Artio Total Return Bond Fund

Performance (%) as of 12/31/11

	Inception Date	1 Mo	3 Mo	YTD	1 Yr	3 Yr *	5 Yr *	10 Yr *	Since Inception *	30-Day SEC Yield	Dividend Yield	Gross Exp. Ratio †	Net Exp. Ratio †
Class A: BJBGX	7/1/92	1.07	1.36	7.79	7.79	8.60	6.71	6.95	6.24	2.82[1] 2.83[2]	4.44	0.70	0.69[3]
Class I: JBGIX	11/17/99	1.05	1.45	8.10	8.10	8.88	6.98	7.26	6.83	3.12[1] 3.12[2]	4.94	0.44	0.44[3]
Barclays Aggregate‡	N/A	1.10	1.12	7.84	7.84	6.77	6.50	5.78	A: 6.51 I: 6.32	N/A	N/A	N/A	N/A

Class A = Retail Shares Class I = Institutional Shares
* Annualized
† As stated in the prospectus dated 3/1/11; ‡ Barclays Capital US Aggregate Bond Index
1. Subsidized. 2. Unsubsidized.
3. The Investment Adviser has contractually agreed to reimburse certain expenses of the Fund through 2/29/12. The Investment Adviser has also agreed to waive a portion of its management fees; this waiver may be discontinued at any time by the Fund's board. Additional expenses are net of reductions related to custody offset arrangements.

The performance quoted represents past performance, which does not guarantee future results. The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance of the Fund may be lower or higher than the performance quoted. Performance data current to the most recent month-end may be obtained by calling 800 387 6977 or visiting www.artiofunds.com.

Investment performance reflects fee waivers. In the absence of such waivers, total return would be reduced.

A key question facing investors is whether the European economy will experience a mild recession or something worse?

We see two possible outcomes for Europe and neither of them are very good. In 2012 and 2013, the European banking sector will compete with government debt issuance for funds. European banks need to raise US$1.255 trillion over this period while government debt issuance in core Europe (Germany, France, Italy, Ireland, Spain, Portugal and Greece) will need to raise US$1.648 trillion. Of these two, governments have little option but to pay whatever cost is necessary to fund expenditures. These costs are also rising as evidenced by higher yields; recently Italy's 10 year yields pierced through the all important 7% level and France's 10 year yields moved 25 basis points higher. However, banks must comply with Basel III (a global regulatory framework) in coming years and are preparing early by raising capital and de-levering. This means they will need to shrink their balance sheets by actions such as selling assets and letting investments mature. This should lead to a large credit contraction as banks remove credit from the system and do less private sector lending. While this goes on in the banking industry, European governments are expected to embark on austerity programs that will almost certainly cause a drag on growth.

While this is not a pretty picture, there is some light at the end of the tunnel. It starts and ends with the European Central Bank (ECB). Over the last 3 months, it appears as though the ECB has changed course and is becoming more aggressive. They eased rates 25 basis points in both November and December, bringing the overnight rate down to 1%. We expect they will do more and in 2012, anticipate seeing the overnight rate moving to a level of 0% to 0.25%. In addition, in late December the ECB decided to allow banks to repurchase collateral on their books down to as low as A-rated paper. This was a big first step and tells us that the ECB is moving in the direction that investors desperately want by injecting €489 billion into the system. Unfortunately, these banks turned around and deposited those same funds directly with the ECB because they are afraid to lend and need to increase liquidity. The ECB's primary mandate is "price stability" and they have been shielding their policy response behind this. We feel they will ultimately realize that deflation is a bigger threat than inflation and use this definition to begin a massive bond purchase program somewhere in the neighborhood of €1-3 trillion. This could accomplish two goals: helping bring down government bond rates and helping those same European banks improve their capital position by lowering bond yields as their holdings of government debt securities rise in value.

For the month of December, the Artio Total Return Bond Fund (Class A Shares) gained 1.07%, in line with its benchmark, the Barclays Capital US Aggregate Bond Index, which returned 1.10%. In terms of positioning, we are generally following the same themes that have been discussed in previous commentaries.

Strategically we are positioning the portfolio with an emphasis in the following areas:

- A long-term overweight bias in the securitized sector which includes asset backed securities, commercial mortgaged backed securities and the non-agency mortgage backed sector
- A core position in foreign bonds including Australian, Canada, Mexico and Brazil
- A long-term bias of US dollar weakness, however, recently we have been more tactical in this volatile period

Tactically we are positioning the portfolio with an emphasis in the following areas:

- Slightly long duration but slightly short US duration
- Active around US yield curve positioning, favoring the long end when adding to duration
- Believe US investment grade corporates (where we are slightly overweight) offer more value and are more active within specific industries such as the high beta (risk) bank and finance sector
- Long-term pessimistic view on the US dollar and remain aware that liquid markets can experience sharp sell-offs as investors sell (de-leverage) what they can

Investments in debt securities typically decrease in value when interest rates rise. This risk is usually greater for longer-term debt securities. Investing internationally involves additional risks, such as currency fluctuations, social and economic instability, differing securities regulations and accounting standards, limited public information, possible changes in taxation, and periods of illiquidity. These risks are greater for emerging markets and are fully disclosed in the prospectus.

Investments in asset backed and mortgage backed securities include additional risks that investors should be aware of such as credit risk, prepayment risk, possible illiquidity and default, as well as increased susceptibility to adverse economic developments.

The Barclays Capital US Aggregate Bond Index is a benchmark index composed of US securities in Treasury, Government-Related, Corporate, and Securitized sectors. It includes securities that are of investment-grade quality or better, have at least one year to maturity, and have an outstanding par value of at least $250 million. It is not possible to invest directly in an index.

One basis point is equivalent to 0.01% (1/100th of a percent).

Duration is a measure, expressed in years, of the sensitivity of the price (the value of principal) of a fixed income investment to a change in interest rates.

Beta is a measure of the volatility, or systematic risk, of a security or a portfolio in comparison to the market as a whole.

The Total Return Bond Fund holdings, sector allocations, and geographic allocations are subject to change and are not a recommendation to buy or sell any security. **Current and future portfolio holdings are subject to risk.**

The views expressed solely reflect those of Artio Global Management LLC ("Artio Global") and the managers of the Total Return Bond Fund and do not necessarily reflect the views of any affiliated companies.

The material contains forward-looking statements regarding the intent, beliefs, or current expectations of the individuals being interviewed. Readers are cautioned that such forward-looking statements are not a guarantee of future performance, involve risks and uncertainties, and actual results may differ materially from those statements as a result of various factors.

The views expressed are subject to change based on market and other conditions. Furthermore, the opinions expressed do not constitute investment advice or recommendation by the individuals, Artio Global, the Total Return Bond Fund, or any affiliated company.

Must be preceded or accompanied by a prospectus.

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