CHESWOLD LANE FUNDS
Cheswold Lane International High Dividend Fund

Statement of Additional Information
April 30, 2009

803 W. Michigan Street
Milwaukee, WI 53233
1-800-771-4701
www.cheswoldlanefunds.com

This Statement of Additional Information ("SAI") describes shares of the Cheswold Lane International High Dividend Fund (the "Fund"), which is a series of the Cheswold Lane Funds (the "Trust"). Currently, the Fund offers only Institutional Shares. The Fund's investment advisor is Cheswold Lane Asset Management, LLC (the "Advisor").

This SAI supplements the information contained in the Fund's current Prospectus dated April 30, 2009 (the "Prospectus"), as it may be amended from time to time. This SAI should be read in conjunction with the Prospectus. This SAI is not itself a prospectus but is, in its entirety, incorporated by reference into the Prospectus. A Prospectus may be obtained by writing or calling the Fund at the address or phone number listed above. The Fund's audited financial statements for the fiscal year ended December 31, 2008 are incorporated herein by reference to the Fund's 2008 annual report to shareholders. The annual report is available by request, without charge, by calling 1-800-771-4701.

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ORGANIZATION AND CLASSIFICATION

Organization

The Trust was organized as a Delaware statutory trust on April 12, 2006.

Classification

The Trust is an open-end management investment company. The Fund's portfolio of assets is "diversified" as defined by the Investment Company Act of 1940, as amended ("1940 Act").

INVESTMENT RESTRICTIONS AND POLICIES

Investment Objective

There can be no assurance that the Fund will achieve its investment objective. The Fund's investment objective and policies, and their associated risks, are discussed in the Fund's Prospectus, which should be read carefully before an investment is made. All investment objectives and investment policies not specifically designated as fundamental may be changed without shareholder approval. Additional information about the Fund and its policies is provided below.

Fundamental Investment Restrictions

The investment restrictions set forth below have been adopted by the Trust as fundamental policies that cannot be changed without the affirmative vote of the holders of a majority (as defined in the 1940 Act) of the outstanding voting securities of the Fund. The Fund's investment objective and all other investment policies or practices of the Fund are considered by the Trust not to be fundamental and, accordingly, may be changed without shareholder approval. For purposes of the 1940 Act, a "majority of the outstanding voting securities" means the lesser of the vote of: (i) 67% or more of the shares of the Fund present at a meeting, if the holders of more than 50% of the outstanding shares of the Fund are present or represented by proxy, or (ii) more than 50% of the shares of the Fund.

The Fund may not:

(1) borrow money or issue senior securities, except as the 1940 Act, any rules or orders thereunder, or U.S. Securities and Exchange Commission ("SEC") staff interpretation thereof, may permit;

(2) underwrite the securities of other issuers, except that the Fund may engage in transactions involving the acquisition, disposition or resale of its portfolio securities under circumstances where it may be considered to be an underwriter under the Securities Act of 1933, as amended (the "1933 Act");

(3) purchase or sell real estate, unless acquired as a result of ownership of securities or other instruments and provided that this restriction does not prevent the Fund from investing in issuers which invest, deal or otherwise engage in transactions in real estate or interests therein, or investing in securities that are secured by real estate or interests therein;

(4) make loans, provided that this restriction does not prevent the Fund from purchasing debt obligations, entering into repurchase agreements, and loaning its assets to broker/dealers or institutional investors and investing in loans, including assignments and participation interests;

(5) make investments that will result in the concentration (as that term may be defined in the 1940 Act, any rules or orders thereunder, or SEC staff interpretation thereof) of its total assets in securities of issuers in any one industry (other than securities issued or

guaranteed by the U.S. government or any of its agencies or instrumentalities or securities of other investment companies); and

(6) purchase or sell commodities as defined in the Commodity Exchange Act, as amended (the "Commodity Exchange Act"), and the rules and regulations thereunder, 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 futures contracts and options thereon or investing in securities that are secured by physical commodities.

Non-Fundamental Investment Restrictions

In addition to the fundamental policies and investment restrictions described above, and the various general investment policies described in the Prospectus, the Fund will be subject to the following investment restrictions, which are considered non-fundamental and may be changed by the Fund's Board of Trustees (the "Board") without shareholder approval.

(1) The Fund may not invest more than 15% of its net assets in securities which it cannot sell or dispose of in the ordinary course of business within seven days at approximately the value at which the Fund has valued the investment;

(2) The Fund may borrow up to 5% of its total assets for temporary purposes and may also borrow from banks, provided that if borrowings exceed 5%, the Fund must have assets totaling at least 300% of the borrowing when the amount of the borrowing is added to the Fund's other assets. The effect of this provision is to allow the Fund to borrow from banks amounts up to one-third (33 1/3%) of its total assets (including those assets represented by the borrowing); and

(3) To avoid concentration of investments, the Fund may not invest more than 25% of its total assets in securities of issuers in any one industry (other than securities issued or guaranteed by the U.S. government or any of its agencies or instrumentalities or securities of other investment companies).

Portfolio Turnover

The Fund is generally expected to have a portfolio turnover rate below 100%. Portfolio trading will be undertaken principally to accomplish the Fund's investment objective, however. The Fund is free to dispose of portfolio securities at any time, subject to complying with the Internal Revenue Code of 1986, as amended (the "Code") and the 1940 Act, when changes in circumstances or conditions make such a move desirable in light of the Fund's investment objective. Therefore, the Fund will not attempt to achieve or be limited to a predetermined rate of portfolio turnover.

The portfolio turnover rate identifies the amount of trading activity in the Fund's portfolio. A turnover rate of 100% would occur, for example, if all of the Fund's investments held at the beginning of a year were replaced by the end of the year, or if a single investment was frequently traded. The portfolio turnover rate also may be affected by cash requirements from purchases and redemptions of the Fund's shares. A high rate of portfolio turnover in any year may increase brokerage commissions paid and could generate taxes for shareholders on realized investment gains.

INVESTMENT STRATEGIES AND RISKS

The following information relates to and supplements the description of the Fund's investment strategies and risks that are contained in the Prospectus.

Bank Obligations

The Fund may invest in obligations issued or guaranteed by U.S. or foreign banks. Bank obligations, including without limitation, time deposits, bankers' acceptances and certificates of deposit, may be general obligations of the parent bank or may be limited to the issuing branch by the terms of the specific obligations or by government regulation.

Commercial Paper and Other Short-Term Corporate Obligations

The Fund may invest in commercial paper and other short-term obligations issued or guaranteed by U.S. corporations, non-U.S. corporations or other entities. Commercial paper represents short-term unsecured promissory notes issued in bearer form by banks or bank holding companies, corporations and finance companies.

Convertible Securities

The Fund may invest in convertible preferred securities. Convertible preferred securities may be converted into or exchanged for a specified amount of common stock of the same or different issuer within a particular period of time at a specified price or formula. A convertible preferred security entitles the holder to receive a dividend that is paid or accrued on preferred stock until the convertible security matures or is redeemed, converted or exchanged. Convertible securities have unique investment characteristics, in that they generally: (i) have higher yields than common stocks, but lower yields than comparable non-convertible securities; (ii) are less subject to fluctuation in value than the underlying common stock due to their fixed-income characteristics; and (iii) provide the potential for capital appreciation if the market price of the underlying common stock increases.

A convertible security may be subject to redemption at the option of the issuer at a price established in the convertible security's governing instrument. If a convertible security held by the Fund is called for redemption, the Fund will be required to permit the issuer to redeem the security, convert it into the underlying common stock or sell it to a third party. Any of these actions could have an adverse effect on the Fund's ability to achieve its investment objective, which, in turn, could result in losses to the Fund.

In evaluating a convertible security, the Advisor will give primary emphasis to the attractiveness of the underlying common stock.

Futures Contracts and Options on Futures Contracts

The Fund may purchase and sell futures contracts and may also write call options on futures contracts. The Fund may purchase and sell futures contracts based on various securities, securities indices, foreign currencies and other financial instruments and indices. The Fund may engage in futures and related options transactions in order to seek to hedge against changes in securities prices, currency exchange rates, or to otherwise manage its sector selection in accordance with its investment objectives and policies. The Fund may also enter into closing purchase and sale transactions with respect to such contracts and options. The Trust, on behalf of the Fund, has claimed an exclusion from the definition of the term "commodity pool operator" under the Commodity Exchange Act and, therefore, the Fund is not subject to registration or regulation as a pool operator under that Act.

Futures contracts entered into by the Fund may be traded on U.S. exchanges or boards of trade that are licensed and regulated by the Commodity Futures Trading Commission (the "CFTC") or on foreign exchanges. Neither the CFTC, the National Futures Association (the "NFA"), the SEC nor any domestic exchange regulates activities of any foreign exchange or boards of trade, including the execution, delivery and clearing of transactions, or has the power to compel enforcement of the rules of a foreign exchange or board of trade or any applicable foreign law. This is true even if the exchange is formally linked to a domestic market so that a position taken on the market may be liquidated by a transaction on another market. Moreover, such laws or regulations will vary depending on the foreign country in which the foreign futures or foreign options transaction occurs. For these reasons, the Fund's investments in foreign futures or foreign options transactions may not provide the same protections as transactions on U.S. exchanges. In particular, persons who trade foreign futures or foreign options contracts may not be afforded the same protective measures provided by the Commodity Exchange Act, the CFTC's regulations and the rules of the NFA and any domestic exchange, including the right to use reparations proceedings before the CFTC and arbitration proceedings provided by the NFA or any domestic futures exchange. Similarly, these persons may not have the protection of the U.S. securities laws.

When securities prices are falling, the Fund can seek to offset a decline in the value of its current portfolio securities through the sale of futures contracts. When securities prices are rising, the Fund, through the purchase of futures contracts, can attempt to secure better prices than might later be available in the market when it effects anticipated purchases. Similarly, the Fund can purchase and sell futures contracts on a specified currency in order to seek to protect against changes in currency exchange rates. For example, the Fund can purchase futures contracts on foreign currency to establish the price in U.S. dollars of a security quoted or denominated in such currency that it has acquired or expects to acquire. As another example, the Fund may enter into futures transactions to seek a closer correlation between its overall currency exposures and the currency exposures of its performance benchmark.

Positions taken in the futures market are not normally held to maturity, but are instead liquidated through offsetting transactions, which may result in a profit or a loss. While the Fund will usually liquidate futures contracts on securities or currency in this manner, the Fund may instead make or take delivery of the underlying securities or currency whenever it appears economically advantageous for the Fund to do so. A clearing corporation associated with the exchange on which futures are traded guarantees that, if still open, the sale or purchase will be performed on the settlement date.

The Fund may use futures contracts as a hedge in seeking to establish with more certainty the effective price, rate of return or currency exchange rate on portfolio securities or securities that the Fund owns or proposes to acquire. For example, the Fund may seek to hedge against an anticipated decline in market prices or foreign currency rates that would adversely affect the dollar value of the Fund's portfolio securities by taking a "short" position in the futures market by selling futures contracts. Similarly, the Fund may sell futures contracts on a currency in which its portfolio securities are quoted or denominated, or sell futures contracts on one currency to seek to hedge against fluctuations in the value of securities quoted or denominated in a different currency.

On other occasions, the Fund may take a "long" position by purchasing such futures contracts. This may be done, for example, when the Fund anticipates the subsequent purchase of particular securities when it has the necessary cash, but expects the prices or currency exchange rates then available in the applicable market to be less favorable than prices or rates that are currently available.

Written Call Options on Futures Contracts. The Fund may write call options on futures contracts. The writing of a call option on a futures contract generates a premium which may partially offset a decline in the value of the Fund's assets. By writing a call option, the Fund becomes obligated, in exchange for the premium, to sell a futures contract if the option is exercised, which may have a value higher than the exercise price. Thus, the "loss" (i.e., the forgone appreciation of the amount by which the value of the futures contract exceeds the exercise price) incurred by the Fund in writing call options on futures is potentially unlimited and may exceed the amount of the premium received. The Fund will incur transaction costs in connection with the writing of call options on futures.

The holder or writer of an option on a futures contract may terminate its position by selling or purchasing an offsetting option on the same financial instrument. There is no guarantee that such closing transactions can be effected. The Fund's ability to establish and close out positions on such options will be subject to the development and maintenance of a liquid market. Call options on futures contracts written by the Fund will be "covered," meaning that the Fund will own the futures contract on which the call option is written.

Other Considerations. The Fund will engage in transactions in futures contracts and related options transactions only to the extent such transactions are consistent with the requirements of the Code for maintaining its qualification as a regulated investment company for federal income tax purposes. Transactions in futures contracts and options on futures involve brokerage costs, require margin deposits and, in certain cases, require the Fund to designate cash or liquid assets in an amount equal to the underlying value of such contracts and options and adjust the value of the designated assets to match changes in the obligations on a daily basis.

While transactions in futures contracts and options on futures may reduce certain risks, such transactions themselves entail certain other risks. Thus, unanticipated changes in securities prices or currency exchange rates may result in a poorer overall performance for the Fund than if it had not entered into any futures contracts or options transactions.

In addition, it is not possible for the Fund to hedge fully or perfectly against currency fluctuations affecting the value of securities quoted or denominated in foreign currencies because the value of such securities is likely to fluctuate as a result of independent factors unrelated to currency fluctuations. The profitability of the Fund's trading in futures depends upon the ability of the Advisor to analyze correctly the futures markets.

Foreign Securities

The Fund will invest primarily in securities of foreign issuers. Investments in foreign securities may offer potential benefits not available from investments solely in U.S. dollar-denominated or quoted securities of domestic issuers. Such benefits may include the opportunity to invest in foreign issuers that appear, in the opinion of the Advisor, to offer the potential for long-term income and growth of capital and the opportunity to invest in foreign countries with economic policies or business cycles different from those of the U.S.

Investing in foreign securities involves certain special risks, including those discussed in the Fund's Prospectus and those set forth below, which are not typically associated with investing in U.S. dollar-denominated or quoted securities of U.S. issuers. Investments in foreign securities usually involve currencies of foreign countries. Accordingly, the Fund may be affected favorably or unfavorably by changes in currency rates and in exchange control regulations and may incur costs in connection with conversions between various currencies. To the extent that the Fund is fully invested in foreign securities while also maintaining currency positions, it may be exposed to greater combined risk.

Currency exchange rates may fluctuate significantly over short periods of time. They generally are determined by the forces of supply and demand in the foreign exchange markets and the relative merits of investments in different countries, actual or anticipated changes in interest rates and other complex factors, as seen from an international perspective. Currency exchange rates also can be affected unpredictably by intervention (or lack of intervention) by U.S. or foreign governments or central banks or by currency controls or political developments in the U.S. or abroad.

Because foreign issuers generally are not subject to uniform accounting, auditing and financial reporting standards, practices and requirements comparable to those applicable to U.S. companies, there may be less publicly available information about a foreign company than about a U.S. company. Foreign securities markets typically have lower volume and less liquidity than in the U.S. and securities of many foreign companies are less liquid and more volatile than securities of comparable U.S. companies. The securities of foreign issuers may be listed on foreign securities exchanges or traded in foreign over-the-counter markets. Fixed commissions on foreign securities exchanges are generally higher than negotiated commissions on U.S. exchanges, although the Fund endeavors to achieve the most favorable net results on its portfolio transactions. There is generally less government supervision and regulation of foreign securities exchanges, brokers, dealers and listed and unlisted companies than in the U.S., and the legal remedies for investors may be more limited than the remedies available in the U.S.

Foreign markets also have different clearance and settlement procedures, and in certain markets there have been times when settlements have been unable to keep pace with the volume of securities transactions, making it difficult to conduct such transactions. Such delays in settlement could result in temporary periods when some of the Fund's assets are uninvested and no return is earned on such assets. The inability of the Fund to make intended security purchases due to settlement problems could cause the Fund to miss attractive investment opportunities. The inability to dispose of portfolio securities due to settlement problems could result either in losses to the Fund due to subsequent declines in value of the portfolio securities or, if the Fund has entered into a contract to sell the securities, could result in the Fund becoming liable to the purchaser. In addition, with respect to certain foreign countries, there is the possibility of expropriation or confiscatory taxation, limitations on the movement of funds and other assets between different countries, political or social instability, or diplomatic developments which could adversely affect the Fund's investments in those countries.

The Fund may invest in foreign securities which take the form of sponsored and unsponsored American Depositary Receipts ("ADRs"), Global Depositary Receipts ("GDRs") and European Depositary Receipts ("EDRs") or other similar instruments representing securities of foreign issuers (together, "Depositary Receipts"). ADRs represent the right to receive securities of foreign issuers deposited in a domestic bank or a correspondent bank. ADRs are traded on domestic exchanges or in the U.S. over-the-counter market and, generally, are in registered form. EDRs and GDRs are receipts evidencing an arrangement with a non-U.S. bank similar to that for ADRs and are designed for use in the non-U.S. securities markets. EDRs and GDRs are not necessarily quoted in the same currency as the underlying security.

To the extent the Fund acquires Depositary Receipts through banks that do not have a contractual relationship with the foreign issuer of the security underlying the Depositary Receipts to issue and service such unsponsored Depositary Receipts, there may be an increased possibility that the Fund would not become aware of, and be able to respond to, corporate actions such as stock splits or rights offerings involving the foreign issuer in a timely manner. In addition, the lack of information may result in inefficiencies in the valuation of such instruments. Investment in Depositary Receipts does not eliminate all the risks inherent in investing in securities of non-U.S. issuers. The market value of Depositary Receipts is dependent upon the market value of the underlying securities and fluctuations in the relative value of the currencies in which the Depositary Receipts and the underlying securities are quoted. However, by investing in Depositary Receipts, such as ADRs, which are quoted in U.S. dollars, the Fund may avoid currency risks during the settlement period for purchases and sales.

Investing in Emerging Countries. The Fund may invest in emerging market countries but does not currently anticipate doing so. The securities markets of emerging countries are typically less liquid and subject to greater price volatility, and typically have a smaller market capitalization, than the U.S. securities markets. Issuers and securities markets in such countries are typically not subject to as extensive and frequent accounting, financial and other reporting requirements or as comprehensive government regulations as are issuers and securities markets in the U.S. Substantially less information may be publicly available about emerging country issuers than is available about issuers in the U.S.

Transaction costs in emerging countries, including brokerage commissions or dealer mark-ups, may be higher than in the U.S. and other developed securities markets. In addition, existing laws and regulations are often inconsistently applied. As legal systems in emerging countries develop, foreign investors may be adversely affected by new or amended laws and regulations. In circumstances where adequate laws exist, it may not be possible to obtain swift and equitable enforcement of the law. Foreign investment in the securities markets of certain emerging countries is also restricted or controlled to varying degrees. These restrictions may limit the Fund's investment in certain emerging countries and may increase the expenses of the Fund.

Emerging countries may be subject to a substantially greater degree of economic, political and social instability and disruption than is the case in the U.S., Japan and most Western European countries. Such economic, political and social instability could disrupt the principal financial markets in which the Fund may invest and adversely affect the value of the Fund's assets. The Fund's investments can also be adversely affected by any increase in taxes or by political, economic or diplomatic developments.

The Fund's income and, in some cases, capital gains from foreign stocks and securities will be subject to applicable taxation in certain of the countries in which it invests, and treaties between the U.S. and such countries may not be available in some cases to reduce the otherwise applicable tax rates.

Forward Foreign Currency Exchange Contracts

The Fund may enter into forward foreign currency exchange contracts for hedging purposes to seek to protect against anticipated changes in future foreign currency exchange rates. A forward foreign currency exchange contract involves an obligation to purchase or sell a specific currency at a future date, which may be any fixed number of days from the date of the contract agreed upon by the parties, at a price set at the time of the contract. These contracts are traded in the inter-bank market between currency traders (usually large commercial banks) and their customers. A forward contract generally has no deposit requirement and no commissions are generally charged at any stage for trades.

At the maturity of a forward contract the Fund may either accept or make delivery of the currency specified in the contract or, at or prior to maturity, enter into a closing transaction involving the purchase or sale of an offsetting contract. Closing transactions with respect to forward contracts are often, but not always, effected with the currency trader who is a party to the original forward contract.

The Fund may enter into forward foreign currency exchange contracts in several circumstances. First, when the Fund enters into a contract for the purchase or sale of a security denominated or quoted in a foreign currency, or when the Fund anticipates the receipt in a foreign currency of dividend or interest payments on such a security which it holds, the Fund may desire to "lock in" the U.S. dollar price of the security or the U.S. dollar equivalent of such dividend or interest payment, as the case may be. By entering into a forward contract for the purchase or sale for a fixed amount of dollars of the amount of foreign currency involved in the underlying transactions, the Fund will attempt to protect itself against an adverse change in the relationship between the U.S. dollar and the subject foreign currency during the period between the date on which the security is purchased or sold, or on which the dividend or interest payment is declared, and the date on which such payments are made or received.

Additionally, when the Advisor believes that the currency of a particular foreign country may suffer a substantial decline against the U.S. dollar, it may enter into a forward contract to sell, for a fixed amount of U.S. dollars, the amount of foreign currency approximating the value of some or all of the Fund's portfolio securities quoted or denominated in such foreign currency. The precise matching of the forward contract amounts and the value of the securities involved will not generally be possible because the future value of such securities in foreign currencies will change as a consequence of market movements in the value of those securities between the date on which the contract is entered into and the date it matures. Using forward contracts to protect the value of the Fund's portfolio securities against a decline in the value of a currency does not eliminate fluctuations in the underlying prices of the securities. It simply establishes a rate of exchange, which the Fund can achieve at some future point in time. The precise projection of short-term currency market movements is not possible, and short-term hedging provides a means of fixing the U.S. dollar value of only a portion of the Fund's foreign assets.

The Fund may engage in cross-hedging by using forward contracts in one currency to hedge against fluctuations in the value of securities quoted or denominated in a different currency. In addition, the Fund may enter into foreign currency transactions to seek a closer correlation between the Fund's overall currency exposures and the currency exposures of the Fund's performance benchmark.

Unless otherwise covered in accordance with applicable regulations, cash or liquid assets of the Fund will be designated in an amount equal to the value of the Fund's total assets committed to the consummation of forward foreign currency exchange contracts. If the value of the designated assets declines, additional cash or liquid assets will be designated so that the value of the assets will equal the amount of the Fund's commitments with respect to such contracts.

While the Fund may enter into forward contracts to reduce currency exchange rate risks, transactions in such contracts involve certain other risks. Thus, while the Fund may benefit from such transactions, unanticipated changes in currency prices may result in a poorer overall performance for the Fund than if it had not engaged in any such transactions. Moreover, there may be imperfect correlation between the Fund's portfolio holdings of securities quoted or denominated in a particular currency and forward contracts entered into by the Fund. Such imperfect correlation may cause the Fund to sustain losses which will prevent the Fund from achieving a complete hedge or expose the Fund to risk of foreign exchange loss.

Markets for trading foreign forward currency contracts offer less protection against defaults than is available when trading in currency instruments on an exchange. Forward contracts are subject to the risk that the counterparty to such contract will default on its obligations. Because a forward foreign currency exchange contract is not guaranteed by an exchange or clearinghouse, a default on the contract would deprive the Fund of unrealized profits, transaction costs or the benefits of a currency hedge or force the Fund to cover its purchase or sale commitments, if any, at the current market price. In addition, the institutions that deal in forward currency contracts are not required to continue to make markets in the currencies they trade and these markets can experience periods of illiquidity. The Fund will not enter into forward foreign currency exchange contracts or other privately negotiated currency instruments unless the credit quality of the unsecured senior debt or the claims-paying ability of the counterparty is considered to be investment grade by the Advisor. To the extent that a substantial portion of the Fund's total assets, adjusted to reflect the Fund's net position after giving effect to currency transactions, is denominated or quoted in the currencies of foreign countries, the Fund will be more susceptible to the risk of adverse economic and political developments within those countries.

Illiquid Securities

The Fund may invest up to 15% of its net assets in securities that may be considered illiquid. Illiquid securities are securities that cannot be sold or disposed of in the ordinary course of business within seven business days at approximately the value at which they are being carried on the Fund's books. Illiquid securities may include a wide variety of investments, such as: (i) repurchase agreements maturing in more than seven days; (ii) over-the-counter option contracts and certain other derivatives; (iii) fixed time deposits that are not subject to prepayment or provide for withdrawal penalties upon prepayment (other than overnight deposits); (iv) commercial paper maturing in more than seven days issued pursuant to Section 4(2) of the 1933 Act; and (v) securities whose disposition is restricted under U.S. federal securities laws. Illiquid securities include restricted, privately placed securities that, under the U.S. federal securities laws, generally may be resold only to qualified institutional buyers. If a substantial market develops for a restricted security (or other illiquid investment) held by the Fund, it may be treated as a liquid security, in accordance with procedures and guidelines approved by the Board. This generally includes securities that are unregistered, that can be sold to qualified institutional buyers in accordance with Rule 144A under the 1933 Act, or that are exempt from registration under the 1933 Act, such as commercial paper. The Board has delegated to the Advisor responsibility for monitoring the liquidity of restricted securities on a daily basis and making liquidity determinations. Several factors that the Advisor considers in making these determinations include: the valuation of a security; the availability of qualified institutional buyers, brokers and dealers that trade in the security; and the availability of information about the security's issuer.

Investment Company Securities

Under the 1940 Act, the Fund may invest up to 10% of its total assets, calculated at the time of purchase, in the securities of other investment companies (including exchange-traded funds such as iShares®) but may neither invest more than 5% of its total assets in any one investment company nor acquire more than 3% of the voting securities of any other investment company. The Fund may invest in shares of money market funds in excess of the foregoing limitations, subject to the conditions of Rule 12d1-1 under the 1940 Act. To the extent the Fund invests in other investment companies, the Fund will bear its proportionate share of any management fees and other expenses paid by the investment companies in which it invests in addition to the management fees (and other expenses) paid by the Fund to the Advisor.

Exchange-traded funds are shares of unaffiliated investment companies issuing shares that are traded like traditional equity securities on a national stock exchange, including the NASDAQ Stock Market (the "NASDAQ").

The Fund may purchase shares of investment companies investing primarily in foreign securities, including "country funds." Country funds have portfolios consisting primarily of securities of issuers located in specified foreign countries or regions. The Fund may, subject to the limitations stated above, invest in iShares® and similar securities that invest in securities included in specified indices, including the Morgan Stanley Capital International® indices for various countries and regions. iShares® are listed on a stock exchange. The market prices of iShares® are expected to fluctuate in accordance with both changes in the asset values of their underlying indices and supply and demand of iShares® on a stock exchange. However, some iShares® have a limited operating history and information is lacking regarding the actual performance and trading liquidity of iShares® for extended periods or over complete market cycles. In addition, there is no assurance that the requirements of a stock exchange necessary to maintain the listing of iShares® will continue to be met or will remain unchanged. In the event substantial market or other disruptions affecting iShares® should occur in the future, the liquidity and value of the Fund's shares could also be substantially and adversely affected. If such disruptions were to occur, the Fund could be required to reconsider the use of iShares® as part of its investment strategy.

Options on Currency

The Fund may purchase put and call options on foreign currencies for the purpose of protecting against declines in the U.S. dollar value of foreign portfolio securities and against increases in the U.S. dollar cost of foreign securities to be acquired. The purchase of an option on foreign currency may constitute an effective hedge against exchange rate fluctuations; however, in the event of exchange rate movements adverse to its position, the Fund may lose the entire amount of the premium plus related transaction costs. Options on foreign currencies may be traded on U.S. and foreign exchanges or over-the-counter. Over-the-counter options may be deemed to be illiquid.

Options on currency may also be used for cross-hedging purposes, which involves purchasing options on one currency to seek to hedge against changes in exchange rates for a different currency with a pattern of correlation.

The Fund may purchase call options on foreign currency in anticipation of an increase in the U.S. dollar value of currency in which securities to be acquired by the Fund are quoted or denominated. The purchase of a call option would entitle the Fund, in return for the premium paid, to purchase specified currency at a specified price during the option period. The Fund would ordinarily realize a gain if, during the option period, the value of such currency exceeded the sum of the exercise price, the premium paid and transaction costs; otherwise the Fund would realize either no gain or a loss on the purchase of the call option. In addition, if the sum of the premium paid and transaction costs exceeds the value of the currency at the exercise price, the Fund would realize a loss on the purchase of the call option.

The Fund may purchase put options in anticipation of a decline in the U.S. dollar value of a currency in which securities in its portfolio are quoted or denominated ("protective puts"). The purchase of a put option would entitle the Fund, in exchange for the premium paid, to sell specified currency at a specified price during the option period. The purchase of protective puts is usually designed to offset or hedge against a decline in the dollar value of the Fund's portfolio securities due to currency exchange rate fluctuations. The Fund would ordinarily realize a gain if, during the option period, the value of the underlying currency decreased below the exercise price sufficiently to more than cover the premium and transaction costs; otherwise the Fund would realize either no gain or a loss on the purchase of the put option. Gains and losses on the purchase of protective put options would tend to be offset by countervailing changes in the value of underlying currency or portfolio securities.

Special Risks Associated with Options on Currency. Although the Fund will generally purchase only those options for which there appears to be an active secondary market, there is no assurance that a liquid secondary market on an exchange will exist for any particular option, or at any particular time. For some options no secondary market on an exchange may exist.

The Fund may purchase over-the-counter options to the extent consistent with its limitation on investments in illiquid securities. Trading in over-the-counter options is subject to the risk that the other party will be unable or unwilling to close out options purchased by the Fund.

The amount of the premiums that the Fund may pay may be adversely affected as new or existing institutions, including other investment companies, engage in or increase their option purchasing and writing activities.

Options on Securities and Securities Indices

The Fund may write (sell) covered call options on any securities in which it may invest. A call option written by the Fund obligates it to sell specified securities to the holder of the option at a specified price if the option is exercised before the expiration date. All call options written by the Fund will be covered, which means that the Fund will own the securities subject to the option as long as the option is outstanding or the Fund will use the other methods described below.

A call option is "covered" if the Fund owns the instrument underlying the call or has an absolute and immediate right to acquire that instrument without additional cash consideration (or, if additional cash consideration is required, liquid assets in such amount are designated) upon conversion or exchange of other instruments held by it. A call option is also covered if the Fund holds a call on the same instrument as the option written where the exercise price of the option held is: (i) equal to or less than the exercise price of the option written, or (ii) greater than the exercise price of the option written provided the Fund designates liquid assets in the amount of the difference.

The Fund may also write (sell) covered call options on any securities index comprised of securities in which it may invest. Options on securities indices are similar to options on securities, except that the exercise of securities index options requires cash payments and does not involve the actual purchase or sale of securities. In addition, securities index options are designed to reflect price fluctuations in a group of securities or segment of the securities market rather than price fluctuations in a single security.

The Fund may cover call options on a securities index by owning securities whose price changes are expected to be similar to those of the underlying index, or by having an absolute and immediate right to acquire such securities without additional cash consideration (or for additional consideration which has been designated by the Fund) upon conversion or exchange of other securities in its portfolio. The Fund also may cover call options on a securities index by designating cash or liquid assets, as permitted by applicable law, with a value, when added to any margin on deposit, that is equal to the market value of the underlying securities, the exercise price or by owning offsetting options as described above.

The Fund may terminate its obligations under an exchange traded call option by purchasing an option identical to the one it has written. Obligations under over-the-counter options may be terminated only by entering into an offsetting transaction with the counterparty to such option. Such purchases are referred to as "closing purchase transactions."

Risks Associated with Options Transactions. There is no assurance that a liquid secondary market on an options exchange will exist for any particular exchange-traded option or at any particular time. If the Fund is unable to effect a closing purchase transaction with respect to covered options it has written, the Fund will not be able to sell the underlying securities or dispose of segregated assets until the options expire or are exercised.

Reasons for the absence of a liquid secondary market on an exchange include the following: (i) there may be insufficient trading interest in certain options; (ii) restrictions may be imposed by an exchange on opening or closing transactions or both; (iii) trading halts, suspensions or other restrictions may be imposed with respect to particular classes or series of options; (iv) unusual or unforeseen circumstances may interrupt normal operations on an exchange; (v) the facilities of an exchange or the Options Clearing Corporation may not at all times be adequate to handle current trading volume; or (vi) one or more exchanges could, for economic or other reasons, decide or be compelled at some future date to discontinue the trading of options (or a particular class or series of options), in which event the secondary market on that exchange (or in that class or series of options) would cease to exist, although outstanding options on that exchange that had been issued by the Options Clearing Corporation as a result of trades on that exchange would continue to be exercisable in accordance with their terms.

The Fund may sell both options that are traded on U.S. and foreign exchanges and options traded over-the-counter with broker-dealers who make markets in these options. The ability to terminate over-the-counter options is more limited than with exchange-traded options and may involve the risk that broker-dealers participating in such transactions will not fulfill their obligations.

Transactions by the Fund in options on securities and indices will be subject to limitations established by each of the exchanges, boards of trade or other trading facilities on which such options are traded governing the maximum number of options in each class which may be written or purchased by a single investor or group of investors acting in concert regardless of whether the options are written or purchased on the same or different exchanges, boards of trade or other trading facility or are held in one or more accounts or through one or more brokers. An exchange, board of trade or other trading facility may order the liquidation of positions found to be in excess of these limits, and it may impose certain other sanctions.

The writing of options is a highly specialized activity which involves investment techniques and risks different from those associated with ordinary portfolio securities transactions. The successful use of options for hedging purposes depends in part on the ability of the Advisor to manage future price fluctuations and the degree of correlation between the options and securities markets. If the Advisor is incorrect in its expectation of changes in securities prices or determination of the correlation between the securities indices on which options are written and the securities in the Fund's investment portfolio, the Fund may incur losses that it would not otherwise incur. The writing of options could increase the Fund's portfolio turnover rate and, therefore, associated brokerage commissions or spreads.

Preferred Securities

The Fund may invest in preferred securities. Unlike debt securities, the obligations of an issuer of preferred stock, including dividend and other payment obligations, may not typically be accelerated by the holders of preferred stock on the occurrence of an event of default (such as a covenant default or filing of a bankruptcy petition) or other non-compliance by the issuer with the terms of the preferred stock. Often, however, on the occurrence of any such event of default or non-compliance by the issuer, preferred stockholders will be entitled to gain representation on the issuer's board of directors or increase their existing board representation. In addition, preferred stockholders may be granted voting rights with respect to certain issues on the occurrence of any event of default.

Repurchase Agreements

The Fund may enter into repurchase agreements with banks, brokers and securities dealers that furnish collateral consisting of domestic or foreign government securities at least equal in value or market price to the amount of their repurchase obligation. A repurchase agreement is an arrangement under which the Fund purchases securities and the seller agrees to repurchase the securities within a particular time and at a specified price. Custody of the securities is maintained by the Fund's custodian (or subcustodian). 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.

For purposes of the 1940 Act, and generally for tax purposes, a repurchase agreement is deemed to be a loan from the Fund to the seller of the securities. For other purposes, it is not always clear whether a court would consider the security purchased 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 commencement of bankruptcy or insolvency proceedings with respect to the seller of the security before repurchase of the security under a repurchase agreement, the Fund may encounter delay and incur costs before being able to sell the security. Such a delay may involve loss of interest or a decline in price of the security. If the court characterizes the transaction as a loan and the Fund has not perfected a security interest in the security, the Fund may be required to return the security 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 interest involved in the transaction. The Fund seeks to help control these credit risks by only engaging in repurchase agreements with counterparties having strong credit ratings, which are monitored continually by the Advisor.

Apart from the risk of bankruptcy or insolvency proceedings, there is also the risk that the seller may fail to repurchase the security. However, if the market value of the security subject to the repurchase agreement becomes less than the repurchase price (including accrued interest), the Fund will direct the seller of the security to deliver additional securities so that the market value of all securities subject to the repurchase agreement equals or exceeds the repurchase price. Certain repurchase agreements which provide for settlement in more than seven days can be liquidated before the nominal fixed term on seven days or less notice. Such repurchase agreements will be regarded as liquid instruments.

Securities Lending

The Fund may lend portfolio securities. Under present regulatory policies, such loans may be made to institutions, such as brokers or dealers, and are required to be secured continuously by collateral in cash, cash equivalents, letters of credit or U.S. Government securities maintained on a current basis at an amount, marked to market daily, at least equal to the market value of the securities loaned. Cash received as collateral for securities lending transactions may be invested in short-term investments.

Investing the collateral subjects it to market depreciation or appreciation, and the Fund is responsible for any loss that may result from its investment of the borrowed collateral. The Fund will have the right to terminate a loan at any time and recall the loaned securities within the normal and customary settlement time for securities transactions. For the duration of the loan, the Fund will continue to receive the equivalent of the interest or dividends paid by the issuer on the securities loaned and will also receive compensation from investment of the collateral. The Fund will not have the right to vote any securities having voting rights during the existence of the loan, but the Fund will call the loan in anticipation of an important vote to be taken by the holders of the securities or the giving or withholding of their consent on a material matter affecting the investment. As with other extensions of credit, there are risks of delay in recovering, or even loss of rights in, the collateral and loaned securities should the borrower of the securities fail financially. However, the loans will be made only to firms deemed to be of good standing, and when the consideration that can be earned currently from securities loans of this type is deemed to justify the attendant risk. In determining whether to lend securities to a particular borrower, and during the period of the loan, the creditworthiness of the borrower will be considered and monitored. The value of securities loaned by the Fund may not exceed one-third of the value of the Fund's total assets (including the loan collateral). Loan collateral (including any investment of the collateral) is not subject to the percentage limitations stated elsewhere in this SAI or the Prospectus regarding investing in fixed-income securities and cash equivalents.

Warrants and Stock Purchase Rights

The Fund may invest in warrants or rights (in addition to those acquired in units or attached to other securities) which entitle the holder to buy equity securities at a specific price for a specific period of time. The Fund will invest in warrants and rights only if such equity securities are deemed appropriate by the Advisor for investment by the Fund. Warrants and rights have no voting rights, receive no dividends and have no rights with respect to the assets of the issuer.

U.S. Government Securities

The Fund may invest in securities of the U.S. Government, its agencies, instrumentalities and sponsored enterprises. Some U.S. Government securities (such as Treasury bills, notes and bonds, which differ only in their interest rates, maturities and times of issuance) are supported by the full faith and credit of the United States Others, such as obligations issued or guaranteed by U.S. Government agencies, instrumentalities or sponsored enterprises, are supported either by: (i) the right of the issuer to borrow from the U.S. Treasury; (ii) the discretionary authority of the U.S. Government to purchase certain obligations of the issuer; or (iii) only the credit of the issuer. The U.S. Government is under no legal obligation, in general, to purchase the obligations of its agencies, instrumentalities or sponsored enterprises. No assurance can be given that the U.S. Government will provide financial support to the U.S. Government agencies, instrumentalities or sponsored enterprises in the future.

DISCLOSURE OF PORTFOLIO HOLDINGS INFORMATION

The Board has adopted a policy concerning the selective disclosure of portfolio holdings information that seeks to ensure that disclosure of information about portfolio securities is in the best interest of Fund shareholders and to address the conflicts between the interests of Fund shareholders and its service providers. The policy provides that neither the Fund nor its Advisor or any Trustee, member, officer or employee thereof (a "Fund Representative") will disclose the Fund's portfolio holdings information to any person other than in accordance with the policy. For purposes of the policy, "portfolio holdings information" means the Fund's actual portfolio holdings, as well as non-public information about its trading strategies or pending transactions. Under the policy, neither the Fund nor any Fund Representative may solicit or accept any compensation or other consideration in connection with the disclosure of portfolio holdings information. The Fund Representative may provide portfolio holdings information to third parties if such information has been included in the Fund's public filings with the SEC or is disclosed on the Fund's publicly accessible website (www.cheswoldlanefunds.com). Information posted on the Fund's website may be separately provided to any person commencing the day after it is first published on the Fund's website.

Portfolio holdings information that is not filed with the SEC or posted on the Fund's publicly available website may be provided to third parties only if the third party recipients are required to keep all portfolio holdings information confidential and are prohibited from trading on the information they receive. Disclosure to such third parties must be approved in advance by the Trust's chief compliance officer (the "CCO"). Advance approval by the CCO is not required if the recipient is one of the Fund's service providers who is subject to a duty of confidentiality as described below. Disclosure will generally be permitted to providers of proxy voting and other similar services for the Fund, as well as rating and ranking organizations; however, information may be disclosed to other third parties (including, without limitation, individuals, institutional investors and intermediaries that sell shares of the Fund) only upon approval by the CCO, who must first determine that the Fund has a legitimate business purpose for doing so.

In general, each recipient of non-public portfolio holdings information must sign a confidentiality and non-trading agreement, although this requirement will not apply when the recipient is otherwise subject to a duty of confidentiality. In accordance with the policy, the identity of those recipients who receive non-public portfolio holdings information on an ongoing basis is as follows: the Advisor, the Fund's independent registered public accounting firm, the Fund's custodian, the Fund's legal counsel, the Fund's administrator and the Fund's distributor. These entities are obligated to keep such information confidential. Third party providers of custodial or accounting services to the Fund may release non-public portfolio holdings information of the Fund only with the permission of the CCO.

Complete portfolio holdings for the Fund are posted on the Fund's website (www.cheswoldlanefunds.com) as of the end of each calendar quarter, subject to a 30-day lag between the date of the information and the date on which the information is disclosed. In addition, the Fund will publish on its website its top 10 holdings as of the end of each calendar month no earlier than 10 days after the end of a calendar month.

The CCO will supply the Board with a list of third parties who receive portfolio holdings information pursuant to any ongoing arrangement in addition to the service providers identified above. In addition, the Board will receive information, on a quarterly basis, regarding any other disclosures of non-public portfolio holdings information that were permitted during the preceding quarter.

MANAGEMENT OF THE TRUST

Trustees and Officers

The business and affairs of the Trust are managed under the direction of the Board. The Trustees and principal officers of the Trust are noted below along with their ages and their business experience for the past five years. The Trustees serve for indefinite terms until their resignation, death or removal. The Fund's officers are elected annually by the Board and serve at the Board's pleasure.

Name, Address and Age as of 12/31/07	*Position(s) Held with the Trust*	*Length of Time Served*	*Principal Occupation(s) During Past 5 Years*	*Number of Portfolios in Fund Complex Overseen by Trustee*	*Other Directorships Held by Trustee*
Interested Trustee					
Eric F. Scharpf[1] Cheswold Lane Funds 100 Front Street West Conshohocken, PA 19428 Age: 39	President, Chief Executive Officer and a Trustee	Since 2006	Managing Partner, the Advisor, since 2006; Partner/Senior Portfolio Manager, Chartwell Investment Partners (2004-2005); Portfolio Manager/ Research Analyst, Miller Anderson & Sherrerd (an asset management company) (1997-2003)	1	None
Independent Trustees					
Dr. George E. Boudreau Cheswold Lane Funds 100 Front Street West Conshohocken, PA 19428 Age: 62	Trustee	Since 2006	Founder and Partner, the Pennsylvania Dental Group (1974 to present)	1	None
Paul Chi Cheswold Lane Funds 100 Front Street West Conshohocken, PA 19428 Age: 37	Trustee	Since 2006	Senior Managing Director Global Custody and Securities Processing, Senior Vice President, PFPC Trust Company (2002 to Present).	1	None
Stanley J. Koreyva, Jr. Cheswold Lane Funds 100 Front Street West Conshohocken, PA 19428 Age: 49	Trustee	Since 2006	Executive Vice President and Chief Operating Officer, Amboy Bank, since 2008; Chief Operating Officer, Amboy National Bank, 2004 - 2008; Chief Financial Officer, Amboy Bank (1998-2004)	1	
Eugenie G. Logue Cheswold Lane Funds 100 Front Street West Conshohocken, PA 19428 Age: 40	Trustee	Since 2006	Principal, Rosemont Investment Partners, LLC (a private equity firm), since 2002; Associate, SGI Capital (a private equity firm) (1999–2002)	1	None

[1] Mr. Scharpf is an "Interested Trustee" of the Trust, as defined in the 1940 Act, because he is the Managing Partner of the Advisor. Mr. Scharpf and Ms. Colleen Quinn Scharpf are married to each other.

The officers of the Trust not named above are:

Name, Address and Age as of 12/31/07	*Position(s) Held with the Trust*	*Length of Time Served*	*Principal Occupation(s) During Past 5 Years*
Matthew H. Taylor Cheswold Lane Funds 100 Front Street West Conshohocken, PA 19428 Age: 36	Executive Vice President, Chief Financial Officer and Treasurer	Since 2006	Partner/Portfolio Manager, the Advisor, since 2006; Partner/Portfolio Manager, Chartwell Investment Partners (2004-2006); Portfolio Manager/Research Analyst, Miller Anderson & Sherrerd (an asset management company) (2000-2003)
Colleen Quinn Scharpf Cheswold Lane Funds 100 Front Street West Conshohocken, PA 19428 Age: 39	Secretary and Chief Compliance Officer	Since 2006	President, Chief Operating Officer and Chief Compliance Officer, the Advisor, since 2006; Director of Investments, Board of Pensions of the Presbyterian Church (U.S.A.) (2003-2006); Senior Member, Strategic Relationship Team, Putnam Investments (1996–2003)

Share Ownership

Ms. Quinn Scharpf is the President and Chief Operating Officer of the Advisor and owns a majority interest in the firm. Mr. Scharpf also owns a controlling interest in the Advisor. Mr. Scharpf is the only Trustee who owns any interest in the Advisor or any company controlling, controlled by or under common control with the Advisor. The following table provides information regarding shares of the Fund owned by each Trustee as of December 31, 2008:

Trustee	*Dollar Range of Fund Shares*
Dr. George E. Boudreau	Over $100,000
Paul Chi	$10,001 – $50,000
Stanley J. Koreyva, Jr.	$10,001 – $50,000
Eugenie G. Logue	$10,001 – $50,000
Eric F. Scharpf	Over $100,000

Trustee Compensation

The following table describes the aggregate compensation received by the Trustees from the Trust during the Trust's fiscal year ended December 31, 2008 . Only the Trustees of the Trust who are not "interested persons" of the Trust or the Advisor, as defined by the 1940 Act (the "Independent Trustees"), receive compensation from the Fund.

Trustee[1]	Aggregate Compensation from the Trust	Pension or Retirement Benefits Accrued as Part of Fund Expenses[2]	Estimated Annual Benefits Upon Retirement	Total Compensation from the Investment Companies in the Fund Complex
Eric F. Scharpf	n/a	n/a	n/a	n/a
Dr. George E. Boudreau	$5,000	n/a	n/a	$5,000
Paul Chi	$5,000	n/a	n/a	$5,000
Stanley J. Koreyva, Jr.	$5,000	n/a	n/a	$5,000
Eugenie G. Logue	$5,000	n/a	n/a	$5,000

(1) *Effective March 20, 2009, each Independent Trustee receives a total annual retainer fee of $500 for serving as a Trustee, plus $500 for each in-person Board meeting attended, $125 for each regular telephonic Board meeting attended and $500 for each special meeting attended (either in-person or by telephone). In addition, the Trust reimburses each Trustee for out-of-pocket expenses incurred in connection with travel and attendance at Board meetings.*

(2) *The Trust has not established a pension or retirement plan for members of the Board.*

Board Committees

The Board has the following committees:

Audit Committee: This committee is responsible for overseeing the Fund's accounting and financial reporting policies and practices and its internal controls. It also oversees the quality and objectivity of the Trust's financial statements and the independent audit thereof, and acts as a liaison between the Trust's independent registered public accounting firm and the Board. The Trust's Audit Committee is comprised of the following Independent Trustees: Stanley J. Koreyva, Jr. (Chairman), Dr. George E. Boudreau, Paul Chi and Eugenie G. Logue. The committee met twice during the fiscal year ended December 31, 2008.

Nominating Committee: This committee recommends Board members, fills vacancies and considers the qualifications of Board members. The committee will consider shareholder recommendations for nomination to the Board only in the event that there is a vacancy on the Board. Shareholders who wish to submit recommendations for nominations to the Board to fill a vacancy must submit their recommendations in writing to the Nominating Committee, c/o Cheswold Lane Funds, 100 Front Street, West Conshohocken, Pennsylvania 19428. Shareholders should include appropriate information on the background and qualifications of any person recommended (e.g., a resume), as well as the candidate's contact information and a written consent from the candidate to serve if nominated and elected. Shareholder recommendations for nominations to the Board will be accepted on an ongoing basis and such recommendations will be kept on file for consideration when there is a vacancy on the Board. The committee is comprised of the following Independent Trustees: Paul Chi (Chairperson), Dr. George E. Boudreau, Stanley J. Koreyva, Jr. and Eugenie G. Logue. The committee did not have a reason to meet during the fiscal year ended December 31, 2008.

Codes of Ethics

The Trust and the Advisor have adopted a joint Code of Ethics in compliance with the requirements of Rule 17j-1 under the 1940 Act, which govern personal securities transactions. Under the Code of Ethics, persons subject to the Code are permitted to engage in personal securities transactions, including securities that may be purchased or held by the Fund, subject to the requirements set forth in Rule 17j-1 under the 1940 Act and certain other procedures set forth in the Code of Ethics. The Code of Ethics is on public file with, and is available from, the SEC.

Proxy Voting Policies

The Board has adopted Proxy Voting Policies and Procedures (the "Policies") on behalf of the Trust, which delegates the responsibility for voting proxies to the Advisor, subject to the Board's continuing oversight. The Policies require that the Advisor vote proxies received in a manner consistent with the best interests of the Fund and its shareholders.

The Advisor has adopted Proxy Voting Policies and Procedures (the "Advisor's Proxy Policies") which require that all proxy voting decisions be made in the best interest of the Fund and that the Advisor acts in a prudent and diligent manner intended to enhance the economic value of the assets of the Fund.

Where a proxy proposal raises a material conflict between the Advisor's interests and the Fund's interests, the Advisor will resolve the conflict by disclosing the conflict to the Board and obtaining the Board's consent to vote.

The Trust is required to annually file Form N-PX, which lists the Fund's complete proxy voting record for the most recent 12-month period ending June 30. The Fund's proxy voting record is available without charge, upon request, by calling toll-free 1-800-471-7701 and on the SEC's website at www.sec.gov.

INVESTMENT ADVISOR AND OTHER SERVICE PROVIDERS

Investment Advisor

The Advisor, located at 100 Front Street, Suite 960, West Conshohocken, Pennsylvania 19428, furnishes investment management services to the Fund, subject to the supervision and direction of the Board. The Advisor also provides investment management services to other investment accounts. While investment decisions for the Fund are made independently from other investment accounts, investment decisions for such other accounts may be made at the same time as investment decisions for the Fund. The Advisor pays the salaries of all Trustees, officers (including the CCO) and employees who are affiliated with both the Advisor and the Trust. The Advisor is registered with the SEC as an investment adviser under the Investment Advisers Act of 1940, as amended.

The Advisor provides investment advisory services to the Trust pursuant to an Investment Advisory Agreement (the "Advisory Agreement") dated June 2, 2006, which was approved by the Fund's sole shareholder on that date. Under the terms of the Advisory Agreement, the Trust employs the Advisor generally to manage the investment and reinvestment of the Fund's assets. The Advisory Agreement has an initial term of two years and may be renewed each year only so long as such renewal and continuance are specifically approved at least annually by the Board or by vote of a majority of the outstanding voting securities of the Fund, and only if the terms and the renewal thereof have been approved by the vote of a majority of the Independent Trustees who are not parties thereto or interested persons of any such party, cast in person at a meeting called for the purpose of voting on such approval. The Advisory Agreement may be terminated without penalty on 60 days' notice by the Trust or by the Advisor. The Advisory Agreement will terminate automatically in the event of its assignment.

As compensation for the services rendered under the Advisory Agreement, the Fund pays the Advisor an annual management fee of 0.90% as a percentage of average daily net assets. The Advisor has contractually agreed to waive all or a portion of its management fees and/or reimburse the Fund's expenses to the extent necessary to keep the Fund's net annual fund operating expenses (excluding any taxes, interest, brokerage commissions and other costs relating to portfolio securities transactions and other extraordinary expenses) from exceeding 1.15% of the average daily net assets of the Fund at least through April 30, 2009. For the period from June 29, 2006 (the Fund's commencement of operations) to December 31, 2006, a management fee of $92,504 was payable by the Fund to the Advisor. For the same period, the Advisor waived $102,707 in management fees and expenses. For the fiscal years ended December 31, 2007 and December 31, 2008, management fees of $302,430 and $273,824 were payable by the Fund to the Advisor. For the same period, the Advisor waived $138,157 and $125,275, respectively, in management fees and expenses.

Distributor

UMB Distribution Services, LLC (the "Distributor"), located at 803 West Michigan Street, Milwaukee, Wisconsin 53233, serves as the principal underwriter of the Trust's shares under a Distribution Agreement dated June 16, 2006 (the "Distribution Agreement"). The Distributor receives compensation from the Advisor for these services. Shares of the Fund are offered on a continuous basis by the Distributor and may be purchased directly by contacting the Distributor or the Trust. The Distributor is a registered broker-dealer under the Securities Exchange Act of 1934, as amended (the "1934 Act"), and each state's securities laws and is a member of the Financial Industry Regulatory Authority, Inc.

The Distribution Agreement may be terminated at any time: (i) by the Board or by a vote of a majority of the outstanding voting securities of the Trust on 60 days' written notice to the Distributor; or (ii) by the Distributor. If not so terminated, the agreement shall continue in effect from year to year only so long as such continuance is approved annually by the Board or by a vote of a majority of the outstanding voting securities of the Fund, and, in either event, by a majority of the Independent Trustees who are not interested persons of any party to the agreement. The Agreement will terminate automatically in the event of its assignment.

For the period from June 29, 2006 (the Fund's commencement of operations) to December 31, 2006 and the fiscal years ended December 31, 2007 and December 31, 2008, the Distributor received$7,963, $18,779 and $20,000, respectively, under the Distribution Agreement.

Administrator

UMB Fund Services, Inc. ("UMBFS"), located at 803 West Michigan Street, Milwaukee, Wisconsin 53233, provides administration personnel and services, including blue sky services, to the Trust pursuant to an administration and fund accounting agreement (see below). Administration services include, but are not limited to, providing equipment, telephone facilities, various personnel, including clerical and supervisory, and computers as is necessary or beneficial to provide fund administration services to the Trust. UMBFS is an affiliate of the Distributor.

Fund Accountant

UMBFS provides fund accounting personnel and services to the Trust pursuant to an administration and fund accounting agreement. Under this agreement, UMBFS provides portfolio accounting services, expense accrual and payment services, fund valuation and financial reporting services and tax accounting services. For its services as administrator and fund accountant, UMBFS receives an annual fee from the Fund equal to the following percentages of the Fund's average net assets: 0.10% of the first $250 million; 0.08% of the next $250 million; 0.06% of the next $250 million; and 0.05% of assets over $750 million per year (subject to various monthly minimum fees, which may be waived by UMBFS).

Transfer Agent

UMBFS acts as the Fund's transfer agent, dividend-paying agent and shareholder servicing agent pursuant to a transfer agency agreement.

The following table provides the fees paid by the Fund to UMBFS for the period from June 29, 2006 (the Fund's commencement of operations) to December 31, 2006 and the fiscal years ended December 31, 2007 and December 31, 2008 in connection with its transfer agency, fund accounting and administration services to the Fund:

Period	*Fees Paid for Transfer Agency Services*	*Fees Paid for Fund Accounting and Administration Services*
6/29/06 to 12/31/06	$22,036	$19,212
Year Ended 12/31/07	$23,859	$37,537
Year Ended 12/31/08	$27,092	$37,785

Custodian

UMB Bank, n.a., located at 1010 Grand Boulevard, Kansas City, Missouri 64141, acts as custodian of the cash and securities of the Trust. The custodian holds all cash and, directly or through a book entry-system or an agent, securities of the Fund; delivers and receives payment for securities sold by the Fund; collects income from investments of the Fund; and performs other duties, all as directed by officers of the Fund. The custodian does not exercise any supervisory function over the management of, or the purchase and sale of securities by, the Fund.

Legal Counsel

John H. Grady serves as the Trust's legal counsel.

Independent Registered Public Accounting Firm

Briggs Bunting & Dougherty, LLP, located at 1835 Market Street, 26th Floor, Philadelphia, Pennsylvania 19103, has been selected as the independent registered public accounting firm for the Trust. As such, they are responsible for auditing the Trust's annual financial statements.

PORTFOLIO MANAGERS

Other Accounts Managed

The following chart lists certain information about types of other accounts for which each portfolio manager is primarily responsible as of December 31, 2008.

Name	*Number of Accounts*	*Total Assets Managed*	*Number of Accounts with Performance-Based Fees*	*Total Assets in Accounts with Performance-Based Fees*
Eric F. Scharpf				
Other Registered Investment Companies	–	–	–	–
Other Pooled Investment Vehicles	–	–	–	–
Other Accounts	3	$48.1 million	–	–
Matthew H. Taylor				
Other Registered Investment Companies	–	–	–	–
Other Pooled Investment Vehicles	–	–	–	–
Other Accounts	3	$48.1million	–	–

Description of Potential Material Conflicts of Interest

The portfolio managers have day-to-day management responsibilities with respect to other investment accounts and, accordingly, may be presented with potential or actual conflicts of interest.

The management of other accounts may result in the portfolio managers devoting unequal time and attention to the management of the Fund and/or other accounts. In approving the Advisory Agreement, the Board was satisfied that the portfolio managers would be able to devote sufficient attention to the management of the Fund and that the Advisor seeks to manage such competing interests for the time and attention of the portfolio managers.

With respect to securities transactions for the Fund, the Advisor determines which broker to use to execute each transaction, consistent with its duty to seek best execution of the transaction. For buy or sell transactions considered simultaneously for the Fund and other accounts, orders are placed at the same time. The portfolio managers use their best efforts to ensure that no client is treated unfairly in relation to any other client over time in the allocation of securities or the order of the execution of transactions. The portfolio managers generally allocate trades on the basis of assets under management so that the securities positions represent equal exposure as a percentage of total assets of each client. The Fund and client accounts are not generally invested in thinly traded or illiquid securities; therefore, conflicts in fulfilling investment opportunities are to some extent minimized. If an aggregated trade order is not substantially filled, it will generally be allocated in accordance with an alphabetical allocation utilized by the Advisor.

Other than the general potential conflicts noted above, neither portfolio manager is subject to any other specific potential conflicts of interest.

Compensation

Mr. Taylor receives a base salary from the Advisor and both Messrs. Taylor and Scharpf share a portion of the Advisor's after-tax profits.

Fund Shares Owned by the Portfolio Managers

As of the date hereof, the portfolio managers owned the following amounts in the Fund:

Portfolio Manager	*Dollar Range of Fund Shares*
Eric F. Scharpf	$500,001 – $1,000,000
Matthew H. Taylor	$100,001 – $500,000

TRADING PRACTICES AND BROKERAGE

The Advisor is responsible for selecting brokers and dealers to effect purchases or sales of securities for the account of the Fund. In selecting such brokers, the Advisor seeks best execution of orders at the most favorable price in light of the overall quality of brokerage and research services provided, as described in this and the following paragraph. In selecting brokers to effect portfolio transactions, the determination of what is expected to result in best execution at the most favorable price involves a number of largely judgmental considerations. Among these considerations is the Advisor's evaluation of a broker's efficiency in executing and clearing transactions, block trading capability (including a broker's willingness to position securities), familiarity with the security, and financial strength and stability. The most favorable price to the Fund means the best net price without regard to the mix between purchase or sale price and commission, if any.

Although it does not currently intend to do so, the Advisor may also take into consideration the research, analytical, statistical and other information and services provided by the broker (such as general economic reports and information, reports or analyses of particular companies or industry groups and technical information) and the availability of the brokerage firm's analysts for consultation in allocating the Fund's brokerage. While the Advisor believes these services have substantial value, they are considered supplemental to the Advisor's own efforts in the performance of its duties under the Advisory Agreement and, to the extent these services are used, it will be on a limited basis. As permitted by the Advisory Agreement and in accordance with Section 28(e) of the 1934 Act, the Advisor may pay brokers higher brokerage commissions than might be available from other brokers if the Advisor determines in good faith that such amount paid is reasonable in relation to the value of the overall quality of the brokerage, research and other services provided viewed in terms of either the particular transactions or the Advisor's overall responsibilities with respect to the accounts over which it exercises investment discretion. Other clients of the Advisor may therefore benefit from the availability of these services to the Advisor, and the Fund may benefit from services available to the Advisor as a result of similar transactions for the Advisor's other clients. For the fiscal years ended December 31, 2007 and December 31, 2008, the Advisor did not direct brokerage transactions to any brokers on the basis of such brokerage and research services. During the period from June 29, 2006 (the Fund's commencement of operations) to December 31, 2006 and the fiscal years ended December 31, 2007 and December 31, 2008, the Fund paid brokerage commissions of $27,500, $63,160 and $61,567, respectively.

The following information is provided with respect to the Fund's "regular broker-dealers." The term "regular broker-dealers" means generally, as of December 31, 2008, any of the ten brokers or dealers who, for the fiscal year ended December 31, 2008, (1) received the greatest dollar amount of brokerage commissions from the Fund, (2) engaged as principal in the largest dollar amount of portfolio transactions for the Fund, or (3) sold the largest dollar amount of securities of the Fund. The chart below identifies the Fund's "regular broker-dealers" the securities of which were purchased by the Fund during the fiscal year ended December 31, 2008 and the value of the Fund's holdings of such securities as of December 31, 2008.

Regular Broker	Principal Value of Securities Purchased During Year	Value as of December 31, 2008
Credit Suisse	$17,139,749	$704,205

CAPITAL STRUCTURE

The Trust currently has authorized and allocated to the Fund an unlimited number of shares of beneficial interest with no par value to the Fund's Institutional Shares. The Trustees of the Trust may, at any time and from time to time, by resolution, authorize the establishment and division of additional shares of the Trust into an unlimited number of series and the division of any series (including the Fund) into two or more classes. When issued in accordance with the Trust's registration statement, governing instruments and applicable law (all as may be amended from time to time), all of the Trust's shares are fully paid and non-assessable. Shares do not have preemptive rights.

All shares of the Fund represent an undivided proportionate interest in the assets of the Fund. Shareholders of the Trust are entitled to one vote for each full share and to a proportionate fractional vote for each fractional share standing in the shareholder's name on the books of the Trust. However, matters affecting only one particular fund or class can be voted on only by shareholders in such fund or class. The shares of the Trust are not entitled to cumulative voting, meaning that holders of more than 50% of the Trust's shares may elect the entire Board. All shareholders are entitled to receive dividend and/or capital gains when and as declared by the Trustees from time to time and as discussed in the Prospectus.

PURCHASE AND REDEMPTION OF FUND SHARES

Purchasing Shares

Shares of the Fund are sold in a continuous offering and may be purchased on any Business Day (as defined in the Prospectus) through authorized investment dealers or directly from the Distributor. The Trust reserves the right to suspend sales of Fund shares, and reject any order for the purchase of Fund shares if, in the opinion of management, such rejection is in the Fund's best interest.

Share Certificates and Confirmations. The Fund does not issue share certificates representing shares purchased. Confirmations of the opening of an account and of all subsequent transactions in the account are forwarded by the Fund to the shareholder's address of record.

Anti-Money Laundering Program. The Trust has established an Anti-Money Laundering Compliance Program (the "Program") as required by the USA PATRIOT Act. To ensure compliance with this law, the Program provides for the development of internal practices, procedures and controls; designation of an anti-money laundering compliance officer; an ongoing training program; and an independent audit function to determine the effectiveness of the Program. Procedures to implement the Program include, but are not limited to, determining that the Trust's Distributor and UMBFS have established proper anti-money laundering procedures, including to report suspicious and/or fraudulent activity and to undertake a complete and thorough review of all new account applications. The Trust will not transact business with any person or entity whose identity cannot be adequately verified under the provisions of the USA PATRIOT Act.

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 terrorist or other suspicious persons, or the Fund may be required to transfer the account or proceeds of the account to a government agency.

Redeeming Shares

Under the 1940 Act, the Fund may suspend redemption privileges or postpone the date of payment during any period: (i) when the New York Stock Exchange (the "NYSE") is closed or trading on the NYSE is restricted as determined by the SEC; (ii) when an emergency exists, as defined by the SEC, that makes it not reasonably practicable for the Fund to dispose of securities owned by it or fairly to determine the value of its assets; or (iii) as the SEC may otherwise permit. The redemption price may be more or less than the shareholder's cost, depending on the market value of the Fund's portfolio at the time of redemption.

Medallion Signature Guarantees. A Medallion signature guarantee of each shareholder on an account is required to redeem shares if a shareholder requests: (i) to change ownership on an account; (ii) to send redemption proceeds to an address other than that on record with the Fund; (iii) to send proceeds to someone other than the shareholder(s) of record; (iv) to transmit redemption proceeds by federal funds wire or automated clearing house to a bank account other than the bank of record; (v) to add telephone privileges; (vi) to change the name on an account due to marriage or divorce; (vii) to transfer an IRA to another fund family; (viii) if a change of address request has been received by UMBFS within the last 60 days; or (ix) if the redemption request is for $50,000 or more.

Signature guarantees are designed to protect both the shareholder and the Fund from fraud. Signature guarantees can be obtained from most banks, credit unions or savings associations, or from broker/dealers, municipal securities broker/dealers, government securities broker/dealers, national securities exchanges, registered securities exchanges or clearing agencies deemed eligible by the SEC. The Fund does not accept signatures certified by a notary public as the equivalent of a signature guarantee.

*Additional Documentation***.** Additional documents are required for certain types of shareholders, such as corporations, partnerships, executors, trustees, administrators or guardians. UMBFS requires documents from entities to identify individuals possessing authority to redeem shares from the Fund. The documentation may include certified corporate resolutions, partnership agreements, trust instruments or plans that give such authority to the individual.

Redemption In-Kind. The Fund has elected to be governed by Rule 18f-1 under the 1940 Act, which obligates the Fund to redeem shares in cash, with respect to any one shareholder during any 90-day period, up to the lesser of $250,000 or 1% of the assets of the Fund. Subject to Rule 18f-1, if the Advisor determines that existing conditions make cash payments undesirable, redemption payments may be made in whole or in part in securities or other financial assets, valued for this purpose as they are valued in computing the net asset value ("NAV") for the Fund's shares (a "redemption in-kind"). Shareholders receiving securities or other financial assets in a redemption in-kind may realize a gain or loss for tax purposes, and will incur any costs of sale, as well as the associated inconveniences. If a shareholder expects to make a redemption in excess of the lesser of $250,000 or 1% of the Fund's assets during any 90-day period and would like to avoid any possibility of being paid with securities in-kind, they may do so by providing the Fund with an unconditional written instruction to redeem at least 15 calendar days prior to the date on which the redemption transaction is to occur, specifying the dollar amount or number of shares to be redeemed and the date of the transaction. This will provide the Fund with sufficient time to raise the cash in an orderly manner to pay the redemption and thereby minimize the effect of the redemption on the Fund's remaining shareholders.

DETERMINING OFFERING PRICE AND NET ASSET VALUE

Orders for purchases and redemptions of the Fund are effected at the NAV per share next calculated after receipt of the order by the Fund, its agent or certain other authorized persons. The Fund's NAV is computed as of the close of regular trading on the NYSE, which is normally 4:00 p.m., Eastern Time, on days when the NYSE is open for business. The NYSE is scheduled to be open Monday through Friday throughout the year except for days when the following holidays are observed: New Year's Day, Martin Luther King, Jr.'s Birthday, Presidents' Day, Good Friday, Memorial Day, Independence Day, Labor Day, Thanksgiving and Christmas. When the NYSE is closed, the Fund will generally be closed, pricing calculations will not be made and purchase and redemption orders will not be processed.

The NAV per share for the Fund is calculated by subtracting the Fund's liabilities from its total assets and dividing the resulting number by the number of Fund shares outstanding. In determining the Fund's NAV, portfolio securities primarily listed or traded on a national or foreign securities exchange, except for securities traded on the NASDAQ and fixed income securities, are generally valued at the last sale price on that exchange, unless market prices are determined to be not readily available pursuant to the Fund's pricing procedures. The Fund values NASDAQ traded securities using the NASDAQ Official Closing Price. The Fund generally values fixed income securities using market quotations or a matrix method provided by a pricing service. The Fund values short-term investments that will mature within 60 days at amortized cost, which approximates market value. Forward currency contracts are valued at the last bid prices. Exchange traded options are valued at the last reported sale price or, if no sales are reported, at the mean between bid and asked prices. Non-exchange traded options are valued at the mean between bid and asked prices. Other private options are valued at fair value using a mathematical model. Futures contracts are valued at their daily quoted settlement price. Foreign securities and the prices of foreign securities denominated in foreign currencies are translated to U.S. dollars at the mean between the bid and offer quotations of such currencies based on rates in effect as of the close of the London Stock Exchange. Securities other than those listed above will be priced in accordance with the Fund's pricing procedures.

Subject to the foregoing, securities for which market quotations are not readily available are valued at fair value as determined in good faith pursuant to procedures approved by the Board of Trustees. The Trust will also use the fair value of a foreign security at the time of calculating its NAV when events following the close of the foreign markets on which the foreign security trades indicate that such closing price does not reflect the foreign security's fair value.

DISTRIBUTIONS AND TAXES

Distributions

The Fund will normally make distributions from net investment income, if any, on a semi-annual basis. Payments from net realized capital gains of the Fund, if any, will be distributed annually in the fourth quarter of the calendar year.

Any check in payment of distributions which cannot be delivered by the U.S. Post Office or which remains uncashed for a period of more than one year may be reinvested in the shareholder's account at the then-current net asset value and the dividend option may be changed from cash to reinvest. The Fund or UMBFS may retain a search company and deduct from a shareholder's account the costs of the Fund's or UMBFS's effort to locate a shareholder in accordance with Rule 17Ad-17 under the 1934 Act. These costs may include a percentage of the account when a search company charges a percentage fee in exchange for their location services.

Taxes

Distributions of Net Investment Income. The Fund receives income generally in the form of dividends and interest on its investments in portfolio securities. This income, less expenses incurred in the operation of the Fund, constitutes its net investment income from which distributions may be paid to shareholders. If a shareholder is a taxable investor, any distributions by the Fund from such income (other than any amount designated by the Fund as qualified dividends, described below) will be taxable to such shareholder at ordinary income tax rates, whether such shareholder takes them in cash or in additional shares.

Distributions of Capital Gains. The Fund may derive capital gain and loss in connection with sales or other dispositions of its portfolio securities. Distributions derived from the excess of net short-term capital gain over net long-term capital loss will be taxable to shareholders as ordinary income. Distributions paid from the excess of net long-term capital gain over net short-term capital loss will be taxable to shareholders as long-term capital gain, regardless of how long shares have been held in the Fund. Any net short-term or long-term capital gain realized by the Fund (net of any capital loss carryovers) generally will be distributed once each year and may be distributed more frequently if necessary in order to reduce or eliminate federal excise or income taxes on the Fund.

Effect of Foreign Withholding Taxes. The Fund may be subject to foreign withholding taxes on income from certain foreign securities. This, in turn, could reduce the Fund's distributions paid to shareholders.

Pass-through of foreign tax credits. If more than 50% of the Fund's total assets at the end of a fiscal year is invested in foreign securities, the Fund may elect to pass through to shareholders their pro rata share of foreign taxes paid by the Fund. If this election is made, the Fund may report more taxable income to shareholders than it actually distributes. Shareholders will then be entitled either to deduct their respective share of these taxes in computing their taxable income, or to claim a foreign tax credit for these taxes against their U.S. federal income tax (subject to limitations for certain shareholders). The Fund will provide shareholders with the information necessary to claim this deduction or credit on their personal income tax return if the Fund makes this election. Shareholder use of foreign dividends, designated by the Fund as qualified dividend income subject to taxation at long-term capital gain rates, may reduce the otherwise available foreign tax credits on their federal income tax return. Shareholders in these circumstances should talk with their personal tax advisors about their foreign tax credits and the procedures that they should follow to claim these credits on their personal income tax returns.

Foreign currency gains and losses. The Fund may engage in transactions that are denominated in foreign currency. Gains and losses in such transactions that would otherwise be taxable as capital gain may be taxable as ordinary income under Code Section 988 to the extent of gain or loss attributable to fluctuations in exchange rates. The ordinary treatment of gains or losses from fluctuations in the exchange rate may cause the Fund to alter its distributions to shareholders.

PFIC securities. The Fund may invest in securities of foreign entities that could be deemed for tax purposes to be passive foreign investment companies ("PFICs"). When investing in PFIC securities, the Fund may mark-to-market these securities and recognize any gains at the end of its fiscal and excise (described below) tax years. Deductions for losses are allowable only to the extent of any current or previously recognized gains. These gains (reduced by allowable losses) are treated as ordinary income that the Fund is required to distribute, even though it has not sold the securities. Dividends paid with respect to PFICs do not meet the definition of qualified foreign corporation dividends. As such, the Fund will not be able to designate these PFIC dividends as qualified dividends, currently eligible for the reduced rate of tax applicable to long-term capital gains.

Information on the Amount and Tax Character of Distributions. The Fund will inform shareholders of the amount and character of their distributions at the time they are paid, and will advise shareholders of the tax status of such distributions for federal income tax purposes shortly after the close of each calendar year. If Fund shares have not been held for a full year, the Fund may designate and distribute to shareholders, as ordinary income, qualified dividends or capital gains, a percentage of income that is not equal to the actual amount of such income earned during the period of such shareholders' investment in the Fund. Taxable distributions declared and of record to shareholders in December, but paid in January, are taxable to shareholders as if they were paid in December.

Election to be Taxed as a Regulated Investment Company. The Fund has elected to be treated as a regulated investment company under Subchapter M of the Code and intends to so qualify during the current fiscal year. As regulated investment companies, the Fund generally pay no federal income tax on the income and gains they distribute to shareholders. The Board reserves the right not to distribute the Fund's net long-term capital gain or not to maintain the qualification of the Fund as a regulated investment company if it determines such a course of action to be beneficial to shareholders. If net long-term capital gain is retained, the Fund would be taxed on the gain, and shareholders would be notified that they are entitled to a credit or refund for the tax paid by the Fund. If the Fund fails to qualify as a regulated investment company, the Fund would be subject to federal, and possibly state, corporate taxes on its taxable income and gains, and distributions to shareholders will be taxed as dividend income to the extent of the Fund's earnings and profits.

In order to qualify as a regulated investment company for federal income tax purposes, the Fund must meet certain specific requirements, including:

(i) The Fund must maintain a diversified portfolio of securities, wherein no security, including the securities of a qualified publicly traded partnership (other than U.S. government securities and securities of other regulated investment companies) can exceed 25% of the Fund's total assets, and, with respect to 50% of the Fund's total assets, no investment (other than cash and cash items, U.S. government securities and securities of other regulated investment companies) can exceed 5% of the Fund's total assets or 10% of the outstanding voting securities of the issuer;

(ii) The Fund must derive at least 90% of its gross income from dividends, interest, payments with respect to securities loans, gains from the sale or disposition of stock, securities or foreign currencies, or other income derived with respect to its business of investing in such stock, securities, or currencies, and net income derived from an interest in a qualified publicly traded partnership; and

(iii) The Fund must distribute to its shareholders at least 90% of its investment company taxable income and net tax-exempt income for each of its fiscal years.

Excise Tax Distribution Requirements. To avoid federal excise taxes, the Code requires the Fund to distribute to shareholders by December 31 of each year, at a minimum, the following amounts: 98% of its taxable ordinary income earned during the calendar year; 98% of its capital gain net income earned during the twelve-month period ending October 31; and 100% of any undistributed amounts from the prior year. The Fund intends to declare and pay these distributions in December (or to pay them in January, in which case shareholders must treat them as received in December), but can give no assurances that its distributions will be sufficient to eliminate all taxes.

Sales and Redemption of Fund Shares. Sales and redemptions (including redemptions in kind) are taxable transactions for federal and state income tax purposes. If shareholders redeem their Fund shares, the Internal Revenue Service requires such shareholders to report any gain or loss on their redemption. If shares are held as a capital asset, the gain or loss that a shareholder realizes will be capital gain or loss and will be long-term or short-term, generally depending on how long the shares have been held.

Redemptions at a Loss Within Six Months of Purchase. Any loss incurred on a redemption of shares held for six months or less will be treated as long-term capital loss to the extent of any long-term capital gain distributed to shareholders by the Fund on those shares.

Wash Sales. All or a portion of any loss that a shareholder realizes on a redemption of their Fund shares will be disallowed to the extent that such shareholder buys other shares in the Fund (through reinvestment of dividends or otherwise) within 30 days before or after their share redemption. Any loss disallowed under these rules will be added to the shareholder's tax basis in the new shares.

U.S. Government Securities. Income earned by the Fund on certain U.S. government obligations is exempt from state and local personal income taxes as if earned directly by shareholders. States also grant tax-exempt status to dividends paid to shareholders by the Fund from interest earned by the Fund on direct obligations of the U.S. government, subject in some states to minimum investment or reporting requirements that must be met by the Fund. Income on investments by a Fund in certain other obligations, such as repurchase agreements collateralized by U.S. government obligations, commercial paper and federal agency-backed obligations (e.g., Government National Mortgage Association ("GNMA") or Federal National Mortgage Association ("FNMA") obligations), generally does not qualify for tax-exempt treatment. The rules on exclusion of this income are different for corporations.

Qualified Dividend Income for Individuals. For individual shareholders, a portion of the Fund's net investment income distributions may be qualified dividends, currently eligible for taxation at long-term capital gain rates. This reduced rate generally is available for distributions attributable to dividends earned on the Fund's investment in stocks of domestic corporations and qualified foreign corporations.

Both the Fund and an investor must meet certain holding period requirements to qualify Fund distributions for this treatment. Specifically, the Fund must hold the stock for at least 61 days during the 121-day period beginning 60 days before the stock becomes ex-dividend. Similarly, investors must hold their Fund shares for at least 61 days during the 121-day period beginning 60 days before the Fund distribution goes ex-dividend. The ex-dividend date is the first date following the declaration of a dividend on which the purchaser of stock is not entitled to receive the dividend payment. When counting the number of days Fund shares have been held, include the day shares were sold but not the day these shares were acquired.

While the income designated as a qualified dividend is currently taxed at the same rates applicable to long-term capital gains, such qualified dividend income will not be considered as a long-term capital gain for other federal income tax purposes. For example, shareholders will not be allowed to offset their long-term capital losses against qualified dividend income on their federal income tax return. Any qualified dividend income that shareholders elect to be taxed at these reduced rates also cannot be used as investment income in determining their allowable investment interest expense. For other limitations on the amount of or use of qualified dividend income on a shareholder's income tax return, such shareholder should contact their personal tax advisor.

After the close of its fiscal year, the Fund will designate the portion of its ordinary dividend income that meets the definition of qualified dividend income taxable at reduced rates. If 95% or more of a Fund's income is from qualified sources, it will be allowed to designate 100% of its ordinary income distributions as qualified dividend income.

Dividends-Received Deduction for Corporations. Because of the Fund's investment policy, it is expected that either none or only a nominal portion of the Fund's distributions will be designated as eligible for the dividends-received deduction for corporations. The portion of distributions paid by the Fund that so qualifies will be designated each year in a notice mailed to the Fund's shareholders, and cannot exceed the gross amount of dividends received by the Fund from domestic (U.S.) corporations that would have qualified for the dividends-received deduction in the hands of the Fund if it was a regular corporation. The availability of the dividends-received deduction is subject to certain holding period and debt financing restrictions imposed under the Code on the corporation claiming the deduction. The amount that the Fund may designate as eligible for the dividends-received deduction will be reduced or eliminated if the shares on which the dividends earned by the Fund were debt-financed or held by the Fund for less than a minimum period of time, generally 46 days during a 91-day period beginning 45 days before the stock becomes ex-dividend. Similarly, if Fund shares are debt-financed or held by shareholders for less than a 46-day period then the dividends-received deduction for Fund dividends on their shares may also be reduced or eliminated. Even if designated as dividends eligible for the dividends-received deduction, all such dividends (including any deducted portion) must be included in a shareholder's alternative minimum taxable income calculation.

Investment in Complex Securities. The Fund may invest in complex securities that could be subject to numerous special and complex tax rules. These rules could accelerate the recognition of income by the Fund (possibly causing the Fund to sell securities to raise the cash for necessary distributions) and/or defer the Fund's ability to recognize a loss, and, in limited cases, subject the Fund to U.S. federal income tax on income from certain foreign securities. These rules could also affect whether gain or loss recognized by the Fund is treated as ordinary or capital, or as interest or dividend income. These rules could, therefore, affect the amount, timing or character of the income distributed to shareholders by the Fund. For example:

Derivatives. The Fund is permitted to invest in certain options, futures, forwards or foreign currency contracts. If the Fund makes these investments, it could be required to mark-to-market these contracts and realize any unrealized gains and losses at its fiscal year end even though it continues to hold the contracts. Under these rules, gains or losses on the contracts generally would be treated as 60% long-term and 40% short-term gains or losses, but gains or losses on certain foreign currency contracts would be treated as ordinary income or losses. In determining its net income for excise tax purposes, the Fund also would be required to mark-to-market these contracts annually as of October 31 (for capital gain net income and foreign currency gains and losses) and December 31 (for taxable ordinary income), and to realize and distribute any resulting income and gains.

Short sales and securities lending transactions. The Fund's entry into a short sale transaction or an option or other contract could be treated as the "constructive sale" of an "appreciated financial position," causing it to realize gain, but not loss, on the position. Additionally, the Fund's entry into securities lending transactions may cause the replacement income earned on the loaned securities to fall outside of the definition of qualified dividend income. This replacement income generally will not be eligible for reduced rates of taxation currently applicable to qualified dividend income and, to the extent that debt securities are loaned, will generally not qualify as qualified interest income for foreign withholding tax purposes.

Tax straddles. The Fund's investment in options, futures, forwards, or foreign currency contracts in connection with certain hedging transactions could cause it to hold offsetting positions in securities. If the Fund's risk of loss with respect to specific securities in its portfolio is substantially diminished by the fact that it holds other securities, the Fund could be deemed to have entered into a tax "straddle" or to hold a "successor position" that would require any loss realized by it to be deferred for tax purposes.

Backup Withholding. By law, the Fund must withhold a portion of a shareholder's taxable dividends and sales proceeds unless such shareholder:

- provides their correct social security or taxpayer identification number;
- certifies that this number is correct;
- certifies that they are not subject to backup withholding; and
- certifies that they are a U.S. person (including a U.S. resident alien).

The Fund also must withhold if the IRS instructs it to do so. When withholding is required, the amount will be 28% of any distributions paid. The special U.S. tax certification requirements applicable to non-U.S. investors are described under the "Non-U.S. Investors" heading below.

This discussion of "Distributions and Taxes" is not intended or written to be used as tax advice and does not purport to deal with all federal tax consequences applicable to all categories of investors, some of which may be subject to special rules. Shareholders should consult with their own tax advisor regarding their particular circumstances before making an investment in the Fund.

PERFORMANCE INFORMATION

To obtain the Fund's most current performance information, please call 1-800-471-7701 or visit www.cheswoldlanefunds.com.

From time to time, the Fund's performance information, such as yield or total return, may be quoted in advertisements or in communications to present or prospective shareholders. Performance quotations represent the Fund's past performance and should not be considered as representative of future results. The Fund will calculate its performance in accordance with the requirements of the rules and regulations under the 1940 Act, as they may be revised from time to time by the SEC.

PRINCIPAL HOLDERS

As of March 31, 2009, the Trustees and officers of the Trust, as a group, owned 9.08% of the Fund. As of March 31, 2009, the following shareholders owned of record or are known by the Fund to own beneficially 5% or more of the outstanding shares of the Fund:

Name and Address of Shareholder	Shares Owned	Percent of Outstanding Shares
Amboy Bank	1,490,974	70.08%

3590 US Highway 9
Old Bridge, NJ 08857

Any shareholder who owns beneficially, either directly or through one or more controlled companies, more than 25% of the voting securities of the Trust is presumed to control the Trust under the provisions of the 1940 Act. A controlling person possesses the ability to control the outcome of matters submitted for shareholder vote of the Trust.

FINANCIAL STATEMENTS

The following audited financial statements are incorporated herein by reference to the Fund's Annual Report for the year ended December 31, 2008:

- Schedule of Investments;
- Statement of Assets and Liabilities;
- Statement of Operations;
- Statement of Changes in Net Assets;
- Financial Highlights;
- Notes to Financial Statements; and
- Report of Independent Registered Public Accounting Firm.