

Report of Organizational Actions Affecting Basis of Securities

▶ See separate instructions.

Part I Reporting Issuer

1 Issuer's name		2 Issuer's employer identification number (EIN)	
AIC II - HANCOCK HORIZON DIVERSIFIED INCOME FUND		46-0633089	
3 Name of contact for additional information	4 Telephone No. of contact	5 Email address of contact	
THE HANOCK HORIZON FUNDS	1-800-990-2434		
6 Number and street (or P.O. box if mail is not delivered to street address) of contact		7 City, town, or post office, state, and Zip code of contact	
ONE FREEDOM VALLEY DRIVE		OAKS, PA 19456	
8 Date of action		9 Classification and description	
2/29/2016		NON-TAXABLE RETURN OF CAPITAL DISTRIBUTION	
10 CUSIP number	11 Serial number(s)	12 Ticker symbol	13 Account number(s)
SEE LINE 14 BELOW		HHICX, HHIAX, HHIIX	

Part II Organizational Action Attach additional statements if needed. See back of form for additional questions.

14 Describe the organizational action and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action ▶ The Hancock Horizon Diversified Income Fund paid a non-taxable return of capital distribution on 02/29/2016 to shareholders of record as of 02/25/2016. The percentage of the non-taxable return of capital distribution paid to shareholders of record as of 02/25/2016 is 82.62% of the total amount of the distribution for each class given below:

CUSIP	CLASS
41012R670	INSTITUTIONAL
41012R662	CLASS A
41012R654	CLASS C

15 Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis ▶ The total non-taxable return of capital portion of the distribution paid to shareholders of record on 02/25/2016 was as follows:

CUSIP	CLASS	PER SHARE
41012R670	INSTITUTIONAL	0.0388
41012R662	CLASS A	0.0367
41012R654	CLASS C	0.0301

16 Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of securities and the valuation dates ▶ See line 15 above for per share information. The rate was determined in accordance with with IRC 301 & 316

Part II Organizational Action (continued)

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶ IRC 301 & 316

18 Can any resulting loss be recognized? ▶ Not applicable to this transaction. No loss would be recognized on the return of capital distribution. The shareholder's cost basis should be adjusted to reflect the return of capital distribution which may affect realized gain or loss upon disposition of the shares.

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ The information provided herein will be provided to each shareholder on their 2016 Form 1099 DIV statement, Box 3.

Sign Here

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Signature ▶ A signed copy is maintained by the issuer Date ▶ 06/30/2016

Print your name ▶ STEPHEN CONNORS Title ▶ TREASURER, CONTROLLER & CFO

Paid Preparer Use Only	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
	Firm's name ▶	Firm's EIN ▶			
	Firm's address ▶	Phone no.			