



## TCM SMALL-MID CAP GROWTH FUND

### Investment Objective & Strategies

The investment objective of the Fund is to seek long-term capital appreciation. Under normal market conditions, the Fund invests at least 80% of its total assets in stocks of small to medium capitalization ("small-mid cap") companies. The Fund defines small-mid cap companies as companies whose market capitalization, at the time of purchase, are between \$500 million and \$10 billion.

### Investment Process

TCM uses fundamental research to identify companies with the potential for superior earnings growth and sustainable valuations. TCM's intensive bottom-up, fundamental research drives stock selection, which TCM believes is most likely to generate excess returns. The investment process uses a team-oriented approach, where members of the team leverage the expertise of their colleagues in an environment that facilitates the exchange of ideas and insights.

### Portfolio Manager



#### **Richard J. Johnson, CFA**

Richard Johnson is the chief investment officer of Tygh Capital Management and the portfolio manager of the Fund. Prior to joining Tygh Capital Management, he served as senior vice president and chief investment officer for Columbia Management Advisor's equity team in Portland, Oregon, and the portfolio manager of the small cap team. Mr. Johnson graduated cum laude with a BA degree in geology from Occidental College in 1980 and received his MBA degree from Anderson Graduate School of Management at UCLA in 1990. He devotes full time to portfolio management and securities analysis.

June 30, 2010

### Basic Fund Facts

Symbol	TCMMX
CUSIP	742935323
Fund Inception	6/29/2007
Total Assets	\$215M
Minimum Investment	\$100,000

### Portfolio Characteristics

	Fund	Russell 2500 Growth
Number of Holdings	101	1,590
Average Weighted Market Capitalization	\$2.9B	\$2.0B
Forward P/E	16.0x	16.9x
Long-Term Future Growth Rate	17.2%	17.0%
Return on Equity	13.0%	12.7%
Price to Book	2.7x	3.0x
Forward P/E/LT Growth Rate	0.9x	1.0x

*Long-Term Future Growth Rate is not a measure of the Fund's future performance.*

### Top Holdings (% of net assets)

Amphenol	2.65
Ansys	2.33
NICE Systems	1.71
MICROS Systems	1.68
Fastenol	1.67
Health Management Associates	1.61
SBA Communications	1.61
Dick's Sporting Goods	1.60
ICON	1.56
Core Laboratories	1.56

*Fund holdings are subject to change and are not recommendations to buy or sell any security.*



# TCM SMALL-MID CAP GROWTH FUND

## Second Quarter Performance Review

**Performance.** Volatility in the stock market came roaring back in the second quarter, as investors faced multiple signs that the global economic recovery might not be as durable as hoped. The performance of the TCM Small-Mid Cap Growth Fund for the quarter ended June 30, 2010 was -12.66%. For longer term performance, please see “Performance.”

**Attribution.** After a reasonably stable start, the stock market sold off due to growing fears that macroeconomic stresses would slow the pace of future economic growth. In addition, the dollar strengthened in a flight to safety due to the Euro crisis, and as a result the stock prices of companies exposed to world growth drivers suffered the most. While we took action to reduce the fund’s weighting in stocks that are highly exposed to European economies, the Euro and a possible slowing in emerging market growth, the portfolio struggled against the benchmark due largely to underperformance of stocks with more international exposure. With respect to economic sector attribution, relative performance was attributable to negative stock selection in Consumer Discretionary, Material, Financials and Industrials, offset by positive selection in Technology and Energy.

The top contributor for the quarter was CyberSource, a provider of electronic payment and risk management solutions. The company announced mixed revenue and earnings guidance for 2010 compared to analysts’ estimates. While the stock was a detractor to first quarter performance, we maintained our position in the stock because of positive trends in e-commerce. In April, the company announced a sale of the company to Visa, and we have sold our position. Another contributor to performance was Core Laboratories, which provides reservoir management services to the oil and gas industry. The company has reported positive earnings surprises and has continued to raise guidance. The stock has been a long term holding in the portfolio, yet we do trade around the position size due to changes in valuation and fundamentals.

Our biggest detractor to performance in the second quarter was Alpha Natural Resources, a supplier of metallurgical (“met”) and thermal coal. While a significant contributor for several quarters, the stock price has come under pressure in the second quarter due to growing fears of a demand slowdown that would decrease met coal prices. We continue to hold the position, since the market is pricing in a much worse scenario than we think is likely, but are cognizant of the risks associated with a stock whose performance is impacted by perceptions of economy growth and commodity prices. Another disappointment for the quarter was Brookdale Senior Living, which operates senior living communities. The company’s financial performance is economically sensitive because some customers must sell their homes before acquiring a retirement facility and others may elect to delay moving during a recessionary environment. An aging population is driving higher demand for these types of facilities and we continue to hold the position based on our conviction in the company’s ability to deliver on expected growth as the economy stabilizes. The effect of our sector weights was positive for the quarter, as our overweight to Technology and Industrials helped performance and our cash position contributed to relative performance in such a negative quarter.

*The Fund’s investment objectives, risks, charges and expenses must be considered carefully before investing. The statutory and summary prospectuses contain this and other important information about the Fund, and it may be obtained by calling 1-800-536-3230. Please read it carefully before investing.*

**The Fund invests in smaller companies, which involve additional risks such as limited liquidity and greater volatility than large capitalization companies.**

## Performance (as of June 30, 2010)

Total Returns (%)	2007 <sup>1</sup>	2008	2009	2010
TCMMX	7.87	-46.70	31.59	-12.66
Russell 2500 Growth	-1.45	-41.50	41.66	-9.77

  

Average Annual Total Return (%)	1 Year	3 Year	Inception <sup>1</sup>
TCMMX	11.08	-11.23	-11.22
Russell 2500 Growth	21.44	-7.10	-7.09

<sup>1</sup> Inception of TCMMX is June 29, 2007.

*The performance data quoted represents past performance and does not guarantee future results. The investment return and principal value of an investment in the Fund will fluctuate, so that an investor’s shares, when redeemed, may be worth more or less than their original cost. Current performance of the Fund may be lower or higher than the performance quoted. Performance data current to the most recent month end may be obtained by calling 1-800-536-3230. The Fund imposes a 1% redemption fee on shares redeemed within 60 days. Performance data does not reflect the redemption fee and, if reflected, total returns would be reduced.*

**Total Annual Fund Operating Expenses: 1.15%**

**Total Annual Fund Operating Expenses after Fee Waiver: 0.95%**

*The contractual fee waiver is in effect for at least one year after the date of the current prospectus and for an indefinite period thereafter as determined by the Fund’s Board.*

## Sector Diversification (%)

	Fund	Russell 2500 Growth
Information Technology	26.7	23.0
Industrials	22.1	17.4
Health Care	15.7	17.9
Consumer Discretionary	15.0	19.3
Materials	5.9	6.4
Financials	5.2	6.9
Energy	4.9	4.4
Telecomm Service	2.5	1.6
Consumer Staples	1.5	2.9
Cash	0.6	0.0

*Sector allocations are subject to change at any time.*

*P/E is the price of a stock divided by its reported earnings per share. Forward P/E is the estimated P/E of a stock for at least the next four quarters. Long-Term Future Growth Rate is the estimated growth rate of the company’s earnings over at least the next three years. Return on Equity is the income available to common stockholders for the last fiscal year divided by the common equity and is expressed as a percentage. Price to Book is the current price of a stock divided by its latest book value per share. Forward P/E/LT-Growth Rate is the estimated future P/E of a stock divided by its Long-Term Future Growth Rate.*

*The Russell 2500 Growth Index is an unmanaged index representing those Russell 2500 Index companies with higher price-to-book ratios and future projected earnings according to Russell Investments. Growth stocks typically are more volatile than value stocks; however, value stocks have a lower expected growth rate in earnings and sales. One cannot invest directly in an index.*

**The Fund may invest in foreign securities, which can involve additional risks relating to volatility and political, economic, or regulatory conditions in foreign countries.**