

**STATEMENT OF ADDITIONAL INFORMATION**  
**January 29, 2010**

**TCM SMALL CAP GROWTH FUND - TCMSX**

**TCM SMALL-MID CAP GROWTH FUND - TCMMX**

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This Statement of Additional Information (“SAI”) is not a Prospectus and should be read in conjunction with the Prospectus dated January 29, 2010, as may be revised, of the TCM Small Cap Growth Fund (the “Small Cap Fund”) and the TCM Small-Mid Cap Growth Fund (the “Small-Mid Cap Fund”) (each a “Fund” and collectively, the “Funds”), each a series of Professionally Managed Portfolios (the “Trust”). Tygh Capital Management, Inc. (the “Advisor”), is the investment advisor to the Funds. Copies of the Funds’ Prospectus are available on the Funds’ website ([www.tyghcap.com](http://www.tyghcap.com)) or by calling the above number.

The Funds’ most recent Annual Report to shareholders is a separate document supplied with this SAI. The financial statements, accompanying notes and report of independent registered public accounting firm appearing in the Annual Report are incorporated into this SAI by reference to the Funds’ Annual Report dated September 30, 2009 as filed with the Securities and Exchange Commission (“SEC”).

## TABLE OF CONTENTS

THE TRUST .....	3
FUND HISTORY .....	3
INVESTMENT POLICIES AND RISKS.....	3
INVESTMENT RESTRICTIONS .....	10
PORTFOLIO TURNOVER.....	12
PORTFOLIO HOLDINGS .....	13
TRUSTEES AND EXECUTIVE OFFICERS .....	14
PROXY VOTING POLICIES .....	19
CONTROL PERSONS AND PRINCIPAL SHAREHOLDERS.....	20
THE FUNDS' INVESTMENT ADVISOR .....	21
SERVICE PROVIDERS.....	23
EXECUTION OF PORTFOLIO TRANSACTIONS AND BROKERAGE .....	25
CAPITAL STOCK.....	27
DETERMINATION OF SHARE PRICE .....	27
ADDITIONAL PURCHASE AND REDEMPTION INFORMATION.....	28
DIVIDENDS, DISTRIBUTIONS AND TAXES .....	30
MARKETING AND SUPPORT PAYMENTS .....	32
FINANCIAL STATEMENTS .....	33
APPENDIX A.....	34

## **THE TRUST**

The Trust is a Massachusetts business trust organized on February 24, 1987, and is registered with the SEC as an open-end management investment company. Prior to May of 1991, the Trust was known as the Avondale Investment Trust. The Trust's Agreement and Declaration of Trust (the "Declaration of Trust") permits the Trust's Board of Trustees (the "Board") to issue an unlimited number of full and fractional shares of beneficial interest, without par value, which may be issued in any number of series. The Trust consists of various series that represent separate investment portfolios. The Board may from time to time issue other series, the assets and liabilities of which will be separate and distinct from any other series. This SAI relates only to the Funds.

The shareholders of a Massachusetts business trust could, under certain circumstances, be held personally liable as partners for its obligations. However, the Declaration of Trust contains an express disclaimer of shareholder liability for acts or obligations of the Trust.

The Declaration of Trust also provides for indemnification and reimbursement of expenses out of each Fund's assets for any shareholder held personally liable for obligations of the Funds or the Trust. The Declaration of Trust provides that the Trust shall, upon request, assume the defense of any claim made against any shareholder for any act or obligation of the Funds or the Trust and satisfy any judgment thereon. All such rights are limited to the assets of the Funds. The Declaration of Trust further provides that the Trust may maintain appropriate insurance (for example, fidelity bonding and errors and omissions insurance) for the protection of the Trust, its shareholders, trustees, officers, employees and agents to cover possible tort and other liabilities. However, the activities of the Trust as an investment company would not likely give rise to liabilities in excess of the Trust's total assets. Thus, the risk of a shareholder incurring financial loss on account of shareholder liability is limited to circumstances in which both inadequate insurance exists and the Funds themselves are unable to meet their obligations.

The Funds' Prospectus and this SAI are a part of the Trust's Registration Statement filed with the SEC. Copies of the Trust's complete Registration Statement may be obtained from the SEC upon payment of the prescribed fee or may be accessed free of charge at the SEC's website at [www.sec.gov](http://www.sec.gov).

## **FUND HISTORY**

The Small Cap Fund commenced operations on October 1, 2004. The Small Mid-Cap Fund commenced operations on June 29, 2007.

## **INVESTMENT POLICIES AND RISKS**

Each Fund is diversified. This means, among other things, that as to 75% of a Fund's total assets (1) no more than 5% may be in the securities of a single issuer, and (2) it may not hold more than 10% of the outstanding voting securities of a single issuer. Under applicable federal securities laws, the diversification of a mutual fund's holdings is measured at the time the fund purchases a security and at the end of the fund's fiscal quarters and years. If a Fund purchases a security and holds it for a period of time, the security may become a larger percentage of the Fund's total assets due to movements in the financial markets. If the market affects several securities held by a Fund, the Fund may have a greater percentage of its assets invested in securities of

fewer issuers. A Fund would then be subject to the risk that its performance may be hurt disproportionately by the poor performance of relatively few securities despite the Fund qualifying as a diversified fund under applicable federal securities laws.

The following information supplements the discussion of each Fund's investment objective and policies set forth in the prospectus. Additional information with respect to certain securities in which the Funds may invest is set forth below. Each Fund may invest in the following types of investments, each of which is subject to certain risks, as discussed below.

### **Equity Securities**

Common stocks, preferred stocks and convertible securities are examples of equity securities in which the Funds may invest. The economic crisis that began to unfold in 2007 continues to manifest itself in nearly all areas of the U.S. economy and has caused dramatic volatility in the financial markets, as well as a significant decrease in the value of many financial institutions, including, in general, a decrease in the value of stocks and bonds. The U.S. government has taken a number of measures to attempt to restore stability to the financial markets and to promote economic recovery. The measures have included various programs to stimulate economic activity, to reform regulatory oversight, to advance various social goals and to provide relief to businesses and individuals suffering from the effects of the economic crisis. There is no guarantee that any of these programs or other efforts will be successful and therefore there is no guarantee that the financial markets or stock and bond values will stabilize in the near future.

All investments in equity securities are subject to market risks that may cause their prices to fluctuate over time. Historically, the equity markets have moved in cycles and the value of the securities in each Fund's portfolio may fluctuate substantially from day to day. Owning equity securities also subjects the Funds to the risk that an issuer may discontinue paying dividends.

The Funds will invest substantially all of their assets in the equity securities of small to medium-sized companies, and therefore will be exposed to the risks of smaller sized companies. Small to medium-sized companies may have narrower markets for their goods and/or services and may have more limited managerial and financial resources than larger, more established companies. Furthermore, such companies may have limited product lines, services, markets, or financial resources, or may be dependent on a small management group. In addition, because these stocks may not be well-known to the investing public, do not have significant institutional ownership and are followed by fewer security analysts, there will normally be less publicly available information concerning these securities compared to what is available for the securities of larger companies. Adverse publicity and investor perceptions, whether based on fundamental analysis, can decrease the value and liquidity of securities held by the Funds. As a result, as compared to larger-sized companies, the performance of smaller-sized companies can be more volatile and they face greater risk of business failure, which could increase the volatility of a Fund's portfolio.

The Funds may invest in companies that are unseasoned; that is, companies that have limited or unprofitable operating histories, limited financial resources, and inexperienced management. In addition, small and unseasoned companies often face competition from larger or more established firms that have greater resources. Securities of small and unseasoned companies are frequently traded in the over-the-counter market or on regional exchanges where low trading volumes may result in erratic or abrupt price movements. To dispose of these securities, a Fund may need to sell them over an extended period or below the original purchase price. Investments by the Funds in these small or unseasoned companies may also be regarded as speculative.

*Common Stock.* Common stock represents a proportionate share of the ownership of a company and its value is based on the success of the company's business, any income paid to stockholders, the value of its assets, and general market conditions. In addition to the general risks set forth above, investments in common stocks are subject to the risk that in the event a company in which a Fund invests is liquidated, the holders of preferred stock and creditors of that company will be paid in full before any payments are made to a Fund as a holder of common stock. It is possible that all assets of that company will be exhausted before any payments are made to a Fund.

*Preferred Stock.* Preferred stocks are equity securities that often pay dividends at a specific rate and have a preference over common stocks with respect to the payment of dividends and liquidation of assets. A preferred stock is a blend of the characteristics of a bond and common stock. It can offer the higher yield of a bond and has priority over common stock in equity ownership, but does not have the seniority of a bond. Unlike common stock, a preferred stock's participation in the issuer's growth may be limited. Although the dividend is set at a fixed annual rate, it is subject to the risk that the dividend can be changed or omitted by the issuer.

*Convertible Securities and Warrants.* Convertible securities are securities (such as debt securities or preferred stock) that may be converted into or exchanged for a prescribed amount of common stock of the same or different issuer within a particular period of time at a specified price or formula. A convertible security entitles the holder to receive interest paid or accrued on debt or dividends paid on preferred stock until the convertible stock matures or is redeemed, converted or exchanged. While no securities investment is without some risk, investments in convertible securities generally entail less risk than an issuer's common stock. However, 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. In addition to the general risk associated with equity securities discussed above, the market value of convertible securities is also affected by prevailing interest rates, the credit quality of the issuer and any call provisions. While convertible securities generally offer lower interest or dividend yields than nonconvertible debt securities of similar quality, they do enable the investor to benefit from increases in the market price of the underlying common stock.

Each Fund may also invest in warrants, which are options to buy a stated number of underlying securities at a specified price any time during the life of the warrants. The securities underlying these warrants will be the same types of securities that each Fund will invest in to achieve its investment objective of long-term capital appreciation. The purchaser of a warrant expects the market price of the underlying security will exceed the purchase price of the warrant plus the exercise price of the warrant, thus resulting in a profit. If the market price never exceeds the purchase price plus the exercise price of the warrant before the expiration date of the warrant, the purchaser will suffer a loss equal to the purchase price of the warrant.

### **Foreign Securities**

Each Fund may invest up to 20% of its net assets in American Depositary Receipts ("ADRs"), Global Depositary Receipts ("GDRs") and foreign equity securities denominated in U.S. dollars and traded on U.S. exchanges. In determining whether a company is foreign, the Advisor will consider various factors including where the company is headquartered, where the company's principal operations are located, where the company's revenues are derived, where the principal trading market is located and the country in which the company is legally organized. The weight given to each of these factors will vary depending upon the circumstances. Investments in foreign securities may involve a greater degree of risk than those in domestic securities.

ADRs in registered form are dollar-denominated securities designed for use in the U.S. securities markets. ADRs are sponsored and issued by domestic banks and they represent and may be converted into underlying

foreign securities deposited with the domestic bank or a correspondent bank. ADRs do not eliminate the risks inherent in investing in the securities of foreign issuers. By investing in ADRs rather than directly in the foreign security, however, a Fund may avoid currency risks during the settlement period for either purchases or sales. There is a large, liquid market in the United States for most ADRs. GDRs are receipts representing an arrangement with a major foreign bank similar to that for ADRs. GDRs are not necessarily denominated in the currency of the underlying security. ADRs, GDRs and the securities of foreign companies traded on a U.S. stock exchange will generally be considered foreign securities for purposes of calculation of any investment limitation placed on a Fund's exposure to foreign securities.

Securities of foreign issuers may be subject to greater fluctuations in price than domestic securities. The price of foreign securities is affected by changes in the currency exchange rates. Potential political or economic instability of the country of the issuer, especially in emerging or developing countries, could cause rapid and extreme changes in the value of a Fund's assets to the extent it is invested in securities of foreign issuers. Foreign countries have different accounting, auditing and financial reporting standards, and foreign issuers may be subject to less governmental regulation and oversight than U.S. issuers. Also, many countries where a Fund invests are not as politically or economically developed as the United States. Acts of foreign governments interfering in capital markets, such as capital or currency controls, nationalization of companies or industries, expropriation of assets, or imposition of punitive taxes would have an adverse effect on the Funds.

While each Fund intends to invest primarily in foreign companies located in developed countries, they may also invest in securities located in developing or emerging markets. The considerations noted above regarding the risk of investing in foreign securities are generally more significant for investments in emerging or developing countries, such as countries in Eastern Europe, Latin America, South America or Southeast Asia. These countries may have relatively unstable governments and securities markets in which only a small number of securities trade. Markets of developing or emerging countries may generally be more volatile than markets of developed countries. Investment in these markets may involve significantly greater risks, as well as the potential for greater gains.

### **Options and Financial Futures Transactions**

Each Fund may invest up to 5% of its net assets in premiums to purchase put and call exchange-traded options. A call option gives the holder (buyer) the right to purchase a security at a specified price (the exercise price) at any time until a certain date (the expiration date). A put option gives the buyer the right to sell a security at the exercise price at any time until the expiration date. Each Fund may also purchase options on securities indices. Options on securities indices are similar to options on a security except that, rather than the right to take or make delivery of a security at a specified price, an option on a securities index gives the holder the right to receive, on exercise of the option, an amount of cash if the closing level of the securities index on which the option is based is greater than, in the case of a call, or less than, in the case of a put, the exercise price of the option. Each Fund may enter into closing transactions, exercise its options, or permit the options to expire.

Each Fund may write call options, but only if such options are covered. A call option on a security is covered if written on a security a Fund owns or if the Fund has an absolute and immediate right to acquire that security without additional cash consideration upon conversion or exchange of other securities held by the Fund. If additional cash consideration is required, that amount will be held in a segregated account by the Funds' custodian bank. A call option on a securities index is covered if a Fund owns securities whose price changes, in the opinion of the Advisor, are expected to be substantially similar to those of the index. A call option may also be covered in any other manner in accordance with the rules of the exchange upon which the option is traded and applicable laws and regulations. A call option is covered if it is written on a security the Fund

owns. Although it is not part of the Funds' principal investment strategy, each Fund may write such options on up to 25% of its net assets.

Each Fund may engage in financial futures transactions, including interest rate futures transactions. Financial futures contracts are commodity contracts that obligate the long or short holder to take or make delivery of a specified quantity of a financial instrument, such as a security or the cash value of a securities index, during a specified future period at a specified price. The Funds' investment restrictions do not limit the percentage of each Fund's assets that may be invested in financial futures transactions. Each Fund, however, does not intend to enter into financial futures transactions for which the aggregate initial margin exceeds 5% of the net assets of a Fund after taking into account unrealized profits and unrealized losses on any such transactions they have entered into. Each Fund may engage in futures transactions only on commodities exchanges or boards of trade.

Each Fund will not engage in transactions in index options, financial futures contracts, or related options for speculation, but only as an attempt to hedge against market conditions affecting the values of securities that each Fund owns or intends to purchase. When a Fund purchases a put on a stock index or on a stock index future not held by a Fund, the put protects a Fund against a decline in the value of all securities held by it to the extent that the stock index moves in a similar pattern to the prices of the securities held. The correlation, however, between indices and price movements of the securities in which a Fund will generally invest may be imperfect. Each Fund expects, nonetheless, that the use of put options that relate to such indices will, in certain circumstances, protect against declines in values of specific portfolio securities or a Fund's portfolio generally. Although the purchase of a put option may partially protect a Fund from a decline in the value of a particular security or its portfolio generally, the cost of a put will reduce the potential return on the security or the portfolio if either increases in value.

Upon entering into a futures contract, each Fund will be required to deposit with its custodian, in a segregated account, cash or certain U.S. government securities, or any other portfolio assets as permitted by the SEC rules and regulations in an amount known as the "initial margin." This amount, which is subject to change, is in the nature of a performance bond or a good faith deposit on the contract and would be returned to a Fund upon termination of the futures contract, if all contractual obligations have been satisfied.

The principal risks of options and futures transactions are: (a) possible imperfect correlation between movements in the prices of options, currencies, or futures contracts and movements in the prices of the securities or currencies hedged or used for cover; (b) lack of assurance that a liquid secondary market will exist for any particular option or futures contract when needed; (c) the need for additional skills and techniques beyond those required for normal portfolio management; and (d) losses on futures contracts resulting from market movements not anticipated by the Advisor.

### **Repurchase Agreements**

Each Fund may invest in repurchase agreements, which are agreements by which a Fund purchases a security and simultaneously commits to resell that security to the seller (a commercial bank or recognized securities dealer) at a stated price within a number of days (usually not more than seven) from the date of purchase. The resale price reflects the purchase price plus a rate of interest that is unrelated to the coupon rate or maturity of the purchased security. Repurchase agreements may be considered loans by the Funds collateralized by the underlying security. The obligation of the seller to pay the stated price is in effect secured by the underlying security. The seller will be required to maintain the value of the collateral underlying any repurchase agreement at a level at least equal to the price of the repurchase agreement. In the case of default by the seller, a Fund could incur a loss. In the event of a bankruptcy proceeding commenced against the seller, a Fund may incur costs and delays before being able to sell the security. Each Fund will enter into repurchase agreements

only with those banks or securities dealers who are deemed creditworthy pursuant to procedures adopted by the Advisor. There is no limit on the portion of each Fund's assets that may be invested in repurchase agreements with maturities of seven days or less provided that a Fund establishes a segregated account as required under the 1940 Act.

### **Short-Term Investments**

The Funds may invest in any of the following securities and instruments:

*Certificates of Deposit, Bankers' Acceptances and Time Deposits.* Each Fund may hold certificates of deposit, bankers' acceptances and time deposits. Certificates of deposit are negotiable certificates issued against funds deposited in a commercial bank for a definite period of time and earning a specified return. Bankers' acceptances are negotiable drafts or bills of exchange, normally drawn by an importer or exporter to pay for specific merchandise, which are "accepted" by a bank, meaning in effect that the bank unconditionally agrees to pay the face value of the instrument on maturity. Certificates of deposit and bankers' acceptances acquired by a Fund will be dollar-denominated obligations of domestic banks, savings and loan associations or financial institutions which, at the time of purchase, have capital, surplus and undivided profits in excess of \$100 million (including assets of both domestic and foreign branches), based on latest published reports or less than \$100 million if the principal amount of such bank obligations are fully insured by the U.S. government.

In addition to buying certificates of deposit and bankers' acceptances, each Fund also may make interest-bearing time or other interest-bearing deposits in commercial or savings banks. Time deposits are non-negotiable deposits maintained at a banking institution for a specified period of time at a specified interest rate.

*Commercial Paper and Short-Term Notes.* Each Fund may invest a portion of its assets in commercial paper and short-term notes. Commercial paper consists of unsecured promissory notes issued by corporations. Commercial paper and short-term notes will normally have maturities of less than nine months and fixed rates of return, although such instruments may have maturities of up to one year.

Commercial paper and short-term notes will consist of issues rated at the time of purchase "A-2" or higher by Standard & Poor's<sup>®</sup> Ratings Group, "Prime-1" or "Prime-2" by Moody's Investors Service<sup>®</sup>, Inc., or similarly rated by another nationally recognized statistical rating organization or, if unrated, will be determined by the Advisor to be of comparable quality. These rating symbols are described in the Appendix A.

### **Securities Lending**

Each Fund may lend securities from its portfolio to brokers, dealers and financial institutions (but not individuals) in order to increase the return on its portfolio. The SEC currently requires that the following conditions must be met whenever a Fund's portfolio securities are loaned: (1) a Fund must receive at least 100% cash collateral from the borrower; (2) the borrower must increase such collateral whenever the market value of the securities rises above the level of such collateral; (3) a Fund must be able to terminate the loan at any time; (4) a Fund must receive reasonable interest on the loan, as well as any dividends, interest or other distributions on the loaned securities, and any increase in market value; (5) a Fund may pay only reasonable custodian fees approved by the Board in connection with the loan; (6) while voting rights on the loaned securities may pass to the borrower, the Board must be able to recall the loaned securities in time to vote or consent whenever a material event will occur affecting the loaned securities, and (7) a Fund may not loan its portfolio securities so that the value of the loaned securities is more than one third of its total asset value, including collateral received from such loans. These conditions may be subject to future modification. Such loans will be terminable at any time upon specified notice. A Fund might experience the risk of loss if the

institution with which it has engaged in a portfolio loan transaction breaches its agreement with a Fund. In addition, the Funds will not enter into any portfolio security lending arrangement having a duration of longer than one year. The principal risk of portfolio lending is potential default or insolvency of the borrower. In either of these cases, the Funds could experience delays in recovering securities or collateral or could lose all or part of the value of the loaned securities.

### **Other Registered Investment Companies**

Each Fund may invest in the securities of other registered investment companies, including exchange-traded funds (“ETFs”), money market funds and other mutual funds, subject to the limitations of the Investment Company Act of 1940, as amended (the “1940 Act”), and subject to such investments being consistent with the overall objective and policies of the Funds. In determining whether a registered investment company satisfies the 80% test, the Funds look to the average dollar weighted market capitalization of its portfolio.

Investments in the securities of other investment companies will likely result in the duplication of advisory fees and certain other expenses. By investing in another investment company, a Fund becomes a shareholder of that investment company. As a result, Fund shareholders indirectly will bear a Fund’s proportionate share of the fees and expenses paid by shareholders of the other investment company, in addition to the fees and expenses Fund shareholders directly bear in connection with a Fund’s own operations.

Section 12(d)(1) of the 1940 Act restricts investments by registered investment companies in securities of other registered investment companies. The acquisition of shares by the Funds in other registered investment companies is therefore subject to the restrictions of Section 12(d)(1) of the 1940 Act and the rules thereunder, except as may be permitted by an exemptive order obtained by the other registered investment companies that permits the Funds to invest in the other registered investment companies beyond the limits of Section 12(d)(1) and the rules thereunder, subject to certain terms and conditions, including that the Funds enter into an agreement with the other registered investment companies regarding the terms of the investment.

### *Exchange-Traded Funds*

ETFs are typically open-end investment companies that are bought and sold on a national securities exchange.

An ETF is similar to a traditional mutual fund but trades at different prices during the day on a securities exchange like a stock. Similar to investments in other investment companies discussed above, a Fund’s investments in ETFs will involve duplication of advisory fees and other expenses since the Fund will be investing in another investment company. In addition, a Fund’s investment in ETFs is also subject to its limitations on investments in investment companies discussed above. To the extent a Fund invests in ETFs which focus on a particular market segment or industry, the Fund will also be subject to the risks associated with investing in those sectors or industries. The shares of the ETFs in which the Funds will invest will be listed on a national securities exchange and the Funds will purchase and sell these shares on the secondary market at their current market price, which may be more or less than their net asset value. Investors in the Funds should be aware that ETFs that seek to replicate a particular benchmark index are subject to “tracking risk,” which is the risk that an ETF will not be able to replicate exactly the performance of the index it tracks.

As a purchaser of ETF shares on the secondary market, the Funds will be subject to the market risk associated with owning any security whose value is based on market price. ETF shares historically have tended to trade at or near their net asset value, but there is no guarantee that they will continue to do so. Unlike traditional mutual funds, shares of an ETF may be purchased and redeemed directly from the ETF only in large blocks (typically 50,000 shares or more) and only through participating organizations that have entered into contractual agreements with the ETF. The Funds do not expect to enter into such agreements and therefore will not be able to purchase and redeem its ETF shares directly from the ETF.

Not all ETFs in which the Funds may invest will be invested exclusively in small or small-mid cap companies. In determining whether an ETF satisfies the 80% test, the Funds look to the average dollar weighted market capitalization of the ETF's portfolio.

### **Illiquid Securities**

Each Fund may not invest more than 10% of the value of its net assets in securities that have legal or contractual restrictions on resale or are otherwise illiquid. The Advisor will monitor the amount of illiquid securities in each Fund's portfolio, under the supervision of the Board, to ensure compliance with this investment restriction.

Historically, illiquid securities have included securities subject to contractual or legal restrictions on resale because they have not been registered under the Securities Act of 1933, as amended (the "Securities Act"), securities which are otherwise not readily marketable and repurchase agreements having a maturity of longer than seven days. Securities which have not been registered under the Securities Act are referred to as private placement or restricted securities and are purchased directly from the issuer or in the secondary market. Mutual funds do not typically hold a significant amount of these restricted or other illiquid securities because of the potential for delays on resale and uncertainty in valuation. Limitations on resale may have an adverse effect on the marketability of portfolio securities and a Fund might be unable to sell restricted or other illiquid securities promptly or at reasonable prices and might thereby experience difficulty satisfying redemption requests within seven days. A Fund might also have to register such restricted securities in order to sell them, resulting in additional expenses and delay. Adverse market conditions could impede such a public offering of securities.

### **Restricted Securities**

Each Fund may invest in securities that are subject to restrictions on resale because they have not been registered under the Securities Act. These securities are sometimes referred to as private placements. Although securities which may be resold only to "qualified institutional buyers" in accordance with the provisions of Rule 144A under the Securities Act are technically considered "restricted securities," each Fund may purchase Rule 144A securities without regard to the limitation on investments in illiquid securities described above in the "Illiquid Securities" section, provided that a determination is made that such securities have a readily available trading market. Each Fund may also purchase certain commercial paper issued in reliance on the exemption from regulations in Section 4(2) of the Securities Act ("4(2) Paper"). The Advisor will determine the liquidity of Rule 144A securities and 4(2) Paper under the supervision of the Board. The liquidity of Rule 144A securities and 4(2) Paper will be monitored by the Advisor, and if as a result of changed conditions it is determined that a Rule 144A security or 4(2) Paper is no longer liquid, a Fund's holdings of illiquid securities will be reviewed to determine what, if any, action is required to assure that a Fund does not exceed its applicable percentage limitation for investments in illiquid securities.

Limitations on the resale of restricted securities may have an adverse effect on the marketability of portfolio securities and a Fund might be unable to dispose of restricted securities promptly or at reasonable prices and might thereby experience difficulty satisfying redemption requirements. A Fund may also have to register such restricted securities in order to dispose of them, resulting in additional expense and delay. Adverse market conditions could impede such a public offering of securities.

## **INVESTMENT RESTRICTIONS**

The Trust (on behalf of each Fund) has adopted the following restrictions as fundamental policies, which may not be changed without the affirmative vote of the holders of a "majority" of the outstanding voting securities

of a Fund. Under the 1940 Act, the “vote of the holders of a majority of the outstanding voting securities” means the vote of the holders of the lesser of (i) 67% of the shares of a Fund represented at a meeting at which the holders of more than 50% of a Fund’s outstanding shares are represented or (ii) more than 50% of the outstanding shares of a Fund.

Each Fund may not:

1. Invest 25% or more of the value of its net assets in the securities of companies engaged in any one industry or group of related industries. A Fund may, however, invest for temporary defensive purposes up to 100% of the value of the total assets in securities issued or guaranteed by the U.S. government or its agencies or instrumentalities.
2. Purchase or sell real estate unless acquired as the result of direct ownership of securities or other instruments. This restriction shall not prevent a Fund from investing in securities or other instruments backed by real estate or securities of companies engaged in the real estate business, including real estate investment trusts. This restriction shall not preclude a Fund from buying securities backed by mortgages on real estate or securities of companies engaged in these activities. This restriction shall not prevent a Fund from investing in real estate operating companies and companies engaged in other real estate related businesses.
3. Make loans, except that a Fund may (a) purchase debt obligations which are consistent with its investment objectives and policies; (b) enter into repurchase agreements; and (c) loan its portfolio securities, to the fullest extent permitted under the 1940 Act.
4. Purchase the securities of any issuer if the purchase, at the time thereof, would cause more than 10% of the outstanding voting securities of that issuer to be held in a Fund.
5. Purchase the securities of any issuer if the purchase, at the time thereof, would cause more than 5% of the value of the total assets of the Fund at market value to be invested in the securities of that issuer (other than obligations of the U.S. government and its agencies and instrumentalities), with reference to 75% of the assets of a Fund.
6. Issue senior securities, bonds, or debentures.
7. Underwrite securities of other issuers, except a Fund may acquire portfolio securities in circumstances where, if the securities are later publicly offered or sold by a Fund, it might be deemed to be an underwriter for purposes of the Securities Act of 1933, as amended (“1933 Act”).
8. (a) Borrow (for temporary or emergency purposes and not for the purpose of leveraging its investments) in an amount exceeding 33 1/3% of the value of its total assets, and, in the event that market conditions or other factors result in a Fund’s borrowed amounts exceeding 33 1/3% of its assets (including amounts borrowed), a Fund will reduce the amount of its borrowing to an extent and in such a manner required by the 1940 Act. (b) Mortgage, pledge or hypothecate any of its assets except in connection with any such borrowings, and only with respect to, up to 1/3 of its assets.
9. Engage in short sales of securities except to the extent that such sales are “against the box”; that is, only to the extent a Fund owns the securities sold short or owns other securities convertible into an equivalent amount of securities sold short. Such transactions may only be made to protect a profit in

or to attempt to minimize a loss with respect to securities. In any event, no more than 10% of the value of a Fund's net assets may, at the time, be held as collateral for such sales.

10. Buy and sell puts and calls on stock index futures, or financial futures or options on financial futures, unless such options are written by other persons and the options or futures are offered through the facilities of a national securities association or are listed on a national securities or commodities exchange.

As an example, and without limiting the generality of the above restrictions, pursuant to Investment Restriction No. 3 above, please see the "Repurchase Agreements" and "Securities Lending" sections above for information regarding applicable requirements under the 1940 Act.

The following is a list of non-fundamental investment restrictions applicable to each Fund. These restrictions can be changed by the Board, but the change will only be effective after notice is given to shareholders of the affected Fund.

Each Fund may not:

1. With respect to fundamental investment restriction No. 8 above, the Fund will not purchase portfolio securities while outstanding borrowings exceed 5% of its assets.
2. Invest more than 10% of the value of the Fund's net assets in illiquid securities. See "Investment Objective and Policies" for a complete discussion of illiquid securities.

Except with respect to borrowing, if a percentage restriction described in the Prospectus or in this SAI is adhered to at the time of investment, a subsequent increase or decrease in a percentage resulting from a change in the values of assets will not constitute a violation of that restriction.

Neither Fund will make any change in its investment policy of investing at least 80% of its net assets in the investments suggested by the Fund's name without first changing the Fund's name and providing the Fund's shareholders with at least a 60-day prior notice.

## PORTFOLIO TURNOVER

Although the Funds generally will not invest for short-term trading purposes, portfolio securities may be sold without regard to the length of time they have been held when, in the opinion of the Advisor, investment considerations warrant such action. Portfolio turnover rate is calculated by dividing (1) the lesser of purchases or sales of portfolio securities for the fiscal year by (2) the monthly average of the value of portfolio securities owned during the fiscal year. A 100% turnover rate would occur if all the securities in a Fund's portfolio, with the exception of securities whose maturities at the time of acquisition were one year or less, were sold and either repurchased or replaced within one year. A high rate of portfolio turnover (100% or more) generally leads to higher transaction costs and may result in a greater number of taxable transactions. The Funds' portfolio turnover rates for the following fiscal periods are shown in the tables below.

<b>Small Cap Fund</b>	
<b>September 30, 2009</b>	123%
<b>September 30, 2008</b>	135%

<b>Small-Mid Cap Fund</b>	
<b>September 30, 2009</b>	137%
<b>September 30, 2008</b>	128%

## **PORTFOLIO HOLDINGS**

The Trust, on behalf of the Funds, has adopted portfolio holdings disclosure policies (“Disclosure Policies”) that govern the timing and circumstances of disclosure of portfolio holdings of the Funds. The Advisor has also adopted the Disclosure Policies. Information about each Fund’s portfolio holdings will not be distributed to any third party except in accordance with these Disclosure Policies, which permit disclosure only for legitimate business purposes and always include a duty of confidentiality and a duty not to trade on such information in the case of non-public disclosures. The Advisor and the Board considered the circumstances under which a Fund’s portfolio holdings may be disclosed under the Disclosure Policies. The Advisor and the Board also considered actual and potential material conflicts that could arise in such circumstances between the interests of each Fund’s shareholders and the interests of the Advisor, distributor or any other affiliated person of the Funds. After due consideration, the Advisor and the Board determined that the Funds have a legitimate business purpose for disclosing portfolio holdings to persons described in the Disclosure Policies, including mutual fund rating or statistical agencies, or persons performing similar functions, and internal parties involved in the investment process, administration or custody of the Funds. Pursuant to the Disclosure Policies, the Trust’s Chief Compliance Officer (“CCO”), President and Treasurer are each authorized to consider and authorize dissemination of portfolio holdings information to additional parties, after considering the best interests of the shareholders and potential conflicts of interest in making such disclosures.

The Board exercises continuing oversight of the disclosure of each Fund’s portfolio holdings (1) by ensuring that the Trust’s CCO oversees the implementation and enforcement of the Disclosure Policies, Codes of Ethics and other relevant policies of each Fund and its service providers, (2) by considering reports and recommendations by the Trust’s CCO concerning any material compliance matters (as defined in Rule 38a-1 under the 1940 Act), and (3) by considering to approve any amendment to these Disclosure Policies. The Board reserves the right to amend the Disclosure Policies at any time without prior notice to a Fund’s shareholders in its sole discretion.

Disclosure of each Fund’s complete portfolio holdings is required to be made quarterly within 60 days of the end of each period covered by the Annual Report and Semi-Annual Report to Fund shareholders and in the quarterly holdings report on Form N-Q. These reports are available, free of charge, on the EDGAR database on the SEC’s website at [www.sec.gov](http://www.sec.gov). The Funds also disclose their calendar quarter-end holdings on their website at [www.tyghcap.com](http://www.tyghcap.com) with a 30 calendar day lag. Each Fund’s holdings will remain posted on the website until next updated by required regulatory filings with the SEC. The Funds may provide separately to any person, including rating and ranking organizations such as Lipper and Morningstar, each Fund’s holdings commencing the day after the information is first published on the Funds’ website. In addition, a Fund may provide its complete portfolio holdings at the same time that it is filed with the SEC.

The Advisor may not receive compensation in connection with the disclosure of Fund portfolio securities. In the event of a conflict between the interests of a Fund and the interests of the Advisor or an affiliated person of the Advisor, the Advisor’s Chief Compliance Officer (the “Advisor’s CCO”), in consultation with the Trust’s CCO, shall make a determination in the best interests of the Funds, and shall report such determination to the Board 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.

In addition, material non-public holdings information may be provided without lag as part of the normal investment activities of a Fund to each of the following entities which, by explicit agreement or by virtue of their respective duties to a Fund, are required to maintain the confidentiality of the information disclosed, including a duty not to trade on non-public information: the Funds' administrator, fund accountant, custodian, transfer agent, auditors, legal counsel to the Funds or the Trustees, broker-dealers (in connection with the purchase or sale of securities or requests for price quotations or bids on one or more securities) and regulatory authorities. Portfolio holdings information not publicly available with the SEC or through the Funds' website may only be provided to additional third parties, including mutual fund ratings or statistical agencies, in accordance with the Disclosure Policies, when the Funds have a legitimate business purpose and when the third party recipient is subject to a confidentiality agreement that includes a duty not to trade on non-public information.

In no event shall the Advisor, its affiliates or employees or the Funds receive any direct or indirect compensation in connection with the disclosure of information about each Fund's portfolio holdings.

There can be no assurance that the Disclosure Policies and these procedures will protect the Funds from potential misuse of that information by individuals or entities to which it is disclosed.

From time to time, the Advisor may make additional disclosure of the Funds' portfolio holdings on the Funds' website. Shareholders can access the Funds' website at [www.tyghcap.com](http://www.tyghcap.com) for additional information about the Funds, including, without limitation, the periodic disclosure of their portfolio holdings.

## **TRUSTEES AND EXECUTIVE OFFICERS**

The Board is responsible for the overall management of the Trust, including general supervision and review of the investment activities of the Funds. The Board, in turn, elects the officers of the Trust, who are responsible for administering the day-to-day operations of the Trust and its separate series. The current Trustees and officers of the Trust, their dates of birth and positions with the Trust, term of office with the Trust and length of time served, their principal occupations for the past five years and other directorships held are set forth in the following table.

Name, Age and Address	Position with the Trust <sup>(1)</sup>	Term of Office and Length of Time Served	Principal Occupation During Past Five Years	Number of Portfolios in Fund Complex <sup>(2)</sup> Overseen by Trustees	Other Directorships Held
<b>Independent Trustees of the Trust</b>					
Dorothy A. Berry (born 1943) c/o USBFS 2020 E. Financial Way Suite 100 Glendora, CA 91741	Chairman and Trustee	Indefinite Term; Since May 1991.	President, Talon Industries, Inc. (administrative, management and business consulting); formerly, Executive Vice President and Chief Operating Officer, Integrated Asset Management (investment advisor and manager) and formerly, President, Value Line, Inc. (investment advisory and financial publishing firm).	2	Trustee; Allegiant Funds.
Wallace L. Cook (born 1939) c/o USBFS 2020 E. Financial Way Suite 100 Glendora, CA 91741	Trustee	Indefinite Term; Since May 1991.	Investment Consultant; formerly, Chief Executive Officer, Rockefeller Trust Co., (prior thereto Senior Vice President), and Managing Director, Rockefeller & Co. (Investment Manager and Financial Advisor); formerly, Senior Vice President, Norton Simon, Inc.	2	The Dana Foundation; The University of Virginia Law School Foundation.
Carl A. Froebel (born 1938) c/o USBFS 2020 E. Financial Way Suite 100 Glendora, CA 91741	Trustee	Indefinite Term; Since May 1991.	Owner, Golf Adventures, LLC, (Vacation Services); formerly, President and Founder, National Investor Data Services, Inc. (investment related computer software).	2	None.

<b>Name, Age and Address</b>	<b>Position with the Trust<sup>(1)</sup></b>	<b>Term of Office and Length of Time Served</b>	<b>Principal Occupation During Past Five Years</b>	<b>Number of Portfolios in Fund Complex<sup>(2)</sup> Overseen by Trustees</b>	<b>Other Directorships Held</b>
Steven J. Paggioli (born 1950) c/o USBFS 2020 E. Financial Way Suite 100 Glendora, CA 91741	Trustee	Indefinite Term; Since May 1991.	Consultant, since July 2001; formerly, Executive Vice President, Investment Company Administration, LLC (“ICA”) (mutual fund administrator).	2	Independent Trustee, The Managers Funds, Managers AMG Funds; Advisory Board Member, Sustainable Growth Advisers, LP; Independent Director, Chase Investment Counsel.

**Officers of the Trust**

Robert M. Slotky (born 1947) c/o USBFS 2020 E. Financial Way Suite 100 Glendora, CA 91741	President	Indefinite Term; Since August 2002.	Senior Vice President, U.S. Bancorp Fund Services, LLC since July 2001.	Not Applicable.	Not Applicable.
	Chief Compliance Officer	Indefinite Term; Since September 2004.			
	Anti-Money Laundering Officer	Indefinite Term; Since December 2005.			
Eric W. Falkeis (born 1973) c/o USBFS 615 East Michigan St. Milwaukee, WI 53202	Executive Vice President	Indefinite Term; Since November 2009.	Senior Vice President USBFS since September 2007; Chief Financial Officer, U.S. Bancorp Fund Services, LLC, since April 2006; Vice President, U.S. Bancorp Fund Services, LLC since 1997.	Not Applicable.	Not Applicable.
Patrick J. Rudnick (born 1973) c/o USBFS 615 East Michigan St. Milwaukee, WI 53202	Treasurer	Indefinite Term; Since November 2009.	Vice President, U.S. Bancorp Fund Services, LLC, since 2006; formerly, Manager, PricewaterhouseCoopers LLP (1999-2006).	Not Applicable.	Not Applicable.

Name, Age and Address	Position with the Trust <sup>(1)</sup>	Term of Office and Length of Time Served	Principal Occupation During Past Five Years	Number of Portfolios in Fund Complex <sup>(2)</sup> Overseen by Trustees	Other Directorships Held
Elaine E. Richards (born 1968) c/o USBFS 2020 E. Financial Way Suite 100 Glendora, CA 91741	Secretary	Indefinite Term; Since February 2008	Vice President and Legal Compliance Officer, U.S. Bancorp Fund Services, LLC, since July 2007; formerly Vice President and Senior Counsel, Wells Fargo Funds Management, LLC (2004-2007); formerly, Vice President and Legal Compliance Officer, U.S. Bancorp Fund Services, LLC (1998-2004).	Not Applicable.	Not Applicable.

<sup>(1)</sup> The Trustees of the Trust are not “interested persons” of the Trust as defined under the 1940 Act (“Independent Trustees”).

<sup>(2)</sup> The Trust is comprised of numerous series managed by unaffiliated investment advisors. The term “Fund Complex” applies only to the Funds. The Funds do not hold themselves out as related to any other series within the Trust for purposes of investment and investor services, nor do they share the same investment advisor with any other series.

### Trust Committees

The Trust has four standing committees: the Nominating Committee, the Audit Committee, which also serves as the Qualified Legal Compliance Committee, and the Valuation Committee.

The Nominating Committee, comprised of all the Independent Trustees, is responsible for seeking and reviewing candidates for consideration as nominees for Trustees and meets only as necessary. The Nominating Committee will consider nominees nominated by shareholders. Recommendations for consideration by shareholders should be sent to the President of the Trust in writing together with the appropriate biographical information concerning each such proposed Nominee, and such recommendation must comply with the notice provisions set forth in the Trust’s By-Laws. In general, to comply with such procedures, such nominations, together with all required biographical information, must be delivered to, and received by, the President of the Trust at the principal executive offices of the Trust not later than 60 days prior to the shareholder meeting at which any such nominee would be voted on. The Nominating Committee did not meet during the Funds’ last fiscal year.

The Audit Committee is comprised of all of the Independent Trustees. The Audit Committee typically meets on a quarterly basis with respect to each series of the Trust and may meet more frequently. The function of the Audit Committee, with respect to each series of the Trust, is to review the scope and results of the audit and any matters bearing on the audit or the Funds’ financial statements and to ensure the integrity of the Funds’ pricing and financial reporting. The Audit Committee met once with respect to the Funds during their last fiscal year.

The Board has delegated day-to-day valuation issues to a Valuation Committee that is comprised of at least one Trustee and one representative from the Administrator’s staff who is knowledgeable about the Funds. The function of the Valuation Committee is to value securities held by any series of the Trust for which current and reliable market quotations are not readily available. Such securities are valued at their respective

fair values as determined in good faith by the Valuation Committee and the actions of the Valuation Committee are subsequently reviewed and ratified by the Board. The Valuation Committee meets as needed. The Valuation Committee met once with respect to the Funds during their last fiscal year.

### Trustee Ownership of Fund Shares and Other Interests

The following table shows the amount of Fund shares owned by the Trustees as of the calendar year ended December 31, 2009:

Name	Dollar Range of Small Cap Growth Fund Shares	Dollar Range of the Small-Mid Cap Growth Fund	Dollar Range of the Funds	Aggregate Dollar Range of the Fund Shares in the Trust
Dorothy A. Berry	\$10,001-\$50,000	None	\$10,001-\$50,000	\$10,001-\$50,000
Wallace L. Cook	\$10,001-\$50,000	None	\$10,001-\$50,000	Over \$100,000
Carl A. Froebel	None	None	None	\$10,001-\$50,000
Steven J. Paggioli	None	\$10,001-\$50,000	\$10,001-\$50,000	\$50,001-\$100,000

Furthermore, neither the Independent Trustees nor members of their immediate family, own securities beneficially or of record in the Advisor, the Funds' principal underwriter, or any of their affiliates. Accordingly, neither the Independent Trustees nor members of their immediate family, have had direct or indirect interest during the two most recently completed calendar years, the value of which exceeds \$120,000, in the Advisor, the Funds' principal underwriter or any of its affiliates.

### Compensation

Independent Trustees each receive an annual retainer of \$40,000 allocated among each of the various portfolios comprising the Trust. The Chairman of the Board receives an additional annual retainer of \$8,000 also allocated among each of the various portfolios comprising the Trust. Independent Trustees receive additional fees from the applicable portfolios for any special meetings at rates assessed by the Trustees depending on the length of the meeting and whether in-person attendance is required. Independent Trustees are also reimbursed for expenses in connection with each board meeting attended, which reimbursement is allocated among applicable portfolios of the Trust. The Trust has no pension or retirement plan. No other entity affiliated with the Trust pays any compensation to the Trustees. Set forth below is the rate of compensation received by the following Independent Trustees for the fiscal year ended September 30, 2009.

Name of Person/Position	Aggregate Compensation From the Small Cap Fund	Aggregate Compensation From the Small-Mid Cap Fund	Pension or Retirement Benefits Accrued as Part of Fund Expenses	Estimated Annual Benefits Upon Retirement	Total Compensation from Fund and Fund Complex <sup>(1)</sup> Paid to Trustees
Dorothy A. Berry, Trustee	\$3,919	\$1,385	None	None	\$5,304
Wallace L. Cook, Trustee	\$3,286	\$1,161	None	None	\$4,447
Carl A. Froebel, Trustee	\$3,286	\$1,161	None	None	\$4,447
Steve J. Paggioli, Trustee	\$3,286	\$1,161	None	None	\$4,447

<sup>(1)</sup> There are currently numerous portfolios comprising the Trust. The term “Fund Complex” applies only to the Funds. For the fiscal year ended September 30, 2009, Trustees’ fees and expenses in the amount of \$174,000 were incurred by the Trust.

The Trust, the Advisor and the principal underwriter have each adopted Codes of Ethics under Rule 17j-1 of the 1940 Act. These Codes permit, subject to certain conditions, personnel of the Advisor and the principal underwriter to invest in securities that may be purchased or held by a Fund.

## **PROXY VOTING POLICIES**

The Board has adopted proxy voting policies which delegate to the Advisor the responsibility to vote proxies relating to portfolio securities held by each Fund. As a fiduciary with respect to that responsibility, the Advisor will vote all proxies for portfolio securities in a manner considered to be in the best interests of the Funds and the Advisor’s other clients. The Advisor has adopted policies and procedures that describe the manner in which the Advisor handles, researches, votes and maintains reports on proxy voting. The Advisor has retained Risk Metrics Group (“Risk Metrics”) (formerly known as Institutional Shareholder Services (“ISS”)) to provide legal oversight, in-depth analysis, and recommendations on all proxy matters. Risk Metrics is nationally recognized as one of the leading independent providers of corporate governance information.

The Advisor uses the voting guidelines set forth in Risk Metrics Policies and Procedures. As a general principle, the Advisor’s proxy voting policy is designed to ensure that the Advisor is voting in the best interests of the Funds and their shareholders in terms of the potential economic return on each Fund’s investment. In addition, this policy and the Risk Metrics guidelines are based on the premise that good corporate governance ultimately results in increased shareholder value. In determining the vote on a given proposal, the Advisor will not consider any benefit to the Advisor or its clients other than the benefits to the owner of the securities to be voted.

As a general practice, and subject to case by case considerations, proposals that are designed to either dissuade or preclude the acquisition or merger of a company have the effect of diluting the value of the existing shares outstanding, or reduce the power of shareholders over company actions will be rejected. The Advisor will usually vote for proposals relating to the general election of directors or auditors (absent questions of independence or contested elections), committee responsibilities, debt limits, indemnification, meeting dates or times, company names, and other routine matters. The Advisor will also usually vote for management sponsored compensation plans if they are consistent with business practices. Proposals that dilute shareholder interests, provide excessive awards, establish poison pills, require supermajority voting or have other objectionable features will generally be rejected. The Advisor and Risk Metrics review, on a case by case basis, proposals relating to business transactions, such as mergers, acquisitions, reorganizations, etc.

The Advisor has adopted the procedures to assist in the review of proxies, the voting of those proxies in accordance with firm policy and the maintenance of voting records. The Advisor uses Risk Metrics to implement its proxy voting process and to provide proxy voting analysis and record keeping services. The Advisor has reviewed and approved the Risk Metrics guidelines on how Risk Metrics votes on particular proposals. In addition, the Advisor’s investment personnel are generally aware of the proposals that are being submitted to shareholders of the companies invested in by the Advisor. Risk Metrics shall vote the received proxies in accordance with its guidelines, unless other instructions are given to Risk Metrics by the Advisor to vote a different way. A summary of the voting records of Risk Metrics are reviewed by the Advisor’s compliance officer and chief investment officer.

The Trust is required to file Form N-PX, with each Fund's complete proxy voting record for the 12 months ended June 30th, no later than August 31st of each year. Form N-PX for the Funds is available without charge, upon request, by calling toll-free 800-536-3230 and on the SEC's website at [www.sec.gov](http://www.sec.gov).

### **CONTROL PERSONS AND PRINCIPAL SHAREHOLDERS**

A principal shareholder is any person who owns of record or beneficially owns 5% or more of the outstanding shares of a Fund. A control person is one who owns beneficially or through controlled companies more than 25% of the voting securities of a company or acknowledges the existence of control.

As of December 31, 2009, the following shareholders were considered to be either a control person or principal shareholder of the Funds:

#### **Small Cap Fund**

<b>Name and Address</b>	<b>% Ownership</b>	<b>Type of Ownership</b>
Charles Schwab & Co. Inc. Special Custody Account FBO its Customers 101 Montgomery St San Francisco, CA 94104-4151	31.75%	Record
T. Rowe Price Retirement Plan FBO Retirement Plan Client 4515 Painters Mill Road Owings Mills, MD 21117-4903	17.32%	Record
National Financial Services, LLC FBO its Customers 200 Liberty Street New York, NY 10281-1003	15.73%	Record
Northern Trust Co. FBO JMH Article 9 Trust P.O. Box 92956 Chicago, IL 60675	7.43%	Record & Beneficial

#### **Small-Mid Cap Fund**

<b>Name and Address</b>	<b>% Ownership</b>	<b>Type of Ownership</b>
Charles Schwab & Co. Inc. Special Custody Account FBO its Customers 101 Montgomery St San Francisco, CA 94104-4151	22.96%	Record

<b>Name and Address</b>	<b>% Ownership</b>	<b>Type of Ownership</b>
National Financial Services, LLC FBO its Customers 200 Liberty Street New York, NY 10281-1003	16.86%	Record
Mac & Co. P.O. Box 3198 Pittsburgh, PA 15230	14.50%	Beneficial
Wells Fargo Bank NA FBO West Central Initiative Endowment P.O. Box 1533 Minneapolis, MN 55480	11.99%	Record & Beneficial
Guide Dogs for the Blind, Inc. P.O. Box 1512000 San Rafael, CA 94915	6.55%	Beneficial
c/o The Bank of New York Mellon Wendel & Co. 343929 Mutual Funds Reorg. Dept. P.O. Box 1066 New York, NY 10268	6.23%	Record

As of December 31, 2009, the Trustees and Officers of the Trust as a group did not own more than 1% of the outstanding shares of the Small Cap Fund or the Small-Mid Cap Fund.

### **THE FUNDS' INVESTMENT ADVISOR**

Each Fund has entered into separate investment advisory agreements (“Advisory Agreement”) with Tygh Capital Management, Inc., at 1211 SW Fifth Avenue, Suite 2100, Portland, Oregon 97204, under which the Advisor manages each Fund’s investments and business affairs subject to the supervision of the Board. The Advisor is controlled by Richard J. Johnson and Jeff B. Curtis. Mr. Johnson is Chief Investment Officer of the Advisor and has been Portfolio Manager of each Fund since its inception. Mr. Curtis is President of the Advisor.

For each Fund, each Advisory Agreement will continue in effect from year to year only if such continuance is specifically approved at least annually by the Board or by vote of a majority of each Fund’s outstanding voting securities and by a majority of the Independent Trustees at a meeting called for the purpose of voting on such Advisory Agreement. Each Advisory Agreement is terminable without penalty by the Trust on behalf of a Fund on not more than a 60-day, nor less than a 30-day, written notice when authorized either by a majority vote of that Fund’s shareholders or by a vote of a majority of the Board, or by the Advisor on not more than a 60-day, nor less than a 30-day, written notice, and will automatically terminate in the event of its “assignment” (as defined in the 1940 Act). The Advisory Agreements provide that the Advisor shall not be liable for any error of judgment or mistake of law or for any loss arising out of any investment or for any act or omission in the execution of portfolio transactions for the Funds, except for willful misfeasance, bad faith

or gross negligence in the performance of its duties, or by reason of reckless disregard of its obligations and duties thereunder.

In consideration of the services provided by the Advisor pursuant to the Advisory Agreements, the Advisor is entitled to receive from each Fund an investment advisory fee computed daily and paid monthly, based on a rate equal to 0.80% of each Fund's average daily net assets as specified in the Funds' Prospectus. However, the Advisor may voluntarily agree to waive a portion of the fees payable to it on a month-to-month basis.

In addition, the Advisor has contractually agreed to reduce its fees and/or pay Fund expenses (excluding interest, taxes, Acquired Fund Fees and Expenses and extraordinary expenses) in order to limit the sum of each Fund's Total Annual Fund Operating Expenses for shares of each Fund to 0.95% of each Fund's average net assets (the "Expense Cap"). The Expense Cap will remain in effect for at least the one year period shown in the Example contained in the Prospectus and may continue thereafter for an indefinite period thereafter as determined by the Board. The Advisor is permitted to be reimbursed for fee reductions and/or expense payments made in the prior three fiscal years. For more information on the Expense Cap and the Advisor's right to any reimbursement, please see "Management of the Funds – Fund Expenses" in the Prospectus.

The Small Cap Fund paid the following fees to the Advisor for the fiscal years shown:

<b>Fiscal Year Ended,</b>	<b>Fees Accrued</b>	<b>Fees (Waived) / Recouped</b>	<b>Net Fees Paid to Advisor</b>
<b>September 30, 2009</b>	\$2,980,720	\$0	\$2,980,720
<b>September 30, 2008</b>	\$4,364,372	\$0	\$4,364,372
<b>September 30, 2007</b>	\$3,985,083	\$32,598	\$4,018,041

The Small-Mid Cap Fund paid the following fees to the Advisor for the fiscal periods shown:

<b>Fiscal Year Ended,</b>	<b>Fees Accrued</b>	<b>Fees (Waived) / Recouped</b>	<b>Net Fees Paid to Advisor</b>
<b>September 30, 2009</b>	\$418,170	(\$102,266)	\$315,904
<b>September 30, 2008</b>	\$168,965	(\$102,865)	\$66,100
<b>June 29, 2007 - September 30, 2007</b>	\$3,882	(\$36,413)	(\$32,531)

### **Portfolio Manager**

Mr. Richard J. Johnson acts as the Portfolio Manager of the Funds.

### **Other Accounts Managed**

The following provides information regarding other accounts managed by Mr. Johnson as of September 30, 2009:

<b>Category of Account</b>	<b>Total Number of Accounts Managed</b>	<b>Total Assets in Accounts Managed</b>	<b>Number of Accounts for which Advisory Fee is Based on Performance</b>	<b>Assets in Accounts for which Advisory Fee is Based on Performance</b>
Other Registered Investment Companies	3	\$355.80 Million	0	\$0
Other Pooled Investment Vehicles	4	\$169.50 Million	0	\$0
Other Accounts	81	\$1,570.50 Million	0	\$0

Because the Advisor performs investment management services for various clients, certain conflicts of interest could arise in connection with the allocation and timing of investment opportunities among the Portfolio Manager’s advised accounts (including the Funds). The Advisor has adopted policies and procedures that are designed to ensure that all clients, including the Funds, are treated fairly and on an equitable basis. For example, the Advisor may aggregate contemporaneous buy or sell orders of its clients in order to achieve best execution and, on the average, lower brokerage commission costs. Orders are aggregated only if the Advisor believes that the aggregation is consistent with its duty to seek best execution and if each client involved in the order is treated equitably. Each client that participates in such an order will participate at the average share price for all transactions that are a part of the order, with all transaction costs shared on a pro rata basis based on the percentage of the combined order actually filled. Certain clients may not be included in an aggregated order because of individual investment restrictions, cash availability, client instructed directed brokerage, tax sensitivity or other reasons. The Advisor will, to the extent possible and over a period of time, allocate investment opportunities to clients with similar investment objectives on a fair and equitable basis and in accordance with applicable law.

### **Portfolio Manager Compensation**

Mr. Johnson’s compensation as the Funds’ Portfolio Manager is comprised of a fixed salary that is based on industry standards and a discretionary annual bonus. Mr. Johnson’s salary is not based on Fund performance, but his discretionary bonus is based in substantial part on the pre-tax investment performance of the accounts he manages, including the Funds, over 1-, 3- and 5- year periods compared to the Russell 2000® Growth Index, Russell 2500® Growth Index, and to his peers, as measured by the performance of funds in the Lipper Small Cap Growth and Lipper Small-Mid Cap Growth categories. Mr. Johnson does not receive deferred compensation, but does participate in a 401(k)/profit sharing retirement plan as part of his compensation. Mr. Johnson also has an equity interest in the Advisor and the value of that interest is based on the overall business results of the Advisor.

### **Investment in the Funds by the Portfolio Manager**

As of September 30, 2009, Mr. Johnson, beneficially owned shares of the Small Cap Fund valued between \$100,001 and \$500,000 and shares of the Small-Mid Cap Fund valued between \$100,001 and \$500,000.

## **SERVICE PROVIDERS**

### **Administrator, Transfer Agent and Fund Accountant**

Pursuant to an Administration Agreement (the “Administration Agreement”), U.S. Bancorp Fund Services, LLC (“USBFS”), 615 East Michigan Street, Milwaukee, Wisconsin 53202, acts as administrator for the Funds. USBFS provides certain administrative services to the Funds, including, among other responsibilities,

coordinating the negotiation of contracts and fees with, and the monitoring of performance and billing of, the Funds' independent contractors and agents; preparation for signature by an officer of the Trust of all documents required to be filed for compliance by the Trust and the Funds with applicable laws and regulations excluding those of the securities laws of various states; arranging for the computation of performance data, including NAV and yield; responding to shareholder inquiries; and arranging for the maintenance of books and records of the Funds, and providing, at its own expense, office facilities, equipment and personnel necessary to carry out its duties. In this capacity, USBFS does not have any responsibility or authority for the management of the Funds, the determination of investment policy, or for any matter pertaining to the distribution of Fund shares.

Pursuant to the Administration Agreement, for its services to the Funds, USBFS receives a minimum annual fee of \$85,000 on the first \$150 million of Fund assets, 0.06% of average net assets on the next \$150 million, 0.05% on the next \$350 million, and 0.04% on any assets over \$650 million. USBFS also serves as the Funds' transfer agent and dividend disbursing agent under separate agreements. Additionally, the transfer agent provides Chief Compliance Officer services to the Trust under a separate agreement. The cost for the Chief Compliance Officer services is allocated to the Funds by the Board of Trustees.

The table below shows the amount of administration fees paid by the Small Cap Fund to USBFS for the fiscal years shown.

<b>Fiscal Year Ended,</b>	<b>Administration Fee Paid</b>
September 30, 2009	\$208,579
September 30, 2008	\$300,940
September 30, 2007	\$244,066

The table below shows the amount of administration fees paid by the Small-Mid Cap Fund to USBFS for the fiscal period shown.

<b>Fiscal Year Ended,</b>	<b>Administration Fee Paid</b>
September 30, 2009	\$29,133
September 30, 2008	\$10,755
June 29, 2007 - September 30, 2007	\$267

### **Custodian**

U.S. Bank, National Association is the custodian of the assets of the Funds (the "Custodian") pursuant to a custody agreement between the Custodian and the Trust, whereby the Custodian receives fees on a transactional basis plus out-of-pocket expenses. The Custodian's address is 1555 N. River Center Drive, Suite 302, Milwaukee, Wisconsin 53212. The Custodian does not participate in decisions relating to the purchase and sale of securities by the Funds. The transfer agent, the Custodian, and the Funds' principal underwriter are affiliated entities under the common control of U.S. Bancorp. The Custodian and its affiliates may participate in revenue sharing arrangements with the service providers of mutual funds in which the Fund may invest.

### **Independent Registered Public Accounting Firm and Legal Counsel**

Tait, Weller & Baker LLP, the independent registered public accounting firm for the Funds, is located at 1818 Market Street, Suite 2400, Philadelphia, Pennsylvania 19103-3638.

Paul, Hastings, Janofsky & Walker LLP, 75 East 55th Street, New York, New York, 10022 serves as legal counsel to the Trust.

## **EXECUTION OF PORTFOLIO TRANSACTIONS AND BROKERAGE**

The Funds generally will not invest in securities for short-term capital appreciation but, when business and economic conditions, market prices, or each Fund's investment policy warrant, individual security positions may be sold without regard to the length of time they have been held.

Each Fund may purchase its portfolio securities through a securities broker and pay the broker a commission, or it may purchase securities directly from a dealer which acts as principal and sells securities directly for its own account without charging a commission. The purchase price of securities purchased from dealers serving as market makers will include the spread between the bid and asked prices. The Funds may also purchase securities from underwriters, the price of which will include a commission or discount paid by the issuer to the underwriter.

Prompt execution of orders at the most favorable price will be the primary consideration of the Advisor in transactions where brokerage fees are involved. Additional factors considered by the Advisor in selecting brokers to execute a transaction include: (i) professional capability of the executing broker and the value and quality of the brokerage services provided; (ii) size and type of transaction; (iii) timing of the transaction in the context of market prices and trends; (iv) nature and character of markets for the security to be purchased or sold; (v) the broker's execution efficiency and settlement capability; (vi) the broker's experience and financial stability and the execution services it renders to the Advisor on a continuing basis; and (vii) reasonableness of commission.

Research, statistical, and other services offered by the broker also may be taken into consideration in selecting broker-dealers. These services may include: providing advice concerning the value of securities, the advisability of investing in, purchasing, or selling securities, and the availability of securities or the purchasers or sellers of securities; and furnishing analyses and reports concerning issuers, industries, securities, economic factors and trends, portfolio strategies and performance of accounts. A commission in excess of the amount of commission another broker or dealer would have charged for effecting a transaction may be paid by the Funds if the Advisor determines in good faith that the commission is reasonable in relation to the value of the brokerage and research services provided, viewed in terms of either that particular transaction or management's overall responsibilities with respect to the Funds.

The Advisor receives a significant amount of proprietary research from a number of brokerage firms, in most cases on an unsolicited basis. The Advisor does not make any commitments to allocate brokerage for proprietary research. The value of that research, however, is considered along with other factors in the selection of brokers. This research is considered supplemental to the Advisor's own internal research and does not, therefore, materially reduce the overall expenses incurred by the Advisor for its research.

The Advisor may use the Funds' commissions to acquire third party research and products that are not available through its full service brokers. In these arrangements, the Advisor pays an executing broker a commission equal to the average rate paid on all of the Funds' other trades and achieves what it believes is

best execution on the trade. The executing broker then uses a portion of the commission to pay for a specific research service or product provided to the Advisor. Proposed research to be acquired in this manner must be approved by the Advisor’s Chief Investment Officer, who is responsible for determining that the research provides appropriate assistance to the Advisor in connection with its investment management of the Funds and that the price paid for research services and products with broker commissions is fair and reasonable.

As of the close of the Funds’ most recent fiscal year, neither Fund owned securities of their regular broker-dealers.

Investment decisions for each Fund are made independently from those of other accounts managed by the Advisor. The same security is frequently held in a Fund and other accounts managed by the Advisor. Simultaneous transactions are inevitable when several accounts are managed by the same investment advisor, particularly when the same security is suitable for the investment objective of more than one fund or account.

In such event, the Advisor may aggregate these orders in order to achieve best execution and, on the average, lower brokerage commission costs. In the event of simultaneous transactions, allocations among a Fund or accounts will be made on an equitable basis. When a Fund participates in an aggregated order, it participates at the average share price for all transactions in that order, with all transaction costs shared on a pro rata basis.

If one or more of the accounts managed by the Advisor and a Fund purchases or sells the same security, each transaction in such security will be allocated between a Fund and the other accounts in a manner deemed equitable by the Advisor, taking into account the respective sizes of the accounts and the Fund and the amount being purchased. Notwithstanding the above, the Advisor may execute, buy and sell orders for accounts and take action in performance of its duties with respect to any of its accounts that may differ from actions taken with respect to another account, so long as the Advisor shall, to the extent practical, allocate investment opportunities to accounts, including the Funds, over a period of time on a fair and equitable basis and in accordance with applicable law.

Allocations among the Advisor accounts participating in initial public offerings (“IPOs”) are made pursuant to the IPO Allocation Priority Guidelines (the “Guidelines”) established by the Advisor. The Guidelines establish which accounts are eligible to participate in a particular IPO and what level of participation is permitted. Eligibility is based upon the market capitalization of the IPO and the capitalization focus of the account. The allocation among eligible accounts is divided on a pro rata basis. The Advisor may decline to participate in an offering, or may elect to not have all accounts participate, even if an account is eligible to participate pursuant to the Guidelines, if the Advisor believes that the IPO is not appropriate for an individual account. Allocations to eligible accounts, for which an IPO opportunity is appropriate, will be made on a fair and equitable basis.

The table below shows the amount of brokerage commissions paid by the Small Cap Fund with respect to portfolio transactions for the prior three fiscal years ending September 30.

	<b>2009</b>	<b>2008</b>	<b>2007</b>
<b>Brokerage Fees Paid</b>	\$1,713,135	\$1,999,808	\$982,530

Of such amount, the following was paid to firms for research, statistical or other services provided to the Advisor:

<b>2009</b>	<b>2008</b>	<b>2007</b>
\$206,108	\$54,018	\$49,036

The table below shows the amount of brokerage commissions paid by the Small-Mid Cap Fund with respect to portfolio transactions for the prior three fiscal years ending September 30.

	2009	2008	2007*
<b>Brokerage Fees Paid</b>	\$211,056	\$75,209	\$2,046

\* The Small-Mid Cap Fund commenced operations on June 29, 2007, which attributes to the significant difference in brokerage fees paid from 2007 to 2008.

Of such amount, the following was paid to firms for research, statistical or other services provided to the Advisor:

2009	2008	2007
\$20,479	\$721	\$10

## CAPITAL STOCK

Shares issued by each Fund have no preemptive, conversion, or subscription rights. Shares issued and sold by a Fund are deemed to be validly issued, fully paid and non-assessable by the Trust. Shareholders have equal and exclusive rights as to dividends and distributions as declared by each Fund and to the net assets of the Fund upon liquidation or dissolution. The Funds, as separate series of the Trust, vote separately on matters affecting only the Funds (*e.g.*, approval of an Advisory Agreement); all series of the Trust vote as a single class on matters affecting all series jointly or the Trust as a whole (*e.g.*, election or removal of Trustees). Voting rights are not cumulative, so that the holders of more than 50% of the shares voting in any election of Trustees can, if they so choose, elect all of the Trustees. While the Trust is not required and does not intend to hold annual meetings of shareholders, such meetings may be called by the Board in its discretion, or upon demand by the holders of 10% or more of the outstanding shares of the Trust, for the purpose of electing or removing Trustees.

## DETERMINATION OF SHARE PRICE

The NAV per share of a Fund is determined as of the close of trading on the New York Stock Exchange (the "NYSE") (generally 4:00 p.m. Eastern time) each day the NYSE is open for trading. The NYSE annually announces the days on which it will not be open for trading. It is expected that the NYSE will not be open for 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.

Generally, a 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 sales 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.

Securities primarily traded in the NASDAQ Global Market System for which market quotations are readily available shall be valued using the NASDAQ Official Closing Price ("NOCP"). If the NOCP is not available, such securities shall be 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. OTC securities which are not traded in the NASDAQ Global Market System shall be valued at the most recent trade price. Securities and assets for which market

quotations are not readily available (including restricted securities that are subject to limitations as to their sale) are valued at fair value as determined in good faith by or under the direction of the Board.

Short-term debt obligations with remaining maturities in excess of 60 days are valued at current market prices, as discussed above. In order to reflect their fair value, 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.

Trading in foreign securities markets is normally completed well before the close of the NYSE. In addition, foreign securities trading may not take place on all days on which the NYSE is open for trading, and may occur in certain foreign markets on days on which a Fund's NAV is not calculated. Events affecting the values of portfolio securities that occur between the time their prices are determined and the close of the NYSE will not be reflected in the calculation of NAV unless the Board deems that the particular event would affect NAV, in which case an adjustment will be made. Assets or liabilities expressed in foreign currencies are translated, in determining NAV, into U.S. dollars based on the spot exchange rates at 1:00 p.m., Eastern time, or at such other rates as the Advisor may determine to be appropriate.

The securities in each Fund's portfolio, including ADRs, which are traded on securities exchanges are valued at the last sale price on the exchange on which such securities are traded, as of the close of business 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 on which the security is primarily traded.

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

## **ADDITIONAL PURCHASE AND REDEMPTION INFORMATION**

As stated in the Prospectus, the Small Cap Fund is closed to investments by most new shareholders. Please see the "Shareholder Information - How to Purchase Shares" section in the Prospectus for additional information. The information provided below supplements the information contained in the Funds' Prospectus regarding the purchase and redemption of each Fund's shares.

### **How to Buy Shares**

In addition to purchasing shares directly from the Funds, you may purchase shares of the Funds from certain financial intermediaries and their agents that have made arrangements with the Fund and are authorized to buy and sell shares of the Fund (collectively, "Financial Intermediaries"). Investors should contact their Financial Intermediary directly for appropriate instructions, as well as information pertaining to accounts and any service or transaction fees that may be charged. If you transmit your order to these Financial Intermediaries before the close of regular trading (generally 4:00 p.m., Eastern time) on a day that the NYSE is open for business, your order will be priced at a Fund's NAV next computed after it is received by the Financial Intermediary. Investors should check with their Financial Intermediary to determine if it is subject to these arrangements.

The public offering price of a Fund's shares is its NAV. Shares are purchased at the public offering price next determined after the transfer agent receives your order in proper form as discussed in the Funds' Prospectus. In order to receive that day's public offering price, the transfer agent must receive your order in proper form before the close of regular trading on the NYSE, generally 4:00 p.m., Eastern time.

The Trust reserves the right in its sole discretion (1) to suspend the continued offering of a Fund's shares, (2) to reject purchase orders in whole or in part when in the judgment of the Advisor or such rejection is in the best interest of each Fund, and (3) to reduce or waive the minimum for initial and subsequent investments for certain fiduciary accounts or under circumstances where certain economies can be achieved in sales of a Fund's shares.

In addition to cash purchases, Fund shares may be purchased by tendering payment in-kind in the form of shares of stock, bonds or other securities. Any securities used to buy Fund shares must be readily marketable, their acquisition consistent with each Fund's objective and otherwise acceptable to the Advisor and the Board.

### **How to Sell Shares and Delivery of Redemption Proceeds**

You can sell Fund shares any day the NYSE is open for regular trading. Payments to shareholders for Fund shares redeemed directly from a Fund will be made as promptly as possible, but no later than seven days after receipt by the transfer agent of the written request in proper form, with the appropriate documentation as stated in the Prospectus, except that a Fund may suspend the right of redemption or postpone the date of payment during any period when (a) trading on the NYSE is restricted as determined by the SEC or the NYSE is closed for other than weekends and holidays; (b) an emergency exists as determined by the SEC making disposal of portfolio securities or valuation of net assets of a Fund not reasonably practicable; or (c) for such other period as the SEC may permit for the protection of each Fund's shareholders. Under unusual circumstances, a Fund may suspend redemptions, or postpone payment for more than seven days, but only as authorized by SEC rules.

The value of shares on redemption or repurchase may be more or less than the investor's cost, depending upon the market value of each Fund's portfolio securities at the time of redemption or repurchase.

### **Telephone Instructions**

As described in the Prospectus, shareholders with telephone privileges established on their account may redeem up to \$50,000 of a Fund's shares by telephone. Upon receipt of any instruction or inquiry from a person claiming to be a shareholder, each Fund or its authorized agents may carry out the instruction and/or respond to the inquiry consistent with the shareholder's previously established account service options. For joint accounts, instructions or inquiries from either party will be carried out without prior notice to the other account owners. In acting upon telephone instructions, each Fund and its agents use procedures that are reasonably designed to ensure that such instructions are genuine. These include recording all telephone calls, requiring pertinent information about the account and sending written confirmation of each transaction to the registered owner.

The transfer agent will employ these and other reasonable procedures to confirm that instructions communicated by telephone are genuine. If the transfer agent fails to employ reasonable procedures, a Fund and the transfer agent may be liable for any losses due to unauthorized or fraudulent instructions. If these procedures are followed, however, to the extent permitted by applicable law, neither Fund nor its agents will be liable for any loss, liability, cost or expense arising out of any redemption request, including any fraudulent or unauthorized request. For additional information, contact the transfer agent.

During periods of unusual market changes and shareholder activity, you may experience delays in contacting the transfer agent by telephone. In this event, you may wish to submit a written request, as described in the Prospectus. Telephone privileges may be modified or terminated without notice.

### **Redemptions In-Kind**

The Trust has filed an election under SEC Rule 18f-1 under the 1940 Act committing to pay in cash all redemptions by a shareholder of record up to amounts specified by the rule (in excess of the lesser of (1) \$250,000 or (2) 1% of the net asset value of a Fund). Each Fund has reserved the right to pay the redemption price of their shares in excess of the amounts specified by the rule, either totally or partially, by a distribution in-kind of portfolio securities (instead of cash). The securities so distributed would be valued at the same amount as that assigned to them in calculating the NAV for the shares being sold. If a shareholder receives a distribution in-kind, the shareholder could incur brokerage or other charges in converting the securities to cash and would bear any market risks associated with such securities until they are converted into cash. A redemption in-kind is treated as a taxable transaction and a sale of the redeemed shares, generally resulting in capital gain or loss to you, subject to certain loss limitation rules.

Each Fund does not intend to hold any significant percentage of its portfolio in illiquid securities, although each Fund, like virtually all mutual funds, may from time to time hold a small percentage of securities that are illiquid. In the unlikely event a Fund were to elect to make an in-kind redemption, the Fund expects that it would follow the normal protocol of making such distribution by way of a pro rata distribution based on its entire portfolio. To the extent a Fund holds illiquid securities, such distribution may contain a pro rata portion of such illiquid securities or the Fund may determine, based on a materiality assessment, not to include illiquid securities in the in-kind redemption. Each Fund does not anticipate that they would ever selectively distribute a greater than pro rata portion of any illiquid securities to satisfy a redemption request. If such securities are included in the distribution, shareholders may not be able to liquidate such securities and may be required to hold such securities indefinitely. Shareholders' ability to liquidate such securities distributed in-kind may be restricted by resale limitations or substantial restrictions on transfer imposed by the issuers of the securities or by law. Shareholders may only be able to liquidate such securities distributed in-kind at a substantial discount from their value, and there may be higher brokerage costs associated with any subsequent disposition of these securities by the recipient.

## **DIVIDENDS, DISTRIBUTIONS AND TAXES**

### **Distributions**

Dividends from net investment income and distributions from net gains from the sale of securities are generally made annually. Also, the Funds typically distribute any undistributed net investment income on or about December 31 of each year. Any net capital gains realized through the period ended October 31 of each year will also typically be distributed by December 31 of each year.

Each Fund's distribution is accompanied by a brief explanation of the form and character of the distribution. In January of each year, the Funds will issue a statement of the federal income tax status of all distributions to each shareholder.

### **Tax Information**

Each series of the Trust is treated as a separate entity for federal income tax purposes. Each Fund has elected to qualify and intends to continue to qualify to be treated as a "regulated investment company" under Subchapter M of the Internal Revenue Code of 1986, as amended (the "Code"), provided it complies with all applicable requirements regarding the source of its income, diversification of its assets and timing and amount of distributions. The Funds' policy is 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 Funds will not be subject to any federal income or excise taxes. However, the Funds can give no assurances that their distributions will be sufficient to eliminate such taxes. To comply with the requirements of the Code, each Fund must also distribute (or be deemed to have distributed) by December 31 of each calendar year (1) at least 98% of its ordinary income for such year, (2) at

least 98% of the excess of its realized capital gains over its realized capital losses for the 12-month period ending on October 31 during such year and (3) any amounts from the prior calendar year that were not distributed and on which a Fund paid no federal income tax. If a Fund fails to qualify as a regulated investment company under Subchapter M, it will be taxed as a corporation.

Each Fund's ordinary income generally consists of interest and dividend income, less expenses. Net realized capital gains for a fiscal period are computed by taking into account any capital loss carry-forward of the Funds.

Distributions of net investment income and net short-term capital gains are taxable to shareholders as ordinary income. Under current law, a portion of the distributions paid by a Fund to individual shareholders may be qualified dividends currently eligible for taxation at long-term capital gain rates to the extent a Fund designates the amount distributed as a qualifying dividend and certain holding period requirements are met. In the case of corporate shareholders, a portion of the distributions may qualify for the inter-corporate dividends received deduction to the extent a Fund designates the amount distributed as a qualifying dividend and if holding period requirements are satisfied. The aggregate amount so designated to either individual or corporate shareholders cannot, however, exceed the aggregate amount of qualifying dividends received by a Fund for its taxable year. In view of each Fund's investment policy, it is expected that dividends from domestic corporations will be part of each Fund's gross income and that, accordingly, part of the distributions by a Fund may be eligible for treatment as qualified dividend income for individual shareholders and the dividends-received deduction for corporate shareholders. However, the portion of a Fund's gross income attributable to qualifying dividends is largely dependent on the Fund's investment activities for a particular year and therefore cannot be predicted with any certainty. The reduced tax rate or deduction may be reduced or eliminated if Fund shares held by an individual investor are held for less than 61 days, or Fund shares held by a corporate investor are treated as debt-financed or are held for less than 46 days.

Each Fund may be subject to foreign withholding taxes on dividends and interest earned with respect to securities of foreign corporations.

Under the Code, the Funds will be required to report to the Internal Revenue Service ("IRS") all distributions of ordinary income and capital gains as well as gross proceeds from the redemption or exchange of Fund shares, except in the case of exempt shareholders, which includes most corporations. Pursuant to the backup withholding provisions of the Code, distributions of any taxable income and capital gains and proceeds from the redemption of Fund shares may be subject to withholding of federal income tax currently at the rate of 28% in the case of non-exempt shareholders who fail to furnish a Fund with their correct taxpayer identification numbers and with required certifications regarding their status under the federal income tax law or if the IRS notifies a Fund that such backup withholding is required. If the withholding provisions are applicable, any such distributions and proceeds, whether taken in cash or reinvested in additional shares, will be reduced by the amounts required to be withheld. Corporate and other exempt shareholders should provide the Funds with their taxpayer identification numbers or certify their exempt status in order to avoid possible erroneous application of backup withholding. Each Fund reserves the right to refuse to open an account for any person failing to provide a certified taxpayer identification number.

Each Fund will not be subject to corporate income tax in the Commonwealth of Massachusetts as long as they qualify as a regulated investment company for federal income tax purposes. Distributions and the transactions referred to in the preceding paragraphs may be subject to state and local income taxes, and the tax treatment thereof may differ from the federal income tax treatment.

The foregoing discussion of U.S. federal income tax law relates solely to the application of that law to U.S. citizens or residents and U.S. domestic corporations, partnerships, trusts and estates. Each shareholder who is not a U.S. person should consider the U.S. and foreign tax consequences of ownership of shares of the Funds, including the possibility that such a shareholder may be subject to a U.S. withholding tax currently at a rate of 30% (or at a lower rate under an applicable income tax treaty) on Fund distributions.

In addition, the foregoing discussion of tax law is based on existing provisions of the Code, existing and proposed regulations thereunder, and current administrative rulings and court decisions, all of which are subject to change. Any such changes could affect the validity of this discussion. The discussion also represents only a general summary of tax law and practice currently applicable to the Funds and certain shareholders therein, and, as such, is subject to change. In particular, the consequences of an investment in shares of the Funds under the laws of any state, local or foreign taxing jurisdictions are not discussed herein. Each prospective investor should consult his or her own tax advisor to determine the application of the tax law and practice in his or her own particular circumstances.

### **DISTRIBUTOR AND PRINCIPAL UNDERWRITER**

The Trust has entered into a Distribution Agreement (the “Distribution Agreement”) with Quasar Distributors, LLC, 615 E. Michigan Street, Milwaukee, Wisconsin 53202 (the “Distributor”), pursuant to which the Distributor acts as the Funds’ principal underwriter and distributor, provides certain administration services and promotes and arranges for the sale of each Fund’s shares. The offering of a Fund’s shares is continuous. The Distributor is a registered broker-dealer and member of the Financial Industry Regulatory Authority (“FINRA”).

With respect to each Fund, the Distribution Agreement will continue in effect only if such continuance is specifically approved at least annually by the Board or by vote of a majority of each Fund’s outstanding voting securities and, in either case, by a majority of the Trustees who are not parties to the Distribution Agreement or “interested persons” (as defined in the 1940 Act) (“the Independent Trustees”) of any such party. The Distribution Agreement is terminable without penalty by the Trust on behalf of each Fund on a 60-day written notice when authorized either by a majority vote of a Fund’s shareholders or by vote of a majority of the Board, including a majority of the Independent Trustees (as defined in the 1940 Act) of the Trust, or by the Distributor upon a 60-day written notice, and will automatically terminate in the event of its “assignment” (as defined in the 1940 Act).

### **MARKETING AND SUPPORT PAYMENTS**

The Advisor, out of its own resources and without additional cost to a Fund or its shareholders, may provide additional cash payments or other compensation to certain Financial Intermediaries who sell shares of the Funds. The Advisor does not currently intend to make such payments, but reserves the right to initiate payments in the future without notice to shareholders. These 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 Funds to be offered in certain programs and/or in connection with meetings between each 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 Funds 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 (i) occasional gifts; (ii) occasional meals, tickets or other entertainments; and/or (iii) sponsorship support for the financial intermediary's client seminars and cooperative advertising. In addition, the Advisor pays for exhibit space or sponsorships at regional or national events of financial intermediaries.

The prospect of receiving, or the receipt of 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 each Fund's shares.

As of September 30, 2009 the Advisor does not have agreements with any firms to pay such Support Payments. Future Support Payments may be structured in three ways: (i) as a percentage of net sales; (ii) as a percentage of net assets; and/or (iii) a flat fee.

## **FINANCIAL STATEMENTS**

The Annual Report to Shareholders for the Small Cap Fund and the Small-Mid Cap Fund for the fiscal year ended September 30, 2009, is a separate document supplied with this SAI and the financial statements, accompanying notes and report of the independent registered public accounting firm appearing therein are incorporated by reference in this SAI.

## APPENDIX A

### Commercial Paper Ratings

#### Moody's Investors Service<sup>®</sup>, Inc.

Prime-1-Issuers (or related supporting institutions) rated "Prime-1" have a superior ability for repayment of senior short-term debt obligations. "Prime-1" repayment ability will often be evidenced by many of the following characteristics: leading market positions in well-established industries, high rates of return on Fund employed, conservative capitalization structures with moderate reliance on debt and ample asset protection, broad margins in earnings coverage of fixed financial charges and high internal cash generation, and well-established access to a range of financial markets and assured sources of alternate liquidity.

Prime-2-Issuers (or related supporting institutions) rated "Prime-2" have a strong ability for repayment of senior short-term debt obligations. This will normally be evidenced by many of the characteristics cited above but to a lesser degree. Earnings trends and coverage ratios, while sound, will be more subject to variation. Capitalization characteristics, while still appropriate, may be more affected by external conditions. Ample alternative liquidity is maintained.

#### Standard & Poor's<sup>®</sup> Ratings Group

A-1-This highest category indicates that the degree of safety regarding timely payment is strong. Those issues determined to possess extremely strong safety characteristics are denoted with a plus (+) sign designation.

A-2-Capacity for timely payment on issues with this designation is satisfactory. However, the relative degree of safety is not as high as for issues designated "A-1."