

Quarterly Update

Investment Category

International Small/Mid Cap Core

Investment Objective

Long-term growth of capital

Investment Process

The Fund invests primarily in equity securities of smaller and mid-sized companies that are either located outside the United States or whose primary business is carried on outside the United States. Equity securities include common stocks, depositary receipts (receipts typically issued by banks or trust companies representing ownership of equity securities issued by foreign companies), rights, warrants, and securities convertible into common stocks. The Fund normally invests at least 80% of its net assets in equity securities as described above. Smaller and mid-sized companies are companies with market capitalization (share price multiplied by number of shares outstanding), at the time of purchase, between \$500 million and \$17 billion.

Portfolio Management Team (left to right)

Michael D. Stack and Mark G. Weber



Michael D. Stack, CFA – Lead Portfolio Manager

- Joined the firm in 2006
- Bachelor's degree from University College Dublin and master's degree from Columbia Business School
- 14 years of investment experience

Mark G. Weber, CFA – Co-Portfolio Manager

- Joined the firm in 2008
- Bachelor's degree from Oxford University and master's degree from University of Kansas
- 8 years of investment experience

Market Review — Europe: The Greatest Show on Earth?

Daily market volatility provided much intra-quarter excitement for the final three months of 2011. Investors saw a large rally and retracement followed by a smaller rally and retracement. At the end of the fourth quarter, our benchmark was marginally higher than it had been three months earlier after a summer of exceptional market weakness.

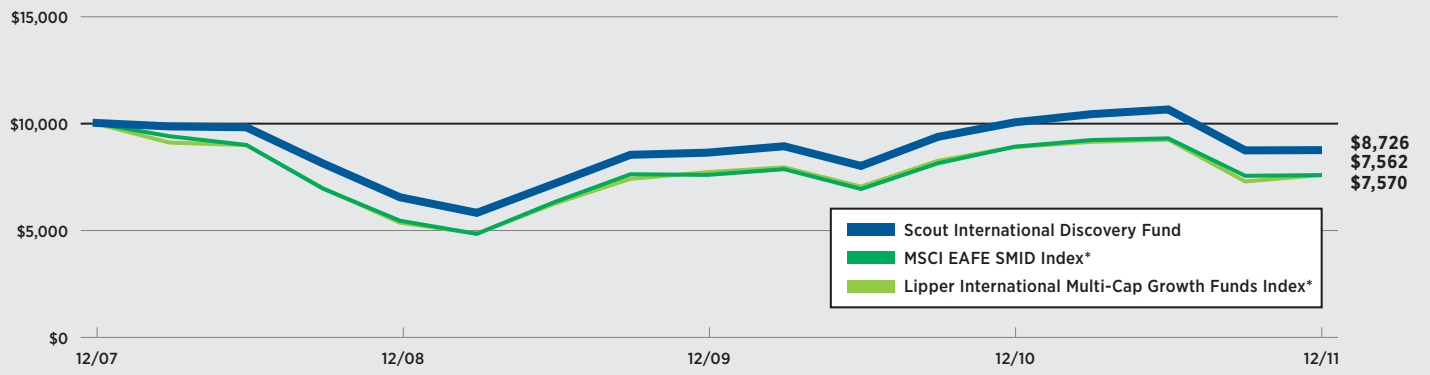
All investor eyes were fixed on the Eurozone debt circus. It seemed that any new statement, no matter how insignificant, from German Chancellor Angela Merkel and French President Nicolas Sarkozy, whom some dubbed the “Merkozy” Royal Couple, provided or denied speculative fuel to global equity markets, depending on the comment and timing. Looking back over the quarter in Europe, there was an alphabet soup of groups and solutions at the table — the IMF (International Monetary Fund), the ECB (European Central Bank), the EFSF (European Financial Stability Facility) and the ESM (European Stability Mechanism) to name a few.

To be fair, it does now look as if a Lehman-style liquidity event in Europe has been avoided for the moment with the ECB announcement that it will lend €489 billion to Euro-area banks over the next three years. Of course, what exactly the banks are doing with this money is another question. European leaders also took steps to ease the debt crisis by forcing banks to take a haircut on Greek bonds. But won't Portugal and Ireland want a similar deal? Leaders also agreed on more funding for the EFSF and on the need for banks to bolster their capital ratios.

In early December, a new fiscal blueprint for a closer union to save the Euro was announced. Fuller European integration is the correct long-term path to take to save the currency, but we think the Eurozone needs help now. Britain did not like the proposal and decided to opt out. The move was lauded at home but may turn out not to have been one of the Tory leader's better played pieces of diplomacy. Uncertainty on the political front was also reflected in the bond markets in Europe with French 10-year bond yields rising while Germany's declined. Italy was the biggest loser as yields increased by almost 1% during the period.

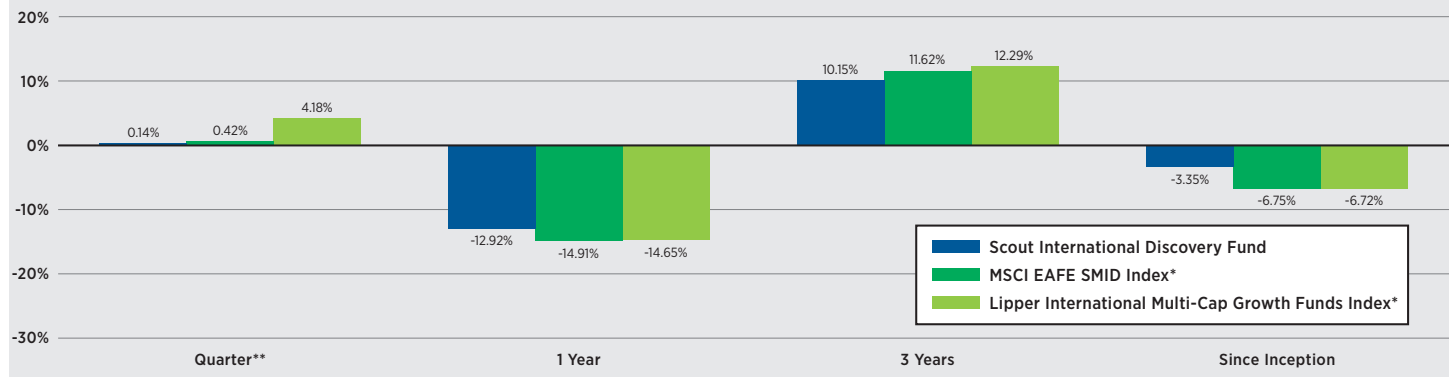
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Hypothetical Growth of \$10,000



For illustrative purposes only; may not represent your returns.

Average Annual Total Returns



	Average Annual Total Returns				Gross Expense	Net Expense
	Quarter**	1 Year	3 Years	Since Inception		
Scout International Discovery Fund	0.14%	-12.92%	10.15%	-3.35%	1.69%⁽¹⁾	1.61%⁽¹⁾
MSCI EAFE SMID Index*	0.42%	-14.91%	11.62%	-6.75%		
Lipper International Multi-Cap Growth Funds Index*	4.18%	-14.65%	12.29%	-6.72%		

The Fund's inception date was Dec. 31, 2007.

* Unmanaged index of stocks, bonds or mutual funds. It is not possible to invest directly in an index. The Morgan Stanley Capital International Europe, Australasia, Far East Small/Mid-Cap Core Fund Index (MSCI EAFE SMID) is a free float-adjusted market capitalization index that is designed to measure the equity of the Mid and Small Cap market performance of developed markets, excluding the U.S. and Canada. The Lipper International Multi-Cap Growth Funds Index consists of Funds that, by portfolio practice, invest in a variety of market capitalization ranges without concentrating 75% of their equity assets in any one market capitalization range over an extended period of time. International multi-cap growth funds typically have an above-average price-to-cash flow ratio, price-to-book ratio, and three-year sales-per-share growth value compared to the S&P/Citigroup World ex-U.S. BMI.

** Returns for periods less than one year are not annualized.

⁽¹⁾ The Advisor has entered into an agreement to waive advisory fees and/or assume certain fund expenses through Oct. 31, 2012 in order to limit the total annual fund operating expenses, excluding any acquired fund fees/expenses and certain other expenses, to no more than 1.60%. If total annual fund operating Expenses would fall below the expense limit, the Advisor may cause the Fund's expenses to remain at the expense limit while it is reimbursed for fees that it waived or expenses that it assumed during the previous three fiscal years.

Performance returns for the Scout International Discovery Fund, MSCI EAFE SMID Index and Lipper International Multi-Cap Growth Funds Index assume dividends were reinvested for the entire period.

Gross and net expense ratios are as of the most recent Prospectus dated 10/31/11.

The performance data quoted represents past performance and is not a guarantee of future results. Investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than the performance information quoted. To obtain performance information current to the most recent month-end, please call 800-996-2862.

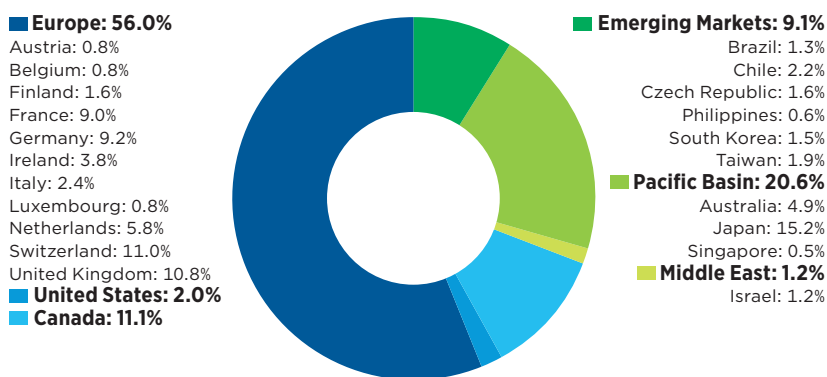
The performance returns for the Fund reflect a fee waiver in effect. In absence of such waiver, the returns would be reduced.

A redemption fee of 2% will be imposed on redemptions or exchanges made within two months of purchase of shares in the Scout International Discovery Fund. Please see the Prospectus for more information about the fee and which accounts it applies to.

Sector Allocation

Relative Portfolio Weight vs. Benchmark		Sector	Scout Int'l Discovery*	MSCI EAFE SMID**
4.2%		Information Technology	12.2%	8.0%
4.0%		Industrials	27.5%	23.5%
3.1%		Consumer Staples	9.2%	6.1%
2.4%		Health Care	7.8%	5.4%
2.1%		Energy	6.5%	4.4%
-0.1%		Materials	12.0%	12.1%
-0.2%		Telecommunication Services	1.8%	2.0%
-2.2%		Utilities	0.6%	2.8%
-4.3%		Consumer Discretionary	12.2%	16.5%
-9.0%		Financials	10.2%	19.2%

Region/Country Allocation (as a % of total portfolio equities)



Portfolio Characteristics

	Scout Int'l Discovery	MSCI EAFE SMID**
Number of Holdings	70	2,832
Weighted Median Market Cap	\$3,361M	\$2,882 M
Weighted Average Market Cap	\$4,630M	\$3,636M
5 Year Historical EPS Growth	4.8%	1.3%
12 Mo Historical P/E (Avg)	15.3	21.0
Price/Book	1.6	0.8
Return on Equity	11.4%	8.8%
Sharpe Ratio (3 Year)†	0.50	0.50
R2 (3 Year)†	0.94	1.00
Standard Deviation (3 Year)†	20.08%	23.02%
Beta (3 Year)†	0.85	1.00
Alpha (3 Year)†	0.17%	—
Turnover Ratio (Trailing 1 Year)	32%	—
Total Assets (in millions)	\$30.9	—
Inception Date	12/31/07	—

Portfolio vs. Benchmark	Scout Int'l Discv.	MSCI EAFE SMID**	Difference
Australia	4.9%	8.7%	-3.8%
Austria	0.8%	1.0%	-0.2%
Belgium	0.8%	1.7%	-0.9%
Brazil	1.3%	0.0%	1.3%
Canada	11.1%	0.0%	11.1%
Chile	2.2%	0.0%	2.2%
Czech Republic	1.6%	0.0%	1.6%
Denmark	0.0%	1.4%	-1.4%
Finland	1.6%	1.9%	-0.3%
France	9.0%	5.9%	3.1%
Germany	9.2%	4.1%	5.1%
Greece	0.0%	0.3%	-0.3%
Hong Kong	0.0%	2.7%	-2.7%
Ireland	3.8%	1.0%	2.8%
Israel	1.2%	0.7%	0.5%
Italy	2.4%	2.2%	0.2%
Japan	15.2%	27.4%	-12.2%
Luxembourg	0.8%	0.8%	0.0%
Netherlands	5.8%	2.5%	3.3%
New Zealand	0.0%	0.7%	-0.7%
Norway	0.0%	0.9%	-0.9%
Philippines	0.6%	0.0%	0.6%
Portugal	0.0%	0.5%	-0.5%
Singapore	0.5%	2.1%	-1.6%
South Korea	1.5%	0.0%	1.5%
Spain	0.0%	2.1%	-2.1%
Sweden	0.0%	4.8%	-4.8%
Switzerland	11.0%	4.6%	6.4%
Taiwan	1.9%	0.1%	1.8%
United Kingdom	10.8%	20.4%	-9.6%
United States	2.0%	0.0%	2.0%

Top 10 Equity Holdings

	Percent of Total Investments
Wirecard A.G.	2.8%
Gemalto N.V.	2.8%
Toshiba Machine Co., Ltd.	2.5%
Ryanair Holdings PLC	2.3%
Koninklijke Vopak N.V.	2.3%
SMC Corp.	2.2%
Schindler Holding A.G.	2.1%
Metall Zug A.G.	2.0%
Talisman Energy, Inc.	2.0%
Bureau Veritas S.A.	1.9%
Top 10 Equity Holdings Total	22.9%

PLC — Public Limited Company

* Sector holdings may not equal 100% as cash equivalents are not applicable.

** Unmanaged index of stocks, bonds or mutual funds. It is not possible to invest directly in an index.

† Measured against the MSCI EAFE SMID Index.

Market Cap is the total dollar market value of all of a company's outstanding shares. **EPS (earnings per share)** is a rough measurement of the amount of a company's profit that can be allocated to one share of its stock. **12 Mo Historical P/E ratio** is the ratio of a stocks' latest closing price to its per share earnings over the last 12 months. **Price/Book** is a ratio used to compare a stock's market value to its book value. It is calculated by dividing the current closing price of the stock by the latest quarter's book value per share. **Return On Equity** is the amount of net income returned as a percentage of shareholders equity. **The Sharpe Ratio** uses a fund's standard deviation and its excess return (the difference between the fund's return and the risk-free return of 90-day Treasury Bills) to determine reward per unit of risk. **R squared** reflects the percentage of a fund's movement that are explained by movements in its benchmark index. **Standard Deviation** is a calculation used to measure variability of a portfolio's performance. **Beta** is a measure of the funds sensitivity to market movements. A portfolio with a beta greater than 1 is more volatile than the market and a portfolio with a beta less than 1 is less volatile than the market. **Alpha** is the measure of performance on a risk-adjusted basis. Alpha takes the volatility (price risk) of a mutual fund and compares its risk-adjusted performance to a benchmark index. The excess return of the fund relative to the return of the benchmark index is a fund's alpha. **Turnover Ratio** is the percentage of a mutual fund's holdings that have been "turned over" or replaced with other holdings in a given year.

Portfolio composition will change due to ongoing management of the Fund. References to specific securities or sectors should not be construed as a recommendation by the Fund, its Advisor or Distributor.

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Economic news was mixed in the quarter and ratings agencies had a field day downgrading and putting on negative watch many banks and countries in Europe. UK inflation was at a record high in September when consumer prices rose 5.2% from a year earlier, a number surely not hindered by an extension of quantitative easing in that country. Some of the major emerging markets were weak with Brazil expanding at its slowest pace in 10 quarters and China's September exports rising the least in seven months. However, as the quarter neared an end, there were some glimmers of hope when the U.S. reported good retail spending numbers and German business sentiment improved. With limited fiscal flexibility available in already hamstrung economies worldwide, central banks across the globe are now undertaking considerable monetary stimulus and lowering interest rates at a significantly fast pace.

Contributors and Detractors — A Meltdown in Gold Tarnished Our Results

Financials and Information technology were the best performing relative sectors in the fourth quarter. The worse performing sectors for us on a relative basis were materials and energy. Overweighting these sectors was a correct decision. The underperformance of our gold-related stocks dragged down materials sector returns. Within the energy sector, Tourmaline and TonenGeneral Sekiyu gave up some of their good relative performance from the previous quarter. From an individual stock perspective, Canadian Pacific Railway, Toshiba Machine Company and Acino Holding did well. Agnico Eagle Mines and Medusa Mining fared badly on disappointing company news and the general drop in gold prices. Mothercare plc, a maternity-oriented retailer, also detracted from performance after providing weak sales numbers in the U.K., but we still felt it has an attractive international business.

Looking at the portfolio on a country-by-country basis, our relative underweight position in Japan added the most relative outperformance. After strengthening for most of the year, the Japanese Yen weakened slightly

during the last quarter of the year, crimping that country's relative stock-market returns. The weak Yen helped several portfolio holdings, including industrial-equipment manufacturer. The portfolio's underweight position in Australia was the biggest source of country-specific relative underperformance. Resilient Asian demand for raw materials boosted Australian stocks.

Outlook — The Year of the Dragon?

As the New Year dawns, the global outlook is still anything but certain. The US, although not powering ahead, seems to be muddling through. Much of Europe is in for slower growth due in part to the imposition of austerity measures. We should get an idea early in the year for risk appetite when Italy comes to refinance large chunks of debt. And many emerging markets are also facing challenges, not least China. In fact China, which relies on the western world for export growth, might be the biggest worry for 2012 despite recent upbeat reports. Domestic demand is not large enough to compensate for a drop in export markets and while authorities are often able to "manage" growth, this becomes more difficult in an economy that is twice as large as it was not too long ago. Balancing this is the lax monetary policy that is now in play in a lot of the world and, if Europe can resolve its debt crisis, then equity markets could recover from the lows that they are currently seeing.

Risk Considerations: Foreign investments present additional risks due to currency fluctuations, economic and political factors lower liquidity, government regulations, differences in securities regulations and accounting standards, possible changes in taxation, limited public information and other factors. The risks are magnified in countries with emerging markets, since these countries may have relatively unstable governments and less established markets and economies. Small-cap and mid-cap stocks are more susceptible to market volatility because smaller companies may not have the management experience, financial resources, product diversification and competitive strengths of larger companies. Additionally, smaller company stocks tend to be sold less often and in smaller amounts than larger company stocks.

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As of Dec. 31, 2011, Tourmaline, TonenGeneral Sekiyu, Canadian Pacific Railway, Toshiba Machine, Acino Holding, Agnico Eagle Mines, Medusa Mining and Mothercare PLC represented 1.5%, 0.0%, 1.5%, 2.5%, 1.4%, 1.4%, 1.5% and 0.7% of Scout International Discovery Fund's total net assets. Portfolio composition will change due to ongoing management of the Fund. References to specific securities should not be construed as recommendations by the Fund, its Advisor or Distributor.

Please see page 2 for the Scout International Discovery Fund's average annual total returns as of Dec. 31, 2011.

You should consider the Fund's investment objectives, risks, charges and expenses carefully before investing. To obtain a Prospectus, which contains this and other information about the Fund, call 800-996-2862 or visit scoutfunds.com. Please read the Prospectus carefully before investing.

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