under the 1940 Act (See "Distribution Arrangements — Rule 12b-1 Plan").

Permanent Portfolio® is a non-diversified management investment company. The other Portfolios are diversified management investment companies. Under the 1940 Act, a diversified portfolio may not, with respect to 75% of its total assets, invest in a security if, as a result of such investment, more than 5% of the portfolio's total assets would be invested in the securities of any one issuer or the portfolio would hold more than 10% of the outstanding voting securities of any one issuer. These percentage limitations do not apply to securities issued or guaranteed by the U.S. government, its agencies and instrumentalities or to securities issued by other investment companies. With respect to the remaining 25% of its total assets, a diversified portfolio may invest more than 5% of its total assets in the securities of one issuer. Repurchase agreements will not be considered to be subject to the above-stated 5% limitation if the collateral underlying the repurchase agreements consists exclusively of obligations issued or guaranteed by the U.S. Government, its agencies or instrumentalities.

INVESTMENT INFORMATION

Investment Policies

Permanent Portfolio®

Permanent Portfolio®'s strategy is to invest a fixed "Target Percentage" of its net assets in each of the investment categories listed under "Portfolio Summaries — Permanent Portfolio — Principal Investment Strategies" in the Prospectus. The Portfolio's investment policies are based on the premise that it is impossible to forecast inflation rates or other economic events with a high degree of reliability and that only investors who are willing to embrace a high degree of risk should act on such forecasts. The Portfolio acknowledges a broad range of economic possibilities, and, in order to preserve purchasing power over the long term, incorporates investments for each of them. Such economic possibilities for the future may include, but are not limited to, the following:

- *Rising Inflation* — from 1960 through 1980 the rate of inflation generally rose, with intermittent pauses and reversals. The inflation rate generally fell, with intermittent pauses and reversals, from 1980 through 2020. Since 2020, inflation has generally risen. During periods of rising inflation, gold, silver, Swiss franc assets and interests in real estate and natural resources may tend to appreciate because inflation and the fear of further inflation add to investor demand for assets whose values are not denominated in a fiat (non-convertible) currency. Swiss franc assets tend to appreciate during periods of rising inflation because, although the Swiss franc is a fiat currency, the Swiss government traditionally has acted with a high degree of restraint in permitting the issuance of new currency. Such restraint is generally taken to indicate that a currency will preserve its purchasing power. If the rate of inflation does rise, the prices of certain common stocks (other than those of U.S. and foreign real estate and natural resource companies) and, more especially, of investments in the Portfolio's dollar assets investment category, may tend to decline.
- *Abruptly Slowing Inflation* — most periods of extended inflation in U.S. history have been followed by abrupt declines in the rate of inflation and, in many cases, by deflation. If inflation should decline abruptly (or deteriorate into a deflation), previously-issued dollar assets such as U.S. Treasury securities and corporate bonds may tend to appreciate, since interest rates on newly-issued dollar assets of these types tend to decline during periods of declining inflation, thus increasing the value of previously-issued securities. If the rate of inflation does decline abruptly, gold, silver, Swiss franc assets and most common stocks may tend to decline.
- *Gradually Slowing Inflation* — if after periods of rising inflation the rate of inflation declines slowly (a "soft landing") and the economy escapes the trauma that has followed most inflations, common stocks would tend to appreciate. The results for stock market issues that tend to rise and fall to a greater degree than the stock market as a whole (the types of issues that the Investment Adviser attempts to identify and include in the Portfolio's investment portfolio as aggressive growth stocks) may be especially favorable in these circumstances. If the rate of inflation does decline gradually, gold, Swiss franc assets and the stocks of U.S. and foreign real estate and natural resource companies would tend to decline.

The Portfolio attempts to achieve its objective by maintaining a combination of investments, the purchasing power of which as a whole are intended to hold steady or increase in the variety of economic circumstances listed above. Of course there can be no assurance that the Portfolio's investments will perform as expected.

As indicated above, the Portfolio's investments include gold, silver, Swiss franc assets, various stock market issues and dollar assets. The investment categories were selected and the Target Percentages assigned when the Portfolio was created based on an assessment of the anticipated volatility of the investments and their past and anticipated future performances in varying economic circumstances. Of course, the Portfolio has no control over the manner in which particular investments respond to changes in economic conditions. For example, even in an inflationary climate, there may be large-volume sellers of gold or silver whose actions would tend to depress the prices of those commodities.

Permanent Portfolio's Investment Categories

The Prospectus describes the investment categories and Target Percentages of Permanent Portfolio. Below is additional information about Permanent Portfolio's investment categories.

- *Gold* — Permanent Portfolio will buy and sell gold only to and from banks (both U.S. and foreign), regulated U.S. commodities exchanges, exchanges affiliated with a regulated U.S.

stock exchange and dealers that are members of, or affiliated with members of, a regulated U.S. commodities exchange or stock exchange or approved by the U.S. Treasury as qualified to purchase American Eagle coins from the U.S. Mint, or interests equivalent thereto, in accordance with applicable investment laws. Permanent Portfolio will not purchase gold from any producer of the metal or in any form that is not readily marketable. However, to the extent that Permanent Portfolio actually holds gold bullion and coins, it may encounter higher storage and transaction costs than those normally associated with the ownership of securities. Gold generates no interest or dividends, offering only the potential for capital appreciation. In addition, gold is subject to the risk that it could be lost, damaged, destroyed or stolen, or that access to the gold could be restricted by natural events (such as earthquake) or human actions (such as terrorist attack). Please see the Prospectus for a more detailed discussion of the risks of investments in gold.

- *Silver* — Permanent Portfolio's silver holdings may include bullion and bullion-type silver coins minted by the U.S. Treasury. Like gold, silver generates no interest or dividends, offering only the potential for capital appreciation. Silver is also subject to the other risks and issues discussed above for gold. Please see the Prospectus for a more detailed discussion of the risks of investments in silver.
- *Swiss Franc Assets* — Permanent Portfolio also holds Swiss franc assets. The Swiss franc is subject to the risk that inflation (either actual or expected) will decrease in the United States or rise in Switzerland. The price of the Swiss franc is also subject to the imposition of exchange controls; to manipulation by the Federal Reserve System, the Swiss National Bank and, to a lesser extent, by other Swiss central banks and official agencies; and to investment controls established by the Swiss or U.S. Government. While Switzerland has historically been a politically stable nation, there is no assurance that the country may not become subject to the risks discussed under "Portfolio Summaries — Permanent Portfolio — Principal Investment Risks — Risks of Investment in Swiss Franc Assets" in the Prospectus.
- *Real Estate and Natural Resource Company Stocks* — investments in Permanent Portfolio's real estate and natural resource company stocks category are generally common stocks, but the Portfolio may acquire, among others, preferred stocks, shares of beneficial interest in real estate investment trusts ("REITs") and American Depositary Receipts ("ADRs") on stocks within this category. Permanent Portfolio will invest in a security in this category only if it is listed on a national securities exchange in the United States or the principal exchange of a foreign country, or is an over-the-counter stock quoted on the Nasdaq Stock Market.
- *Aggressive Growth Stocks* — investments in Permanent Portfolio's aggressive growth stocks category may include stocks as well as stock warrants. Warrants are securities issued by a company which give the holder the right, but not the obligation, to purchase stock, usually at a price that is higher than the market price at the time the warrant is issued. If the price of the underlying stock does not rise above the exercise price before the warrant expires, the warrant generally expires without any value and the Portfolio would lose any amount it paid for the warrant.
- *Dollar Assets* — Permanent Portfolio's dollar assets may include cash, U.S. Treasury bills, notes and bonds, and other U.S. dollar-denominated assets such as the obligations of U.S. government agencies, banker's acceptances and other bank obligations, commercial paper, and corporate bonds and other fixed income obligations of U.S. and non-U.S. issuers. Permanent Portfolio may invest in dollar assets of any maturity. Except for U.S. Treasury obligations and U.S. government agency securities backed by the full-faith-and-credit of the U.S. Treasury, all debt securities are subject to default risk, that is, the risk that the issuer's promise to make payment will not be kept. Long-term debt securities, and, to a lesser

extent, short-term debt securities, are subject to the risk of rising interest rates. As rates rise, as they tend to do during periods of rising inflation, the market values of debt securities generally decline.

Permanent Portfolio may purchase a stock that could be classified as both a real estate and natural resource stock or an aggressive growth stock for purposes of the Portfolio's Target Percentages. When such an investment occurs, the Investment Adviser will determine the classification of such investment for purposes of the Target Percentages.

More information about the investments that Permanent Portfolio may make within its investment categories is included under "— Additional Investment Information" below.

Permanent Portfolio Strategic Portfolio Adjustments

Because investment prices are constantly changing, the actual composition of Permanent Portfolio's holdings are not expected to match exactly the Target Percentages. Ordinarily, whenever Permanent Portfolio's actual holdings in any investment category deviate from the category's Target Percentage by more than one-quarter of the Target Percentage, the Portfolio will buy or sell investments to bring investments back within range (unless the discrepancy is corrected by changes in market prices) and will do so within ninety days from the initial day of such deviation.

The Investment Adviser is authorized to delay making portfolio adjustments in Permanent Portfolio whenever, in its opinion, circumstances make it desirable to do so. In the event of such a delay, Permanent Portfolio's actual holdings in one or more investment categories could deviate by more than one-quarter of the Target Percentages for those categories for a period in excess of ninety days. Circumstances that might occasion a delay include, but are not limited to:

- A disorderly market (*e.g.,* when the differences between the buying and selling prices (bid and ask) quoted by market makers and investment dealers are, in the opinion of the Investment Adviser, abnormally large);
- A banking crisis or other financial emergency that compromises the ability of brokers and dealers to consummate investment transactions; and
- The inability to make a portfolio adjustment without experiencing an adverse tax consequence such as recognizing a large capital gain.

Permanent Portfolio will not delay portfolio adjustments called for by the Target Percentages in anticipation of a change in the general price level of any investment category.

A Portfolio may acquire securities from another Portfolio ("cross trades") that are otherwise qualified investments for the Portfolio, so long as neither Portfolio bears any markup or spread, and no commission, fee or other remuneration is paid in connection with the acquisition. Any such transaction would be a cash purchase or sale of a security for which market quotations are readily available, at its independent current market price, in a manner consistent with Section 17(a) of the 1940 Act and Rule 17a-7 thereunder.

Short-Term Treasury Portfolio

Under normal market conditions, Short-Term Treasury Portfolio invests at least 80% of its assets in direct debt obligations of the United States Treasury, including U.S. Treasury bills, notes and bonds, and other securities issued by the U.S. Treasury. The remainder of the Portfolio's assets may be invested in U.S. government agency securities, which include debt obligations issued and/or guaranteed as to principal and interest by the U.S. government or its agencies, sponsored enterprises or instrumentalities. The Portfolio expects to maintain a dollar-weighted average portfolio maturity and duration of zero to three years. The investment policies allow the Portfolio to attempt to generate high current income while simultaneously seeking to minimize credit and interest rate risk and while maintaining liquidity of Portfolio assets.

Versatile Bond Portfolio

Under normal market conditions, Versatile Bond Portfolio invests at least 80% of its assets in bonds. The Portfolio may invest up to 20% of its assets in other securities, including preferred stocks. The Portfolio has the ability to invest in bonds of any type and maturity, in any country or currency, and, with respect to 50% of its net assets, of any credit quality, giving it the flexibility to adapt to various market conditions. This broad and flexible policy allows the Portfolio to attempt to take advantage of prevailing macroeconomic trends and opportunities with respect to interest rates, currencies and issuers, and other factors to seek to generate high current income while simultaneously seeking to avoid those markets that present greater risks.

Aggressive Growth Portfolio

Under normal market conditions, Aggressive Growth Portfolio invests in stocks and stock warrants of U.S. and foreign companies that are expected to have a higher profit potential than the stock market as a whole and whose shares are valued primarily for potential growth in revenues, earnings, dividends or asset values rather than for current income. The Portfolio's investment policies are based on the premise that the stock market has been the most successful long-term investment since 1926, and that an investor seeking to construct his or her own investment portfolio should include an investment whose profitability is linked directly to the stock market. Stocks have been the most successful long-term investment because they represent ownership in the engines of wealth that turn out the goods and services people need and want. Such companies may include those involved in technology, medicine, capital goods, natural resources, energy, construction, transportation, finance, entertainment or service, those developing or exploiting new industries, products, services or markets, or those whose shares are otherwise undervalued. Stock market investments have earned the best long-term profits because they feed capital to these engines of wealth, making them even more productive.

Stock market investors, however, need caution. While the stock market's total return has been high, it has not been smooth or steady. Most stocks are riskier than bonds or money market instruments; and, unlike gold, stocks are vulnerable to inflation. Additionally, there is no guarantee that the economic growth that underlies long-term stock market profits will continue in the future, which is one reason a prudent investor should carefully consider how much of his or her capital to invest in stocks. Stocks are tightly linked to the real world of production and commerce, and any shock in the economy (inflation, recession, political turmoil, bad news of any kind) can translate into a shock for the stock market.

The Portfolio invests in U.S. and foreign companies whose stocks have been selected for their high (higher than for the stock market as a whole), long-term appreciation potential. With such a selection, when the stock market as a whole rises, the value of shares in the Portfolio should rise more. Of course, no selection of stocks can be guaranteed to "outrun" a rising market. While the Portfolio's stocks involve more risk than the average stock, especially when the stock market as a whole is declining, they also offer the potential for greater reward.

The Portfolio expects to remain fully invested in stock market investments at all times, apart from incidental amounts of cash, cash equivalents or other high quality, short-term investments. The Portfolio does not take on the unnecessary risks that come with attempts to switch in and out of the market. Its "fully-invested" policy assures that it will not miss out on a bull market in stocks because it has mistakenly decided to sit on the sidelines. However, this policy may subject the Portfolio to greater risk of price declines during periods when the prices of U.S. or foreign stock market investments in general are declining because the Portfolio will be fully invested in stocks.

Investment Policies that May Be Changed Only on Sixty Days' Prior Written Notice to Shareholders

Short-Term Treasury Portfolio's, Versatile Bond Portfolio's and Aggressive Growth Portfolio's respective investment objectives and strategies, as described in each Portfolio's respective "Portfolio

Summary" are not fundamental and may, therefore, be changed by the Trust's Board of Trustees without shareholder approval. However, per Rule 35d-1 under the 1940 Act, Short-Term Treasury Portfolio will not change its investment policy of investing at least 80% of its assets in debt obligations of the United States Treasury, and Versatile Bond Portfolio will not change its investment policy of investing at least 80% of its assets in bonds, which may include debt securities of all types and of any maturity, without at least sixty days' prior written notice to its shareholders.

Investment Restrictions

Fundamental Investment Objective, Policies and Limitations

A Portfolio's fundamental investment objective, policies and limitations cannot be changed without approval by a "majority of the outstanding voting securities" of the Portfolio. A majority of the outstanding voting securities of a Portfolio is defined under the 1940 Act as the lesser of: (i) 67% or more of the Portfolio's shares present at a meeting if more than 50% of the outstanding shares of the Portfolio are present and represented by proxy; or (ii) more than 50% of the outstanding shares of the Portfolio.

The fundamental investment objective of Permanent Portfolio is to preserve and increase the purchasing power value of its shares over the long term. The Portfolio invests its net assets in the investment categories listed in the table under "Portfolio Summaries — Permanent Portfolio — Principal Investment Strategies" in the Prospectus. The Target Percentages are fundamental and cannot be changed without shareholder approval.

The following investment limitations, applicable to the Portfolios as indicated, are fundamental and cannot be changed without shareholder approval. Other than as stated in the immediately preceding paragraph and below, each Portfolio's investment objective, policies and limitations are non-fundamental and may be changed without shareholder approval.

(1) Subject to the policy regarding a wholly owned broker-dealer subsidiary, the Trust will not act as a securities underwriter of other issuers except to the extent that acting as such may be necessary to dispose of securities acquired by the Trust. (However, in connection with the disposition of "restricted securities" and securities for which there is no readily available market quotation, the Trust may be deemed to be an underwriter under certain federal securities laws.)

(2) No Portfolio will concentrate its investments in any particular industry or group of industries (*i.e.*, no more than 25% of the value of any Portfolio's assets, other than securities issued by the United States government or an agency or instrumentality thereof, will be invested in any one industry).

(3) Permanent Portfolio will not borrow money, issue senior securities, purchase or sell real estate (including real estate limited partnerships) or commodities or oil, gas or other mineral leases, or make loans to other persons, except in accordance with the operating procedures and policies contained elsewhere in the Prospectus and this SAI in addition to the following: the amount of money Permanent Portfolio may borrow will be limited by the 1940 Act so that immediately after such borrowing, the amount borrowed may not exceed 33 1/3% of the value of Permanent Portfolio's assets (including the amount borrowed), less its liabilities (not including any borrowings but including the fair market value at the time of computation of any securities with respect to which there are open short positions). In observing these limits, Permanent Portfolio will count the proceeds of reverse repurchase agreements as borrowed money.

(4) Neither Short-Term Treasury Portfolio, Versatile Bond Portfolio nor Aggressive Growth Portfolio will borrow money, issue senior securities, purchase or sell real estate (including limited partnership interests) or commodities or oil, gas or other mineral leases, make

loans or lend its assets to other persons, engage in short sales or write put options or uncovered call options (other than as noted above), except as follows: the amount of money any such Portfolio may borrow will be limited by the 1940 Act so that immediately after such borrowing the amount borrowed may not exceed 33 1/3% of the value of the respective Portfolio's assets (including the amount borrowed), less its liabilities (not including any borrowings but including the fair market value at the time of computation of any securities with respect to which there are open short positions).

(5) Notwithstanding any other policy of Permanent Portfolio, the Trust may form a wholly-owned subsidiary to be owned by Permanent Portfolio for the purpose of engaging in broker-dealer activities. The total amount of Permanent Portfolio's capital contributions to such subsidiary shall be limited to an amount not to exceed, in the aggregate, 1% of the net assets of Permanent Portfolio as of the time that any capital contribution is made. Permanent Portfolio shall not make any capital contribution to such subsidiary that would increase the then current value of Permanent Portfolio's investment in the subsidiary to an amount in excess of 1% of the then net assets of Permanent Portfolio. There is currently no broker-dealer subsidiary.

Non-Fundamental Investment Restrictions

The investment restrictions described below have been adopted by the Trust as operating policies and are subject to change by the Board of Trustees. However, the Trust will not change any operating policy without notifying its shareholders in advance. The Trust will not:

(1) Purchase securities of companies for the purpose of exercising control or management.

(2) Purchase securities on margin, although for the avoidance of doubt, Versatile Bond Portfolio may enter into currency forward and futures contracts and Permanent Portfolio may enter into commodity forward and futures contracts (but only in accordance with the operating procedures and policies contained elsewhere in the Prospectus and this SAI) and obtain such short-term credit as may be necessary for the clearance of purchases and sales of portfolio investments.

(3) Invest in straddles or spreads.

(4) Purchase from or sell to any officer, trustee or employee of the Trust, or its Investment Adviser, or any of its members, managers or employees, any securities other than shares of any Portfolio of the Trust.

(5) Purchase or retain the securities of any issuer if those officers and trustees of the Trust, or members of its Investment Adviser owning individually more than 1/2% of a class of securities of such issuer, together own more than 5% of such securities of such issuer.

(6) Retain a custodian for its assets which shall be other than a bank or trust company having at least $2,000,000 in aggregate capital, surplus and undivided profits and, upon the resignation or inability to serve as the custodian, the Trust shall use its best efforts to obtain and transfer its assets to a similarly qualified custodian or submit to its stockholders the question whether to function without such a custodian.

(7) Invest more than 5% of the value of the total assets of a Portfolio in securities of companies which together with predecessors have a record of less than three years' continuous operation.

(8) Pledge, mortgage or hypothecate assets of any Portfolio having a market value greater than 15% of the value of that Portfolio's gross assets (taken at cost), except to secure permitted borrowings of that Portfolio.

(9) Use as security for borrowings of any Portfolio more than 35% of value of that Portfolio's assets.

(10) Corporate bonds and other fixed income obligations in Permanent Portfolio's Dollar Assets investment category will, at the time of investment, be rated in the top four rating categories by S&P Global Rating, a division of S&P Global, Inc. ("S&P's"), rated similarly by another independent rating agency such as Moody's Investors Service, Inc. ("Moody's") or Fitch, Inc. ("Fitch"), or if unrated, determined by the Investment Adviser to be of comparable quality.

(11) Under normal market conditions, Short-Term Treasury Portfolio shall invest at least 80% of its assets in debt obligations of the United States Treasury, including U.S. Treasury bills, notes and bonds.

(12) Under normal market conditions, the Aggressive Growth Portfolio shall invest in stocks and stock warrants of U.S. and foreign companies that are expected to have a higher profit potential than the stock market as a whole.

Additional Investment and Risk Information

Except where investments are specifically authorized only for certain Portfolios, all Portfolios may buy the types of investments and use the investment techniques described below, subject to any applicable investment policies and restrictions. However, the Portfolios may not buy all of the types of investments or use all of the investment techniques described below. Each Portfolio's principal investment strategies and the principal risks of such investment strategies are discussed in the Prospectus. Certain risks applicable to all of the Portfolios are also included below. The following list is in alphabetical order.

Bank Obligations

In addition to banker's acceptances, Permanent Portfolio and Versatile Bond Portfolio may invest in bank obligations including fixed, floating or variable rate certificates of deposit ("CDs"), letters of credit, time and savings deposits and bank notes. Bank obligations are exempt from registration with the Securities and Exchange Commission ("SEC") if issued by U.S. banks or foreign branches of U.S. banks. As a result, the Portfolio will not receive the same investor protections when investing in bank obligations as opposed to registered securities. Similarly, bank notes and other unsecured bank obligations are not guaranteed by the Federal Deposit Insurance Corporation ("FDIC"), so a Portfolio will be exposed to the credit risk of the bank or institution. In the event of liquidation, bank notes and unsecured bank obligations generally rank behind time deposits, savings deposits and CDs, resulting in a greater potential for losses to the Portfolio.

Banker's Acceptances

A banker's acceptance is a postdated check written by a business (not necessarily a major corporation) that has been "accepted" and guaranteed by a bank. Usually, the postdating is for no more than nine months. The types of acceptances which a Portfolio would acquire are those which are actively traded in the open market. There are two, often three, guaranties behind a banker's acceptance. First, the acceptance is an obligation of the bank that has accepted it. Second, if the accepting bank should default on its obligation, the business that wrote the accepted check ordinarily would be responsible for making payment to the investor. Third, an acceptance is often secured by a pledge of merchandise or other property. Banker's acceptances are generally regarded as among the safest of all privately issued, short-term dollar assets. The Investment Adviser considers banker's acceptances, with their multiple guarantees, to be safer than certificates of deposit, which represent the obligation of a single entity.

Bonds

As used in this SAI, "bonds" may include debt securities of all types and of any maturity, including but not limited to:

- obligations of U.S. and non-U.S. issuers, including corporate bonds, convertible bonds, and commercial paper;
- securities issued or guaranteed by the U.S. government, its agencies or government-sponsored enterprises;
- obligations of non-U.S. governments or their subdivisions, agencies and government-sponsored enterprises;
- obligations of supranational entities;
- bank obligations, including certificates of deposit, fixed time deposits, bank notes and bankers' acceptances; and
- repurchase agreements.

Permanent Portfolio and Versatile Bond Portfolio may invest in bonds of any maturity and do not attempt to maintain any pre-set average portfolio maturity or duration. Duration is a measure of a security's price sensitivity to changes in prevailing interest rates. Generally, the longer a security's duration, the more sensitive it will be to changes in interest rates. The longer a Portfolio's average weighted portfolio maturity, the greater the impact a change in interest rates will have on its net asset value ("NAV").

Bonds — Below Investment Grade Bonds

Versatile Bond Portfolio may invest in below investment grade bonds (also referred to as "junk" or "high yield" bonds). Below investment grade bonds are securities that have been rated below BBB-/Baa3/BBB- by S&P's, Moody's or Fitch, respectively, or if unrated, determined by the Investment Adviser to be of comparable quality. Versatile Bond Portfolio may invest up to 50% of its net assets in bonds that are rated below investment grade at the time of investment. See Appendix C for further information about the ratings of debt securities assigned by S&P's, Moody's and Fitch.

Below investment grade bonds are considered predominantly speculative with respect to the issuer's ability to pay interest and repay principal. Below investment grade bonds may be issued as a consequence of corporate restructuring, such as leveraged buyouts, mergers, acquisitions, debt recapitalizations or similar events or by smaller or highly leveraged companies, and in other circumstances.

Below investment grade bonds generally offer a higher current yield than that available for investment grade securities; however, they involve greater risks than investment grade securities in that they are especially sensitive to, and may be more susceptible to, real or perceived adverse changes in general economic conditions and in the industries in which the issuers are engaged, changes in the financial condition of, and individual corporate developments of, the issuers, and price fluctuations in response to changes in interest rates. Because the Portfolio's investments in below investment grade bonds involve greater investment risk than its investments in higher rated securities, achievement of the Portfolio's investment objective will be more dependent on the Investment Adviser's analysis than would be the case if the Portfolio were investing in higher rated securities.

Below investment grade bonds generally will be susceptible to greater risk when economic growth slows or reverses and when inflation increases or deflation occurs. Below investment grade bonds may experience substantial price declines when there is an expectation that issuers of such securities might experience financial difficulties. As a result, the yields on below investment grade bonds can rise dramatically. However, those higher yields may not reflect the value of the income stream that holders of such securities expect. Rather, those higher yields may reflect the risk that holders of such securities could lose a substantial portion of their value due to financial restructurings or defaults by the issuers. There can be no assurance that those declines will not occur.

During periods of economic downturn or rising interest rates, highly leveraged issuers may experience financial stress that could adversely affect their ability to make payments of interest and principal and increase the possibility of default. In addition, such issuers may not have more traditional methods of financing available to them and may be unable to repay debt at maturity by refinancing. The risk of loss due to default by such issuers is significantly greater because such securities frequently are unsecured by collateral and will not receive payment until more senior claims are paid in full. Below investment grade bonds may contain redemption or call provisions. If an issuer exercises these provisions in a declining interest rate market, the Portfolio would have to replace the security with a lower yielding security, resulting in a decreased return. Conversely, a below investment grade bond's value will decrease in a rising interest rate market, as will the value of the Portfolio's investment in such securities. If the Portfolio experiences unexpected net redemptions, this may force it to sell its below investment grade bonds, without regard to their investment merits, thereby possibly reducing the Portfolio's rate of return.

In addition, the market for below investment grade bonds generally is thinner and less active than that for higher rated securities, which may limit the Portfolio's ability to sell such securities at fair value in response to changes in the economy or financial markets. This potential lack of liquidity may make it more difficult for the Investment Adviser to value accurately certain portfolio securities. Adverse publicity and investor perceptions, whether or not based on fundamental analysis, may also decrease the values and liquidity of below investment grade bonds, especially in a thinly traded market.

In periods of reduced market liquidity, below investment grade bonds may become more volatile and may experience sudden and substantial price declines. Also, there may be significant disparities in the prices quoted for such bonds by various dealers. Under such conditions, the Portfolio may find it difficult to value its below investment grade bonds accurately. Under such conditions, the Portfolio may have to use subjective rather than objective criteria to value its below investment grade bonds.

An issuer's obligations under its bonds are subject to the provisions of bankruptcy, insolvency and other laws affecting the rights and remedies of bond holders or other creditors of an issuer; litigation or other conditions may also adversely affect the power or ability of issuers to meet their obligations for the payment of interest and principal on their bonds.

Prices for below investment grade bonds also may be affected by legislative and regulatory developments. For example, from time to time, Congress has considered legislation to restrict or eliminate the corporate tax deduction for interest payments or to regulate corporate restructuring such as takeovers, mergers or leveraged buyouts. Such legislation, if enacted, could depress the prices of outstanding below investment grade bonds.

Bonds — Investment Grade Bonds

Permanent Portfolio and Versatile Bond Portfolio may invest in investment grade bonds of U.S. or non-U.S. issuers. Investment grade bonds are securities that have been rated in the top four rating categories by S&P's, Moody's or Fitch (*i.e.*, at or above BBB-/Baa3/BBB- by S&P's, Moody's or Fitch, respectively), or if unrated, determined by the Investment Adviser to be of comparable quality. Securities rated by Moody's in its fourth highest rating category (Baa) or comparable unrated securities may be deemed to have speculative characteristics.

The ratings of a rating agency represent its opinion as to the quality of securities it undertakes to rate. Ratings are not absolute standards of quality; consequently, securities with the same maturity, coupon, and rating may have different yields. See Appendix C for further information about the ratings of debt securities assigned by S&P's, Moody's and Fitch.

Ordinarily, Permanent Portfolio will sell any investment that has been downgraded below S&P's BBB- rating, but may retain such an investment if such investments in the aggregate do not exceed 2% of the Portfolio's net assets. Versatile Bond Portfolio may invest in obligations of any credit quality and is not required to sell investments that have subsequently been downgraded.

Brady Bonds

Versatile Bond Portfolio may invest in "Brady bonds," which are securities created through the exchange of existing commercial bank loans to public and private entities in certain emerging markets for new bonds in connection with debt restructurings. In light of the history of defaults of countries issuing Brady bonds on their commercial bank loans, investments in Brady bonds may be viewed as speculative. Brady bonds may be fully or partially collateralized or uncollateralized, are issued in various currencies (but primarily in U.S. dollars) and are actively traded in over-the-counter secondary markets. Brady bonds with no or limited collateralization of interest or principal payment obligations have increased credit risk, and the holders of such bonds rely on the willingness and ability of the foreign government to make payments in accordance with the terms of such Brady bonds. U.S. dollar-denominated collateralized Brady bonds, which may be fixed rate bonds or floating rate bonds, generally are collateralized by Treasury zero coupon bonds having the same maturity as the Brady bonds. One or more classes of securities ("structured securities") may be backed by, or represent interests in, Brady bonds. The cash flow on the underlying instruments may be apportioned among the newly-issued structured securities to create securities with different investment characteristics such as varying maturities, payment priorities and interest rate provisions, and the extent of the payments made with respect to structured securities is dependent on the extent of the cash flow on the underlying instruments.

Brady bonds involve various risk factors including residual risk and the history of defaults with respect to commercial bank loans by public and private entities of countries issuing Brady bonds. There can be no assurance that Brady bonds in which the Portfolio may invest will not be subject to restructuring arrangements or to requests for new credit, which may cause the Portfolio to suffer a loss of interest or principal on any of its holdings.

Commercial Paper

Permanent Portfolio and Versatile Bond Portfolio may invest in commercial paper. Commercial paper is a short-term debt security issued by a corporation, bank, municipality, or other issuer usually for purposes such as financing current operations. The Portfolios may invest in commercial paper that cannot be resold to the public without an effective registration statement under the Securities Act of 1933, as amended ("1933 Act"). While some restricted commercial paper normally is deemed illiquid, the Investment Adviser may in certain cases determine that such paper is liquid, pursuant to guidelines established by the Trust's Board.

Convertible Securities

Permanent Portfolio and Versatile Bond Portfolio may invest in convertible securities. Convertible securities are bonds, debentures, notes, preferred stocks and other securities that pay interest or dividends and are convertible into or exchangeable for common stock or other equity securities of the same or a different issuer. Convertible securities generally have some features of common stocks and some features of debt securities. In general, a convertible security performs more like a stock when the underlying stock's price is high relative to the conversion price (because it is assumed that it will be converted into the stock) and performs more like a debt security when the underlying stock's price is low relative to the conversion price (because it is assumed that it will mature without being converted). Convertible securities typically pay an income yield that is higher than the dividend yield of the issuer's common stock, but lower than the yield of the issuer's debt securities. Convertible securities generally have less potential for gain or loss than common stocks. Securities that are convertible other than at the option of the holder generally do not limit the potential for loss to the same extent as securities that are convertible only at the option of the holder.

Convertible securities rank senior to common stock in an issuer's capital structure and, therefore, generally entail less risk than the issuer's common stock, although the extent to which such risk is reduced depends in large measure upon the degree to which the convertible security sells above its value as a fixed-income security. Convertible securities are subordinate in rank to any senior debt obligations of the issuer, and, therefore, an issuer's convertible securities entail more risk than its debt obligations. In addition, convertible securities are often lower-rated securities. Because of the conversion feature, the price of the convertible security will normally fluctuate in some proportion to changes in the price of the underlying asset, and as such is subject to risks relating to the activities of the issuer and/or general market and economic conditions. The income component of a convertible security may tend to cushion the security against declines in the price of the underlying asset. The income component of convertible securities, however, causes fluctuations based upon changes in interest rates and the credit quality of the issuer.

Corporate Debt Securities

Permanent Portfolio's (U.S. dollar-denominated only) and Versatile Bond Portfolio's (U.S. dollar-or foreign currency-denominated) investments in corporate debt securities include corporate bonds, debentures, notes and other similar corporate debt instruments, including convertible securities, of domestic or foreign issuers. The rate of interest on a corporate debt security may be fixed, floating or variable, and may vary inversely with respect to a reference rate. The market value of a corporate debt security generally may be expected to rise and fall inversely with interest rates and may also be affected by the credit rating of the corporation, the corporation's performance and perceptions of the corporation in the marketplace. Corporate debt securities usually yield more than government or agency bonds due to the presence of credit risk.

Credit Ratings

S&P's, Moody's or Fitch and other rating agencies are private services that provide ratings of the credit quality of bonds and certain other securities. A description of the ratings assigned to bonds by S&P's, Moody's or Fitch is included in Appendix C to this SAI. The process by which S&P's, Moody's or Fitch determine ratings generally includes consideration of the likelihood of the receipt by security holders of all distributions, the nature of the underlying assets, the credit quality of the guarantor, if any, and the structural, legal and tax aspects associated with these securities. It should be emphasized, however, that ratings are general and are not absolute standards of quality. Credit ratings attempt to evaluate the safety of principal and interest payments, but they do not evaluate the volatility of a bond's value or its liquidity and do not guarantee the performance of the issuer. Rating agencies may fail to make timely changes in credit ratings in response to subsequent events, so that an issuer's current financial condition may be better or worse than the rating indicates. There is a risk that subsequent to a bond's purchase by a Portfolio, one or more rating agencies may downgrade a bond's rating, it may cease to be rated, or its rating may be reduced below the minimum rating required for purchase by the Portfolio.

Cybersecurity and Operational Risk

With the increased use of technologies such as mobile devices and "cloud"-based offerings, and the dependence on the Internet and computer systems to perform necessary business functions, the Portfolios and their service providers, and your ability to transact with the Portfolios, may be negatively impacted due to operational matters arising from, among other problems, human errors, systems and technology disruptions or failures, or cybersecurity incidents. A cybersecurity incident may refer to intentional or unintentional events that allow an unauthorized party to gain access to Portfolio assets, customer data, or proprietary information, or cause a Portfolio or Trust service providers (including, but not limited to, the Portfolios' manager, distributor, fund accountants, custodian, transfer agent, sub-advisers (if applicable), and financial intermediaries), as well as the securities trading venues and their service providers, to suffer data corruption or lose operational functionality, which may be via "ransomware" that renders the systems inoperable until appropriate actions are taken. A cybersecurity incident could, among other things, result in the loss or theft of customer data or funds, customers or employees being unable to access electronic systems ("denial of services"), loss or theft of proprietary information or corporate data, physical damage to a computer or network system, or remediation costs associated with system repairs. Any of these results could have a substantial adverse impact on the Portfolios and their shareholders. For example, if a cybersecurity incident results in a denial of service, Portfolio shareholders could lose access to their electronic accounts and be unable to buy or sell Portfolio shares for an unknown period of time, and employees could be unable to access electronic systems to perform critical duties for the Portfolios, such as trading, NAV calculation, shareholder accounting or fulfillment of Portfolio share purchases and redemptions.

A Portfolio's service providers may also be negatively impacted due to operational risks arising from factors such as processing errors and human errors, inadequate or failed internal or external processes, failures in systems and technology, changes in personnel, and errors caused by third-party service providers or trading counterparties. In particular, these errors or failures as well as other technological issues may adversely affect the Portfolios' ability to calculate their net asset values in a timely manner, including over a potentially extended period.

The occurrence of an operational or cybersecurity incident could result in regulatory penalties, reputational damage, additional compliance costs associated with corrective measures, or financial loss of a significant magnitude and could result in allegations that the Portfolio or Trust service provider violated privacy and other laws. Similar adverse consequences could result from incidents affecting issuers of securities in which a Portfolio invests, counterparties with which a Portfolio engages in transactions, governmental and other regulatory authorities, exchange and other financial market operators, banks, brokers, dealers, insurance companies, and other financial institutions and other parties. Although the Trust and the Investment Adviser endeavor to determine that service providers have established risk management systems that seek to reduce these operational and cybersecurity risks, and business continuity plans in the event there is an incident, there are inherent limitations in these systems and plans, including the possibility that certain risks may not have been identified, in large part because different or unknown threats may emerge in the future. Furthermore, the Portfolios do not control the operational and cybersecurity systems and plans of the issuers of securities in which the Portfolios invest or the Trust's third party service providers or trading counterparties or any other service providers whose operations may affect a Portfolio or its shareholders.

Depository Receipts

Permanent Portfolio and Aggressive Growth Portfolio may invest in equity securities of foreign issuers represented by American Depositary Receipts ("ADRs"), European Depository Receipts ("EDRs"), Global Depository Receipts ("GDRs") and International Depository Receipts ("IDRs"). ADRs (sponsored or unsponsored) are receipts typically issued by a U.S. bank or trust company evidencing its ownership of the underlying foreign securities. Most ADRs are denominated in U.S. dollars and are publicly traded on exchanges or over-the-counter in the United States. ADRs are subject to the risks of investments in foreign securities and currency risk, if, as is often the case, the underlying securities are denominated in a foreign currency. EDRs are receipts issued by a European bank evidencing its ownership of the underlying foreign securities and are often denominated in a foreign currency. GDRs are receipts issued by either a U.S. or non-U.S. banking institution evidencing its ownership of the underlying foreign securities and are often denominated in U.S. dollars. IDRs are receipts typically issued by a foreign bank or trust company evidencing its ownership of the underlying foreign securities. Depositary receipts involve many of the same risks of investing directly in foreign securities, including currency risk and risks of foreign investing.

Issuers of the securities underlying sponsored depositary receipts, but not unsponsored depositary receipts, are contractually obligated to disclose material information in the United States. Therefore, the market value of unsponsored depositary receipts is less likely to reflect the effect of such information.

Epidemic or Pandemic Risk

Health crises caused by outbreaks of disease may create, initiate, or exacerbate existing or pre-existing political, social, and economic risks in the United States or globally. The impact of such epidemics and pandemics that may arise in the future could negatively affect the economic, investment or operational performance of individual countries, economies, asset classes, industries, and sectors in significant and unforeseen ways. Further, such circumstances could continue for an extended period of time and may continue to adversely affect the value and liquidity of the Portfolio's investments. In addition, governments, their regulatory agencies, or their self-regulatory organizations may take actions in response to such pandemics and epidemics, including providing significant fiscal and monetary policy support to local and global economies and financial markets. Such actions could result in interest rate volatility, inflation or deflation, or the rapid expansion of public debt. The ultimate impact or success of those measures on the economy or financial markets is unknown and may not be known for some time. Further, the effect of such measures on the Portfolio's investments or on the issuers of such investments are also unknown and could adversely impact the Portfolio's investment performance.

Foreign Securities

Permanent Portfolio, Versatile Bond Portfolio and Aggressive Growth Portfolio may be exposed to substantial risks associated with investing in the securities of governments and companies located in, or having substantial operations in, foreign countries, which are in addition to the usual risks inherent in domestic investments. The value of foreign securities (like U.S. securities) is affected by general economic and market conditions and individual issuer and industry earnings prospects.

There is the possibility of cessation of trading on foreign exchanges, expropriation, nationalization of assets, confiscatory or punitive taxation, withholding and other foreign taxes on income or other amounts, foreign exchange controls (which may include suspension of the ability to transfer currency from a given country), restrictions on removal of assets, political or social instability, military action or unrest, or diplomatic developments that could affect investments in securities of issuers in foreign nations. There is no assurance that a Portfolio will be able to anticipate such potential events. In addition, the value of securities denominated in foreign currencies and of dividends and interest paid with respect to such securities will fluctuate based on the relative strength of the U.S. dollar.

There may be less publicly available information about foreign issuers comparable to the reports and ratings published about issuers in the U.S. Foreign issuers generally are not subject to uniform accounting or financial reporting standards. Auditing practices and requirements may not be comparable to those applicable to U.S. issuers. Certain countries' legal institutions, financial markets and services are less developed than those in the U.S. or other major economies. A Portfolio may have greater difficulty voting proxies, exercising shareholder rights, securing dividends and obtaining information regarding corporate actions on a timely basis, pursuing legal remedies, and obtaining judgments with respect to foreign investments in foreign courts than with respect to domestic issuers in U.S. courts. The costs associated with foreign investments, including withholding taxes, brokerage commissions, and custodial costs, are generally higher than with U.S. investments.

Certain countries require governmental approval prior to investments by foreign persons, or limit the amount of investment by foreign persons in a particular company. Some countries limit the investment of foreign persons to only a specific class of securities of an issuer that may have less advantageous terms than securities of the issuer available for purchase by nationals. Although securities subject to such restrictions may be marketable abroad, they may be less liquid than foreign securities of the same class that are not subject to such restrictions. In some countries, the repatriation of investment income, capital and proceeds of sales by foreign investors may require governmental registration and/or approval. A Portfolio could be adversely affected by delays in or a refusal to grant any required governmental registration or approval for repatriation. From time to time, trading in a foreign market may be interrupted.

Foreign markets also have substantially less volume than the U.S. markets and securities of some foreign issuers are less liquid and more volatile than securities of comparable U.S. issuers. A Portfolio, therefore, may encounter difficulty in obtaining market quotations for purposes of valuing its portfolio and calculating its NAV.

In many foreign countries there is less government supervision and regulation of stock exchanges, brokers, and listed companies than in the U.S., which may result in greater potential for fraud or market manipulation. Foreign over-the-counter markets tend to be less regulated than foreign stock exchange markets and, in certain countries, may be totally unregulated. Brokerage commission rates in foreign countries, which generally are fixed rather than subject to negotiation as in the U.S., are likely to be higher. Foreign security trading, settlement and custodial practices (including those involving securities settlement where assets may be released prior to receipt of payment) are often less developed than those in U.S. markets, may be cumbersome and may result in increased risk or substantial delays. This could occur in the event of a failed trade or the insolvency of, or breach of duty by, a foreign broker-dealer, securities depository, or foreign subcustodian.

To the extent that a Portfolio invests a significant portion of its assets in a specific geographic region or country, it will have more exposure to economic risks related to such region or country than a portfolio whose investments are more geographically diversified. Adverse conditions in a certain region can affect securities of other countries whose economies appear to be unrelated. In the event of economic or political turmoil or a deterioration of diplomatic relations in a region or country where a substantial portion of a Portfolio's assets are invested, the Portfolio's performance could suffer and it may have difficulty meeting a large number of shareholder redemption requests.

Foreign Securities – Developing Markets or Emerging Markets Securities

Permanent Portfolio's, Versatile Bond Portfolio's and Aggressive Growth Portfolio's investments that are tied economically to developing or emerging markets may be subject to potentially higher risks than investments in developed countries. These risks include, among others: (i) less social, political and economic stability; (ii) smaller securities markets with low or nonexistent trading volume, which result in greater illiquidity and greater price volatility; (iii) certain national policies which may restrict a Portfolio's investment opportunities, including restrictions on investment in issuers or industries deemed sensitive to national interests; (iv) foreign taxation, including less transparent and established taxation policies; (v) less developed regulatory or legal structures governing private or foreign investment or allowing for judicial redress for injury to private property; (vi) the absence, until recently in many developing market countries, of a capital market structure or market-oriented economy; (vii) more widespread corruption and fraud; (viii) the financial institutions with which a Portfolio may trade may not possess the same degree of financial sophistication, creditworthiness or resources as those in developed markets; and (ix) the possibility that recent favorable economic developments in some developing market countries may be slowed or reversed by unanticipated economic, political or social events in such countries.

In addition, many developing market countries have experienced substantial, and during some periods, extremely high rates of inflation, for many years. Inflation and rapid fluctuations in inflation rates have had, and may continue to have, negative effects on the economies and securities markets of certain countries. Moreover, the economies of some developing market countries may differ unfavorably from the U.S. economy in such respects as growth of gross domestic product, currency depreciation, debt burden, capital reinvestment, resource self-sufficiency and balance of payments position. The economies of some developing market countries may be based on only a few industries, and may be highly vulnerable to changes in local or global trade conditions.

Settlement systems in developing market countries may be less organized than in developed countries. Supervisory authorities may also be unable to apply standards which are comparable with those in more developed countries. There may be risks that settlement may be delayed and that cash or securities belonging to a Portfolio may be in jeopardy because of failures of or defects in the settlement systems.

Market practice may require that payment be made prior to receipt of the security which is being purchased or that delivery of a security must be made before payment is received. In such cases, default by a broker or bank ("counterparty") through whom the relevant transaction is effected might result in a loss being suffered by a Portfolio. The Portfolios seek, where possible, to use counterparties whose financial status reduces this risk. However, there can be no certainty that a Portfolio will be successful in eliminating or reducing this risk, particularly as counterparties operating in developing market countries frequently lack the substance, capitalization and/or financial resources of those in developed countries. Uncertainties in the operation of settlement systems in individual markets may increase the risk of competing claims to securities held by or to be transferred to a Portfolio. Legal compensation schemes may be non-existent, limited or inadequate to meet a Portfolio's claims in any of these events.

The Portfolios may have limited access to, or there may be a limited number of, potential counterparties that trade in the securities of developing market issuers. Governmental regulations may restrict potential counterparties to certain financial institutions located or operating in the particular developing market. Potential counterparties may not possess, adopt or implement creditworthiness standards, financial reporting standards or legal and contractual protections similar to those in developed markets. Currency and other hedging techniques may not be available or may be limited.

The local taxation of income and capital gains accruing to nonresidents varies among developing market countries and may be comparatively high. Developing market countries typically have less well-defined tax laws and procedures and such laws may permit retroactive taxation so that a Portfolio could in the future become subject to local tax liabilities that had not been anticipated in conducting its investment activities or valuing its assets.

Many developing market countries suffer from uncertainty and corruption in their legal frameworks. Legislation may be difficult to interpret and laws may be too new to provide any precedential value. Laws regarding foreign investment and private property may be weak or non-existent. Investments in developing market countries may involve risks of nationalization, expropriation and confiscatory taxation. For example, the Communist governments of a number of Eastern European countries expropriated large amounts of private property in the past, in many cases without adequate compensation, and there can be no assurance that similar expropriation will not occur in the future. In the event of expropriation, a Portfolio could lose all or a substantial portion of any investments it has made in the affected countries. Accounting, auditing and reporting standards in certain countries in which a Portfolio may invest may not provide the same degree of investor protection or information to investors as would generally apply in major securities markets. In addition, it is possible that purported securities in which a Portfolio invested may subsequently be found to be fraudulent and as a consequence the Portfolio could suffer losses.

Finally, currencies of developing market countries are subject to significantly greater risks than currencies of developed countries. Some developing market currencies may not be internationally traded or may be subject to strict controls by local governments, resulting in undervalued or overvalued currencies and associated difficulties with the valuation of assets, including a Portfolio's investments, denominated in that currency. Some developing market countries have experienced balance of payment deficits and shortages in foreign exchange reserves. Governments have responded by restricting currency conversions. Future restrictive exchange controls could prevent or restrict a company's ability to make dividend or interest payments in the original currency of the obligation (usually U.S. dollars). In addition, even though the currencies of some developing market countries, such as certain Eastern European countries, may be convertible into U.S. dollars, the conversion rates may be artificial to the actual market values and may be adverse to a Portfolio's shareholders.

Illiquid Investments

Each Portfolio may invest a maximum of 15% of its net assets in illiquid investments, measured at the time of the investment. Generally, an illiquid investment is an investment that a Portfolio reasonably expects cannot be sold in seven calendar days or less without significantly changing the market value of the investment. The liquidity of an investment is determined by Pacific Heights as the Liquidity Program Administrator designated by the Board based on relevant market, trading and investment specific considerations as set out in the Trust's liquidity risk management program ("Liquidity Program") adopted by the Board as required by Rule 22e-4 under the 1940 Act ("Liquidity Rule").

Illiquid investments may include unregistered or other restricted securities, such as Rule 144A securities (restricted securities that may be traded among qualified institutional buyers pursuant to an exemption from the registration requirements of the securities laws) and repurchase agreements maturing in more than seven days. Generally, foreign securities freely tradable in their principal market are not considered restricted or illiquid even if they are not registered in the United States. Illiquid investments may be difficult for a Portfolio to value or dispose of due to the absence of an active trading market. The sale of some illiquid investments by a Portfolio may be subject to legal restrictions, which could be costly to the Portfolio.

Indebtedness, Loan Participations and Assignments

Versatile Bond Portfolio may invest in secured and unsecured loans. Loan interests are a form of direct debt instrument in which the Portfolio may invest by taking an assignment of all or a portion of an interest in a loan previously held by another institution or by acquiring a participation in an interest in a loan that continues to be held by another institution. Loans are subject to the same risks as investments in bonds generally and carry additional risks described in this section.

In purchasing a loan by assignment, the Portfolio typically would succeed to all the rights and obligations of the assigning lender under the loan agreement and becomes a lender under the loan agreement. However, assignments may be arranged through private negotiations and the rights and obligations acquired by the purchaser of an assignment may differ from, and be more limited than, those held by the assigning lender. If a loan is acquired through an assignment, the Portfolio may not be able to unilaterally enforce all rights and remedies under the loan and with regard to any associated collateral.

The Portfolio's rights under a participation interest with respect to a particular loan may be more limited than the rights of original lenders or of investors who acquire an assignment of that loan. In a participation interest, the Portfolio will usually have a contractual relationship only with the selling institution and not the underlying borrower. The Portfolio normally will have to rely on the participating lender to demand and receive payments in respect of the loans, and to pay those amounts on to the Portfolio; thus, the Portfolio will be subject to the risk that the lender may be unwilling or unable to do so. In such a case, the Portfolio would not likely have any rights against the borrower directly. In buying a participation interest, the Portfolio might not directly benefit from the collateral supporting the related loan and may be subject to any rights of set off the borrower has against the selling institution. In the event of bankruptcy or insolvency of the borrower, the obligation of the borrower to repay the loan may be subject to certain defenses that can be asserted by the borrower as a result of any improper conduct of the participating lender. As a result, the Portfolio may be subject to delays, expenses and risks that are greater than those that exist when the Portfolio is an original lender or assignee.

In buying a participation interest, the Portfolio assumes the credit risk of both the borrower and the participating lender. If the participating lender fails to perform its obligations under the participation agreement, the Portfolio might incur costs and delays in realizing payment and suffer a loss of principal and/or interest. If a participating lender becomes insolvent, the Portfolio may be treated as a general creditor of that lender. As a general creditor, the Portfolio may not benefit from a right of set off that the lender has against the borrower. The Portfolio will acquire a participation interest only if the Investment Adviser determines that the participating lender or other intermediary participant selling the participation interest is creditworthy.

Loans may be subject to legal or contractual restrictions on resale. Loans are not currently listed on any securities exchange or automatic quotation system. As a result, there may not be a liquid public market for loan interests. Loans may have extended trade settlement periods. Accordingly, the proceeds from the sale of these instruments may not be available to make additional investments or to meet redemption obligations until potentially a substantial period after the sale. The extended trade settlement periods could force the Portfolio to liquidate other securities to meet redemptions and may present a risk that the Portfolio may incur losses in order to timely honor shareholder redemptions.

Loans normally are not registered with the SEC or any state securities commission or listed on any securities exchange. As a result, the amount of public information available about a specific loan historically has been less extensive than if the loan were registered or exchange traded. They may also not be considered “securities,” and purchasers, such as the Portfolio, therefore may not be entitled to rely on the strong anti-fraud protections of the federal securities laws.

Inflation-Indexed Securities

Permanent Portfolio (U.S. dollar-denominated only), Short-Term Treasury Portfolio (U.S. Treasury inflation-indexed securities only), and Versatile Bond Portfolio may invest in inflation-indexed securities. Inflation-indexed securities are debt securities, the value of which is periodically adjusted to reflect a measure of inflation. Two structures are common for inflation indexed securities. The U.S. Treasury and some other issuers use a structure that reflects inflation as it accrues by increasing the U.S. dollar amount of the principal originally invested. Other issuers pay out the inflation as it accrues as part of a semi-annual coupon. Any amount accrued on an inflation-indexed security, regardless whether paid out as a coupon or added to the principal, is generally considered taxable income. Where the accrued amount is added to the principal and no cash income is received until maturity, a Portfolio may be required to sell portfolio securities that it would otherwise continue to hold in order to obtain sufficient cash to make distributions to shareholders required for U.S. tax purposes.

An investor could experience a loss of principal and income on investments in inflation-indexed securities. In a deflationary environment, the value of the principal invested in an inflation-indexed security will be adjusted downward, just as it would be adjusted upward in an inflationary environment. Because the interest on an inflation-indexed security is calculated with respect to the amount of principal which is smaller following a deflationary period, interest payments will also be reduced, just as they would be increased following an inflationary period.

In the case of U.S. Treasury inflation-indexed securities, the return of at least the original U.S. dollar amount of principal invested is guaranteed, so an investor receives the greater of its original principal or the inflation-adjusted principal. If the return of principal is not guaranteed, the investor may receive less than the amount it originally invested in an inflation-indexed security following a period of deflation. Any guarantee of principal provided by a party other than the U.S. Government will increase a Portfolio’s exposure to the credit risk of that party.

The value of inflation-indexed securities is generally expected to change in response to changes in “real” interest rates. The real interest rate is the rate of interest that would be paid in the absence of inflation. The actual rate of interest, referred to as the nominal interest rate, is equal to the real interest rate plus the rate of inflation. If inflation rises at a faster rate than nominal interest rates, real interest rates might decline, leading to an increase in value of inflation-indexed securities. In contrast, if nominal interest rates increase at a faster rate than inflation, real interest rates might rise, leading to a decrease in value of inflation-indexed securities.

While inflation-indexed securities are designed to provide some protection from long-term inflationary trends, short-term increases in inflation may lead to a decline in their value. For example, if interest rates rise due to reasons other than inflation, investors in these securities may not be protected to the extent that the increase is not reflected in the security’s inflation measure. The reasons that interest rates may rise without a corresponding increase in inflation include changes in currency exchange rates and temporary shortages of credit or liquidity. When interest rates rise without a corresponding increase in inflation, a Portfolio’s investment in inflation-indexed securities will forego the additional return that could have been earned on a floating rate debt security.

The periodic adjustment of U.S. inflation-protected debt securities is tied to the Consumer Price Index for Urban Consumers ("CPI-U"), which is calculated monthly by the U.S. Bureau of Labor Statistics. The CPI-U is an index of changes in the cost of living, made up of components such as housing, food, transportation and energy. Inflation-protected debt securities issued by a foreign government are generally adjusted to reflect a comparable consumer inflation index, calculated by that government. There can be no assurance that the CPI-U or any foreign inflation index will accurately measure the actual rate of inflation in the prices of goods and services. Moreover, there can be no assurance that the rate of inflation in a foreign country will be correlated to the rate of inflation in the United States. To the extent that a Portfolio invests in inflation-indexed securities as a hedge against inflation, an imperfect hedge will result if the cost of living (as represented in the CPI-U) has a different inflation rate than the Portfolio's interests in industries and sectors minimally affected by changes in the cost of living.

Master Limited Partnerships

Permanent Portfolio, Versatile Bond Portfolio and Aggressive Growth Portfolio may invest in master limited partnerships ("MLPs"), which are limited partnerships (or similar entities, such as limited liability companies) in which the ownership units (*e.g.*, limited partnership interests) are publicly traded. MLP units are registered with the SEC and are freely traded on a securities exchange or in the OTC market. Many MLPs operate in oil and gas related businesses, including energy processing and distribution. Many MLPs are pass-through entities that generally are taxed at the unitholder level and are not subject to federal or state income tax at the entity level. Annual income, gains, losses, deductions and credits of such an MLP pass through directly to its unitholders. Distributions from an MLP may consist in part of a return of capital. Generally, an MLP is operated under the supervision of one or more general partners. Limited partners are not involved in the day-to-day management of an MLP.

Investing in MLPs involves certain risks related to investing in their underlying assets and risks associated with pooled investment vehicles. MLPs holding credit-related investments are subject to interest rate risk and the risk of default on payment obligations by debt issuers. MLPs that concentrate in a particular industry or a particular geographic region are subject to risks associated with such industry or region. Investments held by MLPs may be relatively illiquid, limiting the MLPs' ability to vary their portfolios promptly in response to changes in economic or other conditions. MLPs may have limited financial resources, their securities may trade infrequently and in limited volume, and they may be subject to more abrupt or erratic price movements than securities of larger or more broadly based companies.

The risks of investing in an MLP are generally those inherent in investing in a partnership as opposed to a corporation. For example, state law governing partnerships is different than state law governing corporations. Accordingly, there may be fewer protections afforded investors in an MLP than investors in a corporation. For example, although unitholders of an MLP are generally limited in their liability, similar to a corporation's shareholders, creditors typically have the right to seek the return of distributions made to unitholders if the liability in question arose before the distributions were paid. This liability may stay attached to a unitholder even after it sells its units.

Mezzanine Securities

Versatile Bond Portfolio may invest in mezzanine securities, which are subordinated debt securities that receive payment of interest and principal after other more senior holders are paid. They are generally issued in private placements in connection with an equity security. Mezzanine securities are rated below investment grade and frequently are unrated and present many of the same risks as senior loans, second lien loans and below investment grade bonds. However, unlike senior loans and second lien loans, mezzanine securities are not a senior or secondary secured obligation of the related borrower. They typically are the most subordinated debt obligation in an issuer's capital structure. Mezzanine securities also may often be unsecured. Mezzanine securities therefore are subject to the additional risk that the cash flow of the related borrower and the property securing the loan may be insufficient to repay the scheduled interest and principal after giving effect to any senior obligations of the related borrower. Mezzanine securities are also expected to be a highly illiquid investment. Mezzanine securities will be subject to certain additional risks to the extent that such loans may not be protected by financial covenants or limitations upon additional indebtedness. Investment in mezzanine securities is a highly specialized investment practice that depends more heavily on independent credit analysis than investments in other types of debt obligations.

Municipal Securities

Permanent Portfolio and Versatile Bond Portfolio may invest in municipal securities issued by states, territories and possessions of the United States and the District of Columbia. The value of municipal securities can be affected by changes in their actual or perceived credit quality. The credit quality of municipal securities can be affected by, among other things, the financial condition of the issuer or guarantor, the issuer’s future borrowing plans and sources of revenue, the economic feasibility of the revenue bond project or general borrowing purpose, political or economic developments in the state or region where the security is issued, and the liquidity of the security. Because municipal securities are generally traded over-the-counter, the liquidity of a particular issue often depends on the willingness of dealers to make a market in the security. The liquidity of some municipal obligations may be enhanced by demand features, which may enable a Portfolio to demand payment on short notice from the issuer or a financial intermediary.

The Portfolios may purchase insured municipal debt securities in which scheduled payments of interest and principal are guaranteed by a private, non-governmental or governmental insurance company. The insurance does not guarantee the market value of the municipal debt or the value of the shares of a Portfolio.

Securities of issuers of municipal securities are subject to the provisions of bankruptcy, insolvency and other laws affecting the rights and remedies of creditors, such as the Bankruptcy Code. In addition, the obligations of such issuers may become subject to laws enacted in the future by Congress, state legislatures or referenda extending the time for payment of principal or interest, or imposing other constraints upon enforcement of such obligations or upon the ability of municipalities to levy taxes. Furthermore, as a result of legislation or other conditions, the power or ability of any issuer to pay, when due, the principal of and interest on its municipal obligations may be materially affected.

Municipal securities may include “moral obligation” securities which are usually issued by special purpose public authorities. If the issuer of moral obligation bonds cannot fulfill its financial responsibilities from current revenues, it may draw upon a reserve fund, the maintenance and restoration of which is a moral commitment but not a legal obligation of the state or municipality that created the issuer.

Municipal securities may also include industrial development bonds and pollution control bonds, which in most cases are revenue bonds and generally are not payable from the unrestricted revenues of an issuer. They are issued by or on behalf of public authorities to raise money to finance privately operated facilities for business, manufacturing, housing, sport complexes and pollution control. Consequently, the credit quality of these securities depend upon the ability of the user of the facilities financed by the bonds and any guarantor to meet its financial obligations.

Natural Disasters and Adverse Weather Conditions

Certain areas of the world may be exposed to adverse weather conditions, such as major natural disasters and other extreme weather events, including hurricanes, earthquakes, typhoons, floods, tidal waves, tsunamis, volcanic eruptions, wildfires, droughts, windstorms, coastal storm surges, heat waves, and rising sea levels, among others. Some countries and regions may not have the infrastructure or resources to respond to natural disasters, making them more economically sensitive to environmental events. Such disasters, and the resulting damage, could have a severe and negative impact on a fund’s investment portfolio and, in the longer term, could impair the ability of issuers in which a fund invests to conduct their businesses in the manner normally conducted. Adverse weather conditions also may have a particularly significant negative effect on issuers in the agricultural sector and on insurance companies that insure against the impact of natural disasters.

Climate change, which is the result of a change in global or regional climate patterns, may increase the frequency and intensity of such adverse weather conditions, resulting in increased economic impact, and may pose long-term risks to a Portfolio's investments. The future impact of climate change is difficult to predict but may include changes in demand for certain goods and services, supply chain disruption, changes in production costs, increased legislation, regulation and international accords, changes in property and security values, availability of natural resources and displacement of peoples.

Offsetting and Indirect Investments

Permanent Portfolio, in carrying out its investment and tax-planning policies and in maintaining the Target Percentage for each investment category, and Aggressive Growth Portfolio, in carrying out its investment and tax planning policies, each may write covered call options and purchase put options on stocks that it owns, make short sales of stocks that it owns, and borrow money and enter into reverse repurchase agreements. Permanent Portfolio also may buy and sell gold, silver and Swiss francs in the forward market (including through the purchase and sale of futures contracts). Versatile Bond Portfolio in carrying out its investment and tax planning policies, may enter into forward contracts, futures contracts, enter into agreements for "when-issued and delayed-delivery securities," borrow money, and enter into reverse repurchase agreements.

Although these instruments are commonly associated with speculative, short-term trading, each of Permanent Portfolio, Versatile Bond Portfolio and Aggressive Growth Portfolio is prohibited from using them, and will not use them, for such purpose (or in contravention of such rules and regulations or orders as the SEC may prescribe). Permanent Portfolio may, from time to time, use short sales, forward contracts, put and call options, borrowings and reverse repurchase agreements only to reduce discrepancies between its actual holdings and the Target Percentages in instances where the devices appear to offer an advantage in price or yield over a direct purchase or sale of the underlying asset, or for tax planning. Aggressive Growth Portfolio may, from time to time, use such devices only in instances where they appear to offer an advantage in price or yield over a direct purchase or sale of the underlying asset, or for tax planning. There can be no guarantee that these strategies will operate as intended or that the instruments necessary to implement these strategies will be available. Each Portfolio expects, if and when it uses put and call options, forward contracts, and short sales, to make or accept delivery of the underlying asset. Each Portfolio would elect not to make or accept delivery only when so electing would, in the opinion of the Investment Adviser, achieve an advantage in price, yield, or tax planning. In such instances, those Portfolios would enter into an offsetting option transaction (selling the put and purchasing the call, as the case may be), or an offsetting forward transaction (selling or purchasing a forward contract, as the case may be), or would close out the short sale by purchasing and delivering the underlying securities. Those Portfolios generally would incur additional brokerage costs in doing so. Permanent Portfolio may engage in forward contracts and short sales outside of the United States, which might entail additional risks. See "Portfolios Summaries - Permanent Portfolio" in the Prospectus.

As an example of how Permanent Portfolio might use the strategies described above, if its actual holdings of gold sufficiently exceeded the Target Percentage for gold, the Portfolio might enter into a forward sale for the excess amount. The quantity of gold subject to the forward sale then would be counted as an offset against the Portfolio's actual holdings, and the payment receivable from the forward sale would be counted as a dollar asset.

Similarly, Permanent Portfolio might increase its position in an investment category by making purchases in the forward market. For example, if its actual holdings of silver sufficiently fell below the Target Percentage for silver, the Portfolio might purchase silver in the forward market and count it as silver owned. The money payable to the seller upon delivery of the silver to the Portfolio would be counted as an offset against its holdings of dollar assets.

As a further example, Permanent Portfolio or Aggressive Growth Portfolio might use put and call options to effectively reduce its holdings of a particular stock. Those Portfolios would do so by writing (selling) call options on the shares of stock they owned and simultaneously purchasing put options (with the same expiration date and strike price) on the same stock. The effect of the option transactions would be virtually to eliminate the Portfolio's interest in the price of the stock for the duration of the options, since the net value of the option position would (within narrow limits) change dollar for dollar with, but in the direction opposite to, changes in the price of the stock. The combined dollar value of the stock and the option position would be approximately fixed, but, due to competitive factors in the option market, normally would tend to rise gradually over the life of the options. Accordingly, while the option position remains open, Permanent Portfolio would count the value of the stock together with the option position as a dollar asset.

Permanent Portfolio may borrow money or enter into reverse repurchase agreements in order to reduce its net holdings of dollar assets to the level called for by the Target Percentages, but the Portfolio may not borrow for the purpose of speculative, short-term trading. The amount of any borrowing by Permanent Portfolio would be counted as an offset against its holdings of dollar assets, and the money borrowed would be invested to increase the Portfolio's holdings in other investment categories to the levels called for by the Target Percentages.

Additional information regarding offsetting and indirect investments appears below.

The regulation of the U.S. and non-U.S. derivatives markets has undergone substantial change in recent years and such change may continue. In particular, on October 28, 2020, the SEC adopted new regulations governing the use of derivatives by registered investment companies ("Rule 18f-4" or the "Derivatives Rule." The Funds were required to implement and comply with Rule18f-4 by August 19, 2022. Rule 18f-4 eliminates the asset segregation framework formerly used by funds to comply with Section 18 of the 1940 Act.

The Trust's Portfolios all intend to qualify as "limited derivatives users" as that term is defined in the Derivatives Rule. For other than a limited derivatives user, the Derivatives Rule mandates that a fund adopt and/or implement: (i) value-at-risk limitations ("VaR"); (ii) a written derivatives risk management program; (iii) new Board oversight responsibilities; and (iv) new reporting and recordkeeping requirements. In the event that a fund's derivative exposure is ten percent or less of its net assets, excluding certain currency and interest rate hedging transactions, it can elect to be classified as a limited derivatives user under the Derivatives Rule, in which case the fund is not subject to the full requirements of the Derivatives Rule. Limited derivatives users are excepted from VaR testing, implementing a derivatives risk management program, and certain Board oversight and reporting requirements mandated by the Derivatives Rule. However, a limited derivatives user is required to implement written compliance policies and procedures reasonably designed to manage its derivatives risks.

The Derivatives Rule also provides special treatment for reverse repurchase agreements, similar financing transactions and unfunded commitment agreements. Specifically, a fund may elect whether to treat reverse repurchase agreements and similar financing transactions as "derivatives transactions" subject to the requirements of the Derivatives Rule or as senior securities equivalent to bank borrowings for purposes of Section 18 of the 1940 Act. In addition, when-issued or forward settling securities transactions that physically settle within thirty-five days are deemed not to involve a senior security.

Put and Call Options

In exchange for a premium, the seller (writer) of a call option grants to the option buyer the right, until a certain expiration date, to purchase shares of stock at a fixed price (the strike price). For a speculative trader, the risk assumed by selling a call option is that the market price of the underlying stock prevailing on the expiration date may be above the option's strike price. In that case, the speculative option seller (unlike Permanent Portfolio and Aggressive Growth Portfolio, which would own the underlying stock (*i.e.*, a "covered" call option)), could be forced to purchase the stock to cover the option and deliver it to the option buyer. The difference between the option's strike price and the stock's price in the open market would represent a loss to the option seller.

By paying a premium, the purchaser of a put option acquires the right, until a certain expiration date, to sell shares of stock at a fixed strike price. For a speculative trader, the risk of purchasing a put is that the market price of the underlying stock prevailing on the expiration date may be above the option's strike price. In that case, the option would expire worthless and the entire amount invested in it would be lost.

The purchase of a put option simultaneously with the sale of a call option (on the same stock and with the same strike price and expiration date) is considered in economic effect a short sale of the underlying stock; the net value of the option position tends to change dollar for dollar with, but in a direction counter to, the price of the underlying stock. Permanent Portfolio or Aggressive Growth Portfolio might enter into a short sale, instead of a combined option transaction, of a particular stock that it owned if no option were available on the stock or if the short sale provided an advantage in price over a combined option transaction.

The combined option transaction also involves both the payment of a premium (for the purchase of the put option) and the receipt of a premium (from the sale of the call option). For a speculative trader, the risk of such a combined option transaction is that the price of the underlying stock will rise. In that case, each one-dollar rise in the price of the stock would result in a loss of approximately one dollar on the combined option transaction.

The only type of option transaction which Permanent Portfolio or Aggressive Growth Portfolio may enter into as an offsetting or indirect investment is the combined transaction described in the preceding paragraph. However, those Portfolios will enter into such a transaction only if they actually own the stock to which the options apply, and they will continue to hold the option positions only while they continue to hold the stock. Thus, any loss on a permissible option transaction should be approximately equaled by a gain on the price of the stock.

Each of Permanent Portfolio and Aggressive Growth Portfolio has adopted the following operating policies with respect to option transactions used as offsetting or indirect investments, which may be changed only by the Trust's Board:

- the aggregate value of the stock underlying option transactions, determined as of the date the options are entered into, will not ordinarily exceed 10% and may not exceed 25% of such Portfolio's net assets;
- the stock underlying the options must be listed on a national securities exchange, and the option must be issued by the Chicago Board Options Clearing Corporation;
- the aggregate premiums paid for all put options purchased by such Portfolio and held by it at any one time will not exceed 2% of its net assets;
- the stock underlying the options must be qualified within such Portfolio's investment categories; and
- the maximum term of the options will not exceed nine months.

The foregoing discussion applies only to option transactions used as offsetting or indirect investments and has no application to the acquisition of stock warrants by Permanent Portfolio or Aggressive Growth Portfolio. See "Additional Investment Information — Warrants" in this SAI.

Forward Contracts

A forward purchase obligates the purchaser to pay a fixed price for a commodity or currency to be delivered at a fixed date in the future. A forward sale is the counterpart of a forward purchase; it obligates the seller to deliver a commodity or currency on a fixed date in the future in exchange for a fixed price. Forward contracts with a bank or dealer generally are not secured or guaranteed by an exchange, clearing corporation, or similar entity.

Except for futures contracts (the type of forward contract that is traded on a U.S. futures exchange), forward contracts usually are settled in cash at the contract's maturity date. A futures contract, on the other hand, usually involves daily settlement, in cash, of the gain or loss on the commodity's price each day. Commodity futures contracts are traded on U.S. commodity exchanges and are subject to the regulation of the exchange and of the Commodity Futures Trading Commission ("CFTC") under the Commodity Exchange Act, in order to prevent price manipulation and excessive speculation, and to promote orderly and effective commodity futures markets. Such regulations may include trading and daily price limits, position limits and margin requirements. Pursuant to a claim for exemption filed with the National Futures Association on behalf of each Portfolio, as of the date of this SAI, the Portfolios are not deemed to be "commodity pool operators" or "commodity pools" under the Commodity Exchange Act and are not subject to registration or regulation as such under the Commodity Exchange Act. Pacific Heights is not deemed to be a "commodity pool operator" with respect to its service as Investment Adviser to the Portfolios.

Because it is possible to enter into forward purchase and sales contracts by making an initial payment of as little as 5% (or even less) of the value of the commodity, forward contracts can involve a high degree of risk; even a small decline in the price of the commodity could result in the loss of most or all of the cash invested. Permanent Portfolio, however, will not trade in commodity forward contracts; it will enter into forward purchases only for amounts of commodities (or Swiss francs) needed to meet the Target Percentages, and it will enter into forward sales only for amounts of commodities (or Swiss francs) it actually owns that exceed the Target Percentages. Consequently, Permanent Portfolio will not be subject to the high degree of risk associated with the speculative use of forward contracts, although each forward transaction, viewed in isolation, would still appear to involve the risks normally associated with forward contracts. Furthermore, Permanent Portfolio has adopted the following operating policies with respect to forward contracts, which may be changed only by the Board of Trustees:

- it will use forward contracts only to acquire and dispose of actual commodities (or Swiss francs) within the Target Percentages, and not for any speculative purpose;
- it will enter into forward contracts only through a regulated U.S. commodity exchange or dealers that are members of or affiliated with members of a regulated U.S. commodity exchange, or with the ten largest (in assets) U.S. banks or ten largest (in assets) Swiss commercial banks, excluding cantonal and savings banks, as determined by the Swiss National Bank;
- its net assets plus its borrowings and the aggregate price of all commodity forward contracts it owns (measured by multiplying the number of units to which the contracts refer by the price per unit specified) will equal at least 300% of the aggregate price of all commodity forward contracts it owns and any borrowings. If the 300% requirement specified above is not being met at any time, the Permanent Portfolio will take the necessary steps to restore the 300% coverage within three business days. Sales of commodity forward contracts in order to comply with this 300% limitation may have an adverse impact on the Portfolio;
- it will not invest (including the placing of additional margin deposits) more than twice the amount of the original margin deposit in any commodity forward contract; and
- it will not invest in, or be contingently obligated in connection with, commodity contracts in an amount exceeding 10% of its assets.

Versatile Bond Portfolio may enter into forward currency contracts and currency futures contracts for hedging purposes in order to protect against fluctuations in currency exchange rates and to minimize the risk from adverse changes in the relationship between the U.S. dollar and other currencies. If a hedging transaction in forward currency contracts and currency futures contracts is successful, the decline in the value of portfolio securities or the increase in the cost of securities to be acquired may be offset, at least in part, by profits on the contract. Nevertheless, by entering into such contracts, Versatile Bond Portfolio may be required to forego all or a portion of the benefits which otherwise could have been obtained from favorable movements in exchange rates. If, for example, the value of the foreign currency increases relative to the dollar, Versatile Bond Portfolio's loss on the contract may or may not be offset by an increase in the value of the securities because a decline in the price of the security stated in terms of the foreign currency may be greater than the increase in value as a result of the change in exchange rates. The Trust's Portfolios intend to qualify as limited derivative users.

Short Sales

A short sale obligates the seller to deliver a security at a later, perhaps indefinite, date. In return, the seller receives a price that is fixed on the date of the sale. For a speculative trader, the risk of making a short sale is that the price of the security will rise, forcing the short seller to purchase the security at a higher price than he receives from the short sale. In principle, the potential loss is unlimited, since there is no absolute limit on how high an investment's price might rise.

Each of Permanent Portfolio and Aggressive Growth Portfolio will enter into short sales only of stocks that it owns, and it will retain such stocks so long as the short position remains open. (In other words, those Portfolios will enter into short sales "against the box.") Consequently, those Portfolios will not be exposed to the same risks associated with the speculative use of short sales. Each such Portfolio has adopted the following operating policies with respect to short sales, which may be changed only by the Board of Trustees:

- it will limit the dollar amount of short sales at any one time to a value ordinarily not to exceed 10% and in no instance to exceed 25% of its net assets; and
- the value of securities of any one issuer in which it may be short will not exceed the lesser of 2% of the value of its net assets or 2% of the securities of that class of that issuer.

When-Issued and Delayed-Delivery Securities

Permanent Portfolio and Versatile Bond Portfolio may enter into agreements with banks or broker-dealers for the purchase or sale of securities at an agreed-upon price on a specified future date. Such agreements might be entered into, for example, when a Portfolio anticipates a decline in interest rates and is able to obtain a more advantageous yield by committing currently to purchase securities to be issued later. No income is generally earned on these securities until after delivery. A Portfolio may take delivery of these securities or, if it is deemed advisable as a matter of investment strategy, the Portfolio may sell these securities before the settlement date. When the time comes to pay for when-issued or delayed-delivery securities, the Portfolio will meet its obligations from then available cash flow or the sale of securities, or from the sale of the when-issued or delayed- delivery securities themselves (which may have a value greater or less than the Portfolio's payment obligation). The Trust's Portfolios intend to qualify as limited derivative users.

Borrowed Money

The purchase of investments with borrowed money can entail a higher degree of risk from price fluctuations than a cash purchase using one's own funds, since the borrowings allow the buyer to purchase more of the investment than he or she could using only his or her own cash. For example, if the buyer finances a purchase of 50% with his or her own cash and 50% with borrowed funds, each 1% decline in the price of the investment would result in a 2% decline in the net value of his or her position in the investment. A 50% decline in price would result in a total loss. In addition, the buyer would incur interest expense on borrowed funds.

Borrowing also can add to the risk of loss from investment price fluctuations if the borrowing increases the average length to maturity of the borrower's debt securities, since, for example, such borrowing may increase the borrower's exposure to fluctuations in the prices of debt securities due to changes in interest rates ("Interest Rate Risk"). Permanent Portfolio and Versatile Bond Portfolio may invest in bonds of any maturity. The longer a Portfolio's average weighted portfolio duration, the greater the potential exposure to loss from investment price fluctuations due to, among other risks, Interest Rate Risk if the Portfolio were to borrow money. Permanent Portfolio, the Versatile Bond Portfolio and Aggressive Growth Portfolio each has adopted the following operating policies with respect to borrowing:

- the amount of money such Portfolio may borrow will be limited by the 1940 Act, so that immediately after such borrowing the amount borrowed may not exceed 33 1/3% of the value of such Portfolio's assets (including the amount borrowed) less its liabilities (not including any borrowings but including the fair market value at the time of computation of any securities with respect to which there are open short positions). If, due to market fluctuations or other reasons, the value of such Portfolio's assets falls below the coverage requirement of the 1940 Act, such Portfolio will, within three business days, reduce its debt to the extent necessary. To do this, such Portfolio may have to sell a portion of its investments at a time when it may be disadvantageous to do so;
- such Portfolio may borrow only from banks in accordance with the 1940 Act, and will also be subject to applicable margin limitations imposed by regulations adopted by the Federal Reserve Board; and
- in observing these limits, such Portfolio will count the proceeds of reverse repurchase agreements (see below) as borrowed money.

Reverse Repurchase Agreements

A reverse repurchase agreement is a special device for borrowing money. Under such an agreement, the borrower sells an investment (usually a bond, money market instrument or other dollar asset) and agrees to repurchase it later at a fixed price. Because it is possible to borrow nearly the entire purchase price of a bond or other dollar asset through a reverse repurchase agreement, such agreements can be used by traders to speculate on price changes, especially price changes associated with declines in interest rates. Such speculation is highly risky, since an unforeseen rise in interest rates could cause a loss that equals or even exceeds the cash invested.

Permanent Portfolio, Versatile Bond Portfolio and Aggressive Growth Portfolio may enter into reverse repurchase agreements; however, no Portfolio will use reverse repurchase agreements for any speculative purpose. Reverse repurchase agreements have virtually the same effect on a Portfolio as borrowing, secured by the underlying investment. Those Portfolios might enter into a reverse repurchase agreement, instead of a borrowing, if, for example, the reverse repurchase agreement provides an advantage in interest rate over a borrowing. None of these Portfolios has any current intention of engaging in reverse repurchase agreements.

A Portfolio will count the proceeds of a reverse repurchase agreement as borrowed money. Consequently, as in the case of direct borrowing (discussed above), a Portfolio's use of reverse repurchase agreements should not add to its potential risk of loss from investment price fluctuations. Furthermore, Permanent Portfolio, Versatile Bond Portfolio and Aggressive Growth Portfolio each have adopted the following operating policies with respect to reverse repurchase agreements:

- such Portfolio will enter into only those reverse repurchase agreements that have a specified repurchase price; and
- such Portfolio will enter into reverse repurchase agreements only with banks.

Default Risk

Put and call options, forward purchases, short sales, borrowings and reverse repurchase agreements all involve contracts between a Portfolio and a bank, broker, dealer or clearinghouse. A default by any of them could expose the Portfolio to serious loss. The Investment Adviser intends to attempt to reduce a Portfolio's exposure to default risk by giving preference to banks, brokers, dealers and clearinghouses which, in the opinion of the Investment Adviser, have an especially high degree of creditworthiness and by giving preference to transactions that require the corresponding party to pledge or otherwise deliver or establish collateral for the benefit of such Portfolio.

Additional Limitations on Offsetting and Indirect Investments

A Portfolio's ability to make offsetting and indirect investments as described in this SAI may be limited by the Portfolio's qualification as a regulated investment company. Income and gains from certain offsetting and indirect investments related to commodities does not constitute qualifying income to a regulated investment company for purposes of the 90% Income Requirement described under "Tax — General" below, while the tax treatment of some other of these investments is not certain. If a Portfolio's income from these investments were ultimately determined not to constitute qualifying income and the Portfolio's non-qualifying income exceeded 10% of its gross income in any taxable year, the Portfolio would fail to meet the Income Requirement and could be subject to tax at the entity level.

Payment-in-Kind Bonds

Versatile Bond Portfolio may invest in payment-in-kind, or "PIK" bonds. PIK bonds are bonds which pay interest through the issuance of additional debt or equity securities. Similar to zero coupon obligations, payment-in-kind bonds also carry additional risk as holders of these types of securities realize no cash until the cash payment date unless a portion of such securities is sold and, if the issuer defaults, the Portfolio may obtain no return at all on its investment. The market price of payment-in-kind bonds is affected by interest rate changes to a greater extent, and therefore tends to be more volatile, than that of securities which pay interest in cash. Additionally, current federal tax law requires the holder of certain payment-in-kind bonds to accrue income with respect to these securities prior to the receipt of cash payments. Because each Portfolio must distribute substantially all of its net investment income (including non- cash income attributable to original issue discount and "interest" on pay-in-kind bonds) and net realized gains to its shareholders each taxable year to continue to qualify for treatment as a regulated investment company and to minimize or avoid payment of federal income and excise taxes, it may have to dispose of other investments under disadvantageous circumstances to generate cash, or may be required to borrow, to satisfy the distribution requirements. See "Additional Tax Information — Taxation of the Portfolios."

Private Investments in Public Equity

A Portfolio may invest in securities issued in private investments in public equity transactions, commonly referred to as "PIPEs." A PIPE investment involves the sale of equity securities, or securities convertible into equity securities, in a private placement transaction by an issuer that already has outstanding, publicly traded equity securities of the same class. Shares acquired in PIPEs are commonly sold at a discount to the current market value per share of the issuer's publicly traded securities.

Securities acquired in PIPEs generally are not registered with the SEC until after a certain period of time from the date the private sale is completed, which may be months and perhaps longer. PIPEs may contain provisions that require the issuer to pay penalties to the holder if the securities are not registered within a specified period. Until the public registration process is completed, securities acquired in PIPEs are restricted and, like investments in other types of restricted securities, may be illiquid. Any number of factors may prevent or delay a proposed registration. Prior to or in the absence of registration, it may be possible for securities acquired in PIPEs to be resold in transactions exempt from registration under the 1933 Act. There is no guarantee, however, that an active trading market for such securities will exist at the time of disposition, and the lack of such a market could hurt the market value of a Portfolio's investments. Even if the securities acquired in PIPEs become registered, or a Portfolio is able to sell the securities through an exempt transaction, a Portfolio may not be able to sell all the securities it holds on short notice and the sale could impact the market price of the securities. See "Restricted Securities and Rule 144A Securities" for risks related to restricted securities.

Preferred Stock

Permanent Portfolio and Versatile Bond Portfolio may invest in preferred stock. Preferred stock is an equity security that has features of debt because it generally entitles the holder to periodic payments at a fixed rate of return. Preferred stock is subordinated to any debt the issuer has outstanding but has liquidation preference over common stock. Accordingly, preferred stock dividends are not paid until all debt obligations are first met. Preferred stock may be subject to more fluctuations in market value, due to changes in market participants' perceptions of the issuer's ability to continue to pay dividends, than debt of the same issuer. These investments include convertible preferred stock, which includes an option for the holder to convert the preferred stock into the issuer's common stock under certain conditions, among which may be the specification of a future date when the conversion must begin, a certain number of common shares per preferred share, or a certain price per share for the common stock. Convertible preferred stock tends to be more volatile than non-convertible preferred stock, because its value is related to the price of the issuer's common stock as well as the dividends payable on the preferred stock.

Real Estate-Related Instruments

No Portfolio may invest directly in real estate, but Permanent Portfolio and Aggressive Growth Portfolio may invest in securities issued by real estate companies. Investments in the securities of companies in the real estate industry subject a Portfolio to the risks associated with the direct ownership of real estate and the real estate industry generally.

Real estate-related instruments include securities of real estate investment trusts (also known as "REITs"), commercial and residential mortgage-backed securities and real estate financings. Such instruments are sensitive to factors such as real estate values and property taxes, interest rates, cash flow of underlying real estate assets, overbuilding, and the management skill and creditworthiness of the issuer. Real estate-related instruments may also be affected by tax and regulatory requirements, such as those relating to the environment.

REITs are sometimes informally characterized as equity REITs, mortgage REITs and hybrid REITs. An equity REIT invests primarily in the fee ownership or leasehold ownership of land and buildings, and derives its income primarily from rental income. An equity REIT may also realize capital gains (or losses) by selling real estate properties in its portfolio that have appreciated (or depreciated) in value. A mortgage REIT invests primarily in mortgages on real estate, which may secure construction, development or long-term loans, and derives its income primarily from interest payments on the credit it has extended. A hybrid REIT combines the characteristics of equity REITs and mortgage REITs, generally by holding both ownership interests and mortgage interests in real estate.

REITs (especially mortgage REITs) are subject to interest rate risk. Rising interest rates may cause REIT investors to demand a higher annual yield, which may, in turn, cause a decline in the market price of the equity securities issued by a REIT. Rising interest rates also generally increase the costs of obtaining financing, which could cause the value of a Portfolio's REIT investments to decline. During periods when interest rates are declining, mortgages are often refinanced. Refinancing may reduce the yield on investments in mortgage REITs. In addition, because mortgage REITs depend on payment under their mortgage loans and leases to generate cash to make distributions to their shareholders, investments in such REITs may be adversely affected by defaults on such mortgage loans or leases.

REITs are dependent upon management skill, are not diversified, and are subject to heavy cash flow dependency, defaults by borrowers, self-liquidation, and the possibility of failing to qualify for conduit income tax treatment under the Internal Revenue Code of 1986, as amended ("Code") and failing to maintain exemption from the 1940 Act.

REITs are subject to management fees and other expenses. Therefore, investments in REITs will cause a Portfolio to bear its proportionate share of the costs of the REITs' operations. At the same time, a Portfolio will continue to pay its own management fees and expenses with respect to all of its assets, including any portion invested in REITs.

Repurchase Agreements

In a repurchase agreement, a Portfolio buys an investment ("underlying security"), such as a Treasury bond that the seller agrees to buy back at a later date for a stated price. Repurchase agreements entered into by the Trust's Portfolios will generally have a term of seven days or less. The Portfolios earn interest on the transactions, either in the form of an explicit payment or in the form of a differential between the purchase price and the repurchase price.

Repurchase agreements may be considered loans to sellers of the underlying securities, with those securities constituting the collateral for the loans. The Portfolios would suffer a loss on a repurchase agreement if the seller defaulted on its obligation to repurchase the underlying securities when the value of the securities had declined to less than the agreed upon repurchase price. In order to reduce the risk of loss from such transactions, Permanent Portfolio, Short-Term Treasury Portfolio and Aggressive Growth Portfolio will only enter into repurchase agreements whose underlying securities are U.S. Treasury securities, U.S. government agency securities, short-term high-grade corporate bonds and banker's acceptances (or, in the case of Short-Term Treasury Portfolio, U.S. Treasury securities), which in the opinion of the Investment Adviser, present only a very small risk of default.

The Trust's Portfolios generally will enter into repurchase agreements only with banks. They may enter into a repurchase agreement with a broker-dealer provided that the agreement is fully collateralized and "marked to market" daily (which would require sufficient adjustments of cash or collateral to be made each day so that the current value of the collateral is at least equal to the amount of the loan including accrued interest thereon). Such collateral would be deposited with the Trust's custodian.

Restricted Securities and Rule 144A Securities

Permanent Portfolio, Versatile Bond Portfolio and Aggressive Growth Portfolio may invest in "restricted securities," which generally are securities that may be resold to the public only pursuant to an effective registration statement under the 1933 Act or an exemption from registration. Regulation S under the 1933 Act is an exemption from registration that permits, under certain circumstances, the resale of restricted securities in offshore transactions, subject to certain conditions, and Rule 144A under the 1933 Act is an exemption that permits the resale of certain restricted securities to qualified institutional buyers.

Since its adoption by the SEC in 1990, Rule 144A has facilitated trading of restricted securities among qualified institutional investors. To the extent restricted securities held by a Portfolio qualify under Rule 144A and an institutional market develops for those securities, the Portfolio expects that it will be able to dispose of the securities without registering the resale of such securities under the 1933 Act. However, to the extent that a robust market for such 144A securities does not develop, or a market develops but experiences periods of illiquidity, investments in Rule 144A securities could increase the level of a Portfolio's illiquidity. Pacific Heights, as Liquidity Program Administrator, will determine the liquidity of investments in Rule 144A securities.

Where an exemption from registration under the 1933 Act is unavailable, or where an institutional market is limited, a Portfolio may, in certain circumstances, be permitted to require the issuer of restricted securities held by the Portfolio to file a registration statement to register the resale of such securities under the 1933 Act. In such case, a Portfolio will typically be obligated to pay all or part of the registration expenses, and a considerable period may elapse between the decision to sell and the time the Portfolio may be permitted to resell a security under an effective registration statement. If, during such a period, adverse market conditions were to develop, or the value of the security were to decline, the Portfolio might obtain a less favorable price than prevailed when it decided to sell. Restricted securities for which no market exists are priced in accordance with the Investment Adviser's fair valuation procedures, as the Trust's valuation designee.

Second Lien Loans

Versatile Bond Portfolio's investments in second lien loans generally will be subject to similar risks as those associated with investments in senior loans. Because second lien loans are subordinated or unsecured and thus lower in priority of payment to senior loans, they are subject to the additional risk that the cash flow of the borrower and property securing the loan or debt, if any, may be insufficient to meet scheduled payments after giving effect to the senior secured obligations of the borrower. This risk is generally higher for subordinated unsecured loans or debt, which are not backed by a security interest in any specific collateral. Second lien loans generally have greater price volatility than senior loans and may be less liquid. There is also a possibility that originators will not be able to sell participations in second lien loans, which would create greater credit risk exposure for the holders of such loans.

Securities of ETFs and Other Exchange-Traded Investment Vehicles

The Portfolios may invest in the securities of exchange traded funds ("ETFs") and other pooled investment vehicles that are traded on an exchange and that hold a portfolio of securities or other financial instruments (collectively, "exchange-traded investment vehicles"). When investing in the securities of exchange-traded investment vehicles, a Portfolio will be indirectly exposed to all the risks of the portfolio securities or other financial instruments they hold. The performance of an exchange-traded investment vehicle will be reduced by transaction and other expenses, including fees paid by the exchange-traded investment vehicle to service providers. ETFs are investment companies that are registered as open-end management companies or unit investment trusts. The limits that apply to a Portfolio's investment in securities of other investment companies generally apply also to a Portfolio's investment in securities of ETFs. See "Securities of Other Investment Companies."

Shares of exchange-traded investment vehicles are listed and traded in the secondary market. Many exchange-traded investment vehicles are passively managed and seek to provide returns that track the price and yield performance of a particular index or otherwise provide exposure to an asset class (*e.g.*, currencies or commodities). Although such exchange-traded investment vehicles may invest in other instruments, they largely hold the securities (*e.g.*, common stocks) of the relevant index or financial instruments that provide exposure to the relevant asset class. The share price of an exchange-traded investment vehicle may not track its specified market index, if any, and may trade below its NAV. An active secondary market in the shares of an exchange-traded investment vehicle may not develop or be maintained and may be halted or interrupted due to actions by its listing exchange, unusual market conditions, or other reasons. There can be no assurance that the shares of an exchange-traded investment vehicle will continue to be listed on an active exchange.

Securities of Other Investment Companies

The Portfolios may invest in other investment companies, including open-end management companies, closed-end management companies (including business development companies ("BDCs")) and unit investment trusts, to the extent permitted by the 1940 Act, SEC rules thereunder and exemptions thereto and consistent with their investment objectives and policies. With respect to unaffiliated investment companies in which the Portfolios may invest, Section 12(d)(1)(A) of the 1940 Act requires that, as determined immediately after a purchase is made: (i) not more than 5% of the value of a Portfolio's total assets will be invested in the securities of any one investment company; (ii) not more than 10% of the value of a Portfolio's total assets will be invested in securities of investment companies as a group; and (iii) not more than 3% of the outstanding voting stock of any one investment company will be owned by a Portfolio. The Portfolios will limit their investments in unaffiliated investment companies in accordance with the Section 12(d)(1)(A) limitations set forth above, except to the extent that any rules, regulations or no-action or exemptive relief under the 1940 Act permits the Portfolios' investments to exceed such limits in unaffiliated underlying funds. Such an investment may be the most practical or only manner in which a Portfolio can invest in certain asset classes or participate in certain markets, such as foreign markets, because of the expenses involved or because other vehicles for investing in those markets may not be available at the time the Portfolio is ready to make an investment. When investing in the securities of other investment companies, a Portfolio will be indirectly exposed to all the risks of such investment companies' portfolio securities. To the extent that the Portfolios invest in another investment company, because other investment companies pay advisory, administrative and service fees that are borne indirectly by investors, such as the Portfolios, there may be duplication of investment management and other fees. For certain investment companies, such as BDCs, these expenses may be significant. An investment in the securities of certain types of investment companies, such as closed-end management companies, may involve the payment of substantial premiums above, while the sale of such securities may be made at substantial discounts from, the value of such issuers' portfolio securities.

The Portfolios may also invest their cash balances in money market funds to the extent permitted by their investment policies and rules and exemptions granted under the 1940 Act. It is possible for a Portfolio to lose money by investing in money market funds.

Senior Loans

Versatile Bond Portfolio may invest in senior loans of domestic and foreign borrowers. Senior loans hold a senior position in the capital structure of a business entity (referred to as the "borrower" or "issuer"), are typically secured with specific collateral and have a claim on the assets of the borrower that is senior to that held by subordinated debt holders and stockholders of the borrower. Senior loans typically have rates of interest which are re-determined daily, monthly, quarterly or semi-annually by reference to a base lending rate, plus a premium. Senior loans held by a Portfolio typically have a dollar weighted average period until the next interest rate adjustment of approximately ninety days or less. There can be no assurance that the liquidation of any collateral securing a loan would satisfy the borrower's obligation in the event of non-payment of scheduled interest or principal payments, or that such collateral could be readily liquidated. The specific collateral used to secure a senior loan may decline in value or become illiquid, which would adversely affect the senior loan's value. Some senior loans are subject to the risk that a court, pursuant to fraudulent conveyance or other similar laws, could subordinate such senior loans to presently existing or future indebtedness of the borrower or take other action detrimental to the holders of senior loans including, in certain circumstances, invalidating such senior loans or causing interest previously paid to be refunded to the borrower. Any such actions by a court could negatively affect the Portfolio's performance.

The amount of public information available with respect to senior loans may be less extensive than that available for registered or exchange listed securities. In evaluating the creditworthiness of borrowers, the Investment Adviser will consider and may rely on analyses performed by others. Borrowers may have outstanding debt obligations that are rated below investment grade by a rating agency. Most senior loans in which the Portfolio may invest may be assigned ratings below investment grade by independent rating agencies. In the event senior loans are not rated, they are likely to be the equivalent of below investment grade quality. Because of the protective features of senior loans, they frequently tend to have more favorable loss recovery rates as compared to more junior types of below investment grade debt obligations.

Sovereign Government and Supranational Debt

Permanent Portfolio (U.S. dollar-denominated only) and Versatile Bond Portfolio may invest in debt securities issued by foreign governments and their political subdivisions or agencies. Sovereign debt is subject to risks in addition to those relating to non-U.S. investments generally. The issuer of the debt or the governmental authorities that control the repayment of the debt may be unable or unwilling to repay principal and/or interest when due in accordance with the terms of such debt, and a Portfolio may have limited legal recourse in the event of a default. As a sovereign entity, the issuing government may be immune from lawsuits in the event of its failure or refusal to pay the obligations when due.

Sovereign debt differs from debt obligations issued by private entities in that, generally, remedies for defaults must be pursued in the courts of the defaulting party. Legal recourse is therefore somewhat diminished. Political conditions, especially a sovereign entity's willingness to meet the terms of its debt obligations, are of considerable significance. Also, holders of commercial bank debt issued by the same sovereign entity may contest payments to the holders of sovereign debt in the event of default under commercial bank loan agreements.

A sovereign debtor's willingness or ability to repay principal and interest due in a timely manner may be affected by, among other factors, its cash flow situation, the extent of its non-U.S. reserves, the availability of sufficient non-U.S. exchange on the date a payment is due, the relative size of the debt service burden to the economy as a whole, the sovereign debtor's policy toward principal international lenders and the political constraints to which a sovereign debtor may be subject. Increased protectionism on the part of a country's trading partners or political changes in those countries, could also adversely affect its exports. Such events could diminish a country's trade account surplus, if any, or the credit standing of a particular local government or agency.

Sovereign debtors may also be dependent on disbursements or assistance from foreign governments or multinational agencies, the country's access to trade and other international credits, and the country's balance of trade. Assistance may be dependent on a country's implementation of austerity measures and reforms, which measures may limit or be perceived to limit economic growth and recovery. Some sovereign debtors have rescheduled their debt payments, declared moratoria on payments or restructured their debt to effectively eliminate portions of it, and similar occurrences may happen in the future. There is no bankruptcy proceeding by which sovereign debt on which governmental entities have defaulted may be collected in whole or in part.

Sovereign debt may include: (i) debt securities issued or guaranteed by governments, governmental agencies or instrumentalities and political subdivisions located in emerging market countries; (ii) debt securities issued by government-owned, controlled or sponsored entities located in emerging market countries; (iii) interests in entities organized and operated for the purpose of restructuring the investment characteristics of instruments issued by any of the above issuers; (iv) participations in loans between emerging market governments and financial institutions; and (v) Brady bonds.

Supranational entities may also issue debt securities. A supranational entity is a bank, commission or company established or financially supported by the national governments of one or more countries to promote reconstruction or development. Included among these organizations are the Asian Development Bank, the European Investment Bank, the Inter-American Development Bank, the International Monetary Fund, the United Nations, the World Bank and the European Bank for Reconstruction and Development. Supranational organizations have no taxing authority and are dependent on their members for payments of interest and principal. Further, the lending activities of such entities are limited to a percentage of their total capital, reserves and net income.

Special Purpose Acquisition Companies

A Portfolio may invest in stock, rights, warrants, and other securities of special purpose acquisition companies ("SPACs") or similar special purpose entities. A SPAC is a publicly traded company that raises investment capital in the form of a blind pool via an IPO for the purpose of acquiring an existing company. The shares of a SPAC are typically issued in "units" that include one share of common stock and one right or warrant (or partial right or warrant) conveying the right to purchase additional shares or partial shares. At a specified time following the SPAC's initial public offering (IPO) (generally 1-2 months), the rights and warrants may be separated from the common stock at the election of the holder, after which they become freely tradeable. After going public and until an acquisition is completed, a SPAC generally invests the proceeds of its IPO (less a portion retained to cover expenses), which are held in trust, in U.S. government securities, money market securities and cash. To the extent the SPAC is invested in cash or similar securities, this may impact a Portfolio's ability to meet its investment objective. If a SPAC does not complete an acquisition within a specified period of time after going public, the SPAC is dissolved, at which point the invested funds are returned to the SPAC's shareholders (less certain permitted expenses) and any rights or warrants issued by the SPAC expire worthless.

Because SPACs and similar entities are in essence blank check companies without an operating history or ongoing business other than seeking acquisitions, the value of their securities is particularly dependent on the ability of the entity's management to identify and complete a profitable acquisition. Some SPACs may pursue acquisitions only within certain industries or regions, which may increase the volatility of their prices. In addition, the securities issued by a SPAC, which are typically traded in the over-the-counter market, may be considered illiquid and/or be subject to restrictions on resale.

Separate Trading of Registered Interest and Principal of Securities

Permanent Portfolio, Short-Term Treasury Portfolio and Versatile Bond Portfolio may invest in the separate trading of registered interest and principle of securities ("STRIPs"). STRIPs are the separate income or principal components of a debt security. The risks associated with stripped securities are similar to those of other debt securities, although stripped securities may be more volatile, and the value of certain types of stripped securities may move in the same direction as interest rates. U.S. Treasury securities that have been stripped by a Federal Reserve Bank are obligations issued by the U.S. Treasury.

Privately stripped government securities are created when a dealer deposits a U.S. Treasury security or other U.S. government security with a custodian for safekeeping. The custodian issues separate receipts for the coupon payments and the principal payment, which the dealer then sells. These coupons are not obligations of the U.S. Treasury.

Temporary Defensive Position

When the investment adviser believes market or economic conditions are unfavorable, Short-Term Treasury Portfolio, Versatile Bond Portfolio and Aggressive Growth Portfolio may invest up to 100% of its assets in a temporary, defensive manner by holding cash, cash equivalents or other high quality, short-term investments. In these circumstances, it may be more difficult for the Portfolio to achieve its investment objective.

Terrorism Risks

Terrorist attacks may affect U.S. and world economies and markets. Attacks may have both short-and long-term effects including short-term market volatility. Such events could also have an acute effect on individual issuers, related groups of issuers, or issuers concentrated in a single geographic area. A disruption of the financial markets or other terrorist attacks could adversely impact interest rates, secondary trading, ratings, credit risk, inflation and other factors relating to portfolio securities and adversely affect Trust service providers and the Portfolios' operations.

U.S. Government and Agency Securities

U.S. government securities are obligations of the U.S. Treasury backed by the full-faith-and-credit of the United States. U.S. Treasury bills are short-term (fifty-two weeks or less) loans to the U.S. government. Treasury bills are full-faith-and-credit obligations of the U.S. Treasury. Treasury bills are actively traded in the open market. Because of their short time to maturity, their day-to-day price fluctuations are small. U.S. Treasury notes and bonds are long-term (as long as thirty years) loans to the U.S. government. Like Treasury bills, they are full-faith-and-credit obligations of the U.S. Treasury. Treasury notes and bonds are actively traded in the open market. Because of their long maturities, they are subject to larger day-to-day fluctuations in price than Treasury bills.

U.S. government agency securities are issued or guaranteed by U.S. government agencies, sponsored enterprises or by instrumentalities of the U.S. government, such as Ginnie Mae (also known as the Government National Mortgage Association), Fannie Mae (also known as the Federal National Mortgage Association), Freddie Mac (also known as the Federal Home Loan Mortgage Corporation), SLM Corporation (formerly, Student Loan Marketing Association) (commonly known as "Sallie Mae"), Federal Home Loan Banks ("FHLB"), and the Tennessee Valley Authority. Some U.S. government agency securities are supported by the full-faith-and-credit of the United States, while others may be supported by the issuer's ability to borrow from the U.S. Treasury, subject to the U.S. Treasury's discretion in certain cases, or only by the credit of the issuer. No assurance can be given that the U.S. government will provide financial support to U.S. government agencies, instrumentalities or sponsored enterprises in the future, and the U.S. government may be unable to pay these debts when due. Accordingly, there is at least a possibility of default. U.S. government agency securities include U.S. government agency mortgage-backed securities. The market prices of U.S. government agency securities are not guaranteed by the U.S. government and generally fluctuate inversely with changing interest rates.

U.S. government agency securities are deemed to include: (i) securities for which the payment of principal and interest is backed by an irrevocable letter of credit issued by the U.S. government, its agencies, sponsored enterprises or instrumentalities; and (ii) participations in loans made to foreign governments or their agencies that are so guaranteed. The secondary market for certain of these participations is extremely limited. In the absence of a suitable secondary market, such participations may therefore be regarded as illiquid.

Variable, Floating and Inverse Floating Rate Securities

Permanent Portfolio (U.S. dollar-denominated only) and Versatile Bond Portfolio may invest in variable, floating and inverse floating rate securities. These securities have interest rates that are reset at periodic intervals, usually by reference to some interest rate index or market interest rate. Some of these securities are backed by pools of mortgage loans. Although the rate adjustment feature may act as a buffer to reduce sharp changes in the value of these securities, they are still subject to changes in value based on changes in market interest rates or changes in the issuer's creditworthiness. Because the interest rate is reset only periodically, changes in the interest rate on these securities may lag behind changes in prevailing market interest rates. Also, some of these securities (or the underlying mortgages) are subject to caps or floors that limit the maximum change in the interest rate during a specified period or over the life of the security.

Warrants and Rights

Warrants and rights may be acquired by Permanent Portfolio, Aggressive Growth Portfolio and Versatile Bond Portfolio in connection with other securities or separately. Warrants are securities permitting, but not obligating, their holder to subscribe for other securities or commodities at a later date, usually at a price that is higher than the market price at the time the warrant is issued. Rights are similar to warrants but typically are issued by a company to existing holders of its stock and provide those holders the right to purchase additional shares of stock at a later date. Rights also normally have a shorter duration than warrants. Warrants and rights do not carry with them the right to dividends or voting rights with respect to the securities that they entitle their holder to purchase, and they do not represent any rights in the assets of the issuer. In addition, the value of a warrant or right does not necessarily change with the value of the underlying securities. The purchase of warrants or rights involves the risk that a Portfolio could lose the purchase value of a warrant or right if the right to subscribe for additional shares is not exercised prior to the warrants' and rights' expiration date since warrants and rights cease to have value if they are not exercised prior to their expiration date. Also, the purchase of warrants and rights involves the risk that the effective price paid for the warrants or rights added to the subscription price of the related security may exceed the value of the subscribed security's market price such as when there is no movement in the price of the underlying security. These factors can make warrants and rights more speculative than other types of investments. The market for warrants or rights may be very limited and it may be difficult to sell them promptly at an acceptable price. Each of Permanent Portfolio's and Aggressive Growth Portfolio's total investments in warrants is limited to a value (at the lower of cost or market) not to exceed 5% of the Portfolio's net assets, and warrants which are not listed on the New York Stock Exchange or NYSE Market may not exceed 2% of the Portfolio's net assets.

Yankee Bonds

Permanent Portfolio and Versatile Bond Portfolio may invest in “Yankee bonds,” which are U.S. dollar-denominated obligations issued in the U.S. capital markets by foreign governments and corporations. Yankee bonds are subject to the same risks that pertain to domestic issues, notably interest rate risk, credit risk, income risk, call risk and liquidity risk. Additionally, to a limited extent, Yankee bonds are subject to certain sovereign risks and other risks associated with foreign investments. One such risk is the possibility that a sovereign country might prevent capital, in the form of dollars, from flowing across their borders. Other risks include: (i) adverse political and economic developments; (ii) the extent and quality of government regulation of financial markets and institutions; (iii) the imposition of foreign withholding taxes; and (iv) the expropriation or nationalization of foreign issues.

Yankee bonds are issued in the United States by foreign governments or companies. Since they are U.S. dollar-denominated, they are not affected by variations in currency exchange rates. Yankee bonds are influenced primarily by interest rate levels in the United States and by the financial condition of the issuer. Because the issuers are foreign, the issuers may be subject to levels of risk that differ from the domestic bond market.

Zero Coupon Bonds

Permanent Portfolio (U.S. dollar-denominated only) and Versatile Bond Portfolio may invest in zero coupon securities. These securities are debt obligations that do not entitle the holder to any periodic payment of interest prior to maturity or that specify a future date when the securities begin to pay current interest. Zero coupon securities are issued and traded at a discount from their face amount or par value (known as “original issue discount” or “OID”). OID varies depending on prevailing interest rates, the time remaining until cash payments begin, the liquidity of the security, and the perceived credit quality of the issuer. Zero coupon and step coupon securities are redeemed at face value when they mature. The market prices of zero coupon securities generally are more volatile than the prices of securities that pay interest periodically. Zero coupon securities are likely to respond to changes in interest rates to a greater degree than other types of debt securities having a similar maturity and credit quality. OID must be included in a Portfolio’s gross income ratably prior to the receipt of any actual payments. Because each Portfolio must distribute substantially all of its net investment income (including non-cash income attributable to OID and “interest” on pay-in-kind bonds) and net realized gains to its shareholders each taxable year to continue to qualify for treatment as a regulated investment company and to minimize or avoid payment of federal income and excise taxes, it may have to dispose of other investments under disadvantageous circumstances to generate cash, or may be required to borrow, to satisfy the distribution requirements. See “Additional Tax Information — Taxation of the Portfolios.”

TRUSTEES AND OFFICERS

Board of Trustees

The business and affairs of the Trust are managed under the supervision of its Board of Trustees which exercises all powers of the Trust granted under Delaware law.

The primary responsibility of the Board of Trustees is to represent the interests of the shareholders of the Portfolios and to provide oversight management of the Trust. The Board meets at least quarterly to review the investment performance of each Portfolio and other matters, including compliance with regulatory and other requirements. The Board may hold special meetings, as needed to address matters arising between regular meetings. The Trustees who are not “interested persons” of the Trust as defined in Section 2(a)(19) of the 1940 Act (“Independent Trustees”) also regularly meet outside the presence of Trust management and are advised by independent legal counsel. Generally, three of the four regularly scheduled Board meetings take place in-person; other meetings may take place in-person, or by telephone or video conference.

The Board of Trustees is responsible for oversight of the risks associated with the Trust's operations. Risks to the Portfolios include, among others, investment risk, credit risk, liquidity risk, valuation risk, operational risk, litigation risk, regulatory risk, reputational risk, and compliance risk as well as the overall business and disclosure risks relating to the Portfolios and the Trust. As part of its oversight role, the Board of Trustees, acting at its scheduled meetings, or a designated Independent Trustee, acting between Board meetings, interacts with and receives reports from the Trust's management. Additionally, the Board receives periodic presentations and reports from the Trust's management, including the Trust's Chief Compliance Officer, regarding compliance matters and risk management. The Board of Trustees also receives reports from the Trust's legal counsel and legal counsel to the Independent Trustees regarding regulatory compliance and governance matters. The Board recognizes that not all risks that may affect the Portfolios can be identified, that it may not be practical or cost-effective to eliminate or mitigate certain risks, that it may be necessary to bear certain risks (such as investment-related risks) to achieve the Portfolios' goals, and that the processes, procedures and controls employed to address certain risks may be limited in their effectiveness. The Board's oversight role does not make the Board a guarantor of the Trust's investments or activities.

The Board of Trustees has structured itself in a manner that it believes allows it to effectively perform its oversight function. It has established four standing committees — the Audit Committee, the Compensation Committee, the Nominating Committee and the Compliance Committee, which are discussed in greater detail under "Standing Committees of the Board of Trustees" below, and which are all composed entirely of Independent Trustees. Two-thirds of the members of the Board are Independent Trustees. The Independent Trustees have engaged their own independent legal counsel to advise them on matters relating to their responsibilities in connection with the Trust. The Chairman of the Board, Mr. Cuggino, is an Interested Trustee by virtue of his ownership interest in the Investment Adviser. A designated Independent Trustee as determined by the Independent Trustees is responsible for: (i) coordinating activities of the Independent Trustees; (ii) working with the Investment Adviser, the Chairman of the Board, the Trust's Chief Compliance Officer, the Trust's legal counsel and the independent legal counsel to the Independent Trustees, as applicable, to determine the agenda for Board and Committee meetings; (iii) serving as the principal contact for and facilitating communication between the Independent Trustees and the Trust's service providers, particularly the Investment Adviser; and (iv) any other duties that the Independent Trustees may delegate to such Independent Trustee. The Trust has determined that the Board's leadership structure, taking into account, among other things, its committee structure, which permits certain areas of responsibility to be allocated to the Independent Trustees and the role of the designated Independent Trustee described above, is appropriate given the characteristics and circumstances of the Trust's business.

Standing Committees of the Board of Trustees

There are four standing committees of the Board of Trustees, the responsibilities and activities of which are each governed by their own committee charters adopted by the Board. The Audit Committee (chaired by Mr. Doebke and composed of Messrs. Butler and Doebke) oversees the quality and integrity of the Trust's financial statements and the annual audit thereof by its independent registered public accounting firm. The Audit Committee is also responsible for oversight of: (i) the Trust's accounting and financial reporting policies and practices; (ii) the Trust's internal accounting and financial controls and procedures; (iii) the integrity and quality of the Trust's financial statements and the independent audit thereof; (iv) the Trust's independent registered public accounting firm; (v) the process for reviewing the integrity and soundness of the Trust's internal control systems; and (vi) compliance with legal and regulatory requirements that relate to the Trust's accounting and financial reporting, internal controls and independent audits. The Compensation Committee (chaired by Mr. Doebke and composed of Messrs. Butler and Doebke) is responsible for the review and oversight of the compensation levels of the Trust's Trustees and Chief Compliance Officer. The Nominating Committee (chaired by Mr. Butler and composed of Messrs. Butler and Doebke) considers and makes nominations as necessary of trustee candidates to the Board. It does not consider nominees recommended by shareholders. The

Compliance Committee (chaired by Mr. Butler and composed of Messrs. Butler and Doebke) assists the Board in its oversight of the Trust's compliance matters, including the Trust's compliance policies and procedures, functioning as a resource to the Trust's Chief Compliance Officer and making recommendations to the Board regarding compliance-related matters. During the Trust's last fiscal year, the Audit Committee held two meetings, the Compliance Committee and Compensation Committee held one meeting each, and the Nominating Committee held no meetings.

Trustee Experience

The following provides a description of the material attributes, skills and experience that relate to the suitability of each Trustee to serve on the Board of Trustees.

Hugh A. Butler has experience with financial, investment and regulatory matters as a result of his position as the executive vice president of a large financial services and mortgage industry consulting firm, and as the chief executive officer of a financial institutions consulting firm. Mr. Butler has significant experience with the operations of the Board and oversight of the Trust's operations, including compliance and regulatory matters, through his service as an Independent Trustee of the Trust since 1996.

Roger Doebke has experience with asset management and financial matters through his service as president of a commercial real estate acquisition, development and property management firm. Mr. Doebke is familiar with Board operations generally, as well as with compliance and regulatory matters affecting the Trust, through his service as an Independent Trustee of the Trust since 2004.

Michael J. Cuggino has experience with asset management, accounting and finance matters through his educational background, certification as a public accountant (inactive) and his service as the manager and sole trustee of the sole member of Pacific Heights, where he oversees all four of the Trust's Portfolios. Mr. Cuggino has served as Chairman of the Board and President of the Trust since 2003, as Treasurer of the Trust from 1993 through 2007, as Secretary of the Trust since 2006 and as a Trustee of the Trust since 1998. He has significant experience with Board operations generally, as well as with compliance, accounting, regulatory, investment and other matters affecting the Trust.

The Board of Trustees and its Nominating Committee believe that each of the Trustees possess the necessary characteristics, such as the ability to critically review, analyze and discuss issues presented to the Board and sophisticated understanding of business and financial matters, to serve on the Board. Mr. Cuggino, who is an Interested Trustee of the Trust, also serves as an officer of the Trust.

Additional Trustee and Officer Information

The following table includes additional information concerning the Trust's Trustees and officers:

Trustees and Officers[1]			
Name Address[2]	**Age**	**Term of Office and Length of Time Served**	**Current Position(s) with the Trust, Principal Occupations(s), Number of Portfolios in Trust Complex Overseen by Trustees, and Directorships of Public Companies During Past Five Years**
Independent Trustees[3]			
Hugh A. Butler	72	1996	*Independent Trustee*. Now retired, Mr. Butler was formerly Executive Vice President from 2004 through 2006 of the Credit Union Services Division of Fidelity National Information Services, Inc. (formerly Fidelity Information Systems), a publicly-traded provider of software, outsourcing and information technology consulting for the financial services and mortgage industries, majority-owned by Fidelity National, Inc. Previously, Mr. Butler was Chief Executive Officer and Founder of Computer Consultants Corporation, an information systems consulting firm to financial institutions, in Salt Lake City, Utah. Mr. Butler has served as a Trustee of the Trust since 1996 and oversees all four of the Trust's Portfolios.
Roger Doebke	85	2006	*Independent Trustee*. President, Simplex Realty Services, Inc., a commercial real estate acquisition, development and property management firm located in Orange County, California since 1993. Mr. Doebke has served as a Trustee of the Trust since 2004 and oversees all four of the Trust's Portfolios.

[1] No Trustee or officer has any family relationship with another.
[2] The address for each officer and Trustee is c/o 600 Montgomery Street, Suite 4100, San Francisco, California 94111. A Trustee serves until their successor has been duly elected and qualified, or until their earlier resignation, removal, death or disqualification. The Trust's officers are elected annually by the Board of Trustees and each officer holds office until their successor has been duly elected and qualified, or until their earlier resignation, removal, death or disqualification.
[3] Not considered to be an "interested person" within the meaning of the 1940 Act.

Name Address[2]	Age	Term of Office and Length of Time Served	Current Position(s) with the Trust, Principal Occupations(s), Number of Portfolios in Trust Complex Overseen by Trustees, and Directorships of Public Companies During Past Five Years
Interested Trustee & Officers[4]			
Michael J. Cuggino	62	1998 (Trustee) 2003 (President) 2006 (Secretary)	*Chairman of the Board, President, Secretary & Trustee*. A Certified Public Accountant (inactive), Mr. Cuggino has served as Chairman of the Board and President of the Trust since 2003, as Treasurer of the Trust from 1993 through 2007, as Secretary of the Trust since 2006 and as a Trustee of the Trust since 1998. He is the manager and sole trustee of the sole member (also the President and Chief Executive Officer) of the Investment Adviser. Mr. Cuggino oversees all four of the Trust's Portfolios.
James H. Andrews	70	2007	*Treasurer*. Mr. Andrews has served as Treasurer of the Trust since 2007 and previously served as Assistant Treasurer of the Trust from 2006 to 2007. He has also served as Director of Finance of the Investment Adviser since 2006. Previously, Mr. Andrews was employed in various financial, investment and operational capacities at Blum Capital Partners LP, an investment management firm located in San Francisco, California from 1994 through 2005.
Susan K. Freund	70	2010	*Chief Compliance Officer*. Ms. Freund has served as Chief Compliance Officer of the Trust and the Investment Adviser since 2010. Previously, Ms. Freund served as an independent consultant to various asset management firms from 2009 through 2010 and served as President, Secretary, Treasurer and Chief Compliance Officer of the Embarcadero Funds from 2007 through 2009. From 2001 through 2007, Ms. Freund served as Senior Counsel at Bank of the West. Ms. Freund is a member of the State Bar of California.

[4] Considered to be an "interested person" within the meaning of the 1940 Act because of his or her association with the Investment Adviser.

Trustee Compensation

Under the Contract, the Trust has the obligation to pay the retainers and expenses of the Trust's Trustees. The Trust's officers receive no salary or fees from the Trust in their capacity as officers.

Trustees of the Trust each receive an annual retainer of $165,000 paid in equal quarterly installments, and for each Independent Trustee, an additional $5,000 per Committee such Trustee chairs. Trustees also receive reimbursement for out-of-pocket expenses incurred attending meetings of the Board of Trustees, Independent Trustees or any of the Board's Committees, and costs of Independent Trustee continuing education.

The Trust's Trustees and officers are neither entitled to, nor do they receive, any pension or retirement benefits from the Trust.

The following table sets forth information on compensation paid by the Trust to each Trustee and officer for services in such capacities during the year ended January 31, 2025:

Compensation Table				
Name of Person, Position	**Aggregate Compensation from Trust**	**Pension or Retirement Benefits Accrued as Part of Trust Expenses**	**Estimated Annual Benefits upon Retirement**	**Total Compensation from Trust/Trust Complex Paid to Trustees and Officers**
Independent Trustees				
Hugh A. Butler *Independent Trustee*	$175,000	—	—	$175,000
Roger Doebke *Independent Trustee*	$175,000	—	—	$175,000
Interested Trustee				
Michael J. Cuggino *President, Secretary & Trustee*	$165,000	—	—	$165,000

Share Ownership of Trustees and Officers

As of April 30, 2025, the Trustees and officers of the Trust as a group owned less than 1% of the outstanding common stock of the Portfolios of the Trust as a whole and of Permanent Portfolio and Short-Term Treasury Portfolio. The Trustees and officers of the Trust as a group owned 1.26% of Versatile Bond Portfolio and 5.50% of Aggressive Growth Portfolio.

As of December 31, 2024, no Independent Trustee or member of their immediate families owned beneficially or of record any securities of, or had any direct or indirect material interest in: (i) Pacific Heights; (ii) Quasar Distributors, LLC, the Trust's distributor; or (iii) any person controlling, controlled by or under common control with such persons.

Also as of that date, the Trust's Trustees and officers owned shares in the Trust's Portfolios as listed in the table below.

Name	Dollar Range of Equity Securities in the Portfolio[1]	Dollar Range of Equity Securities in the Trust[1]
Permanent Portfolio		
Hugh A. Butler	$10,001-$50,000	Over $100,000
Roger Doebke	Over $100,000	Over $100,000
Michael J. Cuggino[2][3]	$10,001-$50,000	$100,001-$500,000
James H. Andrews[3]	$500,001-$1,000,000	$500,001-$1,000,000
Pacific Heights Asset Management, LLC Profit Sharing/401(k) Plan[4]	$1-$10,000	$10,001-$50,000
Short-Term Treasury Portfolio		
Hugh A. Butler	—	Over $100,000
Roger Doebke	—	Over $100,000
Michael J. Cuggino[2][3]	$1-$10,000	$100,001-$500,000
James H. Andrews[3]	$1-$10,000	$500,001-$1,000,000
Versatile Bond Portfolio		
Hugh A. Butler	Over $100,000	Over $100,000
Michael J. Cuggino[2][3]	$10,001-$50,000	$100,001-$500,000
James H. Andrews[3]	$1-$10,000	$500,001-$1,000,000
Pacific Heights Asset Management, LLC Profit Sharing/401(k) Plan[4]	$1-$10,000	$10,001-$50,000
Aggressive Growth Portfolio		
Hugh A. Butler	Over $100,000	Over $100,000
Roger Doebke	Over $100,000	Over $100,000
Michael J. Cuggino[2][3]	$50,001-$100,000	$100,001-$500,000
Pacific Heights Asset Management, LLC Profit Sharing/401(k) Plan[4]	$1-$10,000	$10,001-$50,000

(1) Valuation as of December 31, 2024.
(2) Includes ownership through Mr. Cuggino's ownership of Pacific Heights.
(3) Excludes ownership through participation in the Pacific Heights Asset Management, LLC Profit Sharing/401(k) Plan.
(4) Messrs. Cuggino and Andrews are trustees of and participants in the Pacific Heights Asset Management, LLC Profit Sharing/401(k) Plan.

INVESTMENT MANAGEMENT

Investment Adviser

The Trust retains Pacific Heights as its investment adviser. Pacific Heights is a limited liability company organized in October 2002 under the laws of the State of California and was registered as an investment adviser on January 3, 2003. Pacific Heights is controlled by Mr. Cuggino, who is Pacific Heights' manager and the sole trustee of its sole member. Mr. Cuggino is also Pacific Heights' President and Chief Executive Officer. The Trust's Treasurer and Chief Compliance Officer also serve as Pacific Heights' Director of Finance and Chief Compliance Officer, respectively. Pacific Heights' principal offices are located at 600 Montgomery Street, Suite 4100, San Francisco, California 94111. Mr. Cuggino also serves as President, Secretary and a trustee of the Trust. See "Board of Trustees" above.

Investment Advisory Contract; Expense Limitation Agreement and Fees

The services Pacific Heights provides to the Trust and the compensation it receives are defined in an Investment Advisory Contract by and between the Trust and Pacific Heights, dated January 21, 2016 ("Contract"). Under the Contract, Pacific Heights bears all ordinary operating expenses of the Portfolios, except the following: (a) fees payable to Pacific Heights for its services under the Contract; (b) all fees, costs, expenses and allowances relating to a Portfolio's investments, including interest on borrowings, if any; (c) all taxes payable by a Portfolio; (d) all brokerage commissions and other charges in the purchase and sale of Portfolio assets; (e) all fees and expenses of Trust trustees, including fees and disbursements to counsel to the Independent Trustees; (f) payments pursuant to any plan of distribution adopted pursuant to Rule 12b-1 under the 1940 Act; and (g) all extraordinary fees, costs and expenses of the Trust or any Portfolio, including any fees, costs and expenses associated with litigation, government investigations or administrative proceedings, including the costs of any settlements.

The investment advisory fee payable to Pacific Heights under the Contract is calculated separately for each Portfolio of the Trust, for each calendar year at the following annual rates as a percentage of average daily net assets, computed for each day of each such year on the basis of net assets as of the close of business on the next preceding "full business day," as defined in the Contract ("Advisory Fee"):

a) 1.1875% of the first $200 million of the Portfolio's average daily net assets;

b) .8750% of the next $200 million of the Portfolio's average daily net assets;

c) .8125% of the next $200 million of the Portfolio's average daily net assets; and

d) .7500% of all of the Portfolio's average daily net assets in excess of $600 million.

Pursuant to an Advisory Fee Waiver and Expense Assumption Agreement dated December 9, 2024 ("Waiver Agreement"), effective through June 1, 2026 for Short-Term Treasury Portfolio and Versatile Bond Portfolio, Pacific Heights has agreed to waive portions of its Advisory Fee allocable to each Portfolio, such that the Advisory Fee paid by the Portfolio does not exceed an annual rate of .6250% of the Portfolio's average daily net assets. Neither the Trust nor any Portfolio will be required to reimburse Pacific Heights for amounts waived or paid by Pacific Heights pursuant to the Waiver Agreement. The Waiver Agreement may be terminated or amended only in writing and only with the approval of the Board of Trustees.

Pacific Heights received the following investment advisory fees from each of the Trust's Portfolios for the fiscal years ended January 31, 2025, 2024 and 2023, respectively:

	Year Ended January 31, 2025	Year Ended January 31, 2024	Year Ended January 31, 2023
Permanent Portfolio®	$26,986,472	$22,734,772	$22,838,546
Short-Term Treasury Portfolio[1]	$77,513	$69,808	$79,509
Versatile Bond Portfolio[2]	$610,224	$582,891	$542,455
Aggressive Growth Portfolio	$498,209	$369,427	$339,225

[1] Net of Advisory Fees waived of $69,761, $62,826 and $71,559 for the years ended January 31, 2025, January 31, 2024 and January 31, 2023, respectively.
[2] Net of Advisory Fees waived of $549,201, $524,604 and $488,210 for the years ended January 31, 2025, January 31, 2024 and January 31, 2023, respectively.

The Contract provides that neither Pacific Heights nor any member, manager, employee or agent thereof shall be liable to the Trust or its creditors, any Portfolio, or any shareholder for errors of judgment, mistakes of law or any acts or omissions by it, except those involving willful misfeasance, bad faith, gross negligence or reckless disregard of Pacific Height's obligations under the Contract. The Contract further provides that Pacific Heights shall not be accountable for any loss suffered by any Portfolio arising from any investment made for the Portfolio by it, or for any act or omission in the execution of any securities transaction, except those involving willful misfeasance, bad faith, gross negligence or reckless disregard of Pacific Heights' obligations under the Contract.

The Contract continues in force for two years from the date of execution. Thereafter, if not terminated, the Contract will continue in effect with respect to the Portfolios from year to year if such continuance is specifically approved at least annually: (i) by the Board of Trustees or by a vote of a majority of the outstanding voting securities of the Portfolio; and (ii) by a majority of the Trust's trustees who are not parties to the Contract or "interested persons" of such parties as that term is defined in the 1940 Act, voting in person, at a meeting called for the purpose of considering continuation of the Contract.

The Contract may be terminated at any time with respect to any Portfolio by either party without penalty upon sixty days' prior written notice to the other party. Such termination may be effected on behalf of a Portfolio by action of the Board of Trustees or by vote of a majority of the outstanding voting securities of the Portfolio. The Contract will terminate in the event of an "assignment," as that term is defined in the 1940 Act.

Additional information regarding the Contract is set forth in the Prospectus under "Management — Investment Adviser and Portfolio Manager," and a discussion regarding the Board of Trustees' basis for approving the Contract is available in the Trust's Form N-CSR for the year ended January 31, 2025.

Portfolio Manager Information

Mr. Cuggino is the portfolio manager for each of the Trust's Portfolios. Mr. Cuggino also currently serves as President, Secretary and a trustee of the Trust. For additional information on Mr. Cuggino's compensation as an officer and trustee of the Trust, see "Trustee Compensation" above.

Pacific Heights compensates Mr. Cuggino for service as the portfolio manager for each of the Trust's Portfolios. Mr. Cuggino is the President, Chief Executive Officer, manager and sole trustee of a revocable trust that is the sole member of Pacific Heights. As the manager and sole trustee of the sole member of Pacific Heights, Mr. Cuggino is the indirect owner of Pacific Heights and determines his own compensation. Mr. Cuggino's compensation from Pacific Heights is in the form of a share of

Pacific Heights' total profits. Mr. Cuggino's compensation is reviewed and may be modified each year as appropriate to reflect changes in the market, as well as to adjust for other factors used to determine compensation. Such factors include taking into consideration Pacific Heights' profitability and such other factors as Pacific Heights may deem relevant under the circumstances. Mr. Cuggino's compensation is not based directly on the performance of any of the Trust's Portfolios or their levels of net assets.

Conflicts of interest may arise when Mr. Cuggino transacts personally in investments made or to be made for the Trust's Portfolios. Mr. Cuggino is subject to the Trust's and Pacific Heights' Code of Ethics ("Code of Ethics"), discussed under "Code of Ethics," which seeks to address potential conflicts of interest that may arise in connection with the personal securities transactions of employees, officers and trustees of the Trust. The primary purpose of the Code of Ethics is to ensure that personal trading by these individuals does not disadvantage any Trust Portfolio. There is no guarantee, however, that such Code of Ethics will detect each situation in which a potential conflict may arise.

The following table provides information relating to accounts managed by Mr. Cuggino as of January 31, 2025:

	Registered Investment Companies	Other Pooled Investment Vehicles	Other Accounts
Number of Accounts Managed	4	—	—
Number of Accounts Managed with Performance-Based Advisory Fees	—	—	—
Total Assets Managed	$4,194,316,931	$—	$—
Total Assets Managed with Performance-Based Advisory Fees	$—	$—	$—

Personal investment accounts of Mr. Cuggino and his family are not reflected.

As of January 31, 2025, Mr. Cuggino beneficially owned, through his ownership of Pacific Heights, shares in each of the Trust's Portfolios. Ownership of Short-Term Treasury Portfolio was valued at $1-$10,000, ownership of Permanent Portfolio and Versatile Bond Portfolio was valued at $10,001-$50,000 per Portfolio, and ownership of Aggressive Growth Portfolio was valued at $50,001-$100,000. Such holdings are included among the assets managed of "Registered Investment Companies" in the preceding table. Also, see "Share Ownership of Trustees and Officers" in this SAI for additional information regarding Mr. Cuggino's ownership of shares of the Trust.

Code of Ethics

The Trust, the Investment Adviser and the Trust's principal underwriter, Quasar Distributors, LLC, each have adopted Codes of Ethics pursuant to Rule 17j-1 under the 1940 Act and Rule 204A-1 under the Investment Advisors Act of 1940, as applicable, which permit persons subject to the Codes of Ethics to invest in securities, including securities that may be purchased or held by the Trust's Portfolios. The Codes of Ethics are on public file with, and are available from, the SEC.

COMPUTATION OF NET ASSET VALUE

The Trust makes a separate calculation of net asset value per share for each class of shares of each Portfolio at the close of business of the New York Stock Exchange (usually 4:00 p.m. Eastern Time) every day that the Exchange is open for business or any earlier Exchange closing time that day ("Business Day"). The Exchange is generally open for trading every Monday through Friday, but is closed for trading on certain customary national business holidays consisting of New Year's Day, Martin Luther King, Jr.'s Birthday, President's Day, Good Friday, Memorial Day, Juneteenth, Independence Day, Labor Day, Thanksgiving Day and Christmas Day. Because Permanent Portfolio, Versatile Bond Portfolio and Aggressive Growth Portfolio may invest in securities that are principally traded on foreign exchanges which may be open for trading on days other than the Trust's Business Days, the net asset values of Permanent Portfolio's, Versatile Bond Portfolio's and Aggressive Growth Portfolio's shares may be significantly affected on days when investors will not be able to purchase or redeem the Portfolios' shares. All awaiting and accepted requests for purchases and redemptions of Portfolio shares are executed, at a price equal to net asset value per share of the relevant class, immediately following the computation. See "Additional Purchase, Sale (Redemption) and Account Information."

Net asset value per share of a Portfolio is computed by adding the current value of all of the Portfolio's assets attributable to shares of that class, subtracting the amount of its liabilities (including proper accruals of expense items) attributable to shares of that class, dividing the result by the total number of shares outstanding for that class of the Portfolio, and rounding up or down to the nearest cent per share. Generally, the current value of a Portfolio's assets is determined as follows: Securities that are listed and traded on one or more domestic exchanges (including stock options) will be valued at their last quoted sales price of the day on the exchange or system on which they are principally traded. Equity securities traded on the Nasdaq National Market System are valued at the Nasdaq Official Closing Price ("NOCP") provided by Nasdaq, usually as of 4:00 p.m. Eastern Time each Business Day, unless that price is outside the range of the "inside" bid and asked price (i.e., the bid and asked prices that dealers quote to each other when trading for their own accounts), in which case Nasdaq will adjust the price to equal the inside bid or asked price, whichever is closer. Foreign securities traded on an exchange are valued on the basis of market quotations most recently available from that exchange. If there is no trading in an investment on a Business Day, the investment will be valued at the mean between its closing bid and asked prices on the exchange or system on which the security is principally traded. Securities that are traded over-the-counter will be valued at the last sale price in the over-the-counter market. If the over-the-counter security does not trade on a particular day, then the mean between its closing bid and closing asked prices will be used. Short-and long-term debt securities, including U.S. government securities, listed corporate bonds, other fixed income securities and unlisted securities, are generally valued at the latest price furnished by an independent pricing service. Pricing services may use, without limitation, a matrix or formula method that takes into consideration market indexes, matrices, yield curves and other specified inputs and assumptions. This may result in the securities being valued at a price different from the price that would have been determined had the matrix or formula method not been used. Pricing services generally value fixed-income securities assuming orderly transactions of an institutional round lot size, but a Portfolio may hold or transact in such securities in smaller, odd lot sizes. Odd lots often trade at lower prices than institutional round lots. Permanent Portfolio will value gold and silver bullion each Business Day at the closing spot settlement price on the New York Commodity Exchange, a regulated U.S. commodity futures exchange. Gold and silver coins are valued at the price furnished by an independent pricing service. Deposits of Swiss francs and Swiss government bonds will be valued each business day at prices (converted into U.S. dollars) quoted by an independent pricing service. All investments denominated in foreign currencies are converted into U.S. dollars using exchange rates obtained from an independent pricing service. A Portfolio's ability to value its investment may also be impacted by technological issues and/or errors by pricing services or other third-party service providers. A Portfolio's ability to value its investments may be impacted by technological and/or errors by pricing services or other third party providers. Investments for which bona fide market quotations are not readily available, or investments for which the Investment Adviser determines that a quotation or a price for such an investment provided by a dealer or an independent pricing service is not believed to be reflective of market value, are valued by the Investment Adviser, as the Trust's valuation designee, and more specifically the Investment Adviser's Valuation Committee pursuant to its fair value procedures approved by the Board of Trustees. Also, a Portfolio may rely upon bona fide quotations obtained from sources other than those referred to above when doing so would, in the opinion of the Board of Trustees, better serve the fair and accurate valuation of the Portfolio's assets. In the event of an extraordinary occurrence or emergency which would affect the value of a Portfolio's assets traded on a foreign exchange, and which the Portfolio learns of prior to 4:00 p.m. Eastern Time, those assets will be valued by the Investment Adviser's Valuation Committee at fair value as determined in good faith pursuant to the Investment Adviser's procedures approved by the Board of Trustees.

DISTRIBUTION ARRANGEMENTS

Distributor

The Trust's distributor is Quasar Distributors, LLC, Three Canal Plaza, Suite 100, Portland, Maine 04101 ("Distributor"). The Distributor is an affiliate of Foreside Financial Group, LLC. The Distributor is a broker-dealer registered with the SEC and is a member of the Financial Industry Regulatory Authority, Inc. ("FINRA"). The Distributor, as an agent in connection with the distribution of the Portfolio shares, is responsible for the continuous distribution, on a "best efforts" basis, of the shares of each of the Trust's Portfolios.

The Distributor may enter into agreements with selected broker-dealers, banks or other financial intermediaries, such as retirement platforms and fund "supermarket" platform arrangements (collectively, "Selling Firms") for distribution of shares of the Portfolios. With respect to certain Selling Firms, including but not limited to supermarket platforms, the Investment Adviser or the Trust, rather than the Distributor, may enter into such agreements. These Selling Firms may charge a fee for their services and may receive shareholder service or other fees. These Selling Firms may otherwise act as processing agents and are responsible for promptly transmitting purchase, redemption and other requests to the Trust. Investors who purchase shares through Selling Firms will be subject to the procedures of those Selling Firms through which they purchase shares, which may include charges, investment minimums, cutoff times and other restrictions in addition to, or different from, those listed herein or in the Prospectus. Information concerning any charges or services will be provided to investors by the Selling Firm through which they purchase shares. Investors purchasing shares of a Portfolio through Selling Firms should acquaint themselves with their Selling Firm's procedures and should read the Prospectus in conjunction with any materials and information provided by their Selling Firm. The Selling Firm, and not its customers (investors), will be the shareholder of record, although investors may have the right to vote shares depending upon their arrangement with the Selling Firm. The Distributor does not receive compensation from the Portfolios for its distribution services, except the distribution/service fees with respect to the shares of those Portfolio share classes for which a plan of distribution pursuant to Rule 12b-1 under the 1940 Act is effective. The Investment Adviser pays the Distributor a fee for certain distribution-related expenses.

Rule 12b-1 Plan

The Board of Trustees has adopted a plan of distribution pursuant to Rule 12b-1 under the 1940 Act ("Rule 12b-1 Plan" or "Plan") with respect to Class A and Class C Shares of each Portfolio as described below in further detail. Class I shares of the Portfolios are not subject to the Plan.

Class A and Class C Shares

Under the Plan, Class A shares will pay service fees at an annual rate of .25% of the average daily net assets of the Portfolio attributable to Class A shares.

Under the Plan, Class C shares will pay distribution and service fees at an aggregate annual rate of 1.00% of the average daily net assets of the Portfolio attributable to Class C shares.

The Plan provides that amounts paid under the Plan as distribution fees may be expended on any activities or expenses intended to result or relate to the sale and/or retention of shares of the applicable

Class of a Portfolio, including, but not limited to: (i) compensation paid to registered representatives of the Distributor and/or to Selling Firms; (ii) salaries and other expenses of the Distributor, the Investment Adviser or other party relating to selling efforts; (iii) expenses of organizing and conducting sales seminars, printing of Prospectuses, SAIs and reports for other than existing shareholders; (iv) preparation and distribution of advertising materials, sales literature and other sales promotion expenses; and/or (v) any other costs and expenses relating to distribution or sales support activities.

Amounts paid under the Plan as service fees may be expended to compensate Selling Firms for general shareholder liaison services provided to shareholders in the applicable Class of a Portfolio, including, but not limited to: (i) answering shareholder inquiries about account status, history, manner of effecting transactions, dividends and distributions and certain other matters pertaining to their investments; (ii) assisting shareholders in designating and changing dividend options, account designations and addresses; and (iii) any other costs and expenses relating to ongoing services to shareholders of a Class of a Portfolio.

Payments under the Plan are not tied exclusively to actual distribution and/or service fees and expenses incurred, and the payments made under the Plan may exceed (or be less than) actual fees and expenses incurred.

Class I Shares

Class I shares of the Portfolio do not pay to the Distributor or third-party provider any fee for providing distribution or shareholder services to Class I shareholders.

Amounts paid by any Class of shares of a Portfolio will not be used to pay the expenses incurred with respect to any other Class of shares of that Portfolio; *provided, however*, that expenses attributable to the Portfolio as a whole will be allocated, to the extent permitted by law, according to a formula based upon gross sales dollars and/or net assets of each such Class, as may be approved from time to time by the Board of Trustees.

The Plan recognizes that the Investment Adviser, the Distributor, any Selling Firm or an affiliate of any of them may use Advisory Fee revenues, past profits or resources from other sources to pay expenses incurred in connection with the distribution or marketing and sale of a Portfolio's shares, including the activities referred to above. The Investment Adviser and other parties also may from time to time make payments to third parties out of their Advisory Fee or other fees, including payments for shareholder servicing fees and transfer agency functions. To the extent that any payments made by any Portfolio to the Investment Adviser, or by the Investment Adviser or any other party, including payments made from the Investment Adviser's Advisory Fees or payments made for shareholder services, are deemed to be indirect financing of any activity primarily intended to result in the sale of Portfolio shares within the context of Rule 12b-1, such payments will be deemed to be authorized by the Plan but shall not be subject to the limitations on fees and expenses to be paid by the Portfolios under the Plan.

The Plan was approved by the Trustees, including a majority of the Independent Trustees, by a vote cast in person at a meeting called for the purpose of voting on the Plan. In adopting the Plan, the Trustees concluded that, in their judgment, there is a reasonable likelihood that the Plan will benefit the holders of the respective Portfolio's Class A and Class C shares, as applicable.

The Plan provides that it will continue in effect only so long as its continuance is approved at least annually by a majority of both the Board of Trustees and the Independent Trustees. The Plan provides that it may be terminated at any time without penalty with respect to a Class of a Portfolio: (i) by a vote of a majority of the Independent Trustees; or (ii) by a vote of a majority of the outstanding voting securities of such Class.

Pursuant to the Plan, at least quarterly, the Trust's officers will provide the Board of Trustees a written report of the amounts expended under the Plan and the purposes for which these expenditures were made.

The Plan provides that it may not be amended with respect to any Class of shares of a Portfolio to materially increase the amount of the fees to be paid by the Class unless the amendment is approved by a vote of holders of at least a majority of the outstanding voting securities of the affected Class. Each class of shares of a Portfolio has exclusive voting rights with respect to any such amendment affecting the Class. Further, the Plan provides that no material amendment to the Plan shall be made unless it is approved by a majority of both the Board of Trustees and the Independent Trustees.

The table below shows the amount of Rule 12b-1 fees incurred by each Portfolio's Class A Shares and Class C Shares for the fiscal year ended January 31, 2025.

12b-1 Fees Incurred		
Portfolio	**Class A**	**Class C**
Permanent Portfolio®	$106,687	$457,913
Versatile Bond Portfolio	$ 199	$ 14,842
Aggressive Growth Portfolio	$ 1,170	$ 6,207

Compensation

As part of their business strategy, the Portfolios pay compensation to Selling Firms that sell the shares of the Portfolios. These firms typically pass along a portion of this compensation to your broker or financial representative.

The primary sources of Selling Firm compensation payments for sales of Class A and Class C shares of a Portfolio are: (i) in the case of Class A shares, sales charges paid by investors; and (ii) in the case of Class C shares, the Rule 12b-1 fees that are applicable to the Portfolio's Class C shares being sold and that are paid out of the Portfolio's assets. The sales charges and the Rule 12b-1 fees are detailed in the Prospectus and under "Additional Purchase, Sale (Redemption) and Account Information" below.

Initial Compensation

Whenever an investor purchases Class A shares of a Portfolio, the Selling Firm receives a reallowance/payment/commission as described under "First Year Broker or Other Selling Firm Compensation" shown below. The Selling Firm may also receive the first year's Rule 12b-1 service fee at that time.

If shares of a Portfolio are tendered for redemption or repurchased by the Portfolio for any reason within seven business days after confirmation of the purchase order for such shares, the full sales load or other concession will be returned to the shareholder and any Selling Firm making such sale forfeits the right to receive any compensation on such shares.

Annual Compensation

For Class A shares of a Portfolio, the Selling Firm receives an annual Rule 12b-1 service fee of .25% of its average daily net assets. For Class C shares of a Portfolio, the Selling Firm receives an annual Rule 12b-1 service fee of .25% of its average daily net assets and the Selling Firm may receive a Rule 12b-1 distribution fee in an amount not to exceed .75% of its average daily net assets. These service and distribution fees are paid monthly in arrears.

Additional Payments to Selling Firms

Shares of each Portfolio are sold primarily through Selling Firms. The Investment Adviser may make out of its own resources, additional payments to firms. These payments are sometimes referred to as "revenue sharing." Many Selling Firms that sell shares of a Portfolio receive one or more types of these cash payments. The categories of payments that the Investment Adviser provides to Selling Firms are described below. These categories are not mutually exclusive and the Investment Adviser may make additional types of revenue sharing payments in the future. The same Selling Firms may receive payments under more than one or all categories. These payments assist in the Investment Adviser's efforts to promote the sale of the Portfolios' shares. The Investment Adviser agrees with the Selling Firm on the methods for calculating any additional compensation, which may include the level of sales or assets attributable to the firm. Not all Selling Firms receive additional compensation, and the amount of compensation varies. These payments could be significant to a Selling Firm. The Investment Adviser determines which Selling Firms to support and the extent of the payments it is willing to make. The Investment Adviser generally chooses to compensate Selling Firms that have a strong capability to distribute shares of the Portfolios and that are willing to cooperate with the Investment Adviser's promotional efforts. The Investment Adviser does not make an independent assessment of the cost of providing such services.

As of December 31, 2024, the Investment Adviser had arrangements in effect with certain FINRA member firms pursuant to which the firms are entitled to revenue sharing payments including: National Financial Services Corp. (Fidelity), Charles Schwab & Company, Inc., Bank of America/Merrill Lynch, Pierce, Fenner & Smith Inc., Pershing LLC, TD Ameritrade, Inc./National Investor Services Corp., Wells Fargo, UBS Financial Services, Vanguard Marketing Corp., Morgan Stanley Smith Barney, LLC, Raymond James Financial Services, Raymond James Associates, LPL Financial Services, RBC Capital Markets, MSCS Financial Services, LLC, Mid Atlantic Capital, Princor Financial Services Corp, Ascensus/EFC Financial Services, LLC, GWFS Equities, Inc., Oppenheimer & Company, Brown Brothers Harriman & Company, Nationwide Investment Services Corp., Reliance Trust Company, AXA Advisors LLC, On Equity Sales Company and FolioFN Investments, Inc.

The Investment Adviser also may have revenue sharing arrangements with Selling Firms that are not members of FINRA.

Sales and Asset-Based Payments

The Investment Adviser makes revenue sharing payments as incentives to certain firms to promote and sell shares of the Portfolios. The Investment Adviser hopes to benefit from revenue sharing by increasing the Portfolios' net assets, which, as well as benefiting the Portfolios, would result in additional investment advisory and other fees for the Investment Adviser. In consideration for revenue sharing, a firm may feature certain Portfolios in its sales system or give the Investment Adviser additional access to members of its sales force or management. In addition, a Selling Firm may agree to participate in the marketing efforts of the Investment Adviser by allowing it to participate in conferences, seminars or other programs attended by the Selling Firm's sales force. Although a Selling Firm may seek revenue sharing payments to offset costs incurred by the firm in servicing its clients that have invested in a Portfolio, the Selling Firm may earn a profit on these payments. Revenue sharing payments may provide a firm with an incentive to favor a Portfolio.

The revenue sharing payments the Investment Adviser makes may be calculated on sales of shares of a Portfolio ("Sales-Based Payments"). Such payments also may be calculated on the average daily net assets of a Portfolio attributable to that particular Selling Firm ("Asset-Based Payments"). Sales-Based Payments primarily create incentives to make new sales of shares of a Portfolio and Asset-Based Payments primarily create incentives to retain previously sold shares of the Portfolio in investor accounts. The Investment Adviser may pay a firm either or both Sales-Based Payments and Asset-Based Payments.

Administrative and Processing Support Payments

The Investment Adviser may pay certain Selling Firms that offer so-called mutual fund "supermarkets" to their customers, including retirement plan administrators and investment advisers and other sponsors of advisory "wrap" and similar programs for non-distribution related administration and recordkeeping services.

The Investment Adviser also may make payments to certain firms that sell shares of a Portfolio for certain administrative services, including recordkeeping and sub-accounting shareholder accounts, to the extent that the Portfolio does not pay for these costs directly. The Investment Adviser also may make payments to certain firms that sell shares of a Portfolio in connection with client account maintenance support, statement preparation and transaction processing. The types of payments that the Investment Adviser may make under this category include, among others, payment of ticket charges per purchase or exchange order placed by a Selling Firm or its representative, payment of networking fees in connection with certain mutual fund trading systems, or one-time payments for ancillary services such as setting up a Portfolio on a firm's mutual fund trading system.

Other Cash Payments

From time to time, the Investment Adviser may provide, either from Rule 12b-1 distribution fees or out of its own resources, additional compensation to firms that sell or arrange for the sale of shares of a Portfolio. Such compensation provided by the Investment Adviser may include payments for inclusion of a Portfolio on a Selling Firm's sales system, including a preferred or recommended fund list; providing periodic and ongoing education and training of Selling Firm personnel regarding the Portfolios; disseminating to Selling Firm personnel information and product marketing materials regarding the Portfolios; access to sales meetings and conferences, sales representatives and management representatives of Selling Firms; support to Selling Firms in connection with investor and other conferences, seminars for the public, advertising campaigns and other marketing efforts; expenses related to due diligence trips by Selling Firm personnel; and reimbursement of ticket charges (fees that a Selling Firm charges its representatives for effecting transactions in Portfolio shares) and other similar charges. Other compensation may be offered to the extent not prohibited by federal or state laws or any self-regulatory agency, such as FINRA.

The Investment Adviser may have other relationships with firms relating to the provisions of services to the Portfolios, such as providing omnibus account services or effecting portfolio transactions for the Portfolios. If a firm provides these services, the Investment Adviser may compensate the firm for these services.

First Year Broker or Other Selling Firm Compensation

The dealer reallowance for sale of shares of the Permanent Portfolio and the Aggressive Growth Portfolio is as shown in the far right column:

	Sales Charge (% of offering price)[1]	Sales Charge (% of net amount invested)[2]	Dealer Reallowance as a Percentage of the Offering Price[3]
Class A			
Less than $25,000	5.00%	5.26%	5.00%
$25,000 but less than $50,000	4.50%	4.71%	4.50%
$50,000 but less than $100,000	4.00%	4.17%	4.00%
$100,00 but less than $250,000	3.25%	3.36%	3.25%
$250,000 but less than $500,000	2.50%	2.56%	2.50%
$500,000 but less than $1,000,000	1.50%	1.52%	1.50%
$1,000,000 and over	—%	—%	—%

	Sales Charge (% of offering price)[1]	Sales Charge (% of net amount invested)[2]	Dealer Reallowance as a Percentage of the Offering Price[3]
Class C			
All amounts	—%	—%	—%
Class I			
All amounts	—%	—%	—%

[1] Class A shares are available with no front-end sales charge on investments of $1 million or more. There is, however, a contingent deferred sales charge ("CDSC") of 1.00% on any Class A shares upon which a sales commission or finder's fee was paid that are sold within one year of purchase. Brokers that initiate and are responsible for purchases of $1 million or more may receive a sales commission or finder's fee of up to 1.00% of the offering price of Class A shares. In addition, while Class C shares are offered at NAV, without any initial sales charge, a 1.00% CDSC may be charged on any Class C shares upon which a finder's fee has been paid that are sold within one year of purchase. See "Initial Sales Charge on Class A Shares" below for a discussion on how to qualify for a reduced sales charge. The Investment Adviser may take recent redemptions into account in determining if an investment qualifies as a new investment.
[2] Because of rounding in the calculation of the offering price, actual sales charges you pay may be more or less than those calculated using these percentages. This is because the dollar amount of the sales charge is determined by subtracting the net asset value of the shares purchased from the offering price, which is calculated to two decimal places using standard rounding criteria. The impact of rounding will vary with the size of the investment and the net asset value of the shares. Similarly, any CDSC paid by you on investments in Class A shares may be higher or lower than the 1.00% charge described in Note 1 above due to rounding.
[3] The Distributor retains the balance, if any, and uses it solely for distribution purposes, which may include a dealer reallowance up to the full sales charge.

The dealer reallowance for sale of shares of the Versatile Bond Portfolio is as shown in the far right column:

	Sales Charge (% of offering price)[1]	Sales Charge (% of net amount invested)[2]	Dealer Reallowance as a Percentage of the Offering Price[3]
Class A			
Less than $100,000	4.00%	4.17%	4.00%
$100,00 but less than $250,000	3.50%	3.63%	3.50%
$250,000 but less than $500,000	2.50%	2.56%	2.50%
$500,000 but less than $1,000,000	2.00%	2.04%	2.00%
$1,000,000 and over	—%	—%	—%
Class C			
All amounts	—%	—%	—%
Class I			
All amounts	—%	—%	—%

[1] Class A shares are available with no front-end sales charge on investments of $1 million or more. There is, however, a CDSC of 1.00% on any Class A shares upon which a sales commission or finder's fee was paid that are sold within one year of purchase.

Brokers that initiate and are responsible for purchases of $1 million or more may receive a sales commission or finder's fee of up to 1.00% of the offering price of Class A shares. In addition, while Class C shares are offered at NAV, without any initial sales charge, a 1.00% CDSC may be charged on any Class C shares upon which a finder's fee has been paid that are sold within one year of purchase. See "Initial Sales Charge on Class A Shares" below for a discussion on how to qualify for a reduced sales charge. The Investment Adviser may take recent redemptions into account in determining if an investment qualifies as a new investment.
[2] Because of rounding in the calculation of the offering price, actual sales charges you pay may be more or less than those calculated using these percentages. This is because the dollar amount of the sales charge is determined by subtracting the net asset value of the shares purchased from the offering price, which is calculated to two decimal places using standard rounding criteria. The impact of rounding will vary with the size of the investment and the net asset value of the shares. Similarly, any CDSC paid by you on investments in Class A shares may be higher or lower than the 1.00% charge described in Note 1 above due to rounding.
[3] The Distributor retains the balance, if any, and uses it solely for distribution purposes, which may include a dealer reallowance up to the full sales charge.

CDSC revenues may be used to pay Selling Firm commissions when there is no initial sales charge. See "Deferred Sales Charges on Class A and Class C Shares."

If shares of a Portfolio are tendered for redemption or repurchased by the Portfolio for any reason within seven business days after confirmation of the purchase order for such shares, the full sales load or other concession will be returned to the shareholder and any Selling Firm making such sale forfeits the right to receive any compensation on such shares.

ADDITIONAL PURCHASE, SALE (REDEMPTION) AND ACCOUNT INFORMATION

The availability of certain sales charge waivers and discounts will depend on whether you purchase your shares through the Transfer Agent or through a financial intermediary. Certain financial intermediaries may have different policies and procedures regarding the availability of front-end sales charge waivers or CDSC waivers. (See "Your Investment — Sales Charge Reductions and Waivers — Additional Information on Purchases through Financial Intermediaries" in the Prospectus for more information).

Initial Sales Charges on Class A Shares

Class A shares of the Portfolios are offered at a price equal to their NAV plus a sales charge. The sales charges applicable to purchases of Class A shares of the Portfolios are described in the Prospectus. The Board of Trustees reserves the right to change or waive a Portfolio's minimum investment requirements and to reject any order to purchase shares (including purchase by exchange) when in the judgment of the Investment Adviser such rejection is in the Portfolio's best interests.

Methods of obtaining reduced sales charges referred to generally in the Prospectus are described in detail below. In calculating the sales charge applicable to current purchases of a Portfolio's Class A shares, the investor is entitled to accumulate current purchases with the current offering price of the shares of other Portfolios owned by the investor (see "Accumulation Privilege" below).

In order to receive the reduced sales charge, the investor must notify his or her Selling Firm and/or the Selling Firm must notify the Transfer Agent at the time of purchase of Class A shares, about any other Trust Portfolios owned by the investor, the investor's spouse and their children under the age of 21 living in the same household (See "Accumulation Privilege" below). This includes investments held in: (i) all accounts (*e.g.*, retirement accounts, trust accounts) with the Trust and/or the investor's Selling Firm; and (ii) accounts with Selling Firms other than the one handling the current purchase. Additionally, individual purchases by a trustee or other fiduciary also may be aggregated if the investments are for a single trust estate or for a group investment program. Assets held within a group investment program may not be combined with any assets held by those same participants outside of the program.

The Transfer Agent will credit the combined value, at the current offering price, of all eligible accounts to determine whether the investor qualifies for a reduced sales charge on his or her current purchase. The Transfer Agent will automatically link certain accounts registered in the same client name, with the same taxpayer identification number, for the purpose of qualifying the investor for lower initial sales charge rates. The investor must notify the Transfer Agent or his or her Selling Firm at the time of purchase of any eligible accounts held by his or her spouse or children under 21 living in the same household in order to insure these assets are linked to the investor's accounts.

If shares of a Portfolio are tendered for redemption or repurchased by the Portfolio for any reason within seven business days after confirmation of the purchase order for such shares, the full sales load or other concession will be returned to the shareholder and any Selling Firm making such sale forfeits the right to receive any compensation on such shares.

Without Sales Charges

Class A shares may be offered without a front-end sales charge or CDSC to various individuals and institutions indicated in the Prospectus.

Class A shares also may be purchased without an initial sales charge in connection with certain liquidation, merger or acquisition transactions involving other investment companies.

In Kind Re-Registrations

A shareholder who withdraws funds via a tax reportable transaction from the account of one Portfolio that has previously paid a sales charge, and re-registers those assets directly to the account of another Portfolio, without the assets ever leaving the Trust, may do so without paying a sales charge. The beneficial owner must remain the same (*i.e.*, in kind).

Reducing Your Class A Sales Charges

- *Accumulation Privilege* — Class A investors may reduce their Class A sales charge by taking into account not only the amount being invested but also the current offering price of any class of shares of the Trust Portfolios already held by such persons. To receive a reduced sales charge, the investor must tell his or her Selling Firm or the Transfer Agent at the time of the purchase about any other Portfolios held by that investor, his or her spouse and their children under the age of 21 living in the same household. Such information must include account statements or other records (including written representations from the intermediary holding the shares) that indicate that a sales charge was paid regarding shares of the Portfolios held in: (i) all accounts (*e.g.*, retirement accounts, trust accounts) with the Trust and/or the investor's Selling Firm; (ii) accounts with other Selling Firms; and (iii) accounts in the name of immediate family household members (spouse and children under 21 living in the same household).

Further information about combined purchases, including certain restrictions on combined group purchases, is available from the Transfer Agent or a Selling Firm's representative.

- *Letter of Intention* — reduced Class A sales charges under the Accumulation Privilege also are applicable to investments made pursuant to a Letter of Intention ("LOI"), which should be read carefully prior to its execution by an investor. An investor may make his or her investments over a specified period of thirteen months. Purchases made within ninety days prior to the signing of an LOI will be counted towards fulfillment of the LOI, however, the original sales charge will not be recalculated for these previous purchases. The sales charge applicable to all amounts invested after an LOI is signed is computed as if the aggregate amount intended to be invested had been invested immediately. If such aggregate amount is not actually invested, the difference in the sales charge actually paid and the sales charge payable had the LOI not been in effect is due from the investor. However, for the purchases actually made within the specified period the applicable sales charge will not be higher than that which would have applied (including accumulations) had the LOI been for the amount actually invested.

The LOI authorizes the Transfer Agent to hold in escrow sufficient Class A shares (approximately 5% of the aggregate) to make up any difference in sales charges on the amount intended to be invested and the amount actually invested, until such investment is completed within the specified period, at which time the escrowed Class A shares will be released. If the total investment specified in the LOI is not completed, the Class A shares held in escrow may be redeemed and the proceeds used as required to pay such sales charge as may be due. By signing the LOI, the investor authorizes the Transfer Agent to act as his or her attorney-in-fact to redeem any escrowed Class A shares and adjust the sales charge, if necessary.

An LOI does not constitute a binding commitment by an investor to purchase, or by a Portfolio to sell, any additional Class A shares and may be terminated at any time.

Group Investment Program

Under the Accumulation Privilege, all members of a group may combine their individual purchases of Class A shares to potentially qualify for breakpoints in the sales charge schedule. This feature is provided to any group that: (i) has been in existence for more than six months; (ii) has a legitimate purpose other than the purchase of mutual fund shares at a discount for its members; (iii) utilizes salary deduction or similar group methods of payment; and (iv) agrees to allow Portfolio sales materials in its mailings to its members at a reduced or no cost to the Distributor.

Deferred Sales Charges on Class A and Class C Shares

Class A shares are available with no front-end sales charge on investments of $1 million or more. There is a CDSC on any Class A shares upon which a commission or finder's fee was paid that are sold within one year of purchase.

Investments in Class C shares are purchased at NAV per share without the imposition of an initial sales charge so that the Portfolio will receive the full amount of the purchase payment. Class C shares that are redeemed within one year of purchase may be subject to a CDSC.

The CDSC to which redemptions of Class A or Class C shares may be subject will be charged at the rates set forth in the Prospectus as a percentage of the dollar amount subject to the CDSC. The charge will be assessed on an amount equal to the lesser of the current market value or the original purchase cost of the Class A or Class C shares being redeemed. No CDSC will be imposed on increases in account value above the initial purchase prices or on shares derived from reinvestment of dividends or capital gains distributions.

Solely for purposes of determining the number of years from the time of any payment for purchases of Class A or Class C shares subject to a CDSC, all payments during a month will be aggregated and deemed to have been made on the first day of the month.

In determining whether a redemption of Class A or Class C shares is subject to the imposition of a CDSC, the calculation will be determined in a manner that results in the lowest possible rate being charged. It will be assumed that the redemption comes first from shares the shareholder has held beyond the one-year CDSC redemption period, or those shares acquired by the shareholder through dividend and capital gain reinvestment. For this purpose, the amount of any increase in a share's value above its initial purchase price is not subject to a CDSC. Thus, when a share that has appreciated in value is redeemed during the CDSC period, a CDSC is assessed only on its initial purchase price.

When requesting a redemption for a specific dollar amount, the shareholder should indicate if proceeds equal to the dollar amount requested are required. If not indicated, only the specified dollar amount will be redeemed from the shareholder's account and the proceeds will be less any applicable CDSC.

With respect to a CDSC imposed on a redemption of Class A shares, proceeds from the imposition of a CDSC are used in whole or in part to pay expenses related to paying a commission or finder's fee in connection with the purchase at NAV of Class A shares with a value of $1 million or more.

With respect to a CDSC imposed on a redemption of Class C shares, proceeds from the imposition of a CDSC are used in whole or in part to pay expenses related to providing distribution-related services to the Portfolios in connection with the sale of the Class C shares, such as the payment of compensation to select Selling Firms for selling Class C shares. The combination of the CDSC and the distribution and service fees facilitates the ability of the Portfolios to sell Class C shares without a sales charge being deducted at the time of the purchase.

CDSC Waivers

The CDSC may be waived on redemptions of Class A or Class C shares that are subject to a CDSC in the circumstances defined below:

- Distributions from an IRA upon the shareholder's attainment of age 59 ½.
- Tax-free returns of excess contributions to IRAs.
- Because of shareholder death or post-purchase disability (this generally excludes accounts registered in the names of trusts and other entities). In the case of joint tenant accounts, if one joint tenant dies, a surviving joint tenant, at the time he or she notifies the Transfer Agent of the other joint tenant's death and removes the decedent's name from the account, may redeem shares from the account without incurring a CDSC. Redemptions made after the Transfer Agent is notified of the death of a joint tenant will be subject to a CDSC.
- The following types of transactions, if together they do not exceed 12% of the value of an account annually:
  - (i) redemptions due to receiving required minimum distributions from retirement accounts upon reaching required minimum distribution ("RMD") age;
  - (ii) if you have established a systematic withdrawal plan ("SWP") directly with certain Selling Firms, redemptions through such a plan (including any dividends and/or capital gain distributions taken in cash). For each SWP payment, assets that are not subject to a CDSC, such as appreciation on shares and shares acquired through reinvestment of dividends or capital gain distributions, will be redeemed first and will count toward the 12% limit. If there is an insufficient amount of assets not subject to a CDSC to cover a particular SWP payment, shares subject to the lowest CDSC will be redeemed next until the 12% limit is reached. Any income dividends and/or capital gain distributions taken in cash by a shareholder who receives payments through a SWP will also count toward the 12% limit. In the case of a SWP, the 12% limit is calculated at the time a systematic redemption is first made, and is recalculated at the time each additional systematic redemption is made. Shareholders who establish a SWP should be aware that the amount of a payment not subject to a CDSC may vary over time depending on fluctuations in the value of their accounts. This privilege may be revised or terminated at any time; or
  - (iii) if no commission or transaction fee is paid by the Investment Adviser and/or Distributor to the Selling Firm at the time of purchase.
- Redemptions made under certain liquidation, merger or acquisition transactions involving other investment companies.
- Redemptions pursuant to the Portfolio's right to liquidate an account that is below the minimum account value as described in the Prospectus under "Dividends, Taxes and Account Policies — Small Accounts."

For purposes of this paragraph, “account” means:

- in the case of Class A shares, your investment in Class A shares of all Portfolios; and
- in the case of Class C shares, your investment in Class C shares of the particular Portfolio from which you are making the redemption.

If you qualify for a CDSC waiver under one of these situations, you must notify your Selling Firm or the Transfer Agent at the time that the request is made. The waiver will be granted once the Transfer Agent has confirmed that you are entitled to the waiver.

Additional Services and Programs

Portfolio Exchange

The Trust permits exchanges of shares of any class of a Portfolio for shares of the same class in any other Portfolio. The registration for both accounts involved must be identical. Identical registration is determined by having the same beneficial owner on both accounts involved in the exchange.

Exchanges between Portfolios are based on their respective NAVs. Selling Firms generally do not impose a sales charge on such exchanges. For purposes of computing the CDSC payable upon redemption of shares acquired in an exchange, the holding period of the original shares is added to the holding period of the shares acquired in an exchange.

The Trust reserves the right to require that previously exchanged shares (and reinvested dividends) be in the Portfolio for ninety days before a shareholder is permitted a new exchange.

An exchange of shares is treated as a redemption of shares of one Portfolio and the purchase of shares of another for federal income tax purposes. An exchange may result in a taxable gain or loss to an investor. See “Additional Tax Information.”

Systematic Withdrawal Plan (SWP)

The Trust permits the establishment of a SWP. Payments under the SWP represent proceeds arising from the redemption of shares. Since the redemption price of shares may be more or less than the shareholder’s cost, depending upon the market value of the securities owned by a Portfolio at the time of redemption, the distribution of cash pursuant to the SWP may result in realization of gain or loss for purposes of federal, state and local income taxes. The Trust reserves the right to modify or discontinue the SWP of any shareholder or to discontinue the availability of such Plan in the future. A shareholder may terminate the plan at any time by giving proper notice to the Transfer Agent. Any change or termination requested by a shareholder should be provided to the Transfer Agent at least five days prior to the effective date.

The maintenance of a SWP concurrently with purchases of additional Class A shares of a Portfolio could be disadvantageous to a shareholder because of the initial sales charge payable on such purchases of Class A shares. Therefore, a shareholder should not purchase Class A shares at the same time that a SWP is in effect. Class C shares sold under a SWP may be subject to a CDSC.

Automatic Investment Plan

The Automatic Investment Plan is explained in the Prospectus. The privilege of making investments through the Automatic Investment Plan may be revoked by the Transfer Agent without prior notice if any investment is not honored by the shareholder’s bank. The bank shall be under no obligation to notify the shareholder as to the nonpayment of any checks.

Reinstatement Privilege

If the Transfer Agent and the Selling Firm are notified prior to reinvestment, a shareholder who has redeemed shares of a Portfolio may, within one hundred twenty days after the date of redemption, reinvest without payment of a sales charge any part of the redemption proceeds in shares back into the same share class of the same Portfolio and account from which it was removed, subject to the minimum investment limit in that Portfolio. The proceeds from the redemption of Class A shares may be reinvested at NAV without paying a sales charge in Class A shares of the Portfolio. If a CDSC was paid upon a redemption, the shareholder will be credited with the amount of the CDSC paid on the amount he or she is reinvesting within one hundred twenty days of his or her reinvestment by adding it to the amount of the reinvestment. The new shares will continue to be subject to the CDSC. The holding period of the shares acquired through reinvestment will, for purposes of computing the CDSC payable upon a subsequent redemption, include the holding period of the redeemed shares. Redemption proceeds from a SWP are not eligible for reinvestment without a sales charge.

Redemption proceeds that are otherwise prohibited from being reinvested in the same account or the same Portfolio may be invested in another account for the same shareholder in the same share class of the same Portfolio (or a different Portfolio if the original Portfolio is no longer available) without paying a sales charge. Any such reinvestment is subject to the minimum investment limit.

Each Portfolio may refuse any reinvestment request and may change or cancel its reinvestment policies at any time.

A redemption or exchange of Portfolio shares is a taxable transaction for federal income tax purposes even if the reinvestment privilege is exercised, and any gain or loss realized by a shareholder on the redemption or other disposition of Portfolio shares will be treated for tax purposes as described under the caption “Additional Tax Information.”

No Certificated Shares

The Trust’s Portfolios do not issue share certificates. Shares are electronically recorded.

Purchases and Redemptions through Third Parties

Shares of the Portfolios may be purchased or redeemed through certain Selling Firms. Selling Firms may charge the investor additional fees for their services. A Portfolio will be deemed to have received a purchase or redemption order when an authorized Selling Firm, or if applicable, a Selling Firm’s authorized designee or intermediary, receives the order. Orders may be processed at the NAV next calculated after the Selling Firm receives the order. The Selling Firm must segregate any orders it receives after the close of regular trading on the NYSE and transmit those orders to the Portfolio for execution at the NAV next determined. Some Selling Firms that maintain network/omnibus/nominee accounts with a Portfolio for their clients charge an annual fee on the average net assets held in such accounts for accounting, servicing and distribution services they provide with respect to the Portfolio shares. This fee is paid by the Investment Adviser, the Portfolio and/or the Distributor pursuant to the Rule 12b-1 Plan.

Redemption Limitations

The right to redeem may be limited or suspended by the Trust, or the payment date postponed, as follows:

- for any period during which the NYSE is closed or trading thereon is restricted, as determined by the SEC;
- for any period during which the SEC determines that an emergency makes it impractical to dispose of portfolio securities or to calculate net asset values; or
- during any period for which the SEC has by order permitted a suspension for the protection of shareholders.

In-Kind Redemptions

Subject to the restrictions set forth below and, provided that it is administratively feasible, the Trust may require redeeming shareholders in Permanent Portfolio (but not shareholders in any other Portfolio) to accept readily tradable gold or silver bullion or coins from the Portfolio's holdings in complete or partial payment of redemptions, if it can satisfy a Code provision that permits it to do so without recognizing gain, where so doing would present an advantage to the Portfolio in pursuit of its tax planning objectives over a sale or other disposition of an investment. Although the Investment Adviser believes it is unlikely that the Trust would ever use an asset other than gold or silver bullion or bullion-type coins for any such in-kind redemptions, the assets to be distributed would be selected by the Trust from Permanent Portfolio's holdings and generally would not reflect Target Percentages. The Trust would not require redeeming shareholders to accept any investment that is not readily tradable.

Investors should note that an in-kind distribution might result in inconvenience or in financial loss or gain due to price fluctuations. The risk of financial loss would be especially great in the case of an investment subject to high price volatility. Also, shareholders might incur high brokerage costs in liquidating small lots of distributed investments.

In order to reduce the possibility of inconvenience or loss to redeeming shareholders, the Trust has agreed that it will not exercise its right to make such an in-kind redemption unless it has arranged, on behalf of the shareholder, a convenient opportunity to accomplish the prompt sale of the assets through a qualified broker or dealer at a cost not to exceed 2% of the asset's value at the time of the redemption. In the event that a shareholder elected not to use the broker or dealer provided by the Trust to sell assets distributed to him or her, the Trust would deliver the assets to the shareholder, or at his or her request, to his or her local bank.

Permanent Portfolio makes portfolio changes on the basis of investment factors at the time and in pursuit of its investment objective, and in order to adhere to its Target Percentages. See "Portfolios Summaries — Permanent Portfolio" in the Prospectus. In accordance with these objectives, at the time the decision is made to dispose of assets from the Permanent Portfolio, the Trust will decide whether to sell the assets or to distribute them in satisfaction of redemption requests.

If the Trust ever elects to dispose of assets through such required in-kind redemptions, it will inform the Transfer Agent of the specific assets to be used and the order in which to use them. The Transfer Agent thereafter would honor all redemption requests, in the order received, by distributing the designated assets. Generally, the Transfer Agent would continue to effect all redemption requests for the Permanent Portfolio with in-kind distributions until the designated assets were exhausted or until the Trust instructed the Transfer Agent otherwise.

In-Kind Redemption Requests

If the Trust ever elects to make assets available for in-kind payment of redemptions, at the request of a redeeming shareholder, it will inform the Transfer Agent of the specific assets to be used. The Trust makes no representation that it will attempt to protect any redeeming shareholder from inconvenience, expense or loss that results from an in-kind redemption requested by the shareholder.

The Trust has adopted the following operating policies with respect to such in-kind redemptions:

- any shareholder (except an affiliate as set forth below) may request an in-kind redemption of shares in such Portfolio prior to 4:00 p.m. Eastern Time of such day and any such request shall become irrevocable at 4:00 p.m. Eastern Time of such day;
- no such request for redemption shall be accepted for any Portfolio shares held by an affiliated person or other person specified in section 17(a) of the 1940 Act;

- the Trust will accept a request for an in-kind redemption only if the Investment Adviser determines that it is in the best interests of the Portfolio and only as an alternative to the sale of the asset to be distributed in a transaction consistent with the Portfolio's investment policies;
- requested in-kind redemptions shall be limited to assets for which market quotations are readily available; and
- the asset price used to effect the redemption shall be the respective asset price used to calculate the net asset value of the shares being redeemed.

Abandoned Property/Escheatment

If your financial intermediary (or, if you bought your shares directly, the Trust) is unable to locate you, then it is required by law to determine whether your account(s) must be deemed "unclaimed" or "abandoned." Your financial intermediary (or the Trust) is required to transfer (or escheat) unclaimed or abandoned property to the appropriate state government in accordance with state law. Your account(s) may also be deemed "unclaimed" or "abandoned" and subsequently transferred to the appropriate state government if no activity (as defined by that state) occurs within the account(s) during the period of time specified by state law or if checks related to the account(s) remain uncashed. Your last known address of record determines which state has jurisdiction.

It is your responsibility to ensure that your financial intermediary (or the Trust) maintains a correct address for your account(s). An incorrect address may cause your account statements and other mailings to be returned as undeliverable. None of the Trust, any Portfolio, Distributor, or Transfer Agent will be liable to investors or their representatives for good faith compliance with state unclaimed or abandoned property (escheatment) laws. If you use a financial intermediary, contact that provider regarding applicable state escheatment laws.

ADDITIONAL TAX INFORMATION

General

To continue to qualify for treatment as a regulated investment company under Subchapter M of Chapter 1 of the Code ("RIC"), a Portfolio — each of which is treated as a separate corporation for federal tax purposes — must satisfy certain specific requirements, including the following:

(i) The Portfolio must distribute to its shareholders for each taxable year at least the sum of 90% of its "investment company taxable income" and 90% of its net exempt interest income ("Distribution Requirement"). That income generally consists of net investment income, the excess of net short-term capital gain over net long-term capital loss and net gains and losses from certain foreign currency transactions, all determined without regard to any deduction for dividends paid;

(ii) At least 90% of the Portfolio's gross income each taxable year must be derived from investment-type income, specifically: (a) dividends, interest, payments with respect to securities loans, gains from the sale or other disposition of securities or foreign currencies or other income (including gains and losses from options, futures or forward contracts) the Portfolio derives with respect to its business of investing in securities or those currencies; and (b) net income from an interest in a "qualified publicly traded partnership" ("Income Requirement"); and

(iii) The Portfolio's investments must satisfy certain diversification requirements at the close of each quarter of its taxable year.

For any taxable year during which a Portfolio so qualifies, it will not be liable for federal income tax on its investment company taxable income or its net capital gain (*i.e.*, the excess of net long-term capital gain over net short-term capital loss), reduced by any capital loss carryovers from prior taxable years, that it distributes to its shareholders.

If a Portfolio failed to qualify for treatment as a RIC for any taxable year, then for federal tax purposes: (i) it would be taxed as an ordinary corporation on the full amount of its taxable income for that year without being able to deduct the distributions it makes to its shareholders; and (ii) the Portfolio's shareholders would treat all those distributions, including distributions of net capital gain, as dividends (taxable as ordinary income, except the part thereof that is "qualified dividend income," which is taxable for individual shareholders at the rate for net capital gain — a maximum of 15% or 20% for individuals with taxable income exceeding certain thresholds) to the extent of the Portfolio's earnings and profits; those dividends would be eligible for the dividends-received deduction available to corporations under certain circumstances. In addition, the Portfolio could be required to recognize unrealized gains, pay substantial tax and interest and make substantial distributions before requalifying for RIC treatment.

If a Portfolio fails to meet the annual gross income test described above, the Portfolio will nevertheless be considered to have satisfied the test if: (i) (a) such failure is due to reasonable cause and not due to willful neglect and (b) the Portfolio reports the failure; and (ii) the Portfolio pays an excise tax equal to the excess non-qualifying income. If a Portfolio fails to meet the asset diversification test described above with respect to any quarter, the Portfolio will nevertheless be considered to have satisfied the requirements for such quarter if the Portfolio cures such failure within six months and either: (i) such failure is *de minimis;* or (ii) (a) such failure is due to reasonable cause and not due to willful neglect and (b) the Portfolio reports the failure and pays an excise tax.

A Portfolio will be subject to a nondeductible 4% federal excise tax ("Excise Tax") to the extent it fails to distribute by the end of any calendar year substantially all of its ordinary income for that year and capital gain net income for the one-year period ending on October 31 of that year, plus certain other amounts. A Portfolio will be treated as having distributed any amount on which it is subject to federal income tax for any taxable year. For purposes of calculating the Excise Tax, a Portfolio: (i) must reduce its capital gain net income (but not below its net capital gain) by the amount of any net ordinary loss for the calendar year; and (ii) must exclude foreign currency and certain other ordinary gains and losses incurred after October 31 of any year in determining the amount of ordinary income for that year. A Portfolio will include those gains and losses incurred after October 31 in determining ordinary income for the succeeding calendar year.

Taxation of Shareholders

Any dividend a Portfolio pays has the effect of reducing its net asset value. Therefore, a dividend paid shortly after a shareholder invests in a Portfolio would represent, in substance, a return of capital to the shareholder. Nevertheless, the distribution would be subject to federal income tax, as discussed here and in the Prospectus.

A redemption of Portfolio shares (including a redemption under a SWP, as described in the Prospectus) is a taxable event for the redeeming shareholder. Any gain or loss realized on a redemption by a shareholder who is not a dealer in securities will generally be treated as a long-term capital gain or loss if the shares have been held more than one year and otherwise as a short-term capital gain or loss. However, any loss realized on a redemption of shares a shareholder held for six months or less will be treated as a long-term capital loss to the extent of any capital gain distributions the shareholder receives on those shares. In addition, all or a portion of a loss realized on a sale or other disposition of Portfolio shares may be disallowed under "wash sale" rules to the extent the shareholder acquires other shares of the same Portfolio (whether through the reinvestment of distributions or otherwise) within a period of sixty one days beginning thirty days before and ending thirty days after the date of disposition of the shares. Any disallowed loss will result in an adjustment to the shareholder's tax basis in some or all of the other shares acquired.

As described below under "Additional Purchase, Sale (Redemption) and Account Information — In-Kind Redemptions," Permanent Portfolio may redeem its shares in kind in certain circumstances. The tax consequences to an individual (*i.e.*, non-corporate) shareholder other than an individual retirement account or individually directed account maintained under a plan described in Code section 401(a) (each, a "Retirement Account") (see the following paragraph) of an in-kind redemption are similar to the consequences of a redemption for cash. A non-Retirement Account shareholder will recognize a capital gain (or loss) equal to the market value of the assets he or she receives minus the cost basis in the shares being redeemed. (The Trust will inform a shareholder as to its determination of the market value of any assets distributed to him or her.) Such shareholder's cost basis in the distributed assets will equal their market value at the time of the redemption. The federal income tax consequences of an in-kind redemption to a corporate shareholder are complex, and corporations considering investing in Permanent Portfolio should consult their tax advisers in this regard. Permanent Portfolio expects to be able to satisfy a Code provision that will enable it to distribute assets pursuant to an in-kind redemption without recognizing capital gain or loss.

The in-kind distributions that Permanent Portfolio may make to redeem its shares may consist wholly or partly of gold or silver bullion or coins. Such bullion or coins, with certain limited exceptions, if received by a Retirement Account pursuant to an in-kind redemption, would be treated as the acquisition of a "collectible" by the Account. Such an acquisition would be treated as a distribution from the Account in an amount equal to the Account's cost of the collectible, with resulting significant adverse federal income tax consequences pursuant to Code sections 408(d) and 72. Accordingly, a person considering the purchase of Permanent Portfolio shares through a Retirement Account should consult his or her tax and financial adviser(s) regarding the potential tax consequences of that investment.

If a shareholder fails to certify on his or her shareholder account application that the social security or other taxpayer identification number provided is correct and that he or she is not subject to backup withholding for previous underreporting to the Internal Revenue Service ("IRS"), the Trust must impose backup withholding, as discussed in the Prospectus.

A Portfolio (or its administrative agent) must report to the IRS and furnish to its shareholders the cost basis and holding period information for shares purchased on or after January 1, 2012, and sold on or after that date. For each sale of shares, a shareholder may elect from among several IRS-accepted cost basis methods. In the absence of an election, the Portfolio will use average cost basis as the default method. The cost basis method elected by a shareholder (or the cost basis method applied by default) for each sale of shares may not be changed after the settlement date of each such sale of shares. Shareholders should consult with their tax advisers to determine the best IRS-accepted cost basis method for their tax situation and to obtain more information about how the new cost basis reporting law applies to them. The former requirement to report only the gross proceeds from the sale of shares will generally continue to apply to all shares acquired through December 31, 2011, and sold on and after that date.

Under legislation known as the Foreign Account Tax Compliance Act ("FATCA"), the Trust will be required to withhold 30% of the ordinary dividends it pays after June 30, 2014 to shareholders that fail to meet prescribed information reporting or certification requirements. In general, no such withholding will be required with respect to a U.S. person or foreign individual that timely provides the certifications required by the Trust or its agent on a valid IRS Form W-9 or W-BEN, respectively. Shareholders potentially subject to withholding include foreign financial institutions ("FFIs"), such as foreign investment funds, and non-financial foreign entities ("NFFEs"). To avoid withholding under FATCA, except as described below, an FFI generally must enter into an information sharing agreement with the IRS in which it agrees to report certain identifying information (including name, address and taxpayer identification number) with respect to its U.S. account holders (which, in the case of an entity shareholder, may include its direct and indirect U.S. owners), and an NFFE generally must identify itself and may be required to provide other required information to the Trust or other withholding agent regarding its U.S. owners, if any. Such foreign shareholders also may fall into certain exempt, excepted or deemed compliant categories as established by regulations and other guidance. A foreign shareholder resident or doing business in a country that has entered into an intergovernmental agreement with the U.S. to implement FATCA will be exempt from FATCA withholding provided that the shareholder and the applicable foreign government comply with the terms of such agreement. A non-U.S. entity that invests in the Trust will need to provide the Trust with documentation properly certifying the entity's status under FATCA in order to avoid FATCA withholding. Non-U.S. investors should consult their own tax advisers regarding the impact of these requirements on their investment in the Trust.

Taxation of the Portfolios

Derivative Investments

Permanent Portfolio and Aggressive Growth Portfolio may use hedging strategies such as writing (selling) and purchasing options and futures contracts, and the Permanent Portfolio may also enter into forward contracts. These Portfolios may also use derivative investments to carry out their tax planning policies by delaying the recognition of gain on appreciated assets and minimizing the amounts the Portfolios must distribute to satisfy the Distribution Requirement described above. These activities involve complex rules that will determine for income tax purposes the amount, character and timing of recognition of the gains and losses a Portfolio realizes in connection therewith. Gain from the disposition of foreign currencies (except certain gains therefrom that may be excluded by future regulations), and gains from options, futures and forward contracts a Portfolio derives with respect to its business of investing in securities or foreign currencies, will be treated as qualifying income under the Income Requirement. However, certain derivative instruments, such as instruments linked to commodities, will not produce qualifying income under the Income Requirement because a direct investment in the underlying property would not produce qualifying income. The Trust will monitor its transactions, make appropriate tax elections and make appropriate entries in its books and records when a Portfolio acquires any foreign currency, option, futures contract, forward contract or hedged investment to mitigate the effect of these rules, prevent the Portfolio's disqualification as a RIC and minimize the imposition of federal income tax and the Excise Tax.

Some futures contracts, foreign currency contracts and "non-equity" options (*i.e.*, certain listed options, such as those on a "broad-based" securities index) in which a Portfolio may invest may be subject to section 1256 of the Code (collectively, "section 1256 contracts"). Any section 1256 contracts a Portfolio holds at the end of its taxable year generally must be "marked-to-market" (that is, treated as having been sold at that time for their fair market value) for federal income tax purposes, with the result that unrealized gains or losses will be treated as though they were realized. Sixty percent of any net gain or loss recognized on these deemed sales and sixty percent of any net realized gain or loss from any actual sales of section 1256 contracts will be treated as long-term capital gain or loss, and the balance will be treated as short-term capital gain or loss. These rules may operate to increase the amount that a Portfolio must distribute to satisfy the Distribution Requirement (*i.e.*, with respect to the portion treated as short- term capital gain), which will be taxable to its shareholders as ordinary income, and to increase the net capital gain a Portfolio recognizes, without in either case increasing the cash available to it. A Portfolio may elect not to have the foregoing rules apply to any "mixed straddle" (that is, a straddle, which the Portfolio clearly identifies in accordance with applicable regulations, at least one (but not all) of the positions of which are section 1256 contracts), although doing so may have the effect of increasing the relative proportion of net short-term capital gain (taxable as ordinary income) and thus increasing the amount of dividends it must distribute. Section 1256 contracts also are marked-to-market for purposes of the Excise Tax.

Offsetting positions a Portfolio enters into or holds in any actively traded security, option, futures or forward contract may constitute a "straddle" for federal income tax purposes. Straddles are subject to certain rules that may affect the amount, character and timing of recognition of a Portfolio's gains and losses with respect to positions of the straddle by requiring, among other things, that: (i) loss realized on disposition of one position of a straddle be deferred to the extent of any unrealized gain in an offsetting position until the latter position is disposed of; (ii) the Portfolio's holding period in certain straddle positions not begin until the straddle is terminated (possibly resulting in gain being treated as short-term rather than long-term capital gain); and (iii) losses recognized with respect to certain straddle positions, that otherwise would constitute short-term capital losses, be treated as long-term capital losses. Applicable regulations also provide certain "wash sale" rules, which apply to transactions where a position is sold at a loss and a new offsetting position is acquired within a prescribed period, and "short sale" rules applicable to straddles. Different elections are available to each Portfolio, which may mitigate the effects of the straddle rules, particularly with respect to a mixed straddle.

If a call option written (sold) by a Portfolio lapses (*i.e.*, terminates without being exercised), the amount of the premium it received for the option will be short-term capital gain. If a Portfolio enters into a closing purchase transaction with respect to a written call option, it will have a short-term capital gain or loss based on the difference between the premium it received for the option it wrote and the premium it pays for the option it buys. If a written call option is exercised and a Portfolio thus sells the securities or futures contract subject to the option, the premium it received will be added to the exercise price to determine its gain or loss on the sale. If a call option purchased by a Portfolio lapses, it will realize short-term or long-term capital loss, depending on its holding period for the security or futures contract subject thereto. If a Portfolio exercises a purchased call option, the premium it paid for the option will be added to the basis in the subject securities or futures contract.

If a Portfolio has an "appreciated financial position" — generally, an interest (including an interest through an option, futures or forward contract or short sale) with respect to any stock, debt instrument (other than "straight debt"), or partnership interest the fair market value of which exceeds its adjusted basis — and enters into a "constructive sale" of the position, the Portfolio will be treated as having made an actual sale thereof, with the result that it will recognize gain at that time. A constructive sale generally consists of a short sale, an offsetting notional principal contract or a futures or forward contract a Portfolio or a related person enters into with respect to the same or substantially identical property. In addition, if the appreciated financial position is itself a short sale or such a contract, acquisition of the underlying property or substantially identical property will be deemed a constructive sale. The foregoing will not apply, however, to any Portfolio transaction during any taxable year that otherwise would be treated as a constructive sale if the transaction is closed within thirty days after the end of that year and the Portfolio holds the appreciated financial position unhedged for sixty days after that closing (*i.e.*, at no time during that sixty-day period is the Portfolio's risk of loss regarding that position reduced by reason of certain specified transactions with respect to substantially identical or related property, such as having an option to sell, being contractually obligated to sell, making a short sale or granting an option to buy substantially identical stock or securities).

Passive Foreign Investment Companies

Permanent Portfolio may invest in the stock of "passive foreign investment companies" ("PFICs"). A PFIC is any foreign corporation (with certain exceptions) that, in general, meets either of the following tests: (i) at least 75% of its gross income for the taxable year is passive; or (ii) an average of at least 50% of its assets produce, or are held for the production of, passive income. Under certain circumstances, the Portfolio will be subject to federal income tax on a portion of any "excess distribution" it receives on the stock of a PFIC or of any gain on its disposition of that stock (collectively, "PFIC income"), plus interest thereon, even if the Portfolio distributes the PFIC income as a dividend to its shareholders. The balance of the PFIC income will be included in the Portfolio's investment company taxable income and, accordingly, will not be taxable to it to the extent it distributes that income to its shareholders. Portfolio distributions thereof will not be eligible for the maximum federal income tax rate on "qualified dividend income" described in the Prospectus.

If the Portfolio invests in a PFIC and elects to treat the PFIC as a “qualified electing fund” (“QEF”), then in lieu of the foregoing tax and interest obligation, the Portfolio would be required to include in income each taxable year its pro rata share of the QEF’s annual ordinary earnings and net capital gain — which the Portfolio likely would have to distribute to satisfy the Distribution Requirement and avoid imposition of the Excise Tax — even if the QEF did not distribute those earnings and gain to the Portfolio. In most instances, it will be very difficult, if not impossible, to make this election because some of the information required to make this election may not be easily obtainable.

The Portfolio may elect to “mark-to-market” any stock in a PFIC it owns at the end of its taxable year. “Marking-to-market,” in this context, means including in gross income each taxable year (and treating as ordinary income) the excess, if any, of the fair market value of the stock over the Portfolio’s adjusted basis therein as of the end of that year. Pursuant to the election, the Portfolio also may deduct (as an ordinary, not capital, loss) the excess, if any, of its adjusted basis in PFIC stock over the fair market value thereof as of the taxable year-end, but only to the extent of any net mark-to-market gains with respect to that stock the Portfolio included in income for prior taxable years under the election. The Portfolio’s adjusted basis in each PFIC’s stock subject to the election would be adjusted to reflect the amounts of income included and deductions taken thereunder.

Investors should be aware that the Portfolio may not be able to ascertain whether a foreign corporation is a PFIC when it acquires the corporation’s shares and that a foreign corporation may become a PFIC after the Portfolio acquires shares therein. While the Portfolio generally will seek to avoid investing in PFIC shares to avoid the tax consequences detailed above, there are no guarantees that it will be able to do so, and it reserves the right to make such investments as a matter of its investment policy.

Foreign Securities and Currencies

Permanent Portfolio, Versatile Bond Portfolio and Aggressive Growth Portfolio may invest in foreign securities and/or foreign currencies. Under Code section 988, gains or losses: (i) from the disposition of foreign currencies, including forward contracts; (ii) except in certain circumstances, from options, futures and forward contracts on foreign currencies (and on financial instruments involving foreign currencies) and from notional principal contracts (*e.g.*, swaps, caps, floors and collars) involving payments denominated in foreign currencies; (iii) on the disposition of each foreign-currency-denominated debt security that are attributable to fluctuations in the value of the foreign currency between the dates of acquisition and disposition of the security; and (iv) that are attributable to exchange rate fluctuations between the time the Portfolio accrues interest, dividends or other receivables, expenses or other liabilities, denominated in a foreign currency and the time it actually collects the receivables or pays the liabilities generally, will be treated as ordinary income or loss. These gains or losses will increase or decrease the amount of a Portfolio’s investment company taxable income to be distributed to its shareholders as ordinary income, rather than affecting the amount of its net capital gain. If the Portfolio’s section 988 losses exceed other investment company taxable income during a taxable year, it would not be able to distribute any dividends. Although Permanent Portfolio values its assets daily in terms of U.S. dollars, it does not intend to convert its holdings of foreign currencies into U.S. dollars on a daily basis. The Portfolio will do so from time to time, incurring the costs of currency conversion.

Dividends and interest a Portfolio receives, and gains it realizes, on foreign securities may be subject to income, withholding or other taxes foreign countries and U.S. possessions impose that would reduce the yield and/or total return on its investments, although the Investment Adviser anticipates that the amount of any such tax will not be significant. Furthermore, tax conventions between certain countries and the United States may reduce or eliminate foreign taxes, and many foreign countries do not impose taxes on capital gains in respect of investments by foreign investors. Permanent Portfolio and Versatile Bond Portfolio do not expect to be able to pass through any foreign tax credits or deductions to their U.S. shareholders.

Original Issue Discount Securities

Certain debt securities acquired by Permanent Portfolio and Versatile Bond Portfolio may be treated as debt securities that were originally issued at a discount. Very generally, original issue discount is defined as the difference between the price at which a security was issued and its stated redemption price at maturity. Although no cash income on account of such discount is actually received by a Portfolio, original issue discount that accrues on a debt security in a given year generally is treated for federal income tax purposes as interest and, therefore, such income would be subject to the Distribution Requirement applicable to RICs. Some debt securities may be purchased by a Portfolio at a discount that exceeds the original issue discount on such debt securities, if any. This additional discount represents market discount for federal income tax purposes, as discussed below.

If a Portfolio purchases a debt security at a price lower than the stated redemption price of such debt security, the excess of the stated redemption price over the purchase price is "market discount." If the amount of market discount is more than a *de minimis* amount, a portion of such market discount must be included as ordinary income (not capital gain) by the Portfolio in each taxable year in which the Portfolio owns an interest in such debt security and receives a principal payment on it. In particular, the Portfolio will be required to allocate that principal payment first to the portion of the market discount on the debt security that has accrued but has not previously been includable in income. In general, the amount of market discount that must be included for each period is equal to the lesser of: (i) the amount of market discount accruing during such period (plus any accrued market discount for prior periods not previously taken into account); or (ii) the amount of the principal payment with respect to such period. Generally, market discount accrues on a daily basis for each day the debt security is held by the Portfolio at a constant rate over the time remaining to the debt security's maturity or, at the election of the Portfolio, at a constant yield to maturity which takes into account the semi-annual compounding of interest. Gain realized on the disposition of a market discount obligation must be recognized as ordinary interest income (not capital gain) to the extent of the accrued market discount.

PORTFOLIO TRANSACTIONS

Brokerage

The Trust's portfolio transactions are placed by the Investment Adviser. The objective of the Investment Adviser in effecting portfolio transactions is to obtain the best net price considering all relevant circumstances. Some of the Investment Adviser's purchases and sales of investments will be made directly with dealers and market-makers, usually without brokerage commissions, however, dealer mark-ups and mark-downs may be incurred. In other cases, the Investment Adviser will use a broker-dealer and will pay commissions. In many foreign countries, commission rates are fixed by governmental or exchange regulation or by industry agreement, and may be higher or lower than those charged on comparable transactions in the United States.

The Investment Adviser does not request research, statistical, securities pricing or other related services from any broker-dealer beyond what the broker-dealer provides to its customers generally, nor will the Investment Adviser pay any broker additional commissions on portfolio transactions as an inducement to sell Portfolio shares. Nevertheless, the Investment Adviser may, in circumstances in which two or more broker-dealers are in a position to offer comparable prices and execution, give preference to those which have provided research, statistical and related services to the Investment Adviser for the benefit of the Portfolios. The Investment Adviser believes that while research and related services may be useful in varying degrees, they are of indeterminable value and may or may not reduce the expenses of the Investment Adviser.

The Board of Trustees does not have an obligation to obtain the lowest available commission rate with respect to portfolio transactions to the exclusion of price, service and qualitative considerations. The

Investment Adviser is authorized to negotiate payment only for brokerage services rendered and not for research, statistical or other services. The Board of Trustees does not authorize the payment of commissions to brokers in recognition of their having provided such services, in excess of commissions other qualified brokers would have charged for handling comparable transactions.

There currently is no agreement or commitment to place orders with any dealer, market-maker or broker-dealer. Please see the following table for information on commissions paid by the Trust's Portfolios.

Portfolio Commissions and Turnover

The Trust's Portfolios paid the following commissions and had the following portfolio turnover rates during the last three fiscal years:

Fiscal Year Ended January 31			
	2025	**2024**	**2023**
Total Commissions Paid			
Permanent Portfolio	$56,188	$59,978	$82,941
Short-Term Treasury Portfolio	—	—	—
Versatile Bond Portfolio	$7,637	$158	$9,843
Aggressive Growth Portfolio	$4,215	$4,543	$1,745
Portfolio Turnover Rate(1)			
Permanent Portfolio	22.14%	15.26%	27.58%
Short-Term Treasury Portfolio(2)	67.72%	21.97%	—%
Versatile Bond Portfolio	40.12%	25.11%	25.68%
Aggressive Growth Portfolio	2.54%	11.72%	.13%

(1) The Trust and Investment Adviser believe that portfolio turnover is generally subject to natural variances over time depending on such matters as conditions in specific market segments or overall markets during measurement periods, and the level of purchase and sale transactions of a Portfolio in light of the Portfolio's net assets.
(2) Portfolio turnover during the fiscal year ended January 31, 2023 was insignificant relative to the fiscal years ended January 31, 2025 and 2024 as a result of calculation metrics and the limited size of, and investor activity in, the Portfolio.

Proxy Voting Policies

The Trust and the Investment Adviser have adopted proxy voting policies and procedures to use in determining how to vote proxies relating to Portfolio securities. Such policies and procedures include procedures used when a vote presents a conflict between the interests of the Trust's shareholders and the Investment Adviser. Attached to this SAI as Appendix A and Appendix B, respectively, are the Trust's and the Investment Adviser's proxy voting policies and procedures.

Information regarding how each of the Trust's Portfolios voted its proxies relating to portfolio securities during the most recent twelve-month period ended June 30 is available, without charge and upon request, by writing or calling the Trust's Shareholder Services Office, toll free at (800) 531-5142, and on the SEC's website at http://www.sec.gov. Information regarding how the Portfolios voted proxies relating to portfolio securities during the twelve-month period ended June 30, 2025 will be available no later than August 31, 2025 and will be accessible in the same manner.

PORTFOLIO HOLDINGS DISCLOSURE

The Trust has adopted policies and procedures that govern the timing and circumstances of disclosure to shareholders and third parties of information regarding portfolio investments held by the Trust's Portfolios. The policies and procedures are intended to prevent unauthorized disclosure of portfolio holdings information and have been approved by the Board of Trustees. The policies permit disclosure of non-public portfolio holdings to selected parties only when consistent with the Trust's legitimate business purposes and when in the best interests of its shareholders, and upon assurances of confidentiality including a duty to use such information only for agreed upon purposes. The Investment Adviser will seek to monitor a recipient's use of non-public portfolio holdings information provided under any agreements and, when appropriate, use its best efforts to enforce the terms of such agreements. Such parties include the Trust's service providers (*e.g.*, the Trust's investment adviser, custodian, transfer agent, fund accountants, independent registered public accountants, pricing services, printer, service providers in connection with proxy voting and trade order management and compliance services, and counsel to the Trust and the Independent Trustees), who generally need access to such information in the performance of their contractual duties and responsibilities and are subject to duties of confidentiality, including a duty to not trade on the non-public information, as well as data consolidators (including rating agencies), fund rating/ranking services and other data providers. The Investment Adviser, fund accountants, and portfolio compliance monitoring services have access to the Portfolios' complete portfolio holdings on a daily basis. The Trust's custodian receives confirmation of portfolio activity within one business day of a trade. The Trust provides its independent accountants complete year-end portfolio holdings within one business day of the Trust's year-end. The Trust provides its complete month-end portfolio holdings to Morningstar, Bloomberg and Thomson Reuters (Lipper, Vestek and Thomson Financial) within fifteen days of month-end. The Trust also provides complete quarter-end portfolio holdings to eVestment Alliance within ten days of quarter-end.

The Investment Adviser may, for legitimate business purposes and when in the best interests of a Portfolio's shareholders, within the scope of its official duties and responsibilities, disclose portfolio holdings (whether partial portfolio holdings or complete portfolio holdings) or "interest lists" to one or more broker-dealers during the course of, or in connection with, normal day-to-day securities transactions with or through such broker- dealers subject to such broker-dealer's duty of confidentiality and duty not to trade on the information.

The Trust's policies and procedures provide a process for approving the addition of a new service provider or rating, ranking and research organization as an authorized recipient of the Portfolios' non-public portfolio holdings. The Trust's President may determine to add a recipient under the policy only if he first determines that the standards under the Trust's policy have been met prior to such disclosure. The Trust's President will report to the Board of Trustees quarterly regarding any other approved recipient of non-public portfolio holdings information under its policies.

If the disclosure of non-public portfolio holdings presents a conflict of interest between a Portfolio's shareholders and the Trust's service providers, which the Trust does not anticipate, the Trust will act in the best interests of the Portfolio's shareholders.

The Trust generally discloses in a Fact Sheet each Portfolio's largest positions on a quarterly basis within approximately thirty business days after the end of each calendar quarter on its website at http://www.permanentportfoliofunds.com.

Disclosure of each Portfolio's complete portfolio holdings is required to be made within sixty days of the end of each fiscal quarter: (i) in the Annual Report and Semi-Annual Report to shareholders; and (ii) in the quarterly holdings reports filed as Exhibit F to Form N-PORT. These reports are available, free of charge, on the SEC's Electronic Data Gathering and Retrieval ("EDGAR") database on its website at http://www.sec.gov.

In no event does the Trust or the Investment Adviser receive any direct or indirect compensation or other consideration from any third party in connection with the disclosure of information concerning the Portfolios' portfolio holdings. The Trust's Chief Compliance Officer will report any material violations of these policies to the Board of Trustees at its next regularly scheduled meeting.

CAPITALIZATION, VOTING RIGHTS AND OTHER MATTERS

Under the Trust's Declaration of Trust, dated September 21, 2015, the Trustees have the authority to create and classify shares of beneficial interest in separate series and classes without further action by shareholders. Each series and class thereof may issue an unlimited number of shares of beneficial interest, with no par value. The Portfolios do not issue share certificates. Shares are electronically recorded. Shares of each series represent equal proportionate interests in the assets of that series only and have identical voting, dividend, redemption, liquidation, and other rights of shares in the same series except that expenses allocated to a class may be borne solely by such class as determined by the Trustees and a class may have exclusive voting rights with respect to matters affecting only that class. Shares entitle their holders to one vote per share (and fractional votes for fractional shares), are freely transferable and, except as specifically provided by the Trustees, have no preference, preemptive, appraisal, exchange, subscription or conversion rights. All shares issued are fully paid and non-assessable. In the event of a liquidation or termination of a series, each shareholder is entitled to receive his pro rata share of the net assets of that series. The Trust's Declaration of Trust may be amended at any time by a majority of the Trustees.

It is not anticipated that the Trust will hold shareholders' meetings unless required by law or the Declaration of Trust or By-laws. The Board will call special meetings of shareholders of the Trust, a series or class thereof only if required under the 1940 Act, in their discretion, or upon the written request of holders of 25% or more of the outstanding shares of the Trust or of the relevant series or class, entitled to vote at such meeting.

The Trust can require the redemption of shares of any series for any reason under terms set by the Board of Trustees, including the failure of a shareholder to supply a taxpayer identification number or other identifying information if required to do so, to maintain the minimum investment required, or to make payment when due for the purchase of shares, or if the share activity of the account is deemed by the trustees to adversely affect the management of any series. The Declaration of Trust also provides that the Board of Trustees may, without shareholder approval unless required by the 1940 Act, cause the Trust or any series or class to dissolve, convert, merge, consolidate, reorganize, sell all or any part of its assets, provided that the surviving or resulting entity is an open-end management investment company under the 1940 Act, or a series thereof. The Trust or any series or class may be terminated at any time by the Trustees by written notice to the shareholders.

CUSTODIAN AND TRANSFER AGENT

Custodian

The Trust's custodian is State Street Bank and Trust Company, One Congress Street, Suite One, Boston, Massachusetts 02114 ("Custodian"). HSBC Bank, USA, N.A. currently serves as the Custodian's sub-custodian with respect to most of the gold and silver assets owned by Permanent Portfolio.

The Custodian receives and deposits cash, holds all securities and other evidences of investments of the Portfolios (other than gold and silver assets), receives and delivers securities and other investments bought or sold by the Portfolios, and receives and collects income from the Portfolio's investments. From time to time, but only upon direction of the Investment Adviser, some of the Trust's assets may be held in the London, Zurich or other offices of the Custodian's sub-custodians or foreign custodians which are qualified to act as such under the 1940 Act, in accordance with Rule 17f-5 thereunder.

The custodial agreement between the Trust and the Custodian requires the Custodian to hold each Portfolio's assets in strict segregation; the custodial agreement prohibits commingling of any Portfolio assets with assets owned by the Custodian, and it requires the Custodian to receive and maintain each Portfolio's assets in a form and condition that would make them readily identifiable as customer property in an audit or in the event that the Trust appoints a successor custodian. The custodial agreement also provides that the Custodian shall be indemnified by and be without liability to the Portfolios or Trust for any action taken or omitted by it in good faith without negligence.

In executing portfolio transactions, the Custodian acts as an agent for the Trust, but has no part in the management or investment decisions of the Portfolios or in the Trust's general administration. The Custodian does not provide trusteeship protection or protection for investors against possible depreciation of assets.

The Investment Adviser pays all customary fees and charges of the Custodian incurred by the Trust (see "Management — Investment Adviser and Portfolio Manager" in the Prospectus).

Transfer Agent

The Trust's transfer agent and dividend-disbursing agent is U.S. Bancorp Fund Services, LLC d/b/a U.S. Bank Global Fund Services ("Transfer Agent"), telephone number (800) 341-8900. The Transfer Agent's primary offices are located at 615 East Michigan Street, Milwaukee, Wisconsin 53202. Correspondence with the Transfer Agent and Dividend Disbursing Agent should be addressed to:

By U.S. Mail:
Permanent Portfolio Family of Funds
c/o U.S. Bank Global Fund Services
P.O. Box 219252
Kansas City, Missouri 64121-9252

By Overnight Delivery Service:
Permanent Portfolio Family of Funds
c/o U.S. Bank Global Fund Services
801 Pennsylvania Avenue, Suite 219252
Kansas City, Missouri 64105-1307
Note: It is imperative that the Suite number be used.

The Transfer Agent maintains the records of each direct shareholder of the Portfolios, including shareholder accounts, answers shareholders' inquiries concerning their accounts, processes purchases and redemptions of the Trust's shares, acts as dividend and disbursing agent, and performs other related shareholder service functions. See "Additional Purchase, Sale (Redemption) and Account Information — In-Kind Redemptions."

The Investment Adviser pays all customary fees and charges of the Transfer Agent incurred by the Trust (see "Management — Investment Adviser and Portfolio Manager" in the Prospectus).

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Trust's independent registered public accounting firm is Tait, Weller & Baker, LLP, 50 South 16th Street, Suite 2900, Philadelphia, Pennsylvania 19102 ("Tait Weller").

The Investment Adviser pays all customary fees and charges of Tait Weller incurred by the Trust (see "Management — Investment Adviser and Portfolio Manager" in the Prospectus).

LEGAL COUNSEL

K&L Gates LLP, One Congress Street, Suite 2900, Boston, Massachusetts 02114, serves as legal counsel to the Trust.

CONTROL PERSONS AND PRINCIPAL HOLDERS OF SECURITIES

As of April 30, 2025, the following persons are known by the Trust to own beneficially or to hold of record 5% or more of the outstanding shares of any of the Trust's Portfolios as of that date:

Shareholder Name and Address[1]	Percentage of Shares
Permanent Portfolio	
National Financial Services, LLC Jersey City, New Jersey	23.20%
Charles Schwab & Company, Inc. San Francisco, California	19.18%
Merrill Lynch, Pierce, Fenner & Smith, Inc. Jacksonville, Florida	17.59%
Morgan Stanley Smith Barney, LLC New York, New York	5.58%
Raymond James Saint Petersburg, Florida	5.42%
Pershing, LLC Jersey City, New Jersey	5.39%
Short-Term Treasury Portfolio	
US Bank, N.A Milwaukee, Wisconsin	39.09%
Charles Schwab & Company, Inc. San Francisco, California	5.27%
Versatile Bond Portfolio	
National Financial Services, LLC Jersey City, New Jersey	27.09%
Raymond James Saint Petersburg, Florida	26.27%
Charles Schwab & Company, Inc. San Francisco, California	24.28%
Pershing, LLC Jersey City, New Jersey	14.26%
Aggressive Growth Portfolio	
National Financial Services, LLC Jersey City, New Jersey	19.40%
Charles Schwab & Company, Inc. San Francisco, California	17.64%
Pershing, LLC Jersey City, New Jersey	5.95%
Raymond James Saint Petersburg, Florida	5.56%

[1] Address for each holder is c/o 600 Montgomery Street, Suite 4100, San Francisco, CA 94111

REGISTRATION STATEMENT

This SAI and the Prospectus do not contain all the information included in the Trust's Registration Statement filed with the SEC under the 1933 Act with respect to the securities offered by the Prospectus. The SEC maintains a website (http://www.sec.gov) that contains the Trust's Registration Statement, material incorporated by reference and other information regarding the Trust and the Portfolios.

Statements contained in this SAI and in the Prospectus as to the contents of any contract or other document referred to are not necessarily complete. In each instance where reference is made to a contract or other document a copy of which is filed as an exhibit to the Registration Statement, each such statement is qualified in all respects by such reference.

FINANCIAL STATEMENTS

The financial statements of the Trust for the fiscal year ended January 31, 2025 are incorporated herein by reference and have been audited by Tait Weller, as set forth in their report thereon included therein, and are incorporated by reference in reliance upon such report given upon the authority of such firm as experts in accounting and auditing.

The Trust will furnish a copy of its Annual Financial Statements and Other Information for the fiscal year ended January 31, 2025 and any more recent Semi-Annual Financial Statements and Other Information, without charge and upon request, by writing or calling the Trust's Shareholder Services Office.

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APPENDIX A

PERMANENT PORTFOLIO FAMILY OF FUNDS PROXY VOTING POLICIES AND PROCEDURES SEPTEMBER 21, 2015

Permanent Portfolio Family of Funds ("Trust") has adopted the following policies and procedures to determine how to vote proxies relating to portfolio securities held by each series of the Trust (each, a "Portfolio").

(I) **Delegation**. The Board of Trustees of the Trust ("Board of Trustees," or "Board") has delegated to Pacific Heights Asset Management, LLC, the Trust's investment adviser ("Pacific Heights"), the responsibility for voting proxies relating to portfolio securities held by a Portfolio as a part of the investment advisory services provided by Pacific Heights to the Trust. All such proxy voting responsibilities shall be subject to the Board's continuing oversight. Notwithstanding this delegation of responsibilities for voting proxies, the Trust may revoke such delegation, in whole or in part, at any time.

(II) **Fiduciary Duty**. Pacific Heights is a fiduciary to each of the Portfolios and shall vote proxies in a manner consistent with the best interests of each such Portfolio and its shareholders. Every reasonable effort shall be made by Pacific Heights to vote the Trust's proxies. However, Pacific Heights shall not be required to vote a proxy if it is not practicable to do so, or if it determines that the potential costs involved with voting a proxy outweighs the potential benefits to a Portfolio or its shareholders.

(III) **Proxy Voting Services**. Pacific Heights may engage an independent proxy voting service to assist it in the voting of the Trust's proxies. Such a service would be responsible for coordinating with the Trust's custodian to ensure that all applicable proxy solicitation materials received by the custodian are processed in a timely fashion.

(IV) **Conflicts of Interest**. The proxy voting guidelines of Pacific Heights shall address the procedures it would follow with respect to conflicts of interest.

(V) **Annual Filing**. The Trust shall file an annual report of each proxy voted with respect to portfolio securities of the Portfolios during the twelve-month period ended June 30 on Form N-PX not later than August 31 of each year.

(VI) **Reports**. Pacific Heights shall report annually to the Board of Trustees with respect to the filing of Form N-PX with the Securities and Exchange Commission.

(VII) **Role of the Board of Trustees**. The Board of Trustees shall oversee Pacific Heights' proxy voting processes and periodically review the Trust's and Pacific Heights' proxy voting policies and procedures. Pacific Heights shall notify the Board promptly of any material changes to Pacific Heights' proxy voting policies and procedures.

APPENDIX B

PACIFIC HEIGHTS ASSET MANAGEMENT, LLC PROXY VOTING POLICIES AND PROCEDURES MAY 1, 2003, AS AMENDED SEPTEMBER 26, 2007, SEPTEMBER 4, 2014 AND SEPTEMBER 21, 2015

Pacific Heights Asset Management, LLC ("Pacific Heights") has adopted the following policies and procedures ("Guidelines"), pursuant to which Pacific Heights, in the absence of special circumstances, generally shall vote proxies relating to portfolio securities held by each series of Permanent Portfolio Family of Funds ("Trust"). These Guidelines are reasonably designed to ensure that such proxies shall be voted in the best interest of the shareholders in each series of the Trust (each, a "Portfolio"), in accordance with Pacific Heights' fiduciary duties and applicable regulations.

I. Duty to Vote Proxies

Proxies are an asset of the Portfolios and, as such, shall be treated by Pacific Heights with the same care, diligence and loyalty as any asset belonging to the Trust's Portfolios. Pacific Heights views seriously its responsibility to exercise voting authority over securities that are owned by the Portfolios. The following Guidelines shall be observed with respect to proxies. These Guidelines also address special provisions for conflicts of interests that may arise in connection with voting proxies.

A. The Board of Trustees of the Trust ("Board of Trustees" or "Board") has delegated the power to vote its proxies to Pacific Heights. Every reasonable effort shall be made by Pacific Heights to vote the Portfolios' proxies. However, voting proxies for shares of certain non-U.S. companies may involve significantly greater effort and cost than for shares of U.S. companies. There may be situations where Pacific Heights may not, or cannot, vote a proxy. For example, Pacific Heights may receive proxy solicitation materials too late to be acted upon, or the cost of voting may outweigh the benefit of voting. In such instances, Pacific Heights shall not be required to vote such proxies if it is not practicable to do so, or if it determines that the potential costs involved with voting a proxy outweigh the potential benefits to a Portfolio or its shareholders by voting such a proxy.

B. Pacific Heights is a fiduciary to each of the Trust's Portfolios and shall vote proxies in a manner consistent with the best interests of each such Portfolio and its shareholders. As such, it is the policy of Pacific Heights to review each proxy statement on an individual basis and to vote exclusively in the best interests of such a Portfolio and its shareholders.

C. In each instance in which a proxy is not voted for any reason (such as the late receipt of the proxy, incorrect instructions as to how to vote the proxy, or for some other reason), a written explanation shall be prepared stating the reasons why that proxy was not voted. Pacific Heights shall make its proxy voting history and these Guidelines available to the Trust upon request.

D. Pacific Heights may engage an independent proxy voting service to assist it in the voting of the Trust's proxies. Such a service would be responsible for coordinating with the Trust's custodian to ensure that all applicable proxy solicitation materials received by the custodian are processed in a timely fashion.

II. Guidelines for Voting Proxies

Pacific Heights generally will vote the Portfolios' proxies so as to promote the long-term economic value of the underlying securities, and generally will follow the Guidelines provided below. Each proxy proposal shall be considered on its own merits, and an independent determination shall be made whether to support or oppose management's position. Pacific Heights believes that the recommendation of management should be given substantial weight, but Pacific Heights shall not support management proposals that may be detrimental to the underlying value of the Portfolio's investment positions.

Pacific Heights shall be responsible for administering, executing and overseeing the Trust's proxy voting process. On occasion, Pacific Heights may vote a proxy in a manner other than suggested by the Guidelines; *however*, such departures from the Guidelines are expected to be rare, and Pacific Heights shall maintain a record supporting such votes. At least annually, Pacific Heights shall provide a report to the Board reflecting any votes that were not cast or cast on behalf of the Portfolio contrary to these Guidelines.

A. Specific Policies

1. Routine Matters

a. Election of Directors. In general, Pacific Heights shall vote in favor of an issuer's management's director nominees if they are running unopposed. Pacific Heights believes that an issuer's management is in the best position to evaluate the qualifications of its directors and the needs of its particular board of directors. Nevertheless, Pacific Heights shall vote against, or withhold its vote for, any director nominee who it feels is not qualified. When an issuer's management's director nominees are opposed in a proxy contest, Pacific Heights shall evaluate which director nominee's publicly announced management policies and goals are most likely to maximize shareholder value, as well as evaluate the past performance of the incumbent director nominees, and vote in accordance with its evaluation.

b. Ratification of Selection of Auditors. In general, Pacific Heights shall rely on the judgment of management in selecting an issuer's independent auditors. Nevertheless, Pacific Heights shall examine the recommendation of the issuer's management in appropriate cases (*e.g*., where there has been a change in independent auditors based upon a disagreement on accounting matters), and vote in accordance with its examination.

c. Stock Option and Other Equity Based Compensation Plan Proposals. In general, Pacific Heights shall approve an issuer's management's recommendations with respect to the adoption or amendment of stock option plans and other similar equity-based compensation plans; provided, however, that the total number of shares or other units of participation reserved under all of such an issuer's compensation plans is reasonable and not excessively dilutive.

2. Acquisitions, Asset Sales, Business Combinations, Mergers, Reincorporations, Reorganizations and Other Transactions

Because voting on transactions such as acquisitions, asset sales, business combinations, mergers, reincorporations and other reorganizations involves considerations unique to each transaction, Pacific Heights does not have a general policy with regard to voting on such transactions, but shall vote in such instances on a case-by-case basis for each transaction.

3. Changes in Capital Structure

Pacific Heights shall evaluate proposed capital change actions on a case-by-case basis and will generally defer to an issuer's management's business analysis in support of such actions. In cases where proposed capital change actions support proxy defenses or act to reduce or limit shareholder rights, particular consideration shall be given by Pacific Heights to all the effects of such an action, and Pacific Heights shall vote in a manner consistent with the objective of maximizing long-term shareholder value.

4. Anti-Takeover Proposals

In general, Pacific Heights shall vote against any proposal, whether recommended by an issuer's management or otherwise, which it believes would materially contribute to preventing a potential acquisition or takeover, thereby potentially preventing a Portfolio from maximizing long-term shareholder value, including proposals to:

- stagger the board of directors;
- introduce cumulative voting;
- introduce unequal voting rights;
- create supermajority voting; and
- establish preemptive rights.

In general, Pacific Heights shall vote in favor of any proposals, whether recommended by an issuer's management or otherwise, to reverse an issuer's policy or policies as listed above.

5. Shareholder Proposals Involving Social, Moral or Ethical Matters

In general, Pacific Heights shall vote in accordance with an issuer's management's recommendation on issues primarily involving social, moral or ethical matters, except for certain instances where Pacific Heights believes such a proposal has substantial economic implications or the potential to maximize long-term value for a Portfolio's shareholders, in which case, it shall vote according to its judgment.

B. Voting Process

Generally, proxies are received, electronically or otherwise, and after consideration of the proposal shall be promptly voted on by Pacific Heights. With respect to each matter on which a Portfolio is entitled to vote, voted upon, Pacific Heights shall record the following information for and on behalf of the applicable Portfolios:

- the name of the issuer of the portfolio security;
- the exchange ticker symbol of the portfolio security;
- the Council on Uniform Securities Identification Procedures ("CUSIP") number for the portfolio security;
- the shareholder meeting date;
- a brief identification of the matter voted on;
- whether the matter was proposed by the issuer or by a security holder;
- whether the Portfolio cast its vote on the matter;
- how the Portfolio cast its vote (*e.g.*, for or against the proposal, or abstaining; for or withholding regarding the election of directors); and
- whether the Portfolio cast its vote for or against the issuer's management.

After such votes are cast, Pacific Heights shall perform a review to ensure that all proxies received, and for which a voting obligation exists, have been properly voted.

III. Conflicts of Interest

Each proxy shall be reviewed by Pacific Heights to assess the extent to which there may be a material conflict of interest between Pacific Heights and the Trust or any of its Portfolios. In addition, Pacific

Heights shall assess to what extent, if any, there may be a material conflict of interest between Portfolio shareholders' interests and the interests of Pacific Heights. For example, a conflict may exist if an issuer's proposal may harm the Trust or one of its Portfolios financially while enhancing the financial or business prospects of Pacific Heights, or conversely, if an issuer's proposal may harm the financial or business prospects of Pacific Heights while enhancing the Trust or one of its Portfolios financially.

If Pacific Heights determines that a material conflict of interest exists, it shall promptly notify the Board of Trustees of the conflict of interest and seek guidance from the Board on voting such a proxy.

IV. Recordkeeping and Reporting

Pacific Heights shall provide information to the Board of Trustees consistent with the requirements of Rule 206(4)-6 under the Investment Advisers Act of 1940, as amended ("Advisers Act'). Pacific Heights shall maintain records of proxies voted pursuant to Section 204(2) of the Advisers Act and Rule 204-2(c) thereunder. Pacific Heights shall maintain and make available for review upon reasonable request to the Trust, its Portfolios and its shareholders, a copy of its Guidelines, proxy statements received regarding the Portfolios' securities, (such proxy statements received from issuers are either in the SEC's EDGAR database or are kept by Pacific Heights and are available upon request), a record of each vote cast, a copy of any document created by Pacific Heights that was material to making a decision on how to vote a proxy or that memorializes the basis for such a decision, each written Trust request for proxy voting records and Pacific Heights' response to any Trust request (whether written or oral) for such records. In addition, Pacific Heights shall maintain appropriate proxy voting records for the Trust in compliance with applicable regulations under the Investment Company Act of 1940, as amended.

Applicable proxy voting books and records shall be maintained by Pacific Heights for five (5) years, the first two (2) years in an easily accessible place.

V. Periodic Assessment of the Policy

No less frequently than annually, Pacific Heights shall review these Guidelines to ensure that they are consistent with regulatory guidance and other developments.

APPENDIX C

LONG-TERM AND SHORT-TERM DEBT SECURITIES RATING DESCRIPTIONS

S&P Global Ratings — Long-Term Issue Credit Ratings*:

The following descriptions have been published by Standard & Poor's Financial Services LLC.

AAA — An obligation rated 'AAA' has the highest rating assigned by S&P Global Ratings. The obligor's capacity to meet its financial commitment on the obligation is extremely strong.

AA — An obligation rated 'AA' differs from the highest-rated obligations only to a small degree. The obligor's capacity to meet its financial commitment on the obligation is very strong.

A — An obligation rated 'A' is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligations in higher-rated categories. However, the obligor's capacity to meet its financial commitment on the obligation is still strong.

BBB — An obligation rated 'BBB' exhibits adequate protection parameters. However, adverse economic conditions or changing circumstances are more likely to weaken the obligor's capacity of the obligor to meet its financial commitments on the obligation.

BB, B, CCC, CC, and C — Obligations rated 'BB', 'B', 'CCC', 'CC', and 'C' are regarded as having significant speculative characteristics. 'BB' indicates the least degree of speculation and 'C' the highest. While such obligations will likely have some quality and protective characteristics, these may be outweighed by large uncertainties or major exposures to adverse conditions.

BB — An obligation rated 'BB' is less vulnerable to nonpayment than other speculative issues. However, it faces major ongoing uncertainties or exposure to adverse business, financial, or economic conditions which could lead to the obligor's inadequate capacity to meet its financial commitment on the obligation.

B — An obligation rated 'B' is more vulnerable to nonpayment than obligations rated 'BB', but the obligor currently has the capacity to meet its financial commitment on the obligation. Adverse business, financial, or economic conditions will likely impair the obligor's capacity or willingness to meet its financial commitment on the obligation.

CCC — An obligation rated 'CCC' is currently vulnerable to nonpayment, and is dependent upon favorable business, financial, and economic conditions for the obligor to meet its financial commitment on the obligation. In the event of adverse business, financial, or economic conditions, the obligor is not likely to have the capacity to meet its financial commitment on the obligation.

CC — An obligation rated 'CC' is currently highly vulnerable to nonpayment. The 'CC' rating is used when a default has not yet occurred, but S&P Global Ratings expects default to be a virtual certainty, regardless of the anticipated time to default.

C — An obligation rated 'C' is currently highly vulnerable to nonpayment, and the obligation is expected to have lower relative seniority or lower ultimate recovery compared to obligations that are rated higher.

D — An obligation rated 'D' is in default or in breach of an imputed promise. For non-hybrid capital instruments, the 'D' rating category is used when payments on an obligation are not made on the date due, unless S&P Global Ratings believes that such payments will be made within five business days, in the absence of a stated grace period or within the earlier of the stated grace period or 30 calendar days. The 'D' rating also will be used upon the filing of a bankruptcy petition or the taking of similar action and where default on an obligation is a virtual certainty, for example due to automatic stay provisions. An obligation's rating is lowered to 'D' if it is subject to a distressed exchange offer.

NR — This indicates that no rating has been requested, or that there is insufficient information on which to base a rating, or that S&P Global Ratings does not rate a particular obligation as a matter of policy.

*The ratings from 'AA' to 'CCC' may be modified by the addition of a plus (+) or minus (-) sign to show relative standing within the major rating categories.

Moody's Investors Service, Inc. ("Moody's") — Global Long-Term Rating Scale:

The following descriptions have been published by Moody's Investors Service, Inc.

Aaa — Obligations rated Aaa are judged to be of the highest quality, subject to the lowest level of credit risk.

Aa — Obligations rated Aa are judged to be of high quality and are subject to very low credit risk.

A — Obligations rated A are judged to be upper-medium grade and are subject to low credit risk.

Baa — Obligations rated Baa are judged to be medium-grade and subject to moderate credit risk and as such may possess certain speculative characteristics.

Ba — Obligations rated Ba are judged to be speculative and are subject to substantial credit risk.

B — Obligations rated B are considered speculative and are subject to high credit risk.

Caa — Obligations rated Caa are judged to be speculative, of poor standing and are subject to very high credit risk.

Ca — Obligations rated Ca are highly speculative and are likely in, or very near, default, with some prospect of recovery of principal and interest.

C — Obligations rated C are the lowest rated and are typically in default, with little prospect for recovery of principal or interest.

Note: Moody's appends numerical modifiers 1, 2, and 3 to each generic rating classification from Aa through Caa. The modifier 1 indicates that the obligation ranks in the higher end of its generic rating category; the modifier 2 indicates a mid-range ranking; and the modifier 3 indicates a ranking in the lower end of that generic rating category. Additionally, a "(hyb)" indicator is appended to all ratings of hybrid securities issued by banks, insurers, finance companies, and securities firms.*

* By their terms, hybrid securities allow for the omission of scheduled dividends, interest, or principal payments, which can potentially result in impairment if such an omission occurs. Hybrid securities may also be subject to contractually allowable write-downs of principal that could result in impairment. Together with the hybrid indicator, the long-term obligation rating assigned to a hybrid security is an expression of the relative credit risk associated with that security.

Fitch Ratings ("Fitch") — Corporate Finance Obligations — Long-Term Rating Scale:

The following descriptions have been published by Fitch, Inc. and Fitch Ratings Ltd. and its subsidiaries.

AAA — Highest credit quality. '**AAA**' ratings denote the lowest expectation of credit risk. They are assigned only in cases of exceptionally strong capacity for payment of financial commitments. This capacity is highly unlikely to be adversely affected by foreseeable events.

AA — Very high credit quality. '**AA**' ratings denote expectations of very low credit risk. They indicate very strong capacity for payment of financial commitments. This capacity is not significantly vulnerable to foreseeable events.

A — High credit quality. '**A**' ratings denote expectations of low credit risk. The capacity for payment of financial commitments is considered strong. This capacity may, nevertheless, be more vulnerable to adverse business or economic conditions than is the case for higher ratings.

BBB — Good credit quality. '**BBB**' ratings indicate that expectations of credit risk are currently low. The capacity for payment of financial commitments is considered adequate but adverse business or economic conditions are more likely to impair this capacity.

BB — Speculative. '**BB**' ratings indicate an elevated vulnerability to credit risk, particularly in the event of adverse changes in business or economic conditions over time; however, business or financial alternatives may be available to allow financial commitments to be met.

B — Highly speculative. '**B**' ratings indicate that material credit risk is present. For performing obligations, default risk is commensurate with an Issuer Default Risk ("IDR") in the ranges 'BB' to 'C'. For issuers with an IDR below 'B', the overall credit risk of this obligation is moderated by the expected level of recoveries should a default occur. For issuers with an IDR above 'B', the overall credit risk of this obligation is exacerbated by the expected low level of recoveries should a default occur. For non-performing obligations, the obligation or issuer is in default, or has deferred payment, but the rated obligation is expected to have extremely high recovery rates consistent with a Recovery Rating of 'RR1'.

CCC — Substantial credit risk. '**CCC**' ratings indicate that substantial credit risk is present. For performing obligations, default risk is commensurate with an IDR in the ranges 'B' to 'C'. For issuers with an IDR below 'CCC', the overall credit risk of this obligation is moderated by the expected level of recoveries should a default occur. For issuers with an IDR above 'CCC', the overall credit risk of this obligation is exacerbated by the expected low level of recoveries should a default occur. For non-performing obligations, the obligation or issuer is in default, or has deferred payment, but the rated obligation is expected to have a superior recovery rate consistent with a Recovery Rating of 'RR2'.

CC — Very high levels of credit risk. '**CC**' ratings indicate very high levels of credit risk. For performing obligations, default risk is commensurate with an IDR in the ranges 'B' to 'C'. For issuers with an IDR below 'CC', the overall credit risk of this obligation is moderated by the expected level of recoveries should a default occur. For issuers with an IDR above 'CC', the overall credit risk of this obligation is exacerbated by the expected low level of recoveries should a default occur. For non-performing obligations, the obligation or issuer is in default, or has deferred payment, but the rated obligation is expected to have a good recovery rate consistent with a Recovery Rating of 'RR3'.

C — Exceptionally high levels of credit risk. '**C**' indicates exceptionally high levels of credit risk. For performing obligations, default risk is commensurate with an IDR in the ranges 'B' to 'C'. The overall credit risk of this obligation is exacerbated by the expected low level of recoveries should a default occur. For non-performing obligations, the obligation or issuer is in default, or has deferred payment, and the rated obligation is expected to have an average, below-average or poor recovery rate consistent with a Recovery Rating of 'RR4', 'RR5' or 'RR6'.

Defaulted obligations typically are not assigned 'RD' or 'D' ratings, but are instead rated in the 'B' to 'C' rating categories, depending upon their recovery prospects and other relevant characteristics. This approach better aligns obligations that have comparable overall expected loss but varying vulnerability to default and loss.

Note: The modifiers "+" or "-" may be appended to a rating to denote relative status within major rating categories. Such suffixes are not added to the 'AAA' obligation rating category, or to corporate finance obligation ratings in the categories below 'CCC'.

The subscript 'emr' is appended to a rating to denote embedded market risk which is beyond the scope of the rating. The designation is intended to make clear that the rating solely addresses the counterparty risk of the issuing bank. It is not meant to indicate any limitation in the analysis of the counterparty risk, which in all other respects follows published Fitch criteria for analyzing the issuing financial institution. Fitch does not rate these instruments where the principal is to any degree subject to market risk.

S&P Global Ratings — Short-Term Issue Credit Ratings:

The following descriptions have been published by Standard & Poor's Financial Services LLC.

A-1 — A short-term obligation rated 'A-1' is rated in the highest category by S&P Global Ratings. The obligor's capacity to meet its financial commitment on the obligation is strong. Within this category, certain obligations are designated with a plus sign (+). This indicates that the obligor's capacity to meet its financial commitment on these obligations is extremely strong.

A-2 — A short-term obligation rated 'A-2' is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligations in higher rating categories. However, the obligor's capacity to meet its financial commitment on the obligation is satisfactory.

A-3 — A short-term obligation rated 'A-3' exhibits adequate protection parameters. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitment on the obligation.

B — A short-term obligation rated 'B' is regarded as vulnerable and has significant speculative characteristics. The obligor currently has the capacity to meet its financial commitments; however, it faces major ongoing uncertainties which could lead to the obligor's inadequate capacity to meet its financial commitments.

C — A short-term obligation rated 'C' is currently vulnerable to nonpayment and is dependent upon favorable business, financial, and economic conditions for the obligor to meet its financial commitment on the obligation.

D — A short-term obligation rated 'D' is in default or in breach of an imputed promise. For non-hybrid capital instruments, the 'D' rating category is used when payments on an obligation are not made on the date due, unless S&P Global Ratings believes that such payments will be made within any stated grace period. However, any stated grace period longer than five business days will be treated as five business days. The 'D' rating also will be used upon the filing of a bankruptcy petition or the taking of a similar action and where default on an obligation is a virtual certainty, for example due to automatic stay provisions. An obligation's rating is lowered to 'D' if it is subject to a distressed exchange offer.

Dual ratings may be assigned to debt issues that have a put option or demand feature. The first component of the rating addresses the likelihood of repayment of principal and interest as due, and the second component of the rating addresses only the demand feature. The first component of the rating can relate to either a short-term or long-term transaction and accordingly use either short-term or long-term rating symbols. The second component of the rating relates to the put option and is assigned a short-term rating symbol (for example, 'AAA/A-1+' or 'A-1+/A-1'). With U.S. municipal short-term demand debt, the U.S. municipal short-term note rating symbols are used for the first component of the rating (for example, 'SP-1+/A-1+').

Moody's — Global Short-Term Rating Scale:

The following descriptions have been published by Moody's Investors Service, Inc.

P-1 — Issuers (or supporting institutions) rated Prime-1 have a superior ability to repay short-term debt obligations.

P-2 — Issuers (or supporting institutions) rated Prime-2 have a strong ability to repay short-term debt obligations.

P-3 — Issuers (or supporting institutions) rated Prime-3 have an acceptable ability to repay short-term obligations.

NP — Issuers (or supporting institutions) rated Not Prime do not fall within any of the Prime rating categories.

Fitch — Short-Term Ratings Assigned to Issuers or Obligations in Corporate, Public and Structured Finance:

The following descriptions have been published by Fitch Inc. and Fitch Ratings Ltd. and its subsidiaries.

F1 — Highest short-term credit quality. Indicates the strongest intrinsic capacity for timely payment of financial commitments; may have an added "+" to denote any exceptionally strong credit feature.

F2 — Good short-term credit quality. Good intrinsic capacity for timely payment of financial commitments.

F3 — Fair short-term credit quality. The intrinsic capacity for timely payment of financial commitments is adequate.

B — Speculative short-term credit quality. Minimal capacity for timely payment of financial commitments, plus heightened vulnerability to near term adverse changes in financial and economic conditions.

C — High short-term default risk. Default is a real possibility.

RD — Restricted default. Indicates an entity that has defaulted on one or more of its financial commitments, although it continues to meet other financial obligations. Typically applicable to entity ratings only.

D — Default. Indicates a broad-based default event for an entity, or the default of a short-term obligation.