



**Friess Small Cap Growth Fund**  
Institutional Class Shares – **SCGFX**  
Investor Class Shares – **SCGNX**

**Statement of Additional Information**

May 31, 2017

This Statement of Additional Information (“SAI”) provides general information about the Friess Small Cap Growth Fund (the “Fund”), a series of Managed Portfolio Series (the “Trust”). This SAI is not a prospectus and should be read in conjunction with the Fund’s current prospectus dated May 31, 2017 (the “Prospectus”), as supplemented and amended from time to time, which is incorporated herein by reference. To obtain a copy of the Prospectus and/or annual report, free of charge, please write or call the Fund at the address or toll-free telephone number below, or visit the Fund’s website at [www.friessfunds.com](http://www.friessfunds.com).

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## **The Trust**

The Trust is a Delaware statutory trust organized on January 27, 2011, and is registered with the Securities and Exchange Commission (“SEC”) as an open-end management investment company. The Friess Small Cap Growth Fund (the “Fund”) is a series, or mutual fund, of the Trust. On May 31, 2017, the Friess Small Cap Trust (the “Predecessor Fund”), an unregistered Delaware Business Trust that had commenced operations on August 6, 2002, was reorganized into the Fund by transferring all of the Predecessor Fund’s assets to the Fund in exchange for Institutional Class shares of the Fund. The Fund has two classes of shares: Institutional Class Shares and Investor Class Shares. The Fund is a diversified series and has its own investment objective and policies.

Shares of other series of the Trust are offered in separate prospectuses and SAIs. The Fund does not hold itself out as related to any other series within the Trust for purposes of investment and investor services, nor does it share the same investment adviser with any other series of the Trust. The Fund’s Prospectus and this SAI are a part of the Trust’s Registration Statement filed with the SEC. Copies of the Trust’s complete Registration Statement may be obtained from the SEC upon payment of the prescribed fee or may be accessed free of charge at the SEC’s website at [www.sec.gov](http://www.sec.gov). As permitted by Delaware law, the Trust’s Board of Trustees (the “Board of Trustees”) may create additional classes of the Fund and may create additional series (and classes thereof) of the Trust and offer shares of these series and classes under the Trust at any time without the vote of shareholders.

All shares of a series shall represent an equal proportionate interest in the assets held with respect to that series (subject to the liabilities held with respect to that series and such rights and preferences as may have been established and designated with respect to classes of shares of such series), and each share of a series shall be equal to each other share of that series.

Shares are voted in the aggregate and not by series or class, except in matters where a separate vote is required by the Investment Company Act of 1940, as amended (the “1940 Act”), or when the matters affect only the interest of a particular series or class. When matters are submitted to shareholders for a vote, each shareholder is entitled to one vote for each full share owned and fractional votes for fractional shares owned.

The Trust does not normally hold annual meetings of shareholders. Meetings of the shareholders shall be called by any member of the Board of Trustees upon written request of shareholders holding, in the aggregate, not less than 10% of the shares, such request specifying the purpose or purposes for which such meeting is to be called.

Interests in the Fund are represented by shares of beneficial interest each with no par value per share. Each share of the Fund represents an equal proportionate interest in the assets and liabilities belonging to the Fund and is entitled to such distributions out of the income belonging to the Fund as may be declared by the Board of Trustees.

The Board of Trustees has the authority from time to time to divide or combine the shares of any series into a greater or lesser number of shares of that series without materially changing the proportionate beneficial interest of the shares of that series in the assets belonging to that series or materially affecting the rights of shares of any other series. In case of the liquidation of a series, the holders of shares of the series being liquidated are entitled to receive a distribution out of the assets, net of the liabilities, belonging to that series. Expenses attributable to any series (or class thereof) are borne by that series (or class). Any general expenses of the Trust not readily identifiable as belonging to a particular series are allocated by, or under the direction of, the Board of Trustees to all applicable series (and classes thereof) in such manner and on such basis as the Board of Trustees in its sole

discretion deems fair and equitable. No shareholder is liable to further calls for the payment of any sum of money or assessment whatsoever without his or her express consent.

All consideration received by the Trust for the issue or sale of the Fund's shares, together with all assets in which such consideration is invested or reinvested, and all income, earnings, profits and proceeds thereof, including any proceeds derived from the sale, exchange or liquidation of such assets, and any funds or payments derived from any reinvestment of such proceeds, subject only to the rights of creditors, shall constitute the underlying assets of the Fund.

Friess Associates, LLC ("Friess" or the "Adviser") serves as the investment adviser for the Fund. Friess Associates of Delaware, LLC ("Friess of Delaware" or the "Sub-Adviser") serves as the investment sub-adviser for the Fund.

## **Investment Policies, Strategies and Associated Risks**

The following discussion supplements the description of the Fund's investment objective and principal investment strategies set forth in the Prospectus. Except for the fundamental investment limitations listed below (see "Fundamental Investment Limitations"), the Fund's investment strategies and policies are not fundamental and may be changed by sole action of the Board of Trustees, without shareholder approval. While the Fund is permitted to hold securities and engage in various strategies as described hereafter, it is not obligated to do so.

### **Investment Objective**

The investment objective of the Fund is set forth under the "Summary Section" in the Fund's Prospectus.

### **Diversification**

The Fund is diversified. A diversified fund is the Fund that satisfies the definition of a "diversified company" set forth in the 1940 Act. A "diversified company" means that as to 75% of the Fund's total assets (1) no more than 5% may be invested in the securities of a single issuer, and (2) the Fund may not hold more than 10% of the outstanding voting securities of a single issuer.

Since the Fund intends to qualify as a "regulated investment company" under the Internal Revenue Code of 1986, as amended, (the "Code"), the Fund will limit its investment, excluding cash, cash items (including receivables), U.S. government securities and securities of other regulated investment companies, so that at the close of each quarter of the taxable year, (1) not more than 25% of the Fund's total assets will be invested in the securities of a single issuer, and (2) with respect to 50% of its total assets, not more than 5% of the Fund's total assets will be invested in the securities of a single issuer nor represent more than 10% of the issuer's outstanding voting securities.

### **Percentage Limitations**

The Fund's compliance with its investment policy and limitation will be determined immediately after and as a result of the Fund's acquisition of such security or other asset. Accordingly, except with respect to borrowing or illiquid securities, any subsequent change in values, net assets or other circumstances will not be considered when determining whether an investment complies with the Fund's investment policies and limitations. In addition, if a bankruptcy or other extraordinary event occurs concerning a particular investment by a Fund, the Fund may receive stock, real estate or other investments that the Fund would not, or could not, buy. If this happens, the Fund will sell such investments as soon as practicable while trying to maximize the return to its shareholders.

**Market Volatility**

U.S. and international markets have from time to time experienced significant volatility. The fixed income markets have experienced substantially lower valuations, reduced liquidity, price volatility, credit downgrades, increased likelihood of default and valuation difficulties. Concerns have spread to domestic and international equity markets. In some cases, the stock prices of individual companies have been negatively impacted even though there may be little or no apparent degradation in the financial conditions or prospects of that company. Continued volatility may have adverse effects on the Fund, and the risks discussed below may be increased.

**Equity Securities**

An equity security represents a proportionate share of the ownership of a company. Its value is based on the success of the company's business, any income paid to stockholders, the value of its assets and general market conditions. Common stocks and preferred stocks are examples of equity securities. The fundamental risk of investing in common and preferred stock is the risk that the value of the stock might decrease.

**Common Stock**

Common stock represents an ownership interest in a company. In addition to the general risks set forth above, investments in common stocks are subject to the risk that in the event a company in which the Fund invests is liquidated, the holders of preferred stock and creditors of that company will be paid in full before any payments are made to the Fund as holders of common stock. It is possible that all assets of that company will be exhausted before any payments are made to the Fund.

**Preferred Stock**

Preferred stock represents an ownership interest in a company, often pays dividends at a specific rate and has a preference over common stocks in dividend payments and liquidation of assets. A preferred stock is a blend of the characteristics of a bond and common stock. It can offer the higher yield of a bond and has priority over common stock in equity ownership, but does not have the seniority of a bond and, unlike common stock its participation in the issuer's growth may be limited. Although the dividend is set at a fixed annual rate, in some circumstances it can be changed or omitted by the issuer. In addition, preferred stock usually does not have voting rights.

**Foreign Investments and Currencies**

The Fund may invest in securities of foreign issuers that are not traded in the United States and/or U.S. dollar denominated, purchase and sell foreign currency on a spot basis, and enter into forward currency contracts (see "Forward Currency Contracts," below). The Fund may also invest in American Depositary Receipts ("ADRs") and foreign securities that are publicly traded on a U.S. exchange. Investments in ADRs and foreign securities involve certain inherent risks, including the following:

*Depositary Receipts.* Generally, ADRs, in registered form, are denominated in U.S. dollars and are designed for use in the U.S. securities markets. ADRs are receipts typically issued by a U.S. bank or trust company evidencing ownership of the underlying securities. ADRs may be purchased through "sponsored" or "unsponsored" facilities. A sponsored facility is established jointly by the issuer of the underlying security and a depositary, whereas a depositary may establish an unsponsored facility without participation by the issuer of the deposited security. Holders of unsponsored depositary receipts generally bear all the costs of such facilities, and the depositary of an unsponsored facility frequently is under no obligation to distribute shareholder communications received from the issuer of the deposited security or to pass through voting rights to the holders of such receipts of the deposited securities. Accordingly, available information concerning the issuer may not be current and the prices of unsponsored depositary receipts may be more volatile than the prices of sponsored depositary

receipts. For purposes of the Fund's investment policies, ADRs are deemed to have the same classification as the underlying securities they represent. Thus, an ADR representing ownership of common stock will be treated as common stock.

*Political and Economic Factors.* Individual foreign economies of certain countries may differ favorably or unfavorably from the U.S. economy in such respects as growth of gross national product, rate of inflation, capital reinvestment, resource self-sufficiency, diversification and balance of payments position. The internal politics of certain foreign countries may not be as stable as those of the United States. Governments in certain foreign countries also continue to participate to a significant degree, through ownership interest or regulation, in their respective economies. Action by these governments could include restrictions on foreign investment, nationalization, expropriation of goods or imposition of taxes, and could have a significant effect on market prices of securities and payment of interest. The economies of many foreign countries are heavily dependent upon international trade and are accordingly affected by the trade policies and economic conditions of their trading partners. Enactment by these trading partners of protectionist trade legislation could have a significant adverse effect upon the securities markets of those countries.

*Currency Fluctuations.* The Fund may invest in securities denominated in foreign currencies. Accordingly, a change in the value of any such currency against the U.S. dollar will result in a corresponding change in the U.S. dollar value of the Fund's assets denominated in that currency. Such changes will also affect the Fund's income. The value of the Fund's assets may also be affected significantly by currency restrictions and exchange control regulations enacted from time to time.

*Market Characteristics.* The Adviser expects that many foreign securities in which the Fund may invest could be purchased in over-the-counter markets or on exchanges located in the countries in which the principal offices of the issuers of the various securities are located, if that is the best available market. Foreign exchanges and markets may be more volatile than those in the United States. While growing in volume, they usually have substantially less volume than U.S. markets, and the Fund's investments in foreign securities may be less liquid and more volatile than investments in U.S. securities. Moreover, settlement practices for transactions in foreign markets may differ from those in U.S. markets, and may include delays beyond periods customary in the United States. Foreign security trading practices, including those involving securities settlement where Fund assets may be released prior to receipt of payment or securities, may expose the Fund to increased risk in the event of a failed trade or the insolvency of a foreign broker-dealer.

*Legal and Regulatory Matters.* Certain foreign countries may have less supervision of securities markets, brokers and issuers of securities, and less financial information available from issuers, than is available in the United States.

*Taxes.* The interest and dividends payable on certain of the Fund's foreign portfolio securities may be subject to foreign withholding taxes, thus reducing the net amount of income available for distribution to Fund shareholders.

*Costs.* To the extent that the Fund invests in foreign securities, its expense ratio is likely to be higher than those of investment companies investing only in domestic securities, because related brokerage costs and the cost of maintaining the custody of foreign securities may be higher.

*Additional Risks of Emerging Markets.* In addition, the Fund may invest in foreign securities of companies that are located in developing or emerging markets. Investing in securities of issuers located in these markets may pose greater risks not typically associated with investing in more established markets, such as increased risk of social, political and economic instability. Emerging

market countries typically have smaller securities markets than developed countries and therefore less liquidity and greater price volatility than more developed markets. Securities traded in emerging markets may also be subject to risks associated with the lack of modern technology, poor infrastructures, the lack of capital base to expand business operations and the inexperience of financial intermediaries, custodians and transfer agents. Emerging market countries are also more likely to impose restrictions on the repatriation of an investor's assets and even where there is no outright restriction on repatriation, the mechanics of repatriations may delay or impede the Fund's ability to obtain possession of its assets. As a result, there may be an increased risk or price volatility associated with the Fund's investments in emerging market countries, which may be magnified by currency fluctuations.

### **Forward Currency Contracts**

A forward currency contract ("forward contract") involves an obligation to purchase or sell a specific amount of a specific currency at a future date, which may be any fixed number of days (usually less than one year) from the date of the contract agreed upon by the parties, at a price set at the time of the contract. At or before settlement of a forward currency contract, the Fund may either deliver the currency or terminate its contractual obligation to deliver the currency by purchasing an offsetting contract. If the Fund makes delivery of the foreign currency at or before the settlement of a forward contract, it may be required to obtain the currency through the conversion of assets of the Fund into the currency. The Fund may close out a forward contract obligating it to purchase currency by selling an offsetting contract, in which case it will realize a gain or a loss.

The Fund enters into forward contracts in order to "lock in" the exchange rate between the currency it will deliver and the currency it will receive for the duration of the contract. In addition, the Fund may enter into forward contracts to hedge against risks arising from securities the Fund owns or anticipates purchasing, or the U.S. dollar value of interest and dividends paid on those securities. The Fund does not intend to enter into forward contracts on a regular or continuing basis and the Fund will not enter these contracts for speculative purposes.

Foreign currency transactions involve certain costs and risks. The Fund incurs foreign exchange expenses in converting assets from one currency to another. Forward contracts involve a risk of loss if the Adviser is inaccurate in its prediction of currency movements. The projection of short-term currency market movements is extremely difficult and the successful execution of a short-term hedging strategy is highly uncertain. The precise matching of forward contract amounts and the value of the securities involved is generally not possible. Accordingly, it may be necessary for the Fund to purchase additional foreign currency if the market value of the security is less than the amount of the foreign currency the Fund is obligated to deliver under the forward contract and the decision is made to sell the security and make delivery of the foreign currency. The use of forward contracts as a hedging technique does not eliminate fluctuations in the prices of the underlying securities the Fund own or intend to acquire, but it does fix a rate of exchange in advance. Although forward contracts can reduce the risk of loss due to a decline in the value of the hedged currencies, they also limit any potential gain that might result from an increase in the value of the currencies. There is also the risk that the other party to the transaction may fail to deliver currency when due, which may result in a loss to the Fund.

### **Real Estate Investment Trusts ("REITs")**

REITs are pooled investment vehicles that invest primarily in income producing real estate or real estate related loans or interest. REITs are generally classified as equity REITs, mortgage REITs or a combination of equity and mortgage REITs. Equity REITs invest the majority of their assets directly in real property and derive income primarily from the collection of rents. Equity REITs can also realize capital gains by selling property that has appreciated in value. Mortgage REITs invest the

majority of their assets in real estate mortgages and derive income from the collection of interest payments. The real property and mortgages serving as investment vehicles for REITs may be either residential or commercial in nature and may include healthcare facilities. Like investment companies, REITs are not taxed on income distributed to shareholders provided they comply with several requirements of the Internal Revenue Code. Such tax requirements may limit a REIT's ability to respond to changes in the commercial real estate market.

### **Fixed-Income Securities**

The Fund may invest in a wide range of fixed-income securities, which may include obligations of any rating or maturity. The Fund may invest in investment grade debt securities and below investment grade debt securities (commonly known as "junk bonds" or "high yield bonds"). Investment grade debt securities are those rated BBB- or better by Standard & Poor's Rating Service, Inc. ("S&P") or Baa3 or better by Moody's Investors Service, Inc. ("Moody's") each of which are considered a nationally recognized statistical rating organization ("NRSRO"), or an equivalent rating by another NRSRO. Securities rated BBB- by S&P are considered investment grade, but Moody's considers securities rated Baa3 to have speculative characteristics. The Fund will not invest in securities that are rated below D by S&P or Moody's. The Fund may hold a debt security rated below D if a downgrade occurs after the security has been purchased. The Fund may also invest in unrated debt securities that the Adviser believes are of comparable quality to the rated securities in which the Fund may purchase.

Debt securities carry credit risk, interest rate risk and prepayment risk. Credit risk is the risk that the Fund could lose money if the issuer of a debt security defaults or fails to pay interest or principal when it is due. Some debt securities that are rated below investment grade are generally considered speculative because they present a greater risk of loss, including default, than higher quality debt securities. The credit risk of a particular issuer's debt security may vary based on its priority for repayment. For example, higher ranking (senior) debt securities have a higher priority than lower ranking (subordinated) securities. This means that the issuer might not make payments on subordinated securities while continuing to make payments on senior securities. In addition, in the event of bankruptcy, holders of higher-ranking senior securities may receive amounts otherwise payable to the holders of more junior securities.

Interest rate risk is the risk that the value of certain debt securities will tend to fall when interest rates rise. In general, debt securities with longer terms tend to fall more in value when interest rates rise than debt securities with shorter terms. Prepayment risk occurs when issuers prepay fixed rate debt securities when interest rates fall, forcing the Fund to invest in securities with lower interest rates. Issuers of debt securities are also subject to the provisions of bankruptcy, insolvency and other laws affecting the rights and remedies of creditors that may restrict the ability of the issuer to pay, when due, the principal of and interest on its debt securities. The possibility exists therefore, that, as a result of bankruptcy, litigation or other conditions, the ability of an issuer to pay, when due, the principal of and interest on its debt securities may become impaired

*Junk Bonds.* Junk bonds generally offer a higher current yield than that available for investment grade issues. However, below investment grade debt securities involve higher risks, in that they are especially subject to adverse changes in general economic conditions and in the industries in which the issuers are engaged, to changes in the financial condition of the issuers, and to price fluctuations in response to changes in interest rates. During periods of economic downturn or rising interest rates, highly leveraged issuers may experience financial stress that could adversely affect their ability to make payments of interest and principal and increase the possibility of default. At times in recent years, the prices of many below investment grade debt securities declined substantially, reflecting an expectation that many issuers of such securities might experience financial difficulties. As a result,



the yields on below investment grade debt securities rose dramatically, reflecting the risk that holders of such securities could lose a substantial portion of their value as a result of the issuers' financial restructuring or default. There can be no assurance that such price declines will not recur. The market for below investment grade debt issues generally is thinner and less active than that for higher quality securities, which may limit the Fund's ability to sell such securities at fair value in response to changes in the economy or financial markets. Adverse publicity and investor perceptions, whether based on fundamental analysis or not, may also decrease the values and liquidity of below investment grade debt securities, especially in a thinly traded market. Changes in the rating of a debt security by recognized rating services may affect the value of these investments. The Fund will not necessarily dispose of a security when its rating is reduced below its rating at the time of purchase. However, the Adviser will monitor the investment to determine whether continued investment in the security will assist in meeting the Fund's investment objective.

*Variable and Floating Rate Securities.* Variable and floating rate securities provide for a periodic adjustment in the interest rate paid on the obligations. The terms of such obligations must provide that interest rates are adjusted periodically based upon an interest rate adjustment index as provided in the respective obligations. The adjustment intervals may be regular, and range from daily up to annually, or may be event-based, such as a change in the prime rate.

*Corporate Debt Securities.* Corporate debt securities are fixed-income securities issued by businesses to finance their operations, although corporate debt instruments may also include bank loans to companies. Notes, bonds, debentures and commercial paper are the most common types of corporate debt securities, with the primary difference being their maturities and secured or unsecured status. Commercial paper has the shortest term and is usually unsecured.

The broad category of corporate debt securities includes debt issued by domestic or foreign companies of all kinds, including those with small-, mid- and large-capitalizations. Corporate debt may be rated investment grade or below investment grade and may carry fixed, variable or floating rates of interest.

Because of the wide range of types and maturities of corporate debt securities, as well as the range of creditworthiness of its issuers, corporate debt securities have widely varying potentials for return and risk profiles. For example, commercial paper issued by a large established domestic corporation that is rated investment grade may have a modest return on principal, but carries relatively limited risk. On the other hand, a long-term corporate note issued by a small foreign corporation from an emerging market country that has not been rated may have the potential for relatively large returns on principal, but carries a relatively high degree of risk.

*Convertible Securities.* Convertible securities include fixed income securities that may be exchanged or converted into a predetermined number of shares of the issuer's underlying common stock or other equity security at the option of the holder during a specified period. Convertible securities may take the form of convertible preferred stock, convertible bonds or debentures, units consisting of "usable" bonds and warrants or a combination of the features of several of these securities. The investment characteristics of convertible securities vary widely, which allows them to be employed for a variety of investment strategies. The Fund will exchange or convert convertible securities into shares of underlying common stock when, in the opinion of the Adviser, the investment characteristics of the underlying common stock or other equity security will assist the Fund in achieving its investment objectives. The Fund may also elect to hold or trade convertible securities. In selecting convertible securities, the Adviser evaluates the investment characteristics of the convertible security as a fixed income instrument, and the investment potential of the underlying equity security for capital appreciation.

*Asset-Backed Securities.* Asset-backed securities represent an interest in a pool of assets such as car loans and credit card receivables. Almost any type of fixed income assets (including other fixed income securities) may be used to create an asset-backed security. However, most asset-backed securities involve consumer or commercial debts with maturities of less than ten years. Asset-backed securities may have a higher level of default and lower recoveries than mortgage-backed securities. Asset-backed securities may take the form of commercial paper or notes, in addition to pass-through certificates or asset-backed bonds.

*Municipal Securities.* Municipal Securities are fixed income securities issued by states, counties, cities and other political subdivisions and authorities. Although most municipal securities are exempt from federal income tax, municipalities also may issue taxable securities. Tax-exempt securities are generally classified by their source of payment.

*Zero-Coupon Securities.* Zero-coupon securities make no periodic interest payments, but are sold at a deep discount from their face value. The buyer recognizes a rate of return determined by the gradual appreciation of the security, which is redeemed at face value on a specified maturity date. The discount varies depending on the time remaining until maturity, as well as market interest rates, liquidity of the security, and the issuer's perceived credit quality. If the issuer defaults, the holder may not receive any return on its investment. Because zero-coupon securities bear no interest, their price fluctuates more than other types of bonds. Since zero-coupon bondholders do not receive interest payments, when interest rates rise, zero-coupon securities fall more dramatically in value than bonds paying interest on a current basis. When interest rates fall, zero-coupon securities rise more rapidly in value because the bonds reflect a fixed rate of return. An investment in zero-coupon may cause the Fund to recognize income and make distributions to shareholders before it receives any cash payments on its investment.

*Unrated Debt Securities.* The Fund may also invest in unrated debt securities. Unrated debt, while not necessarily lower in quality than rated securities, may not have as broad a market. Because of the size and perceived demand for the issue, among other factors, certain issuers may decide not to pay the cost of getting a rating for their bonds. The creditworthiness of the issuer, as well as any financial institution or other party responsible for payments on the security, will be analyzed to determine whether to purchase unrated bonds.

*Inflation-Indexed Securities.* Inflation-indexed securities are debt securities, the principal value of which is periodically adjusted to reflect the rate of inflation as indicated by the Consumer Price Index for all Urban Consumers before seasonal adjustment ("CPI"). Inflation-indexed securities may be issued by the U.S. government, by agencies and instrumentalities of the U.S. government, and by corporations. The U.S. Treasury issues Treasury inflation-protected securities ("TIPS") and some other issuers use a structure that accrues inflation into the principal value of the bond. Most other issuers pay out the CPI accruals as part of a semiannual coupon.

The periodic adjustment of U.S. inflation-indexed securities is tied to the CPI, which is calculated monthly by the U.S. Bureau of Labor Statistics. The CPI is a measurement of changes in the cost of living, made up of components such as housing, food, transportation and energy. There can be no assurance that the CPI will accurately measure the real rate of inflation in the prices of goods and services.

Inflation, which is a general rise in prices of goods and services, erodes the purchasing power of an investor's portfolio. For example, if an investment provides a "nominal" total return of 5% in a given year and inflation is 2% during that period, the inflation-adjusted, or real, return is 3%. Inflation, as

measured by the CPI, has occurred in almost each of the past 50 years, so investors should be conscious of both the nominal and real returns of their investments. Although inflation-indexed securities are expected to be protected from long-term inflationary trends, short-term increases in inflation may lead to a decline in value. If interest rates rise because of reasons other than inflation (for example, because of changes in currency exchange rates), investors in these securities may not be protected to the extent that the increase is not reflected in the bond's inflation measure.

If the periodic adjustment rate measuring inflation (i.e., the CPI) falls, the principal value of inflation-indexed securities will be adjusted downward, and consequently the interest payable on these securities (calculated with respect to a smaller principal amount) will be reduced. Repayment of the original bond principal upon maturity (as adjusted for inflation) is guaranteed in the case of TIPS, even during a period of deflation. However, the current market value of the inflation-indexed securities is not guaranteed and will fluctuate. Other inflation-indexed securities include inflation-related bonds, which may or may not provide a similar guarantee. If a guarantee of principal is not provided, the adjusted principal value of the bond repaid at maturity may be less than the original principal.

The value of inflation-indexed securities should change in response to changes in real interest rates. Real interest rates, in turn, are tied to the relationship between nominal interest rates and the rate of inflation. Therefore, if inflation were to rise at a faster rate than nominal interest rates, real interest rates might decline, leading to an increase in value of inflation-indexed securities. In contrast, if nominal interest rates increased at a faster rate than inflation, real interest rates might rise, leading to a decrease in value of inflation-indexed securities.

Coupon payments that the Fund receives from inflation-indexed securities are included in the Fund's gross income for the period during which they accrue. Any increase in principal for an inflation-indexed security resulting from inflation adjustments is considered by Internal Revenue Service (IRS) regulations to be taxable income in the year it occurs. For direct holders of an inflation-indexed security, this means that taxes must be paid on principal adjustments, even though these amounts are not received until the bond matures. By contrast, the Fund holding these securities distributes both interest income and the income attributable to principal adjustments each quarter in the form of cash or reinvested shares (which, like principal adjustments, are taxable to shareholders). It may be necessary for the Fund to liquidate portfolio positions, including when it is not advantageous to do so, in order to make required distributions.

### **U.S. Government Obligations**

The Fund may invest in U.S. government obligations. U.S. government obligations include securities issued or guaranteed as to principal and interest by the U.S. government, its agencies or instrumentalities. Treasury bills, the most frequently issued marketable government securities, have a maturity of up to one year and are issued on a discount basis. U.S. government obligations include securities issued or guaranteed by government-sponsored enterprises.

Payment of principal and interest on U.S. government obligations may be backed by the full faith and credit of the United States or may be backed solely by the issuing or guaranteeing agency or instrumentality itself. In the latter case, the investor must look principally to the agency or instrumentality issuing or guaranteeing the obligation for ultimate repayment. There can be no assurance that the U.S. government would provide financial support to its agencies or instrumentalities, including government-sponsored enterprises, where it is not obligated to do so (see "Agency Obligations," below). In addition, U.S. government obligations are subject to fluctuations in market value due to fluctuations in market interest rates. As a general matter, the value of debt instruments, including U.S. government obligations, declines when market interest rates increase and

risers when market interest rates decrease. Certain types of U.S. government obligations are subject to fluctuations in yield or value due to their structure or contract terms.

### **Agency Obligations**

The Fund may invest in agency obligations, such as the Export-Import Bank of the United States, Tennessee Valley Authority, Resolution Funding Corporation, Farmers Home Administration, Federal Home Loan Banks, Federal Intermediate Credit Banks, Federal Farm Credit Banks, Federal Land Banks, Federal Housing Administration, Government National Mortgage Association (“GNMA”), commonly known as “Ginnie Mae,” Federal National Mortgage Association (“FNMA”), commonly known as “Fannie Mae,” Federal Home Loan Mortgage Corporation (“FHLMC”), commonly known as “Freddie Mac,” and the Student Loan Marketing Association (“SLMA”). Some, such as those of the Export-Import Bank of United States, are supported only by the right of the issuer to borrow from the Treasury; others, such as those of the FNMA and FHLMC, are supported by only the discretionary authority of the U.S. government to purchase the agency’s obligations; still others, such as those of the SLMA, are supported only by the credit of the instrumentality. No assurance can be given that the U.S. government would provide financial support to U.S. government-sponsored instrumentalities because they are not obligated by law to do so. As a result, there is a risk that these entities will default on a financial obligation. For instance, in September 2008, at the direction of the U.S. Treasury, FNMA and FHLMC were placed into conservatorship under the Federal Housing Finance Agency (“FHFA”), a newly created independent regulator.

### **Warrants and Rights**

The Fund may purchase, or receive as a distribution from other investments, warrants and rights, which are instruments that permit the Fund to acquire, by subscription, the capital stock of a corporation at a set price, regardless of the market price for such stock. The principal difference between warrants and rights is their term-rights typically expire within weeks while warrants have longer durations. Neither rights nor warrants have voting rights or pay dividends. The market price of warrants is usually significantly less than the current price of the underlying stock. Thus, there is a greater risk that warrants might drop in value at a faster rate than the underlying stock.

### **When-Issued Securities**

When-issued securities transactions involve a commitment by the Fund to purchase or sell particular securities with payment and delivery taking place at a future date, and permit the Fund to lock in a price or yield on a security it owns or intends to purchase, regardless of future changes in interest rates or market action. Typically, no income accrues to the purchaser of a security on a when-issued basis prior to delivery. Such securities are recorded as an asset, and the asset’s value may fluctuate. Purchasing a security on a when-issued basis can involve a risk that the market price at the time of delivery may be lower than the agreed-upon purchase price, in which case there could be an unrealized loss at the time of delivery. The Fund will only make commitments to purchase securities on a when-issued basis with the intention of actually acquiring the securities. As required, the Fund will establish in a segregated account, or earmark as segregated on the books of the Custodian, an amount of liquid assets equal to 102% of the amount of its commitment to purchase securities on a when-issued basis. These assets will be marked-to-market daily, and the Fund will increase the aggregate value of the assets, as necessary, to ensure that the assets are at least equal to 102% of the amount of the Fund’s commitments.

### **Initial Public Offerings**

The Fund may invest in securities offered companies in initial public offerings (“IPOs”). Because IPO shares frequently are volatile in price, the Fund may hold IPO shares for a very short period of time. This may increase the turnover of the Fund’s portfolio and may lead to increased expenses to the Fund, such as commissions and transaction costs. By selling IPO shares, the Fund may realize

taxable capital gains that it will subsequently distribute to shareholders. Companies that offer securities in IPOs typically have small market capitalizations and therefore their securities may be more volatile and less liquid than those issued by larger companies. Certain companies offering securities in an IPO may have limited operating experience and, as a result face a greater risk of business failure.

### **Master Limited Partnerships**

The Fund may invest in publicly traded master limited partnerships (“MLPs”) that are registered under the Securities Exchange Act of 1934, as amended (the “Securities Exchange Act”), and listed on a major United States stock exchange, if the issuer meets the Fund’s investment criteria. MLPs are businesses organized as limited partnerships that trade their proportionate shares of the partnership (units) on a public exchange. MLPs are required to pay out most or all of their cash flow in distributions. This pass through creates passive income or losses, along with dividend and investment income. The MLPs the Fund may purchase are comprised of a general partner (the “GP”) and multiple limited partners (the “LP Holders”). The GP is responsible for the operations and the maintenance of the partnership’s businesses, while the LP Holders assume economic risk up to their level of investment. Typically, the GP has a 1% to 2% investment in the MLP, but can extract a higher percentage of the partnership’s profits as the MLP’s distributions increase. This serves as an incentive to the GP to grow the partnership’s distributions.

Generally speaking, MLP investment returns are enhanced during periods of declining or low interest rates and tend to be negatively influenced when interest rates are rising. As an income vehicle, the unit price can be influenced by general interest rate trends independent of specific underlying fundamentals. In addition, most MLPs are fairly leveraged and typically carry a portion of a “floating” rate debt. As such, a significant upward swing in interest rates would also drive interest expense higher. Furthermore, most MLPs grow by acquisitions partly financed by debt, and higher interest rates could make it more difficult to make acquisitions.

### **Private Placements and Restricted Securities**

The Fund may invest in restricted securities (securities with limited transferability under the securities laws) acquired from the issuer in “private placement” transactions. Private placement securities are not registered under the Securities Act of 1933, as amended (the “Securities Act”), and are subject to restrictions on resale. They are eligible for sale only to certain qualified institutional buyers, like the Fund, and are not sold on a trading market or exchange. While private placement securities offer attractive investment opportunities otherwise not available on an open market, because such securities are available to few buyers, they are often both difficult to sell and to value. Certain of the Fund’s investments may be placed in smaller, less seasoned issuers that present a greater risk due to limited product lines and/or financial resources. The issuer of privately placed securities may not be subject to the disclosure and other investor protection requirements of a public trade. Additionally, the Fund could obtain material non-public information from the issuer of such securities that would restrict the Fund’s ability to conduct transactions in underlying securities.

Privately placed securities can usually only be resold to other qualified institutional buyers, or in a private transaction, or to a limited number of purchasers, or in a limited quantity after they have been held for a specified period of time and other conditions are met pursuant to an exemption from registration. The Fund may incur more cost in the disposition of such securities because of the time and legal expense required to negotiate a private placement. Because of the limited market, the Fund may find it difficult to sell the securities when it finds it advisable to do so and, to the extent such securities are sold in private negotiations, they may be sold for less than the price for which they were purchased or less than their fair market value.

Privately placed securities cannot be resold to the public unless they have been registered under the Securities Act or pursuant to an exemption, such as Rule 144A. Although securities that may be resold only to “qualified institutional buyers” in accordance with the provisions of Rule 144A under the Securities Act are technically considered “restricted securities,” the Fund may purchase Rule 144A securities without regard to the limitation on investments in illiquid securities described above in the “Illiquid Securities” section, provided that a determination is made that such securities have a readily available trading market. The Fund may also purchase certain commercial paper issued in reliance on the exemption from regulations in Section 4(2) of the Securities Act (“4(2) Paper”). The Adviser will determine the liquidity of Rule 144A securities and 4(2) Paper under the supervision of the Board of Trustees. The liquidity of Rule 144A securities and 4(2) Paper will be monitored by the Adviser, and if as a result of changed conditions it is determined that a Rule 144A security or 4(2) Paper is no longer liquid, the Fund’s holdings of illiquid securities will be reviewed to determine what, if any, action is required to assure that the Fund does not exceed its percentage limitation for investments in illiquid securities.

### **Cash Investments**

The Fund may invest in high-quality, short-term debt securities and money market instruments (“Cash Investments”) for (i) temporary defensive purposes in response to adverse market, economic or political conditions and (ii) to retain flexibility in meeting redemptions, paying expenses, and identifying and assessing investment opportunities. Cash Investments include shares of other mutual funds, certificates of deposit, bankers’ acceptances time deposits, savings association obligations, commercial paper, short-term notes (including discount notes) and other obligations.

For longer periods of time, the Fund may hold a substantial position in Cash Investments, which may result in the Fund not achieving its investment objective. If the market advances during periods when the Fund is holding a large Cash Investment, the Fund may not participate to the extent it would have if the Fund had been more fully invested. To the extent that the Fund uses a money market fund for its Cash Investment, there will be some duplication of expenses because the Fund would bear its pro rata portion of such money market fund’s advisory fees and operational expenses.

Cash Investments are subject to credit risk and interest rate risk although to a lesser extent than longer-term debt securities due to their short-term, significant liquidity, and the high credit quality typically associated with such securities.

The Fund may invest in any of the following:

*Money Market Mutual Funds.* Generally, money market mutual funds seek to earn income consistent with the preservation of capital and maintenance of liquidity. They primarily invest in high quality money market obligations, including U.S. government obligations, bank obligations and high-grade corporate instruments. These investments generally mature within 397 days from the date of purchase. An investment in a money market mutual fund is not a bank deposit and is not insured or guaranteed by the Federal Deposit Insurance Corporation or any government agency.

To the extent that the Fund invests in money market funds, your cost of investing in the Fund will generally be higher since you will indirectly bear fees and expenses charged by the underlying money market mutual funds in addition to the Fund’s direct fees and expenses. Furthermore, investing in money market funds could affect the timing, amount and character of distributions to you and therefore may increase the amount of taxes payable by you.

*Bank Certificates of Deposit, Bankers’ Acceptances and Time Deposits.* The Fund may acquire certificates of deposit, bankers’ acceptances and time deposits. Certificates of deposit are negotiable

certificates issued against monies deposited in a commercial bank for a definite period of time and earning a specified return. Bankers' acceptances are negotiable drafts or bills of exchange, normally drawn by an importer or exporter to pay for specific merchandise, which are "accepted" by a bank, meaning in effect that the bank unconditionally agrees to pay the face value of the instrument on maturity. Certificates of deposit and bankers' acceptances acquired by the Fund will be dollar-denominated obligations of domestic or foreign banks or financial institutions that at the time of purchase have capital, surplus and undivided profits in excess of \$100 million (including assets of both domestic and foreign branches), based on latest published reports, or less than \$100 million if the principal amount of such bank obligations are fully insured by the U.S. government.

In addition to purchasing certificates of deposit and bankers' acceptances, to the extent permitted under the investment objective and policies stated above and in the Prospectus, the Fund may make interest-bearing time deposits or other interest-bearing deposits in commercial or savings banks. Time deposits are non-negotiable deposits maintained at a banking institution for a specified period of time at a specified interest rate.

*Savings Association Obligations.* The Fund may invest in certificates of deposit (interest-bearing time deposits) issued by savings banks or savings and loan associations that have capital, surplus and undivided profits in excess of \$100 million, based on latest published reports, or less than \$100 million if the principal amount of such obligations is fully insured by the U.S. government.

*Commercial Paper, Short-Term Notes and Other Corporate Obligations.* The Fund may invest a portion of its assets in commercial paper, short-term notes and other corporate obligations. Commercial paper consists of unsecured promissory notes issued by corporations. Issues of commercial paper and short-term notes will normally have maturities of less than nine months and fixed rates of return, although such instruments may have maturities of up to one year.

Commercial paper and short-term notes will consist of issues rated at the time of purchase "A-2" or higher by S&P, "Prime-1" or "Prime-2" by Moody's, or similarly rated by another nationally recognized statistical rating organization or, if unrated, determined by the Adviser to be of comparable quality.

Corporate obligations include bonds and notes issued by corporations to finance longer-term credit needs than supported by commercial paper. While such obligations generally have maturities of 10 years or more, the Fund may purchase corporate obligations that have remaining maturities of one year or less from the date of purchase and that are rated "A" or higher by S&P, "A" or higher by Moody's, similarly rated by another nationally recognized statistical rating organization, or, if unrated, determined by the Adviser to be of comparable quality.

### **Investment Companies**

The Fund may invest in other investment companies to the extent permitted by the 1940 Act. The Fund generally may purchase or redeem, without limitation, shares of any affiliated or unaffiliated money market funds, including unregistered money market funds, so long as the Fund does not pay a sales load or service fee in connection with the purchase, sale or redemption or if such fees are paid, and the Fund's investment adviser waives its management fee in an amount necessary to offset the amounts paid. With respect to other investments in investment companies, the 1940 Act generally limits the Fund from acquiring (i) more than 3% of the total outstanding shares of another investment company; (ii) shares of another investment company having an aggregate value in excess of 5% of the value of the total assets of the Fund; or (iii) shares of another registered investment company and all other investment companies having an aggregate value in excess of 10% of the value of the total assets of the Fund.

Investments by the Fund in other investment companies will be subject to the limitations of the 1940 Act (including limitations on sales charges) and the rules and regulations thereunder. By investing in securities of an investment company, the Fund's shareholders will indirectly bear the fees and expenses of that underlying fund in addition to the Fund's own fees and expenses.

*Closed-End Funds.* Closed-end funds are investment companies that typically issue a fixed number of shares that trade on a securities exchange or over-the-counter. The risks of investment in closed-end funds typically reflect the risk of the types of securities in which the Fund invests. Investments in closed-end funds are subject to the additional risk that shares of the funds may trade at a premium or discount to their net asset value per share. Closed-end funds come in many varieties and can have different investment objectives, strategies and investment portfolios. They also can be subject to different risks, volatility and fees and expenses. When the Fund invests in shares of a closed-end fund, shareholders of the Fund bear their proportionate share of the closed-end fund's fees and expenses, as well as their share of the Fund's fees and expenses.

*Open-End Mutual Funds.* Open-end mutual funds are investment companies that issue new shares continuously and redeem shares daily. The risks of investment of open-end mutual funds typically reflect securities in which the Fund invests. The net asset value per share of an open-end fund will fluctuate daily depending upon the performance of the securities held by the fund. Each open-end fund may have a different investment objective and strategy and different investment portfolio. Different funds may also be subject to different risks, volatility and fees and expenses. When the Fund invests in shares of an open-end fund, shareholders of the Fund bear their proportionate share of the open-end fund's fees and expenses, as well as their share of the Fund's fees and expenses.

*Exchange-Traded Funds.* Exchange-Traded Funds ("ETFs") are typically open-end investment companies that are bought and sold on a national securities exchange. When the Fund invests in an ETF, it will bear additional expenses based on its pro rata share of the ETF's operating expenses, including the potential duplication of management fees. The risk of owning an ETF generally reflects the risks of owning the underlying securities it holds. Many ETFs seek to replicate a specific benchmark index. However, an ETF may not fully replicate the performance of its benchmark index for many reasons, including the temporary unavailability of certain index securities in the secondary market or discrepancies between the ETF and the index with respect to the weighting of securities or the number of stocks held. Lack of liquidity in an ETF could result in an ETF being more volatile than the underlying portfolio of securities it holds. In addition, because of ETF expenses, compared to owning the underlying securities directly, it may be more costly to own an ETF.

If the Fund invest in shares of an ETF, shareholders will indirectly bear fees and expenses charged by the underlying ETF in which the Fund invests in addition to the Fund's direct fees and expenses. The Fund also will incur brokerage costs when they purchase ETFs. Furthermore, investments in other ETFs could affect the timing, amount and character of distributions to shareholders and therefore may increase the amount of taxes payable by investors in the Fund.

### **Securities Lending**

The Fund may lend its securities in order to increase the return on its portfolio. The SEC currently requires that the following conditions must be met whenever the Fund's portfolio securities are loaned: (1) the Fund must receive at least 100% cash collateral from the borrower; (2) the borrower must increase such collateral whenever the market value of the securities rises above the level of such collateral; (3) the Fund must be able to terminate the loan at any time; (4) the Fund must receive reasonable interest on the loan, as well as any dividends, interest or other distributions on the loaned securities, and any increase in market value; (5) the Fund may pay only reasonable custodian fees



approved by the Board in connection with the loan; (6) while voting rights on the loaned securities may pass to the borrower, the Board must terminate the loan and regain the right to vote the securities if a material event adversely affecting the investment occurs; and (7) the Fund may not loan its portfolio securities so that the value of the loaned securities is more than one-third of its total asset value, including collateral received from such loans. These conditions may be subject to future modification. Such loans will be terminable at any time upon specified notice. The Fund might experience the risk of loss if the institution with which it has engaged in a portfolio loan transaction breaches its agreement with the Fund. In addition, the Fund will not enter into any portfolio security lending arrangement more than one year in duration. The principal risk of portfolio lending is potential default or insolvency of the borrower. In either of these cases, the Fund could experience delays in recovering securities or collateral or could lose all or part of the value of the loaned securities. As part of participating in a lending program, the Fund may be required to invest in collateralized debt or other securities that bear the risk of loss of principal. In addition, all investments made with the collateral received are subject to the risks associated with such investments. If such investments lose value, the Fund will have to cover the loss when repaying the collateral.

The Board appoints agents to be responsible for monitoring the creditworthiness of borrowers. To the extent the Fund is participating in securities lending, on a quarterly basis, the Board reviews a report regarding the Fund's loans. Such report includes, among other things, the identity and value of all securities comprising each loan, the length of time that the loan has been outstanding, the amount earned by the Fund, the amount of fees paid in connection with the loan and the ratio of the value of the collateral to the value of the loan.

Any loans of portfolio securities are fully collateralized based on values that are marked-to-market daily. Any securities that the Fund may receive as collateral will not become part of the Fund's investment portfolio at the time of the loan and, in the event of a default by the borrower, the Fund will, if permitted by law, dispose of such collateral except for such part thereof that is a security in which the Fund is permitted to invest. During the time securities are on loan, the borrower will pay the Fund any accrued income on those securities, and the Fund may invest the cash collateral and earn income or receive an agreed-upon fee from a borrower that has delivered cash-equivalent collateral.

### **Illiquid Securities**

Historically, illiquid securities have included securities subject to contractual or legal restrictions on resale because they have not been registered under the Securities Act, securities that are otherwise not readily marketable, and securities such as repurchase agreements having a maturity of longer than seven days and purchased OTC options. Securities that have not been registered under the Securities Act are referred to as private placements or restricted securities and are purchased directly from the issuer or in the secondary market. In recent years, however, a large institutional market has developed for certain securities that are not registered under the Securities Act including repurchase agreements, commercial paper, foreign securities, municipal securities and corporate bonds and notes. Institutional investors depend on an efficient institutional market in which the unregistered security can be readily resold or on an issuer's ability to honor a demand for repayment. The fact that there are contractual or legal restrictions on resale to the general public or to certain institutions may not be indicative of the liquidity of such investments. The Board of Trustees may determine that such securities are not illiquid securities notwithstanding their legal or contractual restrictions on resale. In all other cases, however, securities subject to restrictions on resale will be deemed illiquid. The Fund will determine a security to be illiquid if it cannot be sold or disposed of in the ordinary course of business within seven days at the value at which the Fund has valued the security. Factors considered in determining whether a security is illiquid may include, but are not limited to: the frequency of trades and quotes for the security; the number of dealers willing to purchase and sell the security and

the number of potential purchasers; the number of dealers who undertake to make a market in the security; the nature of the security, including whether it is registered or unregistered, and the market place; whether the security has been rated by an NRSRO; the period of time remaining until the maturity of a debt instrument or until the principal amount of a demand instrument can be recovered through demand; the nature of any restrictions on resale; and, with respect to municipal lease obligations and certificates of participation, whether there is reasonable assurance that the obligation will remain liquid throughout the time the obligation is held and, if unrated, whether an analysis similar to that which would be performed by an NRSRO is performed. The Fund will not hold more than 15% of the value of its net assets in illiquid securities, including repurchase agreements providing for settlement in more than seven days after notice, non-negotiable fixed time deposits with maturities over seven days, over-the-counter options and certain restricted securities not determined by the Board of Trustees to be liquid.

### **Repurchase Agreements**

The Fund may enter into repurchase agreements. Under such agreements, the Fund agrees to purchase U.S. government obligations from a counterparty and the counterparty agrees to repurchase the securities at a mutually agreed upon time and price. The repurchase price may be higher than the purchase price, the difference being income to the Fund, or the purchase and repurchase prices may be the same, with interest at a stated rate due to the Fund together with the repurchase price on repurchase. In either case, the income to the Fund is unrelated to the interest rate on the security itself. Such repurchase agreements will be made only with banks with assets of \$500 million or more that are insured by the Federal Deposit Insurance Corporation or with government securities dealers recognized by the Federal Reserve Board and registered as broker-dealers with the SEC or exempt from such registration. The Fund will generally enter into repurchase agreements of short durations, from overnight to one week, although the underlying securities generally have longer maturities. The Fund may not enter into a repurchase agreement with more than seven days to maturity if, as a result, more than 15% of the value of the Fund's net assets would be invested in illiquid securities including such repurchase agreements. To the extent necessary to facilitate compliance with Section 12(d)(3) of the 1940 Act and Rule 12d3-1 promulgated thereunder, the Fund will ensure that repurchase agreements will be collateralized fully to the extent required by Rule 5b-3.

For purposes of the 1940 Act, a repurchase agreement is deemed to be a loan from the Fund to the seller of the U.S. government obligations that are subject to the repurchase agreement. It is not clear whether a court would consider the U.S. government obligations to be acquired by the Fund subject to a repurchase agreement as being owned by the Fund or as being collateral for a loan by the Fund to the seller. In the event of the commencement of bankruptcy or insolvency proceedings with respect to the seller of the U.S. government obligations before its repurchase under a repurchase agreement, the Fund could encounter delays and incur costs before being able to sell the underlying U.S. government obligations. Delays may involve loss of interest or a decline in price of the U.S. government obligations. If a court characterizes the transaction as a loan and the Fund has not perfected a security interest in the U.S. government obligations, the Fund may be required to return the securities to the seller's estate and be treated as an unsecured creditor of the seller. As an unsecured creditor, the Fund would be at risk of losing some or all of the principal and income involved in the transaction. As with any unsecured debt instrument purchased for the Fund, the Adviser seeks to minimize the risk of loss through repurchase agreements by analyzing the creditworthiness of the other party, in this case the seller of the U.S. government security.

Apart from the risk of bankruptcy or insolvency proceedings, there is also the risk that the seller may fail to repurchase the U.S. government obligations. However, the Fund will always receive as collateral for any repurchase agreement to which it is a party securities acceptable to the Adviser, the market value of which is equal to at least 100% of the repurchase price, and the Fund will make

payment against such securities only upon physical delivery or evidence of book entry transfer to the account of its Custodian. If the market value of the U.S. government obligations subject to the repurchase agreement become less than the repurchase price (including interest), the Fund will direct the seller of the U.S. government obligations to deliver additional securities so that the market value of all securities subject to the repurchase agreement will equal or exceed the repurchase price. It is possible that the Fund could be unsuccessful in seeking to enforce on the seller a contractual obligation to deliver additional securities.

### **Reverse Repurchase Agreements**

The Fund may borrow by entering into reverse repurchase agreements, subject to the Fund's limitations on borrowings. The Fund may enter into reverse repurchase agreements for temporary purposes with banks and securities dealers if the creditworthiness of the bank or securities dealer has been determined by the Adviser to be satisfactory. A reverse repurchase agreement is a repurchase agreement in which the Fund is the seller of, rather than the investor in, securities and agrees to repurchase them at an agreed-upon time and price. Use of a reverse repurchase agreement may be preferable to a regular sale and later repurchase of securities because it avoids certain market risks and transaction costs.

At the time when the Fund enters into a reverse repurchase agreement, the Fund's liquid assets (such as cash, U.S. government securities or other "high-grade" debt obligations), having a value at least as great as the purchase price of the securities to be purchased, will be segregated on the Fund's books and held by the Custodian throughout the period of the obligation. The Fund's use of reverse repurchase agreements creates leverage which increases the Fund's investment risk. If the income and gains on securities purchased with the proceeds of these transactions exceed the cost, the Fund's earnings or net asset value will increase faster than otherwise would be the case; conversely, if the income and gains fail to exceed the cost, earnings or net asset value would decline faster than otherwise would be the case. The Fund intends to enter into reverse repurchase agreements only if the income from the investment of the proceeds is expected to be greater than the expense of the transaction, because the proceeds are invested for a period no longer than the term of the reverse repurchase agreement.

### **Borrowing**

The Fund may borrow money in amounts of up to one-third of its total assets (including the amount borrowed) from banks. In addition, the Fund is authorized to borrow money from time to time for temporary, extraordinary or emergency purposes or for clearance of transactions. The use of borrowing by the Fund involves special risk considerations that may not be associated with other funds having similar objectives and policies. Since substantially all of the Fund's assets fluctuate in value, while the interest obligation resulting from a borrowing will be fixed by the terms of the Fund's agreement with its lender, the net asset value per share of the Fund will tend to increase more when its portfolio securities increase in value and to decrease more when its portfolio assets decrease in value than would otherwise be the case if the Fund did not borrow funds. In addition, interest costs on borrowings may fluctuate with changing market rates of interest and may partially offset or exceed the return earned on borrowed funds. Under adverse market conditions, the Fund might have to sell portfolio securities to meet interest or principal payments at a time when fundamental investment considerations would not favor such sales.

### **Fundamental and Non-Fundamental Investment Limitations**

The Trust (on behalf of the Fund) has adopted the following restrictions as fundamental policies, which may not be changed without the favorable "vote of the holders of a majority of the outstanding voting securities" of the Fund, as defined under the 1940 Act. Under the 1940 Act, the "vote of the

holders of a majority of the outstanding voting securities” means the vote of the holders of the lesser of (i) 67% of the shares of the Fund represented at a meeting at which the holders of more than 50% of its outstanding shares are represented; or (ii) more than 50% of the outstanding shares of the Fund.

The Fund may not:

1. Issue senior securities, borrow money or pledge its assets, except that (i) the Fund may borrow from banks in amounts not exceeding one-third of its total assets (including the amount borrowed) less liabilities (other than borrowings); and (ii) this restriction shall not prohibit the Fund from engaging in options transactions, reverse repurchase agreements, purchasing securities on a when-issued, delayed delivery, or forward delivery basis, or short sales in accordance with its objectives and strategies;
2. Underwrite the securities of other issuers (except that the Fund may engage in transactions involving the acquisition, disposition or resale of their portfolio securities under circumstances where the Fund may be considered to be an underwriter under the Securities Act);
3. Purchase or sell real estate or interests in real estate, unless acquired as a result of ownership of securities (although the Fund may purchase and sell securities that are secured by real estate and securities of companies that invest or deal in real estate);
4. Purchase or sell physical commodities or commodities contracts, 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 currencies and futures contracts and options thereon or investing in securities or other instruments that are secured by physical commodities;
5. Make loans of money (except for the lending of the Fund’s portfolio securities, repurchase agreements and purchases of debt securities consistent with the investment policies of the Fund);
6. Invest in the securities of any one industry or group of industries if, as a result, 25% or more of the Fund’s total assets would be invested in the securities of such industry or group of industries, except that the foregoing does not apply to securities issued or guaranteed by the U.S. government, its agencies or instrumentalities; or
7. With respect to 75% of the Fund’s total assets, purchase the securities of any issuer (other than securities issued or guaranteed by the U.S. government or any of its agencies or instrumentalities, or, to the extent permitted by the 1940 Act, the rules and regulations thereunder and any applicable exemptive relief, securities of other investment companies) if, as a result, (1) more than 5% of the Fund’s total assets would be invested in the securities of that issuer; or (2) the Fund would hold more than 10% of the outstanding voting securities of that issuer.

The following lists the non-fundamental investment restriction applicable to the Fund. This restriction can be changed by the Board of Trustees, but the change will only be effective after prior written notice is given to shareholders of the Fund.

The Fund may not hold more than 15% of the value of its net assets in illiquid securities. Illiquid securities are those securities that cannot be disposed of within seven days in the

ordinary course of business at approximately the amount at which the Fund has valued them. Illiquid securities may include restricted securities not determined by the Board of Trustees to be liquid, non-negotiable time deposits, over-the-counter options, and repurchase agreements providing for settlement in more than seven days after notice.

Except with respect to borrowing and investments in illiquid securities, if a percentage or rating restriction on investment or use of assets set forth herein or in the Prospectus is adhered to at the time a transaction is effected, later changes in percentage resulting from any cause other than actions by the Fund will not be considered a violation. With respect to borrowing, if at any time the Fund's borrowings exceed one-third of its total assets (including the amount borrowed) less liabilities (other than borrowings), such borrowings will be reduced within three days, (not including Sundays and holidays) or such longer period as may be permitted by the 1940 Act, to the extent necessary to comply with the one-third limitation.

## **Management of the Fund**

### **Board of Trustees**

The management and affairs of the Fund are supervised by the Board of Trustees. The Board of Trustees consists of four individuals. The Trustees are fiduciaries for the Fund's shareholders and are governed by the laws of the State of Delaware in this regard. The Board of Trustees establishes policies for the operation of the Fund and appoints the officers who conduct the daily business of the Fund.

### **The Role of the Board of Trustees**

The Board of Trustees provides oversight of the management and operations of the Trust. Like all mutual funds, the day-to-day responsibility for the management and operation of the Trust is the responsibility of various service providers to the Trust and its individual series, such as the Adviser, Distributor, Administrator, Custodian and Transfer Agent, each of whom are discussed in greater detail in this SAI. The Board approves all significant agreements between the Trust and its service providers, including the agreements with the Adviser, Distributor, Administrator, Custodian and Transfer Agent. The Board has appointed various individuals of certain of these service providers as officers of the Trust, with responsibility to monitor and report to the Board on the Trust's day-to-day operations. In conducting this oversight, the Board receives regular reports from these officers and service providers regarding the Trust's operations. The Board has appointed a Chief Compliance Officer who reports directly to the Board and who administers the Trust's compliance program and regularly reports to the Board as to compliance matters, including an annual compliance review. Some of these reports are provided as part of formal "Board Meetings," which are held four times per year, in person, and such other times as the Board determines is necessary, and involve the Board's review of recent Trust operations. From time to time one or more members of the Board may also meet with Trust officers in less formal settings, between formal Board Meetings to discuss various topics. In all cases, however, the role of the Board and of any individual Trustee is one of oversight and not of management of the day-to-day affairs of the Trust, and this oversight role does not make the Board a guarantor of the Trust's investments, operations or activities.

### **Board Leadership Structure**

The Board has structured itself in a manner that it believes allows it to effectively perform its oversight function. The Board is comprised of three Trustees that are not considered to be "interested persons," of the Trust as defined by the 1940 Act ("Independent Trustees") – Messrs. David A. Massart, Leonard M. Rush and David M. Swanson – and one Interested Trustee – Mr. Robert J. Kern. Accordingly, 75% of the members of the Board are Independent Trustees, who are Trustees that are

not affiliated with any investment adviser to the Trust, any respective affiliates, or any other service providers to the Trust or any Trust series. The Board has established three standing committees, an Audit Committee, a Nominating Committee and a Valuation Committee, which are discussed in greater detail under “Board Committees” below. The Audit Committee and the Nominating Committee are comprised entirely of Independent Trustees. The Independent Trustees have engaged independent counsel to advise them on matters relating to their responsibilities in connection with the Trust.

The Trust’s Chairman, Mr. Kern, is an “interested person” of the Trust, as defined by the 1940 Act, by virtue of the fact that he is a board member (and therefore an interested person) of Quasar Distributors, LLC, which acts as principal underwriter to several of the Trust’s underlying funds. Mr. Kern also serves as an Executive Vice President of the Administrator. The Independent Trustees have appointed Leonard M. Rush as lead Independent Trustee, with responsibilities to coordinate activities of the Independent Trustees, act as a liaison with the Trust’s service providers, officers, legal counsel, and other Trustees between meetings, help to set Board meeting agendas, and serve as chair during executive sessions of the Independent Trustees.

In accordance with the fund governance standards prescribed by the SEC under the 1940 Act, the Independent Trustees on the Nominating Committee select and nominate all candidates for Independent Trustee positions. Each Trustee was appointed to serve on the Board because of his experience, qualifications, attributes and skills as set forth in the subsection “Trustee Qualifications” below.

The Board reviews its structure regularly in light of the characteristics and circumstances of the Trust, including: the unaffiliated nature of each investment adviser; the number of funds that comprise the Trust; the variety of asset classes that those funds reflect; the net assets of the Trust; the committee structure of the Trust; and the independent distribution arrangements of each of the Trust’s underlying funds.

The Board has determined that the appointment of a lead Independent Trustee and the function and composition of the Audit Committee and the Nominating Committee are appropriate means to address any potential conflicts of interest that may arise from the Chairman’s status as an Interested Trustee. In addition, the inclusion of all Independent Trustees as members of the Audit Committee and the Nominating Committee allows all such Trustees to participate in the full range of the Board’s oversight duties, including oversight of risk management processes discussed below. Given the composition of the Board and the function and composition of its various committees as described above, the Trust has determined that the Board’s leadership structure is appropriate.

### **Board Oversight of Risk Management**

As part of its oversight function, the Board receives and reviews various risk management reports and assessments and discusses these matters with appropriate management and other personnel, including personnel of the Trust’s service providers. Because risk management is a broad concept comprised of many elements (such as, for example, investment risk, issuer and counter-party risk, compliance risk, operational risk, business continuity risk, etc.) the oversight of different types of risks is handled in different ways. For example, the CCO regularly reports to the Board during Board Meetings and meets in executive session with the Independent Trustees and their legal counsel to discuss compliance and operational risks. In addition, Mr. Rush, the Independent Trustee designated as the Audit Committee’s “audit committee financial expert,” meets with the President, Treasurer and the Fund’s independent registered public accounting firm to discuss, among other things, the internal control structure of the Fund’s financial reporting function. The full Board receives reports from the investment advisers to the underlying funds and the portfolio managers as to investment risks.

## Trustees and Officers

The Trustees and officers of the Trust are listed below with their addresses, present positions with the Trust and principal occupations over at least the last five years

Name, Address and Year of Birth	Position(s) Held with the Trust	Term of Office and Length of Time Served	Number of Portfolios in Trust Overseen by Trustee	Principal Occupation(s) During the Past Five Years	Other Directorships Held by Trustee During the Past Five Years
<b><i>Independent Trustees</i></b>					
Leonard M. Rush, CPA 615 E. Michigan St. Milwaukee, WI 53202 Year of Birth: 1946	Lead Independent Trustee and Audit Committee Chairman	Indefinite Term; Since April 2011	37	Retired; Chief Financial Officer, Robert W. Baird & Co. Inc., (2000-2011).	Independent Trustee, ETF Series Solutions (17 Portfolios) (2012-Present); Director, Anchor Bancorp Wisconsin, Inc. (2011-2013).
David A. Massart 615 E. Michigan St. Milwaukee, WI 53202 Year of Birth: 1967	Trustee and Valuation Committee Chairman	Indefinite Term; Since April 2011	37	Co-Founder and Chief Investment Strategist, Next Generation Wealth Management, Inc. (2005-present).	Independent Trustee, ETF Series Solutions (17 Portfolios) (2012-Present).
David M. Swanson 615 E. Michigan St. Milwaukee, WI 53202 Year of Birth: 1957	Trustee	Indefinite Term; Since April 2011	37	Founder and Managing Partner, SwanDog Strategic Marketing, LLC (2006-present); Executive Vice President, Calamos Investments (2004-2006).	Independent Trustee, ALPS Variable Investment Trust (11 Portfolios) (2006-Present); Independent Trustee, RiverNorth Opportunities Closed-End Fund (2015-Present).
<b><i>Interested Trustee</i></b>					
Robert J. Kern* 615 E. Michigan St. Milwaukee, WI 53202 Year of Birth: 1958	Chairman, and Trustee	Indefinite Term; Since January 2011	37	Executive Vice President, U.S. Bancorp Fund Services, LLC (1994-present).	None
<b><i>Officers</i></b>					
James R. Arnold 615 E. Michigan St. Milwaukee, WI 53202 Year of Birth: 1957	President and Principal Executive Officer	Indefinite Term, Since January 2011	N/A	Senior Vice President, U.S. Bancorp Fund Services, LLC (2002-present).	N/A

Deborah Ward 615 E. Michigan St. Milwaukee, WI 53202 Year of Birth: 1966	Vice President, Chief Compliance Officer and Anti- Money Laundering Officer	Indefinite Term; Since April 2013	N/A	Senior Vice President, U.S. Bancorp Fund Services, LLC (2004-present).	N/A
Brian R. Wiedmeyer 615 E. Michigan St. Milwaukee, WI 53202 Year of Birth: 1973	Treasurer and Principal Financial Officer	Indefinite Term; Since January 2011	N/A	Vice President, U.S. Bancorp Fund Services, LLC (2005-present).	N/A
Jeanine Bajczyk, Esq. 615 E. Michigan St. Milwaukee, WI 53202 Year of Birth: 1965	Secretary	Indefinite Term; Since August 2015	N/A	Senior Vice President and Counsel, U.S. Bancorp Fund Services, LLC (May 2006 to present).	N/A
Thomas A. Bausch, Esq. 615 E. Michigan St. Milwaukee, WI 53202 Year of Birth: 1979	Assistant Secretary	Indefinite Term; Since May 2016	N/A	Assistant Vice President, U.S. Bancorp Fund Services, LLC (2016-present); Associate, Godfrey & Kahn S.C. (2012- 2016).	N/A
Ryan L. Roell 615 E. Michigan St. Milwaukee, WI 53202 Year of Birth: 1973	Assistant Treasurer	Indefinite Term; Since September 2012	N/A	Assistant Vice President, U.S. Bancorp Fund Services, LLC (2005-present).	N/A
Benjamin Eirich 615 E. Michigan St. Milwaukee, WI 53202 Year of Birth: 1981	Assistant Treasurer	Indefinite Term; Since May 2016	N/A	Assistant Vice President, U.S. Bancorp Fund Services, LLC (2008-present)	N/A
Doug Schafer 615 E. Michigan St. Milwaukee, WI 53202 Year of Birth: 1970	Assistant Treasurer	Indefinite Term; Since May 2016	N/A	Assistant Vice President, U.S. Bancorp Fund Services, LLC (2002-present)	N/A

### Trustee Qualifications

The Board believes that each of the Trustees has the qualifications, experience, attributes and skills appropriate to their continued service as Trustees of the Trust in light of the Trust’s business and structure. The Trustees have substantial business and professional backgrounds that indicate they have the ability to critically review, evaluate and assess information provided to them. Certain of these business and professional experiences are set forth in detail in the table above. In addition, the Trustees have substantial board experience and, in their service to the Trust, have gained substantial insight as to the operation of the Trust. The Board annually conducts a “self-assessment” wherein the effectiveness of the Board and the individual Trustees is reviewed.

In addition to the information provided in the table above, below is certain additional information concerning each individual Trustee. The information provided below, and in the table above, is not



all-inclusive. Many of the Trustees' qualifications to serve on the Board involve intangible elements, such as intelligence, integrity, work ethic, the ability to work together, the ability to communicate effectively, the ability to exercise judgment, the ability to ask incisive questions, and commitment to shareholder interests.

Mr. Kern's trustee attributes include substantial industry experience, including 34 years of service with U.S. Bancorp Fund Services, LLC (the fund accountant ("Fund Accountant"), fund administrator, transfer agent ("Transfer Agent") and custodian to the Trust) where he manages business development and previously managed the mutual fund transfer agent operation including investor services, account services, legal compliance, document processing and systems support. He also serves as a board member of U.S. Bancorp Fund Services, LLC and Quasar Distributors, LLC. The Board believes Mr. Kern's experience, qualifications, attributes and skills on an individual basis and in combination with those of the other Trustees lead to the conclusion that he possesses the requisite skills and attributes as a Trustee to carry out oversight responsibilities with respect to the Trust.

Mr. Massart's trustee attributes include substantial industry experience, including 23 years working with high net worth individuals, families, trusts and retirement accounts to make strategic and tactical asset allocation decisions, evaluate and select investment managers and manage client relationships. He is currently the Chief Investment Strategist and lead member of the investment management committee of the SEC registered investment advisory firm he co-founded. Previously, he served as Managing Director of Strong Private Client and as a Manager of Wells Fargo Investments, LLC. The Board believes Mr. Massart's experience, qualifications, attributes and skills on an individual basis and in combination with those of the other Trustees lead to the conclusion that he possesses the requisite skills and attributes as a Trustee to carry out oversight responsibilities with respect to the Trust.

Mr. Rush's trustee attributes include substantial industry experience, including serving in several different senior executive roles at various global financial services firms. He most recently served as Managing Director and Chief Financial Officer of Robert W. Baird & Co. Inc. and several other affiliated entities and served as the Treasurer for Baird Funds. He also served as the Chief Financial Officer for Fidelity Investments' four broker-dealers and has substantial experience with mutual fund and investment advisory organizations and related businesses, including Vice President and Head of Compliance for Fidelity Investments, a Vice President at Credit Suisse First Boston, a Manager with Goldman Sachs, Group, Inc. and a Senior Manager with Deloitte & Touche. Mr. Rush has been determined to qualify as an Audit Committee Financial Expert for the Trust. The Board believes Mr. Rush's experience, qualifications, attributes and skills on an individual basis and in combination with those of the other Trustees lead to the conclusion that he possesses the requisite skills and attributes as a Trustee and as the lead Independent Trustee to carry out oversight responsibilities with respect to the Trust.

Mr. Swanson's trustee attributes include substantial industry experience, including 35 years of senior management and marketing experience with 29 years dedicated to the financial services industry. He is currently the Founder and Managing Principal of a marketing strategy boutique serving asset and wealth management businesses. He has also served as Chief Operating Officer and Chief Marketing Officer of Van Kampen Investments, President and Chief Executive Officer of Scudder, Stevens & Clark, Canada, Ltd., Managing Director and Head of Global Investment Products at Morgan Stanley, Director of Marketing for Morgan Stanley Mutual Funds, Director of Marketing for Kemper Funds, and Executive Vice President and Head of Distribution for Calamos Investments. The Board believes Mr. Swanson's experience, qualifications, attributes and skills on an individual basis and in

combination with those of the other Trustees lead to the conclusion that he possesses the requisite skills and attributes as a Trustee to carry out oversight responsibilities with respect to the Trust.

This discussion of the Trustees' experience and qualifications is pursuant to SEC requirements, does not constitute holding out the Board or any Trustee as having special expertise, and shall not impose any greater responsibility or liability on any such Trustee or the Board by reason thereof.

### **Trustee and Management Ownership of Fund Shares**

The following table shows the dollar range of Fund shares and shares in all portfolios of the Trust beneficially owned by the Trustees as of December 31, 2016.

<b>Dollar Range of Shares Beneficially Owned</b> <b>(None; \$1-\$10,000; \$10,001-\$50,000; \$50,001-\$100,000; Over \$100,000)</b>				
	David A. Massart	Leonard M. Rush	David M. Swanson	Robert J. Kern
Friess Small Cap Growth Fund	None	None	None	None
All Trust Portfolios	None	\$1-\$10,000	\$50,001-\$100,000	None

As of the date of this Statement of Additional Information, the Trustees and Officers of the Trust as a group owned less than 1% of the outstanding shares of any Fund.

### **Board Committees**

*Audit Committee.* The Trust has an Audit Committee, which is comprised of the Independent Trustees. The Audit Committee reviews financial statements and other audit-related matters for the Fund. The Audit Committee also holds discussions with management and with the Fund's independent registered public accounting firm concerning the scope of the audit and the auditor's independence.

*Nominating Committee.* The Trust has a Nominating Committee, which is comprised of the Independent Trustees. The Nominating Committee is responsible for seeking and reviewing candidates for consideration as nominees for the position of trustee and meets only as necessary.

The Nominating Committee will consider nominees recommended by shareholders for vacancies on the Board of Trustees. Recommendations for consideration by the Nominating Committee should be sent to the President of the Trust in writing together with the appropriate biographical information concerning each such proposed nominee, and such recommendation must comply with the notice provisions set forth in the Trust's Bylaws. In general, to comply with such procedures, such nominations, together with all required information, must be delivered to and received by the President of the Trust at the principal executive office of the Trust no fewer than 120 days, and no more than 150 days, prior to the shareholder meeting at which any such nominee would be voted on. Shareholder recommendations for nominations to the Board of Trustees will be accepted on an ongoing basis. The Nominating Committee's procedures with respect to reviewing shareholder nominations will be disclosed as required by applicable securities laws.

*Valuation Committee.* The Trust has a Valuation Committee. The Valuation Committee is responsible for the following: (1) monitoring the valuation of Fund securities and other investments; and (2) as required, when the Board of Trustees is not in session, determining the fair value of illiquid securities and other holdings after consideration of all relevant factors, which determinations are reported to the Board. The Valuation Committee is currently comprised of one or more Independent Trustees and the Trust's Chairman, President and Treasurer. The Valuation Committee meets as necessary when a price for a portfolio security is not readily available.

## Trustee Compensation

The Independent Trustees each receive an annual retainer fee of \$87,000 per calendar year, which compensates them for their service to the Trust and attendance at the four regularly scheduled quarterly meetings and one annual meeting, if necessary. Each Independent Trustee also receives added compensation for each additional meeting attended of \$1,500 for an in-person meeting and \$1,000 for a telephonic meeting, as well as reimbursement for expenses incurred in connection with attendance at meetings. The Chairman of the Audit Committee and the Valuation Committee each receive additional compensation of \$5,000 per year and the lead Independent Trustee receives additional compensation of \$6,000 per year. The Interested Trustee does not receive any compensation for his service as Trustee. The following table sets forth the compensation estimated to be received by the Independent Trustees for the current fiscal year ending December 31, 2017.

Name of Person/Position	Aggregate Compensation from the Fund <sup>(1)(2)</sup>	Pension or Retirement Benefits Accrued as Part of Fund Expenses	Estimated Annual Benefits Upon Retirement	Total Compensation from the Fund and the Trust <sup>(3)</sup> Paid to Trustees
David A. Massart, Independent Trustee and Valuation Committee Chairman	\$1,278	None	None	\$92,000
Leonard M. Rush, Independent Trustee and Audit Committee Chairman	\$1,362	None	None	\$98,000
David M. Swanson, Independent Trustee	\$1,208	None	None	\$87,000
Robert J. Kern, Interested Trustee	None	None	None	None

<sup>(1)</sup>The Fund's inception date was May 31, 2017.

<sup>(2)</sup> Trustees fees and expenses are allocated among the Fund and any other series comprising the Trust.

<sup>(3)</sup> The Trust includes other portfolios in addition to the Fund.

## Control Persons and Principal Shareholders

A principal shareholder is any person who owns of record or beneficially 5% or more of the outstanding shares of the Fund. A control person is one who owns beneficially or through controlled companies more than 25% of the voting securities of the Fund or acknowledges the existence of control. A controlling person possesses the ability to control the outcome of matters submitted for shareholder vote by the Fund. As of the date of this SAI, there were no principal shareholders or control persons of the Fund.

## Investment Adviser and Sub-Adviser

Investment advisory services are provided to the Fund by the Adviser, Friess Associates, LLC, pursuant to an investment advisory agreement (the "Advisory Agreement"). Friess Associates of Delaware, LLC serves as the investment sub-adviser to the Fund pursuant to an investment sub-advisory agreement with Friess (the "Sub-Advisory Agreement"). Friess and Friess of Delaware are under common control.

Pursuant to the Advisory Agreement, the Adviser provides the Fund with investment research and advice and furnishes the Fund with an investment program consistent with the Fund's investment objective and policies, subject to the supervision of the Board of Trustees. The Adviser determines which portfolio securities will be purchased or sold, arranges for the placing of orders for the

purchase or sale of portfolio securities, selects brokers or dealers to place those orders, maintains books and records with respect to the securities transactions and reports to the Board of Trustees on the Fund's investments and performance. Friess may delegate some or all of its investment advisory responsibilities to its affiliate, Friess Associates of Delaware pursuant to the Sub-Advisory Agreement. The Board will have sole responsibility for selecting, evaluating the performance of and replacing as necessary any of the service providers to the Fund, including the Adviser.

After an initial two-year period, the Advisory Agreement will continue in effect from year to year, only if such continuance is specifically approved at least annually by: (i) the Board of Trustees or the vote of a majority of the outstanding voting securities of the Fund (with respect to such Funds); and (ii) the vote of a majority of the Independent Trustees, cast in person at a meeting called for the purpose of voting on such approval. The Advisory Agreement is terminable without penalty by the Trust, on behalf of the Fund, upon 60 days written notice to the Adviser, when authorized by either: (i) a majority vote of the Fund's shareholders (with respect to such Funds); or (ii) by a vote of a majority of the Board of Trustees, or by the Adviser upon 60 days written notice to the Trust. The Advisory Agreement will automatically terminate in the event of its "assignment," as defined under the 1940 Act. The Advisory Agreement provides that the Adviser under such agreement shall not be liable for any error of judgment or mistake of law or for any loss arising out of any investment or for any act or omission in the execution of portfolio transactions for the Fund, except for willful misfeasance, bad faith or negligence in the performance of its duties, or by reason of reckless disregard of its obligations and duties thereunder.

In consideration of the services provided by the Adviser pursuant to the Advisory Agreement, the Adviser is entitled to receive from the Fund a management fee computed daily and paid monthly, based on a percentage of the Fund's average net assets, as specified in the Prospectus. However, the Adviser may voluntarily agree to waive a portion of the management fees payable to it on a month-to-month basis, including additional fees above and beyond any contractual agreement the Adviser may have to waive management fees and/or reimburse Fund expenses.

Pursuant to the Sub-Advisory Agreement, if so delegated by the Adviser, the Sub-Adviser provides the Fund with investment research and advice and furnishes the Fund with an investment program consistent with the Fund's investment objective and policies, subject to the supervision of the Board of Trustees. The Sub-Adviser determines which portfolio securities will be purchased or sold, arranges for the placing of orders for the purchase or sale of portfolio securities, selects brokers or dealers to place those orders, maintains books and records with respect to the securities transactions and reports to the Board of Trustees on the Fund's investments and performance. The Board of Trustees will have sole responsibility for selecting, evaluating the performance of, and replacing as necessary any of the service providers to the Fund, including the Sub-Adviser.

After an initial two-year period, the Sub-Advisory Agreement will continue in effect from year to year, only if such continuance is specifically approved at least annually by: (i) the Board of Trustees or the vote of a majority of the outstanding voting securities of the Fund (with respect to such Funds); and (ii) the vote of a majority of the Independent Trustees, cast in person at a meeting called for the purpose of voting on such approval. The Sub-Advisory Agreement is terminable without penalty by the Trust, on behalf of the Fund, upon 60 days written notice to the Sub-Adviser, when authorized by either: (i) a majority vote of the Fund's shareholders (with respect to such Funds); or (ii) by a vote of a majority of the Board of Trustees, or by the Sub-Adviser upon 60 days written notice to the Trust. The Sub-Advisory Agreement will automatically terminate in the event of its "assignment," as defined under the 1940 Act. The Sub-Advisory Agreement provides that the Sub-Adviser under such agreement shall not be liable for any error of judgment or mistake of law or for any loss arising out of any investment or for any act or omission in the execution of portfolio transactions for the Fund,

except for willful misfeasance, bad faith or negligence in the performance of its duties, or by reason of reckless disregard of its obligations and duties thereunder.

In consideration of the services provided by the Sub-Adviser pursuant to the Sub-Advisory Agreement, the Adviser is entitled to receive from the Fund a management fee computed daily and paid monthly, based on a percentage of the Fund’s average net assets, as specified in the Prospectus. However, the Sub-Adviser may voluntarily agree to waive a portion of the management fees payable to it on a month-to-month basis, including additional fees above and beyond any contractual agreement the Sub-Adviser may have to waive management fees and/or reimburse Fund expenses.

*Fund Expenses.* The Fund is responsible for its own operating expenses. Pursuant to an Operating Expense Limitation Agreement between the Adviser, the Sub-Adviser and the Fund, the Adviser has agreed to reimburse the Fund for its operating expenses, and may reduce its management fees, as specified in the Prospectus. Expenses reimbursed and/or fees reduced by the Adviser may be recouped by the Adviser for a period of three fiscal years following the fiscal year during which such reimbursement or reduction was made if such recoupment can be achieved without exceeding the expense limit in effect at the time the waiver and/or reimbursement occurred. The Operating Expense Limitation Agreement will be in effect and cannot be terminated through June 1, 2019.

**Portfolio Manager**

Scott W. Gates, Portfolio Manager and Chief Investment Officer of the Adviser and Sub-Adviser since 2013 is the portfolio manager (the “Portfolio Manager”) responsible for the day-to-day management of the Fund.

The following table provides information regarding other accounts, excluding the Fund, managed by the Portfolio Managers as of May 1, 2017:

Portfolio Manager	Account Category	Number of Accounts	Total Assets in the Accounts (in millions)	# of Accounts Paying a Performance Fee	Total Assets of Accounts Paying a Performance Fee
Scott W. Gates	Registered investment companies	3	\$1,026.6	0	\$0
	Other pooled investment vehicles	2	\$86.9	1	\$12.7
	Other Accounts	5	\$10.6	0	\$0

The Portfolio Manager’s management of “other accounts” may give rise to potential conflicts of interest in connection with the management of the Fund’s investments, on the one hand, and the investments of the other accounts, on the other. The other accounts may have the same investment objective as the Fund. Therefore, a potential conflict of interest may arise as a result of the identical investment objectives, whereby the Portfolio Manager could favor one account over another. Another potential conflict could include the Portfolio Manager’s knowledge about the size, timing and possible market impact of Fund trades, whereby the Portfolio Manager could use this information to the advantage of other accounts and to the disadvantage of the Fund. However, the Adviser has established policies and procedures to ensure that the purchase and sale of securities among all accounts it manages are fairly and equitably allocated.

The Adviser compensates the Portfolio Manager for his management of the Fund. The Portfolio Manager’s compensation includes a fixed salary, discretionary bonus and profit participation received as a result of equity ownership in Friess. The discretionary bonus is based on the growth of client

assets managed by Friess and its resulting revenue and profitability of the firm. No portion of the salary or discretionary bonus will be based solely on the investment performance of the Fund.

The following indicates the dollar range of Predecessor Fund shares beneficially owned by the Portfolio Manager as of May 1, 2017:

	Market Value of Shares (None, \$1-\$10,000, \$10,001- \$50,000, \$50,001-\$100,000, \$100,001 - \$500,000, \$500,001- \$1,000,000, Over \$1,000,000)
Scott W. Gates	None

### **Service Providers**

Pursuant to an administration agreement (the “Administration Agreement”) between the Trust and U.S. Bancorp Fund Services, LLC (“USBFS”), 615 East Michigan Street, Milwaukee, Wisconsin, 53202 (the “Administrator”), the Administrator acts as the Fund’s administrator. The Administrator provides certain administrative services to the Fund, including, among other responsibilities, coordinating the negotiation of contracts and fees with, and the monitoring of performance and billing of, the Fund’s independent contractors and agents; preparation for signature by an officer of the Trust of all documents required to be filed for compliance by the Trust and the Fund with applicable laws and regulations.; arranging for the computation of performance data, including net asset value per share (“NAV”) and yield; responding to shareholder inquiries; and arranging for the maintenance of books and records of the Fund, and providing, at its own expense, office facilities, equipment and personnel necessary to carry out its duties. In this capacity, the Administrator does not have any responsibility or authority for the management of the Fund, the determination of investment policy, or for any matter pertaining to the distribution of Fund shares. Pursuant to the Administration Agreement, for its services, the Administrator receives from the Fund a fee computed daily and payable monthly based on the Fund’s average net assets subject to an annual minimum fee.

USBFS also acts as fund accountant (“Fund Accountant”), transfer agent (“Transfer Agent”) and dividend disbursing agent under separate agreements with the Trust.

Pursuant to a custody agreement between the Trust and the Fund, U.S. Bank, N.A., an affiliate of USBFS, serves as the custodian of the Fund’s assets. For its services, the Custodian receives a monthly fee based on a percentage of the Fund’s assets, in addition to certain transaction based fees. The Custodian’s address is 1555 North Rivercenter Drive, Milwaukee, Wisconsin, 53212. The Custodian does not participate in decisions relating to the purchase and sale of securities by the Fund. U.S. Bank, N.A. and its affiliates may participate in revenue sharing arrangements with service providers of mutual funds in which the Fund may invest.

### **Legal Counsel**

Stradley Ronon Stevens & Young, LLP, 2005 Market Street, Suite 2600, Philadelphia, PA 19103, serves as counsel to the Trust and as independent legal counsel to the Board.

### **Independent Registered Public Accounting Firm**

Cohen & Company, Ltd., 1350 Euclid Avenue, Suite 800, Cleveland, Ohio 44115, serves as the independent registered public accounting firm for the Fund.

## **Distribution of Fund Shares**

The Trust has entered into a distribution agreement (the “Distribution Agreement”) with Foreside Fund Services, LLC (the “Distributor”), Three Canal Plaza, Suite 100, Portland, Maine 04101, pursuant to which the Distributor acts as the Fund’s principal underwriter, provides certain administrative services and promotes and arranges for the sale of the Fund’s shares on a best efforts basis. The offering of the Fund’s shares is continuous. The Distributor is a registered broker-dealer and member of the Financial Industry Regulatory Authority, Inc. (“FINRA”). The Distributor is not affiliated with the Adviser or any other service provider for the Trust.

The Distribution Agreement has an initial term of up to two years and will continue in effect only if such continuance is specifically approved at least annually by the Board of Trustees or by vote of a majority of the Fund’s outstanding voting securities and, in either case, by a majority of the Independent Trustees. The Distribution Agreement is terminable without penalty by the Trust, on behalf of the Fund, on 60 days written notice when authorized either by a majority vote of the Fund’s shareholders or by vote of a majority of the Board of Trustees, including a majority of the Trustees who are not “interested persons” (as defined under the 1940 Act) of the Trust, or by the Distributor on 60 days written notice, and will automatically terminate in the event of its “assignment,” as defined in the 1940 Act.

The Distributor does not receive compensation from the Fund for its distribution services except the distribution/service fees with respect to the shares of those classes for which a Rule 12b-1 plan is effective, as applicable. The Adviser pays the Distributor a fee for certain distribution-related services.

### **Distribution (Rule 12b-1) Plan**

The Fund has adopted a distribution plan for Investor Class shares pursuant to Rule 12b-1 under the 1940 Act (the “12b-1 Plan”). Under the 12b-1 Plan, the Fund pays a fee to the Distributor for distribution and/or shareholder services (“Distribution and Service Fees”) at an annual rate of 0.25% of the Fund’s average daily net asset value of Investor Class shares. The 12b-1 Plan provides that the Distributor may use all or any portion of such Distribution and Service Fees to finance any activity that is principally intended to result in the sale of Fund shares, subject to the terms of the 12b-1 Plan, or to provide certain shareholder services. The 12b-1 Plan is intended to benefit the Fund by increasing its assets and thereby reducing the Fund’s expense ratio.

The Distribution and Service Fees are payable to the Distributor regardless of the distribution-related expenses actually incurred. Because the Distribution and Service Fees are not directly tied to expenses, the amount of distribution fees paid by Investor Class Shares during any year may be more or less than actual expenses incurred pursuant to the 12b-1 Plan. For this reason, this type of distribution fee arrangement is characterized by the staff of the SEC as a “compensation” plan.

The Distributor may use the Distribution and Service Fees to pay for services covered by the 12b-1 Plan including, but not limited to, advertising; compensating underwriters, dealers and selling personnel engaged in the distribution of Fund shares; the printing and mailing of prospectuses, statements of additional information and reports; the printing and mailing of sales literature pertaining to the Fund; and obtaining whatever information, analyses and reports with respect to marketing and promotional activities that the Fund may, from time to time, deem advisable.

The 12b-1 Plan provides that it will continue from year to year upon approval by the majority vote of the Board of Trustees, including a majority of the Independent Trustees cast in person at a meeting called for that purpose, provided that such trustees have made a determination that there is a

reasonable likelihood that the 12b-1 Plan will benefit the Fund and its shareholders. It is also required that the Independent Trustees, select and nominate all other trustees who are not “interested persons” of the Fund. The 12b-1 Plan and any related agreements may not be amended to materially increase the amounts to be spent for distribution expenses without approval of shareholders holding a majority of the Fund shares outstanding. All material amendments to the 12b-1 Plan or any related agreements must be approved by a vote of a majority of the Board of Trustees and the Independent Trustees, cast in person at a meeting called for the purpose of voting on any such amendment.

The 12b-1 Plan requires that the Distributor provide to the Board of Trustees, at least quarterly, a written report on the amounts and purpose of any payment made under the 12b-1 Plan. The Distributor is also required to furnish the Board of Trustees with such other information as may reasonably be requested in order to enable the Board of Trustees to make an informed determination of whether the 12b-1 Plan should be continued.

As noted above, the 12b-1 Plan provides for the ability to use Fund assets to pay financial intermediaries (including those that sponsor mutual fund supermarkets), plan administrators and other service providers to finance any activity that is principally intended to result in the sale of Fund shares (distribution services) and for the provision of personal services to shareholders. The payments made by the Fund to financial intermediaries are based primarily on the dollar amount of assets invested in the Fund through the financial intermediaries. These financial intermediaries may pay a portion of the payments that they receive from the Fund to their investment professionals. In addition to the ongoing asset-based fees paid to these financial intermediaries under the 12b-1 Plan, the Fund may, from time to time, make payments under the 12b-1 Plan that help defray the expenses incurred by these intermediaries for conducting training and educational meetings about various aspects of the Fund for their employees. In addition, the Fund may make payments under the 12b-1 Plan for exhibition space and otherwise help defray the expenses these financial intermediaries incur in hosting client seminars where the Fund is discussed.

In addition, the Fund may participate in various “fund supermarkets” in which a mutual fund supermarket sponsor (usually a broker-dealer) offers many mutual funds to the sponsor’s customers without charging the customers a sales charge. In connection with its participation in such platforms, the Distributor may use all or a portion of the Distribution Fee to pay one or more supermarket sponsors a negotiated fee for distributing the Fund’s shares. In addition, in its discretion, the Adviser may pay additional fees to such intermediaries from its own assets.

## **Portfolio Transactions and Brokerage**

Friess and Friess of Delaware are referred collectively herein as the “Adviser.”

Pursuant to the Advisory Agreement, the Adviser determines which securities are to be purchased and sold by the Fund and which broker-dealers are eligible to execute the Fund’s portfolio transactions. Purchases and sales of securities on an exchange are affected through brokers that charge a commission while purchases and sales of securities in the over-the-counter market will generally be executed directly with the primary “market-maker” unless, in the opinion of the Adviser, a better price and execution can otherwise be obtained by using a broker for the transaction. Purchases and sales of portfolio securities that are fixed income securities (for instance, money market instruments and bonds, notes and bills) usually are principal transactions. In a principal transaction, the party from which the Fund purchases or to which the Fund sells is acting on its own behalf (and not as the agent of some other party, such as its customer). These securities normally are purchased directly from the issuer or from an underwriter or market maker for the securities. The price of securities purchased from underwriters includes a disclosed fixed commission or concession paid by the issuer to the



underwriter, and prices of securities purchased from dealers serving as market makers reflects the spread between the bid and asked price. The price of over-the-counter securities usually includes an undisclosed commission or markup.

Purchases of portfolio securities for the Fund will be effected through broker-dealers (including banks) that specialize in the types of securities that the Fund will be holding, unless better executions are available elsewhere. Dealers usually act as principal for their own accounts. Purchases from dealers will include a spread between the bid and the asked price. If the execution and price offered by more than one dealer are comparable, the order may be allocated to a dealer that has provided research or other services as discussed below.

In placing portfolio transactions, the Adviser will use reasonable efforts to choose broker-dealers capable of providing the services necessary to obtain the most favorable price and execution available. The full range and quality of services, such as the size of the order, the difficulty of execution, the operational facilities of the firm involved, the firm's risk in positioning a block of securities and other factors available, will be considered in making these determinations. In those instances where it is reasonably determined that more than one broker-dealer can offer the services needed to obtain the most favorable price and execution available, consideration may be given to those broker-dealers that furnish or supply research and statistical information to the Adviser that it may lawfully and appropriately use in its investment advisory capacities, as well as provide other brokerage services incidental to execution services. Research and statistical information may include reports that are common in the industry such as industry research reports and periodicals, quotation systems, software for portfolio management and formal databases. Typically, the research will be used to service all of the Adviser's accounts, although a particular client may not benefit from all the research received on each occasion. The Adviser considers research information, which is in addition to and not in lieu of the services required to be performed by it under its Advisory Agreement with the Fund, to be useful in varying degrees, but of indeterminable value.

While it is the Fund's general policy to first seek to obtain the most favorable price and execution available in selecting a broker-dealer to execute portfolio transactions for the Fund, weight is also given to the ability of a broker-dealer to furnish brokerage and research services to the Fund or to the Adviser, even if the specific services are not directly useful to the Fund and may be useful to the Adviser in advising other clients. In negotiating commissions with a broker or evaluating the spread to be paid to a dealer, the Fund may therefore pay a higher commission or spread than would be the case if no weight were given to the furnishing of these supplemental services, provided that the amount of such commission or spread has been determined in good faith by the Adviser to be reasonable in relation to the value of the brokerage and/or research services provided by such broker-dealer. The standard of reasonableness is to be measured in light of the Adviser's overall responsibilities to the Fund.

Investment decisions for the Fund are made independently from those of the Adviser's other client accounts. Nevertheless, it is possible that at times identical securities will be acceptable for both the Fund and one or more of such client accounts. In such event, the position of the Fund and such client account(s) in the same issuer may vary and the length of time that each may choose to hold its investment in the same issuer may likewise vary. However, to the extent any of these client accounts seek to acquire the same security as the Fund at the same time, the Fund may not be able to acquire as large a portion of such security as it desires, or it may have to pay a higher price or obtain a lower yield for such security. Similarly, the Fund may not be able to obtain as high a price for, or as large an execution of, an order to sell any particular security at the same time. If one or more of such client accounts simultaneously purchases or sells the same security that the Fund is purchasing or selling, each day's transactions in such security will be allocated between the Fund and all such client

accounts in a manner deemed equitable by the Adviser, taking into account the respective sizes of the accounts and the amount being purchased or sold. It is recognized that in some cases this system could have a detrimental effect on the price or value of the security insofar as the Fund are concerned. In other cases, however, it is believed that the ability of the Fund to participate in volume transactions may produce better executions for the Fund. Notwithstanding the above, the Adviser may execute buy and sell orders for accounts and take action in performance of its duties with respect to any of its accounts that may differ from actions taken with respect to another account, so long as the Adviser shall, to the extent practical, allocate investment opportunities to accounts, including the Fund, over a period of time on a fair and equitable basis and in accordance with applicable law.

Portfolio transactions may be placed with broker-dealers who sell shares of the Fund subject to rules adopted by FINRA and the SEC. Portfolio transactions may also be placed with broker-dealers in which the Adviser has invested on behalf of the Fund and/or client accounts.

## **Portfolio Turnover**

Although the Fund generally will not invest for short-term trading purposes, portfolio securities may be sold without regard to the length of time they have been held when, in the opinion of the Adviser, investment considerations warrant such action. Portfolio turnover rate is calculated by dividing (1) the lesser of purchases or sales of portfolio securities for the fiscal year by (2) the monthly average of the value of portfolio securities owned during the fiscal year. A 100% turnover rate would occur if all the securities in the Fund's portfolio, with the exception of securities whose maturities at the time of acquisition were one year or less, were sold and either repurchased or replaced within one year. A high rate of portfolio turnover (100% or more) generally leads to above-average transaction costs and could generate capital gains that must be distributed to shareholders as short-term capital gains taxed at ordinary income rates (currently as high as 39.6%). To the extent that the Fund experiences an increase in brokerage commissions due to a higher portfolio turnover rate, the performance of the Fund could be negatively impacted by the increased expenses incurred by the Fund and may result in a greater number of taxable transactions.

## **Code of Ethics**

The Fund, the Adviser and the Sub-adviser have each adopted Codes of Ethics under Rule 17j-1 of the 1940 Act. These Codes permit, subject to certain conditions, personnel of the Trust, the Adviser and the Sub-adviser to invest in securities that may be purchased or held by the Fund.

## **Proxy Voting Procedures**

The Board of Trustees has adopted proxy voting policies and procedures ("Proxy Policies") wherein the Trust has delegated to the Adviser the responsibility for voting proxies relating to portfolio securities held by the Fund as part of its investment advisory services, subject to the supervision and oversight of the Board of Trustees. Notwithstanding this delegation of responsibilities, however, the Fund retains the right to vote proxies relating to its portfolio securities. The fundamental purpose of the Proxy Policies is to ensure that each vote will be in a manner that reflects the best interest of the Fund and its shareholders, taking into account the value of the Fund's investments.

The actual voting records relating to portfolio securities during the most recent 12-month period ended June 30 will be available without charge, upon request, by calling toll-free, (800) SEC-0330 or by accessing the SEC's website at [www.sec.gov](http://www.sec.gov).

### *The Adviser's Proxy Voting Policies and Procedures*

- Friess has contracted with an independent third-party provider of proxy voting and corporate governance services, Institutional Shareholders Services, Inc. ("proxy agent") which

specializes in providing a variety of services related to proxy voting. Specifically, this proxy agent has been retained to conduct proxy research, execute proxy votes, and keep various records necessary for tracking proxy voting materials and proxy voting actions taken for the appropriate client account. Friess has adopted the proxy agent's proxy voting policy guidelines as its own and, as such, votes Friess clients' proxies according to those policy guidelines unless Friess believes there to be an overriding decision that is in the best interests of our clients. Under Friess' policies and procedures, whenever an apparent conflict of interest is identified, Friess will defer to the proxy agent's recommendations and instruct it to vote pursuant to its recommendation. Friess' Chief Compliance Officer makes the final determination in any instance regarding whether or not a potential conflict exists.

### **Anti-Money Laundering Compliance Program**

The Trust has established an Anti-Money Laundering Compliance Program (the "Program") as required by the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 ("USA PATRIOT Act"). To ensure compliance with this law, the Trust's Program provides for the development of internal practices, procedures and controls, designation of anti-money laundering compliance officers, an ongoing training program and an independent audit function to determine the effectiveness of the Program. Ms. Deborah Ward has been designated as the Trust's Anti-Money Laundering Compliance Officer.

Procedures to implement the Program include, but are not limited to: determining that the Distributor and the Transfer Agent have established proper anti-money laundering procedures; reporting suspicious and/or fraudulent activity; and a complete and thorough review of all new account applications. The Fund will not transact business with any person or entity whose identity cannot be adequately verified under the provisions of the USA PATRIOT Act.

As a result of the Program, the Fund may be required to "freeze" the account of a shareholder if the shareholder appears to be involved in suspicious activity or if certain account information matches information on government lists of known terrorists or other suspicious persons, or the Fund may be required to transfer the account or proceeds of the account to a governmental agency.

### **Portfolio Holdings Information**

The Trust, on behalf of the Fund, has adopted portfolio holdings disclosure policies ("Portfolio Holdings Policies") that govern the timing and circumstances of disclosure of portfolio holdings of the Fund. Information about the Fund's portfolio holdings will not be distributed to any third party except in accordance with these Portfolio Holdings Policies. The Board of Trustees has considered the circumstances under which the Fund's portfolio holdings may be disclosed under the Portfolio Holdings Policies. The Board of Trustees has also considered actual and potential material conflicts that could arise in such circumstances between the interests of the Fund's shareholders and the interests of the Adviser, Distributor, or any other affiliated person of the Fund. After due consideration, the Board of Trustees has determined that the Fund has a legitimate business purpose for disclosing portfolio holdings to persons described in the Portfolio Holdings Policies. The Board of Trustees also has authorized its CCO to consider and authorize dissemination of portfolio holdings information to additional parties, after considering the best interests of the Fund's shareholders and potential conflicts of interest in making such disclosures.

The Board of Trustees exercises continuing oversight of the disclosure of the Fund's portfolio holdings by (1) overseeing the implementation and enforcement of the Portfolio Holdings Policies, codes of ethics and other relevant policies of the Fund and its service providers by the CCO, (2) by considering reports and recommendations by the CCO concerning any material compliance matters

(as defined in Rule 38a-1 under the 1940 Act), and (3) by considering whether to approve any amendment to these Portfolio Holdings Policies. The Board of Trustees reserves the right to amend the Portfolio Holdings Policies at any time without prior notice in its sole discretion.

Disclosure of the Fund's complete holdings is required to be made quarterly within 60 days of the end of each fiscal quarter, in the annual and semi-annual reports to Fund shareholders, and in the quarterly holdings report on Form N-Q. These reports will be made available, free of charge, on the EDGAR database on the SEC's website at [www.sec.gov](http://www.sec.gov). The quarterly reports will also be posted to the Adviser's website within 60 days of the end of each fiscal quarter. The Fund may provide separately to any person, including rating and ranking organizations such as Lipper and Morningstar, the Fund's holdings only after such information has already been disclosed to the general public. In addition, the Fund may provide its complete portfolio holdings at the same time that information is filed with the SEC.

In the event of a conflict between the interests of the Fund and the interests of the Adviser or an affiliated person of the Adviser, the CCO of the Adviser, in consultation with the Trust's CCO, shall make a determination in the best interests of the Fund, and shall report such determination to the Board of Trustees at the end of the quarter in which such determination was made. Any employee of the Adviser who suspects a breach of this obligation must report the matter immediately to the Adviser's CCO or to his or her supervisor.

In addition, material non-public holdings information may be provided without lag as part of the normal investment activities of the Fund to each of the following entities which, by explicit agreement or by virtue of their respective duties to the Fund, are required to maintain the confidentiality of the information disclosed: the Administrator; the Fund Accountant; the Custodian; the Transfer Agent; the Fund's independent registered public accounting firm; counsel to the Fund or the Board of Trustees (current parties are identified in this SAI); broker-dealers (in connection with the purchase or sale of securities or requests for price quotations or bids on one or more securities); and regulatory authorities. Portfolio holdings information not publicly available with the SEC or on the Fund's web site may only be provided to additional third parties, in accordance with the Portfolio Holdings Policies, when the Fund has a legitimate business purpose, and the third party recipient is subject to a confidentiality agreement. Such portfolio holdings disclosure may be approved under the Portfolio Holdings Policies by the Trust's CCO.

In no event shall the Adviser, its affiliates or employees, or the Fund receive any direct or indirect compensation in connection with the disclosure of information about the Fund's portfolio holdings.

There can be no assurance that the Portfolio Holdings Policies and these procedures will protect the Fund from potential misuse of that information by individuals or entities to which it is disclosed.

### **Determination of Net Asset Value**

The NAV of the Fund's shares will fluctuate and is determined by the Fund Accountant as of the close of trading on the New York Stock Exchange (the "NYSE") (generally 4:00 p.m., Eastern time) each business day. The NYSE annually announces the days on which it will not be open for trading. The most recent announcement indicates that it will not be open on the following days: New Year's Day, Martin Luther King, Jr. Day, Presidents' Day, Good Friday, Memorial Day, Independence Day, Labor Day, Thanksgiving Day and Christmas Day. However, the NYSE may close on days not included in that announcement.

The NAV of each class of shares is computed by determining the “Net Assets” of each class and dividing by the total number of shares outstanding of each class at such time. The Net Assets of each class are calculated by (1) taking the value of all assets, less liabilities, held by the Fund and allocating such value to each share class based on the number of shares outstanding in each share class; (2) subtracting “Class Expenses” from each respective share class as defined and approved by the Board of Trustees and a majority of the Independent Trustees under the Trust’s Rule 18f-3 Multiple Class Plan; and (3) subtracting from each share class non-class specific “Other Expenses” that are allocated to each class based on the net asset value of each class relative to the net asset value of the Fund or the Trust, as the case may be.

$$\frac{\text{Net Assets Per Share Class}}{\text{Shares Outstanding Per Share Class}} = \text{Net Asset Value Per Share Class}$$

The Fund’s assets are generally valued at their market price on the valuation date based on valuations provided by independent pricing services consistent with the Fund’s valuation procedures. When market prices are not readily available, a security or other asset is valued at its fair value as determined under fair value pricing procedures approved by the Board of Trustees.

Each security owned by the Fund that is listed on a securities exchange is valued at its last sale price on that exchange on the date as of which assets are valued. Where the security is listed on more than one exchange, the Fund will use the price of the exchange that the Fund generally considers to be the principal exchange on which the stock is traded. If no sale is reported, the security is valued at the mean between the last available bid and asked prices.

Portfolio securities primarily traded on the NASDAQ Stock Market (“NASDAQ”) shall be valued using the NASDAQ Official Closing Price (“NOCP”), which may not necessarily represent the last sale price. If the NOCP is not available, such securities shall be valued at the last sale price on the day of valuation, or if there has been no sale on such day, at the mean between the bid and asked prices. OTC securities that are not traded on NASDAQ shall be valued at the most recent trade price.

Fixed income securities are valued at the mean of the bid and asked prices as determined by an independent pricing service, taking into consideration recent transactions, yield, liquidity, risk, credit quality, coupon, maturity, type of issue and any other factors or market data the pricing service deems relevant. Fixed income securities with remaining maturities of 60 days or less are valued at amortized cost, which approximates fair value.

Foreign securities are valued in the same manner as the securities described above. Foreign securities are priced in the local currencies as of the close of their primary exchange or market or as of the close of trading on the NYSE, whichever is earlier. Foreign currencies are translated into U.S. dollars at the exchange rate as provided by a pricing service as of the close of trading on the NYSE.

Exchange traded options are valued at the composite price, using the National Best Bid and Offer quotes (“NBBO”). NBBO consists of the highest bid price and lowest ask price across any of the exchanges on which an option is quoted, thus providing a view across the entire U.S. options marketplace. Specifically, composite pricing looks at the last trades on the exchanges where the options are traded. If there are no trades for the option on a given business day composite option pricing calculates the mean of the highest bid price and lowest ask price across the exchanges where the option is traded.

All other assets of the Fund are valued in such manner as the Board of Trustees in good faith deems appropriate to reflect their fair value.

## **Purchase and Redemption of Fund Shares**

### **Generally**

Shares of the Fund are sold in a continuous offering and shares may be purchased or redeemed on any business day that the Fund calculates its NAV. The Fund may also authorize one or more financial intermediaries to accept purchase and redemption orders on its behalf (“Authorized Intermediaries”). Authorized Intermediaries are authorized to designate other Authorized Intermediaries to accept orders on the Fund’s behalf. An order is deemed to be received when the Fund or an Authorized Intermediary accepts the order.

Orders received by the Fund or an Authorized Intermediary by the close of trading on the NYSE (generally 4:00 p.m., Eastern time) on a business day will be effected at the applicable price per share determined as of the close of trading on the NYSE on that day. Otherwise, the orders will be processed based on the next determined NAV.

Orders received by financial intermediaries that are not Authorized Intermediaries will be processed at the applicable price next calculated after the Transfer Agent receives the order from the financial intermediary.

### **Purchase Requests Must be Received in Good Order**

“Good order” generally means that your purchase request includes:

- The name of the Fund;
- The class of shares to be purchased;
- The dollar amount of shares to be purchased;
- Your account application or investment stub; and
- A check payable to the name of the Fund.

Shares of the Fund have not been registered and are not for sale outside of the United States. The Fund generally does not sell shares to investors residing outside the United States, even if they are United States citizens or lawful permanent residents, except to investors with United States military APO or FPO addresses or in certain other circumstances where the Chief Compliance Officer and Anti-Money Laundering Officer for the Trust both conclude that such sale is appropriate and is not in contravention of United States law.

### **Redemption Requests Must be Received in Good Order**

Your share price will be based on the next NAV per share calculated after the Transfer Agent or an Authorized Intermediary receives your redemption request in good order. A redemption request will generally be deemed in “good order” if it includes:

- The shareholder’s name;
- The name of the Fund;
- The account number;
- The share or dollar amount to be redeemed;
- The class of shares to be redeemed; and
- Signatures by all shareholders on the account (with signature(s) guaranteed if applicable).

Unless you instruct the Transfer Agent otherwise, redemption proceeds will be sent to the address of record. The Fund will not be responsible for interest lost on redemption amounts due to lost or misdirected mail.

A signature guarantee of each owner is required in the following situations:

- If ownership is changed on your account;
- When redemption proceeds are payable or sent to any person, address or bank account not on record;
- If a change of address request was received by the Transfer Agent within the last 15 calendar days; or
- For all redemptions in excess of \$100,000 from any shareholder account.

Non-financial transactions, including establishing or modifying certain services on an account, may require a signature guarantee, signature verification from a Signature Validation Program member or other acceptable form of authentication from a financial institution source. Signature guarantees, from either a Medallion program member or a non-Medallion program member, can be obtained from banks and securities dealers, but not from a notary public.

The Fund may elect in the future to limit eligible signature guarantors to institutions that are members of a signature guarantee program. The Fund and the Transfer Agent reserve the right to amend these standards at any time without notice.

### **Redemption-in-Kind**

Under normal circumstances, the Fund does not intend to redeem shares in any form except cash. The Trust, however, has filed a notice of election under Rule 18f-1 of the 1940 Act that allows the Fund to redeem in-kind redemption requests during any 90-day period in excess of the lesser of \$250,000 or 1% of the net assets of a Fund, valued at the beginning of such period. If the Fund pays your redemption proceeds by a distribution of securities, you could incur brokerage or other charges in converting the securities to cash, and will bear any market risks associated with such securities until they are converted into cash.

### **Cancellations**

The Fund will not accept a request to cancel or modify a transaction once processing has begun.

### **Tax Matters**

Each series of the Trust is treated as a separate entity for federal income tax purposes. The Fund, a series of the Trust, intends to qualify and elect to be treated as a regulated investment company under Subchapter M of the Code, provided it complies with all applicable requirements regarding the source of its income, diversification of its assets and timing of distributions. The Fund's policy is to distribute to its shareholders all of its net investment company taxable income and any net realized long-term capital gains for each fiscal year in a manner that complies with the distribution requirements of the Code, so that the Fund will not be subject to any federal income or excise taxes based on net income. However, the Fund can give no assurances that its anticipated distributions will be sufficient to eliminate all taxes. If the Fund does not qualify as a regulated investment company, it would be taxed as a corporation and, in such case, it would be more beneficial for a shareholder to directly own the Fund's underlying investments rather than indirectly owning the underlying investments through the Fund. If the Fund fails to distribute (or be deemed to have distributed) by December 31 of each calendar year (i) at least 98% of its ordinary income for such year, (ii) at least 98.2% of the excess of its realized capital gains over its realized capital losses for the 12-month

period ending on October 31 during such year and (iii) any amounts from the prior calendar year that were not distributed and on which the Fund paid no federal income tax, the Fund will be subject to a 4% excise tax.

Net investment income generally consists of interest, dividends and short-term capital gains, less expenses. Net realized capital gains for a fiscal period are computed by taking into account any capital loss carryforward of the Fund.

Distributions of net investment income are taxable to shareholders as ordinary income. For individual shareholders, a portion of the distributions paid by the Fund may consist of qualified dividends eligible for taxation at the rate applicable to long-term capital gains to the extent the Fund designates the amount distributed as a qualified dividend and the shareholder meets certain holding period requirements with respect to his or her Fund shares. In the case of corporate shareholders, a portion of the distributions may qualify for the intercorporate dividends-received deduction to the extent the Fund designates the amount distributed as eligible for deduction and the shareholder meets certain holding period requirements with respect to its Fund shares. The aggregate amount so designated to either individuals or corporate shareholders cannot, however, exceed the aggregate amount of such dividends received by the Fund for its taxable year. In view of the Fund's investment policies, it is expected that part of the distributions by the Fund may be eligible for the qualified dividend income treatment for individual shareholders and the dividends-received deduction for corporate shareholders.

Any long-term capital gain distributions are taxable to shareholders as long-term capital gains regardless of the length of time shares have been held. Net capital gains distributions are not eligible for the qualified dividend income treatment or the dividends-received deduction referred to in the previous paragraph.

Distributions of any net investment income and net realized capital gains will be taxable as described above, whether received in shares or in cash. Shareholders who choose to receive distributions in the form of additional shares will have a cost basis for federal income tax purposes in each share so received equal to the NAV of a share on the reinvestment date. Distributions are generally taxable when received. However, distributions declared in October, November or December to shareholders of record on a date in such a month and paid the following January are taxable as if received on December 31. Distributions are includable in alternative minimum taxable income in computing a shareholder's liability for the alternative minimum tax.

A redemption of Fund shares may result in recognition of a taxable gain or loss. Any loss realized upon a redemption of shares within six months from the date of their purchase will be treated as a long-term capital loss to the extent of any amounts treated as distributions of long-term capital gains received on those shares. Any loss realized upon a redemption may be disallowed under certain wash sale rules to the extent shares of the Fund are purchased (through reinvestment of distributions or otherwise) within 30 days before or after the redemption.

Except in the case of certain exempt shareholders, if a shareholder does not furnish the Fund with its correct Taxpayer Identification Number and certain certifications or the Fund receives notification from the Internal Revenue Service requiring back-up withholding, the Fund is required by federal law to withhold federal income tax from the shareholder's distributions and redemption proceeds currently at a rate of 28% for U.S. residents.



Foreign taxpayers (including nonresident aliens) are generally subject to a flat withholding rate, currently 30% on U.S. source income. This withholding rate may be lower under the terms of a tax convention.

This discussion and the related discussion in the Prospectus have been prepared by Fund management, and counsel to the Fund has expressed no opinion in respect thereof.

This section is not intended to be a full discussion of federal tax laws and the effect of such laws on you. There may be other federal, state, foreign or local tax considerations to a particular investor. You are urged to consult your own tax advisor.

## **Distributions**

The Fund will receive income in the form of dividends and interest earned on its investments in securities. This income, less the expenses incurred in its operations, is the Fund's net investment income, substantially all of which will be distributed to the Fund's shareholders.

The amount of the Fund's distributions is dependent upon the amount of net investment income received by the Fund from its portfolio holdings, is not guaranteed, and is subject to the discretion of the Board of Trustees. The Fund does not pay "interest" or guarantee any fixed rate of return on an investment in its shares.

The Fund may also derive capital gains or losses in connection with sales or other dispositions of its portfolio securities. Any net gain the Fund may realize from transactions involving investments held less than the period required for long-term capital gain or loss recognition or otherwise producing short-term capital gains and losses (taking into account any carryover of capital losses from the eight previous taxable years), although a distribution from capital gains, will be distributed to shareholders with and as a part of the distributions of net investment income giving rise to ordinary income. If during any year the Fund realizes a net gain on transactions involving investments held for the period required for long-term capital gain or loss recognition or otherwise producing long-term capital gains and losses, the Fund will have a net long-term capital gain. After deduction of the amount of any net short-term capital loss, the balance (to the extent not offset by any capital losses carried over from the eight previous taxable years) will be distributed and treated as long-term capital gains in the hands of the shareholders regardless of the length of time the Fund's shares may have been held by the shareholders. For more information concerning applicable capital gains tax rates, see your tax advisor.

Any distribution paid by the Fund reduces the Fund's NAV per share on the date paid by the amount of the distribution per share. Accordingly, a distribution paid shortly after a purchase of shares by a shareholder would represent, in substance, a partial return of capital (to the extent it is paid on the shares so purchased), even though it would be subject to income taxes.

Distributions will be made in the form of additional shares of the Fund unless the shareholder has otherwise indicated. Investors have the right to change their elections with respect to the reinvestment of distributions by notifying the Transfer Agent in writing. However, any such change will be effective only as to distributions for which the record date is five or more business days after the Transfer Agent has received your request.

## **Financial Statements**

The Fund has not yet commenced operations and, therefore, has not produced financial statements. Once available, you can obtain a copy of the financial statements contained in the Fund's Annual or Semi-Annual Report without charge by calling the Company, toll-free, at 1-855-656-3017.

The Predecessor Fund's audited financial statements for the years ended December 31, 2015, and December 31, 2016, are attached as Appendix A. The audited financial statements of the Private Fund have been audited by Cohen & Company, Ltd., the independent registered public accounting firm for the Predecessor Fund for the years ended December 31, 2015, and December 31, 2016.

## **APPENDIX A**

### **Friess Small Cap Trust Audited Financial Statements**

## **Friess Small Cap Trust**

**Financial Statements**

**For the year ended December 31, 2016**

# Friess Small Cap Trust

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# Friess Small Cap Trust

## Schedule of Investments\*\*

### December 31, 2016

Shares	Cost	Value	Shares	Cost	Value
<b>Common Stocks - 95.4%</b>					
<b>Aerospace &amp; Defense - 1.8%</b>					
24,800 Mercury Systems Inc <sup>1,2</sup>	\$352,919	\$749,456			
<b>Apparel, Accessories &amp; Luxury Goods - 1.7%</b>					
12,160 Columbia Sportswear Co.	703,971	708,928			
<b>Applications Software - 6.4%</b>					
26,600 Atlassian Corp. PLC <sup>1,2</sup>	694,495	640,528			
29,150 Blackline Inc. <sup>1</sup>	729,114	805,415			
35,000 Callidus Software Inc. <sup>1</sup>	592,386	588,000			
52,000 Silver Spring Networks <sup>1,2</sup>	<u>726,237</u>	<u>692,120</u>			
	2,742,232	2,726,063			
<b>Building Products - 2.0%</b>					
16,030 Apogee Enterprises Inc <sup>2</sup>	759,084	858,567			
<b>Biotechnology - 1.5%</b>					
21,100 Repligen Corp. <sup>1,2</sup>	583,267	650,302			
<b>Communications Equipment - 7.6%</b>					
32,000 Applied Optoelectronics Inc <sup>1,2</sup>	767,302	750,080			
36,275 Ciena Corp. <sup>1</sup>	694,568	885,473			
102,300 Oclaro Inc. <sup>1,2</sup>	880,442	915,585			
94,400 ShoreTel Inc. <sup>1</sup>	<u>757,827</u>	<u>674,960</u>			
	3,100,139	3,226,098			
<b>Construction &amp; Engineering - 3.9%</b>					
10,380 Dycom Industries Inc <sup>1,2</sup>	790,828	833,410			
24,535 NV5 Global Inc. <sup>1,2</sup>	<u>532,845</u>	<u>819,469</u>			
	1,323,673	1,652,879			
<b>Consumer Finance - 1.8%</b>					
33,000 Green Dot Corp. CL A <sup>1</sup>	787,917	777,150			
<b>Department Stores - 1.7%</b>					
87,500 J.C. Penney Co. Inc. <sup>1,2</sup>	788,858	727,125			
<b>Electrical Components - 1.7%</b>					
13,130 Universal Display Corp <sup>1,2</sup>	773,338	739,219			
<b>Electronic Manufacturing Services - 1.7%</b>					
18,000 Fabrinet <sup>1</sup>	652,167	725,400			
<b>General Merchandise Stores - 1.7%</b>					
25,500 Ollie's Bargain Outlet Holdings Inc <sup>1,2</sup>	778,007	725,475			
<b>Health Care Equipment - 4.9%</b>					
40,000 Cryolife Inc. <sup>1</sup>	\$679,006	\$766,000			
8,285 Nevro Corp. <sup>1,2</sup>	783,332	601,988			
11,100 Penumbra Inc <sup>1,2</sup>	<u>699,292</u>	<u>708,180</u>			
	2,161,630	2,076,168			
<b>Health Care Technology - 0.7%</b>					
20,000 Evolent Health Inc <sup>1</sup>	297,598	296,000			
<b>Homebuilding - 2.0%</b>					
33,500 M/I Homes Inc <sup>1,2</sup>	755,559	843,530			
<b>Insurance Brokers - 1.8%</b>					
80,359 Crawford & Company CL A	573,609	761,000			
<b>Internet Software &amp; Services - 5.2%</b>					
7,600 LogMeIn Inc <sup>1,2</sup>	688,661	733,780			
42,465 Match Group Inc <sup>1,2</sup>	737,098	726,152			
27,150 The Trade Desk Inc. CL A <sup>1,2</sup>	<u>710,022</u>	<u>751,240</u>			
	2,135,781	2,211,172			
<b>Life Sciences Tools &amp; Services - 3.9%</b>					
22,495 Medpace Holdings Inc <sup>1</sup>	625,505	811,395			
29,100 Patheon NV <sup>1</sup>	<u>783,832</u>	<u>835,461</u>			
	1,409,337	1,646,856			
<b>Movies &amp; Entertainment - 1.8%</b>					
37,200 Regal Entertainment Group CL A	791,984	766,320			
<b>Oil &amp; Gas Drilling - 2.0%</b>					
51,170 Nabors Industries Ltd.	733,973	839,188			
<b>Oil &amp; Gas Equipment &amp; Services - 2.1%</b>					
16,000 US Silica Holdings Inc <sup>2</sup>	757,547	906,880			
<b>Oil &amp; Gas Exploration &amp; Production - 6.3%</b>					
47,900 Callon Petroleum Co. <sup>1,2</sup>	726,965	736,223			
132,770 Chesapeake Energy Corp <sup>1,2</sup>	600,410	932,045			
148,500 Kosmos Energy Ltd <sup>1</sup>	<u>819,443</u>	<u>1,040,985</u>			
	2,146,818	2,709,253			
<b>Packaged Foods &amp; Meats - 2.0%</b>					
15,480 Calavo Growers Inc <sup>2</sup>	630,551	950,472			
<b>Pharmaceuticals - 1.9%</b>					
<b>16,000 Prestige Brands Holdings<sup>1,2</sup></b>	794,483	833,600			

The accompanying notes are an integral part of these financial statements.

# Friess Small Cap Trust

## Schedule of Investments\*\*

### December 31, 2016

Shares	Cost	Value	Face Amount/Shares	Cost	Value
<b>Common Stocks - 95.4% (continued)</b>			<b>Short Term Investments - 52.1%</b>		
				<b>Cash Deposit - 6.8%</b>	
				\$2,908,592	\$2,908,592
				<b>Money Market Funds - 45.3%</b>	
				19,326,283	19,326,283
				<b>Total Short Term Investments</b>	
				<u>22,234,875</u>	<u>22,234,875</u>
				<b>Total Investments - 147.5%</b>	
				<u>\$59,205,553</u>	<u>\$62,979,675</u>
				Liabilities in excess of Other Assets - (47.5%)	
					<u>(20,274,329)</u>
				<b>Total Net Assets - 100%</b>	
					<u>\$42,705,346</u>
<b>Restaurants - 1.9%</b>					
27,225 Wingstop Inc. <sup>1,2</sup>	\$763,683	\$805,588			
<b>Semiconductors - 7.3%</b>					
15,600 Cirrus Logic Inc. <sup>1,2</sup>	653,895	882,024			
225,000 Pixelworks, Inc. <sup>1</sup>	699,228	630,000			
17,700 Silicon Motion Technology Corp. ADR	866,643	751,896			
44,700 Tower Semiconductor Ltd. <sup>1,2</sup>	<u>706,379</u>	<u>850,641</u>			
	2,926,145	3,114,561			
<b>Semiconductor Equipment - 1.3%</b>					
120,000 AXT Inc. <sup>1</sup>	680,447	576,000			
<b>Specialty Stores - 1.2%</b>					
9,345 Dick's Sporting Goods Inc. <sup>2</sup>	383,732	496,220			
<b>Systems Software - 1.7%</b>					
10,200 Proofpoint Inc. <sup>1,2</sup>	752,660	720,630			
<b>Trading Companies &amp; Distributors - 4.0%</b>					
44,700 BMC Stock Holdings Inc. <sup>1</sup>	786,896	871,650			
28,700 GMS Inc. <sup>1,2</sup>	<u>641,794</u>	<u>840,336</u>			
	1,428,690	1,711,986			
<b>Thriffs &amp; Mortgage Finance - 6.4%</b>					
10,100 Meta Financial Group Inc.	448,862	1,039,290			
85,000 NMI Holdings CL A <sup>1</sup>	693,915	905,250			
43,700 Radian Group Inc. <sup>2</sup>	<u>772,729</u>	<u>785,726</u>			
	1,915,506	2,730,266			
<b>Trucking - 3.5%</b>					
23,000 Knight Transportation Inc. <sup>2</sup>	815,121	760,150			
31,000 Marten Transportation Ltd.	<u>770,252</u>	<u>722,298</u>			
	1,585,373	1,482,448			
<b>Total Common Stocks</b>	<u>36,970,678</u>	<u>40,744,800</u>			

<sup>1</sup> Non-dividend paying security

<sup>2</sup> All or portion of this security is on loan.

<sup>3</sup> Investment purchased with cash proceeds from securities lending. Total collateral had a value of \$19,326,283 at December 31, 2016.

\*\* Percentages for the various classifications relate to total net assets.

ADR - American Depositary Receipt

The geographical categorization by country of issuers is as follows: United States (91.1%) and International Region\*\*\* (8.9%) = 100%

\*\*\*Israel (2.0%), United Kingdom (1.5%), Netherlands (2.0%), Taiwan (1.8%), Thailand (1.6%)

The accompanying notes are an integral part of these financial statements.

**Friess Small Cap Trust**  
**Friess Small Cap Trust**  
**Statement of Assets and Liabilities**  
**December 31, 2016**

**Assets**

Investments, at value (cost \$59,205,553) <sup>1</sup>	\$ 62,979,675
Receivables:	
Dividend receivable	5,383
Securities lending receivable	7,469
Other assets	<u>4,852</u>
Total assets	<u>62,997,379</u>

**Liabilities**

Collateral due to broker for securities loaned	19,326,283
Payables:	
Payable for securities purchased	889,984
Management fee payable	35,617
Accrued expenses and other payables	<u>40,149</u>
Total liabilities	<u>20,292,033</u>

**Net Assets** \$ 42,705,346

**Net Assets are comprised of:**

<u>Series Units</u>	<u>Units Outstanding</u>	<u>Net Asset Value per Unit</u>	
Series A, par value \$1,000	1,675.48	\$3,031.52	\$ 5,079,256
Series B, par value \$1,000	12,514.10	\$3,006.70	<u>37,626,090</u>
<b>Net Assets</b>			<u>\$ 42,705,346</u>

<sup>1</sup> Includes securities on loan of \$18,646,975 (Note 2).

The accompanying notes are an integral part of these financial statements.

**Friess Small Cap Trust**  
**Friess Small Cap Trust**  
**Statement of Operations**  
**For the year ended December 31, 2016**

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**Income:**

Dividends	\$	173,007
Interest		18,580
Securities lending income		<u>98,321</u>
Total investment income		<u>289,908</u>

**Expenses:**

Management fee		358,608
Trustee and custodian fees		14,000
Professional and other fees		<u>47,239</u>
Total operating expenses		<u>419,847</u>

**Net investment loss** (129,939)

**Realized and unrealized gain on investments:**

Net realized gain		5,060,214
Net change in unrealized appreciation		<u>2,052,274</u>
Net realized and unrealized gain		<u>7,112,488</u>

Net increase in net assets resulting from operations \$ 6,982,549

The accompanying notes are an integral part of these financial statements.



**Friess Small Cap Trust**  
**Statement of Changes in Net Assets**  
**For the year ended December 31, 2016**

**Operations:**

Net investment loss	\$ (129,939)
Net realized gain	5,060,214
Net change in unrealized appreciation	<u>2,052,274</u>
Net increase in net assets resulting from operations	<u>6,982,549</u>

**Equity Transactions:**

Subscription of units:	4,500,000
Redemption of units:	<u>(35,000)</u>
Net change in net assets resulting from equity transactions	<u>4,465,000</u>

**Net change in net assets** 11,447,549

**Net assets, beginning of period** 31,257,797

**Net assets, end of period** \$ 42,705,346

**Schedule of Capital Unit Activity**  
**For the year ended December 31, 2016**

<u>Series Units</u>	<u>Beginning</u>	<u>Redeemed</u>	<u>Subscribed</u>	<u>Ending</u>
A	-	-	1,675.48	1,675.48
B	<u>12,527.25</u>	<u>(13.15)</u>	-	<u>12,514.10</u>
Total	<u>12,527.25</u>	<u>(13.15)</u>	<u>1,675.48</u>	<u>14,189.58</u>

<u>Dollars</u>	<u>Beginning</u>	<u>Redeemed</u>	<u>Subscribed</u>	<u>Increase from Operations</u>	<u>Ending</u>
A	\$ -	\$ -	\$ 4,500,000	\$ 579,256	\$ 5,079,256
B	<u>\$ 31,257,797</u>	<u>\$ (35,000)</u>	<u>\$ -</u>	<u>\$ 6,403,293</u>	<u>\$ 37,626,090</u>
Total	<u>\$ 31,257,797</u>	<u>\$ (35,000)</u>	<u>\$ 4,500,000</u>	<u>\$ 6,982,549</u>	<u>\$ 42,705,346</u>

The accompanying notes are an integral part of these financial statements.

# Friess Small Cap Trust

## Notes to Financial Statements

December 31, 2016

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### 1. Organization

Friess Small Cap Trust (the "Trust"), a Delaware Business Trust, was organized June 28, 2002, in accordance with the Delaware Business Trust Act, 12 Del.C. §3801 *et. seq.* (the "Delaware Act") and commenced trading operations on August 6, 2002. The Investment Manager (the "Investment Manager") of the Trust is Friess Associates, LLC, a Delaware limited liability company. The term of the Trust will continue until it is dissolved in accordance with the terms of the Agreement (the "Agreement") or by law. The Agreement provides that the Trust will dissolve upon (i) the withdrawal, resignation, dissolution or bankruptcy of the Investment Manager, (ii) at the election of the Investment Manager in its sole discretion, or (iii) the entry of a decree of judicial dissolution under the Delaware Act.

The Trust has been established as an investment vehicle through which investors may participate, with the benefits of professional management and limited liability, in a focused portfolio comprised primarily of common stocks of U.S. companies with market capitalizations of less than \$4.1 billion at the time of purchase. The Trust's investment objective is capital appreciation. The Trust's portfolio will be invested utilizing a fundamentals-driven, company-by-company approach that will invest in a broad range of industries but generally focus on companies whose earnings are growing rapidly and whose stocks sell at reasonable price-to-earnings ratios. The Investment Manager, in its sole and absolute discretion and authority, ultimately identifies and selects investments for the Trust. There can be no assurance that the Trust will achieve its objectives or that the Trust will not lose capital.

The Trust's investment portfolio may not provide broad economic or industry diversification. The Trust may invest 100% of its assets in corporate equity securities such as common stocks and ADRs and will tend to be concentrated in a limited number of companies. Idle assets not invested in securities are invested in short-term cash management instruments. The Trust does not employ leverage.

The management, operation and control of the Trust is vested exclusively in the Investment Manager, which has the power by itself on behalf of and in the name of the Trust to carry out any and all of the activities of the Trust and to perform all acts and enter into and perform all contracts and other undertakings which it may deem necessary or advisable or incidental thereto, subject to the limitations set forth in the Agreement. Investors will not participate in the management of the Trust's business, and have no power to act for or to bind the Trust.

The Investment Manager provides investment advisory services to the Trust and is responsible for the overall management of the Trust's portfolio and operations. Friess Associates of Delaware, LLC is the sub-adviser of the Trust (the "Sub-Adviser"). The Investment Manager may delegate some or all of its investment advisory and management responsibilities to the Sub-Adviser. The Investment Manager and the Sub-Adviser approve all acquisitions and dispositions of the Trust's investments and have established fundamental investment criteria and policies for the Trust. The Investment Manager is an investment adviser registered under the Investment Advisers Act of 1940 (the "Advisers Act"). The Sub-Adviser is an affiliate of the Investment Manager and is also a registered investment adviser under the Advisers Act.

U.S. Bank, N.A., a national banking association, is the custodial trustee (the "Custodial Trustee"). The Custodial Trustee serves as the custodian of the assets of the Trust and, at the direction of the Investment Manager, may provide certain other services for the Trust. The Agreement provides

## **Friess Small Cap Trust**

### **Notes to Financial Statements**

**December 31, 2016**

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that the Custodial Trustee is responsible for determining the value of the securities held by the Trust pursuant to the ultimate approval of the Investment Manager. The Trust has engaged Liccar as its Accounting Agent to maintain the accounting and financial records of the Trust. The Custodial Trustee does not have any investment discretion with respect to the assets of the Trust, except that the Custodial Trustee may invest and reinvest United States dollar-denominated cash for short term purposes.

# Friess Small Cap Trust

## Notes to Financial Statements

December 31, 2016

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Wilmington Trust Company is the Delaware Trustee (the “Delaware Trustee”). The Delaware Trustee was appointed solely for the purpose of complying with the requirement of the Delaware Act that the Trust have one trustee which in the case of a natural person is a resident of Delaware and in all other cases has its principal place of business in Delaware. The duties and responsibilities of the Delaware Trustee are limited solely to the execution and delivery of all documents and certificates and the maintenance of all records necessary to form and maintain the existence of the Trust under the Delaware Act. The Agreement provides that, except for these purposes, the Delaware Trustee shall not be deemed a trustee and shall have no management responsibilities or owe any fiduciary duties to the Trust or the Investors.

*Please refer to the Offering Memorandum for clarification on any undefined term used herein.*

### 2. Summary of Significant Accounting Policies Basis of Accounting

The Trust prepares its financial statements in accordance with accounting principles generally accepted in the United States of America (“GAAP”). The Trust is not an investment company regulated under the Investment Company Act of 1940. The Trust does qualify as an investment company as defined under the Financial Accounting Standards Board (“FASB”) Accounting Codification Topic 946 Financial Services – Investment Companies, and accordingly follows the investment company accounting and reporting guidance of Accounting Codification Topic 946.

### Use of Estimates

The preparation of financial statements in conformity with GAAP requires the Investment Manager 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 income and expenses during the reporting period. Actual results could differ from those estimates.

### Contingencies and Concentrations of Credit Risk

In the normal course of business, the Trust enters into contracts that contain a variety of representations and warranties which provide general indemnifications. The Trust’s maximum exposure under these arrangements is unknown, as this would involve future claims that may be made against the Trust that have not yet occurred. However, based on experience, management expects the risk of loss to be remote.

### Security Valuation

Publicly traded securities are generally valued by reference to closing market prices on one or more national securities exchanges or generally accepted pricing services selected by the Custodial Trustee. Securities not valued by such pricing services will be valued based upon bid quotations obtained from independent dealers in the securities. In the absence of any independent quotations, securities will be valued by the Custodial Trustee on the basis of data obtained from the best available sources including the pricing committee of the Investment Manager. Short term investments, including cash deposit accounts, are valued at acquisition cost which approximates fair value. Investments in money market funds are valued at their net asset value per share.

### Security Transactions and Income and Expense Recognition

Investment transactions are recorded on trade date. Income and expenses are recorded on the accrual basis and dividend income is recorded on the ex-date. Realized gains and losses are recorded on the specific identification basis.

# Friess Small Cap Trust

## Notes to Financial Statements

December 31, 2016

### Fair Value Measurements

Under GAAP, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e., the “exit price”) in an orderly transaction between market participants at the measurement date.

In determining fair value, the Trust uses various valuation approaches. GAAP establishes a fair value hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are those that market participants would use in pricing the asset or liability based on market data obtained from sources independent of the Trust. Unobservable inputs reflect the Trust’s assumptions about the inputs market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. The fair value hierarchy is categorized into three levels based on the inputs as follows:

Level 1 - Valuations based on unadjusted quoted prices in active markets for identical assets.

Level 2 - Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

Level 3 - Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

The securities in the Trust’s portfolio that are classified as Level 1 consist of publicly-traded common stocks and short term investments. The money market held by the Trust may not trade on an exchange and is therefore classified as Level 2.

The following table presents information about the Trust’s assets measured at fair value as of December 31, 2016:

	<b>Quoted Prices in Active Markets for Identical Assets</b>	<b>Significant Other Observable Inputs</b>	<b>Unobservable Inputs</b>	<b>Balance as of December 31, 2016</b>
	<b>(Level 1)</b>	<b>(Level 2)</b>	<b>(Level 3)</b>	
Assets				
Common Stocks*	\$ 40,744,800	\$ -	\$ -	\$ 40,744,800
Money Market Fund	-	19,326,283	-	19,326,283
Cash Deposit	<u>2,908,592</u>	<u>-</u>	<u>-</u>	<u>2,908,592</u>
Total investments in securities at fair value	<u>\$ 43,653,392</u>	<u>\$ 19,326,283</u>	<u>\$ -</u>	<u>\$ 62,979,675</u>

\*See the schedule of investments for additional information regarding industry classification and geographic location.

It is the Partnership's policy to recognize transfers between levels at the end of the reporting period. There were no transfers between levels during the year ended December 31, 2016.

# Friess Small Cap Trust

## Notes to Financial Statements

December 31, 2016

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### Security Loans

The Trust has entered into a securities lending agreement with U.S. Bank, N.A. The Trust retains a favorable portion of the revenue earned from securities lending as compensation, and pays the remaining portion to its agent lender as a fee. The Trust also continues to receive interest or dividends on the securities loaned. The loans are secured by collateral at least equal, at all times, to 105% of the prior day's fair value of any foreign securities on loan or 102% of the prior day's fair value of any other loaned securities. The cash collateral is invested in short term instruments as noted in the Trust's Schedule of Investments. Securities lending income is disclosed in the Trust's Statement of Operations.

Gain or loss in the fair value of securities loaned that may occur during the term of the loan will be for the account of the Trust. The Trust has the right under the lending agreement to recover the securities from the borrower on demand. If the fair value of the collateral falls below 105% for foreign security loans or below 102% for any other security loans, the lender's agent shall request additional collateral from the borrowers to bring the collateralization back to the appropriate amount. At December 31, 2016, the Trust's ongoing exposure to the economic return of securities lending transactions, including the risk of loss associated with the fair value of the collateral held, is noted on the Trust's Schedule of Investments. Under the terms of the securities lending agreement, the Trust is indemnified for losses incurred due to a borrower's failure to comply with the terms of the securities lending agreement.

Should the borrower of the securities fail financially, under the terms of the lending agreement that provide for borrower indemnification, the agent lender will purchase identical securities with the collateral and replace them in the Trust's account whenever possible or deposit cash equal to the value of the securities into the Trust's account.

GAAP requires an entity to disclose information about offsetting and related arrangements to enable users of its financial statements to understand the effect of those arrangements on its financial position. The guidance requires retrospective application for all comparative periods presented. Management has evaluated the impact on the financial statement disclosures and determined that there is no effect. As there are no master netting arrangements relating to the Trust's participation in securities lending, and all amounts related to securities lending are presented gross on the Trust's Statement of Assets and Liabilities, no additional disclosures have been made on behalf of the Trust.

### Income Taxes

The Trust has reviewed all open tax years and jurisdictions, which include federal, state, local and foreign jurisdictions, and concluded that there are no significant uncertain tax positions that would require recognition in the financial statements. The Trust has no examinations in progress and is also not aware of any tax positions for which it is reasonably possible that the total amount of unrecognized tax benefits will significantly change in the next twelve months.

The Trust is classified as a partnership for federal income tax purposes; as a result, the Trust is not subject to federal, state or local income tax and income, gains, losses, deductions, and credits of the Trust are passed through to the Investors. Therefore, no provision is made in the accompanying financial statements for liabilities for federal, state or local income taxes since such liabilities are the responsibility of the individual investors and not the Trust.

### Foreign Investors; Withholding Taxes

Foreign Investors may be subject to Federal income tax withholding on their allocable share of income or distributions from the Trust. The Trust has no obligation to reimburse foreign Investors for any amounts

## **Friess Small Cap Trust**

### **Notes to Financial Statements**

**December 31, 2016**

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withheld and the Trust has the right to redeem that number of Units of any foreign Investor with respect to which the Trust was required to withhold any amounts having a Net Asset Value equal to the amounts withheld.

#### Net Asset Value

The net asset value of the Units (the “Net Asset Value”) equals each Series’ allocable assets less its allocable liabilities as of any date of determination, divided by the number of units outstanding for such Series.

#### 3. Net Assets Subscriptions

The Units are sold only to prospective Investors who make a representation that they are “accredited investors” as defined in Regulation D under the Securities Act of 1933 (the “Securities Act”). The Investment Manager has reserved the right to accept or reject, in whole or in part, any subscription for any reason. The Trust offers an unlimited number of Units, which had an initial value of \$1,000 per Unit. The Units do not have voting rights. The Units are offered on a monthly basis directly by the Trust without the payment of any commission. The minimum investment is \$5,000,000 unless waived at the sole discretion of the Investment Manager. The Trust is limited to a maximum of 100 Investors at any point in time within the meaning of Section 3(c)(1) of the Investment Company Act of 1940.

Units are issued in two series. The Series A Units and Series B Units have identical rights and privileges except that Series B Units do not share in profits and losses attributable to “New Issues”, as defined in the Conduct Rules of the National Association of Securities Dealers. Investors that are subject to such rules (or fail to provide the Trust with the required information to establish that they are not subject to such rules) will receive Series B Units.

#### Redemptions

Redemptions by Investors are restricted. Investors are generally permitted to redeem all or a portion of their Units monthly as of the last day of any month upon 15 days’ prior written notice to the Investment Manager (a “Redemption Date”). The amount redeemed is paid within five business days following the Redemption Date, without interest, subject to the Investment Manager’s discretion to defer payment in limited circumstances. Redemption proceeds will generally be payable in cash, although an Investor may receive an in-kind distribution of securities at the sole discretion of the Investment Manager. Redemption proceeds will be calculated based on the Net Asset Value as of the close of business on the appropriate Redemption Date. Partial redemptions are generally required to be at least \$25,000 and no Investor will be permitted to partially redeem Units to the extent that the value of its remaining Units would be less than \$1,000,000 unless waived at the sole discretion of the Investment Manager. Other redemptions, occurring after the required prior notice period, may be permitted in the sole discretion of the Investment Manager. Redemptions are recorded on their effective date.

At the discretion of the Investment Manager, redemptions may be limited if the Investors submit requests for redemptions, in the aggregate, greater than 20% of the Net Asset Value of the Trust’s assets over a three month period (calculated as of the date of the proposed redemption).

#### Transfers

The sale, transfer or other assignment of Units is prohibited.

#### Distributions

Earnings of the Trust will normally be reinvested and the Trust will not ordinarily, but may at the Investment Manager’s discretion, make distributions to its Investors.

# Friess Small Cap Trust

## Notes to Financial Statements

December 31, 2016

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### Allocations of Profits and Losses

Net profit or net loss, which includes net changes in unrealized appreciation or depreciation of investments and realized investment gains or losses and income and expenses (including the management fee as described in Note 4, but excluding New Issue net profit or loss) is generally allocated at the end of each month among the capital accounts maintained for Investors in proportion to the relative values of such capital accounts at the beginning of such period.

New Issue net profit or net loss is generally allocated at the end of each month among the capital accounts maintained for Series A Investors eligible to share in New Issue income in proportion to the relative values of such capital accounts at the beginning of such period.

#### 4. Management Fee

Pursuant to the Amended and Restated Agreement and Declaration of Trust dated August 29, 2013, the Trust pays the Investment Manager as compensation for its asset management and investment advisory services a management fee for each Fiscal Period at an annual rate equal to 1% of the aggregate assets of the Trust, payable in arrears as of each Valuation Date. The Investment Manager, and not the Trust, is solely responsible for any fees payable to the Sub-Adviser for services rendered on behalf of the Trust.

#### 5. Related Party Transactions

At December 31, 2016, four Investors, aggregating 88% of total net assets, were affiliated with the Investment Manager.

#### 6. Subsequent Events

The Trust has performed an evaluation of subsequent events through February 15, 2017, the date the financial statements were issued, and noted the Trust recorded an additional subscription in the amount of \$500,000 as of February 1, 2017.



## Friess Small Cap Trust

### Notes to Financial Statements

December 31, 2016

#### 7. Financial Highlights

Financial highlights for the period ended December 31, 2016, are as follows:

<b>Selected per unit data</b>	<b>Series A</b>	<b>Series B</b>
Net asset value, beginning of period	2,314.96 ***	2,495.18
Gain from investment operations:		
Net investment loss	(7.56)	(9.91)
Net realized and unrealized gain	<u>724.12</u>	<u>521.43</u>
Total from investment operations	<u>716.56</u>	<u>511.52</u>
Net asset value, end of period	<u>3,031.52</u>	<u>3,006.70</u>
<b>Total return</b>	<u>30.95 %*</u>	<u>20.50 %</u>
<b>Ratios to average net assets</b>		
Expenses	<u>1.16 %**</u>	<u>1.17 %</u>
Net investment loss	<u>(0.31) %**</u>	<u>(0.37) %</u>

Financial highlights are calculated assuming an investment is held for the entire period. An individual Investor's return and ratios may vary based on the timing of capital transactions.

\*Series A returns are not annualized.

\*\* Annualized

\*\*\*Series A commenced on March 1, 2016.

To the Investors of  
Friess Small Cap Trust

## Independent Auditors' Report

We have audited the accompanying financial statements of Friess Small Cap Trust (the "Trust"), which comprise the statement of assets and liabilities, including the schedule of investments, as of December 31, 2016, and the related statements of operations and changes in net assets, including the schedule of capital unit activity, for the year then ended, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***


Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Friess Small Cap Trust as of December 31, 2016, and the results of its operations and its changes in net assets for the year then ended in accordance with accounting principles generally accepted in the United States of America.

  
Cleveland, Ohio  
February 15, 2017

COHEN & COMPANY, LTD.  
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Registered with the Public Company Accounting Oversight Board

# **Friess Small Cap Trust**

**Financial Statements**

**For the year ended December 31, 2015**

# **Friess Small Cap Trust**

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**December 31, 2015**

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## **Financial Statements**

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# Friess Small Cap Trust

## Schedule of Investments\*\*

December 31, 2015

<u>Shares</u>	<u>Cost</u>	<u>Value</u>	<u>Shares</u>	<u>Cost</u>	<u>Value</u>
<b>Common Stocks - 97.1%</b>					
<b>Alternative Carriers - 2.2%</b>			<b>General Merchandise Stores - 2.1%</b>		
93,040 ORBCOMM Inc. <sup>1</sup>	\$602,124	\$673,610	38,580 Ollie's Bargain Outlet Holdings Inc. <sup>1,2</sup>	\$705,041	\$656,246
<b>Apparel Retail - 3.8%</b>			<b>Health Care Equipment- 6.5%</b>		
40,500 American Eagle Outfitters Inc. <sup>2</sup>	564,459	627,750	32,150 AtriCure Inc. <sup>1,2</sup>	653,651	721,446
10,055 Genesco Inc. <sup>1</sup>	615,238	571,426	34,500 Entellus Medical Inc. <sup>1,2</sup>	594,435	581,670
	1,179,697	1,199,176	10,520 Integra LifeSciences Holdings Corp. <sup>1</sup>	648,718	713,046
				1,896,804	2,016,162
<b>Apparel, Accessories &amp; Luxury Goods - 1.8%</b>			<b>Health Care Supplies - 1.9%</b>		
30,700 Perry Ellis International Inc. <sup>1</sup>	592,388	565,494	60,000 Endologix Inc. <sup>1,2</sup>	580,310	594,000
<b>Applications Software - 6.0%</b>			<b>Homebuilding - 1.8%</b>		
20,590 Atlassian Corp. PLC <sup>1,2</sup>	558,438	619,347	25,000 M/I Homes Inc. <sup>1,2</sup>	585,624	548,000
32,975 Callidus Software Inc. <sup>1</sup>	394,262	612,346	<b>Home Improvement Retail - 1.9%</b>		
17,850 Synchronoss Technologies Inc. <sup>1</sup>	680,237	628,855	37,000 The Tile Shop Holdings Inc. <sup>1</sup>	575,576	606,800
	1,632,937	1,860,548	<b>Household Appliances - 1.9%</b>		
<b>Automotive Retail - 2.1%</b>			6,410 Helen of Troy Ltd. <sup>1</sup>	497,719	604,142
11,000 Murphy USA Inc. <sup>1</sup>	584,880	668,140	<b>Human Resources &amp; Employment Services - 1.8%</b>		
<b>Auto Parts &amp; Equipment - 1.9%</b>			12,850 On Assignment Inc. <sup>1</sup>	574,363	577,607
18,000 Motorcar Parts of America Inc. <sup>1</sup>	502,018	608,580	<b>IT Consulting &amp; Other Services - 2.4%</b>		
<b>Building Products - 5.3%</b>			9,525 Luxoft Holding Inc. <sup>1</sup>	359,116	734,663
12,000 Apogee Enterprises Inc.	603,940	522,120	<b>Internet Retail- 2.1%</b>		
27,000 Insteel Industries Inc. <sup>2</sup>	566,730	564,840	45,000 Duluth Holdings Inc. <sup>1</sup>	627,098	656,550
15,300 Trex Co. Inc. <sup>1</sup>	589,232	582,012	<b>Internet Software &amp; Services - 5.7%</b>		
	1,759,902	1,668,972	45,500 Box Inc. <sup>1,2</sup>	594,896	635,180
<b>Biotechnology - 1.9%</b>			8,320 LogMeIn Inc. <sup>1,2</sup>	597,630	558,272
21,100 Repligen Corp. <sup>1</sup>	583,267	596,919	45,000 SciQuest Inc. <sup>1</sup>	597,992	583,650
<b>Communications Equipment - 3.0%</b>				1,790,518	1,777,102
270,000 Oclaro Inc. <sup>1,2</sup>			<b>Leisure Products - 2.0%</b>		
<b>Construction &amp; Engineering - 1.8%</b>			65,000 Callaway Golf Co.	589,359	612,300
	631,334	939,600	<b>Life Sciences Tools &amp; Services - 3.7%</b>		
7,900 Dycom Industries Inc. <sup>1</sup>	629,543	552,684	12,790 Cambrex Corp. <sup>1,2</sup>	607,515	602,281
<b>Diversified Support Services- 2.0%</b>			11,390 INC Research Holdings Inc. <sup>1</sup>	504,880	552,529
19,810 Mobile Mini Inc.	683,464	616,685		1,112,395	1,154,810
<b>Electrical Components &amp; Equipment- 0.9%</b>			<b>Packaged Foods &amp; Meats - 5.6%</b>		
23,245 LSI Industries Inc.	208,978	283,357	50,000 Amplify Snack Brands Inc. <sup>1,2</sup>	584,808	576,000
<b>Electronic Manufacturing Services - 2.4%</b>					
41,000 Mercury Systems Inc. <sup>1</sup>	585,746	752,760			

The accompanying notes are an integral part of these financial statements.

# Friess Small Cap Trust

## Schedule of Investments\*\*

December 31, 2015

<u>Shares</u>	<u>Cost</u>	<u>Value</u>	<u>Shares</u>	<u>Cost</u>	<u>Value</u>
<b>Common Stocks - 97.1% (continued)</b>					
<b>Packaged Foods &amp; Meats - 5.6% (continued)</b>					
16,000 B&G Foods Inc. <sup>2</sup>	578,334	560,320			
12,880 Calavo Growers Inc.	<u>451,251</u>	<u>631,120</u>			
	1,614,393	1,767,440			
<b>Property &amp; Casualty Insurance - 2.1%</b>					
33,470 Atlas Financial Holdings Inc. <sup>1</sup>	647,108	666,053			
<b>Research &amp; Consulting Services - 1.2%</b>					
7,400 The Advisory Board Co. <sup>1</sup>	370,257	367,114			
<b>Semiconductors - 9.8%</b>					
11,350 Ambarella Inc. <sup>1,2</sup>	679,712	632,649			
85,330 Applied Micro Circuits Corp. <sup>1,2</sup>	495,486	543,552			
92,200 Exar Corp. <sup>1</sup>	605,090	565,186			
45,000 Maxlinear Inc. <sup>1</sup>	552,614	662,850			
21,500 Silicon Motion Technology Corp. ADR <sup>2</sup>	<u>561,513</u>	<u>674,240</u>			
	2,894,415	3,078,477			
<b>Systems Software - 7.4%</b>					
109,880 Allot Communications Ltd. <sup>1,2</sup>	596,572	639,502			
9,100 Imperva Inc. <sup>1</sup>	572,695	576,121			
8,000 Proofpoint Inc. <sup>1,2</sup>	596,716	520,080			
17,000 Qualys Inc. <sup>1,2</sup>	<u>593,058</u>	<u>562,530</u>			
	2,359,041	2,298,233			
<b>Thriffs &amp; Mortgage Finance - 2.0%</b>					
7,125 LendingTree Inc. <sup>1</sup>	<u>661,080</u>	<u>636,120</u>			
	28,616,495	30,338,344			
<b>Short Term Investments - 38.2%</b>					
<b>Commerical Paper - 4.6%</b>					
			1,450,000	Enbridge Energy Partners CP <sup>4</sup>	1,449,847
				Due 01/04/2016	
				Discount of 0.95%	
<b>Money Market Funds - 33.6%</b>					
			40,095	Invesco Liquid Assets International	40,095
			10,450,225	Mount Vernon Prime Portfolio <sup>3</sup>	10,450,225
					<u>10,490,320</u>
					<u>10,490,320</u>
				<b>Total Short Term Investments</b>	<u>11,940,167</u>
				<b>Total Investments - 135.3%</b>	<u>\$40,556,662</u>
					<u>\$42,278,511</u>
				Liabilities in excess of Other Assets - (35.3%)	<u>(11,020,714)</u>
				<b>Total Net Assets - 100%</b>	<u>\$31,257,797</u>

<sup>1</sup> Non-dividend paying security

<sup>2</sup> All or portion of this security is on loan.

<sup>3</sup> Investment purchased with cash proceeds from securities lending. Total collateral had a value of \$10,450,225 at December 31, 2015.

<sup>4</sup> Enbridge Energy Partners Commercial Paper is reported as principal.

\*\* Percentages are stated as a percent of net assets.

ADR - American Depositary Receipt

The geographical categorization by country of issuers is as follows: United States (89.6%) and International Region\*\*\* (10.4%) = 100%

\*\*\*Switzerland (2.3%), Isreal (2.0%), United Kingdom (2.0%), Bermuda (1.9%), Taiwan (2.2%)

The accompanying notes are an integral part of these financial statements.

**Friess Small Cap Trust**  
**Statement of Assets and Liabilities**  
**December 31, 2015**

**Assets**

Investments, at value <sup>1</sup> (cost \$40,556,662)	\$ 42,278,511
Receivables:	
Receivable for securities sold	165,009
Interest and dividend receivable	5,610
Securities lending receivable	6,134
Other assets	<u>4,466</u>
Total assets	<u>\$ 42,459,730</u>

**Liabilities**

Collateral due to broker for securities loaned	\$ 10,450,225
Payables:	
Management fee payable	26,070
Payable for securities bought	697,789
Accrued expenses and other payables	<u>27,849</u>
Total liabilities	<u>\$ 11,201,933</u>

**Net Assets** \$ 31,257,797

**Net Assets are comprised of:**

<u>Series Units</u>	<u>Units Outstanding</u>	<u>Net Asset Value per Unit</u>	
Series B, par value \$1,000	12,527.25	\$2,495.18	<u>\$ 31,257,779</u>
<b>Net Assets</b>			<u>\$ 31,257,797</u>

<sup>1</sup> Includes securities on loan of \$9,526,100 (Note 2).

The accompanying notes are an integral part of these financial statements.

# Friess Small Cap Trust

## Statement of Operations

For the year ended December 31, 2015

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### Income

Dividends	\$	103,536
Interest		10,281
Securities lending income		<u>48,948</u>
Total investment income		<u>162,765</u>

### Expenses

Management fees		325,883
Trustee and custodian fees		14,000
Professional and other fees		<u>48,300</u>
Total expenses		<u>388,183</u>

### Net investment loss

(225,418)

### Realized and unrealized gain/(loss) on investments:

Net realized gain		3,389,571
Net change in unrealized appreciation		<u>(2,996,194)</u>
Net realized and unrealized gain		<u>393,377</u>

Net increase in net assets resulting from operations

\$ 167,959

The accompanying notes are an integral part of these financial statements.



## Friess Small Cap Trust

Statement of Changes in Net Assets  
For the year ended December 31, 2015

**Operations:**

Net investment loss	\$ (225,418)
Net realized gain	3,389,571
Net change in unrealized appreciation	<u>(2,996,194)</u>
Net increase in net assets resulting from operations	<u>167,959</u>

**Equity Transactions:**

Subscription of units:	\$ -
Redemption of units:	<u>(75,000)</u>
Net change in net assets resulting from equity transactions	<u>(75,000)</u>

**Net change in net assets** 92,959

**Net assets, beginning of period** 31,164,838

**Net assets, end of period** \$ 31,257,797

**Schedule of Capital Unit Activity  
For the Year ended December 31, 2015**

<u>Series Units</u>	<u>Beginning</u>	<u>Redeemed</u>	<u>Subscribed</u>	<u>Ending</u>
B	<u>12,554.85</u>	<u>(27.60)</u>	<u>-</u>	<u>12,527.25</u>
Total	<u>12,554.85</u>	<u>(27.60)</u>	<u>-</u>	<u>12,527.25</u>

<u>Dollars</u>	<u>Beginning</u>	<u>Redeemed</u>	<u>Subscribed</u>	<u>Increase from Operations</u>	<u>Ending</u>
B	<u>\$ 31,164,838</u>	<u>\$ (75,000)</u>	<u>\$ -</u>	<u>\$ 167,959</u>	<u>\$ 31,257,797</u>
Total	<u>\$ 31,164,838</u>	<u>\$ (75,000)</u>	<u>\$ -</u>	<u>\$ 167,959</u>	<u>\$ 31,257,797</u>

The accompanying notes are an integral part of these financial statements.

# Friess Small Cap Trust

## Financial Highlights

For the year ended December 31, 2015

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Financial highlights are calculated assuming an investment is held for the entire period.  
An individual Investor's return and ratios may vary based on the timing of capital transactions.

	<u>Series B</u>
<b>Selected per unit data</b>	
Net asset value, beginning of period	2,482.29
Gain from investment operations:	
Net investment loss	(17.99)
Net realized and unrealized gain	<u>30.88</u>
Total from investment operations	<u>12.89</u>
Net asset value, end of period	<u>2,495.18</u>
<b>Total return</b>	<u>0.52 %</u>
<b>Ratios to average net assets</b>	
Expenses	<u>1.19 %</u>
Net investment loss	<u>(0.69) %</u>

The accompanying notes are an integral part of these financial statements.

# Friess Small Cap Trust

## Notes to Financial Statements

December 31, 2015

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### 1. Organization

Friess Small Cap Trust (the "Trust"), a Delaware Business Trust, was organized June 28, 2002, in accordance with the Delaware Business Trust Act, 12 Del.C. §3801 et. seq. (the "Delaware Act") and commenced trading operations on August 6, 2002. The Investment Manager (the "Investment Manager") of the Trust is Friess Associates, LLC, a Delaware limited liability company. The term of the Trust will continue until it is dissolved in accordance with the terms of the Agreement (the "Agreement") or by law. The Agreement provides that the Trust will dissolve upon (i) the withdrawal, resignation, dissolution or bankruptcy of the Investment Manager, (ii) at the election of the Investment Manager in its sole discretion, or (iii) the entry of a decree of judicial dissolution under the Delaware Act.

The Trust has been established as an investment vehicle through which investors may participate, with the benefits of professional management and limited liability, in a focused portfolio comprised primarily of common stocks of U.S. companies with market capitalizations of less than \$4.1 billion at the time of purchase. The Trust's investment objective is capital appreciation. The Trust's portfolio will be invested utilizing a fundamentals-driven, company-by-company approach that will invest in a broad range of industries but generally focus on companies whose earnings are growing rapidly and whose stocks sell at reasonable price-to-earnings ratios. The Investment Manager, in its sole and absolute discretion and authority, ultimately identifies and selects investments for the Trust. There can be no assurance that the Trust will achieve its objectives or that the Trust will not lose capital.

The Trust's investment portfolio may not provide broad economic or industry diversification. The Trust may invest 100% of its assets in corporate equity securities such as common stocks and ADRs and will tend to be concentrated in a limited number of companies. Idle assets not invested in securities are invested in short-term cash management instruments. The Trust does not employ leverage.

The management, operation and control of the Trust is vested exclusively in the Investment Manager, which has the power by itself on behalf of and in the name of the Trust to carry out any and all of the activities of the Trust and to perform all acts and enter into and perform all contracts and other undertakings which it may deem necessary or advisable or incidental thereto, subject to the limitations set forth in the Agreement. Investors will not participate in the management of the Trust's business, and have no power to act for or to bind the Trust.

The Investment Manager provides investment advisory services to the Trust and is responsible for the overall management of the Trust's portfolio and operations. Friess Associates of Delaware, LLC is the sub-adviser of the Trust (the "Sub-Adviser"). The Investment Manager may delegate some or all of its investment advisory and management responsibilities to the Sub-Adviser. The Investment Manager and the Sub-Adviser approve all acquisitions and dispositions of the Trust's investments and have established fundamental investment criteria and policies for the Trust. The Investment Manager is an investment adviser registered under the Investment Advisers Act of 1940 (the "Advisers Act"). The Sub-Adviser is an affiliate of the Investment Manager and is also a registered investment adviser under the Advisers Act.

U.S. Bank, N.A., a national banking association, is the custodial trustee (the "Custodial Trustee"). The Custodial Trustee serves as the custodian of the assets of the Trust and, at the direction of the Investment Manager, may provide certain other services for the Trust. The Agreement provides that the Custodial Trustee is responsible for determining the value of the securities held by the Trust pursuant to the ultimate approval of the Investment Manager. The Trust has engaged Liccar as its Accounting Agent to maintain the accounting and financial records of the Trust. The Custodial Trustee does not have any investment discretion with respect to

# Friess Small Cap Trust

## Notes to Financial Statements

December 31, 2015

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the assets of the Trust, except that the Custodial Trustee may invest and reinvest United States dollar-denominated cash for short term purposes.

Wilmington Trust Company is the Delaware Trustee (the “Delaware Trustee”). The Delaware Trustee was appointed solely for the purpose of complying with the requirement of the Delaware Act that the Trust have one trustee which in the case of a natural person is a resident of Delaware and in all other cases has its principal place of business in Delaware. The duties and responsibilities of the Delaware Trustee are limited solely to the execution and delivery of all documents and certificates and the maintenance of all records necessary to form and maintain the existence of the Trust under the Delaware Act. The Agreement provides that, except for these purposes, the Delaware Trustee shall not be deemed a trustee and shall have no management responsibilities or owe any fiduciary duties to the Trust or the Investors.

*Please refer to the Offering Memorandum for clarification on any undefined term used herein.*

## 2. Significant Accounting Policies

### Basis of Accounting

The Trust prepares its financial statements in accordance with accounting principles generally accepted in the United States of America (“GAAP”). The Trust is not an investment company regulated under the Investment Company Act of 1940. The Trust does qualify as an investment company as defined under the Financial Accounting Standards Board (“FASB”) Accounting Codification Topic 946 Financial Services – Investment Companies, and accordingly follows the investment company accounting and reporting guidance of Accounting Codification Topic 946.

### Use of Estimates

The preparation of financial statements in conformity with GAAP requires the Investment Manager 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 income and expenses during the reporting period. Actual results could differ from those estimates.

### Contingencies

In the normal course of business, the Trust enters into contracts that contain a variety of representations and warranties which provide general indemnifications. The Trust’s maximum exposure under these arrangements is unknown, as this would involve future claims that may be made against the Trust that have not yet occurred. However, based on experience, management expects the risk of loss to be remote.

### Security Valuation

Publicly traded securities are generally valued by reference to closing market prices on one or more national securities exchanges or generally accepted pricing services selected by the Custodial Trustee. Securities not valued by such pricing services will be valued based upon bid quotations obtained from independent dealers in the securities. In the absence of any independent quotations, securities will be valued by the Custodial Trustee on the basis of data obtained from the best available sources including the pricing committee of the Investment Manager. Short-term investments with maturities of 60 days or less, including commercial paper, are valued at amortized cost which approximates fair value. Investments in money market funds are valued at their net asset value per share, calculated at 4 p.m. Eastern time or as of the close of the New York Stock Exchange, whichever is earlier.

# Friess Small Cap Trust

## Notes to Financial Statements

December 31, 2015

### Security Transactions and Income and Expense Recognition

Investment transactions are recorded on trade date. Income and expenses are recorded on the accrual basis and dividend income is recorded on the ex-date. Realized gains and losses are recorded on the specific identification basis.

### Fair Value Measurements

Under GAAP, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e., the “exit price”) in an orderly transaction between market participants at the measurement date.

In determining fair value, the Trust uses various valuation approaches. GAAP establishes a fair value hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are those that market participants would use in pricing the asset or liability based on market data obtained from sources independent of the Trust. Unobservable inputs reflect the Trust’s assumptions about the inputs market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. The fair value hierarchy is categorized into three levels based on the inputs as follows:

Level 1 - Valuations based on unadjusted quoted prices in active markets for identical assets.

Level 2 - Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

Level 3 - Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

The securities in the Trust’s portfolio that are classified as Level 1 consist of publicly-traded common stocks and money market funds. Certain money market funds and commercial paper held by the Trust may not trade on an exchange and are therefore classified as Level 2.

The following table presents information about the Trust’s assets measured at fair value as of December 31, 2015:

	<b>Quoted Prices in Active Markets for Identical Assets (Level 1)</b>	<b>Significant Other Observable Inputs (Level 2)</b>	<b>Significant Other Unobservable Inputs (Level 3)</b>	<b>Balance as of December 31, 2015</b>
Assets				
Common stocks *	\$ 30,338,344	\$ -	\$ -	\$ 30,338,344
Money market funds	\$ 40,095	\$ 10,450,225	\$ -	\$ 10,490,320
Short term commercial paper	\$ -	\$ 1,449,847	\$ -	\$ 1,449,847
Total investments in securities at fair value	\$ 30,378,439	\$ 11,900,072	\$ -	\$ 42,278,511

\*See the Schedule of Investments for additional information regarding industry classification and geographic location.

# **Friess Small Cap Trust**

## **Notes to Financial Statements**

**December 31, 2015**

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It is the Trust's policy to recognize transfers between levels at the end of the reporting period. There were no transfers between levels during the year ended December 31, 2015.

### **Security Loans**

The Trust has entered into a securities lending agreement with U.S. Bank, N.A. The Trust retains a favorable portion of the revenue earned from securities lending as compensation, and pays the remaining portion to its agent lender as a fee. The Trust also continues to receive interest or dividends on the securities loaned. The loans are secured by collateral at least equal, at all times, to 105% of the prior day's fair value of any foreign securities on loan or 102% of the prior day's fair value of any other loaned securities. The cash collateral is invested in short-term instruments as noted in the Trust's Schedule of Investments. Securities lending income is disclosed in the Trust's Statement of Operations.

Gain or loss in the fair value of securities loaned that may occur during the term of the loan will be for the account of the Trust. The Trust has the right under the lending agreement to recover the securities from the borrower on demand. If the fair value of the collateral falls below 105% for foreign security loans or below 102% for any other security loans, the lender's agent shall request additional collateral from the borrowers to bring the collateralization back to the appropriate amount. At December 31, 2015, the Trust's ongoing exposure to the economic return of securities lending transactions, including the risk of loss associated with the fair value of the collateral held, is noted on the Trust's Schedule of Investments. Under the terms of the securities lending agreement, the Trust is indemnified for losses incurred due to a borrower's failure to comply with the terms of the securities lending agreement.

Should the borrower of the securities fail financially, under the terms of the lending agreement that provide for borrower indemnification, the agent lender will purchase identical securities with the collateral and replace them in the Trust's account whenever possible or deposit cash equal to the value of the securities into the Trust's account.

GAAP requires an entity to disclose information about offsetting and related arrangements to enable users of its financial statements to understand the effect of those arrangements on its financial position. The guidance requires retrospective application for all comparative periods presented. Management has evaluated the impact on the financial statement disclosures and determined that there is no effect. As there are no master netting arrangements relating to the Trust's participation in securities lending, and all amounts related to securities lending are presented gross on the Trust's Statement of Assets and Liabilities, no additional disclosures have been made on behalf of the Trust.

### **Income Taxes**

The Trust has reviewed all open tax years and jurisdictions, which include federal, state, local and foreign jurisdictions, and concluded that there are no significant uncertain tax positions that would require recognition in the financial statements. The Trust has no examinations in progress and is also not aware of any tax positions for which it is reasonably possible that the total amount of unrecognized tax benefits will significantly change in the next twelve months.

The Trust is classified as a partnership for federal income tax purposes; as a result, the Trust is not subject to federal, state or local income tax and income, gains, losses, deductions, and credits of the Trust are passed through to the Investors. Therefore, no provision is made in the accompanying financial statements for liabilities for federal, state or local income taxes since such liabilities are the responsibility of the individual investors and not the Trust.

# Friess Small Cap Trust

## Notes to Financial Statements

December 31, 2015

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### **Foreign Investors; Withholding Taxes**

Foreign Investors may be subject to Federal income tax withholding on their allocable share of income or distributions from the Trust. The Trust has no obligation to reimburse foreign Investors for any amounts withheld and the Trust has the right to redeem that number of Units of any foreign Investor with respect to which the Trust was required to withhold any amounts having a Net Asset Value equal to the amounts withheld.

### **Net Asset Value**

The net asset value of the Units (the “Net Asset Value”) equals each Series’ allocable assets less its allocable liabilities as of any date of determination, divided by the number of units outstanding for such Series.

## **1. Net Assets**

### **Subscriptions**

The Units are sold only to prospective Investors who make a representation that they are “accredited investors” as defined in Regulation D under the Securities Act of 1933 (the “Securities Act”). The Investment Manager has reserved the right to accept or reject, in whole or in part, any subscription for any reason. The Trust offers an unlimited number of Units, which had an initial value of \$1,000 per Unit. The Units do not have voting rights. The Units are offered on a monthly basis directly by the Trust without the payment of any commission. The minimum investment is \$5,000,000 unless waived at the sole discretion of the Investment Manager. The Trust is limited to a maximum of 100 Investors at any point in time within the meaning of Section 3(c)(1) of the Investment Company Act of 1940.

Units are issued in two series. The Series A Units and Series B Units have identical rights and privileges except that Series B Units do not share in profits and losses attributable to “New Issues”, as defined in the Conduct Rules of the National Association of Securities Dealers. Investors that are subject to such rules (or fail to provide the Trust with the required information to establish that they are not subject to such rules) will receive Series B Units. As of and for the year ended December 31, 2015, there are no Series A Units outstanding.

### **Redemptions**

Redemptions by Investors are restricted. Investors are generally permitted to redeem all or a portion of their Units monthly as of the last day of any month upon 15 days’ prior written notice to the Investment Manager (a “Redemption Date”). The amount redeemed is paid within five business days following the Redemption Date, without interest, subject to the Investment Manager’s discretion to defer payment in limited circumstances. Redemption proceeds will generally be payable in cash, although an Investor may receive an in-kind distribution of securities at the sole discretion of the Investment Manager. Redemption proceeds will be calculated based on the Net Asset Value as of the close of business on the appropriate Redemption Date. Partial redemptions are generally required to be at least \$25,000 and no Investor will be permitted to partially redeem Units to the extent that the value of its remaining Units would be less than \$1,000,000 unless waived at the sole discretion of the Investment Manager. Other redemptions, occurring after the required prior notice period, may be permitted in the sole discretion of the Investment Manager. Redemptions are recorded on their effective date.

At the discretion of the Investment Manager, redemptions may be limited if the Investors submit requests for redemptions, in the aggregate, greater than 20% of the Net Asset Value of the Trust’s assets over a three month period (calculated as of the date of the proposed redemption).

# **Friess Small Cap Trust**

## **Notes to Financial Statements**

**December 31, 2015**

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### **Transfers**

The sale, transfer or other assignment of Units is prohibited.

### **Distributions**

Earnings of the Trust will normally be reinvested and the Trust will not ordinarily, but may at the Investment Manager's discretion, make distributions to its Investors.

### **Allocations of Profits and Losses**

Net profit or net loss, which includes net changes in unrealized appreciation or depreciation of investments and realized investment gains or losses and income and expenses (including the management fee as described in Note 4, but excluding New Issue net profit or loss) is generally allocated at the end of each month among the capital accounts maintained for Investors in proportion to the relative values of such capital accounts at the beginning of such period.

New Issue net profit or net loss is generally allocated at the end of each month among the capital accounts maintained for Series A Investors eligible to share in New Issue income in proportion to the relative values of such capital accounts at the beginning of such period.

## **1. Management Fee**

Pursuant to the Amended and Restated Agreement and Declaration of Trust dated August 29, 2013, the Trust pays the Investment Manager as compensation for its asset management and investment advisory services a management fee for each Fiscal Period at an annual rate equal to 1% of the aggregate assets of the Trust, payable in arrears as of each Valuation Date. The Investment Manager, and not the Trust, is solely responsible for any fees payable to the Sub-Adviser for services rendered on behalf of the Trust.

## **2. Related Party Transactions**

At December 31, 2015, four Investors, aggregating 100% of total net assets, were affiliated with the Investment Manager.

## **3. Subsequent Events**

The Trust has performed an evaluation of subsequent events through February 18, 2016, the date the financial statements were issued, and determined there were no other subsequent events that required disclosure.



To the Investors of  
Friess Small Cap Trust

Independent Auditors' Report

We have audited the accompanying financial statements of Friess Small Cap Trust (the "Trust"), which comprise the statement of assets and liabilities, including the schedule of investments, as of December 31, 2015, and the related statements of operations and changes in net assets, including the schedule of capital unit activity, and the financial highlights for the year then ended, and the related notes to the financial statements.

***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements and financial highlights, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements and financial highlights in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Opinion***

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of Friess Small Cap Trust as of December 31, 2015, and the results of its operations, its changes in net assets and its financial highlights for the year then ended in accordance with accounting principles generally accepted in the United States of America.

*Cohen Fund Audit Services*  
Cleveland, Ohio  
February 18, 2016