VULCAN
VALUE
PARTNERS

First

Quarter

2012

## Portfolio Review

### General

We are pleased to report that both the Vulcan Value Partners Fund and the Vulcan Value Partners Small Cap Fund delivered very strong results during the first quarter. Much more important, we have produced exceptional long-term results. For the first quarter both funds delivered positive returns and exceeded the returns of their respective benchmarks, net of fees. We have more good news. The Vulcan Value Partners Fund's results have attracted some welcome attention. We are please to share that The Wall Street Journal recently recognized Vulcan Value Partners Fund (VVPLX) on its list of "Category Kings".

Directory



| | Inception Date | As of March 31, 2012 QTD | Annualized 1 Year | Annualized Since Inception |
|---|---|---|---|---|
| **Vulcan Value Partners Fund (VVPLX)** | **12/31/2009** | **14.88%** | **15.58%** | **12.92%** |
| Russell 1000 Value Index | | 11.12% | 4.79% | 11.46% |
| S&P 500 Index | | 12.59% | 8.54% | 12.74% |
| **Vulcan Value Partners Small Cap Fund (VVPSX)** | **12/31/2009** | **13.61%** | **5.89%** | **18.70%** |
| Russell 2000 Value Index | | 11.59% | -1.07% | 12.15% |
| Russell 2000 Index | | 12.44% | -0.18% | 14.25% |

**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 month-end performance may be higher or lower than the quoted performance and may be obtained by calling 877.421.5078 or visiting www.vulcanvaluepartners.com.**

In our previous letters to shareholders, we told you that our time-horizon was five years and that yours should be also when evaluating our results. When we wrote that letter we were highly confident that the execution of our investment philosophy would produce good long-term results but we had no idea we would be "stress tested" with the conditions that have existed in recent years. We are gratified that we were able to protect capital in down markets and produce good returns in rising markets.


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## Portfolio Review (Cont.)

What are the building blocks of this success?

1. Our research team consisting of Allen Cox, Bruce Donnellan, Mac Dunbar, Anne Jones, Hampton McFadden, and myself brings diverse perspectives with both public market and private market investing backgrounds and a wealth of value investing experience to bear. Our team is committed to our investment process and passionate about executing it.
2. Our entire firm is dedicated to supporting the research team and allowing us to work without distraction by performing their respective roles with excellence.
3. Our culture reinforces our mission. Vulcan Value Partners runs on positive energy. Everything from our simple ethics policy – everyone at Vulcan Value Partners is required to invest in publicly traded equities exclusively through Vulcan – to our compensation system, supports a culture of execution.
4. Our clients: You have listened to us and have been wonderful long-term partners. Your stable capital has allowed us to make sound long term investments when others were irrationally selling fantastic businesses at extremely attractive prices.

Close observers of our letters will notice in the tables that follow each strategy that a number of our top contributors were purchased late last year. They include Franklin Resources, Intercontinental Hotels Group, and Bank of New York Mellon. What do these businesses have in common? They all possess sustainable competitive advantages that allow them to produce free cash flow and grow their bottom lines at the same time. Because they generate more capital than they require to finance their growth they have very strong balance sheets. We believe that it is this combination of positive attributes that keeps their values inherently stable and also allows their value to grow consistently over time. When there is stock price volatility we are able to move quickly and take advantage of the resulting price to value discount. By closely following businesses with these characteristics and not wasting our time following lesser businesses we are able to execute our investment philosophy which greatly enhances the potential of our returns.

While we are pleased with our past we are focused on the future. We feel that the foundation of our results has gotten stronger. We are confident that our organization is better, our research team is more productive, and our client base consists of long-term investors who have hired us for the right reasons instead of performance alone. Both funds are fully invested in high-quality companies with values whose estimates are stable and rising. Their values are stable but not stagnant. Our companies have been able to consistently compound their values in good times and bad. In fact, in the aggregate our companies continue to produce results that are much better than the relatively poor macro-economic headlines suggest should be possible. Our analysis concludes that they are undervalued and under-appreciated by the market relative to their outstanding businesses. We are confident that the resulting margin of safety in terms of value over price reduces risk over our investment horizon. Undoubtedly, there will be continued market volatility. We look forward to it. We are well positioned to take advantage of stock price volatility because our estimate of the value of our companies is stable and you provide us with stable capital to take advantage of market disruptions.

We have no prediction about our prospects or the direction of the market over the next twelve months. However, we are enthusiastic about our ability to meet our goal of both protecting and compounding capital at above average rates over the next five years.

## Vulcan Value Partners Fund Review

| As of March 31, 2012 | | | | |
|---|---|---|---|---|
| | | | Annualized | |
| Investment Strategy | Inception Date | QTD | 1 Year | Since Inception |
| **VVP Fund (VVPLX)** | **12/30/2009** | **14.88%** | **15.58%** | **12.92%** |
| Russell 1000 Value Index | | 11.12% | 4.79% | 11.46% |
| S&P 500 Index | | 12.59% | 8.54% | 12.74% |

**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 month-end performance may be higher or lower than the quoted performance and may be obtained by calling 877.421.5078 or visiting www.vulcanvaluepartners.com.**

There were a number of material contributors to performance in the first quarter and no material detractors to performance. We generally define material contributors and detractors as companies having a greater than 1% impact on the portfolio.

After a very productive and active 2011 we only made a few changes during the first quarter. We entered the new year fully invested and we ended the first quarter fully invested. We did exit Texas Instruments and C.R. Bard to reallocate capital to companies we believed to be more discounted and to buy one new position, Tesco PLC. Both Texas Instruments and C.R. Bard delivered good results for us, compounding their values steadily while we owned them. Their stock prices compounded at higher rates than our estimate of their underlying values so our discipline requires us to sell them when the resulting margin of safety shrinks.

Apple deserves special mention. It appreciated 47.93% during the first quarter and received a lot of press as it became the largest company in the world in terms of market capitalization. Some have asked us why a value investor would own a growth stock like Apple. Well, Apple does grow faster than most businesses and much faster than most businesses of its size. It also happens to be compellingly discounted compared to our estimate of its value. It started the first quarter selling at a single-digit price to earnings ratio, after adjusting for cash on its balance sheet. That valuation level was absurd for a company of Apple's quality and growth prospects. Apple is less discounted today than it was three months ago but its value continues to grow at much higher rates than we use to derive its value.

## Vulcan Value Partners Fund Review (Cont.)

Apple is an extreme case but our portfolios are full of companies that are growing their values. We believe we pay relatively little for this growth, which is why we are value investors. Because we demand a discount of price to estimated value we have two powerful forces working in our favor. One is the potential for consistent compounding of our companies' intrinsic values. Our companies' values grow both from higher levels of aggregate profits and also from the production of free cash flow. Very few companies can do both. All of ours do both over our five-year time horizon. The second force driving our returns is the closing of the price to value gap. The timing of this closing is unpredictable, which is why we are patient, long-term investors. In fact, we prefer for this gap to be as wide as possible because it reduces risk in the portfolio by increasing the margin of safety. As long as our intrinsic values are growing we are happy to own and buy more of our wonderful businesses if their stock prices do not keep pace with their underlying values.

As mentioned above, we are virtually fully invested in the Vulcan Value Partners Fund and continue to find qualifying investments.

| Vulcan Value Partners Fund (VVPLX) | | | |
|---|---|---|---|
| 1Q 2012 Top 5 Performers | | 1Q 2012 Bottom 5 Performers | |
| **Security** | **Return %** | **Security** | **Return %** |
| Apple Inc. | 47.93% | Google Inc. | -0.71% |
| Intercontinental Hotels Group (ADR) | 31.18% | Unilever N.V. (ADR) | -0.25% |
| Franklin Resources Inc. | 29.40% | Chubb Corp | 0.43% |
| Microsoft Corp | 25.03% | Medtronic Inc. | 3.09% |
| Discovery Communication C | 24.35% | Tesco PLC | 3.28% |
| It should not be assumed that recommendations made in the future will be profitable or will equal the performance of the securities in this list. A company's relative contribution to return for the portfolio may not equal its absolute return and return for other portfolios for the relevant period because of differences in portfolio weights and holding periods. Holdings are subject to change. | | | |

VULCAN
VALUE
PARTNERS

Small · Cap · Fund

| As of March 31, 2012 | | | | |
|---|---|---|---|---|
| | | | Annualized | |
| Investment Strategy | Inception Date | QTD | 1 Year | Since Inception |
| **VVP Small Cap Fund (VVPSX)** | **12/30/2009** | **13.61%** | **5.89%** | **18.70%** |
| Russell 2000 Value Index | | 11.59% | -1.07% | 12.15% |
| Russell 2000 Index | | 12.44% | -0.18% | 14.25% |

## Vulcan Value Partners Small Cap Fund Review

**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 month-end performance may be higher or lower than the quoted performance and may be obtained by calling 877.421.5078 or visiting www.vulcanvaluepartners.com.**

There were a number of material contributors to performance in the first quarter and no material detractors to performance. We generally define material contributors and detractors as companies having a greater than 1% impact on the portfolio.

We were more active in Vulcan Value Partners Small Cap Fund than in Vulcan Value Partners Fund in the first quarter. We bought two new companies, Navigator's Group and Universal Technical Institute.

The top contributor to performance was Jarden with a 34.59% gain. Jarden is a wonderful company with leading consumer brands in a number of categories, especially in outdoor related areas. These brands include Coleman, K2, Marmot, Berkley, and Rawlings among others. Jarden grew its bottom line at double-digit rates and produced high levels of free cash flow in 2011. Consequently, its value grew meaningfully. In contrast, its stock price declined over 10%. Jarden's management team responded by announcing and executing a Dutch tender auction resulting in roughly a 13% reduction in shares outstanding. These shares were purchased at a substantial discount to our estimate of Jarden's intrinsic value which means that Jarden's intrinsic value per share is now substantially higher than before the Dutch tender auction.

We applaud Jarden's management team. Operationally, they delivered outstanding results in a still weak economy. They produced high levels of free cash flow and grew the company's value at double-digit rates. Then, through intelligent capital allocation they took advantage of the substantial gap between the company's

## Vulcan Value Partners Small Cap Fund Review (Cont.)

share price and intrinsic value by executing a large share repurchase program, further improving Jarden's value per share. We are fortunate to own this wonderful business run by outstanding business partners.

We are virtually fully invested in the Vulcan Value Partners Small Cap Fund and continue to find qualifying investments.

| Vulcan Value Partners Small Cap Fund (VVPSX) | | | |
|---|---|---|---|
| 1Q 2012 Top 5 Performers | | 1Q 2012 Bottom 5 Performers | |
| Security | Return % | Security | Return % |
| Nordson Corp | 49.15% | Netspend Holdings Inc | -5.04% |
| Janus Cap Group Inc. | 42.01% | Universal Technical Institute Inc. | -1.32% |
| Bolt Technology Corp | 35.93% | Navigators Group Inc. | -0.93% |
| Jarden Corp | 34.59% | Nathan's Famous | 0.88% |
| Interval Leisure Group | 28.31% | Jos A Bank Clothiers Inc. | 3.40% |

It should not be assumed that recommendations made in the future will be profitable or will equal the performance of the securities in this list. A company's relative contribution to return for the portfolio may not equal its absolute return and return for other portfolios for the relevant period because of differences in portfolio weights and holding periods. Holdings are subject to change.

## Closing

We had a good quarter and I could not be happier with our progress.  We have an energetic, talented group of individuals that love what they do and are very good at doing it.  We have an equally impressive group of clients that have hired us for the right reasons and are a pleasure to work with.  Our funds are fully invested in businesses we that are steadily growing their business values.  We enjoy a substantial margin of safety in terms of value over price.  We are looking forward with confidence in the long term.

Thank you for the confidence you have placed in us.

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.

The price to value ratio is a calculation that compares the price of a company's stock to our appraisal of the company's intrinsic value. Fair, or intrinsic, value is our estimate of the price a willing buyer would pay and a willing seller would accept, assuming neither was compelled to enter into a transaction. Margin of Safety is a favorable difference between the price of a company's shares and the estimated fair value of those shares. The price to earnings ratio is a calculation that compares the company's stock price to the company's earnings per share. The return on capital is a measure of efficiently a business employs its assets to generate operating returns. Total return percentages for an individual security is the performance of the security from price at initial purchase date to the price at final sale date. Actual returns for the funds holdings of those securities may differ from total return as the funds rebalance or changed weights in the individual securities. Free cash flow is the amount of cash that a company has left over after it has paid all of its expenses, including investments. All publically traded companies are required to file a 10-K report. This report contains detailed information about the company's business, finances, management, bylaws, and information about any lawsuits in which the company is involved. Macro factors encompass the general economic and business environment.

**This letter reflects our views, opinions, and portfolio holdings as of March 31, 2012. 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, 2012 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.

| Reference Holdings as of March 31, 2012* | % of Net Assets |
|---|---|
| Apple Inc. | 6.90% |
| Google Inc. | 5.75% |
| Franklin Resources Inc. | 5.22% |
| Bank of NY Mellon | 5.10% |
| InterContinental Hotels | 4.84% |
| Microsoft Corp | 4.58% |
| Discovery Communication | 4.52% |
| Chubb Corp | 3.74% |
| Tesco PLC | 2.66% |
| Unilever N.V. | 2.52% |
| Medtronic Inc. | 2.04% |
| Texas Instruments | Sold |
| C.R. Bard | Sold |

*The referenced holdings are subject to change.

**Stock markets, especially foreign markets, are volatile and can decline significantly in response to adverse issuer, political, regulatory, market or economic developments. Value stocks can perform differently from the market as a whole. They can remain undervalued by the market for long periods of time. Foreign securities, specially emerging or frontier markets, will involve additional risks including exchange rate fluctuations, social and political instability, less liquidity, greater volatility, and less regulations. 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.**

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.

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**ALPS Distributors, Inc. is the distributor for the Vulcan Value Partners Fund.**

## 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 March 31, 2012. 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.***

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**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.

| Reference Holdings as of March 31, 2012* | % of Net Assets |
|---|---|
| Eaton Vance Corp | 4.78% |
| Jarden Corp | 4.73% |
| Jos A Bank clothiers | 4.58% |
| Netspend Holding Inc. | 4.42% |
| Universal Technical Institute | 4.41% |
| Bolt Technology Group | 4.35% |
| Navigators Group Inc. | 4.23% |
| Janus Capital Group | 3.95% |
| Nathan's Famous | 3.78% |
| Interval Leisure Group | 3.80% |
| Nordson Corp | 1.31% |

*The referenced holdings are subject to change.

**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.**

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