Second Quarter 2010

VULCAN VALUE PARTNERS

Portfolio Review

General

The second quarter of 2010 was hard on short term traders and speculators with double digit declines in most major equity indices. It was a wonderful quarter for investors with a long-term perspective like us. We were able to take advantage of stock price volatility to exit several companies that had risen in price and redeploy proceeds into more discounted companies of an equal or higher business quality. We are happy to trade off short term volatility for improved long-term prospective returns. Our year to date performance is summarized below. Vulcan Value Partners Small Cap Fund was the standout once again with respectable results compared to its benchmarks. We know we are preaching to the choir but we are focused on producing superior real rates of return over our five year time horizon. We place no weight on short term results, good or bad, and neither should you. You should place more weight on our longer term historical results and a great deal of weight on our long-term prospects – more on that below.

Directory

	Inception Date	As of June 30, 2010 YTD	Annualized Since Inception
Vulcan Value Partners Fund (VVPLX)	**12/30/2009**	**-7.2%**	**-7.9%**
S&P 500 Index		-6.7%	-7.6%
Russell 1000 Value Index		-5.1%	-6.1%
Vulcan Value Partners Small Cap Fund (VVPSX)	**12/30/2009**	**3.0%**	**1.9%**
Russell 2000 Index		-2.0%	-3.2%
Russell 2000 Value Index		-1.6%	-3.0%

Vulcan Value Partners Fund and Vulcan Value Partners Small Cap Fund returns are net of fees and expenses and assume reinvestment of dividends and capital gains. *Total expense ratio is 1.50%.* Neither fund imposes a sales charge. Index returns do not reflect deductions for fees or expenses. Performance data quoted represents past performance. Past performance is not indicative of future results. Investment return and value of shares will fluctuate. Upon redemption, shares may be worth more or less than their original cost. The performance figures do not reflect the deduction of any taxes a shareholder might pay on distributions or redemptions. The current performance may be higher or lower than the quoted performance. Please call 877.421.5078 for the most recent month-end performance results.

Everywhere we go it seems that most everyone we talk to is pessimistic about the macro outlook, and rightly so. A double dip recession is not out of the question, fiscal problems arising from irresponsible western governments pose yet another threat to the still recovering financial system, higher taxes and higher regulatory costs are virtually certain. While benign now, higher inflation seems to be probable in a few years. We are just repeating what others we respect are saying but we agree. With such a dreary

For more information please contact us at :

Vulcan Value Partners
3500 Blue Lake Dr.
Suite 400
Birmingham, AL
35243

205.803.1582 phone

www.vulcanvaluepartners.com

Portfolio Review (Cont.)

macro outlook, why are we in a good mood? We do not own "the averages." Vulcan Value Partners Fund and Vulcan Value Partners Small Cap Fund each own a portfolio of outstanding businesses that produce tremendous amounts of free cash flow and have very strong balance sheets. The funds own these businesses at very attractive prices that should provide a margin of safety to compensate for the macro risks we all face. Moreover, these businesses are not standing still. They are competitively entrenched and are becoming more so. Their values are growing and the prices the market asks us as investors to pay for the rising values are declining. It is a wonderful combination for long term investors.

Rising anxiety over a poor macro outlook is rational. Not differentiating between the winners and the losers is irrational. For several years now, and continuing this year, flows into bond funds have been strong and flows into equity funds have been negative. The opposite was true back in 1999 when equity valuations were at bubble era highs. It is amazing to us that some investors would prefer fixed rate 3% yields for 10 years on U.S. treasuries to say, the 3.6% dividend yield of Johnson and Johnson, which is only a fraction of its free cash flow, and which will grow in excess of inflation for a very long time (Johnson and Johnson has *raised* its dividend for 48 consecutive years and its dividend has grown 13.4% *annually* over the last ten years). If inflation only returns to its long term average of 3%, investors in U.S. treasuries will have a zero real rate of return. That seems like a best case result to us. Meanwhile, Johnson and Johnson should be able to pass on cost increases and grow unit volumes well in excess of inflation. It gets better. We own Johnson and Johnson at a large discount to any reasonable estimate of fair value for this outstanding business franchise. If price rises to reflect fair value and the company's value grows anywhere close to the double digit rate that we expect, then we will receive extraordinary returns over our five year time horizon while enjoying a margin of safety based on our appraised value compared to the market price at the time of purchase. Which would you rather own?

If you answered Johnson and Johnson, you are in the right place. If you prefer the "safety" of treasuries, there is probably not a good fit between you and the Vulcan Value Partners funds.

As much as we like Johnson and Johnson, it is not the best business we own, nor is it the cheapest. The irrational response to the admittedly sub-par macro environment is to not differentiate between wonderful businesses that will grow their values in a poor economy and those that will not. If things turn out to be as bad as the consensus expects then the companies we own should trade at a premium, not a discount. The resulting mispricing is a great opportunity, but it is only available to long term investors who appreciate the difference between price and value.

Before we review the portfolios I want to recognize and thank our research team for their extraordinary work. Our team is at least two years ahead of where I thought we would be at this point. Our analysts have identified mispriced, high quality businesses and correctly rejected marginal businesses that appeared to be statistically cheap. Moreover, their productivity allowed us to quickly update values and re-allocate capital among our existing investments, reducing stakes in more fully valued businesses and re-deploying capital into more discounted businesses. Lastly, I would like to welcome the newest member of our research team, Mac Dunbar. We have high hopes for Mac but he will have his work cut out for him keeping up with Bruce Donnellan, Allen Cox, and Hampton McFadden. I will do my best to keep up with them as well.

Please note that in the commentary that follows regarding each of the funds, we define meaningful as having a 1% impact on portfolio returns or a greater than 10% change in price. We generally limit comments about top contributors and detractors to the top three or to companies that had a meaningful impact on portfolio performance.

Vulcan Value Partners Fund Review

Investment Strategy	Inception Date	As of June 30, 2010		
		Second Quarter 2010	YTD	Annualized Since Inception
VVP Fund (VVPLX)	12/30/2009	-12.1%	-7.2%	-7.9%
S&P 500 Index		-11.4%	-6.7%	-7.6%
Russell 1000 Value Index		-11.2%	-5.1%	-6.1%

Vulcan Value Partners Fund and Vulcan Value Partners Small Cap Fund returns are net of fees and expenses and assume reinvestment of dividends and capital gains. *Total expense ratio is 1.50%.* Neither fund imposes a sales charge. Index returns do not reflect deductions for fees or expenses. Performance data quoted represents past performance. Past performance is not indicative of future results. Investment return and value of shares will fluctuate. Upon redemption, shares may be worth more or less than their original cost. The performance figures do not reflect the deduction of any taxes a shareholder might pay on distributions or redemptions. The current performance may be higher or lower than the quoted performance. Please call 877.421.5078 for the most recent month-end performance results.

Top contributors to second quarter performance included Discovery Communications, Dr. Pepper Snapple Group, and Direct TV. From our point of view, the growth in the value of the companies is more important than the growth in share price. Discovery Communications generated strong free cash flow and improved profitability. The company is benefitting from strong ratings, steadily growing affiliate fees, and an improving advertising climate. Dr. Pepper Snapple Group also generated substantial free cash flow, strengthened its balance sheet by paying down debt, and initiated a share repurchase program. The company received a windfall from new distribution agreements with Coca Cola and Pepsi. Dr. Pepper Snapple Group is performing very well in the market place and growing its market share with new products and successful advertising. I particularly recommend Diet Cherry Dr. Pepper, it is delicious. Direct TV made progress on multiple fronts. First, the company produced outstanding operational results with strong revenue gains, led by robust subscriber growth, which resulted in higher profitability and outstanding growth in free cash flow. In addition, the company improved its corporate governance by its decision to move to one class of stock. Lastly, Direct TV announced a plan to optimize its capital structure by increasing leverage and aggressively accelerating an already robust share repurchase program. Direct TV has an extremely strong balance sheet and substantial free cash flow that is growing at high double digit rates. Meanwhile, the stock price is trading at a discount to the company's growing value. Therefore, every dollar spent repurchasing stock results in more than a dollar of return to us, as shareholders. Direct TV's financial leverage will remain moderate compared to its free cash flow. We applaud their management team for delivering both strong operating results and outstanding capital allocation decisions.

Vulcan Value Partners Large Cap Review (Cont.)

Detractors to second quarter performance included Teva Pharmaceuticals, Google, and Mastercard. Teva Pharmaceuticals is the largest generic drug company in the world with a global footprint and a substantial U.S. presence. It is domiciled in Israel. The company should be one of the largest beneficiaries of healthcare reform in the United States. Free cash flow production is high and growing. Our appraisal of its value is rising steadily. We are very pleased with Teva Pharmaceuticals' results and view its recent stock weakness as an opportunity.

In our first quarter letter we said the following about Google: "Google is generating ample free cash flow and is producing solid bottom line results. Consequently, its value is growing, which is our chief concern. Google has been in the news a lot lately because of its decision to stop filtering its Chinese web site search results. Chinese related revenues are a small fraction of Google's total so if Google does leave China it will be immaterial. While the opportunity cost of foregoing future growth in China is high we believe that there is an equally offsetting benefit as Google cements its worldwide reputation as the leading source of objective search information on the Internet." As this letter is being written, Chinese authorities have renewed Google's license to operate in China and its reputation and brand have been strengthened. After delivering double digit bottom line gains during the recession, Google's growth is accelerating as the economy improves. Our value continues to move north. We could not be more pleased with Google's operating results.

Mastercard is an amazing business. It consistently produces large and growing amounts of free cash flow and has one of the strongest balance sheets in the world. The biggest problem Mastercard has is governmental interference with its business. They recently enacted a finance reform bill that contains a provision that should shift revenues from banks to retailers by reducing interchange fees. Interchange fees are the fees charged to process a credit or debit card transaction. Credit and debit card companies collect a small fraction of the interchange fee and banks collect a larger share. Basically, banks are being punished because of political anger over the financial bailout and Mastercard is caught in the middle. We demand businesses that are competitively entrenched and that are purchased with a margin of safety to protect us from just this sort of unpredictable event. Mastercard earns over half of its revenues outside of the U.S. The financial reform bill is primarily aimed at debit transactions. Mastercard's U.S. business mix is more heavily weighted towards credit transactions. Moreover, as mentioned, Mastercard only collects a small percentage of the interchange fee so it is unlikely they will need to reduce their revenues to retain business. Net-net the financial reform bill is unlikely to have a meaningful impact on Mastercard's wonderful business but it has caused a meaningful decline in the stock price. Less competitively entrenched businesses, such as banks, and consumers are not likely to fare as well.

Vulcan Value Partners Small Cap Fund Review

Investment Strategy	Inception Date	As of June 30, 2010		
		Second Quarter 2010	YTD	Annualized Since Inception
VVP Small Cap Fund (VVPSX)	12/30/2009	-8.4%	3.0%	1.9%
Russell 2000 Index		-9.9%	-2.0%	-3.2%
Russell 2000 Value Index		-10.6%	-1.6%	-3.0%

Vulcan Value Partners Fund and Vulcan Value Partners Small Cap Fund returns are net of fees and expenses and assume reinvestment of dividends and capital gains. *Total expense ratio is 1.50%*. Neither fund imposes a sales charge. Index returns do not reflect deductions for fees or expenses. Performance data quoted represents past performance. Past performance is not indicative of future results. Investment return and value of shares will fluctuate. Upon redemption, shares may be worth more or less than their original cost. The performance figures do not reflect the deduction of any taxes a shareholder might pay on distributions or redemptions. The current performance may be higher or lower than the quoted performance. Please call 877.421.5078 for the most recent month-end performance results.

There is a moderate amount of overlap in portfolio holdings between Vulcan Value Partners Small Cap Fund and Vulcan Value Partners Fund, so sometimes the top contributors overlap as well. This overlap occurs primarily because sometimes the small cap companies we purchase for Vulcan Value Partners Small Cap Fund, over time, grows into large cap companies suitable for purchase by Vulcan Value Partners Fund.

Top contributors to second quarter performance included Pacer International, Dr. Pepper Snapple Group, and Discovery Communications. Pacer International is a fairly recent purchase. The company provides logistical and intermodal services to shippers and railroads. Pacer allows shippers to aggregate goods and reduce transportation costs. Pacer also allows railroads to improve efficiencies and reduce costs. Pacer's business model is "asset light" so, unlike many transportation companies that are highly capital intensive, Pacer largely uses other companies' assets but still benefits from growing global trade. Consequently, the company produces robust free cash flow and high returns on capital. We expect their results to benefit from the moderate economic recovery taking place. Dr. Pepper Snapple Group generated substantial free cash flow, strengthened its balance sheet by paying down debt, and initiated a share repurchase program. The company received a windfall from new distribution agreements with Coca Cola and Pepsi.

Vulcan Value Partners Small Cap Review (Cont.)

Dr. Pepper Snapple Group is performing very well in the market place and growing its market share with new products and successful advertising. I particularly recommend Diet Cherry Dr. Pepper, it is delicious. Discovery Communications generated strong free cash flow and improved profitability. The company is benefitting from strong ratings, steadily growing affiliate fees, and an improving advertising climate.

Detractors to second quarter performance included NASDAQ OMX Group, Heartland Payment Systems, and Sonic Corp. NASDAQ OMX Group's results are driven by trading volumes. The company enjoys high operating margins but also has a lot of operating leverage. All in all, the company is doing well maintaining margins and generating strong free cash flow in a weak revenue environment. The company is using its free cash flow to repurchase discounted shares. Financial markets are unpredictable in the short run and the recovery is uneven, but NASDAQ OMX should benefit from a long-term trend to greater trading volumes and capital market growth. In the meantime, we applaud their capital allocation decision to repurchase stock. Heartland Payment Systems' first quarter was poor as their small merchant customers are still suffering from less than robust consumer spending and the company invested heavily in its sales force in anticipation of an improving environment. We applaud them for managing their business to build long-term value instead of being overly concerned with short term, quarterly results. Our appraisal of its value grew as Heartland settled more of its data breach liabilities for substantially less than our earlier, conservative estimates. Sonic Corp. is typical of Heartland Payment Systems' customers. Consumers are reticent to spend as they rebuild their personal balance sheets and unemployment remains high. As a result, Sonic Corp.'s same restaurant sales remain weak. As the economy continues to improve we expect employment growth to improve along with it and for Sonic Corp.'s sales trends to follow. In the meantime, the company continues to produce strong free cash flow, which it is using to pay down debt and strengthen its balance sheet.

Closing

We appreciate the confidence you have placed in us to manage a portion of your savings. Your stable capital, combined with ours, allows us to take advantage of short term fluctuations in securities prices to build superior long term results. As our name implies, we are truly in partnership.

We look forward to updating you again in our next report.

Sincerely,

C.T. Fitzpatrick
Chief Investment Officer

Disclosures

Vulcan Value Partners Fund:

The fund seeks to achieve long-term capital appreciation by investing primarily in med- and large-capitalization U.S. companies believed to be both undervalued and possessing a sustainable competitive advantage.

This letter reflects our views, opinions, and portfolio holdings as of June 30, 2010. Our views may change at any time based upon market or other conditions and Vulcan Value Partners disclaims any responsibility to update our views. Our views should not be relied on as investment advice and, because investment decisions for the fund are based on numerous factors, may not be relied on as an indication of trading intent on behalf of the fund.

For more complete information, please download the fund's prospectus available on www.vulcanvaluepartners.com or call 877.421.5078 for copies. You should consider the fund's investment objectives, risks, charges, and expenses carefully before you invest. Information about these and other important subjects is in the fund's prospectus, which you should read carefully before investing.

Vulcan Value Partners, LLC ("Vulcan" or the "Adviser") has given a contractual agreement to the Funds that to the extent the Total Annual Fund Operating Expenses (as defined in Item 3 of Form N-1A) with respect to either Fund (exclusive of Acquired Fund Fees and Expenses (if any), brokerage expenses, interest expense, taxes and extraordinary expenses) ("Designated Annual Fund Operating Expenses") exceed 1.50% of such Fund's average daily net assets for a particular fiscal year of the Fund, the Adviser will reduce the Management Fee and/or Other Expenses otherwise payable to the Adviser with respect to such Fund for such fiscal year by an amount equal to such excess, and/or the Adviser shall reimburse the Fund by the amount of such excess. This agreement is in effect through August 31, 2011 and will be reevaluated on an annual basis thereafter. Without this agreement, expenses could be higher. If the Adviser foregoes any fees and/or reimburses a Fund pursuant to this letter agreement with respect to a particular fiscal year, then the Adviser shall be entitled to recover from the Fund(s) the amount foregone or reimbursed to the extent Designated Annual Fund Operating Expenses are less than 1.50% of such Fund's average daily net assets during any fiscal year following such fiscal year.

The S&P 500 Index is an unmanaged index of 500 common stocks chosen for market size, liquidity, and industry group representation. It is a market-value weighted index. The S&P 500 Index figures do not reflect any fees, expenses, or taxes. Investors cannot invest directly in this index.

The Russell 1000® Value Index measures the performance of the large-cap value segment of the U.S. equity universe. It includes those Russell 1000® companies with lower price-to-book ratios and lower expected growth values. An investment cannot be made directly into an index.

All information in this report is as of the date shown in the upper right hand corner unless otherwise indicated.

The Fund is newly formed and, therefore, has limited performance history for investors to evaluate. Also, it is possible that each Fund may invest in securities offered in certain types of transactions (such as private placements) that, because of that Fund's size, may have a disproportionate impact on that Fund's performance results. That Fund would not necessarily have achieved the same performance results if its aggregate net assets had been greater.

‡ William Hjorth is a registered representative of ALPS Distributors, Inc.
CFA Institute Marks are trademarks owned by the CFA Institute.
ALPS Distributors, Inc. is the distributor for the Vulcan Value Partners Fund.

Reference Holdings as of June 30, 2010	% of Net Assets
Mastercard	6.52%
Teva Pharmaceuticals	6.21%
Direct TV	5.79%
Google	5.75%
Discovery Communications	4.41%
Dr. Pepper Snapple Group	2.11%

Disclosures (Cont.)

Vulcan Value Partners Small Cap Fund:

The fund seeks to achieve long-term capital appreciation by investing primarily in small-capitalization U.S. companies believed to be both undervalued and possessing a sustainable competitive advantage.

This letter reflects our views, opinions, and portfolio holdings as of June 30, 2010. Our views may change at any time based upon market or other conditions and Vulcan Value Partners disclaims any responsibility to update our views. Our views should not be relied on as investment advice and, because investment decisions for the fund are based on numerous factors, may not be relied on as an indication of trading intent on behalf of the fund.

Vulcan Value Partners, LLC ("Vulcan" or the "Adviser") has given a contractual agreement to the Funds that to the extent the Total Annual Fund Operating Expenses (as defined in Item 3 of Form N-1A) with respect to either Fund (exclusive of Acquired Fund Fees and Expenses (if any), brokerage expenses, interest expense, taxes and extraordinary expenses) ("Designated Annual Fund Operating Expenses") exceed 1.50% of such Fund's average daily net assets for a particular fiscal year of the Fund, the Adviser will reduce the Management Fee and/or Other Expenses otherwise payable to the Adviser with respect to such Fund for such fiscal year by an amount equal to such excess, and/or the Adviser shall reimburse the Fund by the amount of such excess. This agreement is in effect through August 31, 2011 and will be reevaluated on an annual basis thereafter. Without this agreement, expenses could be higher. If the Adviser foregoes any fees and/or reimburses a Fund pursuant to this letter agreement with respect to a particular fiscal year, then the Adviser shall be entitled to recover from the Fund(s) the amount foregone or reimbursed to the extent Designated Annual Fund Operating Expenses are less than 1.50% of such Fund's average daily net assets during any fiscal year following such fiscal year.

The Funds may invest in the securities of companies with small or medium market capitalizations. Small or medium-sized companies may have more limited product lines, markets, and financial resources than larger companies. In addition, their securities may trade less frequently and in more limited volume than those of larger companies. Small- or mid-cap stocks may be more volatile than those of larger companies and, where trading volume is thin, the ability to dispose of such securities may be more limited. Because the Vulcan Value Partners Small Cap Fund normally invests at least 80% of its equity assets in securities of smaller companies, these risks may be increased.

The Russell 2000 Index includes the 2000 firms from the Russell 3000 Index with the smallest market capitalizations. The Russell 2000 Index figures do not reflect any fees, expenses, or taxes. Investors cannot invest directly in this index. The Russell 2000® Value Index measures the performance of those Russell 2000® companies with lower price-to-book ratios and lower forecasted growth values. The Russell 2000 Value Index figures do not reflect any fees, expenses, or taxes. Investors cannot invest directly in this index.

All information in this report is as of the date shown in the upper right hand corner unless otherwise indicated.

The Fund is newly formed and, therefore, has limited performance history for investors to evaluate. Also, it is possible that each Fund may invest in securities offered in certain types of transactions (such as private placements) that, because of that Fund's size, may have a disproportionate impact on that Fund's performance results. That Fund would not necessarily have achieved the same performance results if its aggregate net assets had been greater.

‡ William Hjorth is a registered representative of ALPS Distributors, Inc.
CFA Institute Marks are trademarks owned by the CFA Institute.
ALPS Distributors, Inc. is the distributor for the Vulcan Value Partners Small Cap Fund.

Referenced Holdings as of June 30, 2010	% of Net Assets
Sonic Corp	5.86%
Pacer International	4.63%
Heartland Payment Systems	4.46%
Dr. Pepper Snapple Group	4.24%
Discovery Communications	4.41%
NASDAQ OMX Group	4.41%

Vul000125
Expires October 31, 2010