

# BRIDGEWAY MANAGED VOLATILITY



Ticker **BRBPX**

Benchmark **S&P 500 Index**

Portfolio Date **09/30/2013**

Morningstar Category **Long-Short Equity**

Inception **06/30/2001**

Portfolio Manager **Team Managed**

Morningstar™ Rating **★★★**

## PERFORMANCE (%)

Annual Return	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013 YTD
BRBPX	17.82	7.61	6.96	6.65	6.58	-19.38	12.39	5.41	1.94	6.46	6.34
S&P 500 Index	28.68	10.88	4.91	15.79	5.49	-37.00	26.46	15.06	2.11	16.00	19.79
% Rank in Category	14	22	2	71	18	52	92	96	24	43	
No. Funds in Category	273	394	544	540	609	679	628	1,074	145	191	

Average Annual Return	Qtr	1 Year	3 Year	5 Year	10 Year	Since Inception (06/30/2001)
BRBPX	1.33	5.91	6.62	4.42	4.37	3.92
S&P 500 Index	5.24	19.34	16.27	10.02	7.57	4.67
Morningstar Ranking		154 of 222	55 of 121	38 of 74	18 of 28	

(Morningstar ranks funds in various fund categories by making comparative calculations using total returns.)

## GROWTH OF \$10,000



**BACKGROUND:** Bridgeway Capital Management™ is a Houston-based investment management firm founded in 1993. Bridgeway strives to be the investment manager of choice by providing competitively priced, expertly designed investment building blocks. Statistically driven and grounded in academic theory, Bridgeway's disciplined investment process reflects our passion for logic, data, and evidence. Putting investors' interests first is a hallmark of the firm's unique culture and core business values of integrity, performance, cost efficiency, and service. Committed to community impact, Bridgeway donates 50% of its investment advisory fee profits to non-profit organizations.

**INVESTMENT OBJECTIVE:** To provide a high current return with short-term risk lower than or equal to 40% of the stock market.

**Performance data quoted represents past performance and is no guarantee of future results. Current performance may be lower or higher than the performance data quoted. Investment return and principal value will fluctuate so that an investor's shares, when redeemed, may be worth more or less than original cost. For the most recent month-end performance, please visit our website at [www.bridgeway.com](http://www.bridgeway.com) or call 800-661-3550. Periods of less than one year are not annualized. Some of the Fund's fees were waived or expenses reimbursed; otherwise, returns would have been lower. The Adviser has contractually agreed to waive fees and/or reimburse expenses such that the total operating expenses of the Fund do not exceed 0.94%. Any material change to this Fund policy would require a vote by shareholders.**

## EQUITY PORTFOLIO STATISTICS

Category	Stock Portfolio Avg.
Price/Earnings	16.5
Price/Book	2.5
Price/Cash Flow	9.5
Weighted Avg. Market Cap (\$mil)	\$96,121
Total # of Holdings	199
Turnover (annual)	49%
Net Assets (\$mil)	\$28.54
Beta (S&P 500 Index)	0.41

## COMPANY SIZE BREAKDOWN

Company Size	Stocks (%)
Large	90.7
Medium	9.1
Small	0.2
Micro	0.1
Ultra-small	0.0

## FEES AND EXPENSES

Sales Charges	
Front-end Load	None
Deferred Loads	None
Base Management Fee	0.60%
Performance Fee	None
12b-1 Fee	None
Gross Expense Ratio	1.44%
Net Expense Ratio	0.95%

## TOP TEN HOLDINGS

Company	Market Cap (\$mil)	Net Assets (%)
The Gap Inc	18,831	1.7
Apple Inc	433,126	1.5
AT&T Inc	179,618	1.5
JPMorgan Chase & Co	194,571	1.4
Exxon Mobil Corp	378,716	1.2
Marathon Petroleum Corp	21,816	1.2
The Travelers Cos Inc	31,659	1.2
Brown-Forman Corp	8,810	1.1
Phillips 66	35,330	1.0
Partnerre Ltd	6,202	1.0
Total		12.7

## SECTOR WEIGHTINGS

Sector	Net Assets (%)
Consumer Discretionary	7.9
Consumer Staples	4.8
Energy	6.4
Financials	9.4
Health Care	7.5
Industrials	4.8
Information Technology	9.1
Materials	1.3
Telecommunication Services	2.3
Utilities	1.8
Total	55.3

## ASSET TYPE

Asset	Net Assets (%)
Common Stock	55.3
Corporate Notes	0.0
Options - Calls	-0.7
Options - Puts	-0.7
U.S. Treasury Obligations	40.3
Money Market Funds	4.9
Liabilities in Excess of Other Assets	0.9
Total	100.0

For each fund with at least a three-year history, Morningstar calculates a Morningstar Rating™ based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a fund's monthly performance (including the effects of sales charges, loads, and redemption fees), placing more emphasis on downward variations and rewarding consistent performance. The top 10% of funds in each category receive five stars, the next 22.5% receive four stars, the next 35% receive three stars, the next 22.5% receive two stars and the bottom 10% receive one star. (Each share class is counted as a fraction of one fund within the scale and rated separately, which may cause slight variations in the distribution percentages.) The Overall Morningstar Rating for a fund is derived from a weighted average of performance figures associated with its three-, five-, and ten-year (if applicable) Morningstar Rating metrics. Bridgeway Managed Volatility Fund was rated against the following number of U.S. domiciled long-short funds over the following time periods: 121 funds over the last three years and 74 funds over the last five years and 28 funds over the last ten years. With respect to these long-short funds, Bridgeway Managed Volatility Fund received a Morningstar Rating of three stars, three stars, and three stars for the three-, five-, and ten-year periods respectively. Past performance is no guarantee of future results.

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Investment style boxes are nine-box grids created by Morningstar that serve as a snapshot of the Fund's investment style for each calendar year. The Fund's placement in the box from left to right is based on growth and valuation analysis of the Fund's holdings (Value, Blend and Growth). Placement from top to bottom is based on market capitalization of the Fund's holdings (Large-Cap, Mid-Cap and Small-Cap).

Performance Quartile boxes rank the Fund's investment return for each calendar year versus its peers based on Morningstar's investment categories. Boxes are divided into four parts separated at the 25th, 50th and 75th percentiles with the strongest performers on top and the weakest performers on bottom.

**Before investing you should carefully consider the Fund's investment objectives, risks, charges and expenses. This and other information is in the prospectus, a copy of which may be obtained by calling 1-800-661-3550 or visiting the Fund's website at [www.bridgeway.com](http://www.bridgeway.com). Please read the prospectus carefully before you invest.**

*Total return figures include the reinvestment of dividends and capital gains. Some of the fees were waived or expenses reimbursed; returns would have been lower had this not been the case. Returns do not reflect the taxes that a shareholder who owned this Fund in a taxable account would pay on Fund distributions or on the redemption of Fund shares.*

**Market volatility can significantly affect short-term performance. The Fund is not an appropriate investment for short-term investors.** Investments in the small companies within this multi-cap fund generally carry greater risk than is customarily associated with larger companies. This additional risk is attributable to a number of factors, including the relatively limited financial resources that are typically available to small companies, and the fact that small companies often have comparatively limited product lines. In addition, the stock of small companies tends to be more volatile than the stock of large companies, particularly in the short term and particularly in the early stages of an economic or market downturn. The Fund's use of options, futures, and leverage can magnify the risk of loss in an unfavorable market, and the Fund's use of short-sale positions can, in theory, expose shareholders to unlimited loss. Shareholders of the Fund, therefore, are taking on more risk than they would if they invested in the stock market as a whole. The Fund uses an option writing strategy in which the Fund may sell covered calls or secured put options. Up to 75% of Fund assets may be invested in options. Options are subject to special risks and may not fully protect the Fund against declines in the value of its stocks. In addition, an option writing strategy limits the upside profit potential normally associated with stocks. Finally, the Fund's fixed-income holdings are subject to three types of risk. Interest rate risk is the chance that bond prices overall will decline as interest rates rise. Credit risk is the chance a bond issuer will fail to pay interest and principal. Prepayment risk is the chance a mortgage-backed bond issuer will repay a higher yielding bond, resulting in a lower paying yield.

*The S&P 500 Index is a broad-based, unmanaged measurement of changes in stock market conditions based on the average of 500 widely held common stocks. Index returns assume that all dividends are reinvested. The Bloomberg/ EFFAS U.S. Government 1-3 year Total Return Bond Index is a transparent benchmark for the total return of the 1-3 year U.S. Government bond market. It is not possible to invest directly in an index. Holdings and sector weightings are subject to change without notice. Price-to-earnings ratios, price-to-book ratios, price-to-cash flow ratios, and price-to-sales ratios all express the value of a stock's most recent closing price as divided by the underlying company's earnings per share, book value per share, cash flow per share, or revenues per share (respectively), all as computed over the previous 12 months. Beta is a quantitative measure of the volatility of the fund relative to the S&P 500 over the past three years. A beta above one is more volatile than the overall market, while a beta below one is less volatile.*

*The Fund is distributed by Foreside Fund Services, LLC, which is not affiliated with Bridgeway Capital Management, Inc. or any other affiliate.*

**Bridgeway Funds, Inc.**

Houston, Texas

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