

Iman Fund

Trading Symbol: IMANX

A series of Allied Asset Advisors Funds

Statement of Additional Information September 30, 2010

Investment Advisor

AAA

Allied Asset Advisors, Inc.

745 McClintock Drive, Suite 314

Burr Ridge, IL 60527

(630) 789-0453

1-877-417-6161

This Statement of Additional Information (“SAI”) relates to the shares of Iman Fund (the “Fund”), which is the first mutual fund within the Allied Asset Advisors Funds family. The SAI is not a prospectus but should be read in conjunction with the Fund’s current Prospectus dated September 30, 2010. To obtain the Prospectus, please visit the Fund’s website at www.investaaa.com, call 1-888-FUNDS-85 or write to the Fund as shown below:

Regular Mail

Iman Fund

c/o Allied Asset Advisors, Inc.

745 McClintock Drive, Suite 314

Burr Ridge, IL 60527

The Fund’s audited financial statements for the fiscal year ended May 31, 2010, are incorporated herein by reference to the Fund’s Annual Report. A copy of the Annual Report may be obtained without charge by calling the Fund at 1-888-FUNDS-85 or writing to the Fund as shown above.

TABLE OF CONTENTS

INVESTMENT RESTRICTIONS	1
INVESTMENT STRATEGIES AND RISKS	2
THE TRUST.....	3
MANAGEMENT OF THE FUND	4
INVESTMENT ADVISOR	8
PORTFOLIO MANAGERS	9
CODE OF ETHICS	9
ADMINISTRATIVE SERVICES.....	9
DISTRIBUTOR.....	10
PRICING OF SHARES	10
PURCHASING SHARES	11
REDEMPTION OF SHARES	12
BROKERAGE ALLOCATION AND OTHER PRACTICES	12
POLICIES AND PROCEDURES FOR DISCLOSURE OF FUND PORTFOLIO HOLDINGS.....	13
ADDITIONAL INFORMATION ON DISTRIBUTIONS AND TAXES	15
INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM.....	17
PROXY VOTING GUIDELINES	18
MARKETING AND SUPPORT PAYMENTS.....	18
FINANCIAL STATEMENTS.....	19

Investment Restrictions

Fundamental Restrictions

The Board of Trustees (hereinafter referred to as the “Board” or “Trustees” of Iman Fund (the “Fund”)) has adopted the following fundamental investment policies and restrictions that cannot be changed without the approval of a “majority of the outstanding voting securities” of the Fund. Under the Investment Company Act of 1940 (the “1940 Act”), a “majority of the outstanding voting securities” of a fund means the vote of the lesser of:

1. more than 50% of the outstanding voting securities of the Fund; or
2. 67% or more of the voting securities of the Fund present at a meeting, if the holders of more than 50% of the outstanding voting securities are present or represented by proxy.

The Fund may not:

1. Make loans except as permitted under the 1940 Act, as amended, and as interpreted or modified by regulatory authority having jurisdiction, from time to time.
2. Borrow money, except as permitted under the 1940 Act, as amended, and as interpreted or modified by regulatory authority having jurisdiction, from time to time.
3. Concentrate its investments in a particular industry, as that term is used in the 1940 Act, as amended, and as interpreted or modified by regulatory authority having jurisdiction, from time to time.
4. Purchase or sell real estate, which term does not include securities of companies which deal in real estate and/or mortgages or investments secured by real estate, or interests therein, except that the Fund reserves freedom of action to hold and to sell real estate acquired as a result of the Fund’s ownership of securities.
5. Engage in the business of underwriting securities, except to the extent that the Fund may be deemed to be an underwriter in connection with the disposition of portfolio securities.
6. Issue senior securities, except as permitted under the 1940 Act, as amended, and as interpreted or modified by regulatory authority having jurisdiction, from time to time.
7. Purchase physical commodities or contracts relating to physical commodities.

Non-Fundamental Restrictions

As a matter of non-fundamental policy, the Fund currently does not intend to:

1. Borrow money in an amount greater than 5% of its total assets, except for temporary or emergency purposes;
2. Purchase securities on margin or make short sales;
3. Enter into futures contracts or purchase options thereon; and

4. Invest more than 15% of its net assets in illiquid securities.

The Fund will provide shareholders at least 60 days' prior notice before effecting a name change or change in investment strategy.

Investment Strategies and Risks

The Fund seeks growth of capital while adhering to Islamic principles by investing, under normal circumstances, its net assets in domestic and foreign securities chosen by the Fund's Advisor that are compatible with Islamic principles. Islamic principles provide for the concept of Predominance or "Taghleeb," which means that if the permissible activity predominates other activities then the investment is allowed. This applies both to specific securities and to the portfolio as a whole.

The following discussion supplements the information regarding the investment objective of the Fund and the policies to be employed to achieve this objective as set forth above and in the Fund's Prospectus.

When-Issued and Delayed Delivery Transactions. The Fund may purchase securities on a when-issued or delayed delivery basis. These transactions are arrangements in which the Fund purchases securities with payment and delivery scheduled for a future time. The seller's failure to complete these transactions may cause the Fund to miss a price or yield considered advantageous. Settlement dates may be a month or more after entering into these transactions and the market values of the securities purchased may vary from the purchase prices. The Fund may dispose of a commitment prior to settlement if Allied Asset Advisors, Inc. (the "Advisor") deems it appropriate to do so. In addition, the Fund may enter into transactions to sell its purchase commitments to third parties at current market values and simultaneously acquire other commitments to purchase similar securities at later dates. The Fund may realize short-term profits or losses upon the sale of such commitments. These transactions are made to secure what is considered to be an advantageous price or yield for the Fund. No fees or other expenses, other than normal transaction costs, are incurred. However, liquid assets of the Fund sufficient to make payment for the securities to be purchased are segregated on the Fund's records at the trade date. These assets are marked to market daily and are maintained until the transaction is settled.

Foreign Securities. As stated in the Fund's Prospectus, some of the securities purchased by the Fund may be securities of non-U.S. companies ("foreign securities") traded in foreign markets, though it is not anticipated by the Fund's Advisor that the Fund will have more than 20% of the Fund's net assets invested in foreign securities at any given time. The Advisor defines foreign securities as securities traded in foreign markets and on foreign exchanges, which does not include American Depositary Receipts and similar receipts on shares traded in U.S. markets. Investments in foreign securities involve certain inherent risks, including the following:

Political and Economic Factors. Individual non-U.S. economies of certain countries may differ favorably or unfavorably from the U.S. economy in such respects as growth of gross national product, rate of inflation, capital reinvestment, resource self-sufficiency, and diversification and balance of payments position. The internal politics of some foreign countries may not be as stable as those of the United States. Governments in some non-U.S. countries also continue to participate to a significant degree, through ownership interest or regulation, in their respective economies. Action by these governments could include restrictions on foreign investment, nationalization, expropriation of goods or imposition of taxes, and could have a significant effect on market prices of securities and payment of interest. The economies of many non-U.S. countries are heavily dependent upon international trade and are affected by the trade policies and economic conditions of their trading partners. If these trading partners enacted protectionist trade legislation, it could have a significant adverse effect upon the securities markets of such countries.

Legal and Regulatory Matters. Certain non-U.S. countries may have less supervision of securities markets, brokers and issuers of securities, and less financial information available to issuers, than is available in the United States.

Taxes. The interest and dividends payable on some of the Fund's foreign securities may be subject to foreign withholding taxes, thus reducing the net amount of income available for distribution to Fund shareholders.

Costs. Investment in foreign securities is likely to increase the Fund's expense ratio since the cost of maintaining the custody of foreign securities is higher.

Restricted Securities. Securities that have legal or contractual restrictions on their resale may be acquired by the Fund. The price paid for these securities, or received upon resale, may be lower than the price paid or received for similar securities with a more liquid market. Accordingly, the valuation of these securities reflects any limitation on their liquidity.

Other Investment Companies. Subject to applicable statutory and regulatory limitations, the assets of the Fund may be invested in shares of other investment companies.

Percentage Restrictions. If a percentage restriction on investment or utilization of assets set forth in this Statement of Additional Information or referred to in the Prospectus is adhered to at the time an investment is made or assets are so utilized, a later change in percentage resulting from changes in the value of the portfolio securities is not considered a violation of the policy.

Temporary Investments. In response to severe or unusual adverse market, economic, political or other conditions, the Fund may make temporary investments that are not consistent with its investment objective and principal investment strategies. The Fund cannot invest in interest-paying instruments frequently used by mutual funds for this purpose and therefore may hold a substantial portion of its net assets in cash as a temporary defensive measure. If the Fund's investments in cash increase, the Fund may not achieve its investment objective. Severe or unusual adverse conditions may include excessive volatility or a prolonged general decline in the securities markets or the U.S. economy. The Advisor may also hold cash to maintain liquidity.

The Trust

Allied Asset Advisors Funds (the "Trust"), an open-end management investment company, was organized as a Delaware business trust (now called a Delaware statutory trust) on January 14, 2000. The Trust currently offers one series of shares to investors, the Iman Fund (the "Fund"). The Fund is a diversified series and has its own investment objective and policies. The Trust may start another series or class and offer shares of a new fund or class under the Trust at any time. The Fund's registered office in Delaware is The Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware, 19801 and its principal office is at 745 McClintock Drive, Suite 314, Burr Ridge, Illinois, 60527.

Shares of the Fund, when issued, are fully paid and nonassessable. Except as otherwise expressly provided in the Prospectus or this SAI, there are no restrictions on the right freely to retain or dispose of the Fund's shares. Shares of the Fund have equal dividend, voting, liquidation and redemption rights. The beneficial interest of the Trust is divided into an unlimited number of shares, with no par value. When matters are submitted to shareholders for a vote, each shareholder is entitled to one vote for each full share owned and fractional votes for fractional shares owned. The Trust does not normally hold annual meetings of shareholders. The Trustees shall promptly call and give notice of a meeting of shareholders for the purpose

of voting upon removal of any Trustee when requested to do so in writing by shareholders holding 10% or more of the Trust's outstanding shares. The Trust will comply with the provisions of Section 16(c) of the 1940 Act in order to facilitate communications among shareholders. Shares are maintained in open accounts on the books of the Transfer Agent, and certificates for shares generally are not issued, except upon special request.

Each share of the Fund represents an equal proportionate interest in the assets and liabilities belonging to the Fund with every other share of the Fund and is entitled to such dividends and distributions out of the income belonging to the Fund as are declared by the Trustees. The shares do not have cumulative voting rights or any preemptive or conversion rights, and the Trustees have the authority from time to time to divide or combine the shares of any Fund into a greater or lesser number of shares of that Fund so long as the proportionate beneficial interests in the assets belonging to that Fund and the rights of shares of any other Fund are in no way affected. In case of any liquidation of the Fund, the holders of shares of the Fund being liquidated will be entitled to receive a distribution out of the assets, net of the liabilities, belonging to the Fund. Expenses attributable to the Fund are borne by the Fund.

The North American Islamic Trust ("NAIT") is the controlling entity of the Advisor and, as of May 31, 2010, owned 65.40% of the outstanding shares of the Fund. NAIT intends to exercise its voting rights on issues that come before shareholders, which will affect the outcome of the vote.

If the Trust has more than one series of shares, any general expenses of the Trust not readily identifiable as belonging to a particular series are allocated by or under the direction of the Trustees in such manner as the Trustees allocate such expenses on the basis of relative net assets or number of shareholders. No shareholder is liable to further calls or to assessment by the Trust without his or her express consent.

The assets of the Fund received for the issue or sale of its shares, and all income, earnings, profits and proceeds thereof, subject only to the rights of creditors, shall constitute the underlying assets of the Fund. In the event of the dissolution or liquidation of the Fund, the holders of shares of the Fund are entitled to share pro rata in the net assets of the Fund available for distribution to shareholders.

If they deem it advisable and in the best interests of shareholders, the Trustees may create additional series of shares, each of which represents interests in a separate portfolio of investments and is subject to separate liabilities, and may create multiple classes of shares of such series, which may differ from each other as to expenses and dividends. If additional series or classes of shares are created, shares of each series or class are entitled to vote as a series or class only to the extent required by the 1940 Act as permitted by the Trustees. Upon the Trust's liquidation, all shareholders of a series would share pro-rata in the net assets of such series available for distribution to shareholders of the series, but, as shareholders of such series, would not be entitled to share in the distribution of assets belonging to any other series.

Management of the Fund

The Trust's Board of Trustees governs the Trust. The Board consists of four individuals, three of whom are not "interested persons" of the Trust as that term is defined in Section 2(a)(19) of the 1940 Act (the "Independent Trustees"). The Trustees meet periodically to oversee the Trust's activities, review contractual arrangements with companies that provide services to the Fund, and decide upon matters of general policy with respect to the Fund. The names and business addresses of the Trustees and officers of the Trust, together with information as to their principal occupations during the past five years, are listed below. The Trustees can be reached in care of the Advisor at the address shown below.

Name, Age and Address	Position/Office with the Trust and Length of Time Served	Principal Occupations during the Past Five Years	No. of Funds in Complex Overseen	Other Directorships held by Trustee During the Past Five Years
Independent Trustees				
Abdalla Idris Ali, 61 745 McClintock Drive, Suite 314 Burr Ridge, IL 60527	Independent Trustee since 2000	1998 to present - Director, Center of Islamic Studies, Kansas City, MO.	1	None
Mohammed Kaiseruddin, 66 745 McClintock Drive, Suite 314 Burr Ridge, IL 60527	Independent Trustee since 2000; Chairperson since 2006	1973 to present - Nuclear Engineer, Sargent & Lundy.	1	None
Muhammad M. Kudaimi, 54 745 McClintock Drive, Suite 314 Burr Ridge, IL 60527	Independent Trustee since 2009	1988 to present – Medical Doctor	1	None
Interested Trustee				
*Bassam Osman, 59 745 McClintock Drive, Suite 314 Burr Ridge, IL 60527	Trustee since 2000	1980 to present – Medical Doctor; 2000 to present – Portfolio Manager to the Fund.	1	None
Officers				
*Bassam Osman, 59 745 McClintock Drive, Suite 314 Burr Ridge, IL 60527	President since 2000	(See Above.)	1	N/A
Mohammad Basheeruddin, 60 745 McClintock Drive, Suite 314 Burr Ridge, IL 60527	Treasurer since 2003; Chief Compliance Officer since 2008	2001 to present – Accounting Manager, North American Islamic Trust.	1	N/A
Mujeeb Cheema, 63 745 McClintock Drive, Suite 314 Burr Ridge, IL 60527	Secretary since 2003	2003 to present – Executive Director, North American Islamic Trust.	1	N/A

* This Trustee is deemed to be an “interested person” of the Trust as that term is defined in Section 2(a)(19) of the 1940 Act because of his affiliation with the Advisor.

Committees. The Independent Trustees comprise the Trust’s Audit Committee. The Audit Committee’s functions are to: (a) recommend independent registered public accounting firm for selection by the Board, (b) review the scope of audit, accounting and financial internal controls and the quality and adequacy of the Trust’s accounting staff with the independent accountants and other appropriate persons, (c) review with the accounting staff and the independent registered public accounting firm the compliance of the Trust’s

transactions with its Advisor, administrator or any other service provider with the terms of applicable agreements, (d) review reports of the independent registered public accounting firm and comment to the Board when warranted, and (e) report to the Board at least once a year. During the fiscal year ended May 31, 2010, the Audit Committee met once.

The Independent Trustees also comprise the Trust's Nominating Committee. This Committee, which recommends to the Board persons for election to the Board, did not meet during the fiscal year ended May 31, 2010. The Nominating Committee considers shareholder proposals for candidates to serve as Independent Trustees. Any such proposals should be sent to the Trust in care of the Nominating Committee Chairperson. The final recommendation of a prospective Independent Trustee rests solely with the Nominating Committee.

Board Leadership Structure. Three of the Board's four Trustees are Independent Trustees, including the independent chairman of the Board, Mr. Kaiseruddin. The fourth Trustee, Dr. Osman, is the president of the Advisor. The Board believes that its size, composition and leadership structure is appropriate given the size of the Trust and Fund's investment objectives. In particular:

- *Board Composition.* The Board believes that having a majority of Independent Trustees is appropriate and in the best interest of the Fund shareholders. However, the Board also believes that having an interested Trustee serve on the Board brings a financial perspective that is a valued element in the Trustees' decision-making process. In addition, Dr. Osman provides the Board with the Advisor's perspective in managing the Fund.
- *Committees of Independent Trustees.* The Board has two standing committees – the Audit Committee and the Nominating Committee – that facilitate the discharge of the Board's responsibilities. The Board believes that the fact that each committee is composed entirely of Independent Trustees helps to prevent conflicts of interests and allows the Trustees to engage in candid discussions outside the presence of management.

Trustee Experience. Each Trustee was appointed to serve on the Board because of his experience, skills and qualifications. The following summary outlines each Trustee's experience and skills that lead to the conclusion that each Trustee should serve as a Trustee of the Trust.

- *Abdalla Idris Ali.* In addition to his 10 years of service on the Board, Mr. Idris Ali has served as a member on the Board of Trustees for the Islamic Teaching Center (ITC) and is Director of Universal Foundation Inc. Additionally, he is director of the Center of Islamic Studies in Kansas City. The Board concluded that Mr. Idris Ali is suitable to act as a Trustee of the Fund because of his academic background and his extensive leadership and directorship experience.
- *Mohammed Kaiseruddin.* Mr. Kaiseruddin has served as a Trustee of the Fund for 10 years. In addition, he is a nuclear engineer, the former chairman of the Council of Islamic Organizations of Greater Chicago and the former president of the Muslim Community Center. The Board concluded that Mr. Kaiseruddin is suitable to act as Trustee of the Fund because of his professional, leadership and directorship experience.
- *Muhammad M. Kudaimi.* Dr. Kudaimi is a medical doctor, vice-chairman of the Illiana Islamic Association and vice-president of Council on American-Islamic Relations (CAIR)-Chicago. He also previously served as a director of the Mosque Foundation and the Universal School. The Board concluded that Dr. Kudaimi is suitable to act as Trustee of the Fund because of his professional, leadership and directorship experience.

- *Bassam Osman.* Dr. Osman is a medical doctor who has been a Trustee and President of the Advisor since 2000. The Board concluded that Dr. Osman is suitable to act as Trustee of the Fund because of his experience with the Advisor and the Trust and his extensive professional and investment management experience.

The Board believes that the different professional experiences, education and individual qualities of each Trustee contribute to the Board's diversity of experiences and bring a variety of complementary skills that collectively allow the Board to oversee the business of the Fund in a manner consistent with the best interests of the Fund's shareholders.

Board Oversight of Fund Risk. The Board has not established a standing risk committee at the current time. Rather, the Board requires the Advisor to report to the Board, on a regular and as-needed basis, on actual and possible risks to the Trust as a whole. The Advisor reports to the Board on the various elements of risk that have affected, or that may affect, the business of the Trust, including investment risk, liquidity risk and operational risk, as well as the overall business risk relating to the Fund.

The Board has appointed a Chief Compliance Officer ("CCO") who reports directly to the Board's Independent Trustees and who provides presentations to the Board at its quarterly meetings, in addition to an annual report to the Board in accordance with the Fund's compliance policies and procedures. The CCO also updates the Board on the application of the Fund's compliance policies and procedures and on how these procedures are designed to mitigate risk. Finally, the CCO reports to the Board immediately in case of any problems associated with the Fund's compliance policies and procedures that could expose (or that might have the potential to expose) the Fund to material risk.

Share Ownership. As of December 31, 2009, the Trustees owned the following amount of the Fund:

Name of Trustee	Dollar Range of Equity Securities in the Funds (None, \$1-\$10,000, 10,001-\$50,000, \$50,001-\$100,000, Over \$100,000)	Aggregate Dollar Range of Equity Securities in all Registered Investment Companies Overseen by Trustee in Family of Investment Companies
Abdalla Idris Ali, Independent Trustee	\$0	\$0
Mohammed Kaiseruddin, Independent Trustee	\$0	\$0
Muhammad M. Kudaimi, Independent Trustee	\$0	\$0
Bassam Osman, Interested Trustee	\$50,001 – 100,000	\$50,001 – 100,000

Trustee Compensation. The Trustees serve without compensation, but are reimbursed for expenses incurred in connection with attendance at Board meetings. The table below details the amount of compensation received by the Trustees from the Trust for the fiscal year ended May 31, 2010. None of the executive officers receive compensation from the Trust.

Name and Position	Aggregate Compensation From Fund	Pension or Retirement Benefits Accrued As Part of Trust Expenses	Annual Benefits Upon Retirement	Total Compensation from Fund and Fund Complex Paid to Trustees*
Interested Trustees				
Bassam Osman	None	None	None	None
Independent Trustees				
Abdalla Idris Ali	None	None	None	None
Mohammed Kaiseruddin	None	None	None	None
Muhammad M. Kudaimi	None	None	None	None

*The term "Fund Complex" refers only to the Fund.

Control Persons, Principal Holders of Securities and Management Ownership. The following table provides the name and address of any person who owns of record or beneficially 5% or more of the outstanding shares of the Fund as of September 1, 2010. Control persons are persons deemed to control the Fund because they own beneficially over 25% of the outstanding securities. Control persons could affect the outcome of proxy voting or the direction of management of the Fund. Principal holders are persons that own beneficially 5% or more of the Fund’s outstanding shares.

Name and Address	Shares	% Ownership	Type of Ownership
North American Islamic Trust* 745 McClintock Drive, Suite 314 Burr Ridge, IL 60527-6688	2,628,983	64.15%	Record
Charles Schwab & Co., Inc. Attn: Mutual Funds 101 Montgomery Street San Francisco, CA 94104-4151	388,566	9.48%	Record

* North American Islamic Trust is organized under the laws of the State of Indiana.

As of September 1, 2010, the Trustees and Officers, as a group, owned 3.06% of the Fund’s outstanding shares.

Investment Advisor

Allied Asset Advisors, Inc. (the “Advisor”) is a Delaware corporation that serves as investment manager to the Fund pursuant to an Investment Advisory Agreement dated as of June 29, 2000 (“Advisory Agreement”). The Advisor is a wholly owned subsidiary of NAIT. NAIT is a non-profit entity that qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. The purpose of NAIT is to serve Islam and Muslims. NAIT is the controlling entity of the Advisor.

At a special meeting of the Board held on January 28, 2008, the Board unanimously agreed, subject to shareholder approval, to amend the Advisory Agreement to raise the advisory fees from 0.75% to 1.00% for a difference of 25 basis points. At a special meeting of shareholders held August 25, 2008, Fund shareholders approved the Board’s decision to amend the Advisory Agreement to raise fees accordingly.

The Advisory Agreement had an initial term of two years and continues on a year-to-year basis thereafter, provided that specific approval of continuation is given at least annually by the Board of the Trust or by the vote of the holders of a majority of the outstanding voting securities of the Fund. In either event, it must also be approved by a majority of the Trustees of the Trust who are neither parties to the Advisory Agreement nor interested persons of any such party as defined in the 1940 Act at a meeting called for the purpose of voting on such approval. The Advisory Agreement may be terminated upon 60 days’ notice, without the payment of any penalty, by vote of a majority of the outstanding voting securities of the Fund.

For the services provided by the Advisor under the Advisory Agreement prior to August 25, 2008, the Advisor was entitled to receive an annual fee of 0.75%. Effective August 25, 2008, the Advisor is entitled to receive an annual fee of 1.00%. All fees are computed on the average daily closing net asset value of the Fund and are payable monthly. The following table shows the advisory fees and expenses accrued and paid to the Advisor for the fiscal periods indicated below:

	Advisory Fees paid during fiscal years ended May 31,		
	2010	2009	2008
Advisory Fees Accrued	\$285,453	\$264,910	\$286,170
Advisory Fees Waived by Advisor	\$ 0	\$ 0	\$ 0
Advisory Fees Recaptured by Advisor	\$ 0	\$ 0	\$ 20,393
Total Advisory Fees Paid to Advisor	\$285,453	\$264,910	\$306,563

Portfolio Managers

Dr. Bassam Osman is the portfolio manager solely responsible for the day-to-day investment management of the Fund. He has been the President of the Trust since 2000. Because Dr. Osman does not manage any accounts other than the Fund, the Advisor has not identified any material conflicts associated with the management of the Fund.

The Portfolio Manager's compensation is paid by the Advisor and not the Fund. Dr. Osman is paid a fixed salary. He receives no other compensation.

As of May 31, 2010, Dr. Osman owned shares of the Fund having a value in the range of \$50,001 to \$100,000.

Code of Ethics

The Trust, the Advisor and the Fund's distributor have adopted written Codes of Ethics pursuant to Rule 17j-1 of the 1940 Act that govern the personal securities transactions of their board members, officers and employees who may have access to current trading information of the Trust. The Codes permit such persons to invest in securities for their personal accounts, including securities that may be purchased or held by the Trust. The Codes restrict and limit, absent prior approval, certain types of transactions and includes reporting and other obligations to monitor personal transactions.

Administrative Services

Administrator, Fund Accountant, Transfer Agent and Dividend Disbursing Agent. U.S. Bancorp Fund Services, LLC ("USBFS" or the "Administrator"), 615 East Michigan Street, Milwaukee, Wisconsin, 53202, a subsidiary of U.S. Bank, National Association, provides administrative personnel and services (including blue-sky services) to the Fund pursuant to an Administrative Services Agreement. Administrative services include, but are not limited to, providing office space, equipment, telephone facilities, various personnel, including clerical and supervisory, and computers, as is necessary or beneficial to provide compliance services to the Fund.

	Administration Fees paid during		
	fiscal years ended May 31,		
	2010	2009	2008
U.S. Bancorp Fund Services, LLC	\$50,909	\$52,331	\$54,136

USBFS also serves as fund accountant, transfer agent and dividend disbursing agent under separate agreements. The Administrator, Custodian and the Fund’s distributor are affiliated entities under the common control of U.S. Bancorp.

Custodian. U.S. Bank, National Association (“Custodian”), 1555 N. River Center Drive, Suite 302, Milwaukee, Wisconsin, 53212, is custodian for the securities and cash of the Fund. Under the Custody Agreement, the Custodian holds the Fund’s portfolio securities in safekeeping and keeps all necessary records and documents relating to its duties. The Custodian and its affiliates may participate in revenue sharing arrangements with service providers of mutual funds in which the Fund may invest.

Distributor

Quasar Distributors, LLC, 615 East Michigan Street, Milwaukee, Wisconsin, 53202 (the “Distributor”), serves as the principal underwriter and national distributor for the shares of the Fund pursuant to a Distribution Agreement with the Trust dated as of August 26, 2002 (the “Distribution Agreement”). The Distributor is registered as a broker-dealer under the Securities Exchange Act of 1934 (the “1934 Act”) and each state’s securities laws and is a member of the Financial Industry Regulatory Authority (“FINRA”) (formerly, NASD). The offering of the Fund’s shares is continuous. The Distribution Agreement provides that the Distributor, as agent in connection with the distribution of Fund shares, will use its best efforts to distribute the Fund’s shares.

Pricing of Shares

Shares of the Fund are sold on a continual basis at the net asset value per share next computed following acceptance of an order by the Fund. The Fund’s net asset value per share for the purpose of pricing purchase and redemption orders is determined at the close of regular trading (normally 4:00 p.m. Eastern Time) on each day the New York Stock Exchange (the “NYSE”) is open for trading. The NYSE is closed on the following holidays: New Year’s Day, Martin Luther King, Jr. Day, Presidents’ Day, Good Friday, Memorial Day, Independence Day, Labor Day, Thanksgiving Day and Christmas Day.

The net asset value per share is computed by dividing the value of the securities held by the Fund plus any cash or other assets (including interest and dividends accrued but not yet received) minus all liabilities (including accrued expenses) by the total number of shares of the Fund outstanding at such time. An example of how the shares of the Fund calculated the net asset value per share as of May 31, 2010 is as follows:

$$\begin{array}{r}
 \text{Net Assets} \\
 \hline
 \text{Shares Outstanding}
 \end{array}
 = \text{Net Asset Value Per Share}$$

$$\begin{array}{r}
 \$27,713,267 \\
 \hline
 4,008,355
 \end{array}
 = \$6.91$$

Generally, the Fund’s investments are valued at market value or, in the absence of a market value, at fair value as determined in good faith by the Advisor and the Trust’s Valuation Committee pursuant to procedures approved by or under the direction of the Board. Pursuant to those procedures, the Board considers, among other things: (1) the last sale price on the securities exchange, if any, on which a security is primarily traded;

(2) the mean between the bid and asked prices; (3) price quotations from an approved pricing service; and (4) other factors as necessary to determine a fair value under certain circumstances.

The Fund's securities that are traded on securities exchanges are valued at the most recent sale price on the exchange on which such securities are traded, as of the time when the net asset value is determined on the day the securities are being valued or, lacking any reported sales, at the mean between the last available bid and asked price.

Securities that are traded on more than one exchange are valued on the exchange determined by the Advisor to be the primary market. Securities primarily traded in the National Association of Securities Dealers Automated Quotation ("NASDAQ") Global Market System for which market quotations are readily available are valued using the NASDAQ Official Closing Price ("NOCP"). If the NOCP is not available, such securities are valued at the last sale price on the day of valuation, or if there has been no sale on such day, at the mean between the bid and asked prices. Over-the-counter securities that are not traded in the NASDAQ Global Market System are valued at the most recent trade price.

Short-term debt obligations with remaining maturities in excess of 60 days are valued at current market prices, as discussed above. Short-term securities with 60 days or less remaining to maturity are, unless conditions indicate otherwise, amortized to maturity based on their cost to a Fund if acquired within 60 days of maturity or, if already held by the Fund on the 60th day, based on the value determined on the 61st day.

All other assets of the Fund are valued in such manner as the Board in good faith deems appropriate to reflect their fair value.

Purchasing Shares

Shares of the Fund are sold in a continuous offering and may be purchased on any business day through authorized investment dealers or directly from the Fund.

Stock Certificates and Confirmations. The Fund does not generally issue stock certificates representing shares purchased. Confirmations of the opening of an account and of all subsequent transactions in the account are forwarded by the Fund to the shareholder's address of record. If a shareholder needs stock certificates, the Fund can issue them under special requests.

Special Incentive Programs. At various times, the Fund may implement programs under which a dealer's sales force may be eligible to win nominal awards for certain sales efforts or recognition programs conforming to criteria established by the Fund, or participate in sales programs sponsored by the Fund. In addition, the Advisor or the Distributor, in its discretion may from time to time, pursuant to objective criteria, sponsor programs designed to reward selected dealers for certain services or activities that are primarily intended to result in the sale of shares of the Fund. These programs will not change the price you pay for your shares or the amount that the Fund will receive from the sale.

Anti-Money Laundering. The Fund has established an Anti-Money Laundering Compliance Program (the "Program") as required by the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 ("USA PATRIOT ACT"). To ensure compliance with this law, the Fund's Program provides for the development of internal practices, procedures and controls, designation of anti-money laundering compliance officers, an ongoing training program and an independent audit function to determine the effectiveness of the Program.

Procedures to implement the Program include, but are not limited to, determining that the Fund's Distributor and Transfer Agent have established proper anti-money laundering procedures, reporting suspicious and/or

fraudulent activity and a complete and thorough review of all new opening account applications. The Fund will not transact business with any person or entity whose identity cannot be adequately verified under the provisions of the USA PATRIOT ACT.

Redemption of Shares

Signature Guarantees. There are instances in which shareholders will be required to submit a signature guarantee. Signature guarantees may be obtained by:

- a trust company or commercial bank whose deposits are insured by the Bank Insurance Fund, which is administered by the Federal Deposit Insurance Company (“FDIC”);
- a member of the New York, Boston, American, Midwest, or Pacific Stock Exchange;
- a savings bank or savings association whose deposits are insured by the Savings Association Insurance Fund, which is administered by the FDIC; or
- any other “eligible guarantor institution” as defined in the 1934 Act.

The Fund does not accept signatures guaranteed by a notary public.

The Fund and its Transfer Agent have adopted standards for accepting signature guarantees from the above institutions. The Fund may elect in the future to limit eligible signature guarantors to institutions that are members of a signature guarantor program. The Fund and its Transfer Agent reserve the right to amend these standards at any time without notice.

Additional Documentation. Additional documents are required for certain types of shareholders, such as corporations, partnerships, executors, trustees, administrators, or guardians. The Fund’s Transfer Agent requires documents from entities to identify individuals possessing authority to redeem shares from the Fund. The documentation may include corporate resolutions, partnership agreements, trust instruments or plans that give such authority to the individual.

Redemption In-Kind. If the amount you are redeeming is over the lesser of \$250,000 or 1% of the Fund’s net asset value, the Fund has the right to redeem your shares by giving you the amount that exceeds \$250,000 or 1% of the Fund’s net asset value in securities instead of cash and you would bear any market risks associated with such securities until they are converted into cash.

Brokerage Allocation and Other Practices

The Advisor places the Fund’s portfolio securities transactions with brokers and dealers, taking into account the costs, promptness of executions and other qualitative considerations. There is no pre-existing commitment to place orders with any broker, dealer or member of an exchange. The Advisor evaluates a wide range of criteria in placing the Fund’s portfolio securities transactions, including the broker’s commission rate, execution capability, positioning, information in regard to the availability of securities, trading patterns, statistical or factual information, opinions pertaining to trading strategy, back office efficiency, ability to handle difficult trades, financial stability and prior performance in servicing the Advisor and its clients.

The Advisor, when effecting purchases and sales of portfolio securities for the account of the Fund, will seek execution of trades either (1) at the most favorable and competitive rate of commission charged by any

broker, dealer or member of an exchange, or (2) at a higher rate of commission charges, if reasonable, in relation to brokerage and research services provided to the Fund or the Advisor by such member, broker, or dealer. Such services may include, but are not limited to, any one or more of the following: information as to the availability of securities for purchase or sale; statistical or factual information; or opinions pertaining to investments. The Advisor may use research and services provided by brokers and dealers in servicing all its clients, including the Fund, and the Advisor will not necessarily use all such services in connection with the Fund. In accordance with the provisions of Section 28(e) of the 1934 Act, the Advisor may from time to time receive services and products that serve both research and non-research functions. In such event, the Advisor makes a good faith determination of the anticipated research and non-research use of the product or service and allocates brokerage only with respect to the research component.

For the fiscal periods indicated below, the Fund paid the following in brokerage commissions:

Aggregate Brokerage Commissions*		
Paid during fiscal years ended May 31,		
2010	2009	2008
\$37,226	\$22,745	\$28,519

*The aggregate brokerage commissions for the Fund increased for the fiscal year ended May 31, 2010 due to higher turnover and trading in the securities of the Fund.

None of the payments in brokerage commissions during the period indicated above were paid to an affiliated broker.

If the Advisor provides investment advisory services to individuals or other institutional clients, there may be occasions on which other investment advisory clients advised by the Advisor may also invest in the same securities as the Fund. When these clients buy or sell the same securities at substantially the same time, the Advisor may average the transactions as to price and allocate the amount of available investments in a manner, which it believes to be equitable to each client, including the Fund. On the other hand, to the extent permitted by law, the Advisor may aggregate the securities to be sold or purchased for the Fund with those to be sold or purchased for other clients managed by it in order to obtain lower brokerage commissions, if any.

For the fiscal periods indicated below, the Fund's portfolio turnover rate was:

Portfolio Turnover*	
During fiscal years ended May 31,	
2010	2009
177.50%	108.7%

*Portfolio turnover for the Fund increased in 2010 as a result of an increase in trades due to changing economic factors.

The portfolio turnover rate is calculated by dividing the lesser of the Fund's annual sales or purchases of portfolio securities (exclusive of purchases or sales of securities whose maturities at the time of acquisition were one year or less) by the monthly average value of the securities in the portfolio during the year.

Policies and Procedures for Disclosure of Fund Portfolio Holdings

Scope of Policies and Procedures. The following policies and procedures (the "Procedures") govern the disclosure of portfolio holdings and any ongoing arrangements to make available information about portfolio holdings for the Fund.

Disclosure Philosophy. The Fund has adopted these Procedures to seek to ensure that the disclosure of the Fund's portfolio holdings is accomplished in a manner that is consistent with the Fund's fiduciary duty to its shareholders. Under no circumstances does the Advisor or the Fund receive any compensation in return for the disclosure of information about the Fund's portfolio securities or for any ongoing arrangements to make available information about the Fund's portfolio securities.

Disclosure of Fund Portfolio Holdings. The Securities and Exchange Commission (the "SEC") requires each Fund to file its complete portfolio holdings schedule in public filings made to the SEC on a quarterly basis. A Fund is required to file its complete portfolio schedules for the second and fourth fiscal quarter on Form N-CSR, and is required to file its complete portfolio schedules for the first and third quarters on Form N-Q, in each instance within 60 days of the end of the Fund's fiscal quarter.

Through Form N-CSR and Form N-Q filings with the SEC, the Fund's full portfolio holdings are publicly available to shareholders and others on a quarterly basis. Such filings are made on or shortly before the 60th day following the end of a fiscal quarter. In addition, top ten holdings information for the Fund may be made available on the Fund's website (www.investaaa.com) on a monthly, seven-day delayed basis.

The Fund's complete portfolio schedule for the second and fourth fiscal quarter, required to be filed on Form N-CSR, will be delivered to shareholders in the Fund's semi-annual and annual reports. The Fund's complete portfolio schedules for the first and third fiscal quarters, required to be filed on Form N-Q, will not be delivered to shareholders.

The following list describes the limited circumstances in which a Fund's portfolio holdings are disclosed to select third parties in advance of their inclusion in the quarterly filings made with the SEC on Form N-CSR and Form N-Q. In each instance, a determination has been made that such advance disclosure is in the best interest of the Fund's shareholders, is supported by a legitimate business purpose and that the recipients are subject to an independent duty not to disclose or trade on the nonpublic information.

- A. **Portfolio Manager.** Portfolio managers shall have full daily access to fund holdings for the Fund for which they have direct management responsibility. Portfolio managers may also release and discuss portfolio holdings with various broker/dealers for purposes of analyzing the impact of existing and future market changes on the prices, availability/demand and liquidity of such securities, as well as for the purpose of assisting portfolio managers in the trading of such securities.
- B. **Fund Management.** In its capacity as Advisor to the Fund, certain Fund management personnel that deal directly with the processing, settlement, review, control, auditing, reporting, and/or valuation of portfolio trades shall have full daily access to Fund portfolio holdings.
- C. **External Servicing Agents.** Appropriate personnel employed by entities that assist in the review and/or processing of Fund portfolio transactions, which include the fund accounting agent, the custodian and the trading settlement desk at U.S. Bancorp shall have daily access to all Fund portfolio holdings. Fund Management utilizes the services of an independent service provider to assist with proxy voting. Both U.S. Bancorp and the independent service provider may have access to full Fund portfolio holdings for the Fund for which they provide services. The Board, Fund Counsel and the Fund's Independent Registered Public Accounting Firm shall also have access to Fund portfolio holdings as needed to fulfill their responsibilities to the Fund.
- D. **Ranking Agencies.** Morningstar, Inc. and/or Lipper Analytical Services, Inc. and/or other ranking agencies may receive the Fund's full portfolio holdings on a calendar quarter or monthly basis at the sole determination of the Investment Advisor.

Additions to Recipients. Any additions to the recipients of the Fund portfolio holdings requires approval by the Advisor based on a review of: (i) type of fund involved; (ii) the purpose for receiving the holdings information; (iii) the intended use of the information; (iv) the frequency of the information to be provided; (v) the proposed recipient's relationship to the Fund; (vi) the ability of the Advisor to monitor that such information will be used by the proposed recipient in accordance with the stated purpose for the disclosure; (vii) whether a confidentiality agreement will be in place with such proposed recipient; and (viii) whether any potential conflicts exist regarding such disclosure between the interests of Fund shareholders, on the one hand, and those of the Fund's Advisor, principal underwriter, or any affiliated person of the Fund.

Board Approval. The Board shall review and re-approve these Procedures as often as they deem appropriate, and make any changes that they deem appropriate. The Board exercises continuing oversight of the disclosure of the Fund's portfolio holdings by considering reports and recommendations on such disclosure by the Chief Compliance Officer ("CCO") of the Fund concerning any material compliance matters (as defined in Rule 38a-1 under the 1940 Act).

Conflict of Interest. In the event of a conflict between the interest of the Fund and the interests of the Advisor or an affiliated person of the Advisor, the CCO of the Advisor, in consultation with the Fund's CCO, shall make a determination in the best interest of the Fund, and shall report such determination to the Advisor's Board of Directors and to the Fund's Board of Trustees at the end of the quarter in which such determination was made. Any employee of the Advisor who suspects a breach of this obligation must report the matter immediately to the Advisor's CCO or to his or her supervisor.

Education Component. In order to promote strict compliance with these Procedures, Fund Management has informed its employees, and other parties possessing Fund portfolio holdings information (such as the fund accounting agent and the custodian), of the limited circumstances in which the Fund's portfolio holdings may be disclosed in advance of filings made with the Commission and the ramifications, including possible dismissal, if disclosure is made in contravention of these Procedures.

Additional Information on Distributions and Taxes

Distributions

All income dividends and capital gain distributions will automatically be reinvested in additional full and fractional shares of the Fund at their net asset value as of the date of payment unless the shareholder elects to receive such dividends or distributions in cash. The reinvestment date normally precedes the payment date by about seven days although the exact timing is subject to change. Shareholders will receive a written confirmation of each new transaction in their account. The Trust will confirm all account activity, including the payment of dividend and capital gain distributions and transactions made as a result of a Systematic Withdrawal Plan or an Automatic Investment Plan. Shareholders may rely on these statements in lieu of stock certificates.

Taxes

Election to be taxed as a regulated investment company. The Fund is qualified, and intends to continue to qualify, as a regulated investment company under Subchapter M of the Internal Revenue Code of 1986 (the "Code"), provided that it complies with all applicable requirements regarding the source of its income, diversification of its assets and timing of distributions. As a regulated investment company, it is the Fund's policy to distribute to its shareholders all of its investment company taxable income and any net realized capital gains for each fiscal year in a manner that complies with the distribution requirements of the Code, so that the Fund will not be subject to federal income tax or excise taxes based on net income and net realized gains. However, the Fund can give no assurances that its distributions will be sufficient to eliminate all taxes.

The Board reserves the right not to maintain the qualification of the Fund as a regulated investment company if it determines such course of action to be beneficial to the Fund's shareholders. In such case, the Fund would be subject to federal, and possibly state corporate taxes on its taxable income and gains, and distributions to shareholders will be taxed as ordinary dividend income to the extent of the Fund's earnings and profits, except to the extent such distributions were eligible to be treated as qualified taxable income.

Distributions of net investment income. The Fund receives income generally in the form of dividends on its investments. This income, less expenses incurred in the operation of the Fund, constitutes the Fund's net investment income from which dividends may be paid. Except as noted below in connection with "qualified taxable income," distributions of net investment income are taxable to shareholders as ordinary income. In the case of corporate shareholders, a portion of the distributions may qualify for the dividends-received deduction. Payments made to shareholders are taxed in the same manner whether they are paid in cash or in additional shares.

Distributions of capital gains. The Fund may derive capital gains and losses in connection with sales or other dispositions of its portfolio securities. Distributions from net short-term capital gains will be taxable to shareholders as ordinary income. Distributions from net long-term capital gains will be taxable to shareholders as long-term capital gain, regardless of how long the shares in the Fund have been held. Net capital gains realized by the Fund, if any, will be distributed annually. The Fund may make an additional distribution to reduce or eliminate excise or income taxes on the Fund.

Information on the tax character of distributions. Each distribution by the Fund is accompanied by a brief explanation of the form and character of the distribution. In addition, the Fund will issue to each shareholder a statement of the federal income tax status of all distributions for the period shortly after the close of each calendar year. If you have not held Fund shares for a full year, the Fund may designate and distribute to you, as ordinary income or capital gain, a percentage of income that is not equal to the actual amount of such income earned during the period of your investment in the Fund.

Excise tax distribution requirements. To avoid federal excise taxes, the Code requires the Fund to distribute to its shareholders by December 31 of each year, at a minimum, the following amounts: 98% of its taxable ordinary income earned during the calendar year; 98% of its capital gain net income earned during the twelve-month period ending October 31; and 100% of any undistributed amounts from the prior year. The Fund intends to declare and pay these amounts each calendar year (in December or in January in which case the distributions are treated by the Fund's shareholders as received in December) so that the Fund will not be subject to excise taxes, but can give no assurances that its distributions will be sufficient to eliminate all taxes.

Redemption of Fund shares. By law, redemptions of Fund shares are taxable transactions for federal and state income tax purposes. If a shareholder redeems his or her Fund shares, the Internal Revenue Service requires that any gain or loss on the redemption be reported. If shares are held by the shareholder as a capital asset, the gain or loss that is realized will be capital gain or loss and will be long-term or short-term, generally depending on how long the Fund shares were held. Any loss incurred on the redemption of shares held for six months or less will be treated as a long-term capital loss to the extent of any long-term capital gains distributed to the shareholder by the Fund on those shares.

By law, all or a portion of any loss that is realized upon the redemption of Fund shares will be disallowed to the extent that a shareholder buys other shares in the Fund (through reinvestment of dividends or otherwise) within 30 days before or after the share redemption. Any loss disallowed under these rules will be added to shareholder's tax basis in the new shares purchased.

Qualified dividend income of individuals. For individual shareholders, a portion of the distributions paid by the Fund may be qualified dividend income eligible for taxation at long-term capital gain rates to the extent the Fund designates the amount distributed as qualified dividend income. The amount of dividends paid by

the Fund that may be eligible for this treatment generally may not exceed the aggregate amount of qualifying dividends received by the Fund. Both the individual shareholders and the Fund must satisfy certain holding-period requirements. Absent legislative changes, the special treatment of certain dividends as qualified dividend income is scheduled to expire for taxable years beginning on or after January 1, 2011.

Dividends-received deduction for corporations. In the case of corporate shareholders, it is expected that a portion of the dividends paid by the Fund will qualify for the dividends-received deduction. In some circumstances, a corporate shareholder will be allowed to deduct these qualified dividends, thereby reducing the tax that it would otherwise be required to pay on these dividends. The dividends-received deduction will be available only with respect to dividends designated by the Fund as eligible for such treatment. All dividends (including the deducted portion) must be included in the alternative minimum taxable income calculation.

Investment in complex securities. The Fund may invest in complex securities. These investments may be subject to numerous special and complex tax rules. These rules could affect whether gains and losses recognized by the Fund are treated as ordinary income or capital gain, accelerate the recognition of income to the Fund and/or defer the Fund's ability to recognize losses. In turn, these rules may affect the amount, timing or character of the income distributed to each shareholder by the Fund.

Foreign Taxes. The Fund may be subject to foreign withholding taxes or other foreign taxes with respect to income (possibly including, in some cases, capital gain) received from sources within foreign countries. A foreign tax credit may not exceed the U.S. federal income tax otherwise payable with respect to the foreign source income. For this purpose, each shareholder must treat as foreign source gross income (i) its proportionate share of foreign taxes paid by the Fund and (ii) the portion of any actual dividend paid by the Fund which represents income derived from foreign sources; the gain from the sale of securities will generally be treated as U.S. source income and certain foreign currency gains and losses likewise will be treated as derived from U.S. sources. This foreign tax credit limitation is, with certain exceptions, applied separately to separate categories of income; dividends from the Fund paid in taxable years beginning before January 1, 2007 will be treated as "passive" or "financial services" income and dividends paid in taxable years beginning after December 31, 2006 will generally be treated as "passive" or "general" income for this purpose. The effect of this limitation may be to prevent shareholders from claiming as a credit the full amount of their pro rata share of the Fund's foreign income taxes. In addition, the foreign tax credit is allowed to offset only 90% of the alternative minimum tax imposed on corporations and individuals, and shareholders will not be eligible to claim a foreign tax credit with respect to foreign income taxes paid by the Fund unless certain holding period requirements are met. The Fund will make such an election only if it deems it to be in the best interest of its shareholders. A shareholder not subject to U.S. tax may prefer this election not be made. The Fund will notify shareholders in writing each year if it makes the election and of the amount of foreign income taxes, if any, to be passed through to the shareholders and the amount of foreign taxes, if any, for which shareholders of the Fund will not be eligible to claim a foreign tax credit because the holding period requirements (described above) have not been satisfied.

Independent Registered Public Accounting Firm

Cohen Fund Audit Services, Ltd., 800 Westpoint Pkwy, Suite 1100, Westlake, Ohio, 44145, serves as the Fund's independent registered public accounting firm, whose services include auditing the Fund's financial statements.

Proxy Voting Guidelines

The Advisor has established Proxy Voting Guidelines (“Guidelines”), which explain the Advisor’s procedures with respect to voting the Fund’s proxies. Generally, the Trust has delegated its proxy voting process to the Advisor. The Guidelines provide a basic policy to govern the proxy voting procedures.

According to the Guidelines, the Advisor votes proxies in a manner designed to maximize the value of its clients’ investment. The Advisor generally votes in accordance with management’s recommendations. If the Advisor believes management is not acting on behalf of the best interests of the Fund and its shareholders, the Advisor will not vote with management.

Conflicts of Interest. The Advisor’s duty is to vote in the best interests of its clients and Fund shareholders. Therefore, in situations where there is a conflict of interest between the interests of the Advisor and the interests of the client, the Advisor will take one of the following steps to resolve the conflict:

1. Vote the securities based on a pre-determined voting policy if the application of the policy to the matter presented involves little discretion on the part of the Advisor;
2. Vote the securities in accordance with a pre-determined policy based upon the recommendations of an independent third party, such as a proxy voting service;
3. Refer the proxy to the client or to a fiduciary of the client for voting purposes;
4. Suggest that the client engage another party to determine how the proxy should be voted; or
5. Disclose the conflict to the client or, with respect to the Fund, the Board (or its delegate) and obtain the client’s or Board’s direction to vote the proxies.

Policies of the Fund’s Advisor. The Advisor is in a better position than the Board to monitor corporate actions, analyze proxy proposals, make voting decisions and ensure that proxies are submitted in a timely fashion. As stated above, the Board therefore delegates its authority to vote proxies to the Advisor, subject to the supervision of the Board. Moreover, the Board authorizes the Advisor to retain a third party proxy voting service, such as Investor Responsibility Research Center, to provide recommendations on proxy votes or vote proxies on the Fund’s behalf.

In the event of a conflict between the interests of the Advisor and the Fund, the Advisor’s policies provide that the conflict may be disclosed to the Board or its delegate, who shall provide direction to vote the proxies. The Board has delegated this authority to the Independent trustees, and the proxy voting direction in such a case shall be determined by a majority of the independent trustees.

The Trust is required to annually file Form N-PX, which lists the Fund’s complete proxy voting record for the 12-month period ended June 30. The Fund’s proxy voting record is available without charge, upon request, by calling toll-free 1-877-417-6161 and on the SEC’s web site at www.sec.gov.

Marketing and Support Payments

The Advisor, out of its own resources and without additional cost to the Fund or its shareholders, may provide additional cash payments or other compensation to certain financial intermediaries who sell shares of the Fund. Those payments may be divided into categories as follows:

Support Payments

Payments may be made by the Advisor to certain financial intermediaries in connection with the eligibility of the Fund to be offered in certain programs and/or in connection with meetings between the Fund's representatives and financial intermediaries and their sales representatives. Such meetings may be held for various purposes, including providing education and training about the Fund and other general financial topics to assist financial intermediaries' sales representatives in making informed recommendations to, and decisions on behalf of, their clients.

Entertainment, Conferences and Events

The Advisor also may pay cash or non-cash compensation to sales representatives of financial intermediaries in the form of (1) occasional gifts; (2) occasional meals, tickets or other entertainments; and/or (3) sponsorship support for the financial intermediary's client seminars and cooperative advertising. In addition, the Advisor may pay for exhibit space or sponsorships at regional or national events of financial intermediaries.

Certain Service Fees. Certain service fees charged by financial intermediaries, such as shareholder services fees, are paid by the Advisor. The total amount of such service fees paid by the Advisor for calendar year 2009 was approximately \$24,617, which was 0.1% of the Fund's 2009 average daily net assets. Those payments were allocated as follows:

Firm	Dollar Amount
Charles Schwab	\$24,000
Vanguard	\$312
Pershing	\$18
ScottTrade	\$287

The prospect of receiving additional payments or other compensation as described above by financial intermediaries may provide such intermediaries and/or their salespersons with an incentive to favor sales of shares of the Fund, and other mutual funds whose affiliates make similar compensation available, over sale of shares of mutual funds (or non-mutual fund investments) not making such payments. You may wish to take such payment arrangements into account when considering and evaluating any recommendations relating to the Fund's shares.

Financial Statements

The audited financial statements for the Fund are incorporated by reference to the Fund's Annual Report for the fiscal year ended May 31, 2010, as filed with the Securities and Exchange Commission.