

PART B

UMB Scout Funds

UMB Scout TrendStar Small Cap Fund

STATEMENT OF ADDITIONAL INFORMATION

May 19, 2009

This Statement of Additional Information (“SAI”) is not a Prospectus but should be read in conjunction with and is incorporated by reference into the UMB Scout TrendStar Small Cap Fund’s current Prospectus dated May 19, 2009. To obtain a free copy of the Prospectus, please call the Fund toll-free at (800) 996-2862.

The audited financial statements of Cohen Fund Audit Services, Ltd., independent registered public accounting firm for the TrendStar Small-Cap Fund of the TrendStar Investment Trust, contained in the TrendStar Small-Cap Fund’s 2008 Annual Report are included below in the section “TrendStar Small-Cap Fund's Financial Statements.”

“UMB” and “Scout” —Reg. U.S. Pat. & Tm. Off.

UMB Scout Funds

UMB Scout TrendStar Small Cap Fund (the “Fund”)

Supplement dated July 1, 2009 to the Statement of Additional Information (“SAI”) dated May 19, 2009 for the above-referenced Fund.

The Board of Trustees of UMB Scout Funds (the “Trust”) has approved changing the name of the Trust and the name of the Fund. The name changes are prompted by an internal restructuring under which UMB Financial Corporation’s asset management business will be conducted primarily through Scout Investment Advisors, Inc. (“Scout”), which has been repositioned as a subsidiary of UMB Financial Corporation rather than of UMB Bank, n.a.

Effective immediately, the Trust is changing its name to “Scout Funds.” In addition, the name of the Fund is changing from “UMB Scout TrendStar Small Cap Fund” to “Scout TrendStar Small Cap Fund.”

The Trust’s website has been changed from “umbscoutfunds.com” to “scoutfunds.com.” William B Greiner’s title at Scout has been changed from President to Chief Investment Officer. James L. Moffett’s title at Scout has been changed from Chairman to Chief International Strategist. C. Warren Green’s title at Scout has been changed from Chief Financial Officer to Treasurer. Furthermore, any disclosure regarding Scout’s corporate status is hereby amended to reflect that it is now a wholly-owned subsidiary of UMB Financial Corporation and is no longer a subsidiary of UMB Bank, n.a.

This Supplement updates information contained in the SAI for the Fund dated May 19, 2008. You should keep this Supplement for future reference. Additional copies of the SAI may be obtained free of charge by calling (800) 996-2862.

Scout[™] Funds

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INTRODUCTION

The UMB Scout mutual funds are series of UMB Scout Funds, a Delaware statutory trust (the “Trust”). The Trust is registered and classified as an open-end management investment company under the Investment Company Act of 1940, as amended (the “1940 Act”). Each separate series of the Trust operates as a separate mutual fund with shares that are offered for purchase and redemption on an ongoing basis. One series of the Trust is discussed in this SAI: the UMB Scout TrendStar Small Cap Fund (the “Fund”). The Fund’s investment advisor is Scout Investment Advisors, Inc., a Missouri corporation (the “Advisor”), which is a wholly owned subsidiary of UMB Bank, n.a. (“UMB Bank”).

This SAI supplements the information contained in the Prospectus for the UMB Scout TrendStar Small Cap Fund (the “Fund”). The Prospectus outlines the investment objectives, principal investment strategies and principal risks of the Fund, as well as various policies relating to the purchase and redemption of shares. This SAI contains additional information about the operation of the Fund, including additional information about:

- Investment Policies;
- Risk Factors; and
- Investment Restrictions.

The Fund is a newly organized fund that has been created in connection with the acquisition of the assets and liabilities of the TrendStar Small-Cap Fund of the TrendStar Investment Trust. The TrendStar Small-Cap Fund, for purposes of the reorganization, is considered the accounting survivor and accordingly, certain financial history of the TrendStar Small-Cap Fund is included in this SAI.

INVESTMENT POLICIES

Investment Objectives and Policies

The Fund’s investment objective and policies are matters of non-fundamental policy, which means that the Board of Trustees can modify these investment objectives and policies without obtaining the approval of shareholders. By establishing investment policies as non-fundamental, the Board has greater flexibility to implement investment policy changes that it deems to be advisable and in the best interests of shareholders. If the Board approves a change in the Fund’s investment objective, shareholders will be given written notice of the change prior to its implementation. The Fund is also subject to certain fundamental investment restrictions that cannot be changed without shareholder approval, as required by law. Any percentage limitations imposed by the Fund’s investment policies generally apply as of the time that a security is purchased, and the Fund is not required to sell a security if the percentage of a particular holding exceeds the percentage limitation due to changes in the value of the security or size of the Fund.

Diversification

The Fund is classified under the 1940 Act as a “diversified” fund. Under the 1940 Act, if a fund is classified as a diversified fund, it generally means that the fund may not, with respect to 75% of its total assets, invest more than 5% of its total assets in securities of any one issuer (except obligations issued or guaranteed by the U.S. government, its agencies or instrumentalities and securities issued by investment companies) or purchase more than 10% of the voting securities of any one issuer. The Fund may not change its classification from diversified to non-diversified unless the change is approved by a majority of the Fund’s outstanding voting securities (as defined in the 1940 Act).

The Fund intends to satisfy the portfolio diversification requirements that are applicable to mutual funds under the Internal Revenue Code of 1986, as amended (the “Code”).

The UMB Scout TrendStar Small Cap Fund

The Fund's investment objective and the manner in which the Fund pursues its investment objective is generally discussed in the Prospectus. This section provides additional information concerning the Fund's investment policies and strategies that may be employed from time to time to help enhance the overall return of the Fund. This section also describes securities in which the Fund may invest but which are not part of the Fund's principal investment strategies. Normally, the Fund will invest at least 80% of total assets in common stock of U.S. companies, but the Fund may also utilize other types of investments to a limited extent.

Common Stocks. Common stocks are equity securities that represent a proportionate share of the ownership of a company. The value of common stocks is based on the success of a company's business, any income paid to stockholders, the value of the company's assets, and general market conditions.

Money Market Investments. The Fund intends to hold some cash, short-term debt obligations, government securities or other high-quality money market investments for reserves to cover redemptions and unanticipated expenses. There may also be times when the Fund attempts to respond to adverse market, economic, political or other conditions by investing up to 100% of its assets in cash or in those types of money market investments for temporary, defensive purposes. During those times, the Fund will not be able to pursue its investment objective and, instead, will focus on preserving your investment. The types of short-term debt obligations, government securities or other high-quality money market investments readily changeable into cash in which the Fund may invest are:

- (1) direct obligations of the U.S. Government such as bills, notes and other debt securities issued by the U.S. Treasury;
- (2) certificates of deposit, bankers' acceptances and other short-term obligations issued domestically by U.S. commercial banks having assets of at least \$1 billion and which are members of the Federal Deposit Insurance Corporation or holding companies of such banks;
- (3) commercial paper of companies rated P-2 or higher by Moody's or A-2 or higher by S&P[®], or if not rated by either Moody's or S&P[®], a company's commercial paper may be purchased by the Fund if the company has an outstanding bond issue rated Aa or higher by Moody's or AA or higher by S&P[®];
- (4) short-term debt securities that are non-convertible, have one year or less remaining to maturity at the date of purchase, and are rated Aa or higher by Moody's or AA or higher by S&P[®];
- (5) negotiable certificates of deposit and other short-term debt obligations of savings and loan associations having assets of at least \$1 billion, which are members of the Federal Home Loan Banks Association and insured by the Federal Savings and Loan Insurance Corporation; and
- (6) repurchase agreements secured by issues of the U.S. Treasury or U.S. government agencies and other types of collateral acceptable to the Advisor.

Foreign Securities. The Fund may invest up to 10% of its total net assets in the common stock of foreign issuers including, but not limited to, foreign securities in the form of American Depositary Receipts.

Real Estate Investment Trusts (“REITs”). The Fund may invest up to 20% of the Fund’s assets in REITs. REITs pool investors' funds for investment primarily in income producing real estate or real estate related loans or interests. Generally, REITs can be classified as equity REITs, mortgage REITs or hybrid REITs. Equity REITs invest the majority of their assets directly in real property and derive their income primarily from rents and capital gains from appreciation realized through property sales. Equity REITs are further categorized according to the types of real estate securities they own, e.g., apartment properties, retail shopping centers, office and industrial properties, hotels, health-care facilities, manufactured housing and mixed-property types. Mortgage REITs invest the majority of their assets in real estate mortgages and derive their income primarily from interest payments. Hybrid REITs combine the characteristics of both equity and mortgage REITs.

Illiquid and Restricted Securities. The Fund may invest up to 15% of its net assets in securities that are considered to be illiquid. A security is considered to be illiquid if it cannot be sold or disposed of in the ordinary course of business within seven days at approximately the value at which the Fund has valued the security. Examples of illiquid securities include securities that have a limited trading market, securities that are sold in private placements without being registered for public sale under the 1933 Act and are therefore subject to restrictions on resale, and other securities that are subject to restrictions on resale. Certain restricted securities such as commercial paper issued under Section 4(2) of the 1933 Act and domestically traded securities that are not registered under the 1933 Act, but are regularly traded among qualified institutional buyers because they are exempt from registration under 1933 Act Rule 144A, may be treated as liquid securities for purposes of the 15% limitation, as long as the Advisor determines, under the supervision of the Board, that an adequate trading market exists.

Repurchase Agreements. A repurchase agreement involves the sale of securities to the Fund with the concurrent agreement by the seller to repurchase the securities at the Fund’s cost plus interest at an agreed rate upon demand or within a specified time, thereby determining the yield during the Fund’s period of ownership. The result is a fixed rate of return insulated from market fluctuations during such period. Under the 1940 Act, repurchase agreements are considered loans by the Fund. The Fund is specifically authorized to enter into repurchase agreements, notwithstanding the fundamental investment restriction that prohibits the Fund from making loans. The Fund will enter into repurchase agreements only with U.S. banks having assets in excess of \$1 billion that are members of the Federal Deposit Insurance Corporation, and with certain securities dealers who meet the Advisor’s credit standards. The term to maturity of a repurchase agreement normally will be no longer than a few days.

Warrants and Rights. The Fund may purchase warrants and similar rights, which are privileges issued by corporations enabling the owners to subscribe to and purchase a specified number of shares of the corporation at a specified price during a specified period of time. The prices of warrants do not necessarily correlate with the prices of the underlying shares. The purchase of warrants involves the risk that the Fund could lose the purchase value of a warrant if the right to subscribe to additional shares is not exercised prior to the warrant’s expiration. Also, the purchase of warrants involves the risk that the effective price paid for the warrant added to the subscription price of the related security may exceed the value of the subscribed security’s market price such as when there is no movement in the level of the underlying security. Rights represent a preemptive right to purchase additional shares of stock at the time of new issuance, before stock is offered to the general public, so that the stockholder can retain the same ownership percentage after the offering.

Convertible Securities. Convertible securities entitle the holder to receive interest paid or accrued on debt or the dividend paid on preferred stock until the convertible securities mature or are redeemed, converted

or exchanged. Prior to conversion, convertible securities have characteristics similar to ordinary debt securities in that they normally provide a stable stream of income with generally higher yields than those of common stock of the same or similar issuers. Convertible securities rank senior to common stock in a corporation's capital structure and therefore generally entail less risk and may be less volatile than the corporation's common stock, although 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 selecting convertible securities, the Advisor will consider, among other factors: the creditworthiness of the issuers of the securities; the interest or dividend income generated by the securities; the potential for capital appreciation of the securities and the underlying common stocks; the prices of the securities relative to other comparable securities and to the underlying common stocks; whether the securities are entitled to the benefits of sinking funds or other protective conditions; diversification of the Fund's portfolio as to issuers; and whether the securities are rated by a rating agency and, if so, the ratings assigned. The convertible securities in which the Fund may invest are rated, at the time of purchase, at least "A" or better by Moody's or S&P® or determined to be of comparable quality by the Advisor if the security is unrated.

Other Investment Companies. The Fund is authorized to purchase shares of other investment companies, including ETFs, subject to certain percentage limits set forth in the 1940 Act. Generally, the Fund may invest up to 5% of its total assets in the securities of any one investment company (or series thereof), but may not own more than 3% of any investment company (or series thereof) or invest more than 10% of its total assets in the securities of other investment companies (or series thereof). The Fund may, however, invest in other investment companies without regard to percentage limits in connection with a merger, reorganization, consolidation or other similar transaction.

ETFs. To manage cash flows and maintain desired exposure to appropriate equity markets, the Fund may purchase and sell shares of ETFs. An ETF is a fund that holds a portfolio of common stocks whose shares trade throughout the day. ETFs are typically intended to provide investment results that, before expenses, generally correspond to the price and yield performance of the corresponding market index, and the value of the ETF shares should, under normal circumstances, closely track the value of the index's underlying component stocks. By investing in ETFs that track a particular index, the Fund can quickly employ any new cash to obtain exposure to a broadly diversified index-based investment portfolio.

In connection with its investment in ETFs, the Fund will incur various costs that shareholders will ultimately bear. The Fund may also realize capital gains when ETF shares are sold, and the purchase and sale of the ETF shares may include a brokerage commission that may result in costs to shareholders. In addition, the Fund is subject to other fees as an investor in ETFs including, but not limited to trustees' fees, operating expenses, licensing fees, registration fees, and marketing expenses, each of which will be reflected in the net asset value of the ETF shares.

Because ETF shares are created from the stocks of an underlying portfolio and can be redeemed into the stocks of an underlying portfolio on any day, arbitrage traders may move to profit from any price discrepancies between the shares and the ETF's portfolio, which in turn helps to close the price gap between the two. Of course, because of the forces of supply and demand and other market factors, there may be times when an ETF share trades at a premium or discount to its net asset value.

The Fund only invests in ETFs that are federally registered investment companies, so the Fund's investments in ETFs are subject to its investment policies limiting the percentage that it can invest in other investment companies.

Preferred Stocks. Preferred stocks also are equity securities. Generally, preferred stock receives dividends prior to distributions on common stock and usually has a priority of claim over common

stockholders if the company is liquidated. Unlike common stock, preferred stock does not usually have voting rights; however, in some instances, preferred stock is convertible into common stock. In order to be payable, dividends on preferred stock must be declared by the company's board of directors. Dividends on the typical preferred stock are cumulative, causing dividends to accrue even if not declared by the board of directors. There is, however, no assurance that dividends will be declared by the boards of directors of companies of the preferred stocks in which the Fund may invest.

Fixed Income Securities. Fixed income or debt securities are issued by governments, government agencies and instrumentalities, corporations and other business organizations, and the securities represent the obligation of the issuer to repay a loan of money to it, and generally pay interest to the holder. Bonds, notes and debentures are examples of debt securities.

When-Issued Securities and Delayed-Delivery Transactions. The Fund may purchase securities on a when-issued basis, and it may purchase or sell securities for delayed-delivery. These transactions occur when securities are purchased or sold by a Fund with payment and delivery taking place at some future date. A Fund may enter into such transactions when, in the Advisor's opinion, doing so may secure an advantageous yield and/or price to the Fund that might otherwise be unavailable. The Fund has not established any limit on the percentage of assets they may commit to such transactions, but to minimize the risks of entering into these transactions, the Fund will maintain a segregated account with its custodian consisting of cash, or other high-grade liquid debt securities, denominated in U.S. dollars or non-U.S. currencies, in an amount equal to the aggregate fair market value of its commitments to such transactions.

Special Situations. The Fund may invest in special situations from time to time. A special situation arises when, in the opinion of Fund management, the securities of a company will, within a reasonably estimated time period, be accorded market recognition at an appreciated value solely by reason of a development particularly or uniquely applicable to that company and regardless of general business conditions or movements of the market as a whole. Such developments and situations include, but are not limited to, liquidations, reorganizations, recapitalizations or mergers, material litigation, technological breakthroughs, and new management or management policies. Although large and well-known companies may be involved, special situations often involve much greater risk than is found in the normal course of investing. To minimize these risks, the Fund will not invest in special situations unless the target company has at least three years of continuous operations (including predecessors), or unless the aggregate value of such investments is not greater than 25% of the Fund's total net assets (valued at the time of investment).

Master-Feeder Option. Notwithstanding its other investment policies, the Fund may seek to achieve its investment objective by investing substantially all of its net assets in another investment company having the same investment objective and substantially the same investment policies and restrictions as those of the Fund. Although such an investment may be made in the sole discretion of the Trustees, the Fund's shareholders will be given 30 days prior notice of any such investment. There is no current intent to make such an investment.

Options. The Fund may invest in options on equity securities and securities indices, and options on futures contracts. The primary risks associated with these investments are; (1) the risk that a position cannot be easily closed out due to the lack of a liquid secondary market, and (2) the risk that changes in the value of the investment will not correlate to changes in the value of the underlying security. Further, over-the-counter options can be less liquid than exchange-traded options. Accordingly, the Fund will treat over-the-counter options as illiquid securities. Investing in options involves specialized skills and techniques different from those associated with ordinary portfolio transactions. The Fund may invest not more than 10% of its total assets in options transactions. Options may be purchased for hedging

purposes, or to provide a viable substitute for direct investment in, and/or short sales of, specific equity securities. The Fund may write (sell) stock or stock index options only for hedging purposes or to close out positions in stock or stock index options that the Fund has purchased. The Fund may only write (sell) "covered" options.

Futures Contracts and Related Options. To hedge against changes in securities prices or interest rates, the Fund may purchase and sell various kinds of futures contracts, and purchase and write call and put options on such futures contracts. Permissible futures contracts investments are limited to futures on various equity securities and other financial instruments and indices. The Fund will engage in futures and related options transactions for bona-fide hedging or other non-hedging purposes as permitted by regulations of the Commodity Futures Trading Commission.

The Fund may only purchase or sell non-hedging futures contracts, or purchase or sell related non-hedging options, except for closing purchase or sale transactions, if immediately thereafter the sum of the amount of initial margin deposits on the Fund's existing non-hedging futures and related non-hedging options positions, and the amount of premiums paid for existing non-hedging options on futures (net of the amount the positions are "in the money") does not exceed 5% of the market value of the Fund's total assets. Otherwise, the Fund may invest up to 10% of its total assets in initial margins and premiums on futures and related options.

Securities Lending. In order to generate income, the Fund may lend securities to banks, broker-dealers or other qualified institutions. All such loans must be continuously secured by collateral of cash or cash equivalents maintained on a current basis in an amount at least equal to the market value of the securities loaned by the Fund. Securities lending may represent no more than one third of the value of the Fund's total assets (including the loan collateral). Any cash collateral received by the Fund in connection with these loans may be invested in money market funds, short-term high quality fixed-income securities or other similar instruments.

Temporary Defensive Investments. There may also be times when the Fund attempts to respond to adverse market, economic, political or other conditions by investing up to 100% of its assets in cash or in those types of money market investments for temporary, defensive purposes. During those times, the Fund will not be able to pursue its investment objective and, instead, will focus on preserving your investment.

RISK FACTORS

The following risk factors are in addition to the risk factors included in the Prospectus.

Risk Factors Applicable to Foreign Investments. From time to time, the Fund may invest in companies located in foreign countries. As non-U.S. companies are not generally subject to uniform accounting, auditing and financial reporting standards and practices comparable to those applicable to U.S. companies, similar information may not be readily available about certain foreign companies. Securities of some non-U.S. companies may be less liquid and more volatile than securities of comparable U.S. companies. In addition, in certain foreign countries, there is the possibility of expropriation or confiscatory taxation, political or social instability or diplomatic developments that could affect U.S. investments in those countries.

The risks to which the Fund is exposed as a result of investing in companies located outside the United States also include the following: currency risks such as fluctuations in the value of foreign currencies and the performance of foreign currencies relative to the U.S. dollar; exchange control regulations; and costs incurred in connection with conversions between various currencies (fees may also be incurred when

converting foreign investments to U.S. dollars). As a result, the relative strength of the U.S. dollar may be an important factor in the performance of the Fund.

Risk Factors Applicable to Repurchase Agreements. The use of repurchase agreements involves certain risks. For example, if the seller of the agreement defaults on its obligation to repurchase the underlying securities at a time when the value of these securities has declined, the Fund may incur a loss upon disposition of them. If the seller of the agreement becomes insolvent and subject to liquidation or reorganization under the Bankruptcy Code or other laws, disposition of the underlying securities may be delayed pending court proceedings. Finally, it is possible that the Fund may not be able to perfect its interest in the underlying securities. While the Fund's Advisor acknowledges these risks, it is expected that they can be controlled through stringent security selection criteria and careful monitoring procedures.

Risk Factors Applicable to Money Market Instruments. The yield and principal value of money market instruments are sensitive to short-term lending conditions, and it is possible that an issuer may default.

Risk Factors Applicable to Illiquid and Restricted Securities. Because illiquid and restricted securities may be difficult to sell at an acceptable price, they may be subject to greater volatility and may result in a loss to the Fund. The practice of investing in Rule 144A Securities could increase the level of the Fund's illiquidity during any period that qualified institutional buyers become uninterested in purchasing these securities.

Risk Factors Applicable to Investment Companies. To the extent consistent with its investment objective and policies, the Fund may invest in securities issued by other investment companies. Investments by the Fund in other investment companies will be subject to the percentage limitations of the 1940 Act. As a shareholder of another investment company, the Fund would be subject to the same risks as any other investor in that company. In addition, it would bear a proportionate share of any fees and expenses paid by that company. These would be in addition to the advisory and other fees paid directly by the Fund.

Risk Factors Applicable to Securities Lending. The main risk when lending portfolio securities is that the borrower might become insolvent or refuse to honor its obligation to return the securities. Although the Fund is indemnified against such losses by the lending agent, the Fund could experience delays in receiving additional collateral, in recovering the securities loaned, in liquidating the loan collateral, or a loss of rights in the loan collateral and may incur a capital loss. In addition, the Fund may experience losses as a result of investing its cash collateral investments.

Risk Factors Applicable to REITs. REITs may be affected by changes in the value of their underlying properties and by defaults by borrowers or tenants. Mortgage REITs may be affected by the quality of the credit extended. Some REITs may have limited diversification and may be subject to risks inherent in investments in a limited number of properties, in a narrow geographic area, or in a single property type. The value of securities issued by REITs are affected by tax and regulatory requirements and by perceptions of management skill. They also are subject to heavy cash flow dependency, defaults by borrowers or tenants, self-liquidation and the possibility of failing to qualify for tax-free status under the Code or to maintain exemption from the 1940 Act.

Risk Factors Applicable to Fixed Income. A debt instrument's credit quality depends on the issuer's ability to pay interest on the security and repay the debt: the lower the credit rating, the greater the risk that the security's issuer will default. The credit risk of a security may also depend on the credit quality of any bank or financial institution that provides credit enhancement for the security. In the case of corporate debt, the Fund will normally purchase investment grade securities, meaning securities rated BBB or better by Standard & Poors or any similar rating by any national credit rating service.

All debt securities face the risk that their principal value will decline because of a change in interest rates. Generally, investments subject to interest rate risk will decrease in value when interest rates rise and will rise in value when interest rates decline. Also, securities with longer maturities will experience a more pronounced change in value when interest rates change.

INVESTMENT RESTRICTIONS

The Fund has adopted the following investment restrictions, some of which are fundamental investment restrictions that cannot be changed without the approval of a “majority of the outstanding voting securities” of the Fund. Under the 1940 Act, a “majority of the outstanding voting securities” of the Fund means the vote of: (i) more than 50% of the outstanding voting securities of the Fund; or (ii) 67% or more of the voting securities of the Fund present at a meeting, if the holders of more than 50% of the outstanding voting securities are present or represented by proxy, whichever is less. In cases where the current legal or regulatory limitations are explained in the investment restrictions, such explanations are not part of the fundamental investment restriction and may be modified without shareholder approval to reflect changes in the legal and regulatory requirements.

The Fund will not, as a matter of fundamental policy:

- (1) borrow money or issue senior securities, except as the 1940 Act, any rule thereunder, or SEC staff interpretation thereof, may permit. The following sentence is intended to describe the current regulatory limits relating to senior securities and borrowing activities that apply to mutual funds and the information in the sentence may be changed without shareholder approval to reflect legal or regulatory changes. The Fund may borrow up to 5% of its total assets for temporary purposes and may also borrow from banks, provided that if borrowings exceed 5%, the Fund must have assets totaling at least 300% of the borrowing when the amount of the borrowing is added to the Fund’s other assets. The effect of this provision is to allow the Fund to borrow from banks amounts up to one-third (33 1/3%) of its total assets (including those assets represented by the borrowing).
- (2) underwrite the securities of other issuers, except that the Fund may engage in transactions involving the acquisition, disposition or resale of its portfolio securities, under circumstances where it may be considered to be an underwriter under the 1933 Act.
- (3) purchase or sell real estate, unless acquired as a result of ownership of securities or other instruments and provided that this restriction does not prevent the Fund from investing in issuers which invest, deal or otherwise engage in transactions in real estate or interests therein, or investing in securities that are secured by real estate or interests therein.
- (4) make loans, provided that this restriction does not prevent the Fund from purchasing debt obligations, entering into repurchase agreements, and loaning its assets to broker/dealers or institutional investors and investing in loans, including assignments and participation interests.
- (5) make investments that will result in the concentration (as that term may be defined in the 1940 Act, any rules or orders thereunder, or SEC staff interpretation thereof) of its total assets in securities of issuers in any one industry (other than securities issued or guaranteed by the U.S. government or any of its agencies or instrumentalities or securities of other investment companies). The following sentence is intended to describe the current definition of concentration and the information in the sentence may

be changed without shareholder approval to reflect legal or regulatory changes. Currently, to avoid concentration of investments, the Fund may not invest 25% or more of its total assets in securities of issuers in any one industry (other than securities issued or guaranteed by the U.S. government or any of its agencies or instrumentalities or securities of other investment companies).

- (6) purchase or sell commodities as defined in the Commodity Exchange Act, as amended, and the rules and regulations thereunder, unless acquired as a result of ownership of securities or other instruments and provided that this restriction does not prevent the Fund from engaging in transactions involving futures contracts and options thereon or investing in securities that are secured by physical commodities.
- (7) change its classification under the 1940 Act from “diversified” to “non-diversified.” The following sentence describes the current regulatory definition of “diversified” for purposes of the 1940 Act, and the information in the sentence may be changed without shareholder approval to reflect legal or regulatory changes. A diversified Fund is one that does not: (1) as to 75% of its total assets, purchase the securities of any one issuer (other than securities issued or guaranteed by the United States Government or any of its agencies or instrumentalities or securities of other investment companies), if immediately after and as a result of such purchase (a) the value of the holdings of the Fund in the securities of such issuer exceeds 5% of the value of the Fund’s total assets, or (b) the Fund owns more than 10% of the outstanding voting securities, or any other class of securities, of such issuer.

As indicated above, as a matter of fundamental policy, the Fund is permitted to borrow money or issue senior securities, to the extent permitted under the 1940 Act. At the present time, the Fund does not intend to borrow money or issue senior securities in excess of 5% of its net assets, however, if borrowings do exceed 5%, the Fund will not purchase additional investment securities until outstanding borrowings represent less than 5% of the Fund’s assets. As a matter of non-fundamental policy, in order to limit risks associated with leverage, the Fund will not purchase portfolio securities if the Fund’s borrowings exceed 5% of its net assets.

The following are “non-fundamental” restrictions for the Fund, which may be changed by the Board of Trustees without shareholder approval. The Fund will not:

- (1) purchase securities on margin ;
- (2) invest more than 15% of its net assets (valued at time of investment) in securities that are not readily marketable; or
- (3) acquire securities of other investment companies except as permitted by the 1940 Act.

If more than 15% of the Fund’s net assets are invested in securities that are not readily marketable, there will be an orderly disposition of those securities in order to get below the threshold.

PORTFOLIO TRANSACTIONS

Decisions to buy and sell securities for the Fund are made by the Fund’s Advisor. Officers of the Advisor are generally responsible for implementing or supervising these decisions, including allocation of portfolio brokerage and principal business and the negotiation of commissions and/or the price of the securities.

The Advisor, in purchasing and selling portfolio securities, will seek the best available execution of securities transactions consistent with the circumstances that exist at the time. The Advisor does not intend to solicit competitive bids on each transaction.

There is no pre-existing commitment to place orders with any broker, dealer or member of an exchange. The Advisor evaluates a wide range of criteria in seeking the most favorable price and market for the execution of transactions, including the broker's commission rate, execution capability, positioning and distribution capabilities, information in regard to the availability of securities, trading patterns, statistical or factual information, opinions pertaining to trading strategy, back office efficiency, ability to handle difficult trades, financial stability, and prior performance in servicing the Advisor and its clients. For transactions in equity securities and U.S. Government securities executed in the over-the-counter market, purchases and sales are transacted directly with principal market-makers except in those circumstances where, in the opinion of the Advisor, better prices and executions are available elsewhere.

The Advisor, when effecting purchases and sales of portfolio securities for the Fund, will seek execution of trades either (i) at the most favorable and competitive rate of commission charged by any broker, dealer or member of an exchange, or (ii) at a higher rate of commission charges, if reasonable in relation to brokerage and research services provided to the Fund or its Advisor by such member, broker, or dealer. Such services may include, but are not limited to, any one or more of the following: information as to the availability of securities for purchase or sale, statistical or factual information, or opinions pertaining to investments. The Advisor may use research and services provided by brokers and dealers in servicing any clients, including the Fund, and not all such services need to be used by the Advisor in connection with the Fund. In accordance with the provisions of Section 28(e) of the Securities Exchange Act of 1934, as amended, the Advisor may from time-to-time receive services and products which serve both research and nonresearch functions. In such event, the Advisor makes a good faith determination of the anticipated research and nonresearch use of the product or service and allocates brokerage only with respect to the research component.

When the Advisor in its fiduciary duty believes it to be in the best interests of the Fund's shareholders, the Fund may join with other clients of the Advisor in acquiring or disposing of a portfolio holding. Securities acquired or proceeds obtained will be equitably distributed between the Fund and other clients participating in the transaction. In some instances, this investment procedure may affect the price paid or received by the Fund or the size of the position obtained by the Fund.

Portfolio Turnover. The Fund does not intend to purchase securities solely for short-term trading; nor will securities be sold for the sole purpose of realizing gains. However, a security may be sold and another of comparable quality purchased at approximately the same time to take advantage of what the Fund's Advisor believes to be a disparity in the normal yield relationship between the two securities. In addition, a security may be sold and another purchased when, in the opinion of the Advisor, a favorable yield spread exists between specific issues or different market sectors. Short-term debt instruments with maturities of less than one year are excluded from the calculation of portfolio turnover.

There are no fixed limitations regarding portfolio turnover for either the equity or fixed income portions of the Fund. Although the Fund does not trade for short-term profits, securities may be sold without regard to the time they have been held in the Fund when, in the opinion of the Fund's Advisor, investment considerations warrant such action. It is anticipated that the turnover rate for the Fund generally will not exceed 100%; however, under certain market conditions, the portfolio turnover rate may exceed 100%. An increased portfolio turnover rate would cause the Fund to incur greater brokerage costs than would otherwise be the case and may result in the acceleration of capital gains that are taxable when distributed to shareholders.

PURCHASE, REDEMPTION AND PRICING OF SHARES

The price at which you purchase and redeem (sell) the Fund's shares is called the Fund's net asset value per share ("NAV"). The Fund calculates its NAV by taking the total value of its assets, subtracting its liabilities, and dividing the total by the number of Fund shares that are outstanding. The Fund calculates its NAV once daily, Monday through Friday, as of the close of trading on the New York Stock Exchange ("NYSE") (usually 3:00 p.m. Central Time) on days when the Fund is open for business. The Fund is open for business on the same days that the NYSE is open for unrestricted trading. The Fund is closed on weekends and the following holidays:

New Year's Day	January 1
Martin Luther King, Jr. Day	Third Monday in January
Presidents' Holiday	Third Monday in February
Good Friday	Friday before Easter
Memorial Day	Last Monday in May
Independence Day	July 4
Labor Day	First Monday in September
Columbus Day	Second Monday in October
Veterans' Day	November 11
Thanksgiving Day	Fourth Thursday in November
Christmas Day	December 25

If any of the aforementioned holidays falls on a Saturday, the NYSE will not be open for trading on the preceding Friday, and when any holiday falls on a Sunday, the NYSE will not be open for trading on the following Monday unless unusual business conditions exist, such as the ending of a monthly or yearly accounting period.

In connection with the determination of the Fund's net asset values, securities that are traded on a recognized stock exchange (except the NASDAQ National Market® and SmallCap® exchanges) are valued at the last sale price on the securities exchange on which such securities are primarily traded. Securities traded on only over-the-counter markets are valued at the mean between the last current bid and asked prices. Securities for which there were no transactions are valued at the mean between the last current closing bid and asked prices. NASDAQ National Market® and SmallCap® securities will be valued at the NASDAQ Official Closing Price ("NOCP"). The NOCP will be based on the last trade price if it falls within the concurrent best bid and asked prices and will be normalized pursuant to NASDAQ's published procedures if it falls outside this range. Options are valued at the mean between the current bid and asked prices. Debt securities (other than short-term instruments maturing within 60 days) are valued at prices furnished by a pricing service, subject to review and possible revision by the Fund's Advisor. Any modification of the price of a debt security furnished by a pricing service is made pursuant to procedures adopted by the Board of Trustees. Debt instruments maturing within 60 days are valued by the amortized cost method. Any securities for which market quotations are not readily available are valued at their fair value as determined in good faith by the Advisor implementing procedures adopted by the Board of Trustees.

The right of redemption may be suspended, or the date of payment postponed beyond the normal seven-day period by the Fund under the following conditions authorized by the 1940 Act: (1) for any period (a) during which the NYSE is closed, other than customary weekend and holiday closing, or (b) during which trading on the NYSE is restricted; (2) for any period during which an emergency exists as a result of which (a) disposal by the Fund of securities owned by it is not reasonably practicable, or (b) it is not

reasonably practicable for the Fund to determine the fair value of its net assets; or (3) for such other periods as the SEC may by order permit for the protection of the Fund's shareholders.

The Fund has elected to be governed by Rule 18f-1 under the 1940 Act, pursuant to which the Fund is obligated to redeem shares solely in cash up to the lesser of \$250,000 or 1% of the Fund's net asset value during any 90-day period for any one shareholder. Should redemptions by any shareholder exceed such limitation, the Fund may redeem the excess in kind. If shares are redeemed in kind, the redeeming shareholder may incur brokerage costs in converting the assets to cash. The method of valuing securities used to make redemptions in kind will be the same as the method of valuing portfolio securities described under "Determining Your Share Price" in the Prospectus, and such valuation will be made as of the same time the redemption price is determined.

DISCLOSURE OF PORTFOLIO HOLDINGS

The Fund's overall policy with regard to the release of portfolio holdings is to release such information consistent with applicable legal requirements and the fiduciary duties owed to shareholders. The Fund publicly discloses 100% of its portfolio holdings in quarterly reports approximately 60 days after each quarter-end as required by SEC rules. Also, the Fund makes a complete list of its portfolio holdings publicly available on the Fund's web site, umbscoutfunds.com, approximately 30 days after the end of each fiscal quarter. Further, the Fund discloses its top ten equity holdings on the Fund's web site (umbscoutfunds.com) approximately fifteen days after the end of each fiscal quarter. This information is made available to enhance communications to the Fund's shareholders and its representatives by providing them with additional means of monitoring and evaluating investments in the Fund, as well as to facilitate the work of ratings agencies that evaluate the Fund.

Under the Fund's portfolio holdings disclosure policy and relevant SEC rules, the Fund may not make non-public disclosure of portfolio holdings information to third parties, unless the third party agrees to keep the information confidential and to appropriate limitations on trading. The Fund and/or the Advisor share portfolio holdings information with certain primary service providers that have a legitimate business need, related to the services they provide to the Fund, for such information. The service providers that may receive portfolio holdings information include the custodian, the administrator, the proxy voting vendor, trade management and custodial systems vendors, consultants, legal counsel, the independent registered public accounting firm and vendors that provide analytics used for investment management and compliance oversight responsibilities. The Trust's service arrangements with each of these entities include a duty of confidentiality (including appropriate limitations on trading) regarding portfolio holdings data by each service provider and its employees, either by law or by contract. No compensation or other consideration is received with respect to the disclosure to the Fund's primary service providers.

In addition, the Advisor and its affiliates may serve as investment advisers to clients other than the Fund using investment strategies that are similar to those used for the Fund. In some instances, the portfolio holdings of such client accounts may be similar to those of the Fund, although such client accounts are not subject to the Fund's portfolio holdings disclosure policy. In such cases, the Advisor or its affiliate will ensure that its trading in such accounts is conducted so that the Fund and client accounts are treated fairly. Also, the Advisor or its affiliate may, in some cases, sell representative or model account information to third parties that utilize such information to manage client accounts in a similar style. In such cases, to mitigate risks that such information may be used to trade inappropriately against the Fund, the Advisor or its affiliate will ensure that the model account information is provided in a manner or timeframe designed to ensure that the Fund receives fair treatment in terms of trading of securities. Further, each third party will be required to enter into a non-disclosure agreement whereby it agrees to maintain such information as confidential, and prohibits the party from trading against the Fund, or

knowingly engaging in any trading practices that are adverse to the Fund or its shareholders or trading in shares of the Fund.

The Chief Compliance Officer will periodically assess compliance with the portfolio holdings disclosure policy and incorporate the assessment into the annual review of compliance controls and report, as necessary, to the Board of Trustees. If a violation of the portfolio holding disclosure policy is suspected, it shall be communicated to the Chief Compliance Officer for investigation. If it is determined that portfolio holdings information has been released in contravention of this policy, the circumstances surrounding the release of such information will be investigated. To the extent that it is determined that the information has been deliberately released in contravention of these procedures, then appropriate disciplinary action will be taken against the individual(s) responsible for the release.

To the extent that information is released in contravention of these procedures, reasonable efforts will be made to retrieve such information from the party to whom the information was disclosed. If it is impractical or impossible to retrieve such information, reasonable efforts will be made to secure a non-disclosure agreement from the party to whom such information was released. If these efforts are unsuccessful, then consideration will be given to publicly releasing the information.

DIVIDENDS, DISTRIBUTIONS AND TAXES

Distributions of Net Investment Income. The Fund receives income generally in the form of dividends and/or interest on its investments in portfolio securities. This income, less expenses incurred in the operation of the Fund, constitutes the Fund's net investment income from which dividends may be paid to you. If you are a taxable investor, any distributions by the Fund from such income (other than qualified dividend income received by individuals) will be taxable to you at ordinary income tax rates, whether you take them in cash or in additional shares. Distributions from qualified dividend income are taxable to individuals at long-term capital gains rates, provided certain holding period requirements are met. See the discussion below under the heading, "Qualified Dividend Income for Individuals."

Distributions of Capital Gains. The Fund may derive capital gain and loss in connection with sales or other dispositions of its portfolio securities. Distributions derived from the excess of net short-term capital gain over net long-term capital loss will be taxable to you as ordinary income. Distributions paid from the excess of net long-term capital gain over net short-term capital loss will be taxable to you as long-term capital gain, regardless of how long you have held your shares in the Fund. Any net short-term or long-term capital gain realized by the Fund (net of any capital loss carryovers) generally will be distributed at least once each year and may be distributed more frequently, if necessary, in order to reduce or eliminate federal excise or income taxes on the Fund.

Returns of Capital. If the Fund's distributions exceed its taxable income and capital gains realized during a taxable year, all or a portion of the distributions made in the same taxable year may be recharacterized as a return of capital to shareholders. A return of capital distribution will generally not be taxable, but will reduce each shareholder's cost basis in the Fund and result in a higher reported capital gain or lower reported capital loss when those shares on which the distribution was received are sold. Any return of capital in excess of your basis, however, is taxable as a capital gain.

Investments in Foreign Securities. The Fund is permitted to invest in foreign securities as described above. Accordingly, the Fund may be subject to foreign withholding taxes on income from certain foreign securities. This, in turn, could reduce the Fund's distributions paid to you.

Effect of Foreign Debt Investments on Distributions. Most foreign exchange gains realized on the sale of debt securities are treated as ordinary income for federal income tax purposes by the Fund. Similarly, foreign exchange losses realized on the sale of debt securities generally are treated as ordinary losses. These gains when distributed are taxable to you as ordinary income, and any losses reduce the Fund's ordinary income otherwise available for distribution to you. This treatment could increase or decrease the Fund's ordinary income distributions to you, and may cause some or all of the Fund's previously distributed income to be classified as a return of capital.

PFIC Securities. The Fund may invest in securities of foreign entities that could be deemed for federal income tax purposes to be passive foreign investment companies ("PFICs"). In general, a PFIC is any foreign corporation if 75% or more of its gross income for the taxable year is passive income, or 50% or more of its average assets (by value) are held for the production of passive income. When investing in PFIC securities, the Fund intends to mark-to-market these securities under certain provisions of the Code and recognize any unrealized gains as ordinary income at the end of the Fund's fiscal and excise (described below) tax years. Deductions for losses are allowable only to the extent of any current or previously recognized gains. These gains (reduced by allowable losses) are treated as ordinary income that the Fund is required to distribute, even though it has not sold or received dividends from these securities. You should also be aware that the designation of a foreign security as a PFIC security will cause its income dividends to fall outside of the definition of qualified foreign corporation dividends. These dividends generally will not qualify for the reduced rate of taxation on qualified dividends when distributed to you by the Fund. In addition, if the Fund is unable to identify an investment as a PFIC and thus does not make a mark-to-market election, the Fund may be subject to U.S. federal income tax (the effect of which might be mitigated by making a mark-to-market election in a year prior to the sale) on a portion of any "excess distribution" or gain from the disposition of such shares even if such income is distributed as a taxable dividend by the Fund to its shareholders. Additional charges in the nature of interest may be imposed on the Fund in respect of deferred taxes arising from such distributions or gains.

Information on the Amount and Tax Character of Distributions. The Fund will inform you of the amount and character of your distributions at the time they are paid, and will advise you of the tax status of such distributions for federal income tax purposes shortly after the close of each calendar year. If you have not held Fund shares for a full year, the Fund may designate and distribute to you, as ordinary income, qualified dividends or capital gains, a percentage of income that is not equal to the actual amount of such income earned during the period of your investment in the Fund. Taxable distributions declared by the Fund in December to shareholders of record in such month, but paid in January, are taxable to you as if they were paid in December.

Election to be Taxed as a Regulated Investment Company. The Fund has elected to be treated as a regulated investment company under Subchapter M of the Code, has qualified as such for its most recent fiscal year, and intends to so qualify during the current fiscal year. The Board of Trustees reserves the right not to distribute the Fund's net long-term capital gain or not to maintain the qualification of the Fund as a regulated investment company if it determines such course of action to be beneficial to shareholders. If net long-term capital gain is retained, the Fund will be taxed on the gain at the highest corporate tax rate, and shareholders would be notified that they are entitled to a credit or refund for the tax paid by the Fund. If the Fund fails to qualify as a regulated investment company, the Fund will be subject to federal and state corporate taxes on its taxable income and gains, and distributions to you will be treated as taxable dividend income to the extent of the Fund's earnings and profits.

In order to qualify as a regulated investment company for federal income tax purposes, the Fund must meet certain asset diversification, income and distribution specific requirements, including:

- (i) The Fund must maintain a diversified portfolio of securities, wherein no security, including the securities of a qualified publicly traded partnership (other than U.S. government securities and securities of other regulated investment companies) can exceed 25% of the Fund's total assets, and, with respect to 50% of the Fund's total assets, no investment (other than cash and cash items, U.S. government securities and securities of other regulated investment companies) can exceed 5% of the Fund's total assets or 10% of the outstanding voting securities of the issuer;
- (ii) The Fund must derive at least 90% of its gross income from dividends, interest, payments with respect to securities loans, gains from the sale or disposition of stock, securities or foreign currencies, or other income derived with respect to its business of investing in such stock, securities, or currencies, and net income derived from an interest in a qualified publicly traded partnership; and
- (iii) The Fund must distribute to its shareholders at least 90% of its investment company taxable income and net tax-exempt income for each of its fiscal years.

Excise Tax Distribution Requirements. As a regulated investment company, the Fund is required to distribute its income and gains on a calendar year basis, regardless of the Fund's fiscal year end as follows:

Required Distributions. To avoid a 4% federal excise tax, the Code requires the Fund to distribute to you by December 31 of each year, at a minimum, the following amounts: 98% of its investment company taxable ordinary income earned during the calendar year; 98% of its capital gain net income earned during the twelve-month period ending October 31; and 100% of any undistributed amounts from the prior year. The Fund intends to declare and pay these distributions in December (or to pay them in January, in which case you must treat them as received in December) but can give no assurances that its distributions will be sufficient to eliminate all taxes.

Post-October Losses. Because the periods for measuring a regulated investment company's income are different for excise and income tax purposes special rules are required to protect the amount of earnings and profits needed to support excise tax distributions. For instance, if a regulated investment company that uses October 31st as the measurement period for paying out capital gain net income realizes a net capital loss after October 31st and before the close of its taxable year, the fund likely would have insufficient earnings and profits for that taxable year to support the dividend treatment of its required distributions for that calendar year. Accordingly, the Fund is permitted to elect to treat net capital losses realized between November 1 and its fiscal year end of June 30 ("post-October loss") as occurring on the first day of the following tax year (i.e., July 1).

Redemption of Fund Shares. Redemptions (including redemptions in kind) and exchanges of Fund shares are taxable transactions for federal and state income tax purposes. If you redeem your Fund shares, or exchange your Fund shares for shares of a different fund, the IRS requires that you report a gain or loss on your redemption or exchange. If you held your shares as a capital asset, the gain or loss that you realize will be a capital gain or loss and will be long-term or short-term, generally depending on how long you have held your shares. For tax purposes, an exchange of your Fund shares for shares of a different fund is the same as a sale.

Redemption Fees. Any redemption fees you incur on shares redeemed or exchanged within two months of their purchase will decrease the amount of any capital gain (or increase any capital loss) you realize on the sale.

Redemptions at a Loss Within Six Months of Purchase. Any loss incurred on the redemption or exchange of shares held for six months or less will be treated as a long-term capital loss to the extent of any long-term capital gain distributed to you by the Fund on those shares.

Wash Sales. All or a portion of any loss that you realize upon the redemption of your Fund shares will be disallowed to the extent that you buy other shares in the Fund (through reinvestment of dividends or otherwise) within 30 days before or after your share redemption. Any loss disallowed under these rules will be added to your tax basis in the new shares.

U.S. Government Securities. Income earned on certain U.S. government obligations is exempt from state and local personal income taxes if earned directly by you. States also grant tax-free status to dividends paid to you from interest earned on these obligations of the U.S. government, subject in some states to minimum investment or reporting requirements that must be met by the Fund. Income on investments by the Fund in certain other obligations, such as repurchase agreements collateralized by U.S. government obligations, commercial paper and federal agency-backed obligations (e.g., GNMA or FNMA obligations), generally does not qualify for tax-free treatment. The rules on exclusion of this income are different for corporations.

Investment in Complex Securities. The Fund may invest in complex securities that could be subject to numerous special and complex tax rules. These rules could accelerate the recognition of income by the Fund (possibly causing the Fund to sell securities to raise the cash for necessary distributions) and/or defer the Fund's ability to recognize a loss, and, in limited cases, subject the Fund to U.S. federal income tax. These rules could also affect whether gain or loss recognized by the Fund is treated as ordinary or capital, or as interest or dividend income. These rules could, therefore, affect the amount, timing, or character of the income distributed to you by the Fund. For example:

Derivatives. The Fund is permitted to invest in certain options, futures, forwards or foreign currency contracts. If the Fund makes these investments, under certain provisions of the Code, it may be required to mark-to-market these contracts and recognize for federal income tax purposes any unrealized gains and losses at its fiscal year end even though it continues to hold the contracts. Under these provisions, gains or losses on the contracts generally would be treated as 60% long-term and 40% short-term gains or losses, but gains or losses on certain foreign currency contracts would be treated as ordinary income or losses. In determining its net income for excise tax purposes, the Fund also would be required to mark-to-market these contracts annually as of October 31 (for capital gain net income and ordinary income arising from certain foreign currency contracts), and to realize and distribute any resulting income and gains.

Securities Lending Transactions. The Fund's entry into securities lending transactions may cause the replacement income earned on the loaned securities to fall outside of the definition of qualified dividend income. This replacement income generally will not be eligible for reduced rates of taxation on qualified dividend income.

Tax Straddles. The Fund's investment in options, futures, forwards, or foreign currency contracts in connection with certain hedging transactions could cause it to hold offsetting positions in securities. If the Fund's risk of loss with respect to specific securities in its portfolio is substantially diminished by the fact that it holds other securities, the Fund could be deemed to have entered into a tax "straddle" or to hold a "successor position" that would require any loss realized by it to be deferred for tax purposes.

Convertible Debt. Convertible debt is ordinarily treated as a "single property" consisting of a pure debt interest until conversion, after which the investment becomes an equity interest. If the security is issued at a premium (i.e., for cash in excess of the face amount payable on retirement), the creditor-holder may

amortize the premium over the life of the bond. If the security is issued for cash at a price below its face amount, the creditor-holder must accrue original issue discount in income over the life of the debt.

Securities Purchased at Discount. The Fund is permitted to invest in securities issued or purchased at a discount such as zero coupon, deferred interest or payment-in-kind (PIK) bonds that could require it to accrue and distribute income not yet received. If it invests in these securities, the Fund could be required to sell securities in its portfolio that it otherwise might have continued to hold in order to generate sufficient cash to make these distributions.

Investment in Taxable Mortgage Pools (Excess Inclusion Income). The Fund may invest in U.S.-qualified REITs that hold residual interests in real estate mortgage investment conduits (REMICs) or which are, or have certain wholly owned subsidiaries that are, “taxable mortgage pools.” Under a Notice issued by the IRS, the Code and Treasury regulations to be issued, a portion of the Fund’s income from a U.S.-qualified REIT that is attributable to the REIT’s residual interest in a REMIC or equity interests in a taxable mortgage pool (referred to in the Code as an excess inclusion) will be subject to Federal income tax in all events. The excess inclusion income of a regulated investment company, such as the Fund, will be allocated to shareholders of the regulated investment company in proportion to the dividends received by such shareholders, with the same consequences as if the shareholders held the related REMIC residual interest or, if applicable, taxable mortgage pool directly. In general, excess inclusion income allocated to shareholders (i) cannot be offset by net operating losses (subject to a limited exception for certain thrift institutions), (ii) will constitute unrelated business taxable income to entities (including a qualified pension plan, an individual retirement account, a 401(k) plan, a Keogh plan or other tax-exempt entity) subject to tax on unrelated business income (UBTI), thereby potentially requiring such an entity that is allocated excess inclusion income, and otherwise might not be required to file a tax return, to file a tax return and pay tax on such income, and (iii) in the case of a foreign stockholder, will not qualify for any reduction in U.S. Federal withholding tax. In addition, if at any time during any taxable year a “disqualified organization” (which generally includes certain cooperatives, governmental entities, and tax-exempt organizations not subject to UBTI) is a record holder of a share in a regulated investment company, then the regulated investment company will be subject to a tax equal to that portion of its excess inclusion income for the taxable year that is allocable to the disqualified organization, multiplied by the highest Federal income tax rate imposed on corporations. The Notice imposes certain reporting requirements upon regulated investment companies that have excess inclusion income. There can be no assurance that the Fund will not allocate to shareholders excess inclusion income. The rules concerning excess inclusion income are complex and unduly burdensome in their current form, and the Fund is awaiting further guidance from the IRS on how these rules are to be implemented. Shareholders should talk to their tax advisors about whether an investment in the Fund is a suitable investment given the potential tax consequences of the Fund’s receipt and distribution of excess inclusion income.

Investments in Securities of Uncertain Tax Character. The Fund may invest in securities the U.S. Federal income tax treatment of which may not be clear or may be subject to recharacterization by the IRS. To the extent the tax treatment of such securities or the income from such securities differs from the tax treatment expected by the Fund, it could affect the timing or character of income recognized by the Fund, requiring the Fund to purchase or sell securities, or otherwise change its portfolio, in order to comply with the tax rules applicable to regulated investment companies under the Code.

Backup Withholding. By law, the Fund must withhold a portion of your taxable dividends and sales proceeds unless you:

- provide your correct social security or taxpayer identification number,
- certify that this number is correct,

- certify that you are not subject to backup withholding, and
- certify that you are a U.S. person (including a U.S. resident alien).

The Fund also must withhold if the IRS instructs it to do so. When withholding is required, the amount will be 28% of any dividends or proceeds paid. The special U.S. tax certification requirements applicable to non-U.S. investors are described under the “Non-U.S. Investors” heading below.

Non-U.S. Investors. Non-U.S. investors (shareholders who, as to the United States, are a nonresident alien individual, foreign trust or estate, foreign corporation, or foreign partnership) may be subject to U.S. withholding and estate tax, and are subject to special U.S. tax certification requirements. Non-U.S. investors should consult their tax advisors about the applicability of U.S. tax withholding and the use of the appropriate forms to certify their status.

In General. The United States imposes a flat 30% withholding tax (or withholding tax at a lower treaty rate) on U.S. source dividends, including on income dividends paid to you by the Fund, subject to certain exemptions for dividends designated as capital gain dividends and exempt-interest dividends, and, if extended or made permanent, exemptions for dividends designated as short-term capital gain dividends and interest-related dividends as described below. However, notwithstanding such exemptions from U.S. withholding at the source, any dividends and distributions of income and capital gains, including the proceeds from the sale of your Fund shares, will be subject to backup withholding at a rate of 28% if you fail to properly certify that you are not a U.S. person.

Exempt-Interest Dividends. In general, exempt-interest dividends are not subject to U.S. withholding tax.

Capital Gain Dividends. In general, capital gain dividends designated by the Fund and paid from either long-term or short-term capital gains (other than gain realized on disposition of U.S. real property interests) are not subject to U.S. withholding tax unless you are a nonresident alien individual present in the United States for a period or periods aggregating 183 days or more during the taxable year.

Interest-Related Dividends and Short-Term Capital Gains Dividends. The exemptions from U.S. withholding for short-term capital gain and interest-related dividends paid by the Fund to foreign shareholders terminated and are no longer available for dividends paid by the Fund, unless such exemptions are extended or made permanent. Even if such exemptions are extended, the Fund or intermediary may not support such exemptions.

Investment in U.S. Real Property. The Fund may invest in equity securities of corporations that invest in U.S. real property, including REITs. The sale of a U.S. real property interest by the Fund, or by a REIT or U.S. real property holding corporation in which the Fund invests, may trigger special tax consequences to the Fund’s non-U.S. shareholders. The Foreign Investment in Real Property Tax Act of 1980 (FIRPTA) makes non-U.S. persons subject to U.S. tax on disposition of a U.S. real property interest as if he or she were a U.S. person. Such gain is sometimes referred to as FIRPTA gain. The Code provides a look-through rule for distributions of FIRPTA gain by a regulated investment company (RIC) such as the Fund, as follows:

- The RIC is classified as a qualified investment entity. A “qualified investment entity” includes a RIC if, in general, more than 50% of the RIC’s assets consists of interests in REITs and U.S. real property holding corporations;
- You are a non-U.S. shareholder that owns more than 5% of a class of Fund shares at any time during the one-year period ending on the date of the distribution; and If these conditions are met, Fund

distributions to you are treated as gain from the disposition of a U.S. real property interest (USRPI), causing the distribution to be subject to U.S. withholding tax at a rate of 35%, and requiring that you file a nonresident U.S. income tax return.

- In addition, even if you are a non-U.S. shareholder that owns 5% or less of a class of shares of the Fund classified as a qualified investment entity, Fund distributions to you attributable to gain realized by the Fund from disposition of USRPI will be treated as ordinary dividends (rather than short- or long-term capital gain) subject to withholding at a 30% or lower treaty rate.

Because the Fund expects to invest less than 50% of its assets at all times, directly and indirectly, in U.S. real property interests, the Fund does not expect to pay any dividends that would be subject to FIRPTA reporting and tax withholding.

Effectively Connected Income. If you hold your Fund shares in connection with a U.S. trade or business, your income and gains will be considered effectively connected income and taxed in the U.S. on a net basis, in which case you may be required to file a nonresident U.S. income tax return.

U.S. Estate Tax. An individual who, at the time of death, is a non-U.S. shareholder will nevertheless be subject to U.S. federal estate tax with respect to Fund shares at the graduated rates applicable to U.S. citizens and residents, unless a treaty exemption applies. If a treaty exemption is available, a decedent's estate may nonetheless need to file a U.S. estate tax return to claim the exemption in order to obtain a U.S. federal transfer certificate. The transfer certificate will identify the property (i.e., Fund shares) as to which the U.S. federal estate tax lien has been released. In the absence of a treaty, there is a \$13,000 statutory estate tax credit (equivalent to U.S. situs assets with a value of \$60,000). For estates with U.S. situs assets of not more than \$60,000, the Fund may accept, in lieu of a transfer certificate, an affidavit from an appropriate individual evidencing that decedent's U.S. situs assets are below this threshold amount. In addition, a partial exemption from U.S. estate tax may apply to Fund shares held by the estate of a nonresident decedent. The amount treated as exempt is based upon the proportion of the assets held by the Fund at the end of the quarter immediately preceding the decedent's death that are debt obligations, deposits, or other property that would generally be treated as situated outside the United States if held directly by the estate. This provision applies to decedents dying after December 31, 2004 and before January 1, 2008, unless such provision is extended or made permanent. Transfers by gift of shares of the Fund by a non-U.S. shareholder who is a nonresident alien individual will not be subject to U.S. federal gift tax. The tax consequences to a non-U.S. shareholder entitled to claim the benefits of an applicable tax treaty may be different from those described herein. Non-U.S. shareholders are urged to consult their own tax advisers with respect to the particular tax consequences to them of an investment in the Fund, including the applicability of foreign tax.

U.S. Tax Certification Rules. Special U.S. tax certification requirements apply to non-U.S. shareholders both to avoid U.S. back up withholding imposed at a rate of 28% and to obtain the benefits of any treaty between the United States and the shareholder's country of residence. In general, a non-U.S. shareholder must provide a Form W-8BEN (or other applicable Form W-8) to establish that you are not a U.S. person, to claim that you are the beneficial owner of the income and, if applicable, to claim a reduced rate of, or exemption from, withholding as a resident of a country with which the United States has an income tax treaty. A Form W-8BEN provided without a U.S. taxpayer identification number will remain in effect for a period beginning on the date signed and ending on the last day of the third succeeding calendar year unless an earlier change of circumstances makes the information on the form incorrect.

Effect of Future Legislation; Local Tax Considerations. The foregoing general discussion of U.S. federal income tax consequences is based on the Code and the regulations issued thereunder as in effect on the date of this Statement of Additional Information. Future legislative or administrative changes or

court decisions may significantly change the conclusions expressed herein, and any such changes or decisions may have a retroactive effect with respect to the transactions contemplated herein. Rules of state and local taxation of ordinary income, qualified dividend income and capital gain dividends may differ from the rules for U.S. federal income taxation described above. Distributions may also be subject to additional state, local and foreign taxes depending on each shareholder's particular situation. Non-U.S. shareholders may be subject to U.S. tax rules that differ significantly from those summarized above. Shareholders are urged to consult their tax advisers as to the consequences of these and other state and local tax rules affecting investment in the Fund.

THIS DISCUSSION OF "DIVIDENDS, DISTRIBUTIONS AND TAXES" IS NOT INTENDED OR WRITTEN TO BE USED AS TAX ADVICE AND DOES NOT PURPORT TO DEAL WITH ALL FEDERAL TAX CONSEQUENCES APPLICABLE TO ALL CATEGORIES OF INVESTORS, SOME OF WHICH MAY BE SUBJECT TO SPECIAL RULES. YOU SHOULD CONSULT YOUR OWN TAX ADVISOR REGARDING YOUR PARTICULAR CIRCUMSTANCES BEFORE MAKING AN INVESTMENT IN THE FUND.

INVESTMENT ADVISOR

Pursuant to an Investment Advisory Agreement dated May 19, 2009, the Trust, on behalf of the Fund, employs Scout Investment Advisors, Inc. as the Fund's investment advisor for an annual fee calculated at a rate of 0.75% of average daily net assets. The Advisor provides professional portfolio managers who make all decisions concerning the investment and reinvestment of the assets of the Fund in accordance with the Fund's stated investment objective and policies. The Advisor is a wholly owned subsidiary of UMB Bank. UMB Bank and UMB Fund Services, Inc., the Fund's administrator, fund accountant and transfer agent, are both wholly owned subsidiaries of UMB Financial Corporation. As of March 31, 2009, assets under the management of UMB Bank and the Advisor were approximately \$9.1 billion.

The Advisor has entered into a contractual agreement to waive all or a portion of its advisory fee and, if necessary, to assume certain other expenses of the Fund through October 31, 2011, to the extent necessary so that the net annual fund operating expenses of the Fund do not exceed 1.30% of the Fund's average daily net assets. Under the expense limitation agreement described above, the Advisor retains the right to seek reimbursement from the Fund of fees previously waived or expenses previously paid to the extent such fees were waived or expenses were paid within three years of such reimbursement and such reimbursement will not cause the Fund to exceed any applicable fee waiver or expense limitation agreement that was in place for the Fund at the time the fees were waived or expenses were assumed.

The Advisor and/or Fund has entered into arrangements with financial services companies such as banks, trust companies, investment advisors or broker-dealers that have made arrangements to offer Fund shares for sale. Mutual fund supermarkets, retirement plan recordkeepers, and third party administrators may also provide distribution and shareholder servicing to the Fund and its shareholders. These companies may operate mutual fund trading platforms (such as 'No Transaction Fee' mutual fund supermarkets or retirement plan platforms) that provide the Fund with access to investors and, in that way, increase the distribution opportunities for the Fund. To the extent that the cost of these arrangements is not covered by the Fund's operating expenses or is related to distribution or marketing of the Fund's shares, the Advisor may make additional payments, out of its own assets, to compensate counterparties for these arrangements. These additional payments are sometimes referred to as "revenue sharing" payments. The Advisor may benefit from these arrangements because the increase in the sale of Fund shares will result in an increase in the Fund's assets and consequently an increase in advisory fees. To the extent that the financial companies perform shareholder services such as transaction and shareholder recordkeeping, account administration and other services that would otherwise be provided

by the Fund's service providers, the Fund bears a portion of the costs of such arrangement and such costs are reflected in the Prospectus Fee Table and related expense ratio information published for the Fund.

The Board is responsible for overseeing the performance of the Fund's investment advisor and determining whether to approve, for the initial term, or renew, for subsequent terms, the Investment Advisory Agreement. Initial approval of the Investment Advisory Agreement requires the majority vote of the Board of Trustees, including a majority of the Trustees who are not parties to the agreement or interested persons of any party (the "Independent Trustees"), and approval of the outstanding voting securities, as that term is defined in the 1940 Act, of each Fund. Renewal of the agreement requires the majority vote of the Board of Trustees, including a majority of the Independent Trustees.

The Board, including all of the Independent Trustees, considered and unanimously approved the Fund's Investment Advisory Agreement and the Fund's initial shareholder has approved the Investment Advisory Agreement. The Investment Advisory Agreement's initial term is through March 31, 2011 and it will continue in effect for successive one year periods, provided that renewal is approved annually by a majority of the Board of Trustees, including a majority of the Independent Trustees.

A discussion regarding the basis for the Board of Trustees' approval of the Advisory Agreement of the Fund will be available in the Fund's Annual Report to Shareholders for the period ended September 30, 2009.

Potential Conflicts of Interest

The Advisor and its affiliates may have proprietary interests in, and may manage or advise with respect to, accounts or funds (including separate accounts and other funds and collective investment vehicles) that have investment objectives similar to those of the Fund and/or that engage in transactions in the same types of securities and instruments as the Fund. As such, the Advisor and its affiliates or their clients are or may be actively engaged in transactions in the same securities and instruments in which the Fund invests. Such activities could affect the prices and availability of the securities and instruments in which the Fund invests, which could have an adverse impact on the Fund's performance. Such transactions, particularly in respect of most proprietary accounts or customer accounts, will be executed independently of the Fund's transactions and thus at prices or rates that may be more or less favorable than those obtained by the Fund. When the Advisor or an affiliate seeks to purchase or sell the same assets for their managed accounts, including the Fund, the assets actually purchased or sold may be allocated among the accounts on a basis determined in their good faith discretion to be equitable. In some cases, this system may adversely affect the size or price of the assets purchased or sold for the Fund.

Further, transactions in investments by one or more other accounts or clients advised by the Advisor may have the effect of diluting or otherwise disadvantaging the values, prices or investment strategies of the Fund. This may occur when investment decisions regarding the Fund are based on research or other information that is also used to support decisions or advice for other accounts. When the Advisor or one of its other clients implements a portfolio decision or strategy on behalf of another account ahead of, or contemporaneously with, similar decisions or strategies for the Fund, market impact, liquidity constraints or other factors could result in the Fund receiving less favorable trading results and the costs of implementing such decisions or strategies could be increased or the Fund could otherwise be disadvantaged.

PORTFOLIO MANAGERS

Investments in the Fund

Information relating to a portfolio managers' ownership (including the ownership of his or her immediate family) in the predecessor TrendStar Small-Cap Fund as of December 31, 2008 is set forth in the chart below.

TrendStar Small-Cap Fund

Name of Portfolio Manager	Dollar Range of Shares Owned
Thomas W. Laming	\$500,001 – \$1,000,000
James R. McBride	\$10,001 – \$50,000

Other Managed Accounts

In addition to the Fund, the portfolio managers manage other accounts. The following table sets forth information regarding the total accounts for which each portfolio manager has the day-to-day management responsibilities with respect to their employment with TrendStar Advisors, LLC. Unless otherwise indicated, none of these accounts paid performance-based advisory fees.

Name of Portfolio Manager	Number of Accounts Managed and Total Assets by Category as of December 31, 2008
Thomas W. Laming	<ul style="list-style-type: none"> • Registered Investment Companies: 4 accounts with \$33.6 million in total assets under management. • Other Pooled Investment Vehicles: 0 accounts with \$0 in total assets under management. • Other Accounts: 30 accounts with \$40.0 million in total assets under management.
James R. McBride	<ul style="list-style-type: none"> • Registered Investment Companies: 4 accounts with \$33.6 million in total assets under management. • Other Pooled Investment Vehicles: 0 accounts with \$0 in total assets under management. • Other Accounts: 30 accounts with \$40.0 million in total assets under management.

Compensation

The Advisor implements a strategic and comprehensive compensation plan for its portfolio managers that is competitive and within the norm of industry standards. The basic compensation structure combines a fixed base salary supplemented with a variable bonus plan that has the potential to equal base salary.

The Advisor places a strong emphasis on portfolio performance and believes the portfolio manager's compensation should be a reflection of the success provided to clients of the Advisor. This philosophy is the basis for offering an overall compensation structure in which performance-based compensation can equal base salary, providing the greatest incentive to align investment management to the client's success.

The bonus plan incorporates the investment performance of the management team and growth in assets under management generated by new business. Pre-tax investment performance accounts for 80% while new business generation accounts for 20% of the bonus plan structure.

Investment performance is evaluated on a 1-year and 3-year time frame based on two factors. Initially, performance is judged against the unmanaged benchmark index assigned to the investment strategy. Next, performance is measured relative to the median investment manager performance in the strategy's discipline according to Lipper. Finally, performance is assessed on whether the manager was able to achieve the top quartile of the strategy's discipline according to Lipper.

The Advisor employs an incentive stock option program. However, this program currently comprises a very small portion of overall compensation. The Advisor continually evaluates strategies to keep it competitive in overall compensation and align the structure directly to the success of the Advisor's clients. The Advisor does not enter into any employment contracts or non-compete agreements with any of its investment professionals.

Potential Conflicts of Interest

The management of multiple funds and accounts may give rise to potential conflicts of interest if the funds and accounts have different objectives, benchmarks, time horizons, and fees as the portfolio manager must allocate his or her time and investment ideas across multiple funds and accounts. The Advisor seeks to manage such competing interests for the time and attention of portfolio managers by having portfolio managers focus on a particular investment discipline, such as equity or fixed income securities. Most other accounts managed by a portfolio manager are managed using the same investment strategies that are used in connection with the management of the Fund. Accordingly, portfolio holdings, position sizes, and industry and sector exposures tend to be similar across similar portfolios, which may minimize the potential for conflicts of interest.

However, securities selected for funds or accounts other than the Fund may outperform the securities selected for the Fund. Finally, if the portfolio manager identifies a limited investment opportunity, which may be suitable for more than one fund or other account, the Fund may not be able to take full advantage of that opportunity due to an allocation of that opportunity across all eligible funds and accounts. The Advisor seeks to manage such potential conflicts by following procedures intended to provide a fair allocation of buy and sell opportunities among client accounts.

The structure of portfolio manager compensation may also give rise to potential conflicts of interest. A portfolio manager's base pay tends to increase with additional and more complex responsibilities that include increased assets under management and a portion of the bonus relates to marketing efforts, which together indirectly link compensation to sales.

Finally, the management of personal accounts by the portfolio manager may give rise to potential conflicts of interest. The Fund's code of ethics is designed to address such conflicts.

The Fund has adopted certain compliance procedures that are designed to address these, and other, types of conflicts. However, there is no guarantee that such procedures will detect each and every situation where a conflict arises.

OFFICERS AND TRUSTEES

The officers of the Trust manage the day-to-day operations of the Fund. The Trust officers, as well as the Advisor, are subject to the direct supervision and control of the Board of Trustees. Under the applicable laws of Delaware, Trustees owe a fiduciary duty to the shareholders of the Fund. The Board is responsible for the overall management of the Fund, including general supervision of the Fund's investment activities and the Fund's various service providers.

The following is a list of the Trustees and senior officers of the Trust and their ages and business experience for the past five years.

Independent Trustees

Name, Address and Birth Date	Positions Held with Fund	Term of Office and Length of Time Served	Principal Occupations) During Past 5 Years	Number of Portfolios in Fund Complex Overseen by Trustee	Other Directorships Held by Trustee
Andrea F. Bielsker c/o UMB Scout Funds 1010 Grand Boulevard Kansas City, Missouri 64106 11/16/58	Trustee	Indefinite; until successor elected. Served as a Trustee since 2005.	Principal, AFB Consulting, since July 2008; Chief Financial Officer, Brooke Credit Corporation, from 2007 to May 2008; Vice President, Liberty Power Corp., 2007; Senior Vice President, Finance, Chief Financial Officer and Treasurer, Great Plains Energy Company from 2002 to 2005.	10	None
William E. Hoffman, D.D.S. c/o UMB Scout Funds 1010 Grand Boulevard Kansas City, Missouri 64106 04/11/38	Trustee	Indefinite; until successor elected. Served as a Trustee since 1982.	Orthodontist.	10	None
Eric T. Jager 4800 Main Street, Suite 600 Kansas City, Missouri 64112 06/19/43	Trustee	Indefinite; until successor elected. Served as a Trustee since 1987.	President, Windcrest Investment Management, Inc.; Executive Vice President - Investments, Bartlett and Company.	10	Nygaard Corporation

Name, Address and Birth Date	Positions Held with Fund	Term of Office and Length of Time Served	Principal Occupations) During Past 5 Years	Number of Portfolios in Fund Complex Overseen by Trustee	Other Directorships Held by Trustee
Stephen F. Rose c/o UMB Scout Funds 1010 Grand Boulevard Kansas City, Missouri 64106 11/05/47	Trustee (Independent Chairman)	Indefinite; until successor elected. Served as a Trustee since 1989.	Chairman, Sun Publications, Inc.	10	None
William B. Greiner* c/o UMB Scout Funds 1010 Grand Boulevard Kansas City, Missouri 64106 03/05/54	Trustee	Indefinite; until successor elected. Served as a Trustee since 2005.	Chief Investment Officer, UMB Bank, n.a. and President Scout Investment Advisors, Inc., since 2004; from 2003 to 2004 managed private accounts at True North; Prior to 2003, Chief Investment Officer, UMB Bank, n.a. and Chairman of Scout Investment Advisors, Inc. since its inception in 2001.	10	Washburn Endowment Association; KCPT Public Television

* Mr. Greiner is considered to be an “interested person” of the Trust under the 1940 Act due to his employment by UMB Bank, the parent company of the Advisor and an affiliate of the Fund’s Distributor, transfer agent, administrator and fund accountant, and his employment by the Advisor, an affiliated person of the Trust.

Executive Officers

Name, Address and Birth Date	Positions Held with Fund	Term of Office and Length of Time Served	Principal Occupation(s) During Past 5 Years
Gary W. DiCenzo UMB Scout Funds 1010 Grand Boulevard Kansas City, Missouri 64106 10/27/62	President	Indefinite, until successor elected. Served as President since 2005; Vice President since 2004.	Executive Vice President, UMB Bank, n.a. since 2004. From 2003 to 2004, Senior Vice President, UMB Bank, n.a. Prior to 2003, Vice President, Driehaus Capital Management.
James. L. Moffett UMB Scout Funds 1010 Grand Boulevard Kansas City, Missouri 64106 03/27/41	Principal Executive Officer	Indefinite, until successor elected. Served as a Principal Executive Officer since 2003.	Lead Portfolio Manager, UMB Scout International Fund and UMB Scout International Discovery Fund and co- Portfolio Manager UMB Scout Stock Fund; Chairman, Scout Investment Advisors, Inc. and Executive Vice President UMB Bank n.a. since 2001.

Name, Address and Birth Date	Positions Held with Fund	Term of Office and Length of Time Served	Principal Occupation(s) During Past 5 Years
C. Warren Green UMB Scout Funds 1010 Grand Boulevard Kansas City, Missouri 64106 12/27/58	Treasurer and Principal Financial Officer	Indefinite, until successor elected. Served as Treasurer and Principal Financial Officer since 2005.	Chief Financial Officer, Scout Investment Advisors, Inc. since June 2007 and Vice President and Chief Financial Officer, Asset Management Division, UMB Bank, n.a. since 2000.
Constance E. Martin UMB Scout Funds 1010 Grand Boulevard Kansas City, MO 64106 09/30/61	Chief Operating Officer and Secretary	Indefinite, until successor elected. Served as Chief Operating Officer since 2008; Secretary since 2006.	Senior Vice President, UMB Bank, n.a. since 2008; Fund Administrator, Accounting and Administration, UMB Fund Services, Inc. from 2005 to 2008; Brokerage Compliance, Country Club Financial Services, Inc., from 2004 to 2005; Compliance Officer, UMB Scout Funds, from 2003 to 2004.
Mark E. Osborne UMB Scout Funds 1010 Grand Boulevard Kansas City, Missouri 64106 11/23/66	Chief Compliance Officer	Indefinite, until successor elected. Chief Compliance Officer since 2008.	Chief Compliance Officer, Scout Investment Advisors, Inc. since November 2007; Vice President and Director of Fiduciary Services Compliance, UMB Financial Corporation since May 2003; Audit Officer and Project Manager, UMB Financial Corporation from July 2002 to May 2003.

Trustee Share Ownership

The following tables provide the dollar range of equity securities of the UMB Scout Funds beneficially owned by the Board members on December 31, 2008.

Independent Trustees

Fund	<u>Dollar Range of Equity Securities in the Funds</u>			
	William E. Hoffman	Eric T. Jager	Stephen F. Rose	Andrea F. Bielsker
UMB Scout TrendStar Small Cap Fund*	None	None	None	None
Aggregate Dollar Range of Equity Securities in all Funds Overseen Within Fund Complex	\$10,001 - \$50,000	\$10,001 - \$50,000	\$1 - \$10,000	\$10,001 - \$50,000

* As of the date of this SAI, there are no publicly outstanding shares of the Fund and, therefore, the Trustees do not own any shares of the Fund.

Interested Trustee

Fund	<u>Dollar Range of Equity Securities in the Funds</u>
	William B. Greiner
UMB Scout TrendStar Small Cap Fund*	None

Aggregate Dollar Range of Equity Securities in all Funds Overseen Within Fund Complex

Over \$100,000

*As of the date of this SAI, there are no publicly outstanding shares of the Fund and, therefore, the Trustees do not own any shares of the Fund.

The following table sets forth the securities of the Advisor or its control persons owned by the Independent Trustees and their immediate family members:

Name of Trustee	Name of Owners and Relationships to Trustee	Company	Title of Class	Value of Securities	Percent of Class
Andrea F. Bielsker	None	None	None	None	None
William E. Hoffman	None	None	None	None	None
Eric T. Jager ¹	Joan Allison Bartlett Jager - spouse	UMB Financial Corporation	Common	\$219,726.08	0.014%
Stephen F. Rose	None	None	None	None	None

¹ The UMB Financial Corporation common stock is separate marital property of Ms. Jager and Mr. Jager specifically disclaims beneficial ownership of the stock.

Audit Committee. The Board of Trustees has established an Audit Committee and the Audit Committee is composed of all of the Independent Trustees. The Audit Committee has adopted a charter. The function of the Audit Committee is oversight; it is management's responsibility to maintain appropriate systems for accounting and internal control, and the independent auditors' responsibility to plan and carry out a proper audit. According to its charter, the Audit Committee (1) oversees the Fund's accounting and financial reporting policies and practices, its internal controls and, as appropriate, the internal controls of certain service providers; (2) oversees the quality and objectivity of the Fund's financial statements and the independent audit thereof; (3) approves, prior to appointment, the engagement of the Fund's independent auditors and, in connection therewith, reviews and evaluates the qualifications, independence and performance of the Fund's independent auditor; and (4) acts as a liaison between the Fund's independent auditors and the Fund's Board.

Nominating Committee. The Board of Trustees established a Nominating Committee made up of each of the Independent Trustees. The Committee evaluates, from time to time, the appropriate size of the Board and recommends changes in size and composition, as deemed necessary; establishes processes for developing candidates for Independent Board members and conducts searches for qualified candidates; and recommends a slate of Independent Board members to be elected at Fund shareholders' meetings or nominees to fill Independent Board member vacancies on the Board, where and when appropriate. The Committee also evaluates candidates' qualifications and makes recommendations to the full Board, for positions as "interested" members on the Board. When vacancies arise or elections are held, the Committee considers qualified nominees, including those recommended by "Qualifying Shareholders" (defined below) who provide appropriate background material about the candidate that demonstrates the candidate's ability to serve as a Trustee.

A Qualifying Shareholder is a shareholder that (i) owns of record, or beneficially through a financial intermediary, 1/2 of 1% or more of the Fund's outstanding shares, (ii) has been a shareholder of 1/2 of 1% or more of the Fund's total outstanding shares for 12 months or more prior to submitting the recommendation to the Nominating Committee, and (iii) provides a written notice to the Nominating Committee containing the following information:

- (a) the name and address of the Qualifying Shareholder making the recommendation;
- (b) the number of shares of the Fund which are owned of record and beneficially by the Qualifying Shareholder and the length of time that the shares have been owned by the Qualifying Shareholder;
- (c) a description of all arrangements and understandings between the Qualifying Shareholder and any other person or persons (naming such person or persons) pursuant to which the recommendation is being made;
- (d) the name, age, date of birth, business address and residence address of the person or persons being recommended;
- (e) such other information regarding each person recommended as would be required to be included in a proxy statement filed pursuant to the proxy rules of the SEC had the nominee been nominated by the Board;
- (f) whether the shareholder making the recommendation believes the person recommended would or would not be an “interested person” of the Fund, as defined in Section 2(a)(19) of the 1940 Act; and
- (g) the written consent of each person recommended to serve as a Trustee of the Fund if so nominated and elected/appointed.

A Qualifying Shareholder’s written recommendation may be addressed to the Nominating Committee at the Fund’s offices, 803 West Michigan Street, Milwaukee, WI 53233. The Nominating Committee’s intention is that the recommending shareholder demonstrate a significant and long term commitment to the Fund and its other shareholders and that his or her objectives in submitting a recommendation is consistent with the best interests of the Fund and its shareholders. If the Nominating Committee receives a recommendation from a Qualifying Shareholder during a time when no vacancy exists or is expected to exist in the near term and the recommendation otherwise contains all the information required, the Nominating Committee will retain such recommendation in its files until a vacancy exists or is expected to exist in the near term and the Nominating Committee commences its efforts to fill such vacancy.

Compensation of Trustees. The following table shows the compensation received by the UMB Scout Funds Independent Trustees for the fiscal year of the other UMB Scout Funds ended June 30, 2008. This compensation does not reflect additional ‘per fund’ compensation that is expected to be paid relating to supervision of the UMB Scout TrendStar Small Cap Fund.

Name of Trustee	Aggregate Compensation Per Fund For Serving on the Board ¹	Total Compensation For Serving on the Board Paid to Trustees
William B. Greiner ²	--	--
Andrea F. Bielsker	\$4,611	\$41,500
William E. Hoffman	\$4,611	\$41,500
Eric T. Jager	\$4,611	\$41,500
Stephen F. Rose	\$5,722	\$51,500

¹ The amount in this column represents the approximate amount that an Independent Trustee received on a per Fund basis. The amount is calculated by dividing the aggregate fee paid to the Trustee by the number of Funds.

² Mr. Greiner, as an “interested trustee,” does not receive compensation for his services as Trustee.

CONTROL PERSONS AND PRINCIPAL HOLDERS OF SHARES

Control persons are persons deemed to control the Fund because they own beneficially over 25% of the outstanding equity securities. Principal holders are persons that own beneficially 5% or more of the Fund's outstanding equity securities. As of the date of this Statement of Additional Information, there are no outstanding shares of the Fund.

ADMINISTRATOR AND FUND ACCOUNTANT

UMBFS, 803 West Michigan Street, Suite A, Milwaukee, Wisconsin 53233 has agreed to provide administrative and fund accounting services to the series of the Trust under an Administration and Fund Accounting Agreement dated April 1, 2005, as amended, between UMBFS and the Trust (the "Administration Agreement"). UMBFS is the parent of the Fund's Distributor. UMBFS is also a direct subsidiary of UMB Financial Corporation, the parent company of UMB Bank, the Fund's custodian, and the Advisor. UMBFS's services include, but are not limited to, the following: calculating daily net asset values for the Fund; assisting in preparing and filing all federal income and excise tax filings; overseeing the Fund's fidelity insurance relationships; preparing notice and renewal securities filings pursuant to state securities laws; compiling data for and preparing notices to the SEC; preparing financial statements for the annual and semi-annual reports to the SEC and current investors; monitoring the Fund's expenses; monitoring the Fund's status as a regulated investment company under Subchapter M of the Code; monitoring compliance with the Fund's investment policies and restrictions and generally assisting the Fund's administrative operations.

UMBFS furnishes office space and all necessary office facilities, equipment, supplies, and clerical and executive personnel for performing the services required to be performed by it under the Administration Agreement. The Administration Agreement continues in effect until terminated. The Administration Agreement may be terminated, without payment of any penalty (i) by mutual consent of UMBFS and the Trust, or (ii) by UMBFS or the Trust upon not less than 60 days' written notice to the other party, which notice may be waived by the party entitled to notice. Under the Administration Agreement, UMBFS is not liable for any error of judgment or mistake of law or for any loss suffered by the Trust in connection with the performance of the Administration Agreement, except for a loss resulting from willful misfeasance, bad faith or negligence on the part of UMBFS in the performance of its duties or reckless disregard of its obligations and duties. In the Administration Agreement it is also provided that UMBFS may provide similar services to others, including other investment companies.

DISTRIBUTOR

Under a Distribution Agreement with the Trust dated May 19, 2001, as amended, UMB Distribution Services, LLC (the "Distributor"), 803 West Michigan Street, Suite A, Milwaukee, Wisconsin 53233, acts as the principal underwriter and national distributor for the shares issued by the series of the Trust. The Distributor is an affiliate of the Advisor. The Distributor shall offer shares of the Fund on a continuous basis and may engage in advertising and solicitation activities in connection therewith. The Distributor also reviews advertisements and acts as liaison for broker-dealer relationships. The Distributor is not obligated to sell any certain number of shares of the Fund, and does not receive any fee or other compensation from the Trust or the Fund under the Distribution Agreement.

The Distribution Agreement is effective until May 19, 2010, and will continue automatically for successive annual periods ending each May 19, if continued at least annually by the Board of Trustees,

including a majority of Independent Trustees. The Distribution Agreement terminates automatically if assigned by either party or upon 60 days written notice by either party to the other.

TRANSFER AGENT

The Trust, on behalf of the Fund, has entered into an agreement with UMBFS to provide transfer agency and dividend payment services to the Fund, including, but not limited to, the maintenance of a shareholder accounting and transfer agency system, and such other items as are incidental to corporate administration. UMBFS is located at 803 West Michigan Street, Milwaukee, Wisconsin 53233. UMBFS is compensated on a per-fund, per-account and transactional basis, plus out-of-pocket expenses.

CUSTODIAN

The Trust has entered into a Custody Agreement with UMB Bank under which UMB Bank holds the Fund's assets for safekeeping. This means the bank, rather than the Fund, has possession of the Fund's cash and securities. As directed by the Fund's officers and portfolio managers, UMB Bank delivers cash to those who have sold securities to the Fund in return for such securities, and to those who have purchased portfolio securities from the Fund, it delivers such securities in return for their cash purchase price. It also collects income directly from issuers of securities owned by the Fund and holds this for payment to shareholders after deduction of the Fund's expenses. UMB Bank is located at 1010 Grand Boulevard, Kansas City, Missouri, 64141, and is an affiliate of the Advisor. For the foregoing, UMB Bank receives a fee from the Trust based on the value of the Fund computed once a month, at the annual rate of 0.05% of the assets in the custody account. In addition, the Trust shall reimburse UMB Bank for out-of-pocket expenses incurred in connection with the Custody Agreement.

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Fund's financial statements are audited annually by the independent registered public accounting firm approved by the Board of Trustees each year. Deloitte & Touche, LLP, with offices at 555 E Wells St # 1400, Milwaukee, WI 53202, is the Fund's present independent registered public accounting firm.

FUND COUNSEL

Stradley, Ronon, Stevens & Young, LLP, with offices at 2600 One Commerce Square, Philadelphia, Pennsylvania 19103, serves as counsel to the Trust.

GENERAL INFORMATION AND HISTORY

The Trust is currently comprised of ten series: UMB Scout TrendStar Small Cap Fund, UMB Scout Stock Fund, UMB Scout Mid Cap Fund, UMB Scout Small Cap Fund, UMB Scout International Fund (formerly, the UMB Scout Worldwide Fund), UMB Scout International Discovery Fund, UMB Scout Bond Fund, UMB Scout Money Market Fund - Federal Portfolio, UMB Scout Money Market Fund - Prime Portfolio and UMB Scout Tax-Free Money Market Fund (collectively, the "Funds"). The Trust was organized as a statutory trust in Delaware on January 27, 2000 and began with two series, which have subsequently been liquidated. One of the current series, the UMB Scout Small Cap Fund series was

created on January 24, 2001 to become the successor to UMB Scout Regional Fund, Inc., which was reorganized into the UMB Scout Small Cap Fund on July 1, 2001.

On April 1, 2005, the Trust created additional series to become the successor funds to funds within the UMB Scout Funds family that were previously organized as Maryland corporations. The shareholders of the Funds previously organized as Maryland corporations approved the reorganization of their respective Funds into series of the Trust. The UMB Scout Stock Fund series became the successor fund of the UMB Scout Stock Fund, Inc. series bearing the same name. The UMB Scout Growth Fund series became the successor fund of the UMB Scout Stock Fund, Inc. series named the UMB Scout Stock Select Fund. The UMB Scout International Fund, the UMB Scout Bond Fund, and the UMB Scout Tax-Free Money Market Fund series became the successor funds to UMB Scout International Fund, Inc., UMB Scout Bond Fund, Inc., and UMB Scout Tax-Free Money Market Fund, Inc., respectively. The UMB Scout Money Market Fund - Federal Portfolio and the UMB Scout Money Market Fund - Prime Portfolio series became the successor funds of the UMB Scout Money Market Fund, Inc. series bearing the same names. On October 31, 2006, the Trust created the UMB Scout Mid Cap Fund series. On December 31, 2007, the Trust created the UMB Scout International Discovery Fund series. The UMB Scout Growth Fund series was liquidated on June 24, 2008.

Beginning July 17, 2007, each of the Money Market Funds issued two separate classes of shares: Investor Class shares and Service Class shares. All outstanding Money Market Fund shares were designated as Investor Class shares on July 17, 2007 and Investor Class shares continue to be available for direct purchase. The new Service Class shares, which are subject to annual Rule 12b-1 distribution and service fees, will be offered for use in cash sweep arrangements for clients of banks, trust companies and broker-dealers, including UMB Bank and its affiliates.

Each series of the Trust represents interests in a separate portfolio of investments and is subject to separate liabilities. Shares of each series are entitled to vote as a series only to the extent required by the 1940 Act or as permitted by the Trustees. The beneficial interest of each series is divided into an unlimited number of shares, with no par value. Each share has equal dividend, voting, liquidation and redemption rights except that the shares of each Fund have sole voting rights with respect to matters that only affect holders of that series, and that shares of each Class of each Fund have sole voting rights with respect to matters that only affect the holders of that Class, such as the right to vote on issues associated with the Rule 12b-1 Plan for the Service Class shares of the Money Market Funds. There are no conversion or preemptive rights. Shares, when issued, will be fully paid and nonassessable. Fractional shares have proportional voting rights. Shares will be maintained in open accounts on the books of the transfer agent, and certificates for shares will generally not be issued. The Trust does not intend to hold regular annual shareholder meetings. Upon the Trust's liquidation, all shareholders of a series would share pro-rata in the net assets of such series available for distribution to shareholders of the series, but, as shareholders of such series, would not be entitled to share in the distribution of assets belonging to any other series. If they deem it advisable and in the best interests of shareholders, the Trustees may create additional series of shares and may create multiple classes of shares of each series, which may differ from each other as to expenses and dividends.

Non-Cumulative Voting. All of the Fund's shares have non-cumulative voting rights, which means that the holders of more than 50% of the shares voting for the election of Trustees can elect 100% of the Trustees, if they choose to do so, and in such event, the holders of the remaining less than 50% of the shares voting will not be able to elect any Trustees.

Trademarks. The Fund is authorized to use the words "UMB" and/or "Scout" in its name, and may use the Scout design, so long as Advisor continues as its investment advisor.

Code of Ethics. The Trust, the Advisor and the Distributor have each adopted a code of ethics, to the extent required by federal securities laws. Under each code of ethics, persons who are designated as access persons may engage in personal securities transactions, including transactions involving securities that may be purchased or sold by any Fund, subject to certain general restrictions and procedures.

Summary of Proxy Voting Procedures. The Board of Trustees has delegated authority for making voting decisions with respect to Fund portfolio securities to the Advisor. The Advisor has adopted a Proxy Voting Policy (the “Policy”), as well as General Proxy Voting Standards and Guidelines (the “Guidelines”) that provide as follows:

- The Policy provides that voting rights shall be exercised on all decisions that have any effect on the value of the security, and shall be exercised so as to maximize and protect the value of the security, looking at both the short-term and long-term consequences.
- The Policy also provides that decisions regarding the voting of proxies shall be made solely in the interest of the shareholders of the Fund. The exclusive purpose shall be to provide benefits to Fund shareholders by considering those factors that affect the value of the security.
- The Policy also provides that voting rights shall be exercised to give the greatest benefit to the shareholder. In exercising voting rights, there shall be no undue prejudice in favor of management. Proposals designed solely to benefit or protect the welfare of directors, officers or other individuals shall be opposed.

The Guidelines address proxy voting on particular types of matters such as elections of directors, engagement of auditors, directors’ insurance and charitable giving.

Should a conflict of interest arise between the Advisor and the interests of the Fund’s shareholders, the proxies shall be voted strictly in accordance with the written guidelines established by the Advisor’s Board of Directors. If the Advisor’s guidelines are not sufficiently specific to determine how the vote should be cast and there exists a material conflict of interest, the proxies will be voted by a third party that is not affiliated with and independent of the Advisor.

Information on how the Fund votes proxies relating to portfolio securities will be available without charge, upon request, by calling 1-800-996-2862 or by accessing the SEC’s website at www.sec.gov.

FIXED INCOME SECURITIES RATINGS

Standard & Poor’s Corporation (S&P®):

AAA - Highest Grade. These securities possess the ultimate degree of protection as to principal and interest. Marketwise, they move with interest rates, and hence provide the maximum safety on all counts.

AA - High Grade. Generally, these bonds differ from AAA issues only in a small degree. Here too, prices move with the long-term money market.

A - Upper-medium Grade. They have considerable investment strength, but are not entirely free from adverse effects of changes in economic and trade conditions. Interest and principal are regarded as safe. They predominantly reflect money rates in their market behavior but, to some extent, also economic conditions.

BBB - Bonds rated BBB are regarded as having an adequate capacity to pay principal and interest. Whereas they normally exhibit protection parameters, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity to pay principal and interest for bonds in this category than for bonds in the A category.

BB, B, CCC, CC - Bonds rated BB, B, CCC and CC are regarded, on balance, as predominantly speculative with respect to the issuer's capacity to pay interest and repay principal in accordance with the terms of the obligations. BB indicates the lowest degree of speculation and CC the highest degree of speculation. While such bonds will likely have some quality and protective characteristics, these are outweighed by large uncertainties or major risk exposures to adverse conditions.

Plus (+) or Minus (-): The ratings from "AA" to "CCC" may be modified by the addition of a plus or minus sign to show relative standing within the major rating categories.

Moody's Investors Service, Inc. (Moody's):

Aaa - Best Quality. These securities carry the smallest degree of investment risk and are generally referred to as "gilt-edge." Interest payments are protected by a large, or by an exceptionally stable margin, and principal is secure. While the various protective elements are likely to change, such changes as can be visualized are most unlikely to impair the fundamentally strong position of such issues.

Aa - High Quality by All Standards. They are rated lower than the best bonds because margins of protection may not be as large as in Aaa securities, fluctuation of protective elements may be of greater amplitude, or there may be other elements present which make the long-term risks appear somewhat greater.

A - Upper-medium Grade. Factors giving security to principal and interest are considered adequate, but elements may be present which suggest a susceptibility to impairment sometime in the future.

Baa - Bonds which are rated Baa are considered as medium grade obligations, i.e., they are neither highly protected nor poorly secured. Interest payments and principal security appear adequate for the present but certain protective elements may be lacking or may be characteristically unreliable over any great length of time. Such bonds lack outstanding investment characteristics and in fact have speculative characteristics as well.

Ba - Bonds which are rated Ba are judged to have predominantly speculative elements; their future cannot be considered as well assured. Often the protection of interest and principal payments may be very moderate and thereby not well safeguarded during both good and bad times over the future. Uncertainty of position characterizes bonds in this class.

B - Bonds which are rated B generally lack characteristics of the desirable investment. Assurance of interest and principal payments or maintenance of other terms of the contract over any long period of time may be small.

Caa - Bonds which are rated Caa are of poor standing. Such issues may be in default or there may be present elements of danger with respect to principal or interest.

Ca - Bonds which are rated Ca represent obligations which are speculative in a high degree. Such issues are often in default or have other marked shortcomings.

Note: Moody's applies numerical modifiers 1, 2 and 3 in each generic rating classification from Aa to B. The modifier 1 indicates that the issue ranks in the higher end of its generic rating category; the modifier 2 indicates a mid-range rating; and the modifier 3 indicates that the issue ranks in the lower end of its generic category.

Fitch Investors Service:

Debt instruments rated "AAA," "AA," "A," "BBB" are considered to be investment grade.

AAA Highest credit quality. The obligor has an exceptionally strong ability to pay interest and repay principal, which is unlikely to be affected by reasonably foreseeable events.

AA+, AA or AA- Investment grade and of very high credit quality. The obligor's ability to pay interest and repay principal is very strong, although not quite as strong as bonds rated "AAA".

A+, A or A- Investment grade and of high credit quality. The obligor's ability to pay interest and repay principal is considered to be strong, but may be more vulnerable to adverse changes in economic conditions and circumstances than bonds with higher ratings.

BBB+, BBB or BBB- Investment grade and of satisfactory credit quality. The obligor's ability to pay interest and repay principal is considered to be adequate. Adverse changes in economic conditions and circumstances, however, are more likely to have adverse impact on these bonds, and therefore impair timely payment. The likelihood that the ratings of these bonds will fall below investment grade is higher than for bonds with higher ratings.

BB+, BB or BB- Bonds are considered speculative. The obligor's ability to pay interest and repay principal may be affected over time by adverse economic changes. However business and financial alternatives can be identified which could assist the obligor in satisfying its debt service requirements.

B+, B or B- Bonds are considered highly speculative. While bonds in this class are currently meeting debt service requirements, the probability of continued timely payment of principal and interest reflects the obligor's limited margin of safety and the need for reasonable business and economic activity throughout the life of the issue.

CCC+, CCC or CCC- Bonds have certain identifiable characteristics which if not remedied may lead to default. The ability to meet obligations requires an advantageous business and economic environment.

CC Bonds are minimally protected. Default in payment of interest and/or principal seems probable over time. **C** Bonds are in imminent default of payment of interest or principal.

DDD, DD or D Bonds are in default of interest and/or principal payments. Such bonds are extremely speculative and should be valued on the basis of their ultimate recovery value in liquidation or reorganization of the obligor. "DDD" represents the highest potential for recovery on these bonds. "D" represents the lowest potential for recovery.

NR Indicated that Fitch does not rate the specific issue.

Description of Taxable Commercial Paper Ratings

Moody's - Moody's commercial paper rating is an opinion of the ability of an issuer to repay punctually promissory obligations not having an original maturity in excess of nine months. Moody's has one rating - prime. Every such prime rating means Moody's believes that the commercial paper note will be redeemed as agreed. Within this single rating category are the following classifications:

Prime -1 Highest Quality

Prime - 2 Higher Quality

Prime - 3 High Quality

The criteria used by Moody's for rating a commercial paper issuer under this graded system include, but are not limited to the following factors:

- (1) evaluation of the management of the issuer;
- (2) economic evaluation of the issuer's industry or industries and an appraisal of speculative type risks which may be inherent in certain areas;
- (3) evaluation of the issuer's products in relation to competition and customer acceptance;
- (4) liquidity;
- (5) amount and quality of long-term debt;
- (6) trend of earnings over a period of ten years;
- (7) financial strength of a parent company and relationships which exist with the issuer; and
- (8) recognition by the management of obligations which may be present or may arise as a result of public interest questions and preparations to meet such obligations.

S&P® - Standard & Poor's commercial paper rating is a current assessment of the likelihood of timely repayment of debt having an original maturity of no more than 270 days. Ratings are graded into four categories, ranging from "A" for the highest quality obligations to "D" for the lowest. The four categories are as follows:

- "A"** - Issues assigned this highest rating are regarded as having the greatest capacity for timely payment. Issues in this category are further refined with the designations 1, 2, and 3 to indicate the relative degree of safety.
- "A-1"** - This designation indicates that the degree of safety regarding timely payment is very strong.
- "A-2"** - Capacity for timely payment on issues with this designation is strong. However, the relative degree of safety is not as overwhelming.
- "A-3"** - Issues carrying this designation have a satisfactory capacity for timely payment. They are, however, somewhat more vulnerable to the adverse effects of changes in circumstances than obligations carrying the higher designations.

- “B”** - Issues rated “B” are regarded as having only an adequate capacity for timely payment. Furthermore, such capacity may be damaged by changing conditions or short-term adversities.
- “C”** - This rating is assigned to short-term debt obligations with a doubtful capacity for payment.
- “D”** - This rating indicates that the issuer is either in default or is expected to be in default upon maturity.

Fitch:

- F1+** Exceptionally Strong Credit Quality. Issues assigned this rating are regarded as having the strongest degree of assurance for payment.
- F1** Very Strong Credit Quality. Issues assigned this rating reflect an assurance of timely payment only slightly less in degree than “F1+.”
- F2** Good Credit Quality. Issues assigned this rating have a satisfactory degree of assurance for timely payment, but the margin of safety is not as great as for issues assigned “F1+” and “F1”.
- F3** Fair Credit Quality. Issues assigned this rating have characteristics suggesting that the degree of assurance of timely payment is adequate; however, near-term adverse changes could cause these securities to be rated below investment grade.
- FS** Weak Credit Quality. Issues assigned this rating have characteristics suggesting a minimal degree of assurance of timely payment and are vulnerable to near-term adverse changes in financial and economic conditions.
- D** Default. Issues assigned this rating have characteristics suggesting a minimal degree of assurance of timely payment and are vulnerable to near-term adverse changes in financial and economic conditions.
- LOC** The symbol LOC indicated that the rating is based upon a letter of credit default issued by a commercial bank.

TRENDSTAR SMALL-CAP FUND'S FINANCIAL STATEMENTS

TrendStar Funds
TrendStar Small-Cap Fund
Schedule of Investments
September 30, 2008

Common Stocks - 97.97%	<u>Shares</u>	<u>Value</u>
Aerospace & Defense - 2.07%		
Mercury Computer Systems, Inc. (a)	45,892	<u>\$ 408,439</u>
Airlines - 0.56%		
JetBlue Airways Corp. (a)	22,183	<u>109,806</u>
Capital Markets - 3.03%		
Waddell & Reed Financial, Inc. - Class A	24,100	<u>596,475</u>
Commercial Banks - 1.93%		
BankAtlantic Bancorp, Inc. - Class A	10,250	84,050
Boston Private Financial Holdings, Inc.	33,893	<u>296,225</u>
		<u>380,275</u>
Commercial Services & Supplies - 1.53%		
CRA International, Inc. (a)	10,926	<u>300,246</u>
Communications Equipment - 3.39%		
Black Box Corp.	19,302	<u>666,498</u>
Diversified Financial Services - 2.17%		
Jack Henry & Associates, Inc.	21,000	<u>426,930</u>
Electric Lighting & Wiring Equipment - 3.69%		
Daktronics, Inc.	43,600	<u>726,376</u>
Electronic Equipment & Instruments - 2.82%		
Benchmark Electronics, Inc. (a)	3,977	55,996
National Instruments Corp.	11,719	352,156
Plexus Corp. (a)	7,134	<u>147,674</u>
		<u>555,826</u>
Engineering and Construction -1.60%		
Energy Conversion Devices, Inc. (a)	5,400	<u>314,550</u>

*See accompanying notes which are an integral part of these financial statements.

TrendStar Funds
TrendStar Small-Cap Fund
Schedule of Investments - continued
September 30, 2008

Common Stocks - 97.97% - continued	<u>Shares</u>	<u>Value</u>
Health Care Equipment & Supplies - 10.29%		
Analogic Corp.	7,325	\$ 364,492
Bio-Reference Laboratories, Inc. (a)	25,916	748,972
ICU Medical, Inc. (a)	19,432	590,927
PSS World Medical, Inc. (a)	5,668	110,526
ResMed, Inc. (a)	4,900	<u>210,700</u>
		<u>2,025,617</u>
Health Care Providers & Services - 10.95%		
AMERIGROUP Corp. (a)	19,450	491,112
AmSurg Corp. (a)	26,615	677,884
Centene Corp. (a)	32,101	658,392
Eclipsys Corp. (a)	15,609	<u>327,009</u>
		<u>2,154,397</u>
Hotels, Restaurants & Leisure - 2.89%		
Steiner Leisure, Ltd. (a)	16,549	<u>568,955</u>
Household Durables - 1.58%		
Ethan Allen Interiors, Inc.	11,109	<u>311,274</u>
Household Products - 2.66%		
Energizer Holdings, Inc. (a)	6,500	<u>523,575</u>
IT Services - 4.77%		
CACI International, Inc. - Class A (a)	14,000	701,400
Gevity HR, Inc.	32,509	<u>236,666</u>
		<u>938,066</u>
Laboratory Analytical Instruments - 3.54%		
Illumina, Inc. (a)	17,200	<u>697,116</u>
Leisure Equipment & Products - 0.85%		
Shuffle Master, Inc. (a)	33,068	<u>168,316</u>
Materials - 3.07%		
Cabot Microelectronics Corp. (a)	18,809	<u>603,393</u>
Media - 3.81%		
Arbitron, Inc.	12,612	563,630
Dolby Laboratories, Inc. - Class A (a)	5,300	<u>186,507</u>
		<u>750,137</u>

Mining & Quarrying of Nonmetallic Minerals - 0.88%

USEC, Inc. (a)	31,900	<u>172,579</u>
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Miscellaneous Metal Ores - 1.88%

Cameco Corp.	16,600	<u>370,346</u>
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Personal Products - 3.00%

Alberto-Culver Co.	21,700	<u>591,108</u>
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*See accompanying notes which are an integral part of these financial statements.

TrendStar Funds
TrendStar Small-Cap Fund
Schedule of Investments - continued
September 30, 2008

Common Stocks - 97.97% - continued	<u>Shares</u>	<u>Value</u>
Semiconductors - 8.75%		
Cree, Inc. (a)	36,050	\$ 821,219
DSP Group, Inc. (a)	22,733	173,907
IXYS Corp.	59,820	543,764
OmniVision Technologies, Inc. (a)	16,052	<u>183,153</u>
		<u>1,722,043</u>
Semiconductor Equipment - 2.67%		
Varian Semiconductor Equipment Associates, Inc. (a)	20,956	<u>526,415</u>
Services - Computer Integrated Systems Design - 2.22%		
Evergreen Solar, Inc. (a)	32,300	178,296
Quality Systems, Inc.	6,100	<u>257,786</u>
		<u>436,082</u>
Services - Home Health Care Services - 3.24%		
Gentiva Health Services, Inc. (a)	23,649	<u>637,104</u>
Specialty Retail - 3.52%		
Barnes & Noble, Inc.	12,654	330,016
inVentiv Health, Inc. (a)	20,500	<u>362,030</u>
		<u>692,046</u>
Transportation - 4.61%		
Forward Air Corp.	19,332	526,410
UTI Worldwide, Inc.	22,400	<u>381,248</u>
		<u>907,658</u>
TOTAL COMMON STOCKS (Cost \$20,858,484)		<u>19,281,648</u>
Cash Equivalents - 0.41%		
Fidelity Institutional Prime Money Market Portfolio, 2.72% (b)	80,444	<u>80,444</u>
TOTAL CASH EQUIVALENTS (Cost 80,444)		<u>80,444</u>
TOTAL INVESTMENTS (Cost \$20,938,928) - 98.38%		<u>\$ 19,362,092</u>
Other assets in excess of liabilities - 1.62%		<u>319,271</u>
TOTAL NET ASSETS - 100.00%		<u>\$ 19,681,363</u>

(a) Non-income producing.

(b) Variable rate security; the money market rate shown represents the rate at September 30, 2008.

*See accompanying notes which are an integral part of these financial statements.

TrendStar Funds
Statements of Assets and Liabilities
September 30, 2008

TrendStar
Small-Cap
Fund

Assets:

Investments in securities:

At cost	\$ 20,938,928
At value	\$ 19,362,092

Receivable for investments sold	402,533
Receivable for fund shares sold	500
Dividends receivable	5,228
Interest receivable	<u>767</u>
Total assets	<u>19,771,120</u>

Liabilities:

Payable for investments purchased	-
Payable for fund shares purchased	62,687
Payable to Advisor	13,799
Payable to Administrator	13,271
Payable to Custodian	=
Total liabilities	<u>89,757</u>

Net Assets: **\$ 19,681,363**

Net Assets consist of:

Paid in capital	\$ 52,409,490
Accumulated undistributed net investment income (loss)	433
Accumulated undistributed net realized gain (loss) on investments	(31,151,724)
Net unrealized appreciation (depreciation) on investments	<u>(1,576,836)</u>
	<u>\$ 19,681,363</u>

Shares outstanding (unlimited number of shares authorized) 2,610,498

Net asset value and offering price per share \$ 7.54

Redemption price per share (NAV * 98%) (a) \$ 7.39

(a) The Funds charge a 2.00% redemption fee on shares redeemed within 7 days of purchase.

*See accompanying notes which are an integral part of these financial statements.

TrendStar Funds
Statements of Operations
For the Year Ended September 30, 2008

	TrendStar Small- Cap Fund
Investment Income:	
Dividend income (net of withholding tax of \$624)	\$ 441,464
Interest income	<u>47,799</u>
Total Income	<u>489,263</u>
Expenses:	
Investment Advisor fee (a)	599,395
Administration expenses (a)	614,723
CCO Expense	24,022
Interest Expense	<u>11,269</u>
Total Expenses	1,249,409
Expenses waived by Advisor (a)	<u>(19,963)</u>
Total operating expenses	<u>1,229,446</u>
Net Investment Income (Loss)	<u>(740,183)</u>
Realized & Unrealized Gain (Loss)	
Net realized gain (loss) on investment securities	(30,018,878)
Change in unrealized appreciation (depreciation) on investment securities	<u>(2,542,418)</u>
Net realized and unrealized gain (loss) on investment securities	<u>(32,561,296)</u>
Net increase (decrease) in net assets resulting from operations	<u>\$ (33,301,479)</u>

(a) See Note 3 in the Notes to the Financial Statements.

*See accompanying notes which are an integral part of these financial statements.

TrendStar Funds
Statements of Changes In Net Assets

TrendStar Small-Cap Fund

	For the Year Ended September <u>30, 2008</u>	For the Year ended September <u>30, 2007</u>
Increase (Decrease) in Net Assets:		
Operations:		
Net investment income (loss)	\$ (740,183)	\$ (1,628,456)
Net realized gain (loss) on investment securities	(30,018,878)	23,097,143
Change in unrealized appreciation (depreciation) on investment securities	<u>(2,542,418)</u>	<u>6,396,100</u>
Net increase (decrease) in net assets resulting from operations	<u>(33,301,479)</u>	<u>27,864,787</u>
Distributions:		
From net realized gain	(22,546,957)	(20,841,654)
Tax return of capital	<u>(58,005)</u>	=
Total distributions	<u>(22,604,962)</u>	<u>(20,841,654)</u>
Capital Share Transactions:		
Proceeds from shares sold	11,339,881	30,357,350
Reinvestment of distributions	22,516,103	20,644,897
Amount paid for Fund shares repurchased	(129,365,912)	(122,170,279)
Redemption Fees	<u>15</u>	=
Net (decrease) in net assets resulting from capital share transactions	<u>(95,509,913)</u>	<u>(71,168,032)</u>
Total Increase (Decrease) in Net Assets	<u>(151,416,354)</u>	<u>(64,144,899)</u>
Net Assets		
Beginning of year	<u>171,097,717</u>	<u>235,242,616</u>
End of year	<u>\$ 19,681,363</u>	<u>\$ 171,097,717</u>
Accumulated undistributed net investment income included in net assets at end of period	<u>\$ 433</u>	<u>\$ 5,324</u>
Capital Share Transactions		
Shares sold	1,227,796	2,444,553
Shares issued in reinvestment of distributions	2,387,710	1,717,545
Shares repurchased	<u>(14,574,024)</u>	<u>(9,897,448)</u>
Net (decrease) from capital share transactions	<u>(10,958,518)</u>	<u>(5,735,350)</u>

*See accompanying notes which are an integral part of these financial statements.

TrendStar Funds
Financial Highlights
For a Fund share outstanding during each period

TrendStar Small-Cap Fund

	For the Year Ended September <u>30, 2008</u>	For the Year ended September <u>30, 2007</u>	For the Year ended September <u>30, 2006</u>	For the Year ended September <u>30, 2005</u>	For the period ended September <u>30, 2004 (a)</u>
Selected Per Share Data:					
Net asset value, beginning of period	<u>\$ 12.61</u>	<u>\$ 12.19</u>	<u>\$ 11.94</u>	<u>\$ 10.48</u>	<u>\$ 10.00</u>
Income from investment operations					
Net investment (loss)	(0.29)	(0.12)	(0.10)	(0.07)	(0.05)
Net realized and unrealized gain (loss)	<u>(2.89)</u>	<u>1.70</u>	<u>0.59</u>	<u>1.68</u>	<u>0.53</u>
Total from investment	<u>(3.18)</u>	<u>1.58</u>	<u>0.49</u>	<u>1.61</u>	<u>0.48</u>
Less Distributions to Shareholders:					
From net realized gain	(1.89)	(1.16)	(0.24)	(0.15)	-
From return of capital	<u>-(f)</u>	=	=	=	=
Total distributions to shareholders	<u>(1.89)</u>	<u>(1.16)</u>	<u>(0.24)</u>	<u>(0.15)</u>	-
Paid in capital from redemption fees	<u>-(b)</u>	<u>-(b)</u>	=	=	=
Net asset value, end of period	<u>\$ 7.54</u>	<u>\$ 12.61</u>	<u>\$ 12.19</u>	<u>\$ 11.94</u>	<u>\$ 10.48</u>
Total Return(c)	(28.20)%	13.44%	4.08%	15.37%	4.80%(d)
Ratios and Supplemental Data					
Net assets, end of period	\$19,681,363	\$ 171,097,717	\$ 235,242,616	\$193,198,332	\$ 72,598,859
Ratio of expenses to average net assets	1.40%	1.37%	1.36%	1.39%	1.40% (e)
Ratio of expenses to average net assets before waiver &	1.42%	1.37%	1.36%	1.39%	1.44% (e)
Ratio of net investment (loss) to average net assets	(0.84)%	(0.79)%	(0.76)%	(0.90)%	(0.81)% (e)
Ratio of net investment (loss) to average net assets before waiver & reimbursement	(0.86)%	(0.79)%	(0.76)%	(0.90)%	(0.85)% (e)
Portfolio turnover rate	53.28%	21.11%	37.21%	11.92%	14.29%

- (a) October 31, 2003 (Commencement of Operations) through September 30, 2004.
- (b) Redemption fees resulted in less than \$0.005 per share.
- (c) Total return in the above table represents the rate that the investor would have earned or lost on an investment in the Fund, assuming reinvestment of dividends.
- (d) Not annualized.
- (e) Annualized.
- (f) Return of capital resulted in less than \$0.005 per share.

*See accompanying notes which are an integral part of these financial statements.

TrendStar Funds
Notes to the Financial Statements
September 30, 2008

NOTE 1. ORGANIZATION

TrendStar Investment Trust is a statutory business trust organized under Delaware law on July 23, 2003 and is operating as an open-end management investment company of the series type. The Trust was originally organized as the Sirius Investment Trust, but changed its name to TrendStar Investment Trust on or about October 2, 2003. Prior to October 31, 2003, the Trust did not engage in operations other than to attend to organizational matters, which included the sale of 5,000 shares of each series offered by the Trust, and the registration of its shares. The Trust's Agreement and Declaration of Trust authorizes the Board of Trustees to issue an unlimited number of series ("Funds"), each series relating to a separate portfolio of investments, and to classify and reclassify any unissued shares into one or more classes of shares of each such series. The Trust offers two series of shares; TrendStar Small-Cap Fund (the "Fund" or "Small-Cap Fund") and the TrendStar American Endeavor Fund ("American Endeavor Fund"). The shares of the Fund are subject to a 2.00% redemption fee, if redeemed within 7 days of purchase. The Fund is a diversified Fund. The Fund commenced investment operations on October 31, 2003. The investment objective of the Fund is to achieve long-term growth of capital with income as a secondary consideration.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of significant accounting policies followed by the Fund in the preparation of its financial statements.

Securities Valuations -Equity securities are valued by using market quotations, but may be valued on the basis of prices furnished by a pricing service when the Advisor believes such prices more accurately reflect the fair market value of such securities. Securities that are traded on any stock exchange are generally valued by the pricing service at the last quoted sale price. Lacking a last sale price, an exchange traded security is generally valued by the pricing service at its last bid price. Securities traded in the NASDAQ over-the-counter market are generally valued by the pricing service at the NASDAQ Official Closing Price. When market quotations are not readily available, when the Advisor determines that the market quotation or the price provided by the pricing service does not accurately reflect the current market value or when restricted or illiquid securities are being valued, such securities are valued as determined in good faith by the Advisor, in conformity with guidelines adopted by and subject to review of the Board of Trustees of the Trust (the Board"). Fixed income securities are valued by using market quotations, but may be valued on the basis of prices furnished by a pricing service when the Advisor believes such prices more accurately reflect the fair market value of such securities. A pricing service utilizes electronic data processing techniques based on yield spreads relating to securities with similar characteristics to determine prices for normal institutional-size trading units of debt securities without regard to sale or bid prices. If the Advisor decides that a price provided by the pricing service does not accurately reflect the fair market value of the securities, when prices are not readily available from a pricing service, or when restricted or illiquid securities are being valued, securities are valued at fair value as determined in good faith by the Advisor, subject to review of the Board. Short term investments in fixed income securities with maturities of less than 60 days when acquired, or which subsequently are within 60 days of maturity, are valued by using the amortized cost method of valuation, which the Board has determined will represent fair value. The ability of issuers of debt securities held by the Fund to meet their obligations may be affected by economic and political developments in a specific country or region.

In accordance with the Trust's good faith pricing guidelines, the Advisor is required to consider all appropriate factors relevant to the value of securities for which it has determined other pricing sources are not available or reliable as described above. No single standard exists for determining fair value, since fair value depends upon the circumstances of each individual case. As a general principle, the current fair value of an issue of securities being determined by the Advisor would appear to be the amount which the owner might reasonably expect to receive for them upon their current sale. Methods which are in accordance with this principle may, for example, be based on (i) a multiple of earnings; (ii) a discount from market of a similar freely traded security (including a derivative security or a basket of securities traded on other markets, exchanges or among dealers); or (iii) yield to maturity with respect to debt issues, or a combination of these and other methods.

Good faith pricing is permitted if, in the Advisor's opinion, the validity of market quotations appears to be questionable based on factors such as evidence of a thin market in the security based on a small number of quotations, a significant event occurs after the close of a market but before the Funds NAV calculation that may affect a security's value, or the Advisor is aware of any other data that calls into question the reliability of market quotations.

Investments in foreign securities, junk bonds or thinly traded securities are more likely to trigger fair valuation than other securities.

Federal Income Taxes-There is no provision for federal income tax. The Fund intends to continue to qualify each year as a regulated investment company” under subchapter M of the Internal Revenue Code of 1986, as amended, by distributing all of its net investment income and net realized capital gains. If the required amount of net investment income is not distributed, the Fund could incur a tax expense.

Accounting for Uncertainty in Income Taxes- The Fund adopted the provisions of Financial Accounting Standards Board (FASB”) Interpretation No. 48 (FIN 48”), Accounting for Uncertainty in Income Taxes effective October 31, 2007. FIN 48 was applied to all open tax years as of the effective date. The adoption of FIN 48 had no impact on the Funds net assets or results of operation.

As of and during the fiscal period ended September 30, 2008, the Fund did not have a liability for any unrecognized tax benefits. The Fund recognizes interest and penalties, if any, related to unrecognized tax benefits as income tax expense in the statement of operations. During the period, the Fund did not incur any interest or penalties. The Fund is not subject to examination by U.S. federal tax authorities for tax years before 2004.

Fair Value Measurements- In September 2006, FASB issued Statement on Financial Accounting Standards (SFAS”) No. 157 Fair Value Measurements.” This standard establishes a single authoritative definition of fair value, sets out a framework for measuring fair value and requires additional disclosure about fair value measurements. SFAS No. 157 applies to fair value measurements already required or permitted by existing standards. SFAS No. 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007 and interim periods within those fiscal years. The changes to current generally accepted accounting principles from the application of this Statement relate to the definition of fair value, the methods used to measure fair value, and the expanded disclosures about fair value measurements. As of September 30, 2008, the Fund does not believe that the adoption of SFAS No. 157 will impact the amounts reported in the financial statements; however, additional disclosures may be required about the inputs used to develop the measurements and the effect of certain measurements reported on the statement of changes in net assets for a fiscal period.

Derivative Instruments and Hedging Activities- In March 2008, FASB issued Statement on Financial Accounting Standards No. 161, Disclosures about Derivative Instruments and Hedging Activities” (SFAS 161), effective for fiscal years and interim periods beginning after November 15, 2008. SFAS 161 requires enhanced disclosures about the Fund’s derivative and hedging activities, including for how such activities are accounted and their effect on the Fund’s financial performance, and cash flows. Management is currently evaluating the impact the adoption of SFAS 161 will have on the Fund’s financial statements and related disclosures.

Security Transactions and Related Income-The Fund follows industry practice and records security transactions on the trade date. The specific identification method is used for determining gains or losses for financial statements and income tax purposes. Dividend income is recorded on the ex-dividend date and interest income is recorded on an accrual basis. Discounts and premiums on securities purchased are amortized or accreted using the effective interest method. Withholding taxes on foreign dividends have been provided for in accordance with the Fund’s understanding of the applicable country’s tax rules and rates.

Dividends and Distributions-The Small-Cap Fund intends to distribute substantially all of its net investment income as dividends to their shareholders on at least an annual basis. The Fund intends to distribute its net realized long-term capital gains and its net realized short-term capital gains at least once a year. Dividends to shareholders, which are determined in accordance with income tax regulations, are recorded on the ex-dividend date. The treatment for financial reporting purposes of distributions made to shareholders during the year from net investment income or net realized capital gains may differ from their ultimate treatment for federal income tax purposes. These differences are caused primarily by differences in the timing of the recognition of certain components of income, expense or realized capital gain for federal income tax purposes. Where such differences are permanent in nature, they are reclassified in the components of the net assets based on their ultimate characterization for federal income tax purposes. Any such reclassifications will have no effect on net assets, results of operations or net asset values per share of the Fund. For the year ended September 30, 2008, \$735,292 of accumulated undistributed net investment loss and \$58,005 of over-distributions, representing a tax return of capital, was re-classified to paid in capital for the Small-Cap Fund.

NOTE 3. FEES AND OTHER TRANSACTIONS WITH AFFILIATES

TrendStar Advisors, LLC (the Advisor”) manages the investment portfolio and the general business affairs of the Fund pursuant to an investment advisory agreement with the Trust (the Advisory Agreement”). Certain officers and Trustees of the Fund are also officers and Trustees of the Advisor. Under the terms of the Advisory Agreement, the Advisor manages the investment operations of the Fund in accordance with the Fund’s investment policies and restrictions. The Advisor furnishes an investment program for the Fund (determines what investments should be purchased, sold, and held) and makes changes on behalf of the Trust in the investments of the Fund. At all times the Advisor’s actions on behalf of the Fund are subject to the overall supervision and review of the Board. The Fund is obligated to pay the Advisor a fee computed and accrued daily and paid monthly at an annual rate of 0.70% of the first \$100 million in average daily net assets of the Fund and 0.60% on average daily

net assets over \$100 million. For the year ended September 30, 2008, the Advisor earned a fee of \$599,395 from the Small-Cap Fund. At September 30, 2008, the Small-Cap Fund owed the Advisor \$13,799 for its advisory services.

The Advisor has voluntarily agreed to waive all or a portion of its fees and/or reimburse expenses of the Fund, but only to the extent necessary to maintain total operating expenses (excluding brokerage costs, borrowing costs, taxes and extraordinary expenses) at 1.40% of average daily net assets. For the year ended September 30, 2008 the Advisor waived fees in the amount of \$19,963 for the Small-Cap Fund. The Advisor may terminate this voluntary agreement at any time. The Advisor has entered into an agreement with the Trust that allows the Advisor to recover operational expenses waived and/or reimbursed for a period of three years after the waiver/reimbursement, but only to the extent that such recovery can be made without exceeding the Fund's expense cap of 1.40%.

The waived fees related to operating expenses subject to recovery, at September 30, 2008 were as follows:

<u>Fund</u>	<u>Amount</u>	<u>To be repaid by September 30,</u>
Small Cap Fund	\$19,963	2011

The Trust also entered into an Administrative Services Agreement with the Advisor, under which the Advisor is responsible for providing, or arranging to provide, essentially all necessary operational services to the Fund, and paying essentially all operating expenses of the Fund. Expenses incurred by the Trust that do not relate to a specific fund of the Trust are allocated to the individual fund based on the fund's relative net assets or another appropriate basis (as determined by the Board). Those services and expenses include, but are not limited to, transfer agency, fund accounting, fund administration, legal, custody, independent auditing, regulatory filings and filing fees, insurance, fidelity bonds, and other operational expenses.

The only Fund or Trust expenses not covered under the agreement are chief compliance officer services, brokerage fees and commissions, interest and other borrowing expenses, taxes and extraordinary expenses. The Advisor may itself provide the services set forth in the agreement to the Fund, or it may, subject to the supervision and prior approval of the Board, engage third parties to provide such services. The Advisor is responsible for paying any third parties so engaged from its own resources.

Pursuant to the terms of the agreement, the fees payable to the Advisor under the administrative services agreement are as set forth in the table below.

<u>Total Trust Assets</u>	<u>Annual Fee Rate</u>
From \$0 to \$300 million	0.70%
Greater than \$300 million to \$500 million	0.65%
Greater than \$500 million	0.60%

The fund bears its pro-rata share of the administrative expense, which for the year ended September 30, 2008, amounted to \$614,723 for the Small-Cap Fund. At September 30, 2008, the Fund owed the Advisor \$13,271 for administration services.

NOTE 4. INVESTMENT TRANSACTIONS

For the fiscal year ended September 30, 2008, purchases and sales of investment securities, other than short-term investments and short-term U.S. government obligations were as follows:

	<u>Small-Cap Fund</u>
Purchases	
U.S. Government Obligations	\$ -
Other	46, 838, 670
Sales	
U.S. Government Obligations	\$ -
Other	165, 845, 769

As of September 30, 2008, the net unrealized depreciation of investments for tax purposes was as follows:

	<u>Small-Cap Fund</u>
Gross Appreciation	\$ 2,588,338
Gross (Depreciation)	(35,316, 898)

Net Appreciation (Depreciation) on Investments	\$ (32,728,560)
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At September 30, 2008, the aggregate cost of securities for federal income tax purposes was \$52,090,652 for the Small-Cap Fund.

NOTE 5. ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of increases and decreases in net assets from operations during the reporting period. Actual results could differ from those estimates.

NOTE 6. BENEFICIAL OWNERSHIP

The beneficial ownership, either directly or indirectly, of more than 25% of the voting securities of a fund creates a presumption of control of the fund, under Section 2(a)(9) of the Investment Company Act of 1940. As of September 30, 2008, Charles Schwab & Co., Inc. held 52.80% of the Small-Cap Fund in an omnibus account for the benefit of its customers.

NOTE 7. DISTRIBUTIONS TO SHAREHOLDERS

Small-Cap Fund. The Small-Cap Fund paid long-term and short-term capital gain dividends totaling \$1.8931 per share on December 14, 2007 to shareholders of record on December 13, 2007.

The tax characterization of distributions for the fiscal years ended September 30, 2008 and 2007 were as follows:

Distributions paid from:	<u>2008</u>	<u>2007</u>
Short-term capital gain	\$ 4,991,218	7,619,086
Long-term capital gain	17,555,739	13,222,568
Return of Capital	58,005	-
	<u>\$ 22,604,962</u>	<u>\$20,841,654</u>

As of September 30, 2008, the components of distributable earnings/(accumulated losses) on a tax basis were as follows:

	<u>Small-Cap Fund</u>
Undistributed ordinary income	\$433
Accumulated undistributed long-capital gain	-
Unrealized appreciation	<u>(32,728,560)</u>
	<u>\$32,728,127</u>

As of September 30, 2008, the difference between book basis and tax basis unrealized appreciation (depreciation) is attributable to the deferral of post-October losses in the amount of \$31,110,785 for the Small Cap Fund and the tax deferral of losses on wash sales in the amount of \$40,939 for the Small-Cap Fund.

NOTE 8. NON-AFFILIATED SERVICE ARRANGEMENTS (Unaudited)

Transfer Agency and Fund Accounting: With the Board's express prior consent, the Advisor has engaged Unified Fund Services, Inc. (Unified"), 2960 N. Meridian Street, Suite 300, Indianapolis, IN 46208, to perform certain transfer, dividend paying, shareholder servicing, and fund accounting agent functions for the Trust pursuant to a written agreement with the Advisor and the Trust.

Custody: With the Board's express prior consent, the Advisor has engaged Huntington National Bank, 41 South High Street, Columbus, Ohio 43215 (the Custodian) to serve as custodian of the cash and securities of the Fund. The Custodian holds all securities and cash of the Fund, delivers and receives payment for securities sold, receives and pays for securities purchased, collects income from investments, and performs other duties, all as directed by officers of the Trust. The Custodian does not exercise any supervisory function over management of the Fund, the purchase and sale of securities, or the payment of distributions to shareholders.

Principal Underwriter: With the Board's express prior consent, the Advisor has engaged Unified Financial Securities, Inc. (the Underwriter"), 2960 N. Meridian Street, Suite 300, Indianapolis, IN 46208, to act as the principal underwriter of the Fund's

shares pursuant to a written agreement with the Advisor and the Trust (Distribution Agreement”). The Underwriter is a wholly-owned subsidiary company of Unified.

The Distribution Agreement may be terminated by either party upon 60 days' prior written notice to the other party. Pursuant to the Distribution Agreement, the Underwriter facilitates the registration of the Fund's shares under state securities laws and assists in the sale of shares. For providing underwriting services to the Fund, the Underwriter is not paid an annual fee. Its services are provided as part of the overall package of services provided by Unified. The Underwriter may retain certain underwriting concessions from the sale of Fund shares.

Independent Registered Public Accounting Firm/ Audit Services: The Trust's Board of Trustees has selected Cohen Fund Audit Services, Ltd., 800 Westpoint Parkway, Suite 1100, Westlake, OH 44145, as the Trust's independent registered public accounting firm since the Trust's inception. Cohen Fund Audit Services, Ltd. has been selected to audit the Trust's financial statements for the Trust's fiscal year ending September 30, 2008.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and Board of Trustees
TrendStar Investment Trust

We have audited the accompanying statement of assets and liabilities, including the schedule of investments, of TrendStar Small-Cap Fund, one of the series constituting TrendStar Investment Trust, (the "Fund") as of September 30, 2008, and the related statement of operations for the year then ended, the statements of changes in net assets for each of the two years in the period then ended, and the financial highlights for each of the five periods in the period then ended. These financial statements and financial highlights are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Our procedures included confirmation of securities owned as of September 30, 2008 by correspondence with the Fund's custodian and brokers or by other appropriate auditing procedures where replies from brokers were not received. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of TrendStar Small-Cap Fund as of September 30, 2008, the results of its operations for the year then ended, the changes in its net assets for each of the two years in the period then ended, and the financial highlights for each of the five periods in the period then ended, in conformity with accounting principles generally accepted in the United States of America.

COHEN FUND AUDIT SERVICES, LTD.
Westlake, Ohio
November 13, 2008