

# Adams Harkness Small Cap Growth Fund

CUSIP  
349903229

NASDAQ TICKER  
ASCGX

## PERFORMANCE SUMMARY (as of 12/31/11)

Calendar Year	4Q	YTD	1 Year	3 Year	5 Year	Since Inception
Adams Harkness	9.94%	-6.04%	-6.04%	15.44%	0.53%	3.22%
Russell 2000 Growth	14.99%	-2.91%	-2.91%	19.00%	2.09%	4.61%

Performance data quoted represents past performance and is no guarantee of future results. Current performance may be lower or higher than the performance data quoted. Investment return and principal value will fluctuate so that an investor's shares, when redeemed, may be worth more or less than original cost. The Fund's return assumes the reinvestment of dividend and capital gain distributions. For the period reported, some of the Fund's fees were waived or expenses reimbursed; otherwise, total return would have been lower. As stated in the current prospectus, the Fund's annual operating expense ratio (gross) is 3.63%. The Fund's adviser has voluntarily agreed to waive a portion of its fees and reimburse expenses so to cap the expense ratio at 1.80% through April 30, 2012. Shares redeemed or exchanged within 30 days of purchase will be charged a 1.00% redemption fee. Returns greater than one year are annualized. For the most recent month end performance, please call (800) 441-7031 or visit the Fund's website at [www.ahsmallcap.com](http://www.ahsmallcap.com)

Short-term performance, in particular, is not a good indication of the Fund's future performance, and an investment should not be made based solely on returns. Because of ongoing market volatility, Fund performance may be subject to substantial short-term changes.

### INVESTMENT OBJECTIVE

The Fund seeks maximum capital appreciation.

### Investment Process

Our decision making process is both dynamic and disciplined. It combines sound fundamental judgment with time-tested methodology as we strive to deliver significant alpha to our clients. The key elements of our process are:

Position early in the highest-potential emerging growth companies. Through database screening and fundamental analysis we winnow down the field of small growth companies.

Use themes in portfolio construction to focus and concentrate: Combine top-down market perspective with bottom-up analysis to optimize stock selection and concentrate in the driving investment themes which offer long term opportunity.

Employ a strict sell discipline: We consider the sell decision critical to small cap growth performance. Small changes on the margin in a company's strategic direction can have a big impact on earnings—the Fund's goal is to identify and decipher those clues.

We invest in 90-110 names, with top ten positions comprising no more than 30% of the portfolio. Our goal is to buy a 0.5% to 1.5% position, let our winners run to a bit over 3.0%, and cut our losses early. We maintain a strict p/e to growth valuation discipline.

## Commentary

The fourth quarter and full year 2011 turned out to be a disappointing one for the Adams Harkness Small Cap Growth Fund. We underperformed as the market rebounded in October, driven in part by our focus on higher quality names—the greatest rebounds were seen in the lower quality companies—and also by some issues in our healthcare and consumer holdings. This underperformance was severe enough to put us behind the benchmark for the year. The greatest detractors from performance for the year were technology and energy; the greatest contributors were healthcare and industrials. For the quarter, the Fund was hurt by its weighting in consumer discretionary, healthcare and technology.

2011 was an unusual year, in our experience. We saw tremendous price/earnings multiple compression during the year, mostly in the last quarter of the year, as investor concerns over Europe and the banking system outweighed strong profit growth and an improving outlook for the U.S. economy. The companies in our portfolio, on average, grew earnings well over 30% in 2011, and the portfolio declined slightly for the year. The last time we saw this kind of multiple compression was in the early 1990s, and then in the late 1970s. While the situation is frustrating, we do not view it as sustainable over the longer term. We see several potential outcomes: First, the worst case is realized as a result of major policy mistakes and the world plunges into deep recession. This outcome has a very low probability, in our opinion, particularly given the recent coordinated moves by the various central banks to support the European banking system, and the ECB's recent actions. The second outcome is that the U.S. decouples from the rest of the world, particularly Europe, and our markets grind higher as our economy grows modestly but steadily and corporate earnings increase. We view this as the most likely outcome. In our mind, it still implies a lot of volatility in the general market, and more importantly for us, a lot of variability in individual stock performance. That provides a lot of opportunity for us, we believe. As we do every year, we have reviewed our processes and strengthened those areas that we believe need improvement. While we have made no major changes, we have sharpened our focus and our diligence on the individual companies. We believe strongly that 2012 will be a better year, on a relative and absolute basis, than 2011 for the Fund.

*Before investing, you should carefully consider the Fund's investment objectives, risks, charges, and expenses. This and other information is in the prospectus, a copy of which may be obtained by calling (800) 441-7031. Please read the prospectus carefully before you invest.*



AH Lisanti Capital Growth  
Investing in Growth

228-FS-1211

## CURRENT THEMES:

The Greying of America  
 The Biotech Revolution  
 Productivity Enhancement  
 The Ubiquitous Semiconductor  
 The New Consumer  
 Managing the Information Age  
 America's Changing Leisure Time  
 Life in an Uncertain World  
 ReEnergizing America  
 The Global Industrial Renaissance  
 The New Healthcare Paradigm



**Mary Lisanti,**  
**CFA**  
 Portfolio  
 Manager

## EXPERIENCED

Mary Lisanti founded AH Lisanti Capital Growth in 2003. She has over 32 years of financial markets experience. With a particular expertise in small growth companies, she is a veteran of several small cap and market cycles. Ms. Lisanti is a Chartered Financial Analyst and received her BA with honors from Princeton University. The AH Lisanti investment team has over 70 years of experience.

## FOCUSED

Small cap growth is AH Lisanti's only product. The firm employs the process that Ms. Lisanti has used for over 14 years in managing small cap growth portfolios for major institutions. Each member of the four person investment team specializes in several sectors, so that deep domain expertise is developed and maintained. We are independent researchers—we kick the tires ourselves and develop our own dialogues with a company's management team.

## FLEXIBLE

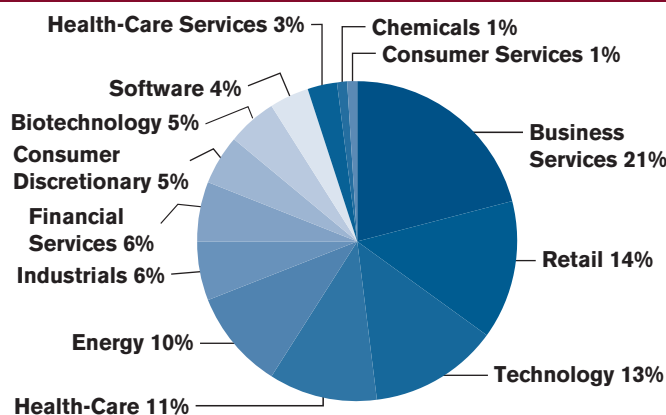
Our small group enables us to be adept at identifying key themes early. Buy and sell decisions are made by Ms. Lisanti—she can quickly respond to changing company dynamics and market conditions.

## Fund Facts

	Fund (as of 12/31/11)	Russell 2000 Growth Index (as of 12/31/11)
Average Market Capitalization (\$ Billions) <sup>1</sup>	\$1.4	\$1.2
Price-to-Earnings Ratio (forward) <sup>2</sup>	22.8	14.2
Beta (1-year) <sup>3</sup>	1.3	1.3
EPS Growth (current year) <sup>4</sup>	32%	49.0%
EPS Growth (1 year forward) <sup>4</sup>	48%	28.0%
Number of Stocks	100	1,162
Expense Ratio - Gross	3.63%	N/A
Expense Ratio - Net	1.80%	N/A
Fund Net Assets (\$ Millions)	\$10.76	N/A

Source: William O'Neil, Advent Axyx 3.6, Factset, Baseline

## Sector Allocation (12/31/11)



## Top Ten Holdings (12/31/11)

Aspen Technology, Inc.	2.61%	Sourcefire, Inc.	1.93%
Akorn, Inc.	2.26%	United Rentals, Inc.	1.96%
Mistras Group, Inc.	2.13%	Silicon Motion Technology Corp., ADR	1.89%
Kodiak Oil & Gas Corp.	2.11%	Select Comfort corp.	1.87%
Salix Pharmaceuticals, Ltd.	2.02%	Dycom Industries, Inc.	1.86%

The Fund invests in smaller companies which carry greater risk than is associated with larger companies for various reasons such as narrower markets, limited financial resources and less liquid stock.

The Russell 2000 Growth Index measures the performance of the small-cap growth segment of the U.S. equity universe. It includes those Russell 2000 companies with higher price-to-book ratios and higher forecasted growth values. Frank Russell Company is the source and owner of the Russell Index data contained or reflected in this material and all trademarks and copyrights related thereto. This is a presentation of AH Lisanti. The presentation may contain confidential information and unauthorized use, disclosure, copying, dissemination or redistribution is strictly prohibited. Frank Russell Company is not responsible for the formatting or configuration of this material or for any inaccuracy in AH Lisanti's presentation thereof. One cannot invest directly in an index. <sup>1</sup>The average market capitalization used in the table is a weighted average and is determined by taking the average of each stock's percentage weight. Generally speaking, small-cap stocks have market values below \$1 billion. <sup>2</sup>Price-to earnings ratio is the value of a company's stock price relative to company earnings. <sup>3</sup>Beta is the measure of a fund's relative volatility as compared to an index. The beta of the Fund and Index are each measured against the Russell 3000, which is comprised of the largest 3000 U.S. companies, representing approximately 98% of the investable U.S. equity market. <sup>4</sup>A fund with a 1.10 beta is expected to perform 10% better than the Index in up markets and 10% worse in down markets. Generally speaking, the higher the beta, the riskier the investment. Alpha is the difference between a fund's actual returns and its expected performance, given its level of risk as measured by Beta. The difference is expressed as an annualized percentage. <sup>5</sup>EPS is earnings per share. The PEG Ratio is the P/E ratio relative to the company's earning growth rates.

Fund holdings and sector allocation are subject to change. The commentary views in this fund profile sheet were those of the portfolio manager as of the issue date and may not reflect her views on the date this profile sheet is first published or anytime thereafter. These views are intended to assist readers in understanding the Fund's investment methodology and do not constitute investment advice. Foreside Fund Services, LLC is the distributor for the Adams Harkness Small Cap Growth Fund.

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