



**Thunderstorm  
Value Fund**

## Report to Thunderstorm Value Fund Shareholders First Quarter 2010

Dear Fellow Shareholder,

Thunderstorm Value Fund had a gratifying first quarter, with a gain of 7.94%. Our emphasis on industrial, materials and energy stocks helped performance in this quarter.

<b>Thunderstorm Value Fund Performance through March 31, 2010</b>			
Performance Measurement Period	First Quarter 2010	One Year	Cumulative From Inception 12-31-07
Thunderstorm Value Fund	7.94%	60.03%	-6.56%
Standard & Poor's 500	5.39%	49.77%	-16.03%

**The fund's net expense ratio is 2.00%.\***  
**The gross expense ratio, as shown in the March 30, 2010 prospectus, is 3.02%.**

*Performance data represent past performance and do not guarantee future results. Investment returns and principal will fluctuate. When sold, fund shares may be worth more or less than their original cost. Performance current to the most recent month-end may be lower or higher than the performance quoted and can be obtained by calling 1-877-374-3888.*

Figures are total returns net of fees, including reinvested dividends. Returns for the fund are calculated by US Bancorp, returns for the S&P 500 by Bloomberg LP.

\*The Advisor has contractually agreed to reimburse the Fund to ensure the net annual operating expenses do not exceed 1.99% through March 31, 2011, excluding interest and tax expenses and Acquired Fund Fees and Expenses. This agreement can be terminated only by, or with the consent of, the Board of Trustees.

The economy and stock market appear to be recovering from the recession with a vengeance. The Standard & Poor's 500 Index rose 5.39% in the first quarter, bringing its cumulative increase to 76.84% (including reinvested dividends) since the March 9, 2009 market low. The quarter also saw the strongest growth in manufacturing since 2004, and finally unemployment seems to be showing some improvement. We are still well below the 2007 stock-market highs. It will require a cumulative gain of 127.27% to overcome the 55.25% decline seen in the 2007-2009 bear market.

## **Fund Profile**

As of March 31, Thunderstorm Value Fund had 72 shareholder accounts and net assets of \$11.75 million. We are an all-cap value fund. We own stocks we believe are undervalued based on traditional metrics such as price/earnings, price/book and price/revenue ratios. Our investment objective is capital appreciation. Our prospectus and additional information can be found on our web site, [www.thunderstormvalue.com](http://www.thunderstormvalue.com).

## **Portfolio Strategy**

As the recession and bear market recede, we are becoming more aggressive with our portfolio. We have increased our exposure to emerging markets such as China and Indonesia. We have slightly reduced the number and weight of our large-cap holdings to increase the number and weight of our small-cap holdings. While we have sliced holdings of defensive groups such as health care and utilities, we are playing offense in sectors such as industrials, energy, and materials.

The Fact Sheet accompanying this report to shareholders shows our ten largest holdings, and also gives other information about the fund's methods, performance and operating characteristics.

The fund's three largest sectors as of March 31 were industrials (19.8%), energy (18.0%) and consumer discretionary (14.9%). We had 12.5% in materials, 10.6% in information technology, 6.1% in consumer staples, 5.8% in financials, 5.1% in health care, 3.3% in telecommunications and 0.7% in utilities. The figures add up to less than 100% because we keep a small percentage in cash.

Compared to the S&P 500, we are significantly overweight industrials, energy and materials – all groups that we would expect to do well in the first full year of an economic recovery. We are significantly underweight in the financial sector, which we believe needs additional time to recover from the 2007-2009 financial crisis. We are also underweight technology stocks because they have moved up so much that it appears difficult to find bargains in that sector.

While we have just experienced one of the biggest one-year gains ever for the first year of a cyclical bull market, we still see reasons for concern. New home sales are making new lows, unemployment remains painful at 9.7%, and the US budget deficit is at a record high, estimated at \$1.5 trillion in this fiscal year.

We believe that there will be a market correction, and as always, we don't know when. In a normal year, according to historical studies by Ned Davis Research, there have been three corrections of 5% or more, including one correction of 10% or more. In addition, historical performance in the second year of a bull market has been a 7.7 % gain. This compares with a median gain of 30% in the first year of a bull market. Traditionally, in the second year of a bull market, dividend payers have out performed non-dividend

payers and consumer stocks have outperformed industrial cyclicals. We will take these tendencies into account as we make our stock-selection decisions.

### **First Quarter Portfolio Changes**

We added to our industrial holdings with the purchase of Sparton Corp., a small-cap company that makes sonic buoys for the U.S Navy and in-vitro fertilization equipment. It also has an electronics business with mediocre profitability. We believe that Sparton management will attempt to improve and then divest the electronics business.

We sold our interest in Schnitzer Steel Industries and Twin Disc because we have been disappointed with their recent operating results.

In the energy sector, we added two new holdings. Rowan, based in Houston, is a mid-cap contract driller. Tidewater, with headquarters in New Orleans, ferries crews and supplies to and from offshore oil platforms worldwide.

We sold Devon in early January as part of our effort to put more of the portfolio into smaller stocks. Devon is a natural gas producer, and we are worried about the impact of recent shale gas discoveries on natural-gas pricing.

In materials, we took some profits in BHP Billiton, an Australian company that is the world's largest miner. Even so, BHP continued to be one of our largest holding in the fund. We added Innophos Holdings Inc., a small-cap chemical company that makes flavor enhancers, water-treatment chemicals, and various phosphate compounds.

Although I remain leery of financials in general, we added a specialty insurer, HCC Insurance Holdings, to the fund. This Texas-based company with operations in Bermuda, Spain and the United Kingdom has managed to stay profitable while many of its peers have not. Its specialties are marine and aviation insurance.

In keeping with our goal of trimming our health-care exposure and our large-cap exposure, we sold Pfizer. In the consumer staples area, we sold Seaboard. Mirant continues to be our only holding in the utility sector.

### **Best and Worst Performers**

Cliffs Natural Resources Inc., an iron-ore miner, was our best performing stock in the first quarter, with a price increase of 57%. We are glad for the gain, but the rapid rise has pushed the stock's valuations outside of our preferred ranges. We may choose to sell Cliffs once we have held it for 12 months and it qualifies for long-term capital-gains tax treatment.

Our worst performer in the first quarter was Mirant, an operator of coal-fired and gas-fired power plants. It reported a loss of 71 cents a share in the fourth quarter, and the stock fell 30% for the quarter. As an "independent power producer," Mirant sells the electricity it generates to other utilities that directly supply businesses and consumers.

When we bought it, Mirant was one of the most despised stocks among Wall Street analysts; it was definitely a contrarian pick. Today, most analysts still disdain it: Bloomberg counts only three buy recommendations among 14 analysts covering the stock. We continue to hold it, however. Our experience is that stocks selling for 4 times earnings and 0.4 times book value have a lot of room for positive surprises.

Cordially,

John Dorfman  
Portfolio Manager

**Past performance does not guarantee future results.**

Opinions expressed are subject to change at any time, are not intended to be a forecast or future events, a guarantee of future results, nor investment advice.

*Please refer to the prospectus for important information about the investment company including objectives, risks, charges, and expenses. Read and consider it carefully before investing. You may obtain a hard copy of the prospectus by calling 1-888-6- DORFMAN (1-877-374-3888 after July 17, 2009) or by visiting [www.thunderstormvalue.com](http://www.thunderstormvalue.com).*

**Mutual fund investing involves risk. Principal loss is possible. Investments in smaller companies involve additional risks such as limited liquidity and greater volatility. Investments in foreign securities involve greater volatility and political, economic and currency risks and differences in accounting methods.**

Fund holdings and sector allocations are subject to change at any time and are not recommendations to buy or sell any security. Current and future portfolio holdings are subject to risk. Please refer to the enclosed fact sheet for fund holding information and important disclosures.

Investment performance reflects fee waivers in effect. In the absence of such waivers, total return would be reduced.

The S&P 500 Index is a broad based unmanaged index of 500 stocks, which is widely recognized as representative of the equity market in general. You cannot invest directly in an index.

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**Definitions:**

Price/earnings ratio: Stock price divided by the company's past 12 months' per-share earnings.

Price/book ratio: Stock price divided by the company's net worth per share.

Price/revenue ratio: Stock price divided by the company's per-share revenue.

Book value is the net asset value of a company, calculated by subtracting total liabilities from total assets.