

## Rupert, Kevin C.

---

**From:** Vason Hamrick [vason.hamrick@ncfunds.com]  
**Sent:** Wednesday, November 09, 2011 4:36 PM  
**To:** Rupert, Kevin C.  
**Cc:** Collins, Marcus  
**Subject:** Starboard/Crescent Funds  
**Attachments:** submissionpdf.pdf; exhibits.pdf

Kevin:

Attached is a copy of the correspondence that we filed today on behalf of the Crescent Funds. Also attached, for your convenience, are copies of the following exhibits that will be filed with the amendment to the registration statement planned for Monday: (i) investment advisory agreements, (ii) fund accounting and administration agreement, (iii) expense limitation agreements, (iv) subscription agreement, (v) Rule 12b-1 distribution plans, (vi) Rule 18f-3 multi-class plans, and (vii) advisor's code of ethics. If you would like, we can file them as separate correspondence as well. I'm available to discuss if you have any questions. Thank you.

Best regards,  
Vason



**Nottingham**  
Investment Administration

Vason Hamrick | Corporate Counsel | [vason.hamrick@ncfunds.com](mailto:vason.hamrick@ncfunds.com)  
Ph: 252.984.3816 x249 | Fax: 919.882.9639  
PO Box 69 Rocky Mount, NC 27802 | [www.ncfunds.com](http://www.ncfunds.com)

---

## EDGAR Submission Header Summary

---

Submission Type	CORRESP
Live File	on
Return Copy	on
Submission Contact	A. Vason Hamrick
Submission Contact Phone Number	252-972-9922
Filer CIK	0001464413
Filer CCC	xxxxxxxx
Notify via Filing website Only	off
E-mails	vason.hamrick@nottinghamco.com
	debbie.mills@nottinghamco.com

---

### Documents

CORRESP	corresp1111cf.htm
	STARBOARD INVESTMENT TRUST - CRESCENT FUNDS
CORRESP	prospectus_sai.pdf
	REDLINE PROSPECTUS & SAI
GRAPHIC	thlogo5.jpg
GRAPHIC	thlogo4.jpg

---

### Module and Segment References



ATLANTA

CINCINNATI

COLUMBUS

NEW YORK

BRUSSELS

CLEVELAND

DAYTON

WASHINGTON, D.C.

November 9, 2011

**VIA EDGAR (Correspondence Filing)**

Mr. Kevin Rupert  
U.S. Securities & Exchange Commission  
100 F Street, N.E.  
Washington, DC 20549  
(202) 551-6966

RE: **Starboard Investment Trust (the "Registrant")**  
**Post-Effective Amendment No. 45**  
**Crescent Large Cap Macro Fund**  
**Crescent Mid Cap Macro Fund**  
**Crescent Strategic Income Fund**  
**(each a "Fund" collectively the "Funds")**  
**File Nos. 333-159484; 811-22298**

Dear Mr. Rupert:

On behalf of the Registrant, this letter responds to the comments you provided to Marc Collins on October 25, 2011 with respect to Post-Effective Amendment No. 45 to the Registrant's Registration Statement filed in order to register shares of the Crescent Large Cap Macro Fund, Crescent Mid Cap Macro Fund, and Crescent Strategic Income, each a new series of the Trust. You indicated that comments provided earlier regarding the Trust's other series should be incorporated in the prospectus or SAI for the Crescent series and that comments for one Crescent series, in most cases, are applicable to all the series filed under Post-Effective Amendment No. 45. Your comments are set forth below and each is followed by the Registrant's response.

Comment 1 – You requested the Registrant revise the disclosures in the legend on the cover page of the prospectus to correspond exactly to the requirements of Form N-1A, specifically the legend should conform exactly to Rule 481(a)(1) and not make reference to state securities regulators.

Response 1 – The requested changes have been made

Comment 2 – You noted that in the Fee Tables for each series, after the line item "Acquired Fund Fees and Expenses," registrant should include a reference to footnote 1 and the amounts are estimated for the Funds' first fiscal year.

Response 2 – The requested changes have been made.

---

---

Comment 3 – You noted that in the Expense Example for the Crescent Large Cap Macro Fund, and perhaps the other series, the figures in the Example do not seem to correspond to the amounts in the Feet Table. You requested the Registrant recalculate and verify the amounts in the Examples are accurate.

Response 3 – The numbers in the Expense Examples have been recalculated and revised in the prospectus.

Comment 4 – In the Principal Investment Strategies section of the prospectus, in the first paragraph, regarding the amount of the Fund’s assets that are invested pursuant to the Funds’ strategies, in accordance with Rule 35d-1 under the Investment Company Act of 1940, “assets” should be revised to read “net assets, plus borrowings for investment purposes.”

Response 4 – The requested changes have been made.

Comment 5 – In the section entitled “Investing in the Funds” (page 25), in the full sentence following the heading “Advisor Class Shares,” you inquired whether a default to the Advisor Class shares is always in the shareholder’s best interest. It was suggested that if a share class is not designated, the purchase request be deemed “not in good order” and the purchase information confirmed.

Response 5 – The disclosure has been revised to state “When you purchase shares of a Fund, you must choose a share class. If none is chosen, your purchase request will not be considered complete and, therefore, will not be processed until the Fund receives this required information.”

Comment 6 – In the section entitled “Other Important Information,” under the subheading “Prior Performance of the Advisor,” regarding the performance tables, you inquired what “carveouts” are in the last column and whether they are necessary to disclose in the tables. Additionally, you noted that footnote 13 for the Greenwood Capital Mid Cap Equity Composite references performance from 2001, however, the tables only show performance starting in 2008. You asked that the Registrant review the prior performance disclosures and determine if all the information is necessary and that the footnotes, if required, are correctly referencing the data.

Response 6 – The disclosure has been revised to provide additional information on the carveouts and remove irrelevant information from footnote 13 for the Greenwood Capital Mid Cap Equity Composite. In addition, the other footnotes have been reviewed and revised as deemed appropriate.

Comment 7 – In the Statement of Additional Information, you requested Registrant disclose that the Funds will comply with SEC Staff positions and releases regarding asset coverage for leveraged, shorted or borrowed securities.

Response 7 – The requested references have been added.

Comment 8 – In the Fund’s “Investment Limitations,” you noted there was no reference to the Funds’ status as a diversified or non-diversified fund.

Response 8 – The requested changes have been made.

---

---

Comment 9 – You noted that the Funds make inconsistent references to borrowings in the “Investment Limitations” and the “Other Investment Policies” sections. Additionally, in the second paragraph before the heading “Investment Limitations” (page 11), you requested Registrant change the fourth word in the second sentence from “may” to “will”.

Response 9 – The requested change has been made.

Comment 10 – You noted that several of the exhibits were omitted from the initial filing for the Fund, specifically, the expense limitation agreement and other material contracts. You requested that the Registrant file an additional post-effective amendment pursuant to Rule 485(b) adding the omitted exhibits, as well and incorporating other changes made in response to your comments.

Response 10 – The Registrant will include all necessary exhibits upon the filing of the post-effective amendment for the Fund.

The Registrant has authorized us to convey to you that the Registrant acknowledges:

- The Registrant is responsible for the adequacy and accuracy of the disclosure in the filings;
- Staff comments or changes to disclosure in response to staff comments in the filings reviewed by the staff do not foreclose the Securities and Exchange Commission from taking any action with respect to the filing; and
- The Registrant may not assert staff comments as a defense in any proceeding initiated by the Securities and Exchange Commission or any person under the federal securities laws of the United States.

\* \* \*

Please contact me at (513) 352-67745 if you should require any further information.

Sincerely,

/s/ Marc L. Collins  
Marc L. Collins

---

---

# Crescent Funds

## ***Crescent Large Cap Macro Fund***

*Institutional Class Shares – Ticker Symbol [\_\_\_\_\_]*

*Advisor Class Shares - Ticker Symbol [\_\_\_\_\_]*

## ***Crescent Mid Cap Macro Fund***

*Institutional Class Shares – Ticker Symbol [\_\_\_\_\_]*

*Advisor Class Shares - Ticker Symbol [\_\_\_\_\_]*

## ***Crescent Strategic Income Fund***

*Institutional Class Shares – Ticker Symbol [\_\_\_\_\_]*

*Advisor Class Shares - Ticker Symbol [\_\_\_\_\_]*

*Each a series of the*  
**Starboard Investment Trust**

---

### **PROSPECTUS**

[November ~~14~~, 2011]

**Deleted:** \_\_,

This prospectus contains information about the **Crescent Funds** that you should know before investing. You should read this prospectus carefully before you invest or send money, and keep it for future reference. For questions or for Shareholder Services, please call 1-800-773-3863.

### **Investment Advisor**

## **Greenwood Capital Associates, LLC**

Greenwood Building, 5th Floor  
Post Office Box 3181  
Greenwood, South Carolina 29648

The Securities and Exchange Commission has not approved or disapproved these securities or passed upon the adequacy of this prospectus. Any representation to the contrary is a criminal offense.

**Deleted:** The securities offered by this prospectus have not been approved or disapproved by the Securities and Exchange Commission or any state securities commission, nor has the Securities and Exchange Commission or any state securities commission passed upon the adequacy of this prospectus.

## **TABLE OF CONTENTS**

<b>Fund Summaries</b>	<b>2</b>
Crescent Large Cap Macro Fund	2
Crescent Mid Cap Macro Fund	8
Crescent Strategic Income Fund	14
<b>Other Non-Principal Investment Policies and Risks</b>	<b>21</b>
<b>Management of the Funds</b>	<b>22</b>
Investment Advisor	22
Distributor	23
Additional Information On Expenses	24
<b>Investing in the Funds</b>	<b>25</b>
Purchase Options	25
Institutional Class Shares	25
Advisor Class Shares	25
Purchase and Redemption Price	28
Buying or Selling Shares Through a Financial Intermediary	29
Purchasing Shares	29
Redeeming Shares	31
Frequent Purchases and Redemptions	35
<b>Other Important Information</b>	<b>37</b>
Dividends, Distributions, and Taxes	37
Financial Highlights	37
Prior Performance of the Advisor	37
Additional Information	Back Cover

## CRESCENT LARGE CAP MACRO FUND SUMMARY

### INVESTMENT OBJECTIVES

The investment objective of the **Crescent Large Cap Macro Fund** (the “Fund”) is capital appreciation.

### FEES AND EXPENSES OF THE FUND

This table describes the fees and expenses that you may pay if you buy and hold shares of the Fund. With respect to the Advisor Class Shares, you may qualify for sales charge discounts if you and your family invest, or agree to invest in the future, at least \$50,000 in the Fund. More information about these and other discounts is available from your financial professional and in the section “Purchasing Shares” in this prospectus and the section “Additional Purchase and Redemption Information” in the Fund’s statement of additional information

#### Shareholder Fees

*(fees paid directly from your investment)*

	Institutional Class	Advisor Class
Maximum Sales Charge (Load) Imposed On Purchases (as a % of offering price)	None	4.00%
Maximum Deferred Sales Charge (Load) (as a % of the lesser of amount purchased or redeemed)	None	None
Redemption Fee (as a % of amount redeemed) (charged upon any redemption of shares within 60 days of the issuance of such shares)	1.00%	1.00%

#### Annual Fund Operating Expenses

*(expenses that you pay each year as a percentage of the value of your investment)*

	Institutional Class	Advisor Class
Management Fees	0.60%	0.60%
Distribution and/or Service (12b-1) Fees	None	0.25%
Other Expenses <sup>1</sup>	1.06%	1.06%
Acquired Fund Fees and Expenses <sup>1</sup>	0.02%	0.02%
<b>Total Annual Fund Operating Expenses</b>	<b>1.68%</b>	<b>1.93%</b>
Fee Waiver and/or Expense Limitation <sup>2</sup>	0.41%	0.41%
<b>Net Annual Fund Operating Expenses</b>	<b>1.27%</b>	<b>1.52%</b>

Deleted: <sup>1</sup>

Deleted: <sup>2</sup>

1. Since the Fund is newly organized, “Other Expenses” and “Acquired Fund Fees and Expenses” are based on estimated expenses for the current fiscal year.



2. The Advisor has entered into an Expense Limitation Agreement with the Fund under which it has agreed to waive or reduce its fees and to assume other expenses of the Fund, if necessary, in an amount that limits the Fund's annual operating expenses (exclusive of interest, taxes, brokerage fees and commissions, extraordinary expenses, payments under the Rule 12b-1 distribution plan, and acquired fund fees and expenses) to not more than 1.25% of the average daily net assets of the Fund through July 31, 2013. The Expense Limitation Agreement may not be terminated prior to that date. The Advisor cannot recoup from the Fund any amounts paid by the Advisor under the Expense Limitation Agreement.

**Example.** This example is intended to help you compare the cost of investing in the Fund with the cost of investing in other mutual funds. The example assumes that you invest \$10,000 in the Fund for the time periods indicated and then redeem all of your shares at the end of those periods. The example also assumes that your investment has a 5% return each year and the Fund's operating expenses remain the same. Although your actual costs may be higher or lower, based on these assumptions your costs would be:

Class	1 Year	3 Years
Institutional	<del>\$129</del>	<del>\$490</del>
Advisor	<del>\$548</del>	<del>\$944</del>

Deleted: 598

Deleted: 941

Deleted: 622

Deleted: 1,015

**Portfolio Turnover.** The Fund pays transaction costs, such as commissions, when it buys and sells securities (or “turns over” its portfolio). A higher portfolio turnover rate may indicate higher transaction costs and may result in higher taxes when Fund shares are held in a taxable account. These costs, which are not reflected in annual fund operating expenses or in the example, affect the Fund's performance.

PRINCIPAL INVESTMENT STRATEGIES

The Fund seeks to achieve its investment objective by investing at least 80% of net assets, plus borrowings for investment purposes, in a portfolio of equity securities of companies whose market capitalizations qualify them to be considered as “large-cap” companies. Shareholders will be provided with at least 60 days’ prior notice of any change in this policy.

Deleted: its assets

The Fund typically invests in common stocks, but has the ability to invest in other types of equity securities such as preferred stocks, exchange-traded funds (“ETFs”), convertible bonds, warrants, and shares of other investment companies satisfying the Fund's investment criteria. While the Advisor considers a company to be a “large cap” company if it has a market capitalization, at the time of acquisition, in excess of \$15 billion, the Fund targets a portfolio weighted average market capitalization between \$75 and \$125 billion.

The Advisor employs an investment selection process that utilizes approximately 60% of the selection criteria on macroeconomic, market, and sector criteria, and approximately 40% of the selection criteria based on company fundamental analysis. This philosophy is

based upon the belief and experience that sector and industry allocation is an important influence on individual security performance.

Based upon the Advisor's overall view of the broad markets, a cash component of the Fund is determined. The Fund will typically hold between 0% and 10% of the Fund in cash equivalents. However, the fund may hold up to a maximum of 15% in cash equivalents.

The Advisor then uses the S&P 500 and Russell 1000 Growth Indices to establish a baseline for sector allocation of the Fund's portfolio. Based upon the Advisor's analysis and research, a relative weighting of each sector is then determined, with most sectors being either underweighted or overweighed relative to the S&P 500 and Russell 1000 Growth Indices. Only after this target sector allocation is determined does individual stock selection become incorporated in the process.

Individual companies are selected for inclusion in the fund portfolio based on a sector and industry peer comparisons. Historical and prospective earnings growth and expectations are considered in addition to relative and absolute valuation. Further considerations may include but are not limited to management experience and strength, competitive market advantage and positioning and over financial strength.

The Advisor may sell a portfolio holding if the Advisor believes that the price of the security is overvalued as determined by the Advisor, the fundamentals of the security change, to pursue opportunities that the Advisor believes will be of greater benefit to the Fund, or to rebalance the security to the Advisor's targeted percentage of total portfolio value for that security.

#### **PRINCIPAL RISKS OF INVESTING IN THE FUND**

The loss of your money is a principal risk of investing in the Fund. Investments in the Fund are subject to investment risks, including the possible loss of some or the entire principal amount invested. There can be no assurance that the Fund will be successful in meeting its investment objective. Generally, the Fund will be subject to the following principal risks:

**Investment Advisor Risk.** The Advisor's ability to choose suitable investments has a significant impact on the ability of the Fund to achieve its investment objectives. The Advisor was formed in 2001 and is registered an investment adviser with the Securities and Exchange Commission, though the company's predecessor, Greenwood Capital Associates, Inc., was founded in 1983. However, the Advisor does not have previous experience managing an investment company registered under the Investment Company Act of 1940. Accordingly, investors in the Fund bear the risk that the Advisor's inexperience managing a registered investment company may limit its effectiveness. The experience of the portfolio managers is discussed in "Management of the Fund – Investment Advisor."

**Investment Strategy Risk.** The Advisor uses the principal investment strategies and other investment strategies to seek to achieve the Fund's investment objective. There is no assurance that the Fund will achieve its investment objective. Investment decisions made by the Advisor in using these strategies may not produce the returns expected by the Advisor, may cause the Fund's shares to lose value or may cause the Fund to underperform other funds with similar investment objectives.

**Growth Securities Risk.** Because growth securities typically trade at a higher multiple of earnings than other types of securities, the market values of growth securities may be more sensitive to changes in current or expected earnings than the market values of other types of securities. In addition, growth securities, at times, may not perform as well as value securities or the stock market in general, and may be out of favor with investors for varying periods of time.

**Large-Cap Company Risk.** A Fund with holdings of large capitalization company securities may underperform the market as a whole.

**Management Style Risk.** Different types of securities tend to shift into and out of favor with investors depending on market and economic conditions. The returns from the types of securities purchased by the Fund (large-cap equity securities.) may at times be better or worse than the returns from other types of funds. Each type of investment tends to go through cycles of performing better or worse than the stock market in general. The performance of the Fund may thus be better or worse than the performance of funds that focus on other types of investments, or that have a broader investment style.

**Market risk.** Market risk refers to the possibility that the value of securities held by the Fund may decline due to daily fluctuations in the securities markets. Stock prices change daily as a result of many factors, including developments affecting the condition of both individual companies and the market in general. The price of a stock may even be affected by factors unrelated to the value or condition of its issuer, such as changes in interest rates, national and international economic and/or political conditions and general equity market conditions. In a declining stock market, prices for all companies (including those in the Fund's portfolio) may decline regardless of their long-term prospects. The Fund's performance per share will change daily in response to such factors.

**New Fund Risk.** Investors in the Fund bear the risk that the Fund may not be successful in implementing its investment strategy, may not employ a successful investment strategy, or may fail to attract sufficient assets under management to realize economies of scale, any of which could result in the Fund being liquidated at any time without shareholder approval and at a time that may not be favorable for all shareholders. Such a liquidation could have negative tax consequences for shareholders and will cause shareholders to incur expenses of liquidation.

**Risks Related to Investing in Other Investment Companies.** The Fund's investments in other investment companies, including ETFs, closed-end mutual funds, and open-end mutual funds, will be subject to substantially the same risks as those associated with the

direct ownership of the securities comprising the portfolio of such investment companies and the value of the Fund's investment will fluctuate in response to the performance of such portfolio. Shareholders in the Fund will indirectly bear fees and expenses charged by the ETFs and mutual funds in which the Fund invests in addition to the Fund's direct fees and expenses. These types of investments by the Fund could affect the timing, amount, and character of distributions and therefore may increase the amount of taxes payable by shareholders.

**Sector Risk.** Sector risk is the possibility that securities within the same group of industries will decline in price due to sector-specific market or economic developments. If the Fund invests more heavily in a particular sector, the value of its shares may be especially sensitive to factors and economic risks that specifically affect that sector. As a result, the Fund's share price may fluctuate more widely than the value of shares of a mutual fund that invests in a broader range of industries. Additionally, some sectors could be subject to greater government regulation than other sectors. Therefore, changes in regulatory policies for those sectors may have a material effect on the value of securities issued by companies in those sectors. The sectors in which the Fund may more heavily invest will vary; however, the Fund will invest less than 25% of its assets in any one industry or group of industries.

## PERFORMANCE INFORMATION

Performance information will be available after a full calendar year of operations. This information will give some indication of the risks of investing in the Fund by comparing the Fund's performance with a broad measure of market performance. You may request a copy of the Fund's annual and semi-annual reports, once available, at no charge by calling the Fund.

## MANAGEMENT

**Investment Advisor.** The Fund's investment advisor is Greenwood Capital Associates, LLC.

**Portfolio Managers.** The Fund's portfolio managers are Walter B. Todd, III and Michael W. Nix, CFA.

## PURCHASE AND SALE OF FUND SHARES

You can purchase Fund shares directly from the Fund by mail or bank wire. For Advisor Class Shares, the minimum initial investment is \$1,000 and the minimum subsequent investment is \$100. For Institutional Class Shares, the minimum initial investment is \$10,000 and the minimum subsequent investment is \$1,000, although the minimums may be waived or reduced in some cases. Purchase orders by mail should be sent to Crescent Large Cap Macro Fund, Institutional Class Shares or Advisor Class Shares (please specify), c/o Nottingham Shareholder Services, Post Office Box 4365, Rocky Mount, North Carolina 27803-0365. Please call the Fund at 1-800-773-3863 to receive wire instructions for bank wire orders. Investors who wish to purchase Fund shares through a broker-dealer should contact the broker-dealer directly.

You can redeem Fund shares directly from the Fund by mail, facsimile, telephone, and bank wire. Redemption orders by mail should be sent to Crescent Large Cap Macro Fund, Institutional Class Shares or Advisor Class Shares (please specify), c/o Nottingham Shareholder Services, Post Office Box 4365, Rocky Mount, North Carolina 27803-0365. Redemption orders by facsimile should be transmitted to 252-972-1908. Please call the Fund at 1-800-773-3863 to conduct telephone transactions or to receive wire instructions for bank wire orders. Investors who wish to redeem Fund shares through a broker-dealer should contact the broker-dealer directly.

#### **TAX INFORMATION**

The Fund's distributions will generally be taxed to you as ordinary income or capital gains, unless you are investing through a tax deferred arrangement, such as a 401(k) plan or an individual retirement account.

#### **FINANCIAL INTERMEDIARY COMPENSATION**

If you purchase shares of the Fund through a broker-dealer or other financial intermediary (such as a bank), the Fund may pay the intermediary for the sale of Fund shares and related services. These payments may create a conflict of interest by influencing the broker-dealer or other intermediary and your salesperson to recommend the Fund over another investment. Ask your salesperson or visit your financial intermediary's website for more information.

## CRESCENT MID CAP MACRO FUND SUMMARY

### INVESTMENT OBJECTIVES

The investment objective of the **Crescent Mid Cap Macro Fund** is capital appreciation.

### FEES AND EXPENSES OF THE FUND

This table describes the fees and expenses that you may pay if you buy and hold shares of the Fund. With respect to the Advisor Class Shares, you may qualify for sales charge discounts if you and your family invest, or agree to invest in the future, at least \$50,000 in the Fund. More information about these and other discounts is available from your financial professional and in the section “Purchasing Shares” in this prospectus and the section “Additional Purchase and Redemption Information” in the Fund’s statement of additional information

#### Shareholder Fees

*(fees paid directly from your investment)*

	<b>Institutional Class</b>	<b>Advisor Class</b>
Maximum Sales Charge (Load) Imposed On Purchases (as a % of offering price)	None	4.00%
Maximum Deferred Sales Charge (Load) (as a % of the lesser of amount purchased or redeemed)	None	None
Redemption Fee (as a % of amount redeemed) (charged upon any redemption of shares within 60 days of the issuance of such shares)	1.00%	1.00%

#### Annual Fund Operating Expenses

*(expenses that you pay each year as a percentage of the value of your investment)*

	<b>Institutional Class</b>	<b>Advisor Class</b>
Management Fees	0.75%	0.75%
Distribution and/or Service (12b-1) Fees	None	0.25%
Other Expenses <sup>1</sup>	1.06%	1.06%
Acquired Fund Fees and Expenses <sup>1</sup>	0.02%	0.02%
<b>Total Annual Fund Operating Expenses</b>	<b>1.83%</b>	<b>2.08%</b>
Fee Waiver and/or Expense Limitation <sup>2</sup>	0.31%	0.31%
<b>Net Annual Fund Operating Expenses</b>	<b>1.52%</b>	<b>1.77%</b>

Deleted: <sup>1</sup>

Deleted: <sup>2</sup>

1. Since the Fund is newly organized, “Other Expenses” and “Acquired Fund Fees and Expenses” are based on estimated expenses for the current fiscal year.

2. The Advisor has entered into an Expense Limitation Agreement with the Fund under which it has agreed to waive or reduce its fees and to assume other expenses of the Fund, if necessary, in an amount that limits the Fund's annual operating expenses (exclusive of interest, taxes, brokerage fees and commissions, extraordinary expenses, payments under the Rule 12b-1 distribution plan, and acquired fund fees and expenses) to not more than 1.50% of the average daily net assets of the Fund through July 31, 2013. The Expense Limitation Agreement may not be terminated prior to that date. The Advisor cannot recoup from the Fund any amounts paid by the Advisor under the Expense Limitation Agreement. .

**Example.** This example is intended to help you compare the cost of investing in the Fund with the cost of investing in other mutual funds. The example assumes that you invest \$10,000 in the Fund for the time periods indicated and then redeem all of your shares at the end of those periods. The example also assumes that your investment has a 5% return each year and the Fund's operating expenses remain the same. Although your actual costs may be higher or lower, based on these assumptions your costs would be:

Class	1 Year	3 Years
Institutional	<del>\$155</del>	<del>\$545</del>
Advisor	<del>\$573</del>	<del>\$997</del>

Deleted: 622

Deleted: 995

Deleted: 646

Deleted: 1,067

**Portfolio Turnover.** The Fund pays transaction costs, such as commissions, when it buys and sells securities (or “turns over” its portfolio). A higher portfolio turnover rate may indicate higher transaction costs and may result in higher taxes when Fund shares are held in a taxable account. These costs, which are not reflected in annual fund operating expenses or in the example, affect the Fund's performance.

PRINCIPAL INVESTMENT STRATEGIES

The Fund seeks to achieve its investment objective by investing at least 80% of net assets, plus borrowings for investment purposes, in a portfolio of equity securities of companies whose market capitalizations qualify them to be considered as “mid-cap” companies. Shareholders will be provided with at least 60 days’ prior notice of any change in this policy.

Deleted: its assets

The Fund typically invests in common stocks, but has the ability to invest in other types of equity securities such as preferred stocks, exchange-traded funds (“ETFs”), convertible bonds, warrants, and shares of other investment companies satisfying the Fund's investment criteria. The Advisor considers a company to be a “mid cap” company if it has, at the time of purchase, a market capitalization in between \$1 billion and \$15 billion.

The Advisor employs an investment selection process that utilizes approximately 60% of the selection criteria on macroeconomic, market and sector criteria, and approximately 40% of the selection criteria based on company fundamental analysis. This philosophy is based upon the belief and experience that sector and industry allocation is an important influence on individual security performance.



Based upon the Advisor's overall view of the broad markets, a cash component of the Fund is determined. The Fund will typically hold between 0% and 10% of the Fund in cash equivalents.

The Advisor then uses the Russell Midcap and Russell Midcap Growth Indices to establish a baseline for sector allocation of the Fund portfolio. Based upon the Advisor's analysis and research, a relative weighting of each sector is then determined, with most sectors being either underweighted or overweighed relative to the Russell Midcap and Russell Midcap Growth Indices. Only after this target sector allocation is determined does individual stock selection become incorporated in the process.

Individual companies are selected for inclusion in the Fund portfolio based on a sector and industry peer comparisons. Historical and prospective earnings growth and expectations are considered in addition to relative and absolute valuation. Further considerations may include but are not limited to management experience and strength, competitive market advantage and positioning and over financial strength.

The Advisor may sell a portfolio holding if the Advisor believes that the price of the security is overvalued as determined by the Advisor, the fundamentals of the security change, to pursue opportunities that the Advisor believes will be of greater benefit to the Fund, or to rebalance the security to the Advisor's targeted percentage of total portfolio value for that security.

#### **PRINCIPAL RISKS OF INVESTING IN THE FUND**

The loss of your money is a principal risk of investing in the Fund. Investments in the Fund are subject to investment risks, including the possible loss of some or the entire principal amount invested. There can be no assurance that the Fund will be successful in meeting its investment objective. Generally, the Fund will be subject to the following principal risks:

**Investment Advisor Risk.** The Advisor's ability to choose suitable investments has a significant impact on the ability of the Fund to achieve its investment objectives. The Advisor was formed in 2001 and is registered an investment adviser with the Securities and Exchange Commission, though the company's predecessor, Greenwood Capital Associates, Inc., was founded in 1983. However, the Advisor does not have previous experience managing an investment company registered under the Investment Company Act of 1940. Accordingly, investors in the Fund bear the risk that the Advisor's inexperience managing a registered investment company may limit its effectiveness. The experience of the portfolio managers is discussed in "Management of the Fund – Investment Advisor."

**Investment Strategy Risk.** The Advisor uses the principal investment strategies and other investment strategies to seek to achieve the Fund's investment objective. There is no assurance that the Fund will achieve its investment objective. Investment decisions made by the Advisor in using these strategies may not produce the returns expected by the Advisor, may cause the Fund's shares to lose value or may cause the Fund to underperform other funds with similar investment objectives.



**Management Style Risk.** Different types of securities tend to shift into and out of favor with investors depending on market and economic conditions. The returns from the types of securities purchased by the Fund (Mid-cap equity securities.) may at times be better or worse than the returns from other types of funds. Each type of investment tends to go through cycles of performing better or worse than the stock market in general. The performance of the Fund may thus be better or worse than the performance of funds that focus on other types of investments, or that have a broader investment style.

**Market risk.** Market risk refers to the possibility that the value of securities held by the Fund may decline due to daily fluctuations in the securities markets. Stock prices change daily as a result of many factors, including developments affecting the condition of both individual companies and the market in general. The price of a stock may even be affected by factors unrelated to the value or condition of its issuer, such as changes in interest rates, national and international economic and/or political conditions and general equity market conditions. In a declining stock market, prices for all companies (including those in the Fund's portfolio) may decline regardless of their long-term prospects. The Fund's performance per share will change daily in response to such factors.

**Mid Cap Companies Risk.** Investing in the securities of mid cap companies generally involves greater risk than investing in larger, more established companies. This greater risk is, in part, attributable to the fact that the securities of mid-cap companies usually have more limited marketability and, therefore, may be more volatile and less liquid than securities of larger, more established companies or the market averages in general. Because mid cap companies normally have fewer shares outstanding than larger companies, it may be more difficult to buy or sell significant amounts of such shares without an unfavorable impact on prevailing prices. Another risk factor is that mid-cap companies often have limited product lines, markets, or financial resources and may lack management depth. These factors affect the Advisor's access to information about the companies and the stability of the markets for the companies' securities. Additionally, mid-cap companies are typically subject to greater changes in earnings and business prospects than are larger, more established companies, and there typically is less publicly available information concerning mid-cap companies than for larger, more established companies.

Although investing in securities of medium-sized companies offers potential above-average returns if the companies are successful, the risk exists that the companies will not succeed and the prices of the companies' shares could significantly decline in value. Therefore, an investment in the Mid Cap Fund may involve a greater degree of risk than an investment in other mutual funds that seek capital growth by investing in more established, larger companies.

**New Fund Risk.** Investors in the Fund bear the risk that the Fund may not be successful in implementing its investment strategy, may not employ a successful investment strategy, or may fail to attract sufficient assets under management to realize economies of scale, any of which could result in the Fund being liquidated at any time without shareholder approval and at a time that may not be favorable for all shareholders. Such a

liquidation could have negative tax consequences for shareholders and will cause shareholders to incur expenses of liquidation.

**Risks Related to Investing in Other Investment Companies.** The Fund's investments in other investment companies, including ETFs, closed-end mutual funds, and open-end mutual funds, will be subject to substantially the same risks as those associated with the direct ownership of the securities comprising the portfolio of such investment companies and the value of the Fund's investment will fluctuate in response to the performance of such portfolio. Shareholders in the Fund will indirectly bear fees and expenses charged by the ETFs and mutual funds in which the Fund invests in addition to the Fund's direct fees and expenses. These types of investments by the Fund could affect the timing, amount, and character of distributions and therefore may increase the amount of taxes payable by shareholders.

**Sector Risk.** Sector risk is the possibility that securities within the same group of industries will decline in price due to sector-specific market or economic developments. If the Fund invests more heavily in a particular sector, the value of its shares may be especially sensitive to factors and economic risks that specifically affect that sector. As a result, the Fund's share price may fluctuate more widely than the value of shares of a mutual fund that invests in a broader range of industries. Additionally, some sectors could be subject to greater government regulation than other sectors. Therefore, changes in regulatory policies for those sectors may have a material effect on the value of securities issued by companies in those sectors. The sectors in which the Fund may more heavily invest will vary; however, the Fund will invest less than 25% of its assets in any one industry or group of industries.

## PERFORMANCE INFORMATION

Performance information will be available after a full calendar year of operations. This information will give some indication of the risks of investing in the Fund by comparing the Fund's performance with a broad measure of market performance. You may request a copy of the Fund's annual and semi-annual reports, once available, at no charge by calling the Fund.

## MANAGEMENT

**Investment Advisor.** The Fund's investment advisor is Greenwood Capital Associates, LLC.

**Portfolio Managers.** The Fund's portfolio managers are Walter B. Todd, III and Michael W. Nix, CFA.

## PURCHASE AND SALE OF FUND SHARES

You can purchase Fund shares directly from the Fund by mail or bank wire. For Advisor Class Shares, the minimum initial investment is \$1,000 and the minimum subsequent investment is \$100. For Institutional Class Shares, the minimum initial investment is \$10,000 and the minimum subsequent investment is \$1,000, although the minimums may

be waived or reduced in some cases. Purchase orders by mail should be sent to Crescent Mid Cap Macro Fund, Institutional Class Shares or Advisor Class Shares (please specify), c/o Nottingham Shareholder Services, Post Office Box 4365, Rocky Mount, North Carolina 27803-0365. Please call the Fund at 1-800-773-3863 to receive wire instructions for bank wire orders. Investors who wish to purchase Fund shares through a broker-dealer should contact the broker-dealer directly.

You can redeem Fund shares directly from the Fund by mail, facsimile, telephone, and bank wire. Redemption orders by mail should be sent to Crescent Mid Cap Macro Fund, Institutional Class Shares or Advisor Class Shares (please specify), c/o Nottingham Shareholder Services, Post Office Box 4365, Rocky Mount, North Carolina 27803-0365. Redemption orders by facsimile should be transmitted to 252-972-1908. Please call the Fund at 1-800-773-3863 to conduct telephone transactions or to receive wire instructions for bank wire orders. Investors who wish to redeem Fund shares through a broker-dealer should contact the broker-dealer directly.

#### **TAX INFORMATION**

The Fund's distributions will generally be taxed to you as ordinary income or capital gains, unless you are investing through a tax deferred arrangement, such as a 401(k) plan or an individual retirement account.

#### **FINANCIAL INTERMEDIARY COMPENSATION**

If you purchase shares of the Fund through a broker-dealer or other financial intermediary (such as a bank), the Fund may pay the intermediary for the sale of Fund shares and related services. These payments may create a conflict of interest by influencing the broker-dealer or other intermediary and your salesperson to recommend the Fund over another investment. Ask your salesperson or visit your financial intermediary's website for more information.

## CRESCENT STRATEGIC INCOME FUND SUMMARY

### INVESTMENT OBJECTIVES

The investment objective of the **Crescent Strategic Income Fund** is total return consistent with preservation of capital.

### FEES AND EXPENSES OF THE FUND

This table describes the fees and expenses that you may pay if you buy and hold shares of the Fund. With respect to the Advisor Class Shares, you may qualify for sales charge discounts if you and your family invest, or agree to invest in the future, at least \$50,000 in the Fund. More information about these and other discounts is available from your financial professional and in the section “Purchasing Shares” in this prospectus and the section “Additional Purchase and Redemption Information” in the Fund’s statement of additional information

#### Shareholder Fees

*(fees paid directly from your investment)*

	<b>Institutional Class</b>	<b>Advisor Class</b>
Maximum Sales Charge (Load) Imposed On Purchases (as a % of offering price)	None	4.00%
Maximum Deferred Sales Charge (Load) (as a % of the lesser of amount purchased or redeemed)	None	None
Redemption Fee (as a % of amount redeemed) (charged upon any redemption of shares within 60 days of the issuance of such shares)	1.00%	1.00%

#### Annual Fund Operating Expenses

*(expenses that you pay each year as a percentage of the value of your investment)*

	<b>Institutional Class</b>	<b>Advisor Class</b>
Management Fees	0.35%	0.35%
Distribution and/or Service (12b-1) Fees	None	0.25%
Other Expenses <sup>1</sup>	<u>1.06%</u>	<u>1.06%</u>
Acquired Fund Fees and Expenses <sup>1</sup>	<u>0.02%</u>	<u>0.02%</u>
<b>Total Annual Fund Operating Expenses</b>	<b>1.43%</b>	<b>1.68%</b>
Fee Waiver and/or Expense Limitation <sup>2</sup>	<u>0.51%</u>	<u>0.51%</u>
<b>Net Annual Fund Operating Expenses</b>	<b>0.92%</b>	<b>1.17%</b>

Deleted: <sup>1</sup>

Deleted: <sup>2</sup>

1. Since the Fund is newly organized, “Other Expenses” and “Acquired Fund Fees and Expenses” are based on estimated expenses for the current fiscal year.
2. The Advisor has entered into an Expense Limitation Agreement with the Fund under which it has agreed to waive or reduce its fees and to assume other expenses of the Fund, if necessary, in an amount that limits the Fund’s annual operating expenses (exclusive of interest, taxes, brokerage fees and commissions, extraordinary expenses, payments under the Rule 12b-1 distribution plan, and acquired fund fees and expenses) to not more than 0.90% of the average daily net assets of the Fund through July 31, 2013. The Expense Limitation Agreement may not be terminated prior to that date. The Advisor cannot recoup from the Fund any amounts paid by the Advisor under the Expense Limitation Agreement.

**Example.** This example is intended to help you compare the cost of investing in the Fund with the cost of investing in other mutual funds. The example assumes that you invest \$10,000 in the Fund for the time periods indicated and then redeem all of your shares at the end of those periods. The example also assumes that your investment has a 5% return each year and the Fund’s operating expenses remain the same. Although your actual costs may be higher or lower, based on these assumptions your costs would be:

Class	1 Year	3 Years
Institutional	<del>\$94</del>	<del>\$402</del>
Advisor	<del>\$514</del>	<del>\$861</del>

Deleted: 564

Deleted: 858

Deleted: 589

Deleted: 932

**Portfolio Turnover.** The Fund pays transaction costs, such as commissions, when it buys and sells securities (or “turns over” its portfolio). A higher portfolio turnover rate may indicate higher transaction costs and may result in higher taxes when Fund shares are held in a taxable account. These costs, which are not reflected in annual fund operating expenses or in the example, affect the Fund’s performance.

PRINCIPAL INVESTMENT STRATEGIES

The Fund seeks to achieve its investment objective by investing at least 65% of the portfolio in bonds rated investment grade or better at all times by a nationally recognized securities rating organization or, if no rating exists, of equivalent quality in the determination of the Advisor. Subject to the limitations of this restriction, the Fund is also permitted to invest in securities that are below investment-grade, including junk bonds.

The Fund typically invests in corporate, government or agency bonds and notes, but has the ability to invest in other types of fixed income securities. Under normal circumstances, at least 80% of the Fund’s net assets, plus borrowings for investment purposes, will be invested in fixed income securities, whether investment grade or below investment grade. Shareholders will be provided with at least 60 days’ prior notice of any change in this policy.

The Advisor employs an investment selection process that utilizes a variety of macro factors including the economic environment, credit spreads and trends, monetary policy,

liquidity conditions, and interest rate outlook. This philosophy is based upon the belief that an active strategy of utilizing controlled duration management, sector rotation, and credit selection provides competitive returns to passive strategies over long-term investment horizons.

The Advisor also considers the following when selecting securities:

- historical yield relationship between a security and a corresponding benchmark;
- credit risk;
- market volatility;
- interest rate levels relative to historical interest rate levels; and
- supply and demand factors (i.e. spreads tend to widen when supply for a security exceeds demand).

Based upon the Advisor's overall view of the broad markets, a cash component of the Fund is determined. The Fund will typically hold between 0% and 10% of the Fund in cash equivalents.

The Advisor then analyzes the portfolio characteristics relative to the Barclays Capital Intermediate Government/Credit Index and Barclays Capital 1-5 Year Government/Credit Index. The Portfolio's duration will range between 2 and 5 years. Duration is a measure of the weighted average maturity of the fixed-income instruments held by the Fund and can be used by the Advisor as a measure of the sensitivity of the market value of the Fund to changes in interest rates. Generally, the longer the duration of the Fund, the more sensitive its market value will be to changes in interest rates.

The Advisor constantly monitors the fixed income markets. When an opportunity arises to improve the Fund's portfolio, the Advisor attempts to take advantage of that opportunity by selling existing portfolio securities and purchasing securities the Advisor believes will provide superior future performance. The Advisor will also sell portfolio securities as necessary to manage the duration and credit risk of the portfolio as determined necessary by the Advisor.

## **PRINCIPAL RISKS OF INVESTING IN THE FUND**

The loss of your money is a principal risk of investing in the Fund. Investments in the Fund are subject to investment risks, including the possible loss of some or the entire principal amount invested. There can be no assurance that the Fund will be successful in meeting its investment objective. Generally, the Fund will be subject to the following principal risks:

**Government Debt Markets May Be Illiquid or Disrupted.** Although generally highly liquid, the markets in which the Fund trades could experience periods of illiquidity, sometimes of significant duration.

**Inflation Risk.** Fixed income securities are subject to inflation risk. Because inflation reduces the purchasing power of income produced by existing fixed income securities,

the prices at which fixed income securities trade will be reduced to compensate for the fact that the income they produce is worth less. This potential decrease in market value of fixed income securities would result in a loss in the value of the Fund's portfolio.

**Interest Rate and Credit Risk.** Interest rates may rise resulting in a decrease in the value of the fixed income securities held by the Fund or may fall resulting in an increase in the value of such securities. Fixed income securities with longer maturities generally involve greater risk than those with shorter maturities. Issuers of fixed income securities might be unable to make principal and interest payments when due.

**Investment Advisor Risk.** The Advisor's ability to choose suitable investments has a significant impact on the ability of the Fund to achieve its investment objectives. The Advisor was formed in 2001 and is registered an investment adviser with the Securities and Exchange Commission, though the company's predecessor, Greenwood Capital Associates, Inc., was founded in 1983. However, the Advisor does not have previous experience managing an investment company registered under the Investment Company Act of 1940. Accordingly, investors in the Fund bear the risk that the Advisor's inexperience managing a registered investment company may limit its effectiveness. The experience of the portfolio managers is discussed in "Management of the Fund – Investment Advisor."

**Investment-Grade Securities Risk.** Fixed income securities are generally rated by nationally recognized securities rating services. While fixed income securities rated BBB by Standard & Poor's® Rating Services ("S&P") or Baa by Moody's Investor Services, Inc. ("Moody's") are considered investment-grade securities, they are somewhat riskier than higher rated investment-grade obligations because they are regarded as having only an adequate capacity to pay principal and interest and are considered to lack outstanding investment characteristics and may be speculative. Fixed income securities with lower ratings are subject to higher credit risk and may be subject to greater fluctuations in value than that of higher rated fixed income securities.

**Lower-rated Securities or "Junk Bonds" Risk.** Fixed income securities rated below BBB by S&P or Baa by Moody's are considered speculative in nature and may be subject to certain risks with respect to the issuing entity and to greater market fluctuations than higher rated fixed income securities. Lower rated fixed income securities are usually issued by companies without long track records of sales and earnings, or by companies with questionable credit strength. These fixed income securities are considered "below investment-grade." The retail secondary market for these "junk bonds" may be less liquid than that of higher rated fixed income securities and adverse conditions could make it difficult at times to sell certain securities or could result in lower prices than those used in calculating the Fund's net asset value. These risks can reduce value of the Fund's shares and the income it earns.

**Maturity Risk.** Maturity risk is another factor that can affect the value of the Fund's debt holdings. In general, the longer the maturity of a fixed income instrument, the higher its yield and the greater its sensitivity to changes in interest rates. Conversely, the shorter the maturity, the lower the yield but the greater the price stability.



**Risks of Investing in Municipal Securities.** The yields of municipal securities may move differently and adversely compared to the yields of the overall debt securities markets. There could be changes in applicable tax laws or tax treatments that reduce or eliminate the current federal income tax exemption on municipal securities or otherwise adversely affect the current federal or state tax status of municipal securities.

**Market risk.** Market risk refers to the possibility that the value of securities held by the Fund may decline due to daily fluctuations in the securities markets. Securities prices change daily as a result of many factors, including developments affecting the condition of both individual companies and the market in general. The price of a security may even be affected by factors unrelated to the value or condition of its issuer, such as changes in interest rates, national and international economic and/or political conditions, and general market conditions. In a declining market, prices for all securities (including those in the Fund's portfolio) may decline regardless of their long-term prospects. The Fund's performance per share will change daily in response to such factors.

**New Fund Risk.** Investors in the Fund bear the risk that the Fund may not be successful in implementing its investment strategy, may not employ a successful investment strategy, or may fail to attract sufficient assets under management to realize economies of scale, any of which could result in the Fund being liquidated at any time without shareholder approval and at a time that may not be favorable for all shareholders. Such a liquidation could have negative tax consequences for shareholders and will cause shareholders to incur expenses of liquidation.

**Risks of Investing in Corporate Debt Securities.** Corporate debt securities are fixed income securities issued by businesses. Notes, bonds, debentures, and commercial paper are the most prevalent types of corporate debt securities. The credit risks of corporate debt securities vary widely among issuers. In addition, the credit risk of an issuer's debt security may vary based on its priority for repayment. For example, higher ranking (senior) debt securities have a higher priority than lower ranking (subordinated) securities. This means that the issuer might not make payments on subordinated securities while continuing to make payments on senior securities. In addition, in the event of bankruptcy, holders of senior securities may receive amounts otherwise payable to the holders of subordinated securities. Some subordinated securities, such as trust preferred and capital securities notes, also permit the issuer to defer payments under certain circumstances. For example, insurance companies issue securities known as surplus notes that permit the insurance company to defer any payment that would reduce its capital below regulatory requirements.

**Sector Risk.** Sector risk is the possibility that securities within the same group of industries will decline in price due to sector-specific market or economic developments. If the Fund invests more heavily in a particular sector, the value of its shares may be especially sensitive to factors and economic risks that specifically affect that sector. As a result, the Fund's share price may fluctuate more widely than the value of shares of a mutual fund that invests in a broader range of industries. Additionally, some sectors could be subject to greater government regulation than other sectors. Therefore, changes in regulatory policies for those sectors may have a material effect on the value of



securities issued by companies in those sectors. The sectors in which the Fund may more heavily invest will vary; however, the Fund will invest less than 25% of its assets in any one industry or group of industries.

## **PERFORMANCE INFORMATION**

Performance information will be available after a full calendar year of operations. This information will give some indication of the risks of investing in the Fund by comparing the Fund's performance with a broad measure of market performance. You may request a copy of the Fund's annual and semi-annual reports, once available, at no charge by calling the Fund.

## **MANAGEMENT**

**Investment Advisor.** The Fund's investment advisor is Greenwood Capital Associates, LLC.

**Portfolio Managers.** The Fund's portfolio managers are John D. Wiseman and Walter B. Todd, III.

## **PURCHASE AND SALE OF FUND SHARES**

You can purchase Fund shares directly from the Fund by mail or bank wire. For Advisor Class Shares, the minimum initial investment is \$1,000 and the minimum subsequent investment is \$100. For Institutional Class Shares, the minimum initial investment is \$10,000 and the minimum subsequent investment is \$1,000, although the minimums may be waived or reduced in some cases. Purchase orders by mail should be sent to Crescent Strategic Income Fund, Institutional Class Shares or Advisor Class Shares (please specify), c/o Nottingham Shareholder Services, Post Office Box 4365, Rocky Mount, North Carolina 27803-0365. Please call the Fund at 1-800-773-3863 to receive wire instructions for bank wire orders. Investors who wish to purchase Fund shares through a broker-dealer should contact the broker-dealer directly.

You can redeem Fund shares directly from the Fund by mail, facsimile, telephone, and bank wire. Redemption orders by mail should be sent to Crescent Strategic Income Fund, Institutional Class Shares or Advisor Class Shares (please specify), c/o Nottingham Shareholder Services, Post Office Box 4365, Rocky Mount, North Carolina 27803-0365. Redemption orders by facsimile should be transmitted to 252-972-1908. Please call the Fund at 1-800-773-3863 to conduct telephone transactions or to receive wire instructions for bank wire orders. Investors who wish to redeem Fund shares through a broker-dealer should contact the broker-dealer directly.

## **TAX INFORMATION**

The Fund's distributions will generally be taxed to you as ordinary income or capital gains, unless you are investing through a tax deferred arrangement, such as a 401(k) plan or an individual retirement account.

## **FINANCIAL INTERMEDIARY COMPENSATION**

If you purchase shares of the Fund through a broker-dealer or other financial intermediary (such as a bank), the Fund may pay the intermediary for the sale of Fund shares and related services. These payments may create a conflict of interest by influencing the broker-dealer or other intermediary and your salesperson to recommend the Fund over another investment. Ask your salesperson or visit your financial intermediary's website for more information.

## **OTHER INVESTMENT POLICIES AND RISKS**

An investment in the Funds should not be considered a complete investment program. Whether a Fund is an appropriate investment for an investor will depend largely on his or her financial resources and individual investment goals and objectives. Investors who engage in short-term trading or other speculative strategies and styles will not find the Funds to be an appropriate investment vehicle if they want to invest in the Funds for a short period of time.

**Changes to Investment Objective and Strategy.** As stated above, the Crescent Large Cap Macro Strategy Fund seeks capital appreciation, the Crescent Mid Cap Macro Strategy Fund seeks capital appreciation, and the Crescent Strategic Income Fund seeks total return consistent with preservation of capital. Each Fund's investment objective may be changed without shareholder approval upon sixty days' prior written notice to shareholders.

**Temporary Defensive Positions.** Each Fund may, from time to time, take temporary defensive positions that are inconsistent with its principal investment strategies in an attempt to respond to adverse market, economic, political, or other conditions. During such an unusual set of circumstances, a Fund may hold up to 100% of its portfolio in cash or cash equivalent positions. When a Fund takes a temporary defensive position, the Fund may not be able to achieve its investment objective.

**Disclosure of Portfolio Holdings.** The Funds will seek to make portfolio holdings information available at the following website, <http://www.ncfunds.com>, following the end of each calendar month. To reach this information, click on "Fund Search" from the menu options offered near the top of the page. Then search for the Funds using key words such as "Crescent" and then select the link for the desired Fund on the Fund Search Results page. Under the section of the next page entitled "Portfolio Holdings," there will be a link to the list of the Fund's complete portfolio holdings entitled "Click To View." This information is generally posted to the website within ten days of the end of each calendar month and remains available until new information for the next calendar month is posted. Additional descriptions of the Funds' policies and procedures with respect to the disclosure of the Funds' portfolio securities are available in the Statement of Additional Information.

## **MANAGEMENT OF THE FUNDS**

### **INVESTMENT ADVISOR**

The Funds' investment advisor is Greenwood Capital Associates, LLC, located at 104 Maxwell Avenue, Greenwood, South Carolina, 29646. The company's predecessor, Greenwood Capital Associates, Inc., was founded in 1983. Greenwood Capital Associates, LLC was formed in 2001. In addition to the Funds, the Advisor also provides institutional and wealth management services and currently has \$906 million assets under management. Subject to the authority of the Board of Trustees, the Advisor provides guidance and policy direction in connection with its daily management of the Funds' assets. The Advisor is also responsible for the selection of broker-dealers for executing portfolio transactions, subject to the brokerage policies established by the Trustees, and the provision of certain executive personnel to the Funds.

#### **Portfolio Managers.**

Michael W. Nix, CFA is a Managing Director of Greenwood Capital and serves as Chief Operating Officer. He has been with the firm since 1998. Mr. Nix received a Bachelor of Science in Business Administration from The Citadel. He received his Chartered Financial Analyst (CFA) certificate in 2002 and previously obtained his Series 7, Series 63 and Series 24 Securities Licenses. Mr. Nix serves as a portfolio manager of the Crescent Large Cap Macro Strategy Fund and the Crescent Mid Cap Macro Strategy Fund.

Walter B. Todd, III is a Managing Director of Greenwood Capital and serves as the Chief Investment Officer. He has been with the firm since 2002. Mr. Todd received his undergraduate degree in Business Administration from Washington & Lee University, where, upon graduation, he was awarded a Fulbright Scholarship. Mr. Todd earned his M.B.A. in Finance from The Wharton School, where he graduated as a Palmer Scholar in May 1999. Mr. Todd serves as a portfolio manager of the Crescent Large Cap Macro Strategy Fund, the Crescent Mid Cap Macro Strategy Fund and the Crescent Strategic Income Fund.

John D. Wiseman is Senior Vice President of Greenwood Capital and serves as Director of Fixed Income. With the firm since 2006, Mr. Wiseman is a graduate of Wofford College in Spartanburg, South Carolina. Mr. Wiseman completed a professional study program at the Institute for Public Finance, Kellogg School of Management, Northwestern University. Mr. Wiseman serves as a portfolio manager of the Crescent Strategic Income Fund.

The Funds' SAI provides information about the portfolio managers' compensation, other accounts managed by the portfolio managers, and the portfolio managers' ownership of shares of the Fund.

**Advisor Compensation.** As full compensation for the investment advisory services provided to the Crescent Large Cap Macro Strategy Fund, the Advisor receives a monthly fee at the annual rate of 0.60% of the Fund's average daily net assets.

As full compensation for the investment advisory services provided to the Crescent Mid Cap Macro Strategy Fund, the Advisor receives a monthly fee at the annual rate of 0.75% of the Fund's average daily net assets.

As full compensation for the investment advisory services provided to the Crescent Strategic Income Fund, the Advisor receives a monthly fee at the annual rate of 0.35% of the Fund's average daily net assets.

**Disclosure Regarding Approval of Investment Advisory Contracts.** A discussion regarding the Trustees' basis for approving the investment advisory contracts for the Funds can be found, once available, in the Funds' report to shareholders for the period ended March 31, 2012. You may obtain a copy of the semi-annual and annual reports, free of charge, upon request to the Funds.

**Expense Limitation Agreement.** In the interest of limiting expenses of the Funds, the Advisor has entered into an Expense Limitation Agreement with the Trust, pursuant to which the Advisor has agreed to waive or limit its fees and to assume other expenses so that the total annual operating expenses of the Funds (other than interest, taxes, brokerage commissions, other expenditures which are capitalized in accordance with generally accepted accounting principles, other extraordinary expenses not incurred in the ordinary course of each Fund's business, amounts, if any, payable under a Rule 12b-1 distribution plan, and acquired fund fees and expenses) are limited to 1.25% of the Crescent Large Cap Macro Fund, 1.50% of the Crescent Mid Cap Macro Fund, and 0.90% of the Crescent Strategic Income Fund for the period ending July 31, 2013. The Expense Limitation Agreement may not be terminated prior to that date. It is expected that the Expense Limitation Agreement will continue from year-to-year thereafter, provided such continuance is specifically approved by a majority of the Trustees who (i) are not "interested persons" of the Trust or any other party to the Expense Limitation Agreement, as such term is defined in the Investment Company Act of 1940, and (ii) have no direct or indirect financial interest in the operation of the Expense Limitation Agreement. The Advisor cannot recoup from the Fund any amounts paid by the Advisor under the Expense Limitation Agreement.

## **DISTRIBUTOR**

Capital Investment Group, Inc. ("Distributor") is the principal underwriter and distributor of the Funds' shares and serves as the Funds' exclusive agent for the distribution of the Funds' shares. The Distributor may sell the Funds' shares to or through qualified securities dealers or others.

**Rule 12b-1 Distribution Plan.** The Board of Trustees of the Starboard Investment Trust has adopted on behalf of the Funds, a distribution plan pursuant to Rule 12b-1 under the Investment Company Act of 1940 to pay for certain distribution activities and shareholder services from the Funds' assets. Under the 12b-1 distribution plan, the Advisor Class Shares of the Funds may pay 0.25% per year of its average daily net assets for such distribution and shareholder service activities.

Because these distribution and shareholder service fees are paid out of the assets of the Funds' Advisor Class Shares on an ongoing basis, the fees may, over time, increase the cost of investing in the Advisor Class Shares of the Funds and cost investors more than other types of sales loads.

#### **ADDITIONAL INFORMATION ON EXPENSES**

**Other Expenses.** In addition to the investment advisory fees, the Funds pay all expenses not assumed by the Funds' Advisor, including, without limitation: the fees and expenses of its independent registered public accounting firm and legal counsel; the costs of printing and mailing to shareholders annual and semi-annual reports, proxy statements, prospectuses, statements of additional information and supplements thereto; bank transaction charges and custodian's fees; any proxy solicitors' fees and expenses; filing fees; any federal, state or local income or other taxes; any interest; any membership fees of the Investment Company Institute and similar organizations; fidelity bond and Trustees' liability insurance premiums; and any extraordinary expenses, such as indemnification payments or damages awarded in litigation or settlements made. All general Trust expenses are allocated among and charged to the assets of each separate series of the Trust, such as the Funds, on a basis that the Trustees deem fair and equitable, which may be on the basis of relative net assets of each series or the nature of the services performed and relative applicability to each series.

**Estimated Expenses.** In the summary section of the prospectus for each Fund, the "Other Expenses" and "Total Annual Fund Operating Expenses" under "Summary – Fees and Expenses of the Fund" are based on estimated expenses for the current fiscal year at an average Fund net asset level of \$15 million.

## INVESTING IN THE FUNDS

### **PURCHASE OPTIONS**

The Funds offer two different classes of shares through this Prospectus. Shares may be purchased by any account managed by the Advisor and any other institutional investor or broker-dealer authorized to sell shares of the Funds. The share class available to an investor may vary depending on how the investor wishes to purchase shares of the Funds.

#### **Institutional Class Shares**

- No front-end sales charge.
- No distribution or service plan (Rule 12b-1) fees.
- No contingent deferred sales charge.
- Redemption fee of 1.00% on shares redeemed within 60 days of purchase.
- \$10,000 minimum initial investment.

#### **Advisor Class Shares**

- Maximum front-end sales charge of 4.00%.
- Distribution and service plan (Rule 12b-1) fees of 0.25%.
- No contingent deferred sales charge.
- Redemption fee of 1.00% on shares redeemed within 60 days of purchase.
- \$1,000 minimum initial investment.

When you purchase shares of a Fund, you must choose a share class. If none is chosen, your ~~purchase request will not be considered complete and, therefore, will not be processed until the Fund receives this required information.~~

**Deleted:** investment will be made in Advisor Class Shares

Information regarding the Funds' sales charges, as well as information regarding reduced sales charges and waived sales charges, and the terms and conditions for the purchase, pricing, and redemption of Fund shares is not available on the Funds' website since the Funds' website contains limited information. Further information is available free of charge by calling the Funds at 1-800-773-3863.

### **INSTITUTIONAL CLASS SHARES**

Institutional Class Shares are sold and redeemed at net asset value. Shares may be purchased by any account managed by the Advisor and any other institutional investor or broker-dealer authorized to sell shares in the Funds. The minimum initial investment is \$10,000. The minimum additional investment is \$1,000. The Funds may, in the Advisor's sole discretion, accept certain accounts with less than the minimum investment.

### **ADVISOR CLASS SHARES**

Advisor Class Shares are sold subject to a maximum sales charge of 4.00%, so that the term "offering price" includes the front-end sales load. Shares are redeemed at net asset

value. Shares may be purchased by any account managed by the Advisor and any other institutional investor or broker-dealer authorized to sell shares of the Fund. The minimum initial investment is \$1,000. The minimum additional investment is \$100. The Funds may, in the Advisor's sole discretion, accept certain accounts with less than the minimum investment.

**Sales Charges.** The public offering price of shares of the Fund is the net asset value per share plus a sales charge. The Distributor receives this sales charge and may reallow it in the form of dealer discounts and brokerage commissions as follows:

Amount of Transaction At Public Offering Price	Sales Charge As % Of Public Offering Price	Sales Charge As % of Net Amount Invested	Dealer Discounts and Brokerage Commissions As % Of Public Offering Price
Less than \$50,000	4.00%	4.17%	3.75%
\$50,000 but less than \$100,000	3.25%	3.36%	3.00%
\$100,000 but less than \$250,000	2.50%	2.56%	2.25%
\$250,000 but less than \$500,000	2.00%	2.04%	1.75%
\$500,000 but less than \$1,000,000	1.50%	1.52%	1.25%
\$1,000,000 or more	0.75%	0.76%	0.50%

**Reduced Sales Charges.** Consistent with the policies of this Prospectus, certain investments may be combined for purposes of purchasing Fund shares with a lower sales charge.

- **Aggregating Accounts.** Investors and members of the same family may aggregate investments in Advisor Class Shares held in all accounts (e.g., non-retirement and retirement accounts) at the Fund and with certain financial intermediaries in order to obtain a reduced sales charge.
- **Concurrent Purchases.** For purposes of qualifying for a lower sales charge, investors have the privilege of combining concurrent purchases of Advisor Class Shares of any of the Funds. This privilege may be modified or eliminated at any time by the Trust without notice.
- **Rights of Accumulation.** The sales charge applicable to a purchase of Advisor Class Shares by an investor is determined by adding the purchase price of the shares to be purchased to the aggregate value of Advisor Class Shares previously purchased and then owned, provided the Distributor is notified by the investor or their broker-dealer each time a purchase is made which would so qualify. For example, an investor who is purchasing Advisor Class Shares with an aggregate value of \$50,000 and who currently owns Advisor Class Shares with an aggregate



value of \$250,000 would pay a sales charge of 2.00% of the offering price on the new investment.

- **Letter of Intent.** Sales charges may also be reduced through an agreement to purchase a specified quantity of Advisor Class Shares over a designated 13-month period by completing the “Letter of Intent” section of the Fund shares application. Information about the “Letter of Intent” procedures, including its terms, is contained in the Statement of Additional Information and on the Fund shares application.
- **Group Plans.** Advisor Class Shares may be sold at a reduced or eliminated sales charge to certain group plans under which a sponsoring organization makes recommendations to, permits group solicitation of, or otherwise facilitates purchases by its employees, members, or participants. Information about such arrangements is available from the Distributor.

In order to obtain a reduced sales charge, it may be necessary at the time of purchase for an investor to inform the Funds, the Distributor, or their broker-dealer of the existence of other accounts or purchases which are eligible to be aggregated in order to obtain a reduced sales charge. An investor may be required to provide the Funds, the Distributor, or their broker-dealer certain information to verify eligibility for a reduced sales charge. This information may include, to the extent applicable, the following: (i) information or records regarding Fund shares eligible to be aggregated that are in all accounts held directly with the Fund by the investor; (ii) information or records regarding Fund shares eligible to be aggregated that are in accounts held with broker-dealers by the investor; and (iii) information or records regarding Fund shares eligible to be aggregated that are in accounts held with the Fund or with any broker-dealers by related parties of the investor, such as members of the same family or certain qualified groups. See the Statement of Additional Information for additional information on reduced sales charges.

**Waived Sales Charges.** Under certain conditions, Advisor Class Shares may be purchased without a front-end sales charge. These conditions may include purchases made through or by the following:

- Investors who invest through either fee-based platform services programs or mutual fund “supermarket” programs of certain broker-dealers and other financial intermediaries;
- Employee benefit plans having more than 25 eligible employees or a minimum of \$250,000;
- Employees of dealers that are members of the Financial Industry Regulatory Authority, Inc., members of the dealers’ immediate families, and the dealers’ employee benefit plans;
- Certain trust companies, bank trust departments, and investment advisors that invest on behalf of their clients and charge account management fees;
- Participants in “no transaction fee” programs of discount brokerages that maintain an omnibus account with the Funds; or
- Individuals investing distributions from tax-deferred savings and retirement plans.

- Individuals purchasing shares with redemption proceeds (made within the previous 180 days) of another mutual fund where a sales charge has previously been charged (proof of the redemption date may be required).

The Advisor may also waive the front-end sales charges under certain other conditions. Please contact the Advisor or the Distributor to determine eligibility for waived front-end sales charges.

## PURCHASE AND REDEMPTION PRICE

**Determining a Fund's Net Asset Value.** The price at which you purchase or redeem shares is based on the next calculation of net asset value ("NAV") after an order is received in good form. An order is considered to be in good form if it includes all necessary information and documentation related to a purchase or redemption request and, if applicable, payment in full of the purchase amount. A Fund's NAV per share for each class of shares is calculated by dividing the value of the Fund's total assets attributable to that class, less liabilities (including Fund expenses, which are accrued daily) attributable to that class, by the total number of outstanding shares of the Fund attributable to that class. To the extent that the Funds hold portfolio securities that are primarily listed on foreign exchanges that trade on weekends or other days when the Funds do not price shares, the NAV of a Funds' shares may change on days when shareholders will not be able to purchase or redeem the Funds' shares. The Funds' NAV per share for each class of shares is normally determined at 4:00 p.m. Eastern time, the time regular trading closes on the New York Stock Exchange ("NYSE"). A Fund does not calculate NAV on business holidays when the NYSE is closed.

The pricing and valuation of portfolio securities is determined in good faith in accordance with procedures established by, and under the direction of, the Trustees. In determining the value of a Fund's total assets, portfolio securities are generally calculated at market value by quotations from the primary market in which they are traded. Instruments with maturities of 60 days or less are valued at amortized cost, which approximates market value. A Fund normally uses third party pricing services to obtain market quotations. Securities and assets for which representative market quotations are not readily available or which cannot be accurately valued using the Fund's normal pricing procedures are valued by either a valuation committee or the Advisor at fair value as determined in good faith under policies approved by the Trustees. Fair value pricing may be used, for example, in situations where (i) an exchange-traded portfolio security is so thinly traded that there have been no transactions for that security over an extended period of time or the validity of a market quotation received is questionable; (ii) the exchange on which the portfolio security is principally traded closes early; or (iii) trading of the portfolio security is halted during the day and does not resume prior to a Fund's NAV calculation.

Pursuant to policies adopted by the Trustees, the Advisor consults with the Fund's administrator on a regular basis regarding the need for fair value pricing. The Advisor is responsible for notifying the Trustees (or the valuation committee) when it believes that fair value pricing is required for a particular security. A Fund's policies regarding fair value pricing is intended to result in a calculation of the Fund's NAV that fairly reflects portfolio security values as of the time of pricing. A portfolio security's "fair value" price

may differ from the price next available for that portfolio security using a Fund's normal pricing procedures and the fair value price may differ from the price at which the security may ultimately be traded or sold. If such fair value price differs from the price that would have been determined using a Fund's normal pricing procedures, a shareholder may receive more or less proceeds or shares from redemptions or purchases of Fund shares, respectively, than a shareholder would have otherwise received if the security were priced using a Fund's normal pricing procedures. The performance of a Fund may also be affected if a portfolio security's fair value price were to differ from the security's price using the Fund's normal pricing procedures. To the extent a Fund invests in other open-end investment companies that are registered under the Investment Company Act of 1940, a Fund's net asset value calculations are based upon the net asset value reported by such registered open-end investment companies, and the prospectuses for these companies explain the circumstances under which they will use fair value pricing and the effects of using fair value pricing. The Trustees are responsible for the fair valuation of a Fund's securities and regularly monitor and evaluate a Fund's use of fair value pricing, and review the results of any fair valuation under a Fund's policies.

**Other Matters.** Purchases and redemptions of shares of the same class by the same shareholder on the same day will be netted for the Funds.

#### **BUYING OR SELLING SHARES THROUGH A FINANCIAL INTERMEDIARY**

Certain financial intermediaries have agreements with the Funds that allow them to enter purchase or redemption orders on behalf of clients and customers. Under this arrangement, the financial intermediary has a duty to transmit promptly to a Fund each purchase order or redemption request that the intermediary receives on the Fund's behalf and must send your payment to a Fund by the time they price their shares on the following business day. A Fund is not responsible for ensuring that a financial intermediary carries out its obligations. You should look to the financial intermediary through whom you wish to invest for specific instructions on how to purchase or redeem shares of a Fund.

#### **PURCHASING SHARES**

Purchases can be made directly from the Funds by mail or bank wire. The Funds have also authorized one or more brokers to receive purchase and redemption orders on its behalf, as described above, and such brokers are authorized to designate other financial intermediaries to receive orders on behalf of the Funds. Such orders will be deemed to have been received by a Fund when an authorized broker, or broker-authorized designee, receives the order, subject to the order being in good form. The orders will be priced based on the NAV next computed after the orders are received by the authorized broker, or broker-authorized designee. Investors may also be charged a fee by a broker or agent if shares are purchased through a broker or agent.

The Funds reserve the right to (i) refuse any request to purchase shares for any reason and (ii) suspend the offering of shares at any time.

**Regular Mail Orders.** Payment for shares by mail must be made by check from a U.S. financial institution and payable in U.S. dollars. Cash, money orders, and traveler's checks will not be accepted by the Funds. If checks are returned due to insufficient funds or other reasons, your purchase will be canceled. You will also be responsible for any losses or expenses incurred by the Funds and their administrator and transfer agent. The Funds will charge a \$35 fee and may redeem shares owned by the purchaser or another identically registered account in another series of the Trust to recover any such losses. For regular mail orders, please complete the Fund Shares Application and mail it, along with your check made payable to the applicable Fund, to:

**Crescent Funds**

*Fund Name / Institutional Class Shares or Advisor Class Shares (please specify)*  
c/o Nottingham Shareholder Services  
116 South Franklin Street  
Post Office Box 4365  
Rocky Mount, North Carolina 27803-0365

The application must contain your Social Security Number ("SSN") or Taxpayer Identification Number ("TIN"). If you have applied for a SSN or TIN prior to completing your account application but you have not received your number, please indicate this on the application and include a copy of the form applying for a SSN or TIN. Taxes are not withheld from distributions to U.S. investors if certain IRS requirements regarding the SSN and TIN are met.

**Bank Wire Purchases.** Purchases may also be made through bank wire orders. To establish a new account or add to an existing account by wire, please call the Funds at 1-800-773-3863 for wire instructions and to advise the Funds of the investment, dollar amount, and the account identification number.

**Additional Investments.** You may also add to your account by mail or wire at any time by purchasing shares at the then current net asset value. The minimum additional investment is \$1,000 of Institutional Class Shares and \$100 for Advisor Class Shares. Before adding funds by bank wire, please call the Funds at 1-800-773-3863 for wire instructions and to advise the Funds of the investment, dollar amount, and the account identification number. Mail orders should include, if possible, the "Invest by Mail" stub that is attached to your confirmation statement. Otherwise, please identify your account in a letter accompanying your purchase payment.

**Automatic Investment Plan.** The automatic investment plan enables shareholders to make regular monthly or quarterly investments in shares through automatic charges to their checking account. With shareholder authorization and bank approval, the Funds will automatically charge the shareholder's checking account for the amount specified (\$100 minimum), which will be automatically invested in shares at the public offering price on or about the 21st day of the month. The shareholder may change the amount of the investment or discontinue the plan at any time by writing the Funds.

**Exchange Feature.** You may exchange shares of the Funds for shares of the same class of any other series of the Trust advised by the Advisor and offered for sale in the state in which you reside. Shares may be exchanged for shares of the same class of any other series of the Trust at the net asset value. Prior to making an investment decision or giving us your instructions to exchange shares, please read the prospectus for the series in which you wish to invest.

The Trustees reserve the right to suspend, terminate, or amend the terms of the exchange privilege upon prior written notice to the shareholders.

**Share Certificates.** The Funds normally do not issue share certificates. Evidence of ownership of shares is provided through entry in each Fund's share registry. Investors will receive periodic account statements (and, where applicable, purchase confirmations) that will show the number of shares owned.

**Important Information about Procedures for Opening a New Account.** Under the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (USA PATRIOT Act of 2001), each Fund is required to obtain, verify, and record information to enable the Fund to form a reasonable belief as to the identity of each customer who opens an account. Consequently, when an investor opens an account, the Fund will ask for the investor's name, street address, date of birth (for an individual), social security or other tax identification number (or proof that the investor has filed for such a number), and other information that will allow the Fund to identify the investor. The Fund may also ask to see the driver's license or other identifying documents of the investor. An investor's account application will not be considered "complete" and, therefore, an account will not be opened and the investor's money will not be invested until the Fund receives this required information. In addition, if after opening the investor's account the Fund is unable to verify the investor's identity after reasonable efforts, as determined by the Fund in their sole discretion, the Fund may (i) restrict further investments until the investor's identity is verified; and (ii) close the investor's account without notice and return the investor's redemption proceeds to the investor. If the Fund closes an investor's account because the Fund could not verify the investor's identity, the Fund will value the account in accordance with the next NAV calculated after the investor's account is closed. In that case, the investor's redemption proceeds may be worth more or less than the investor's original investment. The Fund will not be responsible for any losses incurred due to the Fund's inability to verify the identity of any investor opening an account.

## **REDEEMING YOUR SHARES**

**Regular Mail Redemptions.** Regular mail redemption requests should be addressed to:

**Crescent Funds**

*Fund Name / Institutional Class Shares or Advisor Class Shares (please specify)*  
c/o Nottingham Shareholder Services  
116 South Franklin Street  
Post Office Box 4365  
Rocky Mount, North Carolina 27803-0365

Regular mail redemption requests should include the following:

- (1) Your letter of instruction specifying the account number, class of shares, and number of shares (or the dollar amount) to be redeemed. This request must be signed by all registered shareholders in the exact names in which they are registered;
- (2) Any required signature guarantees (see “Signature Guarantees” below); and
- (3) Other supporting legal documents, if required in the case of estates, trusts, guardianships, custodianships, corporations, partnerships, pension or profit sharing plans, and other entities.

Your redemption proceeds normally will be sent to you within 7 days after receipt of your redemption request. A Fund may delay forwarding a redemption check for recently purchased shares while the Fund determines whether the purchase payment will be honored. Such delay (which may take up to 15 days from the date of purchase) may be reduced or avoided if the purchase is made by certified check or wire transfer. In all cases, the NAV next determined after receipt of the request for redemption will be used in processing the redemption request.

**Telephone and Bank Wire Redemptions.** Unless you decline the telephone transaction privileges on your account application, you may redeem shares of the Funds by telephone. You may also redeem shares by bank wire under certain limited conditions. The Funds will redeem shares in this manner when so requested by the shareholder only if the shareholder confirms redemption instructions in writing.

The Funds may rely upon confirmation of redemption requests transmitted via facsimile (FAX# 252-972-1908). The confirmation instructions must include the following:

- (1) Name of Fund and class of shares;
- (2) Shareholder name and account number;
- (3) Number of shares or dollar amount to be redeemed;
- (4) Instructions for transmittal of redemption proceeds to the shareholder; and
- (5) Shareholder signature as it appears on the application on file with the Funds.

Redemption proceeds will not be distributed until written confirmation of the redemption request is received, per the instructions above. You can choose to have redemption proceeds mailed to you at your address of record, your financial institution, or to any other authorized person, or you can have the proceeds sent by wire transfer to your financial institution (\$5,000 minimum). Redemption proceeds cannot be wired on days in which your financial institution is not open for business. You can change your redemption instructions anytime you wish by filing a letter including your new redemption instructions with the Funds. See “Signature Guarantees” below.

The Funds, in their discretion, may choose to pass through to redeeming shareholders any charges imposed by the Funds’ custodian for wire redemptions. If this cost is passed through to redeeming shareholders by the Funds, the charge will be deducted automatically from your account by redemption of shares in your account. Your bank or brokerage firm may also impose a charge for processing the wire. If wire transfer of



funds is impossible or impractical, the redemption proceeds will be sent by regular mail to the designated account.

You may redeem shares, subject to the procedures outlined above, by calling the Funds at 1-800-773-3863. Redemption proceeds will only be sent to the financial institution account or person named in your Fund Shares Application currently on file with the Funds. Telephone redemption privileges authorize the Funds to act on telephone instructions from any person representing him or herself to be the investor and reasonably believed by the Funds to be genuine. The Funds will employ reasonable procedures, such as requiring a form of personal identification, to confirm that instructions are genuine. The Funds will not be liable for any losses due to fraudulent or unauthorized instructions. The Funds will also not be liable for following telephone instructions reasonably believed to be genuine.

**Fees on Redemptions.** As explained under “Fees and Expenses of the Funds,” the Funds charge a redemption fee of 1.00% of the amount redeemed on redemptions of Fund shares occurring within sixty days of the issuance of such shares. The redemption fee is not a fee to finance sales or sales promotion expenses, but is paid to the particular Fund to defray the costs of liquidating a shareholder’s investment in the Funds and to discourage short-term trading of Fund shares. However, no redemption fee will be imposed in the following cases:

- Redemption of shares purchased through reinvestment of dividends or capital gains distributions;
- Redemption of shares exchanged for shares of other funds of the Trust;
- Amounts representing capital appreciation of shares;
- Redemptions pursuant to a Systematic Withdrawal Plan, up to a maximum of 20% per year of a shareholder’s account value based on the value of the account at the time the Systematic Withdrawal Plan is established or modified, provided all dividends and distributions are reinvested;
- Redemptions of shares to pay fund or account fees;
- Redemption of shares initiated by the Fund (i.e., involuntary redemptions);
- Redemption of shares upon the death or permanent disability of the shareholder. This exemption is available only for shares held at the time of death or initial determination of permanent disability and provided the Fund is notified of the requested exemption at the time of the redemption request; or
- Mandatory distributions from a tax-deferred retirement plan or IRA. This exemption is available only if the Fund is notified of the requested exemption at the time of the redemption request.

In determining whether a redemption fee is applicable to a particular redemption, it is assumed that the redemption is first of shares acquired pursuant to the reinvestment of dividends and capital gains distributions, and next of shares held by the shareholder for the longest period of time. If shares are held and subsequently redeemed through an omnibus account, the financial intermediary that places the trade with the Funds will be responsible for determining the amount of the redemption fee for each respective sale of Fund shares and for the collection of such fees, if any.

**Systematic Withdrawal Plan.** A shareholder who owns shares of the Fund valued at \$5,000 or more at the current offering price may establish a systematic withdrawal plan (“Systematic Withdrawal Plan”) to receive a monthly or quarterly check in a stated amount (not less than \$50). Each month or quarter, as specified, the Funds will automatically redeem sufficient shares from your account to meet the specified withdrawal amount. The shareholder may establish this service whether dividends and distributions are reinvested in shares of the Funds or paid in cash. Call or write the Funds for an application form.

**Minimum Account Size.** The Trustees reserve the right to redeem involuntarily any account having a NAV of less than \$1,000 (due to redemptions, exchanges, or transfers, and not due to market action) upon 30-days’ prior written notice. If the shareholder brings his account NAV up to at least \$1,000 during the notice period, the account will not be redeemed. Accounts that have signed up for the automatic investment plan are not subject to the minimum account size. Redemptions from retirement accounts may be subject to federal income tax. Shareholders may also be charged a fee by their broker or agent if shares are redeemed or transferred through their broker or agent.

**Redemptions in Kind.** The Funds do not intend, under normal circumstances, to redeem shares by payment in kind. It is possible, however, that conditions may arise in the future which would, in the opinion of the Trustees, make it undesirable for a Fund to pay for all redemptions in cash. In such cases, the Trustees may authorize payment to be made in readily marketable portfolio securities of a Fund. Securities delivered in payment of redemptions would be valued at the same value assigned to them in computing the Fund’s NAV per share. Shareholders receiving them bear the market risks associated with the securities until they have been converted into cash and may incur brokerage costs when these securities are sold. An irrevocable election has been filed under Rule 18f-1 of the Investment Company Act of 1940 wherein each Fund must pay redemptions in cash, rather than in kind, to any shareholder of record of the Fund who redeems during any 90-day period, the lesser of (i) \$250,000 or (ii) 1% of the Fund’s NAV at the beginning of such period. Redemption requests in excess of this limit may be satisfied in cash or in kind at the Funds’ election.

**Signature Guarantees.** To protect your account and the Funds from fraud, signature guarantees may be required to be sure that you are the person who has authorized a change in registration or standing instructions for your account. Signature guarantees are generally required for (i) change of registration requests; (ii) requests to establish or to change exchange privileges or telephone and bank wire redemption service other than through your initial account application; (iii) transactions where proceeds from redemptions, dividends, or distributions are sent to a financial institution; and (iv) redemption requests in excess of \$50,000. Signature guarantees are acceptable from a member bank of the Federal Reserve System, a savings and loan institution, credit union (if authorized under state law), registered broker-dealer, securities exchange, or association clearing agency and must appear on the written request for change of registration, establishment or change in exchange privileges, or redemption request.



**Miscellaneous.** The Funds reserve the right to delay the distribution of redemption proceeds involving recently purchased shares until the check for the recently purchased shares has cleared. The Funds may also suspend redemptions, if permitted by the Investment Company Act of 1940, for any period during which the NYSE is closed, trading is restricted by the Securities and Exchange Commission, or the Securities and Exchange Commission declares that an emergency exists. Redemptions may be suspended during other periods permitted by the Securities and Exchange Commission for the protection of the Funds' shareholders. During drastic economic and market changes, telephone redemption privileges may be difficult to implement.

## **FREQUENT PURCHASES AND REDEMPTIONS**

Frequent purchases and redemptions ("Frequent Trading") of shares of the Funds may present a number of risks to other shareholders of the Funds. These risks may include, among other things, dilution in the value of shares of the particular Fund held by long-term shareholders, interference with the efficient management by the Advisor of that Fund's portfolio holdings, and increased brokerage and administration costs. Due to the potential of a thin market for a Fund's portfolio securities, as well as overall adverse market, economic, political, or other conditions that may affect the sale price of portfolio securities, a Fund could face untimely losses as a result of having to sell portfolio securities prematurely to meet redemptions. Current shareholders of the Funds may face unfavorable impacts as portfolio securities concentrated in certain sectors may be more volatile than investments across broader ranges of industries as sector-specific market or economic developments may make it more difficult to sell a significant amount of shares at favorable prices to meet redemptions or changes in interest rates may create unfavorable market prices for fixed income securities. Frequent Trading may also increase portfolio turnover which may result in increased capital gains taxes for shareholders of the Funds.

The Trustees have adopted a policy with respect to Frequent Trading that is intended to discourage such activity by shareholders of the Funds. The Funds do not accommodate Frequent Trading. Under the adopted policy, the Transfer Agent provides a daily record of shareholder trades to the Advisor. The Transfer Agent also monitors and tests shareholder purchase and redemption orders for possible incidents of Frequent Trading. The Advisor has the discretion to limit investments from an investor that the Advisor believes has a pattern of Frequent Trading that is not in the best interests of the other shareholders in the respective Fund by that Fund's refusal to accept further purchase and/or exchange orders from such investor. The Funds' policy regarding Frequent Trading is to limit investments from investor accounts that purchase and redeem shares over a period of less than ten days having a redemption amount within ten percent of the purchase amount and greater than \$10,000 on two or more occasions during a 60 calendar day period. In the event such a purchase and redemption pattern occurs, an investor account and any other account with the same taxpayer identification number will be precluded from investing in that Fund (including investments that are part of an exchange transaction) for at least 30 calendar days after the redemption transaction.

The Advisor intends to apply this policy uniformly, except that the Funds may not be able to identify or determine that a specific purchase and/or redemption is part of a pattern of

Frequent Trading or that a specific investor is engaged in Frequent Trading, particularly with respect to transactions made through accounts such as omnibus accounts or accounts opened through third-party financial intermediaries such as broker-dealers and banks (“Intermediary Accounts”). Therefore, this policy is not applied to omnibus accounts or Intermediary Accounts. Omnibus account arrangements permit multiple investors to aggregate their respective share ownership positions and to purchase, redeem, and exchange Fund shares without the identity of the particular shareholders being known to that Fund. Like omnibus accounts, Intermediary Accounts normally permit investors to purchase, redeem, and exchange Fund shares without the identity of the underlying shareholder being known to that Fund. Accordingly, the ability of the Funds to monitor and detect Frequent Trading through omnibus accounts and Intermediary Accounts would be very limited, and there would be no guarantee that the Funds could identify shareholders who might be engaging in Frequent Trading through such accounts or curtail such trading. In addition, the policy will not apply if the Advisor determines that a purchase and redemption pattern does not constitute Frequent Trading activity, such as inadvertent errors that result in frequent purchases and redemptions. Inadvertent errors shall include purchases and/or redemptions made unintentionally or by mistake (e.g., where an investor unintentionally or mistakenly invests in a Fund and redeems immediately after recognizing the error). The investor shall have the burden of proving to the sole satisfaction of the Advisors that a frequent purchase and redemption pattern was a result of an inadvertent error. In such a case, the Advisors may choose to accept further purchase and/or exchange orders from such investor account.

In addition, the Funds may charge a Redemption Fee on redemptions of Fund shares occurring within sixty days of the issuance of such shares. The fee is intended to defray the costs of liquidating a shareholder’s investment in the Funds and to discourage the short-term trading of Fund shares. See the section entitled “Redeeming Your Shares – Fees on Redemptions” for additional information on the Redemption Fee.

Although the Funds have taken steps to discourage Frequent Trading of the Funds’ shares, there is no guarantee that such trading will not occur. Intermediaries may apply frequent trading policies that differ from those described in this Prospectus. In you invest with the Funds through an intermediary, please read that firm’s program materials carefully to learn of any rules or fees that may apply.

## **OTHER IMPORTANT INFORMATION**

### **DIVIDENDS, DISTRIBUTIONS, AND TAXES**

The following information is meant as a general summary for U.S. taxpayers. Additional tax information appears in the Funds' Statement of Additional Information. Shareholders should rely on their own tax advisors for advice about the particular federal, state, and local tax consequences to them of investing in the Funds.

The Funds will distribute most of their income and realized gains to its shareholders every year. Income dividends paid by the Funds derived from net investment income, if any, will generally be paid monthly or quarterly and capital gains distributions, if any, will be made at least annually. Shareholders may elect to take dividends from net investment income or capital gains distributions, if any, in cash or reinvest them in additional Fund shares. Although the Funds will not be taxed on amounts they distribute, shareholders will generally be taxed on distributions paid by the Funds, regardless of whether distributions are received in cash or are reinvested in additional Fund shares. Distributions may be subject to state and local taxes, as well as federal taxes.

In general, a shareholder who sells or redeems shares will realize a capital gain or loss, which will be long-term or short-term, depending upon the shareholder's holding period for the Fund shares. An exchange of shares may be treated as a sale and any gain may be subject to tax.

As with all mutual funds, the Funds may be required to withhold U.S. federal income tax at the fourth lowest rate for taxpayers filing as unmarried individuals (presently 28%) for all taxable distributions payable to shareholders who fail to provide the Funds with their correct taxpayer identification numbers or to make required certifications, or who have been notified by the IRS that they are subject to backup withholding. Backup withholding is not an additional tax; rather, it is a way in which the IRS ensures it will collect taxes otherwise due. Any amounts withheld may be credited against a shareholder's U.S. federal income tax liability.

Shareholders should consult with their own tax advisors to ensure that distributions and sale of Fund shares are treated appropriately on their income tax returns.

### **FINANCIAL HIGHLIGHTS**

Because the Funds are newly organized, there is no financial or performance information for the Funds in this prospectus. You may request a copy of the Funds' annual and semi-annual reports, once available, at no charge by calling the Funds at 1-800-773-3863.

### **PRIOR PERFORMANCE OF THE ADVISOR**

Provided below are composites showing the historical performance of all client accounts managed by the Advisor according to the same investment goals and substantially similar investment strategies and policies as those of the Funds. For comparison purposes the Large Cap equity performance composite is measured against the S&P 500 and Russell

1000 Growth Indices. The Mid Cap equity performance composite is measured against the Russell Mid-Cap and Russell Mid-Cap Growth Indices. And the Strategic Income performance composite is measured against the Barclays Capital U.S. Intermediate Government/Credit Bond Index.

This information is provided to illustrate the past performance of the Advisor in managing client accounts in a substantially similar manner as the Funds, but does not represent the performance of the Funds. Past performance is no guarantee of future results. Performance results may be materially affected by market and economic conditions. Investors should not consider this performance data as an indication of future performance of the Funds, or the return an individual investor might achieve by investing in the Funds.

Fees and expenses of the private accounts managed by the Advisor are generally lower than those of the Funds and therefore, the Funds' results would be lower than the returns reflected below. The Funds' results would also be lower because private accounts are not subject to certain investment limitations, diversification requirements and other restrictions imposed on mutual funds by the Investment Company Act of 1940 or the Internal Revenue Code, which, if applicable, could have adversely affected the performance of the client accounts.

The following composites include all client accounts managed by the Advisor with investment strategies and policies substantially similar to the Crescent Large Cap Macro Fund, the Crescent Mid Cap Macro Fund, and the Crescent Strategic Income Fund. The performance results are calculated according to the Global Investment Performance Standards (GIPS®), calculating internal rate of return using the Average Capital Base (Modified Dietz) Method. GIPS® methods differ from those methods required by the Securities and Exchange Commission.

## Greenwood Capital Associates, LLC

### Institutional Large Cap Equity Composite

Greenwood Capital Associates, LLC (GCA) claims compliance with Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. GCA has been independently verified for the periods January 1, 1993 to December 31, 2003 and January 1, 2004 to December 31, 2010. Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis and (2) the firm's policies and procedures are designed to calculate and present performance in compliance with GIPS standards. The Institutional Large-Cap Equity Composite has received a Performance Examination for the period January 1, 1994 - December 31, 2010. The verification and performance reports are available upon request.

	Total Return Gross of Fees	Total Return Net of Fees	S&P 500	Russell 1000 Growth	Number of Portfolios	Composite Dispersion	Total Composite Assets at End of Period (\$ millions)	Total Firm Assets (\$ millions)	Carve-outs*
1993	6.79%	5.79%	10.06%	10.06%	57	1.80	\$87	\$471	--
1994	1.71%	1.21%	1.32%	1.32%	61	1.18	\$105	\$462	--
1995	31.60%	30.91%	37.58%	37.58%	69	3.08	\$144	\$588	--
1996	22.04%	21.40%	22.96%	22.96%	69	1.48	\$155	\$655	--
1997	33.87%	33.19%	33.36%	30.49%	69	2.32	\$210	\$764	--
1998	32.33%	31.67%	28.58%	38.71%	69	1.98	\$280	\$918	--
1999	23.81%	23.18%	21.04%	33.16%	70	1.80	\$315	\$1,003	--
2000	1.83%	1.29%	-9.10%	-22.43%	73	4.83	\$295	\$1,009	--
2001	-9.65%	-10.13%	-11.89%	-20.42%	72	1.05	\$236	\$990	--
2002	-15.92%	-16.39%	-22.10%	-27.89%	66	2.24	\$202	\$910	--
2003	22.59%	21.93%	28.68%	29.76%	71	1.96	\$239	\$1,047	92%
2004	6.87%	6.31%	10.88%	6.30%	71	0.55	\$332	\$1,052	76%
2005	3.19%	2.66%	4.91%	5.27%	65	0.30	\$308	\$949	77%
2006	11.15%	10.58%	15.80%	9.07%	44	0.58	\$232	\$832	96%
2007	3.97%	3.44%	5.49%	11.81%	30	0.58	\$137	\$694	96%
2008	-28.21%	-28.62%	-37.00%	-38.44%	29	1.56	\$68	\$608	23%
2009	32.37%	31.69%	26.46%	37.21%	39	2.55	\$85	\$771	31%
2010	10.86%	10.28%	15.06%	16.71%	34	0.59	\$56	\$906	0%

*\*Carve-outs refer to the percentage of assets in the composite which come from balanced accounts that included assets other than the composite assets listed. Prior to 2003, GIPS did not require the disclosure of carve-out percentages. Beginning in 2010, GIPS no longer allowed the use of carve-outs in composite construction. See footnote 3 below.*

1. A complete list of firm composites and performance results is available upon request.
2. Greenwood Capital Associates, LLC (GCA) is an investment advisor registered with the Securities and Exchange Commission under the Investment Advisers Act of 1940. GCA fully oversees the investment management services. TCB Corp. is the parent company.
3. The Institutional Large-Cap Equity Composite is comprised of all tax-exempt (non-individuals) accounts. Institutional equity accounts that vary from GCA's objectives are not included in the composite. The composite includes all dedicated equity portfolios as well as the equity segment that is managed to GCA's balanced strategy. Prior to 1/1/10, cash was allocated to the carve out segment in an attempt to achieve the GCA target allocations of 65% equity/ 30% fixed income. Beginning 1/1/10, all accounts are managed separately with their own cash balance. Beginning 1/1/10 a minimum balance of \$100,000 was required for inclusion.
4. The standard management fee is 1% on the first \$1 million; .80% on the next \$1 million; and .60% on the balance. Fees may be negotiable generally over \$5 million.
5. Net of fees returns are calculated using actual annual client fees, pro-rated on a quarterly basis.
6. No alteration of composites as presented here has occurred because of changes in personnel or other reasons at any time.
7. New portfolios are eligible for inclusion in the composite rate of return calculation after the first full quarter under management. Prior to 1999, new accounts were included in the composite rate of return calculation in the following quarter under management. Closed portfolios are eligible for inclusion in the composite rate of return calculation through the completion of the last full month.
8. The performance composite for this presentation was created in September 1999.
9. The performance calculations are based on the US - Dollar currency.
10. Non-fee paying accounts are not included in the composite.
11. Past performance is not indicative of future results.
12. The performance reflected above up to June 30, 2001 represents actual results achieved by Greenwood Capital Associates, Inc (GCAI). On or about June 29, 2001, Greenwood Capital Associates, LLC acquired substantially all the assets of GCAI, a sub-chapter S corporation. The performance reflected herein for the period beginning July 1, 2001 forward represents actual results achieved by Greenwood Capital Associates, LLC (the Firm). The persons responsible for the Firm's performance reflected above were also primarily responsible for GCA's performance during the periods noted.
13. The results portrayed reflect the reinvestment of dividends, capital gains and other earnings when appropriate. Returns are calculated net of any withholding taxes on all foreign dividends. Dividends and capital gains may be invested in money market funds or other cash equivalent investments pending reinvestment in other portfolio securities.

**Deleted:** The Institutional Large-Cap Equity Composite is comprised of all tax-exempt (non-individuals) accounts. Institutional equity accounts that vary from GCA's objectives are not included in the composite. The composite includes all dedicated equity portfolios as well as the equity segment that is managed to GCA's balanced strategy. Prior to 1/1/10, cash was allocated to the carve out segment in an attempt to achieve the GCA target allocations of 65% equity/ 30% fixed income. Beginning 1/1/10, all accounts are managed separately with their own cash balance.

**Deleted:** <#> The standard management fee is 1% on the first \$1 million; .80% on the next \$1 million; and .60% on the balance. Fees may be negotiable generally over \$5 million. ¶

14. Greenwood Capital Associates' Institutional Large-Cap Equity Composite represents portfolios that are managed based on an objective of growth and capital preservation using large capitalized companies. Market, economic and company specific conditions are considered during the investment selection process. ▼

**Deleted:** This was a period of generally rising security prices followed by a sharp decline.

15. The S&P 500 Index is a market capitalization-weighted total return index of widely held large capitalization companies generally regarded as representative of the US stock market in general. The S&P 500 Index is composed of large capitalization companies across many different business sectors and is representative of the types of equity assets invested by Greenwood Capital.

16. The Russell 1000 Growth Index is comprised of the Russell 1000 companies with a greater-than-average growth orientation. Companies in this index generally have higher price-to-book and price-earnings ratios and lower dividend yields. The Russell 1000 Growth Index is composed of US companies across many different business sectors and is representative of the types of equity assets invested by Greenwood Capital. This index was added to the composite presentation as of 12/31/2006 as the index is representative of Greenwood Capital's focus of Large Cap Growth equities.

17. The Russell 1000 Growth Index is the primary benchmark for this composite.

18. Market indices are unmanaged and do not reflect the deduction of fees or expenses. You cannot invest in an Index and the performance of the Index does not represent the performance of any specific investment.

19. Additional information regarding policies for valuing portfolios, calculating performance, and preparing compliant presentations are available upon request.

20. Dispersion is calculated as the asset-weighted standard deviation of all accounts included in the composite for the entire year around the annual composite return.

21. Gross of fee performance is calculated gross of the Greenwood Capital management fees and includes any additional non-investment management fees and transactions costs. Net of fee performance is calculated net of the Greenwood Capital management fees and also includes any additional non-investment management fees and transactions costs. ▼

**Deleted:** Gross of performance is calculated gross of the Greenwood Capital management fees and includes any additional non-investment management fees and transactions costs. Net of performance is calculated net of the Greenwood Capital management fees and also includes any additional non-investment management fees and transactions costs.

22. Note "Large-cap" was added to name in 2009 composite to distinguish between mid-cap equity strategy started in the same year. There was no change in strategy with the name change.

23. Total firm assets for 2010 include a portion of assets where Greenwood Capital Associates does not have discretionary trading authority. The assets consist of model portfolio relationships and totaled \$8.7 million as of 12/31/10.



## Greenwood Capital Associates, LLC Mid Cap Equity Composite

Greenwood Capital Associates, LLC (GCA) claims compliance with Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. GCA has been independently verified for the periods January 1, 1993 to December 31, 2003 and January 1, 2004 to December 31, 2010. Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis and (2) the firm's policies and procedures are designed to calculate and present performance in compliance with GIPS standards. Verification does not ensure the accuracy of any specific composite presentation.

	Total Return Gross of Fees	Total Return Net of Fees	Russell Mid-Cap	Russell Mid-Cap Growth	Number of Portfolios	Composite Dispersion	Total Composite Assets at End of Period (\$ millions)	Total Firm Assets (\$ millions)	Carve-outs*
2008**	-33.92%	-34.29%	-36.67%	-40.26%	1	0.00	\$0.10	\$608	-
2009	33.81%	32.50%	40.45%	46.29%	1	0.00	\$0.22	\$771	-
2010	28.35%	27.53%	25.61%	26.38%	2	0.00	\$0.41	\$906	-

\*Carve-outs refer to the percentage of assets in the composite which come from balanced accounts that included assets other than the composite assets listed. Prior to 2003, GIPS did not require the disclosure of carve-out percentages. Beginning in 2010, GIPS no longer allowed the use of carve-outs in composite construction.

\*\*Partial year. See footnote 9 below.

1. A complete list of firm composites and performance results is available upon request.
2. Greenwood Capital Associates, LLC (GCA) is an investment advisor registered with the Securities and Exchange Commission under the Investment Advisers Act of 1940. GCA fully oversees the investment management services. TCB Corp. is the parent company.
3. The mid-cap equity composite is comprised of equity accounts managed to GCA's mid-cap strategy.
4. The standard management fee is 1% on the first \$1 million; .80% on the next \$1 million; and .60% on the balance. Fees may be negotiable generally over \$5 million.
5. Net of fees returns are calculated using actual annual client fees, pro-rated on a quarterly basis.
6. No alteration of composites as presented here has occurred because of changes in personnel or other reasons at any time.
7. New portfolios are eligible for inclusion in the composite rate of return calculation after the first full quarter under management. Closed portfolios are eligible for inclusion in the composite rate of return calculation through the completion of the last full month.

Formatted: Space After: 0 pt

Deleted: ¶

**Deleted:** Greenwood Capital Associates, LLC (GCA) is an investment management firm that is affiliated with TCB Corp.

**Deleted:** <#>The standard management fee is 1% on the first \$1 million; .80% on the next \$1 million; and .60% on the balance. Fees may be negotiable generally over \$5 million. ¶

**Deleted:** Prior to 1999, new accounts were included in the composite rate of return calculation in the following quarter under management.



8. The performance composite for this presentation was created in March 2010.
9. Inception of the composite return is June 30, 2008 and 2008 covers period from July 2008 through December 2008.
10. The performance calculations are based on the US - Dollar currency.
11. Non-fee paying accounts are not included in the composite.
12. Past performance is not indicative of future results.
13. The performance reflected herein represents actual results achieved by Greenwood Capital Associates, LLC.
14. The results portrayed reflect the reinvestment of dividends, capital gains and other earnings when appropriate. Dividends and capital gains may be invested in money market funds or other cash equivalent investments pending reinvestment in other portfolio securities.
15. Greenwood Capital Associates' Mid-cap Equity composite represents portfolios that are managed based on an objective of growth using mid-size capitalization companies between \$1 billion - \$15 billion. Market, economic and company specific conditions are considered during the investment selection process.
16. The Russell Mid-Cap Growth Index is comprised of the Russell 3000 companies with a greater-than-average growth orientation. Companies in this index generally have higher price-to-book and price-earnings ratios and lower dividend yields. The Russell Mid-Cap Growth Index is composed of US companies across many different business sectors and is representative of the types of equity assets invested by Greenwood Capital in this strategy.
17. The Russell Mid-Cap Index is comprised of the Russell 3000 companies with market capitalizations between \$1 billion and \$15 billion. The Russell Mid-Cap Index is composed of US companies across many different business sectors and is representative of the types of equity assets invested by Greenwood Capital in this strategy.
18. Market indices are unmanaged and do not reflect the deduction of fees or expenses. You cannot invest in an Index and the performance of the Index does not represent the performance of any specific investment.
19. Additional information regarding policies for valuing portfolios, calculating performance, and preparing compliant presentations are available upon request.
20. Dispersion is calculated as the asset-weighted standard deviation of all accounts included in the composite for the entire year around the annual composite return.
21. Gross of fee performance is calculated gross of the Greenwood Capital management fees and includes any additional non-investment management fees and transactions costs. Net of fee performance is calculated net of the Greenwood Capital management fees and also includes any additional non-investment management fees and transactions costs.
22. Total firm assets for 2010 include a portion of assets where Greenwood Capital Associates does not have discretionary trading authority. The assets consist of model portfolio relationships and totaled \$8.7 million as of 12/31/10.

**Deleted:** Inception of the composite return is June 30, 2008

**Deleted:** The performance reflected above up to June 30, 2001 represents actual results achieved by Greenwood Capital Associates, Inc (GCAI). On or about June 29, 2001, Greenwood Capital Associates, LLC acquired substantially all the assets of GCAI, a sub-chapter S corporation. The performance reflected herein for the period beginning July 1, 2001 forward represents actual results achieved by Greenwood Capital Associates, LLC (the Firm). The persons responsible for the Firm's performance reflected above were also primarily responsible for GCAI's performance during the periods noted.

**Deleted:** This was a period of generally rising security prices followed by a sharp decline.

**Deleted:** Gross of performance is calculated gross of the Greenwood Capital management fees and includes any additional non-investment management fees and transactions costs. Net of performance is calculated net of the Greenwood Capital management fees and also includes any additional non-investment management fees and transactions costs.

## Greenwood Capital Associates, LLC

### Institutional Intermediate Taxable Bond Composite

Greenwood Capital Associates, LLC (GCA) claims compliance with Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. GCA has been independently verified for the periods January 1, 1993 to December 31, 2003 and January 1, 2004 to December 31, 2010. Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis and (2) the firm's policies and procedures are designed to calculate and present performance in compliance with GIPS standards. The Institutional Large-Cap Equity Composite has received a Performance Examination for the period January 1, 1994 - December 31, 2010. The verification and performance reports are available upon request.

	Total Return Gross of Fees	Total Return Net of Fees	Barclays Capital US Gov't/Credit Intermediate	Number of Portfolios	Composite Dispersion	Total Composite Assets at End of Period (\$ millions)	Total Firm Assets (\$ millions)	Carve-outs
1993	6.82%	5.82%	8.80%	30	0.64	\$152	\$471	--
1994	-1.50%	-1.99%	-1.93%	30	0.57	\$125	\$462	--
1995	16.11%	15.52%	15.30%	37	1.00	\$140	\$588	--
1996	3.82%	3.30%	4.06%	38	0.31	\$159	\$655	--
1997	9.11%	8.54%	7.87%	37	0.35	\$165	\$764	--
1998	9.25%	8.70%	8.40%	36	0.40	\$177	\$918	--
1999	0.13%	-0.39%	0.39%	38	0.52	\$173	\$1,003	--
2000	9.96%	9.40%	10.12%	35	0.46	\$176	\$1,009	--
2001	8.83%	8.27%	8.96%	38	0.28	\$168	\$990	--
2002	9.64%	9.08%	9.84%	39	1.02	\$186	\$910	--
2003	3.99%	3.46%	4.30%	40	0.48	\$175	\$1,047	84%
2004	1.67%	1.16%	3.04%	34	0.17	\$158	\$1,052	84%
2005	1.91%	1.38%	1.57%	27	0.29	\$121	\$949	98%
2006	4.76%	4.22%	4.08%	23	0.20	\$135	\$832	95%
2007	7.25%	6.70%	7.39%	20	0.24	\$128	\$694	95%
2008	4.63%	4.17%	5.08%	22	1.00	\$166	\$608	16%
2009	5.89%	5.40%	5.24%	28	1.20	\$255	\$771	6%
2010	5.02%	4.57%	5.89%	22	0.54	<del>\$42</del> \$906	\$906	0%

Deleted: 43

*\*Carve-outs refer to the percentage of assets in the composite which come from balanced accounts that included assets other than the composite assets listed. Prior to 2003, GIPS did not require the disclosure of carve-out percentages. Beginning in 2010, GIPS no longer allowed the use of carve-outs in composite construction. See footnote 3 below.*

1. A complete list of firm composites and performance results is available upon request.
2. Greenwood Capital Associates, LLC (GCA) is an investment advisor registered with the Securities and Exchange Commission under the Investment Advisors Act of 1940. GCA fully oversees the investment management services. TCB Corp. is the parent company.
3. The Institutional Intermediate Taxable Bond Composite is comprised of all tax-exempt (non-individuals) accounts and requires a minimum value of \$500,000. Institutional fixed income accounts that vary from GCA's objectives are not included in the composite. The composite includes all dedicated fixed income portfolios as well as the fixed income segment that is managed to GCA's balanced strategy. Prior to 1/1/10, cash was allocated to the carve out segment in an attempt to achieve the GCA target allocations of 65% equity/ 30% fixed income. Beginning 1/1/10, all accounts are managed separately with their own cash balance.

4. The standard management fee is 1% on the first \$1 million; .80% on the next \$1 million; and .60% on the balance. Fees may be negotiable generally over \$5 million.

5. Net of fees returns are calculated using actual annual client fees, pro-rated on a quarterly basis.
6. No alteration of composites as presented here has occurred because of changes in personnel or other reasons at any time.
7. New portfolios are eligible for inclusion in the composite rate of return calculation after the first full quarter under management. Prior to 1999, new accounts were included in the composite rate of return calculation in the following quarter under management. Closed portfolios are eligible for inclusion in the composite rate of return calculation through the completion of the last full month.

8. The performance composite for this presentation was created in February 2003.
9. The performance calculations are based on the US - Dollar currency.
10. Non-fee paying accounts are not included in the composite.
11. Past performance is not indicative of future results.

12. The performance reflected above up to June 30, 2001 represents actual results achieved by Greenwood Capital Associates, Inc (GCAI). On or about June 29, 2001, Greenwood Capital Associates, LLC acquired substantially all the assets of GCAI, a sub-chapter S corporation. The performance reflected herein for the period beginning July 1, 2001 forward represents actual results achieved by Greenwood Capital Associates, LLC (the Firm). The persons responsible for the Firm's performance reflected above were also primarily responsible for GCAI's performance during the periods noted.

13. The results portrayed reflect the reinvestment of dividends, capital gains and other earnings when appropriate. Dividends and capital gains may be invested in money market funds or other cash equivalent investments pending reinvestment in other portfolio securities.

**Deleted:** ¶

**Deleted:** ¶ The standard management fee is 1% on the first \$1 million; .80% on the next \$1 million; and .60% on the balance. Fees may be negotiable generally over \$5 million. ¶

14. Greenwood Capital Associates' Institutional Intermediate Taxable Bond Composite represents portfolios that are managed based on a total return objective using intermediate government, agency and investment grade corporate bonds. Market, economic and company specific conditions are considered during the investment selection process. ▼

15. The Barclays Capital Intermediate Government/Credit Index is an index of investment grade, fixed income securities with maturities ranging from one to ten years. This index consists of government, corporate and agency bonds of intermediate duration, which represent the type of investments in the Greenwood Capital Intermediate Taxable Bond Composite. Market indices are unmanaged and do not reflect the deduction of fees and expenses. You cannot invest directly in any index and the performance of an index does not represent the performance of any specific investment. Barclays Capital Intermediate Government/Credit Bond Index was formerly the Lehman Brothers Intermediate Government/Credit Index. ▼

16. Market indices are unmanaged and do not reflect the deduction of fees or expenses. You cannot invest in an Index and the performance of the Index does not represent the performance of any specific investment. ▼

17. Additional information regarding policies for valuing portfolios, calculating performance, and preparing compliant presentations are available upon request.

18. Dispersion is calculated as the asset-weighted standard deviation of all accounts included in the composite for the entire year around the annual composite return.

19. Gross of fee performance is calculated gross of the Greenwood Capital management fees and includes any additional non-investment management fees and transactions costs. Net of fee performance is calculated net of the Greenwood Capital management fees and also includes any additional non-investment management fees and transactions costs. ▼

20. Note "Intermediate" was added to name in 2009 composite to distinguish between new Government and Corporate bond composites created in 2010. There was no change in strategy with the name change.

21. Total firm assets for 2010 include a portion of assets where Greenwood Capital Associates does not have discretionary trading authority. The assets consist of model portfolio relationships and totaled \$8.7 million as of 12/31/10.

**Deleted:** This was a period of generally rising security prices.

**Deleted:** Intermediate

**Deleted:** Gross of performance is calculated gross of the Greenwood Capital management fees and includes any additional non-investment management fees and transactions costs. Net of performance is calculated net of the Greenwood Capital management fees and also includes any additional non-investment management fees and transactions costs.

## ADDITIONAL INFORMATION

---

# Crescent Funds

---

Additional information about the Funds is available in the Funds' Statement of Additional Information (SAI), which is incorporated by reference into this prospectus. Additional information about the Funds' investments is also available in the annual and semi-annual reports to shareholders. The annual reports include a discussion of market conditions and investment strategies that significantly affected the Funds' performance during its last fiscal year.

The Funds' Statement of Additional Information and the annual and semi-annual reports will be available, free of charge, on the website listed below and upon request by contacting the Funds (you may also request other information about the Funds or make shareholder inquiries) as follows:

- |                         |   |
|-------------------------|---|
| <b>By telephone:</b>    | 1-800-773-3863  |
| <b>By mail:</b>         | <b>Crescent Funds</b><br>c/o Nottingham Shareholder Services<br>116 South Franklin Street<br>Post Office Box 4365<br>Rocky Mount, North Carolina 27803-0365 |
| <b>By e-mail:</b>       | shareholders@ncfunds.com  |
| <b>On the Internet:</b> | www.ncfunds.com   |

Information about the Funds (including the Statement of Additional Information) can also be reviewed and copied at the Securities and Exchange Commission's Public Reference Room in Washington, D.C. Inquiries on the operations of the public reference room may be made by calling the Securities and Exchange Commission at 1-202-551-8090. Reports and other information about the Funds are available on the EDGAR Database on the Securities and Exchange Commission's Internet site at <http://www.sec.gov>, and copies of this information may be obtained, upon payment of a duplicating fee, by electronic request at the following e-mail address: [publicinfo@sec.gov](mailto:publicinfo@sec.gov), or by writing the Securities and Exchange Commission's Public Reference Section, Washington, D.C. 20549-1520.

STATEMENT OF ADDITIONAL INFORMATION

## Crescent Funds

### Crescent Large Cap Macro Fund

*Institutional Class Shares – Ticker Symbol [\_\_\_\_\_]*

*Advisor Class Shares - Ticker Symbol [\_\_\_\_\_]*

### Crescent Mid Cap Macro Fund

*Institutional Class Shares – Ticker Symbol [\_\_\_\_\_]*

*Advisor Class Shares - Ticker Symbol [\_\_\_\_\_]*

### Crescent Strategic Income Fund

*Institutional Class Shares – Ticker Symbol [\_\_\_\_\_]*

*Advisor Class Shares - Ticker Symbol [\_\_\_\_\_]*

[November 14, 2011]

*A series of the*

Starboard Investment Trust

116 South Franklin Street

Post Office Box 69

Rocky Mount, North Carolina 27802-0069

Telephone 1-800-773-3863

#### TABLE OF CONTENTS

	<u>Page</u>
OTHER INVESTMENT POLICIES	2
INVESTMENT LIMITATIONS	11
PORTFOLIO TRANSACTIONS	13
DESCRIPTION OF THE TRUST	14
MANAGEMENT AND OTHER SERVICE PROVIDERS	15
ADDITIONAL PURCHASE AND REDEMPTION INFORMATION	25
SPECIAL SHAREHOLDER SERVICES	27
DISCLOSURE OF PORTFOLIO HOLDINGS	28
NET ASSET VALUE	29
ADDITIONAL TAX INFORMATION	29
FINANCIAL STATEMENTS	32
APPENDIX A – DESCRIPTION OF RATINGS	33
APPENDIX B – PROXY VOTING POLICIES	37

This Statement of Additional Information is meant to be read in conjunction with the prospectus for the Crescent Funds, dated the same date as this Statement of Additional Information, and is incorporated by reference in its entirety into the prospectus. Because this Statement of Additional Information is not itself a prospectus, no investment in shares of the Crescent Funds should be made solely upon the information contained herein. Copies of the Crescent Funds' prospectus, annual report, and/or semi-annual report may be obtained at no charge by writing or calling the Crescent Funds at the address or phone number shown above. Capitalized terms used but not defined herein have the same meanings as in the Crescent Funds' prospectus.

## OTHER INVESTMENT POLICIES

Starboard Investment Trust (“Trust”) was organized on May 13, 2009 as a Delaware statutory trust and is registered with the Securities and Exchange Commission (“SEC”) as an open-end management investment company. The Crescent Large Cap Macro Fund, the Crescent Mid Cap Macro Fund, and the Crescent Strategic Income Fund (each a “Fund” and collectively, “Funds”) are separate, diversified series of the Trust. The Funds’ investment advisor is Greenwood Capital Associates, LLC (the “Advisor”). The Prospectus describes the Funds’ investment objective and principal investment strategy, as well as the principal investment risks of the Funds. The following descriptions and policies supplement these descriptions, and also include descriptions of certain types of investments that may be made by the Funds but are not principal investment strategies of the Funds. Attached to the Statement of Additional Information is Appendix A, which contains descriptions of the rating symbols used by nationally recognized statistical rating organizations for securities in which the Funds may invest.

**General Investment Risks.** All investments in securities and other financial instruments involve a risk of financial loss. No assurance can be given that the Funds’ investment program will be successful. Investors should carefully review the descriptions of the Funds’ investments and their risks described in the Funds’ prospectus and this Statement of Additional Information.

**Equity Securities.** The Funds may invest in equity securities, both directly and indirectly through the Funds’ investment in shares of other investment companies. The equity portion of the Funds’ portfolio may be comprised of common stocks traded on domestic securities exchanges or on the over-the-counter market. In addition to common stocks, the equity portion of each Funds’ portfolio may also include preferred stocks, convertible preferred stocks, and convertible bonds. Prices of equity securities in which the Funds invest (either directly or indirectly through the Funds’ investment in shares of other investment companies) may fluctuate in response to many factors, including, but not limited to, the activities of the individual companies whose securities the Fund owns, general market and economic conditions, interest rates, and specific industry changes. Such price fluctuations subject the Funds to potential losses. In addition, regardless of any one company’s particular prospects, a declining stock market may produce a decline in prices for all equity securities, which could also result in losses for the Funds. Market declines may continue for an indefinite period of time, and investors should understand that during temporary or extended bear markets, the value of equity securities will decline.

**Investment Companies.** The Funds will invest in securities of other investment companies, including, without limitation, money market funds, and exchange traded funds. The Funds expect to rely on Rule 12d1-1 under the Investment Company Act of 1940, as amended (“1940 Act”) when purchasing shares of a money market fund. Under Rule 12d1-1, the Funds may generally invest without limitation in money market funds as long as the Funds pay no sales charge, as defined in rule 2830(b)(8) of the Conduct Rules of the Financial Industry Regulatory Authority, or service fee, as defined in Rule 2830(b)(9) of the Conduct Rules of the Financial Industry Regulatory Authority, charged in connection with the purchase, sale, or redemption of securities issued by the money market fund; or the Advisor waives its management fee in an amount necessary to offset any sales charge or service fee. The Funds expect to rely on Section 12(d)(1)(F) of the 1940 Act when purchasing shares of other investment companies that are not money market funds. Under Section 12(d)(1)(F), a Fund may generally acquire shares of another investment company unless, immediately after such acquisition, the Fund and its affiliated persons would hold more than 3% of the investment company’s total outstanding stock. To the extent this limitation applies to an investment the Funds wishes to make, the Funds may be prevented from allocating its investments in the manner that the Advisor considers optimal. Also, in the event that there is a proxy vote with respect to shares of another investment company purchased and held by the Funds under Section 12(d)(1)(F), then the Funds will either (i) vote such shares in the same proportion as the vote of all other holders of such securities; or (ii) contact its shareholders for instructions regarding how to vote the proxy. Investments by the Funds in other investment companies entail a number of risks unique to a fund of funds structure. These risks include the following:

**Multiple Layers of Fees.** By investing in other investment companies indirectly through the Funds, prospective investors will directly bear the fees and expenses of the Funds’ Advisor and indirectly bear the fees and expenses of other investment companies and other investment companies’ managers as well. As such, this multiple or duplicative layer of fees will increase the cost of investments in the Funds.



Lack of Transparency. The Advisor will not be able to monitor the investment activities of the other investment companies on a continuous basis and the other investment companies may use investment strategies that differ from its past practices and are not fully disclosed to the Advisor and that involve risks that are not anticipated by the Advisor. The Funds has no control over the risks taken by the underlying investment companies in which they invest.

Valuation of Investment Companies. Although the Advisor will attempt to review the valuation procedures used by other investment companies' managers, the Advisor will have little or no means of independently verifying valuations of the Funds' investments in investment companies and valuations of the underlying securities held by other investment companies. As such, the Advisor will rely significantly on valuations of other investment companies and the securities underlying other investment companies that are reported by other investment companies' managers. In the event that such valuations prove to be inaccurate, the NAV of the Funds could be adversely impacted and an investor could incur a loss of investment in the Funds.

Illiquidity of Investments By and In Other Investment Companies. Other investment companies may invest in securities that are not registered, are subject to legal or other restrictions on transfer, or for which no liquid market exists. The market prices, if any, for such securities tend to be volatile and restricted securities may sell at prices that are lower than similar securities that are not subject to legal restrictions on resale. Further, the Funds may not be able to redeem their interests in other investment companies' securities that it has purchased in a timely manner. If adverse market conditions were to develop during any period in which the Funds are unable to redeem interests in other investment companies, the Funds may suffer losses as a result of this illiquidity. As such, the lack of liquidity and volatility of restricted securities held by other investment companies could adversely affect the value of the other investment companies. Any such losses could adversely affect the value of the Funds' investments and an investor could incur a loss of investment in the Funds.

Lack of Diversification. There is no requirement that the underlying investments held by other investment companies be diversified. As such, other investment companies' managers may target or concentrate other investment companies' investments in specific markets, sectors, or types of securities. As a result, investments made by other investment companies are subject to greater volatility as a result of this concentration than if the other investment companies had non-concentrated and diversified portfolios of investments. Thus, the Funds' portfolios (and by extension the value of an investment in the Funds) may therefore be subject to greater risk than the portfolio of a similar fund with investments in diversified investment companies.

Use of Leverage. The other investment companies may utilize leverage (i.e., borrowing) to acquire their underlying portfolio investments. When other investment companies borrow money or otherwise leverage their portfolio of investments, doing so may exaggerate changes in the net asset value of the shares of the other investment companies and in the return on the other investment companies' investments. Borrowing will also cost other investment companies interest expense and other fees. As such, the value of the Funds' investments in other investment companies may be more volatile and all other risks (including the risk of loss of an investment in other investment companies) tend to be compounded or magnified. As a result, any losses suffered by other investment companies as a result of their use of leverage could adversely affect the value of the Funds' investments and an investor could incur a loss of investment in the Funds.

**Exchange Traded Funds.** The Funds will invest in exchange traded funds ("ETF"). An ETF is an investment company that holds a portfolio of common stock or bonds designed to track the performance of a securities index or sector of an index. ETFs are traded on a securities exchange based on their market value. An investment in an ETF generally presents the same primary risks as an investment in a conventional registered investment company (i.e., one that is not exchange traded). In addition, all ETFs will have costs and expenses that will be passed on to the Funds and these costs and expenses will in turn increase the Funds' expenses. ETFs are also subject to the following risks that often do not apply to conventional investment companies: (i) the market price of the ETF's shares may trade at a discount to the ETF's net asset value, and as a result, ETFs may experience more price volatility than other types of portfolio investments and such volatility could negatively impact the Funds' net asset values; (ii) an active trading market for an ETF's shares may not develop or be maintained at a sufficient volume; (iii) trading of an ETF's shares may be halted if the listing exchange deems such action appropriate; and (iv) ETF shares may be delisted from the exchange on which they trade, or "circuit breakers" (which are tied to large decreases in stock prices used by the exchange) may temporarily halt trading in the ETF's stock. ETFs are also subject to the risks of



the underlying securities or sectors that the ETF is designed to track. Finally, there may be legal limitations and other conditions imposed by SEC rules on the amount of the ETF shares that the Funds may acquire.

**Foreign Investment Risk.** The Funds may invest in foreign securities traded domestically as American Depositary Receipts ("ADRs") or may invest indirectly in foreign securities through its investments in shares of other investment companies. ADRs are receipts issued by a U.S. bank or trust company evidencing ownership of securities of a foreign issuer. ADRs may be listed on a national securities exchange or may trade in the over-the-counter market. The prices of ADRs are denominated in U.S. dollars while the underlying security may be denominated in a foreign currency. Foreign securities investment presents special consideration not typically associated with investment in domestic securities. Foreign taxes may reduce income. Currency exchange rates and regulations may cause fluctuations in the value of foreign securities. Foreign securities are subject to different regulatory environments than in the U.S. and, compared to the U.S., there may be a lack of uniform accounting, auditing and financial reporting standards, less volume and liquidity and more volatility, less public information, and less regulation of foreign issuers. Countries have been known to expropriate or nationalize assets, and foreign investments may be subject to political, financial or social instability or adverse diplomatic developments. There may be difficulties in obtaining service of process on foreign issuers and difficulties in enforcing judgments with respect to claims under the U.S. securities laws against such issuers. Favorable or unfavorable differences between U.S. and foreign economies could affect foreign securities values. The U.S. government has, in the past, discouraged certain foreign investments by U.S. investors through taxation or other restrictions and it is possible that such restrictions could be imposed again.

**Fixed-Income Securities.** The Funds will invest in fixed-income securities directly or indirectly through its investments in shares of ETFs, including government and corporate bonds, money market instruments, high yield securities or "junk bonds" and zero-coupon bonds. Zero-coupon bonds are purchased at a discount from their face values and accrue interest at the applicable coupon rate over a period of time. Fixed-income securities purchased by the Funds may consist of obligations of any rating. Fixed-income securities in the lowest investment grade categories have speculative characteristics, with changes in the economy or other circumstances more likely to lead to a weakened capacity of the bonds to make principal and interest payments than would occur with bonds rated in higher categories. High yield bonds are typically rated below "Baa" by Moody's Investors Service, Inc. ("Moody's") or below "BBB" by Standard & Poor's Ratings Group ("S&P") or below investment grade by other recognized rating agencies. The Funds may also invest in other mutual funds that invest in unrated securities of comparable quality under certain circumstances. Such bonds are subject to greater market fluctuations and risk of loss of income and principal than higher rated bonds for a variety of reasons, including:

Sensitivity to Interest Rate and Economic Change. The economy and interest rates affect high yield securities differently than other securities. For example, the prices of high yield bonds have been found to be less sensitive to interest rate changes than higher-rated investments, but more sensitive to adverse economic changes or individual corporate developments. Also, during an economic downturn or substantial period of rising interest rates, highly leveraged issuers may experience financial stress which would adversely affect their ability to service their principal and interest obligations, to meet projected business goals, and to obtain additional financing. If the issuer of a bond defaults, an underlying mutual fund may incur additional expenses to seek recovery. In addition, periods of economic uncertainty and changes can be expected to result in increased volatility or market prices of high yield bonds and the Underlying Fund's asset values.

Payment Expectations. High yield bonds present certain risks based on payment expectations. For example, high yield bonds may contain redemption and call provisions. If an issuer exercises these provisions in a declining interest rate market, the Funds or an ETF the Funds invest in would have to replace the security with a lower yielding security, resulting in a decreased return for investors. Conversely, a high yield bond's value will decrease in a rising interest rate market, as will the value of the Fund's or ETF's assets. If the Funds or an ETF the Funds invest in experience unexpected net redemptions, it may be forced to sell its high yield bonds without regard to their investment merits, thereby decreasing the asset base upon which the Funds' or ETF's expenses can be spread and possibly reducing the Funds' or ETF's rate of return.

Liquidity and Valuation. To the extent that there is no established retail secondary market, there may be thin trading of high yield bonds, and this may impact a fund's ability to accurately value high yield bonds and may hinder a fund's ability to dispose of the bonds. Adverse publicity and investor perceptions, whether or not based on

fundamental analysis, may decrease the values and liquidity of high yield bonds, especially in a thinly traded market.

**Credit Ratings.** Credit ratings evaluate the safety of principal and interest payments, not the market value risk of high yield bonds. Also, because credit rating agencies may fail to timely change the credit ratings to reflect subsequent events, the Funds or an ETF the Funds invest in must monitor the issuers of high yield bonds in their portfolios to determine if the issuers will have sufficient cash flow and profits to meet required principal and interest payments, and to assure the bonds' liquidity so the Funds or an ETF the Funds invest in can meet redemption requests.

High-yield securities are deemed speculative with respect to the issuer's capacity to pay interest and repay principal over a long period of time. Special tax considerations are associated with investing in high-yield securities structured as zero coupon or "pay-in-kind" securities. The Funds or an ETF the Funds invest in will report the interest on these securities as income even though it receives no cash interest until the security's maturity or payment date. The payment of principal and interest on most fixed-income securities purchased by a fund will depend upon the ability of the issuers to meet their obligations. An issuer's obligations under its fixed-income securities are subject to the provisions of bankruptcy, insolvency and other laws affecting the rights and remedies of creditors, such as the Federal Bankruptcy Code, and laws, if any, which may be enacted by federal or state legislatures extending the time for payment of principal or interest, or both, or imposing other constraints upon enforcement of such obligations. The power or ability of an issuer to meet its obligations for the payment of interest on, and principal of, its fixed-income securities may be materially adversely affected by litigation or other conditions.

The ratings of S&P, Moody's and other nationally recognized rating agencies represent their opinions as to the quality of fixed-income securities. It should be emphasized, however, that ratings are general and are not absolute standards of quality, and fixed-income securities with the same maturity, interest rate, and rating may have different yields while fixed-income securities of the same maturity and interest rate with different ratings may have the same yield. For a more detailed description of ratings, please see Appendix A.

**Money Market Instruments.** The Funds may invest in money market instruments including U.S. Government obligations or corporate debt obligations (including those subject to repurchase agreements) provided that they are eligible for purchase by the Funds. Money market instruments also may include Banker's Acceptances and Certificates of Deposit of domestic branches of U.S. banks, Commercial Paper, and Variable Amount Demand Master Notes ("Master Notes"). Banker's Acceptances are time drafts drawn on and "accepted" by a bank. When a bank "accepts" such a time draft, it assumes liability for its payment. When the Funds acquire a Banker's Acceptance, the bank that "accepted" the time draft is liable for payment of interest and principal when due. The Banker's Acceptance carries the full faith and credit of such bank. A Certificate of Deposit ("CD") is an unsecured, interest bearing debt obligation of a bank. Commercial Paper is an unsecured, short-term debt obligation of a bank, corporation, or other borrower. Commercial Paper maturity generally ranges from two to 270 days and is usually sold on a discounted basis rather than as an interest-bearing instrument. The Funds will invest in Commercial Paper only if it is rated in one of the top two rating categories by Moody's Investors Service, Inc., Standard & Poor's Ratings Services, or Fitch Investors Service, Inc., or if not rated, of equivalent quality in the Advisor's opinion. Commercial Paper may include Master Notes of the same quality. Master Notes are unsecured obligations that are redeemable upon demand of the holder and that permit the investment of fluctuating amounts at varying rates of interest. Master Notes will be acquired by the Funds only through the Master Note program of the Funds' custodian bank, acting as administrator thereof. The Advisor will monitor, on a continuous basis, the earnings power, cash flow, and other liquidity ratios of the issuer of a Master Note held by the Funds.

**U.S. Government Securities.** The Funds may invest in U.S. Government securities, defined to be U.S. Government obligations such as U.S. Treasury notes, U.S. Treasury bonds, and U.S. Treasury bills, obligations guaranteed by the U.S. Government such as Government National Mortgage Association (GNMA), as well as obligations of U.S. Government authorities, agencies, and instrumentalities such as Federal National Mortgage Association (FNMA), Federal Home Loan Mortgage Corporation (FHLMC), Federal Housing Administration (FHA), Federal Farm Credit Bank (FFCB), Federal Home Loan Bank (FHLB), Student Loan Marketing Association (SLMA), and The Tennessee Valley Authority (TVA). U.S. Government securities may also be acquired subject to repurchase agreements. While obligations of some U.S. Government sponsored entities are supported by the full faith and credit of the U.S. Government (e.g. GNMA), others are not. No assurance can be given that the U.S. Government will provide

financial support to U.S. Government agencies or instrumentalities in the future since it is not obligated to do so by law. The guarantee of the U.S. Government does not extend to the yield or value of the Funds' shares.

**Debentures.** A debenture is long-term, unsecured, debt instrument backed only by the integrity of the borrower, not by collateral, and documented by an indenture. Governments often issue debentures, in part because they generally cannot guarantee debt with assets (government assets are public property). The primary risk with this type of investment is that the issuer will default or go into bankruptcy. As an unsecured creditor, in the event of default or bankruptcy, the holder of a debenture does not have a claim against any specific assets of the issuing firm, so the investor will only be paid from the issuer's assets after the secured creditors have been paid. The Funds may invest in all types of debentures, including corporate and government debentures.

**Derivative Instruments Risk.** When the Funds enter into options, futures, and other forms of financial derivatives, such as foreign exchange contracts, the investments involve risks different from direct investments in the underlying securities. While transactions in derivatives may reduce certain risks, these transactions themselves entail certain other risks. For example, unanticipated changes in interest rates, securities prices, or currency exchange rates may result in a poorer overall performance of the Funds than if they had not entered into any derivatives transactions. Derivatives may magnify the Funds' gains or losses, causing it to make or lose substantially more than it invested. If the Fund does use derivative instruments, the Fund will comply with current guidance from the staff of the Securities and Exchange Commission regarding asset coverage requirements.

When used for hedging purposes, increases in the value of the securities the Funds hold or intend to acquire should offset any losses incurred with a derivative. Purchasing derivatives for purposes other than hedging could expose the Funds to greater risks.

The Funds' ability to hedge securities through derivatives depends on the degree to which price movements in the underlying index or instrument correlate with price movements in the relevant securities. In the case of poor correlation, the price of the securities the Funds are hedging may not move in the same amount, or even in the same direction as the hedging instrument. The Advisor will try to minimize this risk by investing only in those contracts whose behavior it expects to resemble with the portfolio securities it is trying to hedge. However, if the Funds' prediction of interest and currency rates, market value, volatility, or other economic factors is incorrect, the Funds may lose money, or may not make as much money as it expected.

Derivative prices can diverge from the prices of their underlying instruments, even if the characteristics of the underlying instruments are very similar to the derivative. Listed below are some of the factors that may cause such a divergence:

- current and anticipated short-term interest rates, changes in volatility of the underlying instrument, and the time remaining until expiration of the contract;
- a difference between the derivatives and securities markets, including different levels of demand, how the instruments are traded, the imposition of daily price fluctuation limits or trading of an instrument stops; and
- differences between the derivatives, such as different margin requirements, different liquidity of such markets, and the participation of speculators in such markets.

Derivatives based upon a narrow index of securities may present greater risk than derivatives based on a broad index. Since narrower indices are made up of a smaller number of securities, they are more susceptible to rapid and extreme price fluctuations because of changes in the value of those securities.

While currency futures and options values are expected to correlate with exchange rates, they may not reflect other factors that affect the value of the investments of the Funds. A currency hedge, for example, should protect a yen-denominated security from a decline in the yen, but will not protect the Funds against a price decline resulting from deterioration in the issuer's creditworthiness. Because the value of the Funds' foreign-denominated investments changes in response to many factors other than exchange rates, it may not be possible to match the amount of currency options and futures to the value of the Funds' investments precisely over time.

Before a futures contract or option is exercised or expires, the Funds can terminate it only by entering into a closing purchase or sale transaction. Moreover, the Funds may close out a futures contract only on the exchange the contract was initially traded. Although the Funds intend to purchase options and futures only where there appears to be an active market, there is no guarantee that such a liquid market will exist. If there is no secondary market for the contract, or the market is illiquid, the Funds may not be able to close out a position. In an illiquid market, the Funds may:

- have to sell securities to meet its daily margin requirements at a time when it is disadvantageous to do so;
- have to purchase or sell the instrument underlying the contract;
- not be able to hedge its investments; and
- not be able to realize profits or limit its losses.

Derivatives may become illiquid (i.e., difficult to sell at a desired time and price) under a variety of market conditions. For example:

- an exchange may suspend or limit trading in a particular derivative instrument, an entire category of derivatives, or all derivatives, which sometimes occurs because of increased market volatility;
- unusual or unforeseen circumstances may interrupt normal operations of an exchange;
- the facilities of the exchange may not be adequate to handle current trading volume;
- equipment failures, government intervention, insolvency of a brokerage firm or clearing house, or other occurrences may disrupt normal trading activity; or
- investors may lose interest in a particular derivative or category of derivatives.

If the Advisor incorrectly predicts securities market and interest rate trends, the Funds may lose money by investing in derivatives. For example, if the Funds were to write a call option based on the Advisor's expectation that the price of the underlying security would fall, but the price were to rise instead, the Funds could be required to sell the security upon exercise at a price below the current market price. Similarly, if the Funds were to write a put option based on the Advisor's expectation that the price of the underlying security would rise, but the price were to fall instead, the Funds could be required to purchase the security upon exercise at a price higher than the current market price.

Because of the low margin deposits required upon the opening of a derivative position, such transactions involve an extremely high degree of leverage. Consequently, a relatively small price movement in a derivative may result in an immediate and substantial loss (as well as gain) to the Funds and they may lose more than it originally invested in the derivative.

If the price of a futures contract changes adversely, the Funds may have to sell securities at a time when it is disadvantageous to do so to meet its minimum daily margin requirement. The Funds may lose margin deposits if a broker with whom they have an open futures contract or related option becomes insolvent or declares bankruptcy.

The prices of derivatives are volatile (i.e., they may change rapidly, substantially, and unpredictably) and are influenced by a variety of factors, including:

- actual and anticipated changes in interest rates;
- fiscal and monetary policies; and
- national and international political events.

Most exchanges limit the amount by which the price of a derivative can change during a single trading day. Daily trading limits establish the maximum amount that the price of a derivative may vary from the settlement price of that derivative at the end of trading on the previous day. Once the price of a derivative reaches this value, the Funds may not trade that derivative at a price beyond that limit. The daily limit governs only price movements during a given day and does not limit potential gains or losses. Derivative prices have occasionally moved to the daily limit for several consecutive trading days, preventing prompt liquidation of the derivative.

**Options.** The Funds may purchase and write put and call options on securities. The purchase and writing of options involves certain risks. During the option period, ~~a call writer that holds the underlying security~~ has, in return for the premium on the option, given up the opportunity to profit from a price increase in the underlying securities above the exercise price, but, as long as its obligation as a writer continues, has retained the risk of loss should the price of the underlying security decline. The writer of an option has no control over the time when it may be required to fulfill its obligation as a writer of the option. Once an option writer has received an exercise notice, it cannot effect a closing purchase transaction in order to terminate its obligation under the option and must deliver the underlying securities at the exercise price. If a put or call option purchased by the Fund is not sold when it has remaining value, and if the market price of the underlying security, in the case of a put, remains equal to or greater than the exercise price or, in the case of a call, remains less than or equal to the exercise price, the Fund will lose its entire investment in the option. Also, where a put or call option on a particular security is purchased to hedge against price movements in a related security, the price of the put or call option may move more or less than the price of the related security. There can be no assurance that a liquid market will exist when the Funds seek to close out an option position. Furthermore, if trading restrictions or suspensions are imposed on the options market, the Funds may be unable to close out a position.

The Funds may write a call or put option only if the option is “covered” by holding a position in the underlying securities or by other means which would permit immediate satisfaction of the Fund’s obligation as writer of the option. A written call option creates a potential obligation to sell the underlying security. In order to make sure that this obligation can be met, a Fund could (i) hold the security underlying the written option; (ii) hold an offsetting call option (one with a strike price that is the same or lower than the strike price of the written option); or (iii) segregate cash and liquid securities (which can be cash, U.S. Government securities, and other liquid debt or equity securities) that when added to collateral on deposit equals the market value of the underlying security. A written put option creates a potential obligation to buy the underlying security. In order to make sure that this obligation can be met, a Fund could (i) sell short the underlying security at the same or higher price than the strike price of the written put option; (ii) hold an offsetting put option (one with a strike price that is the same or higher than the strike price of the written option); or (iii) segregate cash and liquid securities that when added to collateral on deposit equals the strike price of the option.

**Futures Contracts.** A futures contract is a bilateral agreement to buy or sell a security (or deliver a cash settlement price, in the case of a contract relating to an index or otherwise not calling for physical delivery at the end of trading in the contracts) for a set price in the future. Futures contracts are designated by boards of trade that have been designated “contracts markets” by the Commodities Futures Trading Commission (CFTC). No purchase price is paid or received when the contract is entered into. Instead, the Funds, upon entering into a futures contract (and to maintain the Funds’ open positions in futures contracts), would be required to deposit with its custodian in a segregated account in the name of the futures broker an amount of cash, U.S. government securities, suitable money market instruments, or liquid, high-grade debt securities, known as “initial margin.” The margin required for a particular futures contract is set by the exchange on which the contract is traded, and may be significantly modified from time to time by the exchange during the term of the contract. Futures contracts are customarily purchased and sold on margin that may range upward from less than 5% of the value of the contract being traded. By using futures contracts as a risk management technique, given the greater liquidity in the futures market than in the cash market, it may be possible to accomplish certain results more quickly and with lower transaction costs.

If the price of an open futures contract changes (by increase in the case of a sale or by decrease in the case of a purchase) so that the loss on the futures contract reaches a point at which the margin on deposit does not satisfy margin requirements, the broker will require an increase in the margin. However, if the value of a position increases because of favorable price changes in the futures contract so that the margin deposit exceeds the required margin, the broker will pay the excess to the Funds. These subsequent payments, called “variation margin,” to and from the futures broker, are made on a daily basis as the price of the underlying assets fluctuates, making the long and short positions in the futures contract more or less valuable, a process known as “marking to the market.” The Funds are expected to earn interest income on initial and variation margin deposits.

The Funds will incur brokerage fees when it purchases and sells futures contracts. Positions taken in the futures markets are not normally held until delivery or cash settlement is required, but are instead liquidated through offsetting transactions that may result in a gain or a loss. While futures positions taken by the Funds will usually be liquidated in this manner, the Funds may instead make or take delivery of underlying securities whenever it appears economically

**Deleted:** The Funds may write a call or put option only if the option is “covered” by holding a position in the underlying securities or by other means which would permit immediate satisfaction of the Funds’ obligation as writer of the option.

**Deleted:** the covered call writer

advantageous for the Funds to do so. A clearing organization associated with the exchange on which futures are traded assumes responsibility for closing out transactions and guarantees that as between the clearing members of an exchange, the sale and purchase obligations will be performed with regard to all positions that remain open at the termination of the contract.

**Short Sales.** The Funds may sell securities short. A short sale is a transaction in which a party sells a security it does not own or have the right to acquire (or that it owns but does not wish to deliver) in anticipation that the market price of that security will decline. When a party makes a short sale, the broker-dealer through which the short sale is made must borrow the security sold short and deliver it to the party purchasing the security. The party is required to make a margin deposit in connection with such short sales; the party may have to pay a fee to borrow particular securities and will often be obligated to pay over any dividends and accrued interest on borrowed securities. If the price of the security sold short increases between the time of the short sale and the time the party covers the short position, the party will incur a loss; conversely, if the price declines, the party will realize a capital gain. Any gain will be decreased, and any loss increased, by the transaction costs described above.

**Deleted:** to offset potential declines in long positions in similar securities

If the Funds do sell securities "short", the Funds will comply with current guidance from the staff of the Securities and Exchange Commission regarding asset coverage requirements. In particular, a Fund will take measures that ensure its obligation to purchase the security in the future will be met, including (i) holding the security sold short; (ii) holding an offsetting call option (one with a strike price that is the same or lower than the price at which the security was sold short); or (iii) segregating liquid assets (which can be cash, U.S. Government securities, and other liquid debt or equity securities) on the Fund's books or in a segregated account at the Fund's custodian in an amount sufficient to cover the current value of the securities to be replaced as well as any dividends, interest, and transaction costs due to the broker-dealer lender. In determining the amount to be segregated, any securities that have been sold short by a Fund will be marked to market daily. To the extent the market price of the securities sold short increases and more assets are required to meet a Fund's short sale obligations, additional assets will be segregated to ensure adequate coverage of the Fund's short position obligations. If a Fund does not have the assets to cover a short sale, then the Fund's potential losses on the short will be unlimited because the security's price may appreciate indefinitely.

**Swaps.** The Funds may invest in currency, equity, interest rate, index and other swaps, which involve the exchange by an investor with another party of their respective commitments, in an attempt to obtain a particular return when it is considered desirable to do so, possibly at a lower cost than if the Funds had invested directly in the asset that yielded the desired return. In the case of interest rate swaps, an investor may exchange with another party their respective commitments to pay or receive interest, such as an exchange of fixed rate payments for floating rate payments. Use of swaps subjects the investor to risk of default by the counterparties. If there is a default by the counterparty to such a transaction, there may be contractual remedies pursuant to the agreements related to the transaction although contractual remedies may not be sufficient in the event that the counterparty to the transaction is insolvent. The swap market has grown substantially in recent years with a large number of banks and investment banking firms acting both as principals and agents utilizing standardized swap documentation. As a result, the swap market has become relatively liquid in comparison with the markets for other similar instruments which are traded in the interbank market. An investor may also enter into currency swaps or other swaps which are similar to interest rate swaps but may be surrogates for other instruments such as currency forwards or options.

**Forward Commitment and When-Issued Securities.** The Funds may purchase securities on a when-issued basis or for settlement at a future date if the Funds hold sufficient assets to meet the purchase price. In such purchase transactions, the Funds will not accrue interest on the purchased security until the actual settlement. Similarly, if a security is sold for a forward date, the Funds will accrue the interest until the settlement of the sale. When-issued security purchases and forward commitments have a higher degree of risk of price movement before settlement due to the extended time period between the execution and settlement of the purchase or sale. As a result, the exposure to the counterparty of the purchase or sale is increased. Although the Funds would generally purchase securities on a forward commitment or when-issued basis with the intention of taking delivery, the Funds may sell such a security prior to the settlement date if the Advisor feels such action is appropriate. In such a case, the Funds could incur a short-term gain or loss.

**Repurchase Agreements.** A repurchase transaction occurs when an investor purchases a security (normally a U.S. Treasury obligation), and it then resells it to the vendor (normally a member bank of the Federal Reserve or a registered government securities dealer) and is required to deliver the security (and/or securities substituted for them



under the repurchase agreement) to the vendor on an agreed upon date in the future. The repurchase price exceeds the purchase price by an amount which reflects an agreed upon market interest rate effective for the period of time during which the repurchase agreement is in effect. Delivery pursuant to the resale normally will occur within one to seven days of the purchase. Repurchase agreements are considered “loans” under the 1940 Act, collateralized by the underlying security. The Trust has implemented procedures to monitor on a continuous basis the value of the collateral serving as security for repurchase obligations. The Advisor will consider the creditworthiness of the vendor. If the vendor fails to pay the agreed upon resale price on the delivery date, the Funds will retain or attempt to dispose of the collateral. The Funds’ risk is that such default may include any decline in value of the collateral to an amount which is less than 100% of the repurchase price, any costs of disposing of such collateral, and any loss resulting from any delay in foreclosing on the collateral. Repurchase agreements that do not provide for payment within seven days will be treated as illiquid securities.

**Illiquid Investments.** The Funds may hold up to 15% of net assets in illiquid securities, which are investments that cannot be sold or disposed of in the ordinary course of business within seven days at approximately the prices at which they are valued. This restriction is not limited to the time of purchase. Under the supervision of the Board of Trustees of the Trust (the “Board” or “Trustees”), the Advisor determines the liquidity of the Funds’ investments, and through reports from the Advisor, the Trustees monitor investments in illiquid instruments. In determining the liquidity of the Funds’ investments, the Advisor may consider various factors including (i) the frequency of trades and quotations; (ii) the number of dealers and prospective purchasers in the marketplace; (iii) dealer undertakings to make a market; (iv) the nature of the security (including any demand or tender features); and (v) the nature of the marketplace for trades (including the ability to assign or offset the Funds’ rights and obligations relating to the investment). If through a change in values, net assets, or other circumstances, a Fund were in a position where more than 15% of its net assets were invested in illiquid securities, it would seek to take appropriate steps to protect liquidity. Investment in illiquid securities poses risks of potential delays in resale and uncertainty in valuation. Limitations on resale may have an adverse effect on the marketability of portfolio securities and the Funds may be unable to dispose of illiquid securities promptly or at reasonable prices.

**Restricted Securities.** Within its limitation on investment in illiquid securities, the Funds may purchase restricted securities that generally can be sold in privately negotiated transactions, pursuant to an exemption from registration under the federal securities laws, or in a registered public offering. Where registration is required, the Funds may be obligated to pay all or part of the registration expense and a considerable period may elapse between the time it decides to seek registration and the time the Funds may be permitted to sell a security under an effective registration statement. If during such a period adverse market conditions were to develop, the Funds might obtain a less favorable price than prevailed when it decided to seek registration of the security. Restricted securities that can be offered and sold to qualified institutional buyers under Rule 144A of the Securities Act of 1933 and are determined to be liquid under guidelines adopted by and subject to the supervision of the Trustees are not subject to the limitations on illiquid securities.

**Portfolio Turnover.** Portfolio turnover is a ratio that indicates how often the securities in a mutual fund’s portfolio change during a year’s time. Higher numbers indicate a greater number of changes, and lower numbers indicate a smaller number of changes. The Funds may sell portfolio securities without regard to the length of time they have been held in order to take advantage of new investment opportunities or changing market conditions. Since portfolio turnover may involve paying brokerage commissions and other transaction costs, there could be additional expenses for the Funds. High rates of portfolio turnover could lower performance of the Funds due to increased costs and may also result in the realization of capital gains. If the Funds realize capital gains when they sell portfolio investments, they must generally distribute those gains to shareholders, increasing their taxable distributions. Under normal circumstances, the anticipated portfolio turnover rate for each Fund is expected to be less than 100%.

**Lending of Portfolio Securities.** In order to generate additional income, the Funds may lend portfolio securities in an amount up to 33% of total Fund assets to broker-dealers, major banks, or other recognized domestic institutional borrowers of securities which the Advisor has determined are creditworthy under guidelines established by the Board of Trustees. In determining whether the Funds will lend securities, the Advisor will consider all relevant facts and circumstances. The Funds may not lend securities to any company affiliated with the Advisor. Each loan of securities will be collateralized by cash, securities, or equivalent collateral. The Funds might experience a loss if the borrower defaults on the loan.

The borrower at all times during the loan must maintain with the Funds cash or cash equivalent collateral. While the loan is outstanding, the borrower will pay the Funds any interest paid on the loaned securities, and the Funds may invest the cash collateral to earn additional income. Alternatively, the Funds may receive an agreed-upon amount of interest income from the borrower who has delivered equivalent collateral. It is anticipated that the Funds may share with the borrower some of the income received on the collateral for the loan or the Funds will be paid a premium for the loan. Loans are subject to termination at the option of the Funds or the borrower at any time. The Funds may pay reasonable administrative and custodial fees in connection with a loan, and may pay a negotiated portion of the income earned on the cash to the borrower or placing broker. As with other extensions of credit, there are risks of delay in recovery or even loss of rights in the collateral should the borrower fail financially.

Securities lending involves counterparty risk, including the risk that the loaned securities may not be returned or returned in a timely manner and/or a loss of rights in the collateral if the borrower or the lending agent defaults or fails financially. This risk will be increased if a continuation of the current downturn in the economic conditions in the United States and around the world, particularly the recent failures of several major financial services firms, causes further declines in the securities markets and/or causes further financial instability in the borrowers or lending agents. This risk is increased when the Funds' loans are concentrated with a single or limited number of borrowers. There are no limits on the number of borrowers the Funds may use, and the Funds may lend securities to only one or a small group of borrowers. Mutual funds participating in securities lending bear the risk of loss in connection with investments of the cash collateral received from the borrowers, which do not trigger additional collateral requirements from the borrower.

**Borrowing.** To the extent permitted under the 1940 Act, the Funds may borrow money for investment purposes, which is a form of leveraging. Leveraging investments, by purchasing securities with borrowed money, is a speculative technique that increases investment risk while increasing investment opportunity. Such borrowing may make the Fund's NAV more volatile than funds that do not borrow for investment purposes because leverage magnifies changes in the Funds' NAV and on the Funds' investments. Although the principal of borrowings will be fixed, the Funds' assets may change in value during the time the borrowing is outstanding. Leverage also creates interest expenses for the Funds. To the extent the income derived from securities purchased with borrowed funds exceeds the interest the Funds will have to pay, the Funds' net income will be greater than it would be if leverage were not used. Conversely, if the income from the assets obtained with borrowed funds is not sufficient to cover the cost of leveraging, the net income of the Funds will be less than it would be if leverage were not used, and therefore the amount available for distribution to shareholders as dividends will be reduced. The use of derivatives in connection with leverage creates the potential for significant loss.

Deleted: The

Deleted: Leverage will magnify

Deleted: such

The Funds may also borrow money to meet redemptions or for other emergency purposes. Such borrowings may be on a secured or unsecured basis at fixed or variable rates of interest. The 1940 Act requires the Funds to maintain continuous asset coverage of not less than 300% with respect to all borrowings. If such asset coverage should decline to less than 300% due to market fluctuations or other reasons, the Funds may be required to dispose of some portfolio holdings within three days in order to reduce the Funds' debt and restore the 300% asset coverage, even though it may be disadvantageous from an investment standpoint to dispose of assets at that time.

The Funds also may be required to maintain minimum average balances in connection with such borrowing or to pay a commitment or other fee to maintain a line of credit. Either of these requirements would increase the cost of borrowing over the stated interest rate.

Borrowing by the Funds creates an opportunity for increased net income, but at the same time, creates special risk considerations. For example, leveraging will exaggerate the effect on NAV of any increase or decrease in the market value of the Funds' portfolio.

Deleted: may

**Temporary Defensive Positions.** The Fund may, from time to time, take temporary defensive positions that are inconsistent with the Funds' principal investment strategies in an attempt to respond to adverse market, economic, political, or other conditions. During such an unusual set of circumstances, the Funds may hold up to 100% of their portfolios in cash or cash equivalent positions (e.g., money market securities, U.S. Government securities, and/or similar securities). When the Funds take a temporary defensive position, the Funds may not be able to achieve their investment objective.



## INVESTMENT LIMITATIONS

Each Fund has adopted the following investment limitations, which cannot be changed without approval by holders of a majority of the outstanding voting shares of the Fund. A “majority” for this purpose means the lesser of (i) 67% of the Fund’s outstanding shares represented in person or by proxy at a meeting at which more than 50% of its outstanding shares are represented; or (ii) more than 50% of its outstanding shares. Unless otherwise indicated, percentage limitations apply at the time of purchase of the applicable securities.

As a matter of fundamental policy, each Fund may not:

- (1) Issue senior securities, except as permitted by the 1940 Act;
- (2) Borrow money, except to the extent permitted under the 1940 Act (including, without limitation, borrowing to meet redemptions). For purposes of this investment restriction, the entry into options, forward contracts, futures contracts, including those relating to indices, and options on futures contracts or indices shall not constitute borrowing;
- (3) Pledge, mortgage, or hypothecate its assets, except to the extent necessary to secure permitted borrowings and to the extent related to the deposit of assets in escrow in connection with writing covered put and call options and the purchase of securities on a when-issued or forward commitment basis and collateral and initial or variation margin arrangements with respect to options, forward contracts, futures contracts, including those relating to indices, and options on futures contracts or indices;
- (4) Act as an underwriter except to the extent that, in connection with the disposition of portfolio securities, the Fund may be deemed to be an underwriter under certain federal securities laws;
- (5) Purchase or sell real estate or direct interests in real estate; provided, however, that the Fund may purchase and sell securities which are secured by real estate and securities of companies that invest or deal in real estate (including, without limitation, investments in REITs, mortgage-backed securities, and privately-held real estate funds);
- (6) Invest in commodities, except that the Fund may purchase and sell securities of companies that invest in commodities, options, forward contracts, futures contracts, including those relating to indices and currencies, and options on futures contracts, indices or currencies;
- (7) Make investments for the purpose of exercising control or management over a portfolio company;
- (8) Make loans, provided that the Fund may lend its portfolio securities in an amount up to 33% of total Fund assets, and provided further that, for purposes of this restriction, investment in U.S. Government obligations, short-term commercial paper, certificates of deposit, and bankers’ acceptances; Deleted: or
- (9) Concentrate its investments. The Fund’s concentration policy limits the aggregate value of holdings of a single industry or group of industries (except U.S. Government and cash items) to less than 25% of the Fund’s total assets. Deleted: .
- (10) With respect to 75% of its total assets, the Fund may not: (i) purchase 10% or more of the outstanding voting securities of any one issuer; or (ii) purchase securities of any issuer if, as a result, 5% or more of the Fund’s total assets would be invested in that issuer’s securities. This limitation does not apply to investments in (i) cash and cash items; (ii) securities of other registered investment companies; and (iii) obligations of the United States Government, its agencies, or instrumentalities.

Senior securities may include any obligation or instrument issued by a fund evidencing indebtedness. The 1940 Act generally prohibits funds from issuing senior securities, although it does not treat certain transactions as senior securities (“Permitted Senior Securities”), such as certain borrowings, short sales, firm commitment agreements and standby commitments, with appropriate earmarking or segregation of assets to cover such obligations.

The 1940 Act presently allows a fund to borrow from any bank (including pledging, mortgaging or hypothecating assets) in an amount up to 33 1/3% of its total assets (not including temporary borrowings not in excess of 5% of its total assets).

With respect to the fundamental investment restrictions above (other than those involving Permitted Senior Securities and borrowings), if a percentage limitation is adhered to at the time of investment, a later increase or decrease in percentage resulting from any change in value or net assets will not result in a violation of such restriction (i.e., percentage limitations are determined at the time of purchase).

### PORTFOLIO TRANSACTIONS

Subject to the general supervision of the Trustees, the Advisor is responsible for, makes decisions with respect to, and places orders for all purchases and sales of portfolio securities for the Funds. The Advisor shall manage the Funds' portfolios in accordance with the terms of the Investment Advisory Agreement by and between the Advisor and the Trust on behalf of the Funds ("Advisory Agreement"), which is described in detail under "Management and Other Service Providers – Investment Advisor." The Advisor serves as investment advisor for a number of client accounts, including the Funds. Investment decisions for the Funds are made independently from those for any other series of the Trust, if any, and for any other investment companies and accounts advised or managed by the Advisor.

**Brokerage Selection.** The Funds have adopted, and the Trustees have approved, policies and procedures relating to the direction of mutual fund portfolio securities transactions to broker-dealers. The Advisor may not give consideration to sales of shares of the Funds as a factor in selecting broker-dealers to execute portfolio securities transactions. The Advisor may, however, place portfolio transactions with broker-dealers that promote or sell the Funds' shares so long as such transactions are done in accordance with the policies and procedures established by the Trustees that are designed to ensure that the selection is based on the quality of the broker's execution and not on its sales efforts. In selecting brokers to be used in portfolio transactions, the Advisor's general guiding principle is to obtain the best overall execution for each trade, which is a combination of price and execution. With respect to execution, the Advisor considers a number of discretionary factors, including, without limitation, the actual handling of the order, the ability of the broker to settle the trade promptly and accurately, the financial standing of the broker, the ability of the broker to position stock to facilitate execution, the Advisor's past experience with similar trades, and other factors that may be unique to a particular order. Recognizing the value of these discretionary factors, the Advisor may select brokers who charge a brokerage commission that is higher than the lowest commission that might otherwise be available for any given trade.

Under Section 28(e) of the Securities Exchange Act of 1934 and the Advisory Agreement, the Advisor is authorized to pay a brokerage commission in excess of that which another broker might have charged for effecting the same transaction, in recognition of the value of brokerage and/or research services provided by the broker. The research received by the Advisor may include, without limitation: information on the United States and other world economies; information on specific industries, groups of securities, individual companies, and political and other relevant news developments affecting markets and specific securities; technical and quantitative information about markets; analysis of proxy proposals affecting specific companies; accounting and performance systems that allow the Advisor to determine and track investment results; and trading systems that allow the Advisor to interface electronically with brokerage firms, custodians, and other providers. Research is received in the form of written reports, telephone instances, personal meetings, research seminars, software programs, and access to computer databases. In some instances, research products or services received by the Advisor may also be used by the Advisor for functions that are not research related (i.e. not related to the making of investment decisions). Where a research product or service has a mixed use, the Advisor will make a reasonable allocation according to the use and will pay for the non-research function in cash using its own funds.

The research and investment information services described above make available to the Advisor for its analysis and consideration the views and information of individuals and research staffs of other securities firms. These services may be useful to the Advisor in connection with advisory clients other than the Funds and not all such services may be useful to the Advisor in connection with the Funds. Although such information may be a useful supplement to the Advisor's own investment information in rendering services to the Funds, the value of such research and services is not expected to reduce materially the expenses of the Advisor in the performance of its services under the Advisory Agreement and will not reduce the management fees payable to the Advisor by the Funds.

The Funds may invest in securities traded in the over-the-counter market. In these cases, the Funds may initiate trades through brokers on an agency basis and pay a commission in connection with the transaction. The Funds may also effect these transactions by dealing directly with the dealers who make a market in the securities involved, in which case the costs of such transactions would involve dealer spreads rather than brokerage commissions. With respect to securities traded only in the over-the-counter market, orders will be executed on a principal basis with primary market makers in such securities except where better prices or executions may be obtained on an agency basis or by dealing with those other than a primary market maker.

The Funds may participate, if and when practicable, in bidding for the purchase of Fund securities directly from an issuer in order to take advantage of the lower purchase price available to members of a bidding group. The Funds will engage in this practice, however, only when the Advisor, in its sole discretion, believes such practice to be otherwise in the Funds' interest.

**Aggregated Trades.** While investment decisions for the Funds are made independently of the Advisor's other client accounts, the Advisor's other client accounts may invest in the same securities as the Funds. To the extent permitted by law, the Advisor may aggregate the securities to be sold or purchased for a Fund with those to be sold or purchased for other investment companies or accounts in executing transactions. When a purchase or sale of the same security is made at substantially the same time on behalf of a Fund and another investment company or account, the transaction will be averaged as to price and available investments allocated as to amount in a manner which the Advisor believes to be equitable to the Fund and such other investment company or account. In some instances, this investment procedure may adversely affect the price paid or received by a Fund or the size of the position obtained or sold by a Fund.

**Portfolio Turnover.** The annualized portfolio turnover rate for the Funds is calculated by dividing the lesser of purchases or sales of portfolio securities for the reporting period by the monthly average value of the portfolio securities owned during the reporting period. The calculation excludes all securities whose maturities or expiration dates at the time of acquisition are one year or less. Portfolio turnover of the Funds may vary greatly from year to year as well as within a particular year, and may be affected by cash requirements for redemption of shares and by requirements that enable the Funds to receive favorable tax treatment. Portfolio turnover will not be a limiting factor in making Funds decisions, and the Funds may engage in short-term trading to achieve its investment objectives. High rates of portfolio turnover could lower performance of the Funds due to increased transaction costs and may also result in the realization of short-term capital gains taxed at ordinary income tax rates.

## DESCRIPTION OF THE TRUST

The Trust, which is a statutory trust organized under Delaware law on May 13, 2009, is an open-end management investment company. The Trust's Declaration of Trust ("Trust Instrument") authorizes the Trustees to divide shares into series, each series relating to a separate portfolio of investments, and to classify and reclassify any unissued shares into one or more classes of shares of each such series. The Trust currently consists of ten series: the Funds managed by the Advisor; the Caritas All-Cap Growth Fund managed by Caritas Capital, LLC; the FMX Growth Allocation Fund and FMX Total Return Fund managed by FolioMetrix, LLC; the Presidio Multi-Strategy Fund managed by Presidio Capital Investments, LLC; the Roumell Opportunistic Value Fund managed by Roumell Asset Management, LLC; The Sector Rotation Fund managed by Navigator Money Management, Inc.; and the Guardian Diversified Fund managed by Sentinel Capital Solutions. The shares of each Fund are divided into three classes which are described in the Prospectus: Institutional Class Shares and Advisor Class Shares. Additional series and/or classes may be created from time to time. The number of shares in the Trust shall be unlimited. When issued for payment as described in the Funds' prospectus and this Statement of Additional Information, shares of the Funds will be fully paid and non-assessable and shall have no preemptive or conversion rights. The Trust normally does not issue share certificates.

In the event of a liquidation or dissolution of the Trust or an individual series, such as a Fund, shareholders of a particular series would be entitled to receive the assets available for distribution belonging to such series. Shareholders of a series are entitled to participate equally in the net distributable assets of the particular series involved on liquidation, based on the number of shares of the series that are held by each shareholder. If there are any assets, income, earnings, proceeds, funds, or payments, that are not readily identifiable as belonging to any

particular series, the Trustees shall allocate them among any one or more of the series as they, in their sole discretion, deem fair and equitable.

Shareholders of all of the series of the Trust, including the Funds, will vote together and not separately on a series-by-series or class-by-class basis, except as otherwise required by law or when the Trustees determine that the matter to be voted upon affects only the interests of the shareholders of a particular series or class. The Trust has adopted a Rule 18f-3 Multi-class Plan for certain series that contain the general characteristics of and conditions under which such series may offer multiple classes of shares. Rule 18f-2 under the 1940 Act provides that any matter required to be submitted to the holders of the outstanding voting securities of an investment company such as the Trust shall not be deemed to have been effectively acted upon unless approved by the holders of a majority of the outstanding shares of each series or class affected by the matter. A series or class is affected by a matter unless it is clear that the interests of each series or class in the matter are substantially identical or that the matter does not affect any interest of the series or class. Under Rule 18f-2, the approval of an investment advisory agreement or any change in a fundamental investment policy would be effectively acted upon with respect to a series only if approved by a majority of the outstanding shares of such series. However, the rule also provides that the ratification of the appointment of independent accountants, the approval of principal underwriting contracts, and the election of Trustees may be effectively acted upon by shareholders of the Trust voting together, without regard to a particular series or class. Rights of holders can only be modified by a majority vote.

When used in the Prospectus or this SAI, a “majority” of shareholders means the vote of the lesser of (i) 67% of the shares of the Trust or the applicable series or class present at a meeting if the holders of more than 50% of the outstanding shares are present in person or by proxy or (ii) more than 50% of the outstanding shares of the Trust or the applicable series or class.

Shareholders are entitled to one vote for each full share and a fractional vote for each fractional share held. Shares have non-cumulative voting rights, which means that the holders of more than 50% of the shares voting for the election of Trustees can elect 100% of the Trustees, and in this event, the holders of the remaining shares voting will not be able to elect any Trustees. Rights of shareholders cannot be modified by less than a majority vote.

The Trustees will hold office indefinitely, except that: (i) any Trustee may resign or retire, and (ii) any Trustee may be removed: (a) any time by written instrument signed by at least two-thirds of the number of Trustees prior to such removal; (b) at any meeting of shareholders of the Trust by a vote of two-thirds of the outstanding shares of the Trust; or (c) by a written declaration signed by shareholders holding not less than two-thirds of the outstanding shares of the Trust. In case a vacancy on the Board of Trustees shall for any reason exist, the vacancy shall be filled by the affirmative vote of a majority of the remaining Trustees, subject to certain restrictions under the 1940 Act. Otherwise, there will normally be no meeting of shareholders for the purpose of electing Trustees, and the Trust does not expect to have an annual meeting of shareholders.

The Trust Instrument provides that the Trustees will not be liable in any event in connection with the affairs of the Trust, except as such liability may arise from a Trustee’s bad faith, willful misfeasance, gross negligence, or reckless disregard of duties. It also provides that all third parties shall look solely to the Trust’s property for satisfaction of claims arising in connection with the affairs of the Trust. With the exceptions stated, the Trust Instrument provides that a Trustee or officer is entitled to be indemnified against all liability in connection with the affairs of the Trust.

#### MANAGEMENT AND OTHER SERVICE PROVIDERS

The Trustees are responsible for the management and supervision of the Funds. The Trustees approve all significant agreements between the Trust, on behalf of the Funds, and those companies that furnish services to the Funds; review performance of the Advisor and the Funds; and oversee activities of the Funds. This section of the Statement of Additional Information provides information about the persons who serve as Trustees and officers to the Trust and Funds, respectively, as well as the entities that provide services to the Funds.

**Trustees and Officers.** Following are the Trustees and officers of the Trust, their age and address, their present position with the Trust or the Funds, and their principal occupation during the past five years. Those Trustees who are “interested persons” (as defined in the 1940 Act) by virtue of their affiliation with either the Trust or the Advisor

are indicated in the table. The address of each Trustee and officer of the Trust, unless otherwise indicated, is 116 South Franklin Street, Rocky Mount, North Carolina 27804.

Name, Age and Address	Position held with Funds or Trust	Length of Time Served	Principal Occupation During Past 5 Years	Number of Portfolios in Fund Complex Overseen by Trustee	Other Directorships Held by Trustee During Past 5 Years
<b>Independent Trustees</b>					
Jack E. Brinson Age: 79	Trustee, Chairman	Since 7/09	Retired; previously, President of Brinson Investment Co. (personal investments) and President of Brinson Chevrolet, Inc. (auto dealership).	10	Independent Trustee of the following: DGHM Investment Trust for the two series of that trust; Gardner Lewis Investment Trust for the two series of that trust; Giordano Investment Trust for the one series of that trust; Hillman Capital Management Investment Trust for the two series of that trust; Nottingham Investment Trust II for the three series of the trust; and Tilson Investment Trust for the two series of that trust; (all registered investment companies); previously, Independent Trustee of de Leon Funds Trust for its one series from 2000 to 2005, MurphyMorris Investment Trust for its one series from 2003 to 2006, New Providence Investment Trust for its one series from inception until 2011, and Piedmont Investment Trust for its one series from 2005 to 2006 (all registered investment companies).
Michael G. Mosley Age: 58	Trustee	Since 7/10	Owner of Commercial Realty Services (real estate) since 2004.	10	None
Theo H. Pitt, Jr. Age: 75	Trustee	Since 9/10	Senior Partner, Community Financial Institutions Consulting (financial consulting) since 1999; Partner, Pikar Properties (real estate) since 2001; Account Administrator, Holden Wealth Management Group of Wachovia Securities (money management firm) from 2003-2008.	10	Independent Trustee of DGHM Investment Trust for its two series and Gardner Lewis Investment Trust for its two series (all registered investment companies). Previously, Independent Trustee of de Leon Funds Trust for its one series from 2000 to 2005, Hillman Capital Management Investment Trust for its two series from 2000 to 2009, MurphyMorris Investment Trust for its one series from 2003 to 2006, Piedmont Investment Trust for its one series from 2005 to 2006, NCM Capital Investment Trust for its one series from 2007 to 2009, New Providence Investment Trust from 2008 to 2009, and Tilson Investment Trust for its two series from 2004 to 2009 (all registered investment companies)

Name, Age and Address	Position held with Funds or Trust	Length of Time Served	Principal Occupation During Past 5 Years	Number of Portfolios in Fund Complex Overseen by Trustee	Other Directorships Held by Trustee During Past 5 Years
James H. Speed, Jr. Age: 58	Trustee	Since 7/09	President and CEO of NC Mutual Insurance Company (insurance company) since 2003; President of Speed Financial Group, Inc. (consulting and private investments) from 2000 to 2003.	10	Independent Trustee of the following Hillman Capital Management Investment Trust for the two series of that trust; Nottingham Investment Trust II for the three series of the trust; and Tilson Investment Trust for the two series of that trust; (all registered investment companies). Member of Board of Directors of NC Mutual Life Insurance Company. Member of Board of Directors of M&F Bancorp. Previously, Independent Trustee of New Providence Investment Trust for its one series from 2009 until 2011 (registered investment company).
J. Buckley Strandberg Age: 51	Trustee	Since 7/09	President of Standard Insurance and Realty (insurance and property management) since 1982.	10	Director, Southern Bank from 2002-2006; Independent Trustee, Nottingham Investment Trust II for the four series of that trust (registered investment company) from 1991-2006.
<b>Other Officers</b>					
Robert G. Fontana Age: 41 5950 Fairview Road Suite 610-A Charlotte, NC 28210	President and Treasurer (Caritas All-Cap Growth Fund)	Since 7/09	President and CIO of Caritas Capital, LLC (advisor to the Caritas All-Cap Growth Fund) since 2009; Portfolio Manager for Portfolio Capital Management (investment management) since 2006; previously, Portfolio Manager for Covenant Capital, LLC (investment management).	n/a	n/a
D. Jerry Murphey Age: 53 821 Pacific Street Omaha, Nebraska 68108	President (FMX Funds)	Since 7/09	Manager, President, and CEO of FolioMetrix, LLC (advisor to the FMX Funds) since 2009; principal of Uprate Research Associates, LLC (investment research) since 2009; previously, Investment Management Consultant for Prudential Investments, Wealth Management Solutions (investment management).	n/a	n/a
Julie M. Koethe Age: 30 821 Pacific Street Omaha, Nebraska 68108	Treasurer (FMX Funds)	Since 4/10	Chief Operating Officer of FolioMetrix, LLC (advisor to the FMX Funds) since 2010; Insurance Accounting Supervisor for Applied Underwriters (workers compensation and payroll service provider) from 2003-2010.	n/a	n/a

Name, Age and Address	Position held with Funds or Trust	Length of Time Served	Principal Occupation During Past 5 Years	Number of Portfolios in Fund Complex Overseen by Trustee	Other Directorships Held by Trustee During Past 5 Years
Matthew R. Lee Age: 29 1777 Borel Place, Suite 415, San Mateo, CA 94402	President (Presidio Multi-Strategy Fund)	Since 2/10	Chief Executive Officer of Presidio Capital Investments, LLC (advisor to the Presidio Multi-Strategy Fund) since 2006; Financial Planning Specialist with Smith Barney, a division of Citigroup Global Markets, Inc. (now known as Morgan Stanley Smith Barney) from 2004-2006; Associate at Bank of America Investments, Inc. (investment management) from 2003-2004.	n/a	n/a
James C. Roumell Age: 50 2 Wisconsin Circle Suite 660 Chevy Chase, MD 20815	President (Roumell Opportunistic Value Fund)	Since 9/10	President of Roumell Asset Management, LLC (advisor to the Roumell Opportunistic Value Fund) since 1998.	n/a	n/a
Craig L. Lukin Age: 43 2 Wisconsin Circle Suite 660 Chevy Chase, MD 20815	Treasurer (Roumell Opportunistic Value Fund)	Since 9/10	Chief Operating Officer and Chief Compliance Officer of Roumell Asset Management, LLC since 2007; Research Analyst at Roumell Asset Management, LLC from 2003-2007; Private Equity Analyst for Dent & Company, Inc. (investment services) from 2000-2002; Corporate Value Consulting Manager for PricewaterhouseCoopers, LLP (accountancy and professional services) from 1994-2000.	n/a	n/a
Mark A. Grimaldi Age: 49 1207 Route 9 Suite 10 Wappingers Falls, NY 12590	President and Treasurer (Sector Rotation Fund)	Since 4/11	President and Chief Compliance Officer of Navigator Money Management, Inc. (advisor to the Sector Rotation Fund) since 1996; Vice President of The Prestige Organization, Inc. since 1996; and Co-Fund Manager of ETF Market Opportunity Fund (formerly Navigator Fund) from 2008-2009.	n/a	n/a
Cort Meinelschmidt Age: 32 38 S. Potomac Street Suite 304 Hagerstown, MD 21740	President (Guardian Diversified Fund)	Since 10/11	President of Sentinel Capital Advisors since 2011; Financial Advisor for Centra Financial Services (investment services) from 2010-2011; Financial Advisor for Edward Jones (investment services) from 2004-2010.	n/a	n/a
T. Lee Hale, Jr. Age: 33	Chief Compliance Officer; Assistant Treasurer	Since 7/09 and 4/10	Financial Reporting Manager for The Nottingham Company (fund administrator) since 2009; previously, principal of Lee Hale Contracting (marine industry consulting).	n/a	n/a
A. Vason Hamrick Age: 34	Secretary	Since 7/09	Corporate Counsel for The Nottingham Company since 2004.	n/a	n/a

The Board met five times during the twelve-month period ended March 31, 2011. Mr. Brinson, Mr. Speed, and Mr. Strandberg attended all of the Board meetings. Mr. Mosley and Mr. Pitt attended four of the Board meetings.

#### **Board Structure**

The Trust's Board of Trustees includes five independent Trustees, one of which, Mr. Brinson, is Chairman of the Board of Trustees. The Board has established several standing committees: the Audit Committee, Nominating Committee, Proxy Voting Committee, Governance Committee, and Qualified Legal Compliance Committee. These standing committees are comprised entirely of the Independent Trustees. Other information about these standing committees is set forth below. The Board has determined that the Board's structure is appropriate given the characteristics, size, and operations of the Trust. The Board also believes that its leadership structure, including its committees, helps facilitate effective oversight of Trust management. The Board reviews its structure annually.

With respect to risk oversight, the Board considers risk management issues as part of its general oversight responsibilities throughout the year. The Board holds four regular board meetings each year during which the Board receives risk management reports and/or assessments from Trust management, the Fund's advisor, administrator, transfer agent, and distributor, and receives an annual report from the Trust's Chief Compliance Officer ("CCO"). The Audit Committee also meets with the Trust's independent registered public accounting firm on an annual basis, to discuss among other things, the internal control structure of the Trust's financial reporting function. When appropriate, the Board may hold special meeting or communicate directly with Trust management, the CCO, the Trust's third party service providers, legal counsel, or independent public accountants to address matters arising between regular board meeting or needing special attention. In addition, the Board has adopted policies and procedures for the Trust to help detect and prevent and, if necessary, correct violations of federal securities laws

#### **Qualification of Trustees**

The Board has considered each Trustee's experience, qualifications, attributes and skills in light of the Board's function and the Trust's business and structure, and has determined that each Trustee possesses experience, qualifications, attributes and skills that enable the Trustee to be an effective member of the Board.

Mr. Brinson has experience as an investor, including his role as trustee of several other investment companies and business experience as President of a company in the business of private investing. Mr. Speed also has experience as an investor as trustee of several other investment companies and business experience as President and CEO of an insurance company and as President of a company in the business of consulting and private investing. Mr. Strandberg also has investment experience as a former trustee of another investment company and has business experience as President of an insurance and property management company. Mr. Mosley has had business experience as an owner of a real estate company. Mr. Pitt has experience as an investor, including his role as trustee of several other investment companies and business experience as Senior Partner of a financial consulting company, as a Partner of a real estate partnership and as an Account Administrator for a money management firm.

The Board has determined that each of the Trustees' careers and background, combined with their interpersonal skills and general understanding of financial and other matters, enable the Trustees to effectively participate in and contribute to the Board's functions and oversight of the Trust. References to the qualifications, attributes, and skills of Trustees are pursuant to requirements of the Securities and Exchange Commission, do not constitute holding out the Board or any Trustee as having any special expertise or experience, and shall not impose any greater responsibility on any such person or on the Board by reason thereof.

**Trustee Standing Committees.** The Trustees have established the following standing committees:

**Audit Committee.** All of the Independent Trustees are members of the Audit Committee. The Audit Committee oversees the Fund's accounting and financial reporting policies and practices, reviews the results of the annual audits of the Fund's financial statements, and interacts with the Fund's independent auditors on behalf of all the Trustees. The Audit Committee operates pursuant to an Audit Committee Charter and meets periodically as necessary. The Audit Committee met two times during the twelve-month period ended March 31, 2011.



**Nominating Committee.** All of the Independent Trustees are members of the Nominating Committee. The Nominating Committee nominates, selects, and appoints independent trustees to fill vacancies on the Board of Trustees and to stand for election at meetings of the shareholders of the Trust. The Nominating Committee meets only as necessary. The Nominating Committee generally will not consider nominees recommended by shareholders of the Trust. The Nominating Committee did not meet during the twelve-month period ended March 31, 2011.

**Proxy Voting Committee.** All of the Independent Trustees are members of the Proxy Voting Committee. The Proxy Voting Committee will determine how the Fund should vote, if called upon by the Board or the Advisor, when a matter with respect to which the Fund is entitled to vote presents a conflict between the interests of the Fund's shareholders, on the one hand, and those of the Fund's Advisor, principal underwriter, or an affiliated person of the Fund, its investment advisor, or principal underwriter, on the other hand. The Proxy Voting Committee will also review the Trust's Proxy Voting Policy and recommend any changes to the Board as it deems necessary or advisable. The Proxy Voting Committee will also decide if the Fund should participate in a class action settlement, if called upon by the Advisor, in cases where a class action settlement with respect to which the Fund is eligible to participate presents a conflict between the interests of the Fund's shareholders, on the one hand, and those of the Advisor, on the other hand. The Proxy Voting Committee meets only as necessary and did not meet during the twelve-month period ended March 31, 2011.

**Governance Committee.** The Independent Trustees are the current members of the Governance Committee. The Governance Committee assists the Board of Trustees in adopting fund governance practices and meeting certain fund governance standards. The Governance Committee operates pursuant to a Governance Committee Charter and normally meets annually, but may also meet as often as necessary to carry out its purpose. The Governance Committee did not meet during the twelve-month period ended March 31, 2011.

**Qualified Legal Compliance Committee.** The Independent Trustees are the current members of the Qualified Legal Compliance Committee. The Qualified Legal Compliance Committee receives, investigates, and makes recommendations as to appropriate remedial action in connection with any report of evidence of a material violation of securities laws or breach of fiduciary duty or similar violation by the Trust, its officers, Trustees, or agents. The Qualified Legal Compliance Committee meets only as necessary and did not meet during the twelve-month period ended March 31, 2011.

**Beneficial Equity Ownership Information.** The table below shows for each Trustee, the amount of Fund equity securities beneficially owned by each Trustee, and the aggregate value of all investments in equity securities of the Fund complex, as of valuation date of December 31, 2010 and stated as one of the following ranges: A = None; B = \$1-\$10,000; C = \$10,001-\$50,000; D = \$50,001-\$100,000; and E = over \$100,000.

Name of Trustee	Dollar Range of Equity Securities in the Fund	Aggregate Dollar Range of Equity Securities in All Registered Investment Companies Overseen By Trustee In Family of Investment Companies*
Jack E. Brinson	A	A
Michael G. Mosley	A	A
Theo H. Pitt, Jr.	A	A
James H. Speed, Jr.	A	A
J. Buckley Strandberg	A	A

\* Includes all the funds of the Trust managed by the Advisor.

**Ownership of Securities of Advisor, Distributor, or Related Entities.** As of December 31, 2010, none of the Independent Trustees and/or their immediate family members own securities of the Advisor, Distributor, or any entity controlling, controlled by, or under common control with the Advisor or Distributor.

**Compensation.** Officers of the Trust and Trustees who are interested persons of the Trust or the Advisor will receive no salary or fees from the Trust. Independent Trustees receive \$2,000 per Fund each year. The Trust reimburses each Trustee and officers of the Trust for his or her travel and other expenses relating to attendance at such meetings. Because the Funds have not been in operation for a full year, the following table presents the estimated compensation for each Trustee for the first full fiscal year.

Name of Trustee	Aggregate Compensation From the Fund*	Pension or Retirement Benefits Accrued As Part of Fund Expenses	Estimated Annual Benefits Upon Retirement	Total Compensation From Funds and Fund Complex Paid to Trustees*
Jack E. Brinson	\$2,000	None	None	\$20,000
Michael G. Mosley	\$2,000	None	None	\$20,000
Theo H. Pitt, Jr.	\$2,000	None	None	\$20,000
James H. Speed, Jr.	\$2,000	None	None	\$20,000
J. Buckley Strandberg	\$2,000	None	None	\$20,000

*\*Each of the Trustees serves as a Trustee to all series of the Trust.*

**Codes of Ethics.** The Trust and Advisor each have adopted a code of ethics, as required under Rule 17j-1 of the 1940 Act, which is designed to prevent affiliated persons of the Trust and Advisor from engaging in deceptive, manipulative, or fraudulent activities in connection with securities held or to be acquired by the Funds (which securities may also be held by persons subject to each such code of ethics). There can be no assurance that the codes will be effective in preventing such activities. The codes permit employees and officers of the Trust and Advisor to invest in securities, subject to certain restrictions and pre-approval requirements. In addition, the Advisor's code requires that portfolio managers and other investment personnel of the Advisor report their personal securities transactions and holdings, which are reviewed for compliance with the Trust's and Advisor's code of ethics.

**Anti-Money Laundering Program.** The Trust has adopted an anti-money laundering program, as required by applicable law, which is designed to prevent the Funds from being used for money laundering or the financing of terrorist activities. The Trust's Chief Compliance Officer is responsible for implementing and monitoring the operations and internal controls of the program. Compliance officers at certain of the Funds' service providers are also responsible for monitoring the program. The anti-money laundering program is subject to the continuing oversight of the Trustees.

**Proxy Voting Policies.** The Trust has adopted a proxy voting and disclosure policy that delegates to the Advisor the authority to vote proxies for the Funds, subject to oversight by the Trustees. Copies of the Trust's Proxy Voting and Disclosure Policy and the Advisor's Proxy Voting Policy and Procedures are included as Appendix B to this Statement of Additional Information. No later than August 31st of each year, the Funds will file Form N-PX stating how each Fund voted proxies relating to portfolio securities during the most recent 12-month period ended June 30th. Information regarding how the Fund voted proxies as set forth in its most recent filing of Form N-PX will be available (i) without charge, upon request, by calling the Fund at 1-800-773-3863; and (ii) on the SEC's website at <http://www.sec.gov>.

**Principal Holders of Voting Securities.** As of July 31, 2011, the Trustees and officers of the Trust as a group owned beneficially (i.e., had direct or indirect voting and/or investment power) none of the then outstanding shares of each class of shares of the Funds. On that same date, the following shareholders owned of record more than 5% of the outstanding shares of each class of shares of the Funds. Except as provided below, no person is known by the Trust to be the beneficial owner of more than 5% of the outstanding shares of a class of shares of the Funds as of July 31, 2011.

---

**Crescent Large Cap Macro Fund – Institutional Class Shares**

---

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership	<u>Percent</u>
None		

**Crescent Large Cap Macro Fund – Advisor Class Shares**

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership	<u>Percent</u>
None		

**Crescent Mid Cap Macro Fund – Institutional Class Shares**

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership	<u>Percent</u>
None		

**Crescent Mid Cap Macro Fund – Advisor Class Shares**

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership	<u>Percent</u>
None		

**Crescent Strategic Income Fund – Institutional Class Shares**

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership	<u>Percent</u>
None		

**Crescent Strategic Income Fund – Advisor Class Shares**

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership	<u>Percent</u>
None		

**Investment Advisor.** Information about the Advisor, Greenwood Capital Associates, LLC, Greenwood Building, 5<sup>th</sup> Floor, Post Office Box 3181, Greenwood, SC 29648, and its duties and compensation as Advisor is contained in the Funds’ prospectus. The Advisor supervises the Funds’ investments pursuant to the Advisory Agreement. The Advisory Agreement is effective for an initial two-year period and will be renewed thereafter only so long as such renewal and continuance is specifically approved at least annually by the Trustees or by vote of a majority of the Funds’ outstanding voting securities, provided the continuance is also approved by a majority of the Trustees who are not parties to the Advisory Agreement or interested persons of any such party. The Advisory Agreement is terminable without penalty by the Trust on 60 calendar days’ written notice by the Trustees or by vote of a majority of the outstanding voting securities or upon 60 calendar days’ written notice by the Advisor. The Advisory Agreement provides that it will terminate automatically in the event of its “assignment,” as such term is defined in the 1940 Act.

The Advisor manages the Funds’ investments in accordance with the stated policies of the Funds, subject to the approval of the Trustees. The Advisor is responsible for investment decisions, and provides the Funds with portfolio managers who are authorized by the Trustees to execute purchases and sales of securities.

Under the Advisory Agreement, the Advisor is not liable for any error of judgment or mistake of law or for any loss suffered by the Funds in connection with the performance of such agreement, except a loss resulting from a breach of fiduciary duty with respect to the receipt of compensation for services; or a loss resulting from willful misfeasance, bad faith, or gross negligence on the part of the Advisor in the performance of its duties; or from its reckless disregard of its duties and obligations under the Advisory Agreement.

As compensation for the investment advisory services provided to the Crescent Large Cap Macro Fund, the Advisor will receive a monthly management fee equal to an annual rate of 0.60% of the Fund's net assets. In addition, the Advisor and Fund have entered into an Expense Limitation Agreement pursuant to which the Advisor has agreed to waive or limit its fees and to assume other expenses so that the total annual operating expenses of the Fund (other than interest, taxes, brokerage commissions, other expenditures which are capitalized in accordance with generally accepted accounting principles, other extraordinary expenses not incurred in the ordinary course of the Fund's business, amounts, if any, payable under a Rule 12b-1 distribution plan, and acquired fund fees and expenses) are limited to 1.25% of the Fund for the period ending July 31, 2013.

As compensation for the investment advisory services provided to the Crescent Mid Cap Macro Fund, the Advisor will receive a monthly management fee equal to an annual rate of 0.75% of the Fund's net assets. In addition, the Advisor and Fund have entered into an Expense Limitation Agreement pursuant to which the Advisor has agreed to waive or limit its fees and to assume other expenses so that the total annual operating expenses of the Fund (other than interest, taxes, brokerage commissions, other expenditures which are capitalized in accordance with generally accepted accounting principles, other extraordinary expenses not incurred in the ordinary course of the Fund's business, amounts, if any, payable under a Rule 12b-1 distribution plan, and acquired fund fees and expenses) are limited to 1.50% of the Fund for the period ending July 31, 2013.

As compensation for the investment advisory services provided to the Crescent Strategic Income Fund, the Advisor will receive a monthly management fee equal to an annual rate of 0.35% of the Fund's net assets. In addition, the Advisor and Fund have entered into an Expense Limitation Agreement pursuant to which the Advisor has agreed to waive or limit its fees and to assume other expenses so that the total annual operating expenses of the Fund (other than interest, taxes, brokerage commissions, other expenditures which are capitalized in accordance with generally accepted accounting principles, other extraordinary expenses not incurred in the ordinary course of the Fund's business, amounts, if any, payable under a Rule 12b-1 distribution plan, and acquired fund fees and expenses) are limited to 0.90% of the Fund for the period ending July 31, 2013.

**Portfolio Managers.** The Crescent Large Cap Macro Fund's portfolio will be managed on a day-to-day basis by Walter B. Todd, III and Michael W. Nix, CFA.

The Crescent Mid Cap Macro Fund's portfolio will be managed on a day-to-day basis by Walter B. Todd, III and Michael W. Nix, CFA.

The Crescent Strategic Income Fund's portfolio will be managed on a day-to-day basis by John D. Wiseman and Walter B. Todd, III.

**Compensation.** Each portfolio manager's compensation varies with the general success of the Advisor as a firm. Each portfolio manager's compensation consists of a fixed annual salary, plus additional remuneration based on the Advisor's assets under management. Each portfolio manager's compensation is not directly linked to the Funds' performance, although positive performance and growth in managed assets are factors that may contribute to the Advisor's distributable profits and assets under management.

**Ownership of Fund Shares.** The table below shows the amount of each Fund's equity securities beneficially owned by each portfolio manager as of July 31, 2011 and stated as one of the following ranges: A = None; B = \$1-\$10,000; C = \$10,001-\$50,000; D = \$50,001-\$100,000; E = \$100,001-\$500,000; F = \$500,001-\$1,000,000; and G = over \$1,000,000.

Name of Portfolio Manager	Dollar Range of Equity Securities in the Fund
Michael W. Nix	[TBD]
Walter B. Todd, III	[TBD]
John D. Wiseman	[TBD]

Other Accounts. In addition to the Fund, the portfolio manager is responsible for the day-to-day management of certain other accounts. The table below shows the number of, and total assets in, such other accounts as of the end of the Funds' fiscal year ended July 31, 2011.

Portfolio Manager	Registered Investment Companies		Other Pooled Investment Vehicles		Other Accounts	
	Number of Accounts	Total Assets	Number of Accounts	Total Assets	Number of Accounts	Total Assets
<b>All Accounts</b>						
Michael W. Nix	0	\$0	2	\$12 million	637	\$923 million
Walter B. Todd, III	0	\$0	2	\$12 million	637	\$923 million
John D. Wiseman	0	\$0	2	\$12 million	637	\$923 million
<b>Accounts with Performance-Based Advisory Fee</b>						
Michael W. Nix	0	\$0	0	\$0	2	\$3 million
Walter B. Todd, III	0	\$0	0	\$0	2	\$3 million
John D. Wiseman	0	\$0	0	\$0	2	\$3 million

Conflicts of Interests. The portfolio managers' management of "other accounts" may give rise to potential conflicts of interest in connection with their management of the Funds' investments, on the one hand, and the investments of the other accounts, on the other. The other accounts consist of separately managed private clients ("Other Accounts"). The Other Accounts might have similar investment objectives as the Funds, be compared to the same index as the Funds, or otherwise hold, purchase, or sell securities that are eligible to be held, purchased, or sold by the Funds.

Knowledge of the Timing and Size of Fund Trades: A potential conflict of interest may arise as a result of the portfolio manager's day-to-day management of the Funds. The portfolio manager knows the size and timing of trades for the Funds and the Other Accounts, and may be able to predict the market impact of Fund trades. It is theoretically possible that the portfolio manager could use this information to the advantage of Other Accounts it manages and to the possible detriment of the Funds, or vice versa.

Investment Opportunities: The Advisor provides investment supervisory services for a number of investment products that have varying investment guidelines. The portfolio manager works across different investment products. Differences in the compensation structures of the Advisor's investment products may give rise to a conflict of interest by creating an incentive for the Advisor to allocate the investment opportunities it believes might be the most profitable to the client accounts where it might benefit the most from the investment gains.

**Administrator.** The Trust has entered into a Fund Accounting and Administration Agreement with The Nottingham Management Company d/b/a The Nottingham Company ("Administrator"), 116 South Franklin Street, Post Office Box 69, Rocky Mount, North Carolina 27802-0069. The Administrator performs the following services for the Funds: (i) procures on behalf of the Trust, and coordinates with the custodian and monitors the services it provides to the Funds; (ii) coordinates with and monitors any other third parties furnishing services to the Funds; (iii) provides the Funds with necessary office space, telephones and other communications facilities and personnel competent to perform administrative and clerical functions for the Funds; (iv) assists or supervises the maintenance by third parties of such books and records of the Funds as may be required by applicable federal or state law; (v) assists in the preparation of all federal, state, and local tax returns and reports of the Funds required by applicable law; (vi) assists in the preparation of and, after approval by the Trust, files and arranges for the distribution of proxy materials and periodic reports to shareholders of the Funds as required by applicable law; (vii) assists in the preparation of and, after approval by the Trust, arranges for the filing of such registration statements and other documents with the SEC and other federal and state regulatory authorities as may be required by applicable law;

(viii) reviews and submits to the officers of the Trust for their approval invoices or other requests for payment of Funds expenses and instructs the Custodian to issue checks in payment thereof; and (ix) takes such other action with respect to the Funds as may be necessary in the opinion of the Administrator to perform its duties under the agreement. The Administrator will also provide certain accounting and pricing services for the Funds.

Compensation of the Administrator, which is based upon an administration fee on the average daily net assets of each Fund, is at the following annual rates: 0.100% of the Funds' first \$100 million, 0.080% on the next \$150 million, 0.060% on the next \$250 million, and 0.050% on the next \$500 million, and 0.040% on average daily net assets over \$1 billion, with a monthly minimum general administration fee of \$2,000. The Administrator currently receives a monthly fund accounting fee of \$2,250 per Fund for accounting and recordkeeping services with an additional fee of \$750 per month for each additional class of shares plus an asset-based fee of 0.01% of the net assets of each Fund. The Administrator will also receive the following to procure and pay the custodian for the Funds: 0.02% on the first \$100 million of each Funds' net assets and 0.009% on all assets over \$100 million plus transaction fees with a minimum annual fee of \$5,000. The Administrator also charges the Funds for certain costs involved with the daily valuation of investment securities and is reimbursed for out-of-pocket expenses.

**Transfer Agent.** The Trust has entered into a Dividend Disbursing and Transfer Agent Agreement with Nottingham Shareholder Services, LLC ("Transfer Agent"), a North Carolina limited liability company, to serve as transfer, dividend paying, and shareholder servicing agent for the Funds. The Transfer Agent is compensated for its services based upon a \$21 fee per shareholder per year, subject to a minimum fee of \$1,750 per month and \$500 per month for each additional class of shares. The address of the Transfer Agent is 116 South Franklin Street, Post Office Box 4365, Rocky Mount, North Carolina 27803-0365.

**Distributor.** The Funds will conduct a continuous offering of their securities. Capital Investment Group, Inc. ("Distributor"), Post Office Box 32249, Raleigh, North Carolina 27622, acts as the underwriter and distributor of the Funds' shares for the purpose of facilitating the registration of shares of the Funds under state securities laws and assisting in sales of Fund shares pursuant to a distribution agreement ("Distribution Agreement") approved by the Trustees. In this regard, the Distributor has agreed at its own expense to qualify as a broker-dealer under all applicable federal or state laws in those states that the Funds shall from time to time identify to the Distributor as states in which each Fund wish to offer its shares for sale, in order that state registrations may be maintained for the Fund. The Distributor is a broker-dealer registered with the SEC and a member in good standing of the Financial Industry Regulatory Authority. The Distributor is entitled to receive an annual fee of \$5,000 per Fund for performing certain recordkeeping, communication, and other administrative services for the Fund. Such administrative services shall include, but are not limited to, the following: (i) maintaining records with respect to submissions to the Financial Industry Regulatory Authority, dealer discounts and brokerage fees and commissions, and selling agreements; (ii) maintaining an account with the National Securities Clearing Corporation's Fund/SERV System for the purpose of processing account registrations, maintaining accounts, and communicating transaction data; (iii) preparing reports for the Board of Trustees as shall be reasonably requested from time to time; and (iv) performing other services for the Trust as agreed to by the Distributor and the Trust from time to time. The Distributor and Trust agree that the services described above are of an administrative nature and such services, as well as the fee provided in connection therewith, are not, nor are they intended to be, payment for marketing and/or distribution services related to, or the promotion of, the sale of the Funds' shares. The Distribution Agreement may be terminated by either party upon 60-days' prior written notice to the other party and will terminate automatically in the event of its assignment. The Distributor serves as exclusive agent for the distribution of the shares of the Funds.

**Rule 12b-1 Plan.** The Trust has adopted a Distribution Plan and Agreement pursuant to Rule 12b-1 under the 1940 Act for the Advisor Class Shares of the Fund (the "Plan"). Pursuant to the Plan, the Advisor Class Shares are authorized to pay the Distributor a fee at an annual rate of 0.25% of the average daily net assets of the Advisor Class Shares as compensation for the Distributor's account maintenance services and as compensation for the Distributor's sales of Advisor Class Shares. Such fees are to be paid monthly, or at such other intervals, as the Board shall determine. Such fees shall be based upon the average daily net assets of the Advisor Class Shares during the preceding month, and shall be calculated and accrued daily. The Advisor Class Shares may pay fees to the Distributor at a lesser rate, as agreed upon by the Board of Trustees of the Trust and the Distributor. The Plan authorizes payments to the Distributor as compensation for providing account maintenance services to shareholders, including arranging for certain securities dealers or brokers, administrators and others ("Recipients") to provide these services and paying compensation for these services. The Advisor Class Shares charge a Rule 12b-1 fee at the

annual rate of 0.25% of average daily net assets. The Distributor or other entities also receive the proceeds and contingent deferred sales charges imposed on certain redemptions of shares, which are separate and apart from payments made pursuant to the Plan.

The services to be provided by Recipients may include, but are not limited to, the following: assistance in the offering and sale of Advisor Class Shares and in other aspects of the marketing of the shares to clients or prospective clients of the respective recipients; answering routine inquiries concerning the Advisor Class Shares; assisting in the establishment and maintenance of accounts or sub-accounts in the Advisor Class Shares and in processing purchase and redemption transactions; and providing such other information and services to investors in Advisor Class Shares as the Distributor or the Trust, on behalf of the Advisor Class Shares, may reasonably request. The distribution services shall also include any advertising and marketing services provided by or arranged by the Distributor with respect to the Advisor Class Shares.

The Distributor is required to provide a written report, at least quarterly to the Board of Trustees of the Trust, specifying in reasonable detail the amounts expended pursuant to the Plan and the purposes for which such expenditures were made. Further, the Distributor will inform the Board of any Rule 12b-1 fees to be paid by the Distributor to Recipients.

The initial term of the Plan is one year and will continue in effect from year to year thereafter, provided such continuance is specifically approved at least annually by a majority of the Board of Trustees of the Trust and a majority of the Trustees who are not “interested persons” of the Trust and do not have a direct or indirect financial interest in the Plan (“Rule 12b-1 Trustees”) by votes cast in person at a meeting called for the purpose of voting on the Plan. The Plan may be terminated at any time by the Trust or the Fund by vote of a majority of the Rule 12b-1 Trustees or by vote of a majority of the outstanding voting shares of the Advisor Class Shares.

The Plan may not be amended to increase materially the amount of the Distributor’s compensation to be paid by the Advisor Class Shares, unless such amendment is approved by the vote of a majority of the outstanding voting securities of the Advisor Class Shares (as defined in the 1940 Act). All material amendments must be approved by a majority of the Board of Trustees of the Trust and a majority of the Rule 12b-1 Trustees by votes cast in person at a meeting called for the purpose of voting on the Plan. During the term of the Plan, the selection and nomination of non-interested Trustees of the Trust will be committed to the discretion of current non-interested Trustees. The Distributor will preserve copies of the Plan, any related agreements, and all reports, for a period of not less than six years from the date of such document and for at least the first two years in an easily accessible place.

Any agreement related to the Plan will be in writing and provide that: (a) it may be terminated by the Trust or the Fund at any time upon sixty days’ written notice, without the payment of any penalty, by vote of a majority of the respective Rule 12b-1 Trustees, or by vote of a majority of the outstanding voting securities of the Advisor Class Shares; (b) it will automatically terminate in the event of its assignment (as defined in the 1940 Act); and (c) it will continue in effect for a period of more than one year from the date of its execution or adoption only so long as such continuance is specifically approved at least annually by a majority of the Board and a majority of the Rule 12b-1 Trustees by votes cast in person at a meeting called for the purpose of voting on such agreement.

**Custodian.** UMB Bank, N.A., with its principal place of business located in Kansas City, Missouri, serves as custodian for the Funds’ assets. The custodian acts as the depository for the Funds, safekeeps its portfolio securities, collects all income and other payments with respect to portfolio securities, disburses monies at the Funds’ request, and maintains records in connection with its duties as custodian. For its services, the custodian is entitled to receive a monthly fee from the Administrator based on the average net assets of each Fund plus additional out-of-pocket and transaction expenses as incurred by each Fund. The Custodian’s compensation is subject to a minimum annual amount of \$5,000 for each Fund.

**Compliance Services Administrator.** The Trust has entered into an compliance services arrangement with Nottingham Compliance Services, LLC (“NCS”), 116 South Franklin Street, Post Office Box 69, Rocky Mount, North Carolina 27802-0069, in which NCS, an affiliate of the Administrator, will assist the Trust’s Chief Compliance Officer in preparing and updating the Trust’s compliance manual and in monitoring and testing compliance with the policies and procedures under the Trust’s compliance manual.



**Independent Registered Public Accounting Firm.** The Trustees have selected the firm of BrookWeiner, L.L.C. to serve as the independent registered public accounting firm for the Fund for the current fiscal year and to audit the annual financial statements of the Funds, and prepare the Funds' federal, state, and excise tax returns. The independent registered public accounting firm will audit the financial statements of the Fund at least once each year. Shareholders will receive annual audited and semi-annual (unaudited) reports when published and written confirmation of all transactions in their account. A copy of the most recent annual report will accompany the Statement of Additional Information whenever a shareholder or a prospective investor requests it.

**Legal Counsel.** Thompson Hine LLP serves as legal counsel to the Trust and the Funds.

#### ADDITIONAL PURCHASE AND REDEMPTION INFORMATION

Reference is made to "Purchasing Shares" and "Redeeming Shares" in the Funds' prospectus for more information concerning how to purchase and redeem shares. The following information supplements the information regarding share purchases and share redemptions in the Funds' prospectus:

**Purchases.** Shares of the Funds are offered and sold on a continuous basis and may be purchased through authorized investment dealers or directly by contacting the Distributor or the Funds directly. Selling dealers have the responsibility of transmitting orders promptly to the Funds. The purchase price of shares of the Funds is based on the net asset value next determined after the order is received, subject to the order being received by the Fund in good form. Net asset value is normally determined at the time regular trading closes on the NYSE on days the NYSE is open for regular trading, as described under "Net Asset Value" below. The net asset value per share of each Fund is not calculated on business holidays when the NYSE is closed. An order received prior to the time regular trading closes on the NYSE will be executed at the price calculated on the date of receipt and an order received after the time regular trading closes on the NYSE will be executed at the price calculated as of that time on the next business day.

The Fund reserves the right in its sole discretion to (i) suspend the offering of its shares; (ii) reject purchase orders when in the judgment of management such rejection is in the best interest of each Funds and its shareholders; and (iii) reduce or waive the minimum for initial and subsequent investments under circumstances where certain economies can be achieved in sales of Fund shares.

**Sales Charges.** The public offering price of Advisor Class Shares of the Funds equals net asset value plus a sales charge. The Distributor receives this sales charge and may reallow it in the form of dealer discounts and brokerage commissions as described in the table below. No front-end sales charge is imposed with respect to the Institutional Class Shares of the Funds.

Amount of Transaction At Public Offering Price	Sales Charge As % of Public Offering Price	Sales Charge As % of Net Amount Invested	Dealer Discounts and Brokerage Commissions As % of Public Offering Price
Less than \$50,000	4.00%	4.17%	3.75%
\$50,000 but less than \$100,000	3.25%	3.36%	3.00%
\$100,000 but less than \$250,000	2.50%	2.56%	2.25%
\$250,000 but less than \$500,000	2.00%	2.04%	1.75%
\$500,000 but less than \$1,000,000	1.50%	1.52%	1.25%
\$1,000,000 or more	0.75%	0.76%	0.50%

From time to time dealers who receive dealer discounts and brokerage commissions from the Distributor may reallow all or a portion of such dealer discounts and brokerage commissions to other dealers or brokers. Pursuant to the terms of the Distribution Agreement, the sales charge payable to the Distributor and the dealer discounts may be suspended, terminated, or amended.

The dealer discounts and brokerage commissions schedule above applies to all dealers who have agreements with the Distributor. The Distributor, at its expense, may also provide additional compensation to dealers in connection with sales of shares of the Fund. Compensation may include financial assistance to dealers in connection with conferences, sales, or training programs for their employees, seminars for the public, advertising campaigns regarding the Funds, and/or other dealer-sponsored special events. In some instances, this compensation may be made available only to certain dealers whose representatives have sold or are expected to sell a significant amount of such shares. Compensation may include payment for travel expenses, including lodging, incurred in connection with trips taken by invited registered representatives and members of their families to locations within or outside of the United States for meetings or seminars of a business nature. Dealers may not use sales of the Fund shares to qualify for this compensation to the extent such may be prohibited by the laws of any state or any self-regulatory organization, such as the Financial Industry Regulatory Authority. None of the aforementioned compensation is paid for by the Fund or its shareholders, although the Distributor may use a portion of the payment it receives under the Plan to pay these expenses.

**Reduced Sales Charges.** Certain purchases of shares of the Fund may qualify for a lower sales charge. In order to obtain a reduced sales charge, it may be necessary at the time of purchase for an investor to inform the Fund, the Distributor, or their broker-dealer that the purchase qualifies for a lower sales charge.

Purchases by Related Parties. Reductions in front-end sales charges apply to purchases by a single “person,” including an individual, members of a family unit consisting of a husband, wife, and children under the age of 21 purchasing securities for their own account, or a trustee or other fiduciary purchasing for a single fiduciary account or single trust estate.

Concurrent Purchases. For purposes of qualifying for a lower front-end sales charge for Advisor Class Shares, investors have the privilege of combining concurrent purchases of the Advisor Class Shares of the Funds, as well as shares of any future series of the Trust affiliated with the Advisor and sold with a similar or higher sales charge. For example, if a shareholder concurrently purchases Advisor Class Shares of the Crescent Large Cap Macro Fund at the total public offering price of \$50,000 and purchases Advisor Class Shares of the Crescent Mid Cap Macro Fund at the total public offering price of \$50,000, the sales charge would be that applicable to a \$100,000 purchase as shown in the table above. This privilege may be modified or eliminated at any time or from time to time by the Trust without notice thereof.

Rights of Accumulation. Pursuant to the right of accumulation, investors are permitted to purchase Advisor Class Shares of the Funds at the public offering price applicable to the total of (a) the total public offering price of the Advisor Class Shares of the Fund then being purchased, including any concurrent purchases as described above, plus (b) an amount equal to the then current net asset value of the purchaser’s combined holdings of Advisor Class Shares of the Funds and shares of all other series of the Trust affiliated with the Advisor and sold with a similar or higher sales charge. To receive the applicable public offering price pursuant to the right of accumulation, investors must, at the time of purchase, provide sufficient information to permit confirmation of qualification, and confirmation of the purchase is subject to such verification. This right of accumulation may be modified or eliminated at any time or from time to time by the Trust without notice.

Letters of Intent. Investors may qualify for a lower sales charge for Advisor Class Shares by executing a letter of intent. A letter of intent allows an investor to purchase Advisor Class Shares of the Funds over a 13-month period at reduced sales charges based on the total amount intended to be purchased plus an amount equal to the then current net asset value of the purchaser’s combined holdings of Advisor Class Shares of the Funds and shares of all other series of the Trust affiliated with the Advisor and sold with a similar or higher sales charge. Thus, a letter of intent permits an investor to establish a total investment goal to be achieved by any number of purchases over a 13-month period. Each investment made during the period receives the reduced sales charge applicable to the total amount of the intended investment.

The letter of intent does not obligate the investor to purchase, or the Funds to sell, the indicated amount. If such amount is not invested within the period, the investor must pay the difference between the sales charge applicable to the purchases made and the charges previously paid. If such difference is not paid by the investor, the Funds are authorized by the investor to liquidate a sufficient number of shares held by the investor to pay the amount due. On the initial purchase of shares, if required (or subsequent purchases, if necessary) shares equal to at least five percent

of the amount indicated in the letter of intent will be held in escrow during the 13-month period (while remaining registered in the name of the investor) for this purpose. The value of any shares redeemed or otherwise disposed of by the investor prior to termination or completion of the letter of intent will be deducted from the total purchases made under such letter of intent.

A 90-day backdating period can be used to include earlier purchases at the investor's cost (without a retroactive downward adjustment of the sales charge); the 13-month period would then begin on the date of the first purchase during the 90-day period. No retroactive adjustment will be made if purchases exceed the amount indicated in the letter of intent. Investors must notify the Fund whenever a purchase is being made pursuant to a letter of intent.

Investors electing to purchase shares pursuant to a letter of intent should carefully read the letter of intent, which is included in the Fund Shares Application for the Advisor Class Shares, or is otherwise available from the Funds. This letter of intent option may be modified or eliminated at any time or from time to time by the Trust without notice.

**Reinvestments.** Within 90 days after a redemption of Advisor Class Shares of a Fund, investors may reinvest the proceeds from the redemption, without a sales charge, in either Advisor Class Shares of the Funds or shares of other series of the Trust affiliated with the Advisor and sold with a similar or higher sales charge. If the shares of the Fund or other series to be acquired are sold with a sales charge higher than the sales charge the investor paid in connection with the shares redeemed, the investor must pay the difference. In addition, the shares of the Fund or other series to be acquired must be registered for sale in the investor's state of residence. The amount that may be so reinvested may not exceed the amount of the redemption proceeds, and a written order for the purchase of such shares must be received by the Fund within 90 days after the effective date of the redemption.

If an investor realizes a gain on the redemption, the reinvestment will not affect the amount of any federal capital gains tax payable on the gain. If an investor realizes a loss on the redemption, the reinvestment may cause some or all of the loss to be disallowed as a tax deduction, depending on the number of shares purchased by reinvestment and the period of time that has elapsed after the redemption, although for tax purposes, the amount disallowed is added to the cost of the shares acquired upon the reinvestment.

**Purchases by Groups.** Reductions in sales charges also apply to purchases by individual members of a "qualified group." The reductions are based on the aggregate dollar value of shares purchased by all members of the qualified group and still owned by the group plus the shares currently being purchased. For purposes of this paragraph, a qualified group consists of a "company," as defined in the 1940 Act, which has been in existence for more than six months and which has a primary purpose other than acquiring shares of the Funds at a reduced sales charge, and the "related parties" of such company. For purposes of this paragraph, a "related party" of a company is: (i) any individual or other company who directly or indirectly owns, controls, or has the power to vote five percent or more of the outstanding voting securities of such company; (ii) any other company of which such company directly or indirectly owns, controls, or has the power to vote five percent or more of its outstanding voting securities; (iii) any other company under common control with such company; (iv) any executive officer, director, or partner of such company or of a related party; and (v) any partnership of which such company is a partner.

**Sales at Net Asset Value.** To encourage investment in the Funds, the Funds may sell shares at a purchase price equal to the net asset value of such shares, without a sales charge, to Trustees, officers, and employees of the Trust, the Funds, the Advisor, and to employees and principals of related organizations and their families, and certain parties related thereto, including clients and related accounts of the Advisor. Clients of investment advisors and financial planners may also purchase Advisor Class Shares at net asset value, without a sales charge, if the investment advisor or financial planner has made arrangements to permit them to do so with the Funds or the Distributor. The public offering price of Advisor Class Shares of the Funds may also be reduced to net asset value per share in connection with the acquisition of the assets of or merger or consolidation with a personal holding company or a public or private investment company.

**Regular Account.** The regular account allows for voluntary investments to be made at any time. Available to individuals, custodians, corporations, trusts, estates, corporate retirement plans, and others, investors are free to make additions to or withdrawals from their account. When an investor makes an initial investment in the Funds, a shareholder account is opened in accordance with the investor's registration instructions. Each time there is a

transaction in a shareholder account, such as an additional investment or the reinvestment of a dividend or distribution, the shareholder will receive a confirmation statement showing the current transaction and all prior transactions in the shareholder account during the calendar year to date, along with a summary of the status of the account as of the transaction date. As stated in the Funds' prospectus, share certificates are normally not issued.

**Redemptions.** The Funds may suspend redemption privileges or postpone the date of payment (i) during any period that the NYSE is closed for other than customary weekend and holiday closings, or that trading on the NYSE is restricted as determined by the SEC; (ii) during any period when an emergency exists as defined by the rules of the SEC as a result of which it is not reasonably practicable for the Funds to dispose of securities owned by it, or to determine fairly the value of its assets; and (iii) for such other periods as the SEC may permit. The Funds may also suspend or postpone the recordation of the transfer of shares upon the occurrence of any of the foregoing conditions. Any redemption may be more or less than the shareholder's cost depending on the market value of the securities held by the Funds. No charge is made by the Funds for redemptions other than the possible charge for wiring redemption proceeds.

**Involuntary Redemptions.** In addition to the situations described in the Funds' prospectus under "Redeeming Fund Shares," the Funds may redeem shares involuntarily to reimburse the Funds for any loss sustained by reason of the failure of a shareholder to make full payment for shares purchased by the shareholder or to collect any charge relating to a transaction effected for the benefit of a shareholder which is applicable to Fund shares as provided in the Funds' prospectus from time to time or to close a shareholder's account if the Funds are unable to verify the shareholder's identity.

**Other Information.** If an investor realizes a gain on the redemption, the reinvestment will not affect the amount of any federal capital gains tax payable on the gain. If an investor realizes a loss on the redemption, the reinvestment may cause some or all of the loss to be disallowed as a tax deduction, depending on the number of shares purchased by reinvestment and the period of time that has elapsed after the redemption, although for tax purposes, the amount disallowed is added to the cost of the shares acquired upon the reinvestment.

#### **SPECIAL SHAREHOLDER SERVICES**

The Funds offer the following special shareholder services:

**Automatic Investment Plan.** The automatic investment plan enables shareholders to make regular monthly or quarterly investments in shares through automatic charges to their checking account. With shareholder authorization and bank approval, the Administrator will automatically charge the checking account for the amount specified (\$100 minimum) which will be automatically invested in shares at the public offering price on or about the 21st day of the month. The shareholder may change the amount of the investment or discontinue the plan at any time by writing to the Funds.

**Systematic Withdrawal Plan.** Shareholders owning shares with a value of \$5,000 or more may establish a systematic withdrawal plan ("Systematic Withdrawal Plan"). A shareholder may receive monthly or quarterly payments, in amounts of not less than \$100 per payment, by authorizing the Funds to redeem the necessary number of shares periodically (each month, or quarterly) in order to make the payments requested. The Funds have the capability of electronically depositing the proceeds of the systematic withdrawal directly to the shareholders personal bank account (\$5,000 minimum per bank wire). Instructions for establishing this service are included in the Fund Shares Application, enclosed in the Funds' prospectus, or are available by calling the Funds. If the shareholder prefers to receive his systematic withdrawal proceeds in cash, or if such proceeds are less than the \$5,000 minimum for a bank wire, checks will be made payable to the designated recipient and mailed within seven days of the valuation date. If the designated recipient is other than the registered shareholder, the signature of each shareholder must be guaranteed on the application (see "Redeeming Shares – Signature Guarantees" in the Funds' prospectus). A corporation (or partnership) must also submit a "Corporate Resolution" (or "Certification of Partnership") indicating the names, titles, and required number of signatures authorized to act on its behalf. The application must be signed by a duly authorized officer(s) and the corporate seal affixed. No redemption fees are charged to shareholders under this plan. Costs in conjunction with the administration of the plan are borne by the Funds. Shareholders should be aware that such systematic withdrawals may deplete or use up entirely their initial investment and may result in realized long-term or short-term capital gains or losses. The Systematic Withdrawal

Plan may be terminated at any time by the Funds upon 60-days' written notice or by a shareholder upon written notice to the Funds. Applications and further details may be obtained by calling the Funds at 1-800-773-3863 or by writing to:

**Crescent Funds**  
c/o Nottingham Shareholder Services  
116 South Franklin Street  
Post Office Box 4365  
Rocky Mount, NC 27803-0365

**Purchases In Kind.** The Funds may accept securities in lieu of payment for the purchase of shares in a Fund. The acceptance of such securities is at the sole discretion of the Advisor based upon the suitability of the securities accepted for inclusion as a long-term investment of the Funds, the marketability of such securities, and other factors that the Advisor may deem appropriate. If accepted, the securities will be valued using the same criteria and methods as described in "Purchase and Redemption Price – Determining the Funds' Net Asset Value" in the Funds' prospectus.

**Redemptions In-Kind.** The Funds do not intend, under normal circumstances, to redeem its securities by payment in kind. It is possible, however, that conditions may arise in the future which would, in the opinion of the Trustees, make it undesirable for the Funds to pay for all redemptions in cash. In such case the Trustees may authorize payment to be made in readily marketable portfolio securities of a Fund. Securities delivered in payment of redemptions would be valued at the same value assigned to them in computing the net asset value per share. Shareholders receiving them would incur brokerage costs when these securities are sold. An irrevocable election has been filed under Rule 18f-1 of the 1940 Act, wherein each Fund committed to pay redemptions in cash, rather than in kind, to any shareholder of record of a Fund who redeems during any ninety day period, the lesser of (a) \$250,000 or (b) one percent (1%) of a Fund's net asset value at the beginning of such period.

**Transfer of Registration.** To transfer shares to another owner, send a written request to the Funds at the address shown above. Your request should include the following: (i) the Fund name and existing account registration; (ii) signature(s) of the registered owner(s) exactly as the signature(s) appear(s) on the account registration; (iii) the new account registration, address, social security or taxpayer identification number, and how dividends and capital gains are to be distributed; (iv) signature guarantees (See the Funds' prospectus under the heading "Signature Guarantees"); and (v) any additional documents which are required for transfer by corporations, administrators, executors, trustees, guardians, etc. If you have any questions about transferring shares, call or write the Funds.

**Employees and Affiliates of the Funds.** The Funds have adopted initial investment minimums for the purpose of reducing the cost to the Funds (and consequently to the shareholders) of communicating with and servicing its shareholders. At the discretion of the Advisor, the Funds may accept investments in the Funds with a reduced minimum initial investment from its Trustees, officers, and employees; the Advisor and certain parties related thereto; including clients of the Advisor or any sponsor, officer, committee member thereof, or the immediate family of any of them. In addition, accounts having the same mailing address may be aggregated for purposes of the minimum investment if they consent in writing to sharing a single mailing of shareholder reports, proxy statements (but each such shareholder would receive his/her own proxy), and other Fund literature.

#### **DISCLOSURE OF PORTFOLIO HOLDINGS**

The Trustees have adopted a policy that governs the disclosure of portfolio holdings. This policy is intended to ensure that such disclosure is in the best interests of the shareholders of the Funds and to address possible conflicts of interest. Under the Funds' policy, the Funds and Advisor generally will not disclose the Funds' portfolio holdings to a third party unless such information is made available to the public. The policy provides that the Funds and Advisor may disclose non-public portfolio holdings information as required by law and under other limited circumstances that are set forth in more detail below.

The Funds will make available to the public a complete schedule of the Funds' portfolio holdings, as reported on a fiscal quarter basis. This information is generally available within 60 days of the Funds' fiscal quarter end and will remain available until the next fiscal quarter's portfolio holdings report becomes available. You may obtain a copy

of these quarterly portfolio holdings reports by calling the Funds at 1-800-773-3863. The Funds will also file these quarterly portfolio holdings reports with the SEC on Form N-CSR or Form N-Q, as applicable. The Funds' Form N-CSR and Form N-Q are available on the SEC's website at <http://www.sec.gov> and may be reviewed and copied at the SEC's Public Reference Room in Washington, DC. The first and third quarter portfolio holdings reports will be filed with the SEC on Form N-Q and the second and fourth fiscal quarter portfolio holdings reports will be included with the semi-annual and annual financial statements, respectively, which are sent to shareholders and filed with the SEC on Form N-CSR.

The Funds and/or Advisor may, from time to time, provide additional portfolio holdings information, including lists of the ten largest holdings and complete portfolio holdings as of the end of each calendar month. The Funds will generally make this information available to the public on a website at <http://www.ncfunds.com> within ten days of the end of the calendar month and such information will remain available until new information for the next month is posted. The Funds may also send this information to shareholders of the Funds and to mutual Funds analysts and rating and trading entities; provided that the Funds will not send this information to shareholders of the Funds or analysts or rating and/or trading entities until one day after such information has been publicly disclosed on the Funds' website.

Consistent with policies approved by the Board, the officers of the Funds and/or Advisor may share non-public portfolio holdings information with the Funds' service providers that require such information for legitimate business and Fund oversight purposes, specifically the Funds' fund accountant and administrator, transfer agent, distributor, custodian, compliance services administrator, independent registered public accounting firm, and legal counsel as identified in the Funds' prospectuses and statement of additional information, and V.G. Reed & Sons, PrintGrafix (a division of Sunbelt Graphic Systems, Inc.), Riverside Printing, Inc., and PrinterLink Communications Group, Inc., financial printers the Funds may engage for, among other things, the printing and/or distribution of regulatory and compliance documents. The Funds and/or Advisor may also provide non-public portfolio holdings information to appropriate regulatory agencies as required by applicable laws and regulations. The Funds' service providers receiving such non-public information are subject to confidentiality obligations requiring such service providers to keep non-public portfolio holdings information confidential. Certain of the service providers have codes of ethics that prohibit trading based on, among other things, non-public portfolio holdings information.

The Funds currently do not provide non-public portfolio holdings information to any other third parties. In the future, the Funds may elect to disclose such information to other third parties if the Advisor determines that the Funds have a legitimate business purpose for doing so, determines that the disclosure is in the shareholders' best interest, and the recipient is subject to a duty of confidentiality. The Advisor is responsible for determining which other third parties have a legitimate business purpose for receiving the Funds' portfolio holdings information.

The Funds' policy regarding disclosure of portfolio holdings is subject to the continuing oversight and direction of the Trustees. The Advisor and Administrator are required to report to the Trustees any known disclosure of the Funds' portfolio holdings to unauthorized third parties. The Funds have not (and do not intend to) entered into any arrangement providing for the receipt of compensation or other consideration in exchange for the disclosure of non-public portfolio holdings information, other than the benefits that result to the Funds and their shareholders from providing such information, which include the publication of Fund ratings and rankings.

#### **NET ASSET VALUE**

The net asset value per share of each class of shares of the Funds is normally determined at the time regular trading closes on the New York Stock Exchange ("NYSE"). The net asset value per share of each class of shares of the Funds is not calculated on business holidays when the NYSE is closed. The NYSE generally recognizes the following holidays: New Year's Day, Martin Luther King, Jr., Day, President's Day, Good Friday, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, and Christmas Day. Any other holiday recognized by the NYSE will be deemed a business holiday on which the net asset value per share of each class of shares of the Funds will not be calculated.

The net asset value per share of each class of shares of the Funds is calculated separately by adding the value of a Fund's securities and other assets belonging to the Fund and attributable to a class of shares, subtracting the liabilities charged to the Fund and to the class of shares, and dividing the result by the number of outstanding shares



of such class of shares. “Assets belonging to” a Fund consist of the consideration received upon the issuance of shares of the Fund together with all net investment income, realized gains/losses and proceeds derived from the investment thereof, including any proceeds from the sale of such investments, any funds or payments derived from any reinvestment of such proceeds, and a portion of any general assets of the Trust not belonging to a particular Fund. Income, realized and unrealized capital gains and losses, and any expenses of a Fund not allocated to a particular class of shares will be allocated to each class on the basis of the net asset value of that class in relation to the net asset value of the Fund. Assets belonging to a Fund are charged with the direct liabilities of the Fund and with a share of the general liabilities of the Trust, which are normally allocated in proportion to the number of or the relative net asset values of all of the Trust’s series at the time of allocation or in accordance with other allocation methods approved by the Trustees. Certain expenses attributable to a particular class of shares (such as the distribution and service fees) will be charged against that class. Certain other expenses attributable to a particular class of shares (such as registration fees, professional fees, and certain printing and postage expenses) may be charged against that class if such expenses are actually incurred in a different amount by that class or if the class receives services of a different kind or to a different degree than other classes, and the Trustees approve such allocation. Subject to the provisions of the Trust Instrument, determinations by the Trustees as to the direct and allocable liabilities, and the allocable portion of any general assets, with respect to the Fund and the classes of the Funds are conclusive.

The pricing and valuation of portfolio securities is determined in good faith in accordance with procedures established by, and under the direction of, the Trustees. Values are determined according to accepted accounting practices and all laws and regulations that apply. Using methods approved by the Trustees, the assets of each Fund are valued as follows:

- Securities that are listed on a securities exchange are valued at the last quoted sales price at the time the valuation is made. Price information on listed securities is taken from the exchange where the security is primarily traded by the Fund.
- Securities that are listed on an exchange and which are not traded on the valuation date are valued at the bid price.
- Unlisted securities for which market quotations are readily available are valued at the latest quoted sales price, if available, at the time of valuation, otherwise, at the latest quoted bid price.
- Temporary cash investments with maturities of 60 days or less will be valued at amortized cost, which approximates market value.
- Securities for which no current quotations are readily available are valued at fair value as determined in good faith using methods approved by the Trustees. Securities may be valued on the basis of prices provided by a pricing service when such prices are believed to reflect the fair market value of such securities.

#### **ADDITIONAL TAX INFORMATION**

The following summarizes certain additional tax considerations generally affecting the Fund and its shareholders that are not described in the Funds’ prospectus. No attempt is made to present a detailed explanation of the tax treatment of the Fund or its shareholders or any particular category of shareholders. The discussions here and in the Funds’ prospectus are not intended as a substitute for careful tax planning and are based on United States federal income tax laws that are in effect on the date hereof and which may be changed by legislative, judicial, or administrative action. In addition, no attempt is made to address tax concerns applicable to an investor with a special tax status such as a financial institution, REIT, insurance company, regulated investment company, individual retirement account, other tax-exempt entity, dealer in securities or non-U.S. investor. Furthermore, this discussion does not reflect possible application of the alternative minimum tax. Unless otherwise noted, this discussion assumes the common shares are held by U.S. persons and that such shares are held as capital assets. Investors are advised to consult their tax advisors with specific reference to their own tax situations.



The Fund, and any other series of the Trust, will be treated as a separate corporate entity under the Internal Revenue Code of 1986, as amended (“Code”), and intends to qualify or remain qualified as a regulated investment company under Subchapter M of the Code. In order to so qualify, the Fund must elect to be a regulated investment company or have made such an election for a previous year and must satisfy certain requirements relating to the amount of distributions and source of its income for a taxable year. At least 90% of the gross income of the Fund must be derived from dividends, interest, payments with respect to securities loans, gains from the sale or other disposition of stocks, securities, or foreign currencies, and other income derived with respect to the Funds’ business of investing in such stock, securities or currencies and net income derived from an interest in a qualified publicly traded partnership. Any income derived by the Fund from a partnership (other than a qualified publicly traded partnership) or trust is treated as derived with respect to the Funds’ business of investing in stock, securities, or currencies only to the extent that such income is attributable to items of income that would have been qualifying income if realized by the Fund in the same manner as by the partnership or trust.

An investment company may not qualify as a regulated investment company for any taxable year unless it satisfies certain requirements with respect to the diversification of its investments at the close of each quarter of the taxable year. In general, at least 50% of the value of its total assets must be represented by cash, cash items, government securities, securities of other regulated investment companies, and other securities which, with respect to any one issuer, do not represent more than 5% of the total assets of the Fund or more than 10% of the outstanding voting securities of such issuer. In addition, not more than 25% of the value of the Funds’ total assets may be invested in (i) the securities (other than government securities or the securities of other regulated investment companies) of any one issuer; (ii) the securities of two or more issuers (other than securities of another regulated investment company) if the issuers are controlled by the Fund and they are, pursuant to Internal Revenue Service Regulations, engaged in the same or similar or related trades or businesses; or (iii) the securities of one or more publicly traded partnerships. The Fund intends to satisfy all requirements on an ongoing basis for continued qualification as a regulated investment company.

The 2003 Jobs and Growth Tax Relief Reconciliation Act reduced the federal tax rate on most dividends paid by U.S. corporations to individuals after December 31, 2002. Through December 31, 2012, these qualifying corporate dividends are taxable at long-term capital gains tax rates. Some, but not all, of the dividends paid by the Fund may be taxable at the reduced long-term capital gains tax rate for individual shareholders. If the Fund designates a dividend as qualified dividend income, it generally will be taxable to individual shareholders at the long-term capital gains tax rate, provided certain holding period requirements are met.

Taxable dividends paid by the Fund to corporate shareholders will be taxed at corporate income tax rates. Corporate shareholders may be entitled to a dividends received deduction (“DRD”) for a portion of the dividends paid and designated by the Fund as qualifying for the DRD.

If the Fund designates a dividend as a capital gains distribution, it generally will be taxable to shareholders as long-term capital gains, regardless of how long the shareholders have held their Fund shares or whether they received in cash or reinvested in additional shares. All taxable dividends paid by the Fund other than those designated as qualified dividend income or capital gains distributions will be taxable as ordinary income to shareholders, whether received in cash or reinvested in additional shares. To the extent the Fund engages in increased portfolio turnover, short-term capital gains may be realized, and any distribution resulting from such gains will be considered ordinary income for federal tax purposes.

Shareholders who hold Fund shares in a tax-deferred account, such as a retirement plan, generally will not have to pay tax on Fund distributions until they receive distributions from their account.

The Fund, and any other series of the Trust, will designate (i) any dividend of qualified dividend income as qualified dividend income; (ii) any distribution of long-term capital gains as a capital gain dividend; and (iii) any dividend eligible for the corporate DRD as such in a written notice mailed to shareholders within 60 days after the close of the Funds’ taxable year. Shareholders should note that, upon the sale or exchange of Fund shares, if such shares have not been held for at least six months, any loss on the sale or exchange of those shares will be treated as long-term capital loss to the extent of the capital gain dividends received with respect to the shares.

To the extent that a distribution from the Fund is taxable, it is generally included in a shareholder's gross income for the taxable year in which the shareholder receives the distribution. However, if the Fund declares a dividend in October, November, or December but pays it in January, it will be taxable to shareholders as if the dividend was received in the year it was declared. Every year, each shareholder will receive a statement detailing the tax status of any Fund distributions for that year.

A 4% nondeductible excise tax is imposed on regulated investment companies that fail to currently distribute an amount equal to specified percentages of their ordinary taxable income and capital gain net income (excess of capital gains over capital losses). The Fund intends to make sufficient distributions or deemed distributions of its ordinary taxable income and any capital gain net income prior to the end of each calendar year to avoid liability for this excise tax.

If for any taxable year the Fund does not qualify for the special federal income tax treatment afforded regulated investment companies, all of its taxable income will be subject to federal income tax at regular corporate rates (without any deduction for distributions to its shareholders) at the Fund level. In such event, dividend distributions (whether or not derived from interest on tax-exempt securities) would be taxable as qualified dividends to individual shareholders in taxable years beginning on or before December 31, 2012, to the extent of the Funds' current and accumulated earnings and profits, and would be eligible for the DRD for corporations, provided in each case that certain holding period and other requirements are met.

In general, a shareholder who sells or redeems shares will realize a capital gain or loss, which will be long-term or short-term, depending upon the shareholder's holding period for the Fund shares. An exchange of shares may be treated as a sale and any gain may be subject to tax.

The Fund will be required in certain cases to withhold and remit to the U.S. Treasury a percentage equal to the fourth lowest tax rate for unmarried individuals (presently 28%) of taxable dividends or of gross proceeds realized upon sale paid to shareholders who (i) have failed to provide a correct taxpayer identification number in the manner required; (ii) are subject to back-up withholding by the Internal Revenue Service for failure to include properly on their return payments of taxable interest or dividends; or (iii) have failed to certify to the Fund that they are not subject to backup withholding when required to do so. Back-up withholding is not an additional tax. Any amounts withheld from payments to you may be refunded or credited against your U.S. federal income tax liability, if any, provided that the required information is furnished to the Internal Revenue Service.

Depending upon the extent of the Funds' activities in states and localities in which its offices are maintained, in which its agents or independent contractors are located, or in which it is otherwise deemed to be conducting business, the Fund may be subject to the tax laws of such states or localities. In addition, in those states and localities that have income tax laws, the treatment of the Fund and its shareholders under such laws may differ from their treatment under federal income tax laws.

Dividends paid by the Funds to non-U.S. shareholders may be subject to U.S. withholding tax at the rate of 30% unless reduced by treaty (and the shareholder files a valid Internal Revenue Service Form W-8BEN, or other applicable form, with the Funds certifying foreign status and treaty eligibility) or the non-U.S. shareholder files an Internal Revenue Service Form W-8ECI, or other applicable form, with the Funds certifying that the investment to which the distribution relates is effectively connected to a United States trade or business of such non-U.S. shareholder (and, if certain tax treaties apply, is attributable to a United States permanent establishment maintained by such non-U.S. shareholder). The Funds may elect not to withhold the applicable withholding tax on any distribution representing a capital gain dividend to a non-U.S. shareholder. Special rules may apply to non-U.S. shareholders with respect to the information reporting requirements and withholding taxes and non-U.S. shareholders should consult their tax advisors with respect to the application of such reporting requirements and withholding taxes.

The Funds will send shareholders information each year on the tax status of dividends and distributions. A dividend or capital gains distribution paid shortly after shares have been purchased, although in effect a return of investment, is subject to federal income taxation. Dividends from net investment income, along with capital gains, will be taxable to shareholders, whether received in cash or Fund shares and no matter how long the shareholder has held

Fund shares, even if they reduce the net asset value of shares below the shareholder's cost and thus, in effect, result in a return of a part of the shareholder's investment.

#### **FINANCIAL STATEMENTS**

Because the Funds are newly organized, there is no financial information in this SAI. You may request a copy of the Funds' annual and semi-annual reports, once available, at no charge by calling the Funds at 1-800-773-3863.

## APPENDIX A –DESCRIPTION OF RATINGS

The Funds may acquire from time to time certain securities that meet the following minimum rating criteria (“Investment-Grade Debt Securities”) (or if not rated, of equivalent quality as determined by the Advisor). The various ratings used by the nationally recognized securities rating services are described below.

A rating by a rating service represents the service’s opinion as to the credit quality of the security being rated. However, the ratings are general and are not absolute standards of quality or guarantees as to the creditworthiness of an issuer. Consequently, the Advisor believes that the quality of Investment-Grade Debt Securities in which the Funds may invest should be continuously reviewed and that individual analysts give different weightings to the various factors involved in credit analysis. A rating is not a recommendation to purchase, sell, or hold a security, because it does not take into account market value or suitability for a particular investor. When a security has received a rating from more than one service, each rating is evaluated independently. Ratings are based on current information furnished by the issuer or obtained by the rating services from other sources that they consider reliable. Ratings may be changed, suspended, or withdrawn as a result of changes in or unavailability of such information, or for other reasons.

**Standard & Poor’s Ratings Services.** The following summarizes the highest four ratings used by Standard & Poor’s Ratings Services (“S&P”), a division of McGraw-Hill Companies, Inc., for bonds which are deemed to be Investment-Grade Debt Securities by the Advisor:

AAA – This is the highest rating assigned by S&P to a debt obligation and indicates an extremely strong capacity of the obligor to meet its financial commitment on the obligation.

AA – Debt rated AA differs from AAA issues only in a small degree. The obligor’s capacity to meet its financial commitment on the obligation is very strong.

A – Debt rated A is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than debt in higher-rated categories. However, the obligor’s capacity to meet its financial commitment on the obligation is still strong.

BBB – Debt rated BBB exhibits adequate protection parameters. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitment on the obligation.

To provide more detailed indications of credit quality, the AA, A, and BBB ratings may be modified by the addition of a plus or minus sign to show relative standing within these major rating categories.

Bonds rated BB, B, CCC, CC, and C are not considered by the Advisor to be Investment-Grade Debt Securities and are regarded as having significant speculative characteristics. BB indicates the lowest degree of speculation and C the highest degree of speculation. While such bonds may have some quality and protective characteristics, these may be outweighed by large uncertainties or major risk exposures to adverse conditions.

Commercial paper rated A-1 by S&P indicates that the degree of safety regarding timely payment is strong. Those issues determined to possess extremely strong safety characteristics are denoted A-1+. Capacity for timely payment on commercial paper rated A-2 is satisfactory, but the relative degree of safety is not as high as for issues designated A-1.

The rating SP-1 is the highest rating assigned by S&P to short term notes and indicates strong capacity to pay principal and interest. An issue determined to possess a very strong capacity to pay debt service is given a plus (+) designation. The rating SP-2 indicates a satisfactory capacity to pay principal and interest, with some vulnerability to adverse financial and economic changes over the term of the notes. The rating SP-3 indicates a speculative capacity to pay principal and interest.

**Moody's Investor Service, Inc.** The following summarizes the highest four ratings used by Moody's Investors Service, Inc. ("Moody's") for fixed-income obligations with an original maturity of one year or more, which are deemed to be Investment-Grade Securities by the Advisor:

Aaa – Bond obligations rated Aaa are judged to be of the highest quality, with minimal credit risk.

Aa – Bond obligations rated Aa are judged to be of high quality and are subject to very low credit risk.

A – Bond obligations rated A are considered upper-medium grade and are subject to low credit risk.

Baa – Bond obligations rated Baa are subject to moderate credit risk. They are considered medium-grade and as such may possess certain speculative characteristics.

Obligations that are rated Ba, B, Caa, Ca, or C by Moody's are not considered "Investment-Grade Debt Securities" by the Advisor. Obligations rated Ba are judged to have speculative elements and are subject to substantial credit risk. Obligations rated B are considered speculative and are subject to high credit risk. Obligations rated Caa are judged to be of poor standing and are subject to very high credit risk.

Note: Moody's appends numerical modifiers 1, 2, and 3 to each generic rating classification from Aa through Caa. The modifier 1 indicates that the obligation ranks in the higher end of its generic rating category; the modifier 2 indicates a mid-range ranking; and the modifier 3 indicates a ranking in the lower end of that generic rating category.

#### Short-Term Ratings.

Moody's short-term ratings are opinions of the ability of issuers to honor short-term financial obligations. Ratings may be assigned to issuers, short-term programs, or individual short-term debt instruments. Such obligations generally have an original maturity not exceeding thirteen months, unless explicitly noted.

Moody's employs the following designations to indicate the relative repayment ability of rated issuers:

P-1 – Issuers (or supporting institutions) rated Prime-1 have a superior ability to repay short-term debt obligations.

P-2 – Issuers (or supporting institutions) rated Prime-2 have a strong ability to repay short-term debt obligations.

P-3 – Issuers (or supporting institutions) rated Prime-3 have an acceptable ability to repay short-term debt obligations.

NP – Issuers (or supporting institutions) rated Not Prime do not fall within any of the Prime rating categories.

Note: Canadian issuers rated P-1 or P-2 have their short-term ratings enhanced by the senior-most long-term rating of the issuer, its guarantor, or support-provider.

#### US Municipal Short-Term Debt And Demand Obligation Ratings.

*Short-Term Debt Ratings.* There are three rating categories for short-term municipal obligations that are considered investment grade. These ratings are designated as Municipal Investment Grade (MIG) and are divided into three levels – MIG 1 through MIG 3. In addition, those short-term obligations that are of speculative quality are designated SG, or speculative grade. MIG ratings expire at the maturity of the obligation.

MIG 1 – This designation denotes superior credit quality. Excellent protection is afforded by established cash flows, highly reliable liquidity support, or demonstrated broad-based access to the market for refinancing.

MIG 2 – This designation denotes strong credit quality. Margins of protection are ample, although not as large as in the preceding group.

MIG 3 – This designation denotes acceptable credit quality. Liquidity and cash-flow protection may be narrow, and market access for refinancing is likely to be less well-established.

SG – This designation denotes speculative-grade credit quality. Debt instruments in this category may lack sufficient margins of protection.

*Demand Obligation Ratings.* In the case of variable rate demand obligations (VRDOs), a two-component rating is assigned; a long or short-term debt rating and a demand obligation rating. The first element represents Moody's evaluation of the degree of risk associated with scheduled principal and interest payments. The second element represents Moody's evaluation of the degree of risk associated with the ability to receive purchase price upon demand ("demand feature"), using a variation of the MIG rating scale, the Variable Municipal Investment Grade or VMIG rating.

When either the long- or short-term aspect of a VRDO is not rated, that piece is designated NR, e.g., Aaa/NR or NR/VMIG 1.

VMIG rating expirations are a function of each issue's specific structural or credit features.

VMIG 1 – This designation denotes superior credit quality. Excellent protection is afforded by the superior short-term credit strength of the liquidity provider and structural and legal protections that ensure the timely payment of purchase price upon demand.

VMIG 2 – This designation denotes strong credit quality. Good protection is afforded by the strong short-term credit strength of the liquidity provider and structural and legal protections that ensure the timely payment of purchase price upon demand.

VMIG 3 – This designation denotes acceptable credit quality. Adequate protection is afforded by the satisfactory short-term credit strength of the liquidity provider and structural and legal protections that ensure the timely payment of purchase price upon demand.

SG – This designation denotes speculative-grade credit quality. Demand features rated in this category may be supported by a liquidity provider that does not have an investment grade short-term rating or may lack the structural and/or legal protections necessary to ensure the timely payment of purchase price upon demand.

**Fitch Ratings.** The following summarizes the highest four ratings used by Fitch, Inc. ("Fitch"):

Long-Term Ratings.

AAA – Highest credit quality. The rating AAA denotes that the lowest expectation of credit risk. They are assigned only in case of exceptionally strong capacity for timely payment of financial commitments. This capacity is highly unlikely to be adversely affected by foreseeable events.

AA – Very high credit quality. The rating AA denotes a very low expectation of credit risk. They indicate very strong capacity for timely payment of financial commitments. This capacity is not significantly vulnerable to foreseeable events.

A – High credit quality. The rating A denotes a low expectation of credit risk. The capacity for timely payment of financial commitments is considered strong. This capacity may, nevertheless, be more vulnerable to changes in circumstances or in economic conditions than is the case for higher rating.

BBB – Good credit quality. The rating BBB indicates that there is currently a low expectation of credit risk. The capacity for timely payment of financial commitments is considered adequate, but adverse changes in circumstances and in economic conditions are more likely to impair this capacity. This is the lowest investment grade category.

Long-term securities rated below BBB by Fitch are not considered by the Advisor to be investment-grade securities. Securities rated BB and B are regarded as speculative with regard to a possible credit risk developing. BB is considered speculative and B is considered highly speculative. Securities rated CCC, CC, and C are regarded as a high default risk. A rating CC indicates that default of some kind appears probable, while a rating C signals imminent default. Securities rated DDD, D, and D indicate a default has occurred.

#### Short-Term Ratings.

F1 – Highest credit quality. The rating F1 indicates the strongest capacity for timely payment of financial commitments; may have an added (+) to denote any exceptionally strong credit feature.

F2 – Good credit quality. The rating F2 indicates a satisfactory capacity for timely payment of financial commitment, but the margin of safety is not as great as in the case of the higher ratings.

F3 – Fair credit quality. The rating F3 indicates the capacity for timely payment of financial commitments is adequate; however, near-term adverse changes could result in a reduction to non-investment grade.

B – Speculative. The rating B indicates minimal capacity for timely payment of financial commitments, plus vulnerability to near-term adverse changes in financial and economic conditions.

Short-term rates B, C, and D by Fitch are considered by the Advisor to be below investment-grade securities. Short-term securities rated B are considered speculative, securities rated C have a high default risk, and securities rated D denote actual or imminent payment default.

(+) or (-) suffixes may be appended to a rating to denote relative status within major rating categories. Such suffixes are not added to long-term ratings “AAA” category, categories below “CCC”, or short-term ratings other than “F1”. The suffix “NR” indicates that Fitch does not publicly rate the issuer or issue in question.



## **APPENDIX B – PROXY VOTING POLICIES**

The following proxy voting policies are provided:

- (1) The Trust's Proxy Voting and Disclosure Policy; and
- (2) The Advisor's Proxy Voting and Disclosure Policy, including a detailed description of the Advisor's specific proxy voting guidelines.

### **Trust's Proxy Voting Disclosure Policy**

The Securities and Exchange Commission has adopted rules and forms under the Securities Act of 1933, the Securities Exchange Act of 1934, and the Investment Company Act of 1940 to require registered investment companies to provide disclosure about how they vote proxies for their portfolio securities. Each series of shares of the Trust (individually and collectively referred to as the "Fund") is required to disclose the policies and procedures used to determine how to vote proxies for portfolio securities. The Fund is also required to file with the Securities and Exchange Commission and to make available to their shareholders the specific proxy votes cast for portfolio securities. This policy is designed to ensure that the Fund complies with these requirements and otherwise fulfills its obligations with respect to proxy voting, disclosure, and recordkeeping. The overall goal is to ensure that the Fund's proxy voting is managed in an effort to act in the best interests of its shareholders. While decisions about how to vote must be determined on a case-by-case basis, proxy voting decisions will be made considering these guidelines and following the procedures recited herein.

#### ***Specific Proxy Voting Policies and Procedures***

##### **A. General**

The Board of Trustees believes that the voting of proxies is an important part of portfolio management as it represents an opportunity for shareholders to make their voices heard and to influence the direction of a company. The Trust and Fund are committed to voting corporate proxies in the manner that best serves the interests of the Fund's shareholders.

##### **B. Delegation to Fund's Investment Advisor**

The Board of Trustees believes that the Fund's investment advisor is in the best position to make individual voting decisions for the Fund consistent with this policy. Therefore, subject to the oversight of the Board of Trustees, the Fund's investment advisor is delegated the following duties:

1. To make the proxy voting decisions for the Fund; and
2. To assist the Fund in disclosing the Fund's proxy voting record as required by Rule 30b1-4 under the Investment Company Act of 1940, including providing the following information for each matter with respect to which the Fund was entitled to vote: (a) information identifying the matter voted on; (b) whether the matter was proposed by the issuer or by a security holder; (c) whether and how the Fund cast its vote; and (d) whether the Fund cast its vote for or against management.

The Board of Trustees, including a majority of the Independent Trustees, shall approve the Proxy Voting and Disclosure Policy of the Fund's investment advisor as it relates to the Fund. The Board of Trustees shall also approve any material changes to such policy no later than six (6) months after adoption by the Fund's investment advisor.

##### **C. Conflicts**

In cases where a matter with respect to which a Fund is entitled to vote presents a conflict between the interest of the Fund's shareholders, on the one hand, and those of the Fund's investment advisor, principal underwriter, or an affiliated person of the Fund, its investment advisor or principal underwriter, on the other hand, the Fund shall always vote in the best interest of the Fund's shareholders. For purposes of this Policy, a vote shall be considered in the best interest of the Fund's shareholders (i) when a vote is cast consistent with a specific voting policy set forth in the Proxy Voting and Disclosure Policy of the Fund's investment advisor, provided such specific voting policy was approved by the Board of Trustees, or (ii) when a vote is cast consistent with the decision of the Trust's Proxy Voting Committee. In addition, provided the Fund's investment advisor is not affiliated with the Fund's principal underwriter or an affiliated person of the principal underwriter and neither the Fund's principal underwriter nor an affiliated person of the principal underwriter has influenced the advisor with respect to a matter to which the Fund is entitled to vote, a vote by the advisor shall not be considered a conflict between the Fund's shareholders and the Fund's principal underwriter or affiliated person of the principal underwriter.

D. Other Investment Companies

To the extent the Fund invests in shares of other investment companies in accordance with the safe harbor provisions of Section 12(d)(1)(F) of the Investment Company Act of 1940, the Fund's investment advisor shall vote proxies with respect to such investment company securities in the same proportion as the vote of all other holders of such securities.

***Fund Disclosure***

A. Disclosure of Fund Policies and Procedures With Respect to Voting Proxies Relating to Portfolio Securities

The Fund shall disclose this policy, or a description of the policy, to its shareholders by including it as an appendix to its Statement of Additional Information on Form N-1A. The Fund will also notify its shareholders in the Fund's shareholder reports that a description of this policy is available upon request, without charge, by calling a specified toll-free telephone number. The Fund will send this description of the policy within three business days of receipt of any shareholder request, by first-class mail, or other means designed to ensure equally prompt delivery.

B. Disclosure of the Fund's Complete Proxy Voting Record

In accordance with Rule 30b1-4 of the Investment Company Act of 1940, the Fund will file Form N-PX with the Securities and Exchange Commission no later than August 31 of each year, even if August 31 falls on a non-business day. The Fund shall disclose to its shareholders on Form N-PX the Fund's complete proxy voting record for the twelve-month period ended June 30.

The Fund shall disclose the following information on Form N-PX for each matter relating to a portfolio security considered at any shareholder meeting held during the period covered by the report and with respect to which the Fund was entitled to vote:

- (i) The name of the issuer of the portfolio security;
- (ii) The exchange ticker symbol of the portfolio security (if available through reasonably practicable means);
- (iii) The Council on Uniform Security Identification Procedures ("CUSIP") number for the portfolio security (if available through reasonably practicable means);
- (iv) The shareholder meeting date;
- (v) A brief identification of the matter voted on;
- (vi) Whether the matter was proposed by the issuer or by a security holder;
- (vii) Whether the Fund cast its vote on the matter;
- (viii) How the Fund cast its vote (e.g., for or against proposal, or abstain; for or withhold regarding election of directors); and
- (ix) Whether the Fund cast its vote for or against management.

The Fund shall make its proxy voting record available to shareholders either upon request or by making available an electronic version on or through the Fund's website, if applicable. If the Fund discloses its proxy voting record on or through its website, the Fund shall post the information disclosed in the Fund's most recently filed report on Form N-PX on the website beginning the same day it files such information with the Securities and Exchange Commission.

The Fund shall also include a statement in its annual reports, semi-annual reports, and Statement of Additional Information that information regarding how the Fund voted proxies relating to portfolio securities during the most recent twelve-month period ended June 30 is available (i) without charge upon request, by calling a specified toll-free (or collect) telephone number, or (if applicable) on or through the Fund's website at a specified internet address; and (ii) on the website of the Securities and Exchange Commission. If the Fund discloses that its proxy voting record is available by calling a toll-free (or collect) telephone number, it shall send the information disclosed in the Fund's most recently filed report on Form N-PX within three business days of receipt of a request for this information, by first-class mail or other means designed to ensure equally prompt delivery.

### ***Recordkeeping***

The Trust shall keep the following records for a period of at least five years, the first two in an easily accessible place:

- (i) A copy of this Policy;
- (ii) Proxy statements received regarding the Fund's securities;
- (iii) Records of votes cast on behalf of the Fund; and
- (iv) A record of each shareholder request for proxy voting information and the Fund's response, including the date of the request, the name of the shareholder, and the date of the response.

The foregoing records may be kept as part of the records of the Fund's investment advisor.

A Fund may rely on proxy statements filed on the SEC EDGAR system instead of keeping its own copies, and may rely on proxy statements and records of proxy votes cast by the Fund's investment advisor that are maintained with a third party such as a proxy voting service, provided that an undertaking is obtained from the third party to provide a copy of the documents promptly upon request.

### ***Proxy Voting Committee***

#### **A. General**

The Trust's Proxy Voting Committee shall be composed entirely of Independent Trustees and may be comprised of one or more such Independent Trustees as the Board of Trustees may, from time to time, decide. The purpose of the Proxy Voting Committee shall be to determine how the Fund should cast its vote, if called upon by the Board of Trustees or the Fund's investment advisor, when a matter with respect to which the Fund is entitled to vote presents a conflict between the interest of the Fund's shareholders, on the one hand, and those of the Fund's investment advisor, principal underwriter, or an affiliated person of the Fund, its investment advisor, or principal underwriter, on the other hand.

#### **B. Powers and Methods of Operation**

The Proxy Voting Committee shall have all the powers necessary to fulfill its purpose as set forth above and such other powers and perform such other duties as the Board of Trustees may, from time to time, grant or assign to the Proxy Voting Committee. The Proxy Voting Committee shall meet at such times and places as the Proxy Voting Committee or the Board of Trustees may, from time to time, determine. The act of a majority of the members of the Proxy Voting Committee in person, by telephone conference, or by consent in writing without a meeting shall be the act of the Proxy Voting Committee. The Proxy Voting Committee shall have the authority to utilize Trust counsel at the expense of the Trust if necessary. The Proxy Voting Committee shall prepare minutes of each meeting and keep such minutes with the Trust's records. The Proxy Voting Committee shall review this Policy and recommend any changes to the Board of Trustees as it deems necessary or advisable.

### ***Other***

This policy may be amended, from time to time, as determined by the Board of Trustees.

**Greenwood Capital Associates, LLC**  
**Proxy Voting Policy**

**I. POLICY.**

Greenwood Capital Associates, LLC (the “Adviser”) acts as a discretionary investment adviser for various clients, including clients governed by the Employee Retirement Income Security Act of 1974 (“ERISA”) and registered open-end management investment companies (i.e., “mutual funds”). The Adviser is registered with the U.S. Securities and Exchange Commission (the “SEC”) as an investment adviser pursuant to the Investment Advisers Act of 1940, as amended (the “Advisers Act”). Some of the Adviser’s clients have delegated to the Adviser the authority to vote proxies or act with respect to corporate actions that may arise with respect to securities held within such client’s investment portfolio. Corporate actions may include, for example and without limitation, tender offers or exchanges, bankruptcy proceedings, and class actions. The Adviser’s authority to vote proxies or act with respect to other corporate actions is established through the delegation of discretionary authority under its Advisory Agreements. Therefore, unless a client (including a “named fiduciary” under ERISA) specifically reserves the right, in writing, to vote its own proxies or to take shareholder action with respect to other corporate actions requiring shareholder actions, the Adviser will vote all proxies and act on all other actions in a timely manner as part of its full discretionary authority over client assets in accordance with these policies and procedures.

When voting proxies or acting with respect to corporate actions on behalf of clients, the Adviser’s utmost concern is that all decisions be made solely in the best interests of the client (and for ERISA accounts, plan beneficiaries, and participants, in accordance with the letter and spirit of ERISA). The Adviser will act in a prudent and diligent manner intended to enhance the economic value of the assets in the client’s account.

**II. PURPOSE.**

The purpose of these policies and procedures is to memorialize the procedures and policies adopted by the Adviser to enable it to comply with its fiduciary responsibilities to clients and the requirements of Rule 206(4)-6 under the Advisers Act. These policies and procedures also reflect the fiduciary standards and responsibilities set forth by the Department of Labor for ERISA accounts.

**III. PROCEDURES.**

The Adviser is ultimately responsible for ensuring that all proxies received are voted in a timely manner and in a manner consistent with the Adviser’s determination of the client’s best interests. Although many proxy proposals may be voted in accordance with the Guidelines described in Section V below, some proposals require special consideration which may dictate that the Adviser makes an exception to the Guidelines.

The Adviser is also responsible for ensuring that all corporate action notices or requests which require shareholder action that are received are addressed in a timely manner and consistent action is taken across all similarly situated client accounts.

**A. Conflicts of Interest.**

Where a proxy proposal raises a material conflict between the Adviser’s interests and a client’s interest, including a mutual fund client, the Adviser will resolve such a conflict in the manner described below:

1. Vote in Accordance with the Guidelines. To the extent that the Adviser has little or no discretion to deviate from the Guidelines with respect to the proposal in question, the Adviser shall vote in accordance with such pre-determined voting policy.
2. Obtain Consent of Clients. To the extent that the Adviser has discretion to deviate from the Guidelines with respect to the proposal in question, the Adviser will disclose the conflict to the relevant clients and obtain their consent to the proposed vote prior to voting the securities. The disclosure to the client will include sufficient detail regarding the matter to be voted on and the

nature of the conflict so that the client will be able to make an informed decision regarding the vote. If a client does not respond to such a conflict disclosure request or denies the request, the Adviser will abstain from voting the securities held by that client's account.

3. Client Directive to Use an Independent Third Party. Alternatively, a client may, in writing, specifically direct the Adviser to forward all proxy matters in which the Adviser has a conflict of interest regarding the client's securities to an identified independent third party for review and recommendation. Where such independent third party's recommendations are received on a timely basis, the Adviser will vote all such proxies in accordance with such third party's recommendation. If the third party's recommendations are not timely received, the Adviser will abstain from voting the securities held by that client's account.

The Adviser will review the proxy proposal for conflicts of interest as part of the overall vote review process. All material conflicts of interest so identified will be addressed as described above in this Section III, A.

#### **B. Limitations.**

In certain circumstances, in accordance with a client's investment advisory agreement (or other written directive) or where the Adviser has determined that it is in the client's best interest, the Adviser will not vote proxies received. The following are certain circumstances where the Adviser will limit its role in voting proxies:

1. Client Maintains Proxy Voting Authority. Where a client specifies in writing that it will maintain the authority to vote proxies itself or that it has delegated the right to vote proxies to a third party, the Adviser will not vote the securities and will direct the relevant custodian to send the proxy material directly to the client. If any proxy material is received by the Adviser for such account, it will promptly be forwarded to the client or specified third party.
2. Terminated Account. Once a client account has been terminated in accordance with its investment advisory agreement, the Adviser will not vote any proxies received after the termination date. However, the client may specify in writing that proxies should be directed to the client (or a specified third party) for action.
3. Limited Value. If the Adviser determines that the value of a client's economic interest or the value of the portfolio holding is indeterminable or insignificant, the Adviser may abstain from voting a client's proxies. The Adviser also will not vote proxies received for securities which are no longer held by the client's account. In addition, the Adviser generally will not vote securities where the economic value of the securities in the client account is less than \$500.
4. Securities Lending Programs. When securities are out on loan, they are transferred into the borrower's name and are voted by the borrower, in its discretion. However, where the Adviser determines that a proxy vote (or other shareholder action) is materially important to the client's account, the Adviser may recall the security for the purposes of voting.
5. Unjustifiable Costs. In certain circumstances, after doing a cost-benefit analysis, the Adviser may abstain from voting where the cost of voting a client's proxy would exceed any anticipated benefits from the proxy proposal.

#### **IV. RECORD KEEPING.**

In accordance with Rule 204-2 under the Advisers Act, the Adviser will maintain for the time periods set forth in the Rule: (i) these proxy voting procedures and policies, and all amendments thereto; (ii) all proxy statements received regarding client securities (provided however, that the Adviser may rely on the proxy statement filed on EDGAR as its records); (iii) a record of all votes cast on behalf of clients; (iv) records of all written client requests for proxy

voting information; (v) a copy of any written response made by the Adviser to any written or oral client request for proxy voting information; (vi) any documents prepared by the Adviser that were material to making a decision on how to vote or that memorialized the basis for the decision; and (vii) all records relating to requests made to clients regarding conflicts of interest in voting the proxy.

The Adviser will describe in its Form ADV, Part II (or other brochure fulfilling the requirement of Rule 204-3 under the Advisers Act) its proxy voting policies and procedures and will inform clients how they may obtain information on how the Adviser voted proxies with respect to the clients' portfolio securities. The Adviser will also provide to each mutual fund client a copy of its policies and procedures. Clients may obtain information on how their securities were voted or a copy of the policies and procedures by written request addressed to the Adviser.

The Adviser will coordinate with all mutual fund clients to assist in the provision of all information required to be filed by such mutual funds on Form N-PX. Form N-PX will provide information concerning each matter relating to a portfolio security considered at any shareholder meeting with respect to which a mutual fund was entitled to vote. Each Form N-PX will need to be filed no later than August 31st of each year, and will cover all proxy votes with respect to which a mutual fund was entitled to vote for the period July 1st through June 30th. The Adviser shall maintain and provide the following information concerning any shareholder meetings with respect to which a mutual fund they manage was entitled to vote:

- the name of the issuer of the portfolio security;
- the exchange ticker symbol of the portfolio security;<sup>1</sup>
- the CUSIP number of the portfolio security;<sup>1</sup>
- the shareholder meeting date;
- a brief description of the matter voted on;
- whether the matter was put forward by the issuer or a shareholder;
- whether the mutual fund voted;
- how the mutual fund cast its vote; and
- whether the mutual fund cast its vote for or against management.

## **V. GUIDELINES.**

Each proxy issue will be considered individually. The following guidelines are a partial list to be used in voting proposals contained in the proxy statements, but will not be used as rigid rules.

### **A. Oppose.**

The Adviser will generally vote against any management proposal that clearly has the effect of restricting the ability of shareholders to realize the full potential value of their investment. Proposals in this category would include:

1. Issues regarding the issuer's board entrenchment and anti-takeover measures such as the following:
  - a. Proposals to stagger board members' terms;
  - b. Proposals to limit the ability of shareholders to call special meetings;
  - c. Proposals to require super majority votes;

---

<sup>1</sup> The exchange ticker symbol and CUSIP number may be difficult to obtain for certain portfolio securities, such as foreign issuers. Accordingly, such information may be omitted if it's not available through reasonably practicable means.



- d. Proposals requesting excessive increases in authorized common or preferred shares where management provides no explanation for the use or need of these additional shares;
  - e. Proposals regarding “fair price” provisions;
  - f. Proposals regarding “poison pill” provisions; and
  - g. Permitting “green mail.”
2. Providing cumulative voting rights.

**B. Approve.**

Routine proposals are those which do not change the structure, bylaws, or operations of the corporation to the detriment of the shareholders. Given the routine nature of these proposals, proxies will nearly always be voted with management. Traditionally, these issues include:

- 1. Election of independent accountants recommended by management, unless seeking to replace if there exists a dispute over policies.
- 2. Date and place of annual meeting.
- 3. Limitation on charitable contributions or fees paid to lawyers.
- 4. Ratification of directors’ actions on routine matters since previous annual meeting.
- 5. Confidential voting. Confidential voting is most often proposed by shareholders as a means of eliminating undue management pressure on shareholders regarding their vote on proxy issues. The Adviser will generally vote to approve these proposals as shareholders can later divulge their votes to management on a selective basis if a legitimate reason arises.
- 6. Limiting directors’ liability.
- 7. Eliminate preemptive rights. Preemptive rights give current shareholders the opportunity to maintain their current percentage ownership through any subsequent equity offerings. These provisions are no longer common in the U.S., and can restrict management’s ability to raise new capital.
- 8. The Adviser will generally vote to approve the elimination of preemptive rights, but will oppose the elimination of listed preemptive rights, e.g., on proposed issues representing more than an acceptable level of total dilution.
- 9. Employee Stock Purchase Plans.
- 10. Establish 40 1(k) Plans.

**C. Case-By-Case.**

The Adviser will review each issue in this category on a case-by-case basis. Voting decisions will be made based on the financial interest of the client involved. These matters include proposals to:

- 1. Pay directors solely in stock;
- 2. Eliminate director’s mandatory retirement policy;

3. Rotate annual meeting location or date;
4. Changes in the state of incorporation;
5. Social and corporate responsibility issues;
6. Option and stock grants to management and directors; and
7. Allowing indemnification of directors and/or officers after reviewing the applicable laws and extent of protection requested.

**D. Investment Company Issues.**

From time to time the Adviser will have to vote shares of investment company securities that may be held in a client's account. These matters generally include proposals to:

1. Elect directors or trustees;
2. Ratify or approve independent accountants;
3. Approve a new investment Adviser or Sub-Adviser;
4. Approve a change to an investment advisory fee;
5. Approve a Distribution (i.e., Rule 12b-1) Plan;
6. Approve a change in a fundamental investment objective, policy, or limitation;
7. Approve a change in the state of incorporation; and
8. Approve a plan of reorganization or merger.

The Adviser will generally vote with management's recommendation on the election of directors and trustees, the approval of independent accountants, the approval of a change in a fundamental investment objective, policy, or limitation, and the approval of a change in the state of incorporation. On the approval of a new investment Adviser or Sub-Adviser, approval of a change in investment advisory fee, approval of a distribution (i.e., Rule 12b-1) plan, or the approval of a plan of reorganization or merger, the Adviser will review each issue on a case-by-case basis. Voting decisions will be made based on the financial interest of the client involved.

## INVESTMENT ADVISORY AGREEMENT

This Investment Advisory Agreement (“Agreement”) is made and entered into effective as of October 27, 2011 by and between Greenwood Capital Associates, LLC, a South Carolina limited liability company (the “Advisor”), and the Starboard Investment Trust (the “Trust”), a Delaware statutory trust, on behalf of the Crescent Large Cap Macro Fund (the “Fund”), a series of the Trust.

**WHEREAS**, the Trust is registered as an open-end management investment company under the Investment Company Act of 1940;

**WHEREAS**, the Trust has designated the Fund as a series of interests in the Trust;

**WHEREAS**, the Advisor is registered as an investment advisor under the Investment Advisers Act of 1940, and engages in the business of asset management; and

**WHEREAS**, the Trust desires to retain the Advisor to furnish investment management services to the Fund and the Advisor is willing to furnish such services;

**NOW THEREFORE**, in consideration of the promises and mutual covenants herein contained, it is agreed between the parties hereto as follows:

- 1. Appointment.** The Trust appoints the Advisor as investment advisor to the Fund, a series of the Trust, for the period and on the terms set forth in this Agreement. The Advisor accepts such appointment and agrees to furnish the services set forth herein, for the compensation indicated in Appendix A.
- 2. Obligations of the Advisor.** Subject to the supervision of the Trust’s Board of Trustees, the Advisor will provide a continuous investment program for the Fund.
  - (a) Services. The Advisor agrees to perform the following services for the Fund and Trust:
    - (i) Manage the investment and reinvestment of the assets of the Fund;
    - (ii) Continuously review, supervise, and administer the investment program of the Fund;
    - (iii) Determine, in its discretion, the securities to be purchased, retained, or sold (and implement those decisions) with respect to the Fund;
    - (iv) Provide the Fund and Trust with records concerning the Advisor’s activities under this Agreement which the Fund and Trust are required to maintain;

- (v) Render regular reports to the Trust's trustees and officers concerning the Advisor's discharge of the foregoing responsibilities; and
- (vi) Perform such other services as agreed by the Advisor and the Trust from time to time.

The Advisor shall discharge the foregoing responsibilities subject to the control of the trustees and officers of the Trust and in compliance with (i) such policies as the trustees may from time to time establish; (ii) the Fund's objectives, policies, and limitations as set forth in its prospectus and statement of additional information, as the same may be amended from time to time; and (iii) with all applicable laws and regulations. All services to be furnished by the Advisor under this Agreement may be furnished through the medium of any directors, officers, or employees of the Advisor or through such other parties as the Advisor may determine from time to time.

- (b) Expenses and Personnel. The Advisor agrees, at its own expense or at the expense of one or more of its affiliates, to render its services and to provide the office space, furnishings, equipment, and personnel as may be reasonably required in the judgment of the trustees and officers of the Trust to perform the services on the terms and for the compensation provided herein. The Advisor shall authorize and permit any of its officers, directors, and employees, who may be elected as trustees or officers of the Trust, to serve in the capacities in which they are elected. Except to the extent expressly assumed by the Advisor herein and except to the extent required by law to be paid by the Advisor, the Trust shall pay all costs and expenses in connection with its operation.
- (c) Fund Transactions. The Advisor is authorized to select the brokers or dealers that will execute the purchases and sales of portfolio securities for the Fund. With respect to brokerage selection, the Advisor shall seek to obtain the best overall execution for fund transactions, which is a combination of price, quality of execution, and other factors. The Advisor may, in its discretion, purchase and sell portfolio securities from and to brokers and dealers who provide the Advisor with brokerage, research, analysis, advice, and similar services, and the Advisor may pay to these brokers and dealers, in return for such services, a higher commission or spread than may be charged by other brokers and dealers, provided that the Advisor determines in good faith that such commission is reasonable in terms either of that particular transaction or of the overall responsibility of the Advisor to the Fund and its other clients and that the total commission paid by the Fund will be reasonable in relation to the benefits to the Fund and its other clients over the long-term. The Advisor will promptly communicate to the officers and the trustees of the

Trust such information relating to portfolio transactions as they may reasonably request.

- (d) Books and Records. All books and records prepared and maintained by the Advisor for the Fund and Trust under this Agreement shall be the property of the Fund and Trust and, upon request therefor, the Advisor shall surrender to the Fund and Trust such of the books and records so requested.
- (e) Compliance Procedures. The Advisor will, in accordance with Rule 206(4)-7 of the Investment Advisers Act of 1940, adopt and implement written policies and procedures reasonably designed to prevent violations of the Investment Advisers Act of 1940 and will provide the Trust with copies of such written policies and procedures upon request.

- 3. **Compensation.** The Trust will pay, or cause to be paid to, the Advisor and the Advisor will accept as full compensation an investment advisory fee, based upon the average daily net assets of the Fund, computed at the end of each month and payable within five business days thereafter, according to the schedule attached hereto as Appendix A.
- 4. **Status of Advisor.** The services of the Advisor to the Fund and Trust are not to be deemed exclusive, and the Advisor shall be free to render similar services to others so long as its services to the Fund and Trust are not impaired thereby; provided, however, that without the written consent of the Trust's Board of Trustees, the Advisor will not serve as investment advisor to any other investment company having a similar investment strategy to that of the Fund. The Advisor shall be deemed to be an independent contractor and shall, unless otherwise expressly provided or authorized, have no authority to act for or represent the Trust or the Fund in any way or otherwise be deemed an agent of the Fund or Trust. Nothing in this Agreement shall limit or restrict the right of any director, officer, or employee of the Advisor, who may also be a trustee, officer, or employee of the Trust, to engage in any other business or to devote his or her time and attention in part to the management or other aspects of any other business, whether of a similar nature or a dissimilar nature.
- 5. **Limitation of Liability; Indemnification.** The Advisor assumes no responsibility under this Agreement other than to render the services called for hereunder. The Advisor shall not be liable for any error of judgment or for any loss suffered by the Fund or Trust in connection with the matters to which this Agreement relates, except a loss resulting from a breach of fiduciary duty with respect to receipt of compensation for services or a loss resulting from willful misfeasance, bad faith, or gross negligence on the part of the Advisor in the performance of its duties or from reckless disregard by the Advisor of its obligations and duties under this Agreement. It is agreed that the Advisor shall have no responsibility or liability for the accuracy or completeness of the Trust's

registration statement under the Investment Company Act of 1940 or the Securities Act of 1933, except for information supplied by the Advisor for inclusion therein. The Trust agrees to indemnify the Advisor to the full extent permitted by the Trust's Declaration of Trust.

Any liability of the Advisor to the Fund shall not automatically impart liability on the part of the Advisor to any other series of the Trust. The Fund shall not be liable for the obligations of any other series of the Trust, nor shall any other series of the Trust be liable for the obligations of the Fund. The limitations of liability provided under this section are not to be construed so as to provide for limitation of liability for any liability (including liability under U.S. federal securities laws that, under certain circumstances, impose liability even on persons that act in good faith) to the extent (but only to the extent) that such limitation of liability would be in violation of applicable law, but will be construed so as to effectuate the applicable provisions of this section to the maximum extent permitted by applicable law.

- 6. Liability of Shareholders.** Notice is hereby given that, as provided by applicable law, the obligations of or arising out of this Agreement are not binding upon any of the shareholders of the Trust individually but are binding only upon the assets and property of the Trust and that the shareholders shall be entitled, to the fullest extent permitted by applicable law, to the same limitation on personal liability as shareholders of private corporations for profit.

**7. Representations and Warranties.**

- (a) The Advisor represents and warrants to the Trust as follows: (i) the Advisor is a limited liability company duly organized and in good standing under the laws of the State of South Carolina and is fully authorized to enter into this Agreement and carry out its duties and obligations hereunder; and (ii) the Advisor is registered as an investment advisor with the Securities and Exchange Commission under the Investment Advisers Act of 1940, and shall maintain such registration in effect at all times during the term of this Agreement.
- (b) The Trust represents and warrants to the Advisor as follows: (i) the Trust has been duly organized as a statutory trust under the laws of the State of Delaware and is authorized to enter into this Agreement and carry out its terms; (ii) the Trust is registered as an investment company with the Securities and Exchange Commission under the Investment Company Act of 1940; (iii) shares of the Fund are (or will be) registered for offer and sale to the public under the Securities Act of 1933; and (iv) such registrations will be kept in effect during the term of this Agreement.

- 8. Notice of Change in Membership.** The Advisor is obligated to notify the Trust if there is a change in the members of the Advisor within a reasonable time after such change takes place.
- 9. Duration and Termination.** This Agreement shall remain in effect for an initial term of two years from the date hereof, and from year to year thereafter provided such continuance is approved at least annually by the vote of a majority of the trustees of the Trust who are not “interested persons” (as defined in the Investment Company Act of 1940) of the Trust, which vote must be cast in person at a meeting called for the purpose of voting on such approval; provided that:
- (a) The Trust may, at any time and without the payment of any penalty, terminate this Agreement upon 60 calendar days’ written notice of a decision to terminate this Agreement by (i) the Trust’s trustees; or (ii) the vote of a majority of the outstanding voting securities of the Fund;
  - (b) This Agreement shall immediately terminate in the event of its assignment (within the meaning of the Investment Company Act of 1940 and the rules thereunder); and
  - (c) The Advisor may, at any time and without the payment of any penalty, terminate this Agreement upon 60 calendar days’ written notice to the Fund and Trust.
  - (d) The terms of paragraph 5 of this Agreement shall survive the termination of this Agreement.
- 10. Amendment of Agreement.** No provision of this Agreement may be changed, waived, discharged, or terminated orally, but only by a written instrument signed by the party against which enforcement of the change, waiver, discharge or termination is sought. No material amendment of this Agreement shall be effective until approved by vote of the holders of a majority of the Fund’s outstanding voting securities (as defined in the Investment Company Act of 1940).
- 11. Applicable Law.** This Agreement shall be construed in accordance with, and governed by, the laws of the State of Delaware.
- 12. Structure of Agreement.** The Trust is entering into this Agreement solely on behalf of the Fund. Without limiting the generality of the foregoing: (i) no breach of any term of this Agreement shall create a right or obligation with respect to any series of the Trust other than the Fund; (ii) under no circumstances shall the Advisor have the right to set off claims relating to the Fund by applying property of any other series of the Trust; and (iii) the business and contractual relationships created by this Agreement, consideration for entering into this



Agreement, and the consequences of such relationship and consideration relate solely to the Fund.

- 13. Severability.** If any provision of this Agreement shall be held or made invalid by a court decision, statute, rule, or otherwise, the remainder of this Agreement shall not be affected thereby.
- 14. Use of Names.** The Trust acknowledges that all rights to the names “Crescent Funds” and “Crescent Large Cap Macro Fund belong to the Advisor, and the Trust is being granted a limited license to use such words in its name, the name of its series and the name of its classes of shares.
- 15. Miscellaneous.** The captions in this Agreement are included for convenience of reference only and in no way define or limit any of the provisions hereof or otherwise affect their construction or effect.

**IN WITNESS WHEREOF**, the parties hereto have caused this Agreement to be executed by their officers designated below as of the day and year first above written.

**STARBOARD INVESTMENT TRUST**

By: \_\_\_\_\_

Name: Jack E. Brinson

Title: Independent Trustee and Chairman

**GREENWOOD CAPITAL ASSOCIATES, LLC**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

## **APPENDIX A**

### **COMPENSATION SCHEDULE**

For the services delineated in this Agreement, the Advisor shall receive an investment advisory fee equal to the annualized rate of 0.60% of the average daily net assets of the Fund. The fee shall be calculated as of the last business day of each month based upon the average daily net assets of the Fund determined in the manner described in the Fund's Prospectus and Statement of Additional Information.

## INVESTMENT ADVISORY AGREEMENT

This Investment Advisory Agreement (“Agreement”) is made and entered into effective as of October 27, 2011 by and between Greenwood Capital Associates, LLC, a South Carolina limited liability company (the “Advisor”), and the Starboard Investment Trust (the “Trust”), a Delaware statutory trust, on behalf of the Crescent Mid Cap Macro Fund (the “Fund”), a series of the Trust.

**WHEREAS**, the Trust is registered as an open-end management investment company under the Investment Company Act of 1940;

**WHEREAS**, the Trust has designated the Fund as a series of interests in the Trust;

**WHEREAS**, the Advisor is registered as an investment advisor under the Investment Advisers Act of 1940, and engages in the business of asset management; and

**WHEREAS**, the Trust desires to retain the Advisor to furnish investment management services to the Fund and the Advisor is willing to furnish such services;

**NOW THEREFORE**, in consideration of the promises and mutual covenants herein contained, it is agreed between the parties hereto as follows:

- 1. Appointment.** The Trust appoints the Advisor as investment advisor to the Fund, a series of the Trust, for the period and on the terms set forth in this Agreement. The Advisor accepts such appointment and agrees to furnish the services set forth herein, for the compensation indicated in Appendix A.
- 2. Obligations of the Advisor.** Subject to the supervision of the Trust’s Board of Trustees, the Advisor will provide a continuous investment program for the Fund.
  - (a) Services. The Advisor agrees to perform the following services for the Fund and Trust:
    - (i) Manage the investment and reinvestment of the assets of the Fund;
    - (ii) Continuously review, supervise, and administer the investment program of the Fund;
    - (iii) Determine, in its discretion, the securities to be purchased, retained, or sold (and implement those decisions) with respect to the Fund;
    - (iv) Provide the Fund and Trust with records concerning the Advisor’s activities under this Agreement which the Fund and Trust are required to maintain;

- (v) Render regular reports to the Trust's trustees and officers concerning the Advisor's discharge of the foregoing responsibilities; and
- (vi) Perform such other services as agreed by the Advisor and the Trust from time to time.

The Advisor shall discharge the foregoing responsibilities subject to the control of the trustees and officers of the Trust and in compliance with (i) such policies as the trustees may from time to time establish; (ii) the Fund's objectives, policies, and limitations as set forth in its prospectus and statement of additional information, as the same may be amended from time to time; and (iii) with all applicable laws and regulations. All services to be furnished by the Advisor under this Agreement may be furnished through the medium of any directors, officers, or employees of the Advisor or through such other parties as the Advisor may determine from time to time.

- (b) Expenses and Personnel. The Advisor agrees, at its own expense or at the expense of one or more of its affiliates, to render its services and to provide the office space, furnishings, equipment, and personnel as may be reasonably required in the judgment of the trustees and officers of the Trust to perform the services on the terms and for the compensation provided herein. The Advisor shall authorize and permit any of its officers, directors, and employees, who may be elected as trustees or officers of the Trust, to serve in the capacities in which they are elected. Except to the extent expressly assumed by the Advisor herein and except to the extent required by law to be paid by the Advisor, the Trust shall pay all costs and expenses in connection with its operation.
- (c) Fund Transactions. The Advisor is authorized to select the brokers or dealers that will execute the purchases and sales of portfolio securities for the Fund. With respect to brokerage selection, the Advisor shall seek to obtain the best overall execution for fund transactions, which is a combination of price, quality of execution, and other factors. The Advisor may, in its discretion, purchase and sell portfolio securities from and to brokers and dealers who provide the Advisor with brokerage, research, analysis, advice, and similar services, and the Advisor may pay to these brokers and dealers, in return for such services, a higher commission or spread than may be charged by other brokers and dealers, provided that the Advisor determines in good faith that such commission is reasonable in terms either of that particular transaction or of the overall responsibility of the Advisor to the Fund and its other clients and that the total commission paid by the Fund will be reasonable in relation to the benefits to the Fund and its other clients over the long-term. The Advisor will promptly communicate to the officers and the trustees of the

Trust such information relating to portfolio transactions as they may reasonably request.

- (d) Books and Records. All books and records prepared and maintained by the Advisor for the Fund and Trust under this Agreement shall be the property of the Fund and Trust and, upon request therefor, the Advisor shall surrender to the Fund and Trust such of the books and records so requested.
- (e) Compliance Procedures. The Advisor will, in accordance with Rule 206(4)-7 of the Investment Advisers Act of 1940, adopt and implement written policies and procedures reasonably designed to prevent violations of the Investment Advisers Act of 1940 and will provide the Trust with copies of such written policies and procedures upon request.

- 3. **Compensation.** The Trust will pay, or cause to be paid to, the Advisor and the Advisor will accept as full compensation an investment advisory fee, based upon the average daily net assets of the Fund, computed at the end of each month and payable within five business days thereafter, according to the schedule attached hereto as Appendix A.
- 4. **Status of Advisor.** The services of the Advisor to the Fund and Trust are not to be deemed exclusive, and the Advisor shall be free to render similar services to others so long as its services to the Fund and Trust are not impaired thereby; provided, however, that without the written consent of the Trust's Board of Trustees, the Advisor will not serve as investment advisor to any other investment company having a similar investment strategy to that of the Fund. The Advisor shall be deemed to be an independent contractor and shall, unless otherwise expressly provided or authorized, have no authority to act for or represent the Trust or the Fund in any way or otherwise be deemed an agent of the Fund or Trust. Nothing in this Agreement shall limit or restrict the right of any director, officer, or employee of the Advisor, who may also be a trustee, officer, or employee of the Trust, to engage in any other business or to devote his or her time and attention in part to the management or other aspects of any other business, whether of a similar nature or a dissimilar nature.
- 5. **Limitation of Liability; Indemnification.** The Advisor assumes no responsibility under this Agreement other than to render the services called for hereunder. The Advisor shall not be liable for any error of judgment or for any loss suffered by the Fund or Trust in connection with the matters to which this Agreement relates, except a loss resulting from a breach of fiduciary duty with respect to receipt of compensation for services or a loss resulting from willful misfeasance, bad faith, or gross negligence on the part of the Advisor in the performance of its duties or from reckless disregard by the Advisor of its obligations and duties under this Agreement. It is agreed that the Advisor shall have no responsibility or liability for the accuracy or completeness of the Trust's

registration statement under the Investment Company Act of 1940 or the Securities Act of 1933, except for information supplied by the Advisor for inclusion therein. The Trust agrees to indemnify the Advisor to the full extent permitted by the Trust's Declaration of Trust.

Any liability of the Advisor to the Fund shall not automatically impart liability on the part of the Advisor to any other series of the Trust. The Fund shall not be liable for the obligations of any other series of the Trust, nor shall any other series of the Trust be liable for the obligations of the Fund. The limitations of liability provided under this section are not to be construed so as to provide for limitation of liability for any liability (including liability under U.S. federal securities laws that, under certain circumstances, impose liability even on persons that act in good faith) to the extent (but only to the extent) that such limitation of liability would be in violation of applicable law, but will be construed so as to effectuate the applicable provisions of this section to the maximum extent permitted by applicable law.

- 6. Liability of Shareholders.** Notice is hereby given that, as provided by applicable law, the obligations of or arising out of this Agreement are not binding upon any of the shareholders of the Trust individually but are binding only upon the assets and property of the Trust and that the shareholders shall be entitled, to the fullest extent permitted by applicable law, to the same limitation on personal liability as shareholders of private corporations for profit.

**7. Representations and Warranties.**

- (a) The Advisor represents and warrants to the Trust as follows: (i) the Advisor is a limited liability company duly organized and in good standing under the laws of the State of South Carolina and is fully authorized to enter into this Agreement and carry out its duties and obligations hereunder; and (ii) the Advisor is registered as an investment advisor with the Securities and Exchange Commission under the Investment Advisers Act of 1940, and shall maintain such registration in effect at all times during the term of this Agreement.
- (b) The Trust represents and warrants to the Advisor as follows: (i) the Trust has been duly organized as a statutory trust under the laws of the State of Delaware and is authorized to enter into this Agreement and carry out its terms; (ii) the Trust is registered as an investment company with the Securities and Exchange Commission under the Investment Company Act of 1940; (iii) shares of the Fund are (or will be) registered for offer and sale to the public under the Securities Act of 1933; and (iv) such registrations will be kept in effect during the term of this Agreement.

- 8. Notice of Change in Membership.** The Advisor is obligated to notify the Trust if there is a change in the members of the Advisor within a reasonable time after such change takes place.
- 9. Duration and Termination.** This Agreement shall remain in effect for an initial term of two years from the date hereof, and from year to year thereafter provided such continuance is approved at least annually by the vote of a majority of the trustees of the Trust who are not “interested persons” (as defined in the Investment Company Act of 1940) of the Trust, which vote must be cast in person at a meeting called for the purpose of voting on such approval; provided that:
- (a) The Trust may, at any time and without the payment of any penalty, terminate this Agreement upon 60 calendar days’ written notice of a decision to terminate this Agreement by (i) the Trust’s trustees; or (ii) the vote of a majority of the outstanding voting securities of the Fund;
  - (b) This Agreement shall immediately terminate in the event of its assignment (within the meaning of the Investment Company Act of 1940 and the rules thereunder); and
  - (c) The Advisor may, at any time and without the payment of any penalty, terminate this Agreement upon 60 calendar days’ written notice to the Fund and Trust.
  - (d) The terms of paragraph 5 of this Agreement shall survive the termination of this Agreement.
- 10. Amendment of Agreement.** No provision of this Agreement may be changed, waived, discharged, or terminated orally, but only by a written instrument signed by the party against which enforcement of the change, waiver, discharge or termination is sought. No material amendment of this Agreement shall be effective until approved by vote of the holders of a majority of the Fund’s outstanding voting securities (as defined in the Investment Company Act of 1940).
- 11. Applicable Law.** This Agreement shall be construed in accordance with, and governed by, the laws of the State of Delaware.
- 12. Structure of Agreement.** The Trust is entering into this Agreement solely on behalf of the Fund. Without limiting the generality of the foregoing: (i) no breach of any term of this Agreement shall create a right or obligation with respect to any series of the Trust other than the Fund; (ii) under no circumstances shall the Advisor have the right to set off claims relating to the Fund by applying property of any other series of the Trust; and (iii) the business and contractual relationships created by this Agreement, consideration for entering into this



Agreement, and the consequences of such relationship and consideration relate solely to the Fund.

- 13. Severability.** If any provision of this Agreement shall be held or made invalid by a court decision, statute, rule, or otherwise, the remainder of this Agreement shall not be affected thereby.
- 14. Use of Names.** The Trust acknowledges that all rights to the names “Crescent Funds” and “Crescent Mid Cap Macro Fund” belong to the Advisor, and the Trust is being granted a limited license to use such words in its name, the name of its series and the name of its classes of shares.
- 15. Miscellaneous.** The captions in this Agreement are included for convenience of reference only and in no way define or limit any of the provisions hereof or otherwise affect their construction or effect.

**IN WITNESS WHEREOF**, the parties hereto have caused this Agreement to be executed by their officers designated below as of the day and year first above written.

**STARBOARD INVESTMENT TRUST**

By: \_\_\_\_\_

Name: Jack E. Brinson

Title: Independent Trustee and Chairman

**GREENWOOD CAPITAL ASSOCIATES, LLC**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

## **APPENDIX A**

### **COMPENSATION SCHEDULE**

For the services delineated in this Agreement, the Advisor shall receive an investment advisory fee equal to the annualized rate of 0.75% of the average daily net assets of the Fund. The fee shall be calculated as of the last business day of each month based upon the average daily net assets of the Fund determined in the manner described in the Fund's Prospectus and Statement of Additional Information.

## INVESTMENT ADVISORY AGREEMENT

This Investment Advisory Agreement (“Agreement”) is made and entered into effective as of October 27, 2011 by and between Greenwood Capital Associates, LLC, a South Carolina limited liability company (the “Advisor”), and the Starboard Investment Trust (the “Trust”), a Delaware statutory trust, on behalf of the Crescent Strategic Income Fund (the “Fund”), a series of the Trust.

**WHEREAS**, the Trust is registered as an open-end management investment company under the Investment Company Act of 1940;

**WHEREAS**, the Trust has designated the Fund as a series of interests in the Trust;

**WHEREAS**, the Advisor is registered as an investment advisor under the Investment Advisers Act of 1940, and engages in the business of asset management; and

**WHEREAS**, the Trust desires to retain the Advisor to furnish investment management services to the Fund and the Advisor is willing to furnish such services;

**NOW THEREFORE**, in consideration of the promises and mutual covenants herein contained, it is agreed between the parties hereto as follows:

- 1. Appointment.** The Trust appoints the Advisor as investment advisor to the Fund, a series of the Trust, for the period and on the terms set forth in this Agreement. The Advisor accepts such appointment and agrees to furnish the services set forth herein, for the compensation indicated in Appendix A.
- 2. Obligations of the Advisor.** Subject to the supervision of the Trust’s Board of Trustees, the Advisor will provide a continuous investment program for the Fund.
  - (a) Services. The Advisor agrees to perform the following services for the Fund and Trust:
    - (i) Manage the investment and reinvestment of the assets of the Fund;
    - (ii) Continuously review, supervise, and administer the investment program of the Fund;
    - (iii) Determine, in its discretion, the securities to be purchased, retained, or sold (and implement those decisions) with respect to the Fund;
    - (iv) Provide the Fund and Trust with records concerning the Advisor’s activities under this Agreement which the Fund and Trust are required to maintain;

- (v) Render regular reports to the Trust's trustees and officers concerning the Advisor's discharge of the foregoing responsibilities; and
- (vi) Perform such other services as agreed by the Advisor and the Trust from time to time.

The Advisor shall discharge the foregoing responsibilities subject to the control of the trustees and officers of the Trust and in compliance with (i) such policies as the trustees may from time to time establish; (ii) the Fund's objectives, policies, and limitations as set forth in its prospectus and statement of additional information, as the same may be amended from time to time; and (iii) with all applicable laws and regulations. All services to be furnished by the Advisor under this Agreement may be furnished through the medium of any directors, officers, or employees of the Advisor or through such other parties as the Advisor may determine from time to time.

- (b) Expenses and Personnel. The Advisor agrees, at its own expense or at the expense of one or more of its affiliates, to render its services and to provide the office space, furnishings, equipment, and personnel as may be reasonably required in the judgment of the trustees and officers of the Trust to perform the services on the terms and for the compensation provided herein. The Advisor shall authorize and permit any of its officers, directors, and employees, who may be elected as trustees or officers of the Trust, to serve in the capacities in which they are elected. Except to the extent expressly assumed by the Advisor herein and except to the extent required by law to be paid by the Advisor, the Trust shall pay all costs and expenses in connection with its operation.
- (c) Fund Transactions. The Advisor is authorized to select the brokers or dealers that will execute the purchases and sales of portfolio securities for the Fund. With respect to brokerage selection, the Advisor shall seek to obtain the best overall execution for fund transactions, which is a combination of price, quality of execution, and other factors. The Advisor may, in its discretion, purchase and sell portfolio securities from and to brokers and dealers who provide the Advisor with brokerage, research, analysis, advice, and similar services, and the Advisor may pay to these brokers and dealers, in return for such services, a higher commission or spread than may be charged by other brokers and dealers, provided that the Advisor determines in good faith that such commission is reasonable in terms either of that particular transaction or of the overall responsibility of the Advisor to the Fund and its other clients and that the total commission paid by the Fund will be reasonable in relation to the benefits to the Fund and its other clients over the long-term. The Advisor will promptly communicate to the officers and the trustees of the

Trust such information relating to portfolio transactions as they may reasonably request.

- (d) Books and Records. All books and records prepared and maintained by the Advisor for the Fund and Trust under this Agreement shall be the property of the Fund and Trust and, upon request therefor, the Advisor shall surrender to the Fund and Trust such of the books and records so requested.
- (e) Compliance Procedures. The Advisor will, in accordance with Rule 206(4)-7 of the Investment Advisers Act of 1940, adopt and implement written policies and procedures reasonably designed to prevent violations of the Investment Advisers Act of 1940 and will provide the Trust with copies of such written policies and procedures upon request.

- 3. **Compensation.** The Trust will pay, or cause to be paid to, the Advisor and the Advisor will accept as full compensation an investment advisory fee, based upon the average daily net assets of the Fund, computed at the end of each month and payable within five business days thereafter, according to the schedule attached hereto as Appendix A.
- 4. **Status of Advisor.** The services of the Advisor to the Fund and Trust are not to be deemed exclusive, and the Advisor shall be free to render similar services to others so long as its services to the Fund and Trust are not impaired thereby; provided, however, that without the written consent of the Trust's Board of Trustees, the Advisor will not serve as investment advisor to any other investment company having a similar investment strategy to that of the Fund. The Advisor shall be deemed to be an independent contractor and shall, unless otherwise expressly provided or authorized, have no authority to act for or represent the Trust or the Fund in any way or otherwise be deemed an agent of the Fund or Trust. Nothing in this Agreement shall limit or restrict the right of any director, officer, or employee of the Advisor, who may also be a trustee, officer, or employee of the Trust, to engage in any other business or to devote his or her time and attention in part to the management or other aspects of any other business, whether of a similar nature or a dissimilar nature.
- 5. **Limitation of Liability; Indemnification.** The Advisor assumes no responsibility under this Agreement other than to render the services called for hereunder. The Advisor shall not be liable for any error of judgment or for any loss suffered by the Fund or Trust in connection with the matters to which this Agreement relates, except a loss resulting from a breach of fiduciary duty with respect to receipt of compensation for services or a loss resulting from willful misfeasance, bad faith, or gross negligence on the part of the Advisor in the performance of its duties or from reckless disregard by the Advisor of its obligations and duties under this Agreement. It is agreed that the Advisor shall have no responsibility or liability for the accuracy or completeness of the Trust's

registration statement under the Investment Company Act of 1940 or the Securities Act of 1933, except for information supplied by the Advisor for inclusion therein. The Trust agrees to indemnify the Advisor to the full extent permitted by the Trust's Declaration of Trust.

Any liability of the Advisor to the Fund shall not automatically impart liability on the part of the Advisor to any other series of the Trust. The Fund shall not be liable for the obligations of any other series of the Trust, nor shall any other series of the Trust be liable for the obligations of the Fund. The limitations of liability provided under this section are not to be construed so as to provide for limitation of liability for any liability (including liability under U.S. federal securities laws that, under certain circumstances, impose liability even on persons that act in good faith) to the extent (but only to the extent) that such limitation of liability would be in violation of applicable law, but will be construed so as to effectuate the applicable provisions of this section to the maximum extent permitted by applicable law.

- 6. Liability of Shareholders.** Notice is hereby given that, as provided by applicable law, the obligations of or arising out of this Agreement are not binding upon any of the shareholders of the Trust individually but are binding only upon the assets and property of the Trust and that the shareholders shall be entitled, to the fullest extent permitted by applicable law, to the same limitation on personal liability as shareholders of private corporations for profit.

**7. Representations and Warranties.**

- (a) The Advisor represents and warrants to the Trust as follows: (i) the Advisor is a limited liability company duly organized and in good standing under the laws of the State of South Carolina and is fully authorized to enter into this Agreement and carry out its duties and obligations hereunder; and (ii) the Advisor is registered as an investment advisor with the Securities and Exchange Commission under the Investment Advisers Act of 1940, and shall maintain such registration in effect at all times during the term of this Agreement.
- (b) The Trust represents and warrants to the Advisor as follows: (i) the Trust has been duly organized as a statutory trust under the laws of the State of Delaware and is authorized to enter into this Agreement and carry out its terms; (ii) the Trust is registered as an investment company with the Securities and Exchange Commission under the Investment Company Act of 1940; (iii) shares of the Fund are (or will be) registered for offer and sale to the public under the Securities Act of 1933; and (iv) such registrations will be kept in effect during the term of this Agreement.

- 8. Notice of Change in Membership.** The Advisor is obligated to notify the Trust if there is a change in the members of the Advisor within a reasonable time after such change takes place.
- 9. Duration and Termination.** This Agreement shall remain in effect for an initial term of two years from the date hereof, and from year to year thereafter provided such continuance is approved at least annually by the vote of a majority of the trustees of the Trust who are not “interested persons” (as defined in the Investment Company Act of 1940) of the Trust, which vote must be cast in person at a meeting called for the purpose of voting on such approval; provided that:
- (a) The Trust may, at any time and without the payment of any penalty, terminate this Agreement upon 60 calendar days’ written notice of a decision to terminate this Agreement by (i) the Trust’s trustees; or (ii) the vote of a majority of the outstanding voting securities of the Fund;
  - (b) This Agreement shall immediately terminate in the event of its assignment (within the meaning of the Investment Company Act of 1940 and the rules thereunder); and
  - (c) The Advisor may, at any time and without the payment of any penalty, terminate this Agreement upon 60 calendar days’ written notice to the Fund and Trust.
  - (d) The terms of paragraph 5 of this Agreement shall survive the termination of this Agreement.
- 10. Amendment of Agreement.** No provision of this Agreement may be changed, waived, discharged, or terminated orally, but only by a written instrument signed by the party against which enforcement of the change, waiver, discharge or termination is sought. No material amendment of this Agreement shall be effective until approved by vote of the holders of a majority of the Fund’s outstanding voting securities (as defined in the Investment Company Act of 1940).
- 11. Applicable Law.** This Agreement shall be construed in accordance with, and governed by, the laws of the State of Delaware.
- 12. Structure of Agreement.** The Trust is entering into this Agreement solely on behalf of the Fund. Without limiting the generality of the foregoing: (i) no breach of any term of this Agreement shall create a right or obligation with respect to any series of the Trust other than the Fund; (ii) under no circumstances shall the Advisor have the right to set off claims relating to the Fund by applying property of any other series of the Trust; and (iii) the business and contractual relationships created by this Agreement, consideration for entering into this



Agreement, and the consequences of such relationship and consideration relate solely to the Fund.

- 13. Severability.** If any provision of this Agreement shall be held or made invalid by a court decision, statute, rule, or otherwise, the remainder of this Agreement shall not be affected thereby.
- 14. Use of Names.** The Trust acknowledges that all rights to the names “Crescent Funds” and “Crescent Strategic Income Fund” belong to the Advisor, and the Trust is being granted a limited license to use such words in its name, the name of its series and the name of its classes of shares.
- 15. Miscellaneous.** The captions in this Agreement are included for convenience of reference only and in no way define or limit any of the provisions hereof or otherwise affect their construction or effect.

**IN WITNESS WHEREOF**, the parties hereto have caused this Agreement to be executed by their officers designated below as of the day and year first above written.

**STARBOARD INVESTMENT TRUST**

By: \_\_\_\_\_

Name: Jack E. Brinson

Title: Independent Trustee and Chairman

**GREENWOOD CAPITAL ASSOCIATES, LLC**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

## **APPENDIX A**

### **COMPENSATION SCHEDULE**

For the services delineated in this Agreement, the Advisor shall receive an investment advisory fee equal to the annualized rate of 0.35% of the average daily net assets of the Fund. The fee shall be calculated as of the last business day of each month based upon the average daily net assets of the Fund determined in the manner described in the Fund's Prospectus and Statement of Additional Information.

## FUND ACCOUNTING AND ADMINISTRATION AGREEMENT

Dated: October 27, 2011

This Fund Accounting and Administration Agreement ("Agreement"), is entered into as of the date noted above by and between Starboard Investment Trust, a Delaware statutory trust ("Trust"), and The Nottingham Company, a North Carolina corporation ("Administrator").

WHEREAS, the Trust is registered as an open-end management investment company under the Investment Company Act of 1940; and

WHEREAS, the Trust wishes to retain the Administrator to provide certain administrative services to the Trust in the manner and on the terms set forth therein; and

WHEREAS, Administrator is willing to furnish and/or arrange for such services in the manner and on the terms hereinafter set forth;

NOW, THEREFORE, in consideration of the premises and mutual covenants contained in this Agreement and intending to be legally bound, the Trust and Administrator agree as follows:

1. Retention of the Administrator. The Trust retains and appoints the Administrator to act as the administrator to provide or procure certain administrative and other services with respect to each fund identified on Schedule 1 ("Fund" or "Funds" as the context requires), attached hereto and made a part hereof, for the period and on the terms set forth in this Agreement. The Administrator accepts such appointment and agrees to render the services herein set forth under the terms and conditions of this Agreement.
2. Duties of Administrator. Subject to the policies and direction of the Trust's Board of Trustees ("Trustees"), the Administrator shall provide, or cause to be furnished by others, the fund accounting, administrative, and other services reasonably necessary for the operation of the Trust and Fund as set forth in Exhibit A, attached hereto and made a part hereof. The Administrator shall exercise reasonable customary care in the performance of its duties under this Agreement.
3. Allocation of Charges and Expenses.
  - a. The Administrator. The Administrator will furnish, at its own expense, the executive, supervisory, and clerical personnel reasonably necessary to perform its obligations under this Agreement. Except as otherwise provided hereunder, the Administrator will also provide the items that it is obligated to provide under this Agreement. In addition, the Administrator will pay all compensation, if any, of any officers or Trustees of the Trust who are affiliated persons of the Administrator or any affiliated corporation of the Administrator; provided, however, that unless otherwise specifically provided, the Administrator will not be obligated to pay the compensation of any employee of the Trust retained by the Trustees to perform services on behalf of the Trust.
  - b. The Trust. The Trust assumes and will pay, or cause to be paid, all other expenses of the Trust and the Fund not otherwise allocated in this Agreement, including, without limitation, the following:
    - (i) Organizational expenses;
    - (ii) Taxes;

- (iii) Brokerage fees and commissions with regard to portfolio transaction of the Fund;
- (iv) Interest charges, fees, and expenses of the custodian of the Fund's portfolio securities;
- (v) Fees and expenses of the Trust's dividend disbursing and transfer agent(s);
- (vi) Administrative expenses (including, without limitation, any fees, expenses, and reimbursements payable to the Administrator under this Agreement);
- (vii) Auditing and legal expenses of the Trust and the Fund;
- (viii) Cost of maintenance of the Trust's (including the Fund's) existence as a legal entity;
- (ix) Fees and expenses of Trustees who are not interested persons of the Trust as that term is defined by law;
- (x) Costs and expenses of Trust meetings;
- (xi) Costs and expenses of initial and ongoing registration of the Fund's shares under Federal and state securities laws;
- (xii) Costs of preparing (including typesetting), printing, and mailing reports, prospectuses, statements of additional information, proxy solicitation material, and notices to existing shareholders;
- (xiii) Costs of fidelity bonds and Trustees and officers/errors and omissions insurance policies;
- (xiv) Investment advisory fees payable to each Fund's investment advisor;
- (xv) Litigation and other extraordinary or nonrecurring expenses involving the Trust or the Fund;
- (xvi) Any actual out-of-pocket expenses of the Administrator as provided in this Agreement and as may be agreed upon from time to time; and
- (xvii) Other expenses relating to the Trust not specified in this Agreement as being the responsibility of the Administrator.

4. Compensation of the Administrator.

- a. Administration Fees. For the services to be rendered, the facilities furnished, and the expenses assumed by the Administrator pursuant to this Agreement, the Trust will promptly pay (or cause the Fund to promptly pay) to the Administrator compensation as specified in Exhibit B attached hereto. In addition, the Administrator shall be entitled to additional compensation for any special projects or services requested by the Trust, such projects and services and Administrator's compensation in connection therewith to be mutually agreed upon in writing by the parties.
- b. Reimbursements. The Trust will promptly reimburse the Administrator for its reasonable out-of-pocket expenses in connection with the Trust's and the Fund's activities including, without limitation:
  - (i) costs of telephone services (but not telephone equipment) including, without limitation, long distance telephone and wire charges,
  - (ii) postage and delivery costs;
  - (iii) cost of the printing of special forms and stationery,
  - (iv) copying charges,

- (v) costs of financial publications (if any) or professional memberships (e.g. ICI membership) in connection with the Trust's and the Fund's activities,
    - (vi) third party storage fees of the Trust's and the Fund's files and records, etc., and
    - (vii) any travel and lodging expenses incurred by officers and employees of the Administrator in connection with its services under this Agreement, including without limitation, the attendance at meetings of the Trust's Board of Trustees.
  - c. Partial Month Compensation. If this Agreement becomes effective subsequent to the first day of the month or terminates before the last day of the month, the Administrator's compensation for that part of the month in which this Agreement is in effect will be prorated in a manner consistent with the calculation of the fees as set forth in Subsection 4.a. above.
  - d. Compensation from Transactions. The Trust authorizes any entity or person associated with the Administrator that is a member of a national securities exchange to effect any transaction on the exchange for the account of the Trust which is permitted by Section 11(a) of the Securities Exchange Act of 1934 and Rule 11a2-2(T) thereunder, and the Trust consents to the retention of compensation for such transactions in accordance with Rule 11a2-2(T)(a)(2)(iv) thereunder.
  - e. Survival of Compensation Rates. All rights of compensation under this Agreement for services performed as of the termination date will survive the termination of this Agreement. In addition, upon a liquidation (as defined in Section 10 of this Agreement) or upon termination of this Agreement as to any Fund the Administrator shall be entitled to such other compensation as set forth in Exhibit B.
5. Limitation of Liability of the Administrator. The duties of the Administrator shall be confined to those expressly set forth in this Agreement, and no implied duties are assumed by or may be asserted against the Administrator. The Administrator shall not be liable for any error of judgment, mistake of law, loss or damage suffered by the Funds in connection with any investment, or any act or omission of the Administrator in carrying out its duties under this Agreement, except a loss or damage resulting directly from willful misconduct or gross negligence on the part of the Administrator in the performance of its duties under this Agreement, or from reckless disregard by the Administrator of its obligations under this Agreement.

*Further, in no event shall the Administrator be liable under any provision of, or in connection with, this agreement (regardless of whether a claim is based on contract, tort, or otherwise) for any damages other than actual and direct damages, and the Administrator shall have no liability for any incidental, indirect, consequential, special, or exemplary damages or losses which the Funds may incur or suffer, whether or not the likelihood or possibility of such damages was known to the Administrator in advance.*

For purposes of this Section 5 and in Section 6 below, the term "Administrator" shall include directors, officers, employees, and other agents of the Administrator, as well as the Administrator itself.

6. Indemnification of Administrator. Provided that the Administrator has exercised reasonable customary care in the performance of its duties under this Agreement, the Trust assumes full responsibility and will indemnify and defend the Administrator and hold it harmless from and against any and all actions, suits, and claims, whether groundless or otherwise, and from and against any and all losses, damages, costs, charges, reasonable counsel fees, and disbursements, payments, expenses, and liabilities (including reasonable investigation expenses) of every nature and character arising or occurring directly or indirectly out of Administrator's relationship to the Trust under this Agreement or any of Administrator's action taken or nonactions with respect to the performance of services under this Agreement; provided, however, Administrator shall not be indemnified against any liability arising out of its own willful misfeasance, bad faith, gross negligence, or reckless disregard in the performance of its duties or its own reckless disregard of its duties or obligations under this Agreement. The indemnity and defense provisions set forth herein shall indefinitely survive the termination of this Agreement.

The rights hereunder shall include the right to reasonable advances of defense expenses in the event of any pending or threatened litigation with respect to which indemnification hereunder may ultimately be merited. In order that the indemnification provision contained herein shall apply, however, it is understood that if in any case the Trust may be asked to indemnify, defend, or hold the Administrator harmless, the Trust shall be fully and promptly advised of all pertinent facts concerning the situation in question, and it is further understood that the Administrator will use all reasonable care to identify and notify the Trust promptly concerning any situation which presents or appears likely to present the probability of such a claim for indemnification against the Trust, but failure to do so in good faith will not affect the rights under this Agreement.

The Trust will be entitled to participate at its own expense or, if it so elects, to assume the defense of any suit brought to enforce any claims subject to this indemnity provision. If the Trust elects to assume the defense of any such claim, the defense will be conducted by counsel chosen by the Trust and satisfactory to the Administrator, whose approval will not be unreasonably withheld. In the event the Trust elects to assume the defense of any suit and retain counsel, the Administrator will bear the fees and expenses of any additional counsel retained by it, absent a conflict of interest between the Trust and the Administrator. In the event of a conflict between the Trust and the Administrator or if the Trust does not elect to assume the defense of a suit, the Trust shall reimburse the Administrator for the reasonable fees and expenses of any counsel retained by Administrator.

The Administrator may apply to the Trust at any time for instructions and may consult with the Trust's counsel auditors with respect to any matter arising in connection with the Administrator's duties, and the Administrator will not be liable or accountable for any action taken or omitted by it in good faith in accordance with such instructions or with the opinion of the Trust's counsel or auditors. Also, the Administrator will be protected in acting on any document that it reasonably believes to be genuine and to have been signed or presented by the proper person or persons. The Administrator will not be held to have notice of any change of authority of any officers, employee, or agent of the Trust until receipt of written notice thereof from the Trust.

Should the foregoing indemnification agreement be found unenforceable or that contribution is required from Administrator, then the Administrator's aggregate contribution for all losses, claims, damages, or liabilities, including rescission

liabilities, shall not exceed the value of all fees earned by and expenses reimbursed to the Administrator pursuant to this Agreement. No person or entity guilty of fraudulent misrepresentation shall be entitled to contribution from any person or entity who is not so guilty.

7. Activities of the Administrator. The services of the Administrator rendered to the Trust are not to be deemed to be exclusive. The Administrator is free to render such services to others and to have other businesses and interests. It is understood that Trustees, officers, employees, or shareholders of the Trust are or may be or become interested in the Administrator, as directors, officers, employees, and shareholders or otherwise and that directors, officers, employees, and shareholders of the Administrator and its counsel are or may be or become similarly interested in the Trust, and that the Administrator may be or become interested in the Trust as a shareholder or otherwise.
8. Confidentiality. The Administrator agrees on behalf of itself and its employees to treat as confidential all records and other information relative to the Trust and its prior, present, or potential shareholders and not to use such records and information for any purpose other than performance of its responsibilities and duties under this Agreement, except after providing prior notification to and receiving approval in writing by the Trust, which approval will not be unreasonable withheld. Notwithstanding the forgoing, the Administrator may divulge such confidential records and information where the Administrator may be exposed to civil or criminal contempt proceedings for failure to comply, when requested by duly constituted authorities, when so requested by the Trust's investment advisor, distributor, custodian, transfer agent, outside legal counsel, or independent public accountants, or when so requested by the Trust. For purposes of this Section 8, the following records and other information shall not be considered confidential: (a) any record or other information that is or becomes publicly available through no fault of Administrator; (b) any record and other information that is released by the Trust in a public release; (c) any record or other information that is lawfully obtained from third parties who are not under an obligation to keep such information confidential, or (d) any record or other information previously known by Administrator.
9. Compliance With Governmental Rules and Regulations. The Administrator undertakes to comply with all applicable requirements of the Securities Act of 1933, the Securities Exchange Act of 1934, the Investment Company Act of 1940, and other laws, rules, and regulations of governmental authorities having jurisdiction with respect to the duties to be performed by the Administrator under this Agreement.
10. Duration and Termination Of This Agreement. This Agreement shall become effective for a period of one year. Thereafter, this Agreement shall continue in full force and effect unless terminated by either party by giving not less than ninety (90) days' prior written notice to the other party. This Agreement may also be terminated at any time as follows: (i) by mutual written agreement of the parties; or (ii) for cause, by a party, in the event of willful misconduct, gross negligence, or breach of this Agreement by the other party, by giving not less than thirty (30) days' prior written notice to the other party.

Upon termination of this Agreement, the Administrator and the Trust agree to cooperate in good faith in transferring records and other information in the Administrator's possession and wrapping up their relationship under this Agreement in a commercially reasonable manner. The Trust shall pay to the Administrator such compensation as may be due to the Administrator under this



Agreement for services performed prior to the date of termination, including any out-of-pocket reimbursements due and payable hereunder.

Upon termination of this Agreement, the Administrator shall be paid the termination fee set forth on Exhibit B. The termination fee is not a penalty, but a charge to compensate the Administrator for its services in assisting in transferring records and reports and otherwise wrapping up its services under this Agreement. Notwithstanding the foregoing, the Administrator shall not be entitled to the termination fee if the Administrator elects to terminate this Agreement or the Administrator is terminated due to its willful misconduct, gross negligence, or breach of this Agreement.

11. Independent Contractor. The Administrator will, for purposes stated in this Agreement, be deemed an independent contractor and, unless otherwise expressly provided or authorized, will have no authority to act or represent the Trust in any way and will not be deemed an agent of the Trust.
12. Assignment. This Agreement shall not be assignable by either party without the written consent of the other party, such consent not to be unreasonably without held or delayed. Notwithstanding the forgoing, the Administrator may, at its expense unless provided otherwise in the Agreement, subcontract with any entity or person concerning the provision of the services contemplated hereunder. The Administrator shall not, however, be relieved of any of its obligations under this Agreement by the appointment of such subcontractor. This Agreement shall be binding upon, and shall inure to the benefit of, the parties hereto and their respective successors and assigns.
13. Amendments. This Agreement or any part hereof may be changed or waived only by an instrument in writing signed by the party against which enforcement of such change or waiver is sought.
14. Books and Records.
  - a. Record Maintenance. The Administrator shall maintain customary books and records in connection with its duties as specified in this Agreement. Any books or records required to be maintained and preserved pursuant to Rules 31a-1 and 31a-2 under the Investment Company Act of 1940 that are prepared and maintained by the Administrator on behalf of the Trust shall be the property of the Trust and will be made available to or surrendered promptly to the Trust on request. Notwithstanding the forgoing, Administrator shall be entitled to keep copies of any books or records that Administrator may be required to retain by law or regulation.

Unless otherwise agreed upon by the Administrator and the Trust, the Administrator may subcontract to a third party the storage and maintenance of the Trust's books and records and such costs and expenses shall be the responsibility of Trust.

In case of any request or demand for the inspection of such records by another party, the Administrator will notify the Trust and follow the Trust's instructions as to permitting or refusing such inspection; provided that the Administrator may exhibit such records as provided in Section 8 above and to any person in any case where it is advised by its counsel that it may be held liable for failure to do so, unless (in cases

involving potential exposure only to civil liability) the Trust has agreed to indemnify the Administrator against such liability.

- b. Delivery of Documents. The Trust shall provide the Administrator with the necessary documents, records, and other information in its possession or control to enable the Administrator to perform its duties and obligations under this Agreement, including without limitation, a copy of the Trust documents and any amendments thereto.
  - c. Converting to Administrator's System. The Trust agrees to cooperate with the Administrator in converting to Administrator's data processing system and software ("Administrator's System") to the extent necessary for Administrator to perform Administrator's duties under this Agreement. Notwithstanding anything to the contrary in this Agreement, the Trust acknowledges and agrees that all computer programs and procedures developed by or for Administrator to perform its duties and services under this Agreement, including without limitation Administrator's System, are and shall remain the sole property of the Administrator.
15. Definitions of Certain Terms. The terms "interested persons" and "affiliated person," when used in this Agreement, will have the respective meanings specified in the Investment Company Act of 1940 and the rules and regulations thereunder, subject to such exemptions as granted by the Securities and Exchange Commission.
16. Notice. Any notice required or permitted to be given by either party to the other party shall be in writing and will be deemed sufficient if personally delivered or sent by registered or certified mail, postage prepaid, addressed by the party giving notice to the other party at following addresses (or such other address for a party as shall be specified by like notice):
- a. If to Trust, at:  
  
Starboard Investment Trust  
Attn: Secretary  
116 South Franklin Street  
Rocky Mount, North Carolina 27804  
  
With a copy to:  
  
Greenwood Capital Associates, LLC  
Attn: \_\_\_\_\_  
104 Maxwell Avenue  
Greenwood, South Carolina, 29646
  - b. If to Administrator, at:  
  
The Nottingham Company  
Attn: Legal Department  
116 South Franklin Street  
Post Office Box 69  
Rocky Mount, North Carolina 27802-0069
17. Governing Law. This Agreement shall be governed by the laws of the State of North Carolina without regard to the principles of conflict of laws, provided that

nothing herein shall be construed in a manner inconsistent with the Investment Company Act of 1940, the Investment Advisers Act of 1940, or any applicable rule or order of the Securities and Exchange Commission.

18. Construction. If any provision of this Agreement, or portion thereof, shall be determined to be void or unenforceable by any court of competent jurisdiction, then such determination shall not affect any other provision of this Agreement, or portion thereof, all of which other provisions and portions thereof shall remain in full force and effect. If any provision of this Agreement, or portion thereof, is capable of two interpretations, one of which would render the provision, or portion thereof, void and the other which would render the provision, or portion thereof, valid, then the provision, or portion thereof, shall have the meaning which renders it valid. In addition, the language used herein shall be deemed to be the language chosen by the parties hereto to express their mutual intent, and no rule of strict construction shall be applied against either party.
19. Multiple Originals. This Agreement may be executed in two or more counterparts, each of which when so executed shall be deemed to be an original, but such counterparts shall together constitute but one and the same instrument.
20. Entire Agreement. This Agreement, including all exhibits, schedules, and attachments, comprise the entire agreement among the parties hereto with respect to subject matter hereof and supersede all other prior agreements, understandings, and letters related to this Agreement. The headings in this Agreement have been inserted solely for ease of reference and shall not be considered in the interpretation or construction of this Agreement.
21. Trust Obligation. It is understood that this Agreement has been executed on behalf of the Trust by a trustee of the Trust in his capacity as trustee and not individually. The obligations of this Agreement shall only be binding upon the assets and property of each Fund and shall not be binding upon any trustee, officer, or shareholder of the Trust individually.

IN WITNESS WHEREOF, the parties hereto have caused the Agreement to be duly signed as of the day and year first above written.

**STARBOARD INVESTMENT TRUST**

By: \_\_\_\_\_

Name: Jack E. Brinson

Title: Independent Trustee and Chairman

**THE NOTTINGHAM COMPANY**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**SCHEDULE 1**

Dated: October 27, 2011

The following fund(s) are covered by the Agreement:

1. Crescent Large Cap Macro Fund
2. Crescent Mid Cap Macro Fund
3. Crescent Strategic Income Fund

## EXHIBIT A

Dated: October 27, 2011

The Administrator shall provide, or cause to be provided by others, the following services:

1. Accounting and Administrative Services. The Administrator will provide the Trust with customary administrative services, regulatory reporting, fund accounting, and related portfolio accounting services, adequate office space, equipment, personnel, and facilities (including facilities for regular trustees' meetings) for handling the affairs of the Fund(s), and such other services as the Trustees may, from time to time, reasonably request, and the Administrator may, from time to time, reasonably determine to be necessary to perform its obligations under this Agreement. In addition, at the request of the Trustees, the Administrator will make reports to the Trustees concerning the performance of its obligations hereunder.

Without limiting the generality of the foregoing, the Administrator will:

- a. Calculate contractual Trust expenses and control all disbursements for the Trust, and, as appropriate, compute each Fund's yields, total return, expense ratios, portfolio turnover rate and, if required, portfolio average dollar-weighted maturity;
- b. Assist Trust counsel with the preparation of prospectuses, statements of additional information, and registration statements;
- c. Assist in the preparation of such reports, applications, and documents (including reports regarding the sale and redemption of shares as may be required in order to comply with Federal and/or state securities laws) as may be necessary or desirable to register the Trust's shares with state securities authorities, assist in monitoring the sale of the Trust's shares for compliance with state securities laws, and assist in the preparation and filing with the appropriate state securities authorities the registration statements and reports for the Trust and the Trust's shares with state securities authorities to enable the Trust to make a continuous offering of its shares;
- d. Assist in the development and preparation of communications to shareholders, including the semi-annual and annual reports to shareholders (the "Shareholder Reports"), coordinate mailing prospectuses, notices (including privacy policy notices), proxy statements, proxies, and other reports (including, without limitation, semi-annual and annual reports to shareholders) to Trust shareholders, and supervise and facilitate the solicitations of proxies solicited by the Trust for all shareholder meetings (including, without limitation, the tabulation process for shareholder meetings);
- e. Coordinate with Trust counsel the preparation and negotiation of, and administer contracts on behalf of the Trust with, among others, the Trust's investment advisor(s), distributor(s), custodian(s), and transfer agent(s);
- f. Maintain the Trust's general ledger and prepare the financial statements, including expense accruals and payments, determine the net asset value of the Trust's assets and of the Trust's shares, and coordinate with the

Trust's transfer agent(s) with respect to payment of dividends and other distributions to shareholders;

- g. Calculate performance data of the Trust and its Fund(s) for dissemination to information services covering the investment company industry;
- h. Assist in the preparation and filing of the Trust's tax returns;
- i. Assist with the examination and review of the operations and performance of the various organizations providing services to the Trust or any Fund of the Trust, including the Trust's investment advisor(s), distributor(s), custodian(s), transfer agent(s), outside legal counsel, and independent public accountants, and at the request of the Board of Trustees, report to the Trustees on the performance of such organizations;
- j. Assist with the layout and printing of publicly disseminated prospectuses and assist with and coordinate layout and printing of the Trust's semi-annual and annual reports to shareholders;
- k. Provide internal legal and administrative services as reasonably requested by the Trust from time to time, including, without limitation, preparation of materials for the quarterly and annual meetings of the Board of Trustees;
- l. Assist with the design, development, and operation of the Trust;
- m. Assist in identifying individuals acceptable to the Trustees for nomination, appointment, or election as officers of the Trust, who will be responsible for the management of certain of the Trust's affairs as determined by the Trustees;
- n. Coordinate and assist the Trust in obtaining and keeping in effect a fidelity bond and Trustees and officers/errors and omissions insurance policies for the Trust in accordance with the requirements of Rules 17g-1 and 17d-1(7) under the Investment Company Act of 1940 as such bonds and policies are approved by the Trust's Board of Trustees;
- o. Monitor and advise the Trust and its Fund(s) on its registered investment company status under the Internal Revenue Code of 1986;
- p. Perform other normal and customary administrative services and functions of the Trust and each Fund to the extent administrative services and functions are not provided to the Trust or such Fund pursuant to the Trust's or such Fund's investment advisory agreement, distribution agreement, custodian agreement, or transfer agent agreement or similar type of service provider agreement;
- q. Furnish advice and recommendations with respect to other aspects of the business and affairs of the Fund(s) as the Trust and the Administrator shall determine desirable; and
- r. Assist with the preparation of and file with the SEC the semi-annual and annual reports for the Trust on Form N-SAR and N-CSR and all required notices pursuant to Rule 24f-2.

2. Custodian Services. The Administrator shall procure on behalf of the Trust and the Fund(s) a custodian or custodians for the Fund(s) to provide for the safekeeping of the Fund's assets. Administrator shall be responsible for compensating such custodian or custodians out of Administrator's compensation as set forth in Exhibit B of this Agreement. Such custodian or custodians shall be subject to the approval of the Trustees. The Trust may be a party to any foregoing agreement.
3. Legal Services. The Administrator shall procure legal counsel to the Trust and the Fund(s) to provide representation and legal services. Administrator shall be responsible for compensating such legal counsel out of Administrator's compensation as set forth in Exhibit B of this Agreement. Such compensation covers only ordinary legal services and the Administrator is not responsible paying any extraordinary, special, or non-recurring expenses that arise, including, for example, services provided in connection with special meetings of the board of trustees, additions of new classes or series of shares, shareholder meetings and proxy solicitations, material changes to a Fund's registration statement, examinations by the Securities and Exchange Commission, and litigation to which a Fund may be a party. Legal counsel shall be subject to the approval of the Trustees. The Trust may be a party to any foregoing agreement.
4. Other Services. The Administrator will perform other services for the Trust as agreed to by the Administrator and the Trust from time to time, including, but not limited to performing internal audit examinations, preparation of materials for special board meetings, assisting Trust counsel in the preparation of proxy materials, and assisting in the development of new Funds or Fund classes. The Administrator shall be entitled to additional compensation for such other services.

## Exhibit B

Dated: October 27, 2011

For the services delineated in the Agreement, the Administrator shall be compensated at the rates specified below. Such compensation will be calculated and accrued daily, and paid to the Administrator monthly. Where applicable, the fee shall be calculated based upon the average daily net assets of each Fund. For purposes of determining the fees payable to the Administrator, the value of the net assets of a particular Fund shall be computed in the manner described in the Trust's Declaration of Trust or the Trust's Prospectus or Statement of Additional Information for that Fund as from time to time is in effect for computation of the value of such net assets in connection with the determination of the liquidating value of the shares of such Fund. The fees payable hereunder shall be applied to each Fund as a whole, and not to separate classes of shares within the Fund.

The following fees shall be paid for each Fund:

1. Fund Accounting Fee.

Base fee: \$2,250 per month

Class Fee: \$500 per month for each additional class of shares

Asset-based fee: Annual fee of 1 basis point

2. Administration Fee.

a. Asset-based fee:

<u>Net Assets</u>	<u>Annual Fee</u>
On the first \$100 million .....	0.100%
On the next \$150 million .....	0.080%
On the next \$250 million.....	0.060%
On the next \$500 million .....	0.050%
On the next \$1 billion.....	0.040%
On all assets over \$2 billion.....	0.030%

b. Minimum asset-based fee per month: \$2,000

3. Out of Pocket.

a. Securities pricing:

\$0.25 per equity per pricing day priced

\$1.00 per foreign security per pricing day

\$0.50 per U.S. Treasury

\$1.00 per asset backed security per pricing day

\$0.50 per corporate bond per pricing day

\$2.00 per equity per month for corporate action

\$2.00 per foreign security per month for corporate action

b. Blue Sky administration: \$150 per registration per state per year

c. EDGAR filings: \$6 per page



4. Domestic Custody Fee.

a. Custody administration asset-based fee:

<u>Net Assets</u>	<u>Annual Fee</u>
On the first \$100 million .....	0.020%
On all assets over \$100 million .....	0.009%

b. Transaction Fees:

\$7.00 Book Entry DTC Transactions  
\$7.00 Book Entry Federal Reserve Transactions  
\$20.00 Physical Securities Transactions  
\$7.00 Options  
\$3.00 Paydowns on Mortgage Backed Securities.  
\$7.00 Fed Wire Charge on Repo Collateral in / out.  
\$6.00 Cash Wire Transfers

c. Minimum Annual Fee: \$5,000

5. Termination Fee.

Upon termination of this Agreement with respect to any Fund, the Administrator shall also be entitled to be paid a termination fee, at termination, equal to the compensation paid (or payable to) the Administrator for the two months immediately prior to such termination. Said termination fee is not a penalty but an extra fee to compensate the Administrator for its service in assisting in transferring records and reports and otherwise wrapping up its services under this Agreement for such Fund. In the event of a liquidation of any Fund, the Administrator shall also be entitled to be paid, in lieu of the foregoing termination fee, a liquidation fee equal to the compensation paid (or payable to) the Administrator for the three months immediately prior such termination. Said liquidation fee is not a penalty but an extra fee to compensate the Administrator for its services in assisting in the winding down and liquidation the Fund. The foregoing compensation shall be in addition to reimbursing Administrator for its reasonable out-of-pocket expenses in connection with the Administrator's activities in effecting such termination or liquidation, including without limitation, the cost of delivering to Trust or its designee the Trust's records and documents or copies thereof. Administrator shall be paid said termination fee promptly upon termination of this Agreement and said liquidation fee promptly upon the liquidation of the Fund.

## **EXPENSE LIMITATION AGREEMENT**

This Expense Limitation Agreement (“Expense Limitation Agreement”) is made and entered into effective as of October 27, 2011 by and between Greenwood Capital Associates, LLC, a South Carolina limited liability company (the “Advisor”) and the Starboard Investment Trust, a Delaware statutory trust (the “Trust”), on behalf of the Crescent Large Cap Macro Fund (the “Fund”), a series of the Trust.

WHEREAS, the Trust is a Delaware statutory trust organized under the Certificate of Trust (“Trust Instrument”) and is registered under the Investment Company Act of 1940 as an open-end management investment company; and

WHEREAS, the Fund is a series of the Trust; and

WHEREAS, the Fund and the Advisor have entered into an Investment Advisory Agreement dated October 27, 2011 (“Advisory Agreement”), pursuant to which the Advisor provides investment advisory services to the Fund; and

WHEREAS, the Fund and the Advisor have determined that it is appropriate and in the best interests of the Fund and its shareholders to limit the expenses of the Fund, and, therefore, have entered into this Agreement, in order to maintain the Fund’s expense ratios within the Operating Expense Limit, as defined below;

NOW, THEREFORE, in consideration of the mutual covenants herein contained, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

### **1. Expense Limitation.**

- (a) Applicable Expense Limit. To the extent that the aggregate expenses of every character, including but not limited to investment advisory fees of the Advisor (but excluding interest, taxes, brokerage commissions, borrowing costs, fees and expenses of other investment companies in which the Fund invests, other expenditures which are capitalized in accordance with generally accepted accounting principles, other extraordinary expenses not incurred in the ordinary course of the Fund’s business, and amounts, if any, payable pursuant to a plan adopted in accordance with Rule 12b-1 under the Investment Company Act of 1940) incurred by the Fund in any fiscal year (“Fund Operating Expenses”), exceed the Operating Expense Limit, as defined in Section 1(b) below, such excess amount (the “Excess Amount”) shall be the liability of the Advisor. Additionally, in determining the Fund Operating Expenses, expenses that the Fund would have incurred but did not actually pay because of expense offset or brokerage/services arrangements shall be added to the aggregate expenses so as not to benefit the Advisor.
- (b) Operating Expense Limit. The Fund’s maximum operating expense limit (“Operating Expense Limit”) in any year shall be 1.25% of the average daily net assets of the Fund.

- (c) Method of Computation. To determine the Advisor's liability with respect to the Excess Amount, each month the Fund Operating Expenses for the Fund shall be annualized as of the last day of the month. If the annualized Fund Operating Expenses for any month exceeds the Operating Expense Limit of the Fund, the Advisor shall first waive or reduce its investment advisory fee for such month by an amount sufficient to reduce the annualized Fund Operating Expenses to an amount no higher than the Operating Expense Limit. If the amount of the waived or reduced investment advisory fee for any such month is insufficient to pay the Excess Amount, the Advisor shall also remit to the Fund an amount that, together with the waived or reduced investment advisory fee, is sufficient to pay such Excess Amount.
- (d) Year-End Adjustment. If necessary, on or before the last day of the first month of each fiscal year, an adjustment payment shall be made by the appropriate party in order that the amount of the investment advisory fees waived or reduced and other payments remitted by the Advisor to the Fund with respect to the previous fiscal year shall equal the Excess Amount.

## **2. Term and Termination of Agreement.**

This Agreement shall continue in effect until January 1, 2013 and shall thereafter continue in effect from year to year for successive one-year periods unless terminated as provided in this paragraph. This Agreement may be terminated, without payment of any penalty, by: (i) the Trust at any time, so long as such action has been authorized by resolution of a majority of the Trustees who are not party to this Agreement or "interested persons" of the Trust, as defined in the Investment Company Act of 1940, or by a vote of a majority of the outstanding voting securities of the Trust; and (ii) by the Advisor upon thirty days' prior written notice to the Trust at its principal place of business, such termination to be effective as of the close of business on the last day of the then-current one-year period. In addition, this Agreement shall terminate with respect to the Fund upon termination of the Advisory Agreement.

## **3. Miscellaneous.**

- (a) Captions. The captions in this Agreement are included for convenience only and in no other way define or delineate any provisions hereof or otherwise affect their construction or effect.
- (b) Interpretation. Nothing herein contained shall be deemed to require the Trust or the Fund to take any action contrary to the Trust's Declaration of Trust or by-laws, or any applicable statutory or regulatory requirement to which it is subject or by which it is bound, or to relieve or deprive the Trust's Board of Trustees of its responsibility for and control of the conduct of the affairs of the Trust or the Fund.
- (c) Definitions. Any question of interpretation of any term or provision of this Agreement, including but not limited to the investment advisory fee, the

computations of net asset values, and the allocation of expenses, having a counterpart in or otherwise derived from the terms and provisions of the Advisory Agreement or the Investment Company Act of 1940, shall have the same meaning as and be resolved by reference to such Advisory Agreement or the Investment Company Act of 1940.

IN WITNESS WHEREOF, the parties have caused this Agreement to be signed by their respective officers thereunto duly authorized as of the day and year first above written.

**STARBOARD INVESTMENT TRUST**

By: \_\_\_\_\_

Name: Jack E. Brinson

Title: Independent Trustee and Chairman

**GREENWOOD CAPITAL ASSOCIATES, LLC**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

## **EXPENSE LIMITATION AGREEMENT**

This Expense Limitation Agreement (“Expense Limitation Agreement”) is made and entered into effective as of October 27, 2011 by and between Greenwood Capital Associates, LLC, a South Carolina limited liability company (the “Advisor”) and the Starboard Investment Trust, a Delaware statutory trust (the “Trust”), on behalf of the Crescent Mid Cap Macro Fund (the “Fund”), a series of the Trust.

WHEREAS, the Trust is a Delaware statutory trust organized under the Certificate of Trust (“Trust Instrument”) and is registered under the Investment Company Act of 1940 as an open-end management investment company; and

WHEREAS, the Fund is a series of the Trust; and

WHEREAS, the Fund and the Advisor have entered into an Investment Advisory Agreement dated October 27, 2011 (“Advisory Agreement”), pursuant to which the Advisor provides investment advisory services to the Fund; and

WHEREAS, the Fund and the Advisor have determined that it is appropriate and in the best interests of the Fund and its shareholders to limit the expenses of the Fund, and, therefore, have entered into this Agreement, in order to maintain the Fund’s expense ratios within the Operating Expense Limit, as defined below;

NOW, THEREFORE, in consideration of the mutual covenants herein contained, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

### **4. Expense Limitation.**

- (a) Applicable Expense Limit. To the extent that the aggregate expenses of every character, including but not limited to investment advisory fees of the Advisor (but excluding interest, taxes, brokerage commissions, borrowing costs, fees and expenses of other investment companies in which the Fund invests, other expenditures which are capitalized in accordance with generally accepted accounting principles, other extraordinary expenses not incurred in the ordinary course of the Fund’s business, and amounts, if any, payable pursuant to a plan adopted in accordance with Rule 12b-1 under the Investment Company Act of 1940) incurred by the Fund in any fiscal year (“Fund Operating Expenses”), exceed the Operating Expense Limit, as defined in Section 1(b) below, such excess amount (the “Excess Amount”) shall be the liability of the Advisor. Additionally, in determining the Fund Operating Expenses, expenses that the Fund would have incurred but did not actually pay because of expense offset or brokerage/services arrangements shall be added to the aggregate expenses so as not to benefit the Advisor.
- (b) Operating Expense Limit. The Fund’s maximum operating expense limit (“Operating Expense Limit”) in any year shall be 1.50% of the average daily net assets of the Fund.

- (c) Method of Computation. To determine the Advisor's liability with respect to the Excess Amount, each month the Fund Operating Expenses for the Fund shall be annualized as of the last day of the month. If the annualized Fund Operating Expenses for any month exceeds the Operating Expense Limit of the Fund, the Advisor shall first waive or reduce its investment advisory fee for such month by an amount sufficient to reduce the annualized Fund Operating Expenses to an amount no higher than the Operating Expense Limit. If the amount of the waived or reduced investment advisory fee for any such month is insufficient to pay the Excess Amount, the Advisor shall also remit to the Fund an amount that, together with the waived or reduced investment advisory fee, is sufficient to pay such Excess Amount.
- (d) Year-End Adjustment. If necessary, on or before the last day of the first month of each fiscal year, an adjustment payment shall be made by the appropriate party in order that the amount of the investment advisory fees waived or reduced and other payments remitted by the Advisor to the Fund with respect to the previous fiscal year shall equal the Excess Amount.

**5. Term and Termination of Agreement.**

This Agreement shall continue in effect until January 1, 2013 and shall thereafter continue in effect from year to year for successive one-year periods unless terminated as provided in this paragraph. This Agreement may be terminated, without payment of any penalty, by: (i) the Trust at any time, so long as such action has been authorized by resolution of a majority of the Trustees who are not party to this Agreement or "interested persons" of the Trust, as defined in the Investment Company Act of 1940, or by a vote of a majority of the outstanding voting securities of the Trust; and (ii) by the Advisor upon thirty days' prior written notice to the Trust at its principal place of business, such termination to be effective as of the close of business on the last day of the then-current one-year period. In addition, this Agreement shall terminate with respect to the Fund upon termination of the Advisory Agreement.

**6. Miscellaneous.**

- (a) Captions. The captions in this Agreement are included for convenience only and in no other way define or delineate any provisions hereof or otherwise affect their construction or effect.
- (b) Interpretation. Nothing herein contained shall be deemed to require the Trust or the Fund to take any action contrary to the Trust's Declaration of Trust or by-laws, or any applicable statutory or regulatory requirement to which it is subject or by which it is bound, or to relieve or deprive the Trust's Board of Trustees of its responsibility for and control of the conduct of the affairs of the Trust or the Fund.
- (c) Definitions. Any question of interpretation of any term or provision of this Agreement, including but not limited to the investment advisory fee, the

computations of net asset values, and the allocation of expenses, having a counterpart in or otherwise derived from the terms and provisions of the Advisory Agreement or the Investment Company Act of 1940, shall have the same meaning as and be resolved by reference to such Advisory Agreement or the Investment Company Act of 1940.

IN WITNESS WHEREOF, the parties have caused this Agreement to be signed by their respective officers thereunto duly authorized as of the day and year first above written.

**STARBOARD INVESTMENT TRUST**

By: \_\_\_\_\_

Name: Jack E. Brinson

Title: Independent Trustee and Chairman

**GREENWOOD CAPITAL ASSOCIATES, LLC**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

## **EXPENSE LIMITATION AGREEMENT**

This Expense Limitation Agreement (“Expense Limitation Agreement”) is made and entered into effective as of October 27, 2011 by and between Greenwood Capital Associates, LLC, a South Carolina limited liability company (the “Advisor”) and the Starboard Investment Trust, a Delaware statutory trust (the “Trust”), on behalf of the Crescent Strategic Income Fund (the “Fund”), a series of the Trust.

WHEREAS, the Trust is a Delaware statutory trust organized under the Certificate of Trust (“Trust Instrument”) and is registered under the Investment Company Act of 1940 as an open-end management investment company; and

WHEREAS, the Fund is a series of the Trust; and

WHEREAS, the Fund and the Advisor have entered into an Investment Advisory Agreement dated October 27, 2011 (“Advisory Agreement”), pursuant to which the Advisor provides investment advisory services to the Fund; and

WHEREAS, the Fund and the Advisor have determined that it is appropriate and in the best interests of the Fund and its shareholders to limit the expenses of the Fund, and, therefore, have entered into this Agreement, in order to maintain the Fund’s expense ratios within the Operating Expense Limit, as defined below;

NOW, THEREFORE, in consideration of the mutual covenants herein contained, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

### **7. Expense Limitation.**

- (a) Applicable Expense Limit. To the extent that the aggregate expenses of every character, including but not limited to investment advisory fees of the Advisor (but excluding interest, taxes, brokerage commissions, borrowing costs, fees and expenses of other investment companies in which the Fund invests, other expenditures which are capitalized in accordance with generally accepted accounting principles, other extraordinary expenses not incurred in the ordinary course of the Fund’s business, and amounts, if any, payable pursuant to a plan adopted in accordance with Rule 12b-1 under the Investment Company Act of 1940) incurred by the Fund in any fiscal year (“Fund Operating Expenses”), exceed the Operating Expense Limit, as defined in Section 1(b) below, such excess amount (the “Excess Amount”) shall be the liability of the Advisor. Additionally, in determining the Fund Operating Expenses, expenses that the Fund would have incurred but did not actually pay because of expense offset or brokerage/services arrangements shall be added to the aggregate expenses so as not to benefit the Advisor.
- (b) Operating Expense Limit. The Fund’s maximum operating expense limit (“Operating Expense Limit”) in any year shall be 0.90% of the average daily net assets of the Fund.



- (c) Method of Computation. To determine the Advisor's liability with respect to the Excess Amount, each month the Fund Operating Expenses for the Fund shall be annualized as of the last day of the month. If the annualized Fund Operating Expenses for any month exceeds the Operating Expense Limit of the Fund, the Advisor shall first waive or reduce its investment advisory fee for such month by an amount sufficient to reduce the annualized Fund Operating Expenses to an amount no higher than the Operating Expense Limit. If the amount of the waived or reduced investment advisory fee for any such month is insufficient to pay the Excess Amount, the Advisor shall also remit to the Fund an amount that, together with the waived or reduced investment advisory fee, is sufficient to pay such Excess Amount.
- (d) Year-End Adjustment. If necessary, on or before the last day of the first month of each fiscal year, an adjustment payment shall be made by the appropriate party in order that the amount of the investment advisory fees waived or reduced and other payments remitted by the Advisor to the Fund with respect to the previous fiscal year shall equal the Excess Amount.

**8. Term and Termination of Agreement.**

This Agreement shall continue in effect until January 1, 2013 and shall thereafter continue in effect from year to year for successive one-year periods unless terminated as provided in this paragraph. This Agreement may be terminated, without payment of any penalty, by: (i) the Trust at any time, so long as such action has been authorized by resolution of a majority of the Trustees who are not party to this Agreement or "interested persons" of the Trust, as defined in the Investment Company Act of 1940, or by a vote of a majority of the outstanding voting securities of the Trust; and (ii) by the Advisor upon thirty days' prior written notice to the Trust at its principal place of business, such termination to be effective as of the close of business on the last day of the then-current one-year period. In addition, this Agreement shall terminate with respect to the Fund upon termination of the Advisory Agreement.

**9. Miscellaneous.**

- (a) Captions. The captions in this Agreement are included for convenience only and in no other way define or delineate any provisions hereof or otherwise affect their construction or effect.
- (b) Interpretation. Nothing herein contained shall be deemed to require the Trust or the Fund to take any action contrary to the Trust's Declaration of Trust or by-laws, or any applicable statutory or regulatory requirement to which it is subject or by which it is bound, or to relieve or deprive the Trust's Board of Trustees of its responsibility for and control of the conduct of the affairs of the Trust or the Fund.
- (c) Definitions. Any question of interpretation of any term or provision of this Agreement, including but not limited to the investment advisory fee, the

computations of net asset values, and the allocation of expenses, having a counterpart in or otherwise derived from the terms and provisions of the Advisory Agreement or the Investment Company Act of 1940, shall have the same meaning as and be resolved by reference to such Advisory Agreement or the Investment Company Act of 1940.

IN WITNESS WHEREOF, the parties have caused this Agreement to be signed by their respective officers thereunto duly authorized as of the day and year first above written.

**STARBOARD INVESTMENT TRUST**

By: \_\_\_\_\_

Name: Jack E. Brinson

Title: Independent Trustee and Chairman

**GREENWOOD CAPITAL ASSOCIATES, LLC**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

SUBSCRIPTION AGREEMENT BETWEEN  
THE TRUST AND THE INVESTORS

**CRESCENT LARGE CAP MACRO FUND**

*A Series Of  
Starboard Investment Trust*

LETTER OF INVESTMENT INTENT

November \_\_, 2011

[\_\_\_\_\_] (the “Purchaser”) subscribes to purchase a beneficial interest (“Interest”) of the Crescent Large Cap Macro Fund (“Fund”), a series of Starboard Investment Trust, in the amount of \$[\_\_\_\_\_] for [\_\_\_\_\_] shares at net asset value of \$[\_\_\_\_\_] per share, in consideration for which the Purchaser agrees to transfer to you upon demand cash in the amount of \$[\_\_\_\_\_].

The Purchaser acknowledges receipt of a copy of the Fund’s prospectus and recognizes that the Fund will not be fully operational until it commences a public offering of its shares. Accordingly, a number of features of the Fund described in the prospectus, including, without limitation, redemption of shares upon request of shareholders, will not be available until it is fully operational.

The Purchaser represents and warrants as follows:

- (1) Purchaser is aware that no federal or state agency has made any finding or determination as to the fairness for investment, nor any recommendation nor endorsement, of the Interest;
- (2) Purchaser has such knowledge and experience of financial and business matters as will enable it to utilize the information made available to it in connection with the offering of the Interest to evaluate the merits and risks of the prospective investment and to make an informed investment decision;
- (3) Purchaser recognizes that the Fund has no financial or operating history and, further, that investment in the Fund involves certain risks and that Purchaser understands the risks related to the purchase of the Interest and acknowledges that it can bear the economic risks of such an investment for an indefinite period of time and can suffer the complete loss thereof;

(4) Purchaser is purchasing the Interest for its own account, for investment purposes only, and not with any present intention of redemption, distribution, or resale of the Interest, either in whole or in part;

(5) Any resale of the Interest, or any part thereof, may be subject to restrictions under the federal securities laws and Purchaser will not sell the Interest purchased by it without registration of the Fund under the Securities Act of 1933 or exemption therefrom;

(6) Purchaser has been furnished with and has read this agreement, the prospectus, and such other documents relating to the Fund as it has requested and as have been provided to it by the Fund; and

(7) Purchaser also has had the opportunity to ask questions of, and receive answers from, officers of the Fund concerning the Fund and the terms of the offering.

By: \_\_\_\_\_

Name: [\_\_\_\_\_]

SUBSCRIPTION AGREEMENT BETWEEN  
THE TRUST AND THE INVESTORS

**CRESCENT MID CAP MACRO FUND**

*A Series Of  
Starboard Investment Trust*

LETTER OF INVESTMENT INTENT

November \_\_, 2011

[\_\_\_\_\_] (the “Purchaser”) subscribes to purchase a beneficial interest (“Interest”) of the Crescent Mid Cap Macro Fund (“Fund”), a series of Starboard Investment Trust, in the amount of \$[\_\_\_\_\_] for [\_\_\_\_\_] shares at net asset value of \$[\_\_\_\_\_] per share, in consideration for which the Purchaser agrees to transfer to you upon demand cash in the amount of \$[\_\_\_\_\_].

The Purchaser acknowledges receipt of a copy of the Fund’s prospectus and recognizes that the Fund will not be fully operational until it commences a public offering of its shares. Accordingly, a number of features of the Fund described in the prospectus, including, without limitation, redemption of shares upon request of shareholders, will not be available until it is fully operational.

The Purchaser represents and warrants as follows:

- (1) Purchaser is aware that no federal or state agency has made any finding or determination as to the fairness for investment, nor any recommendation nor endorsement, of the Interest;
- (2) Purchaser has such knowledge and experience of financial and business matters as will enable it to utilize the information made available to it in connection with the offering of the Interest to evaluate the merits and risks of the prospective investment and to make an informed investment decision;
- (3) Purchaser recognizes that the Fund has no financial or operating history and, further, that investment in the Fund involves certain risks and that Purchaser understands the risks related to the purchase of the Interest and acknowledges that it can bear the economic risks of such an investment for an indefinite period of time and can suffer the complete loss thereof;

(4) Purchaser is purchasing the Interest for its own account, for investment purposes only, and not with any present intention of redemption, distribution, or resale of the Interest, either in whole or in part;

(5) Any resale of the Interest, or any part thereof, may be subject to restrictions under the federal securities laws and Purchaser will not sell the Interest purchased by it without registration of the Fund under the Securities Act of 1933 or exemption therefrom;

(6) Purchaser has been furnished with and has read this agreement, the prospectus, and such other documents relating to the Fund as it has requested and as have been provided to it by the Fund; and

(7) Purchaser also has had the opportunity to ask questions of, and receive answers from, officers of the Fund concerning the Fund and the terms of the offering.

By: \_\_\_\_\_

Name: [\_\_\_\_\_]

SUBSCRIPTION AGREEMENT BETWEEN  
THE TRUST AND THE INVESTORS

**CRESCENT STRATEGIC INCOME FUND**

*A Series Of  
Starboard Investment Trust*

LETTER OF INVESTMENT INTENT

November \_\_, 2011

[\_\_\_\_\_] (the “Purchaser”) subscribes to purchase a beneficial interest (“Interest”) of the Crescent Strategic Income Fund (“Fund”), a series of Starboard Investment Trust, in the amount of \$[\_\_\_\_\_] for [\_\_\_\_\_] shares at net asset value of \$[\_\_\_\_\_] per share, in consideration for which the Purchaser agrees to transfer to you upon demand cash in the amount of \$[\_\_\_\_\_].

The Purchaser acknowledges receipt of a copy of the Fund’s prospectus and recognizes that the Fund will not be fully operational until it commences a public offering of its shares. Accordingly, a number of features of the Fund described in the prospectus, including, without limitation, redemption of shares upon request of shareholders, will not be available until it is fully operational.

The Purchaser represents and warrants as follows:

- (1) Purchaser is aware that no federal or state agency has made any finding or determination as to the fairness for investment, nor any recommendation nor endorsement, of the Interest;
- (2) Purchaser has such knowledge and experience of financial and business matters as will enable it to utilize the information made available to it in connection with the offering of the Interest to evaluate the merits and risks of the prospective investment and to make an informed investment decision;
- (3) Purchaser recognizes that the Fund has no financial or operating history and, further, that investment in the Fund involves certain risks and that Purchaser understands the risks related to the purchase of the Interest and acknowledges that it can bear the economic risks of such an investment for an indefinite period of time and can suffer the complete loss thereof;

(4) Purchaser is purchasing the Interest for its own account, for investment purposes only, and not with any present intention of redemption, distribution, or resale of the Interest, either in whole or in part;

(5) Any resale of the Interest, or any part thereof, may be subject to restrictions under the federal securities laws and Purchaser will not sell the Interest purchased by it without registration of the Fund under the Securities Act of 1933 or exemption therefrom;

(6) Purchaser has been furnished with and has read this agreement, the prospectus, and such other documents relating to the Fund as it has requested and as have been provided to it by the Fund; and

(7) Purchaser also has had the opportunity to ask questions of, and receive answers from, officers of the Fund concerning the Fund and the terms of the offering.

By: \_\_\_\_\_

Name: [\_\_\_\_\_]



## CRESCENT LARGE CAP MACRO FUND

### PLAN OF DISTRIBUTION PURSUANT TO RULE 12b-1

WHEREAS, Starboard Investment Trust, a statutory trust organized and existing under the laws of the state of Delaware (the “Trust”), engages in business as an open-end management investment company and is registered as such under the Investment Company Act of 1940, as amended (the “1940 Act”);

WHEREAS, the Trust is authorized to issue an unlimited number of shares of beneficial interest (the “Shares”), in separate series representing the interests in separate funds of securities and other assets;

WHEREAS, the Trust offers a series of such Shares representing interests in the Crescent Large Cap Macro Fund (the “Fund”) of the Trust, which Shares are classified into Institutional Class Shares and Advisor Class Shares;

WHEREAS, the Trust desires to adopt a Plan of Distribution (“Plan”) pursuant to Rule 12b-1 under the 1940 Act with respect to the Advisor Class Shares of the Fund;

WHEREAS, the Trustees of the Trust as a whole, including the Trustees who are not interested persons of the Trust (as defined in the 1940 Act) and who have no direct or indirect financial interest in the operation of this Plan or in any agreement relating hereto (the “Non-Interested Trustees”), having determined, in the exercise of reasonable business judgment and in light of their fiduciary duties under state law and under Section 36(a) and (b) of the 1940 Act, that there is a reasonable likelihood that this Plan will benefit the Fund and its shareholders, have approved this Plan by votes cast at a meeting held in person and called for the purpose of voting hereon and on any agreements related hereto;

NOW, THEREFORE, the Trust hereby adopts this Plan in accordance with Rule 12b-1 under the 1940 Act, with respect to the Advisor Class Shares of the Fund, on the following terms and conditions:

1. **Distribution and Servicing Activities.** Subject to the supervision of the Trustees of the Trust, the Trust may, directly or indirectly, engage in any activities primarily intended to result in the sale of Advisor Class Shares of the Fund, which activities may include, but are not limited to, the following:
  - (a) payments to the Trust’s distributor (the “Distributor”) and to securities dealers and others in respect of the sale of Advisor Class Shares of the Fund;
  - (b) payment of compensation to and expenses of personnel (including personnel of organizations with which the Trust has entered into agreements related to this Plan) who engage in or support distribution of Advisor Class Shares of the Fund or who render shareholder support services not otherwise provided by the Trust’s transfer agent, administrator, or custodian, including but not limited to, answering inquiries regarding the Trust, processing shareholder transactions, providing personal services and/or the maintenance of shareholder accounts, providing other shareholder liaison services, responding to shareholder inquiries, providing information on shareholder investments in the Advisor Class Shares of the Fund, and providing such other shareholder services as the Trust may reasonably request;

- (c) formulation and implementation of marketing and promotional activities, including, but not limited to, direct mail promotions and television, radio, newspaper, magazine and other mass media advertising;
- (d) preparation, printing, and distribution of sales literature;
- (e) preparation, printing, and distribution of prospectuses and statements of additional information and reports of the Trust for recipients other than existing shareholders of the Trust;
- (f) holding seminars and sales meetings designed to promote the distribution of Advisor Class Shares;
- (g) obtaining information and providing explanations to wholesale and retail distributors of contracts regarding Fund investment objectives and policies and other information about the Fund, including the performance of the Fund;
- (h) training sales personnel regarding the Advisor Class Shares of the Fund; and
- (i) obtaining such information, analyses, and reports with respect to marketing and promotional activities as the Trust may, from time to time, deem advisable.

The Trust is authorized to engage in the activities listed above, and in any other activities primarily intended to result in the sale of Advisor Class Shares of the Fund, either directly or through other persons with which the Trust has entered into agreements related to this Plan.

2. **Maximum Expenditures.** The expenditures to be made by the Advisor Class Shares of the Fund pursuant to this Plan and the basis upon which payment of such expenditures will be made shall be determined by the Trustees of the Trust, but in no event may such expenditures exceed an amount calculated at the rate of up to 0.25% per annum of the average daily net asset value of the Advisor Class Shares of the Fund for each year or portion thereof included in the period for which the computation is being made, elapsed since the inception of this Plan to the date of such expenditures. Notwithstanding the foregoing, in no event may expenditures paid by the Advisor Class Shares of the Fund as service fees to any person who sells the Advisor Class Shares of the Fund exceed an amount calculated at the rate of 0.25% of the average annual net assets of such shares. Payments for distribution and shareholder servicing activities may be made directly by the Trust or to other persons with which the Trust has entered into agreements related to this Plan.

3. **Term and Termination.**

- (a) This Plan shall become effective with respect to the Advisor Class Shares on the date that the Advisor Class Shares commences operation.
- (b) Unless terminated as herein provided, this Plan shall continue in effect for one year from the effective date of the Plan for the Fund with respect to its Advisor Class Shares and shall continue in effect for successive periods of one year thereafter, but only so long as each such continuance is specifically approved by votes of a majority of both (i) the Trustees of the Trust and (ii) the Non-Interested Trustees, cast at a meeting called for the purpose of voting on such approval.

- (c) This Plan may be terminated at any time with respect to the Fund by a vote of a majority of the Non-Interested Trustees or by a vote of a majority of the outstanding voting securities of the Advisor Class Shares of the Fund as defined in the 1940 Act.
4. **Amendments.** No material amendment to this Plan shall be made unless: (a) it is approved in the manner provided for annual renewal of this Plan in Section 3(b) hereof; and (b) if the proposed amendment will increase materially the maximum expenditures permitted by Section 2 hereof, it is approved by a vote of the majority of the outstanding voting securities (as defined in the 1940 Act) of the Fund.
5. **Selection and Nomination of Trustees.** While this Plan is in effect, the selection and nomination of the Non-Interested Trustees of the Trust shall be committed to the discretion of such Non-Interested Trustees.
6. **Quarterly Reports.** The Trust's Distributor or an officer of the Trust shall provide to the Trustees of the Trust and the Trustees shall review quarterly a written report of the amounts expended pursuant to this Plan and any related agreement and the purposes for which such expenditures were made.
7. **Recordkeeping.** The Trust shall preserve copies of this Plan and any related agreement and all reports made pursuant to Section 6 hereof, for a period of not less than six years from the date of this Plan. Any such related agreement or such reports for the first two years will be maintained in an easily accessible place.
8. **Limitation of Liability.** Any obligations of the Trust hereunder shall not be binding upon any of the Trustees, officers or shareholders of the Trust personally, but shall bind only the assets and property of the Trust. The term "Starboard Investment Trust" means and refers to the Trustees from time to time serving under the Trust's Declaration of Trust ("Declaration of Trust") as filed with the Securities and Exchange Commission. The execution of this Plan has been authorized by the Trustees, acting as such and not individually, and such authorization by such Trustees shall not be deemed to have been made by any of them individually or to impose any liability on any of them personally, but shall bind only the assets and property of the Trust as provided in the Trust's Declaration of Trust.

*This Plan is effective* \_\_\_\_\_.

## CRESCENT MID CAP MACRO FUND

### PLAN OF DISTRIBUTION PURSUANT TO RULE 12b-1

WHEREAS, Starboard Investment Trust, a statutory trust organized and existing under the laws of the state of Delaware (the “Trust”), engages in business as an open-end management investment company and is registered as such under the Investment Company Act of 1940, as amended (the “1940 Act”);

WHEREAS, the Trust is authorized to issue an unlimited number of shares of beneficial interest (the “Shares”), in separate series representing the interests in separate funds of securities and other assets;

WHEREAS, the Trust offers a series of such Shares representing interests in the Crescent Mid Cap Macro Fund (the “Fund”) of the Trust, which Shares are classified into Institutional Class Shares and Advisor Class Shares;

WHEREAS, the Trust desires to adopt a Plan of Distribution (“Plan”) pursuant to Rule 12b-1 under the 1940 Act with respect to the Advisor Class Shares of the Fund;

WHEREAS, the Trustees of the Trust as a whole, including the Trustees who are not interested persons of the Trust (as defined in the 1940 Act) and who have no direct or indirect financial interest in the operation of this Plan or in any agreement relating hereto (the “Non-Interested Trustees”), having determined, in the exercise of reasonable business judgment and in light of their fiduciary duties under state law and under Section 36(a) and (b) of the 1940 Act, that there is a reasonable likelihood that this Plan will benefit the Fund and its shareholders, have approved this Plan by votes cast at a meeting held in person and called for the purpose of voting hereon and on any agreements related hereto;

NOW, THEREFORE, the Trust hereby adopts this Plan in accordance with Rule 12b-1 under the 1940 Act, with respect to the Advisor Class Shares of the Fund, on the following terms and conditions:

1. **Distribution and Servicing Activities.** Subject to the supervision of the Trustees of the Trust, the Trust may, directly or indirectly, engage in any activities primarily intended to result in the sale of Advisor Class Shares of the Fund, which activities may include, but are not limited to, the following:
  - (a) payments to the Trust’s distributor (the “Distributor”) and to securities dealers and others in respect of the sale of Advisor Class Shares of the Fund;
  - (b) payment of compensation to and expenses of personnel (including personnel of organizations with which the Trust has entered into agreements related to this Plan) who engage in or support distribution of Advisor Class Shares of the Fund or who render shareholder support services not otherwise provided by the Trust’s transfer agent, administrator, or custodian, including but not limited to, answering inquiries regarding the Trust, processing shareholder transactions, providing personal services and/or the maintenance of shareholder accounts, providing other shareholder liaison services, responding to shareholder inquiries, providing information on shareholder investments in the Advisor Class Shares of the Fund, and providing such other shareholder services as the Trust may reasonably request;

- (c) formulation and implementation of marketing and promotional activities, including, but not limited to, direct mail promotions and television, radio, newspaper, magazine and other mass media advertising;
- (d) preparation, printing, and distribution of sales literature;
- (e) preparation, printing, and distribution of prospectuses and statements of additional information and reports of the Trust for recipients other than existing shareholders of the Trust;
- (f) holding seminars and sales meetings designed to promote the distribution of Advisor Class Shares;
- (g) obtaining information and providing explanations to wholesale and retail distributors of contracts regarding Fund investment objectives and policies and other information about the Fund, including the performance of the Fund;
- (h) training sales personnel regarding the Advisor Class Shares of the Fund; and
- (i) obtaining such information, analyses, and reports with respect to marketing and promotional activities as the Trust may, from time to time, deem advisable.

The Trust is authorized to engage in the activities listed above, and in any other activities primarily intended to result in the sale of Advisor Class Shares of the Fund, either directly or through other persons with which the Trust has entered into agreements related to this Plan.

2. **Maximum Expenditures.** The expenditures to be made by the Advisor Class Shares of the Fund pursuant to this Plan and the basis upon which payment of such expenditures will be made shall be determined by the Trustees of the Trust, but in no event may such expenditures exceed an amount calculated at the rate of up to 0.25% per annum of the average daily net asset value of the Advisor Class Shares of the Fund for each year or portion thereof included in the period for which the computation is being made, elapsed since the inception of this Plan to the date of such expenditures. Notwithstanding the foregoing, in no event may expenditures paid by the Advisor Class Shares of the Fund as service fees to any person who sells the Advisor Class Shares of the Fund exceed an amount calculated at the rate of 0.25% of the average annual net assets of such shares. Payments for distribution and shareholder servicing activities may be made directly by the Trust or to other persons with which the Trust has entered into agreements related to this Plan.

3. **Term and Termination.**

- (a) This Plan shall become effective with respect to the Advisor Class Shares on the date that the Advisor Class Shares commences operation.
- (b) Unless terminated as herein provided, this Plan shall continue in effect for one year from the effective date of the Plan for the Fund with respect to its Advisor Class Shares and shall continue in effect for successive periods of one year thereafter, but only so long as each such continuance is specifically approved by votes of a majority of both (i) the Trustees of the Trust and (ii) the Non-Interested Trustees, cast at a meeting called for the purpose of voting on such approval.

- (c) This Plan may be terminated at any time with respect to the Fund by a vote of a majority of the Non-Interested Trustees or by a vote of a majority of the outstanding voting securities of the Advisor Class Shares of the Fund as defined in the 1940 Act.
4. **Amendments.** No material amendment to this Plan shall be made unless: (a) it is approved in the manner provided for annual renewal of this Plan in Section 3(b) hereof; and (b) if the proposed amendment will increase materially the maximum expenditures permitted by Section 2 hereof, it is approved by a vote of the majority of the outstanding voting securities (as defined in the 1940 Act) of the Fund.
5. **Selection and Nomination of Trustees.** While this Plan is in effect, the selection and nomination of the Non-Interested Trustees of the Trust shall be committed to the discretion of such Non-Interested Trustees.
6. **Quarterly Reports.** The Trust's Distributor or an officer of the Trust shall provide to the Trustees of the Trust and the Trustees shall review quarterly a written report of the amounts expended pursuant to this Plan and any related agreement and the purposes for which such expenditures were made.
7. **Recordkeeping.** The Trust shall preserve copies of this Plan and any related agreement and all reports made pursuant to Section 6 hereof, for a period of not less than six years from the date of this Plan. Any such related agreement or such reports for the first two years will be maintained in an easily accessible place.
8. **Limitation of Liability.** Any obligations of the Trust hereunder shall not be binding upon any of the Trustees, officers or shareholders of the Trust personally, but shall bind only the assets and property of the Trust. The term "Starboard Investment Trust" means and refers to the Trustees from time to time serving under the Trust's Declaration of Trust ("Declaration of Trust") as filed with the Securities and Exchange Commission. The execution of this Plan has been authorized by the Trustees, acting as such and not individually, and such authorization by such Trustees shall not be deemed to have been made by any of them individually or to impose any liability on any of them personally, but shall bind only the assets and property of the Trust as provided in the Trust's Declaration of Trust.

*This Plan is effective* \_\_\_\_\_.

## CRESCENT STRATEGIC INCOME FUND

### PLAN OF DISTRIBUTION PURSUANT TO RULE 12b-1

WHEREAS, Starboard Investment Trust, a statutory trust organized and existing under the laws of the state of Delaware (the “Trust”), engages in business as an open-end management investment company and is registered as such under the Investment Company Act of 1940, as amended (the “1940 Act”);

WHEREAS, the Trust is authorized to issue an unlimited number of shares of beneficial interest (the “Shares”), in separate series representing the interests in separate funds of securities and other assets;

WHEREAS, the Trust offers a series of such Shares representing interests in the Crescent Strategic Income Fund (the “Fund”) of the Trust, which Shares are classified into Institutional Class Shares and Advisor Class Shares;

WHEREAS, the Trust desires to adopt a Plan of Distribution (“Plan”) pursuant to Rule 12b-1 under the 1940 Act with respect to the Advisor Class Shares of the Fund;

WHEREAS, the Trustees of the Trust as a whole, including the Trustees who are not interested persons of the Trust (as defined in the 1940 Act) and who have no direct or indirect financial interest in the operation of this Plan or in any agreement relating hereto (the “Non-Interested Trustees”), having determined, in the exercise of reasonable business judgment and in light of their fiduciary duties under state law and under Section 36(a) and (b) of the 1940 Act, that there is a reasonable likelihood that this Plan will benefit the Fund and its shareholders, have approved this Plan by votes cast at a meeting held in person and called for the purpose of voting hereon and on any agreements related hereto;

NOW, THEREFORE, the Trust hereby adopts this Plan in accordance with Rule 12b-1 under the 1940 Act, with respect to the Advisor Class Shares of the Fund, on the following terms and conditions:

1. **Distribution and Servicing Activities.** Subject to the supervision of the Trustees of the Trust, the Trust may, directly or indirectly, engage in any activities primarily intended to result in the sale of Advisor Class Shares of the Fund, which activities may include, but are not limited to, the following:
  - (a) payments to the Trust’s distributor (the “Distributor”) and to securities dealers and others in respect of the sale of Advisor Class Shares of the Fund;
  - (b) payment of compensation to and expenses of personnel (including personnel of organizations with which the Trust has entered into agreements related to this Plan) who engage in or support distribution of Advisor Class Shares of the Fund or who render shareholder support services not otherwise provided by the Trust’s transfer agent, administrator, or custodian, including but not limited to, answering inquiries regarding the Trust, processing shareholder transactions, providing personal services and/or the maintenance of shareholder accounts, providing other shareholder liaison services, responding to shareholder inquiries, providing information on shareholder investments in the Advisor Class Shares of the Fund, and providing such other shareholder services as the Trust may reasonably request;



- (c) formulation and implementation of marketing and promotional activities, including, but not limited to, direct mail promotions and television, radio, newspaper, magazine and other mass media advertising;
- (d) preparation, printing, and distribution of sales literature;
- (e) preparation, printing, and distribution of prospectuses and statements of additional information and reports of the Trust for recipients other than existing shareholders of the Trust;
- (f) holding seminars and sales meetings designed to promote the distribution of Advisor Class Shares;
- (g) obtaining information and providing explanations to wholesale and retail distributors of contracts regarding Fund investment objectives and policies and other information about the Fund, including the performance of the Fund;
- (h) training sales personnel regarding the Advisor Class Shares of the Fund; and
- (i) obtaining such information, analyses, and reports with respect to marketing and promotional activities as the Trust may, from time to time, deem advisable.

The Trust is authorized to engage in the activities listed above, and in any other activities primarily intended to result in the sale of Advisor Class Shares of the Fund, either directly or through other persons with which the Trust has entered into agreements related to this Plan.

2. **Maximum Expenditures.** The expenditures to be made by the Advisor Class Shares of the Fund pursuant to this Plan and the basis upon which payment of such expenditures will be made shall be determined by the Trustees of the Trust, but in no event may such expenditures exceed an amount calculated at the rate of up to 0.25% per annum of the average daily net asset value of the Advisor Class Shares of the Fund for each year or portion thereof included in the period for which the computation is being made, elapsed since the inception of this Plan to the date of such expenditures. Notwithstanding the foregoing, in no event may expenditures paid by the Advisor Class Shares of the Fund as service fees to any person who sells the Advisor Class Shares of the Fund exceed an amount calculated at the rate of 0.25% of the average annual net assets of such shares. Payments for distribution and shareholder servicing activities may be made directly by the Trust or to other persons with which the Trust has entered into agreements related to this Plan.

3. **Term and Termination.**

- (a) This Plan shall become effective with respect to the Advisor Class Shares on the date that the Advisor Class Shares commences operation.
- (b) Unless terminated as herein provided, this Plan shall continue in effect for one year from the effective date of the Plan for the Fund with respect to its Advisor Class Shares and shall continue in effect for successive periods of one year thereafter, but only so long as each such continuance is specifically approved by votes of a majority of both (i) the Trustees of the Trust and (ii) the Non-Interested Trustees, cast at a meeting called for the purpose of voting on such approval.



- (c) This Plan may be terminated at any time with respect to the Fund by a vote of a majority of the Non-Interested Trustees or by a vote of a majority of the outstanding voting securities of the Advisor Class Shares of the Fund as defined in the 1940 Act.
4. **Amendments.** No material amendment to this Plan shall be made unless: (a) it is approved in the manner provided for annual renewal of this Plan in Section 3(b) hereof; and (b) if the proposed amendment will increase materially the maximum expenditures permitted by Section 2 hereof, it is approved by a vote of the majority of the outstanding voting securities (as defined in the 1940 Act) of the Fund.
5. **Selection and Nomination of Trustees.** While this Plan is in effect, the selection and nomination of the Non-Interested Trustees of the Trust shall be committed to the discretion of such Non-Interested Trustees.
6. **Quarterly Reports.** The Trust's Distributor or an officer of the Trust shall provide to the Trustees of the Trust and the Trustees shall review quarterly a written report of the amounts expended pursuant to this Plan and any related agreement and the purposes for which such expenditures were made.
7. **Recordkeeping.** The Trust shall preserve copies of this Plan and any related agreement and all reports made pursuant to Section 6 hereof, for a period of not less than six years from the date of this Plan. Any such related agreement or such reports for the first two years will be maintained in an easily accessible place.
8. **Limitation of Liability.** Any obligations of the Trust hereunder shall not be binding upon any of the Trustees, officers or shareholders of the Trust personally, but shall bind only the assets and property of the Trust. The term "Starboard Investment Trust" means and refers to the Trustees from time to time serving under the Trust's Declaration of Trust ("Declaration of Trust") as filed with the Securities and Exchange Commission. The execution of this Plan has been authorized by the Trustees, acting as such and not individually, and such authorization by such Trustees shall not be deemed to have been made by any of them individually or to impose any liability on any of them personally, but shall bind only the assets and property of the Trust as provided in the Trust's Declaration of Trust.

*This Plan is effective* \_\_\_\_\_.

**CRESCENT FUNDS**  
**RULE 18f-3 MULTI-CLASS PLAN**

**I. Introduction.**

Pursuant to Rule 18f-3 under the Investment Company Act of 1940, as amended (“1940 Act”), this Rule 18f-3 Multi-Class Plan (“Plan”) sets forth the general characteristics of, and conditions under which the Starboard Investment Trust (“Trust”) may offer, multiple classes of shares (each a “Class of Shares” and collectively “Classes of Shares”) of the following series: Crescent Large Cap Macro Fund, Crescent Mid Cap Macro Fund, and Crescent Strategic Income Fund (each a “Fund”). In addition, the Plan sets forth the shareholder servicing arrangements, distribution arrangements, conversion features, exchange privileges, and other shareholder services of each Class of Shares in each such Fund. The Plan is intended to allow each Fund of the Trust to offer multiple Classes of Shares to the fullest extent and manner permitted by Rule 18f-3 under the 1940 Act, subject to the requirements and conditions imposed by the Rule. This Plan may be revised or amended from time to time as provided below.

Each Fund is authorized, as indicated below in the section “Class Arrangements,” to issue the following Classes of Shares representing interests in the Fund: Institutional Class Shares and Advisor Class Shares. Each Class of Shares will represent interests in the same portfolio of the Fund and, except as described herein, shall have the same rights and obligations as each other Class of Shares of the Fund. Each Class of Shares shall be subject to such investment minimums and other conditions of eligibility as are set forth in the applicable Fund’s prospectus (“Prospectus”) or statement of additional information (“Statement of Additional Information”), as amended from time to time.

**II. Allocation of Expenses.**

Pursuant to Rule 18f-3 under the 1940 Act, the Trust shall allocate to each Class of Shares in each Fund (i) any fees and expenses incurred by the Trust in connection with the distribution of such Class of Shares under a distribution plan (and related agreements) adopted for such Class of Shares pursuant to Rule 12b-1 under the 1940 Act, and (ii) any fees and expenses incurred by the Trust under a shareholder servicing plan (and related agreements) in connection with the provision of shareholder services to the holders of such Class of Shares. In addition, pursuant to Rule 18f-3, the Trust may allocate the following fees and expenses to a particular Class of Shares in a single Fund:

- (i) Transfer agency fees identified by the transfer agent as being attributable to such Class of Shares;
- (ii) Printing and postage expenses related to preparing and distributing materials such as shareholder reports, notices, prospectuses, reports, and proxies to current shareholders of such Class of Shares or to regulatory agencies with respect to such Class of Shares;
- (iii) Blue sky registration or qualification fees incurred by such Class of Shares;
- (iv) Securities and Exchange Commission registration fees incurred by such Class of Shares;
- (v) The expense of administrative and personnel services (including, but not limited to, those of a portfolio accountant or dividend paying agent charged with calculating net asset values or determining or paying dividends) as required to support the shareholders of such Class of Shares;
- (vi) Litigation or other legal expenses relating solely to such Class of Shares;

- (vii) Fees of the Trustees of the Trust incurred as a result of issues particularly relating to such Class of Shares;
- (viii) Independent registered public accountants' fees relating solely to such Class of Shares; and
- (ix) Any additional expenses, other than advisory or custodial fees or other expenses relating to the management of a Fund's assets, if such expenses are actually incurred in a different amount with respect to a Class of Shares that are of a different kind or to a different degree than with respect to one or more other Classes of Shares.

The initial determination of the class specific expenses that will be allocated by the Trust to a particular Class of Shares and any subsequent changes thereto will be reviewed by the Board of Trustees of the Trust and approved by a vote of the Trustees of the Trust, including a majority of the Trustees who are not interested persons of the Trust.

Income, realized and unrealized capital gains and losses, and any expenses of a Fund not allocated to a particular Class of Shares of such Fund pursuant to this Plan shall be allocated to each Class of Shares of the Fund on the basis of the net asset value of that Class of Shares in relation to the net asset value of the Fund.

### **III. Dividends.**

Dividends paid by the Trust with respect to each Class of Shares of a Fund, to the extent any dividends are paid, will be calculated in the same manner, at the same time and will be in the same amount, except that any fees and expenses that are properly allocated to a particular Class of Shares of the Fund will be borne by that Class of Shares.

### **IV. Voting Rights.**

Each share (or fraction thereof) of a Fund entitles the shareholder of record to one vote (or fraction thereof). Each Class of Shares of a Fund will vote separately as a Class of Shares with respect to: (i) the adoption of, or material amendment to, any Rule 12b-1 distribution plan applicable to that Class of Shares, and (ii) any other matters for which voting on a Class of Shares by Class of Shares basis is required under applicable law or interpretative positions of the staff of the Securities and Exchange Commission.

### **V. Class Arrangements.**

The following summarizes the front-end sales charges, contingent deferred sales charges, Rule 12b-1 fees, shareholder servicing fees, conversion features, exchange privileges, and other shareholder services applicable to each Class of Shares of each Fund. Additional details regarding such fees and services are set forth in the applicable Fund's current Prospectus and Statement of Additional Information.

- (i) Institutional Class Shares.
  - 1. Maximum Initial Sales Load (as a percentage of offering price): None.
  - 2. Maximum Contingent Deferred Sales Charge: None.
  - 3. Rule 12b-1 Distribution/Shareholder Servicing Fees: None.
  - 4. Conversion Features: None.

5. Redemption Fee: 1.00% of amount redeemed charged upon any redemption of shares within 60 days of the issuance of such shares.
  6. Exchange Privileges: Shares of this Institutional Class Shares of a Fund may be exchanged for shares of Institutional Class Shares of any other series of the Trust advised by the same investment advisor at net asset value.
  7. Other Shareholder Services: The Trust offers a Systematic Withdrawal Plan and Automatic Investment Plan to holders of Institutional Class Shares of a Fund.
- (ii) Advisor Class Shares.
1. Maximum Initial Sales Load (as a percentage of offering price): 4.00%.
  2. Maximum Contingent Deferred Sales Charge: A contingent deferred sales charge is imposed in such amount as is described in the Advisor Class Shares' current Prospectus or supplement thereto, subject to such waivers or reductions as are described in such Prospectus or supplement thereto.
  3. Rule 12b-1 Distribution/Shareholder Servicing Fees: Pursuant to a Distribution Plan adopted under Rule 12b-1, Advisor Class Shares of a Fund may pay distribution and shareholder servicing fees of up to 0.25% per annum of the average daily net assets of any such Fund attributable to such Advisor Class Shares.
  4. Conversion Features: None.
  5. Redemption Fee: 1.00% of amount redeemed charged upon any redemption of shares within 60 days of the issuance of such shares.
  6. Exchange Privileges: Shares of Advisor Class Shares of a Fund may be exchanged for Advisor Class Shares of any other series of the Trust advised by the same investment advisor at net asset value.
  7. Other Shareholder Services: The Trust offers a Systematic Withdrawal Plan and Automatic Investment Plan to holders of Advisor Class Shares of a Fund.

## **VI. Board Review.**

The Board of Trustees of the Trust shall review this Plan as frequently as they deem necessary. Prior to any material amendment(s) to this Plan, the Trust's Board of Trustees, including a majority of the Trustees that are not interested persons of the Trust, shall find that the Plan, as proposed to be amended (including any proposed amendments to the method of allocating Class and/or Fund expenses), is in the best interest of each Class of Shares individually and in each Fund as a whole. In considering whether to approve any proposed amendment(s) to the Plan, the Trustees of the Trust shall request and evaluate such information as they consider reasonably necessary to evaluate the proposed amendment(s) to the Plan.

Adopted: October 27, 2011.

**APPENDIX F**

Code of Ethics

Greenwood Capital Associates, LLC

**104 Maxwell Avenue  
Greenwood Building, 5<sup>th</sup> Floor  
Greenwood, SC 29646  
(864) 941-4049**

## TABLE OF CONTENTS

<b>1. GENERAL PROVISIONS .....</b>	<b>1</b>
1.1. Professional Responsibilities .....	1
1.2. Failure to Comply .....	2
<b>2. COVERED PERSONS .....</b>	<b>2</b>
2.1. Supervised Persons include: .....	2
2.2. Access Persons include any supervised person who: .....	3
2.3. Family Members .....	3
<b>3. BUSINESS CONDUCT STANDARDS .....</b>	<b>3</b>
3.1. Compliance with Laws and Regulations .....	3
3.2. Conflicts of Interest .....	3
3.3. Personal Securities Transactions .....	4
3.4. Outside Business Interests .....	5
3.5. Gifts and Loans.....	5
3.6. Reporting of Violations.....	6
<b>4. INSIDER TRADING .....</b>	<b>6</b>
<b>5. REPORTING REQUIREMENTS.....</b>	<b>7</b>
5.1. Scope.....	7
5.2. Reportable Securities.....	7
5.3. Reporting Exceptions.....	8
5.4. Initial/Annual Holdings Report.....	8
5.5. Quarterly Transaction Reports .....	9
<b>6. RECORDKEEPING REQUIREMENTS .....</b>	<b>9</b>
<b>7. FORM ADV DISCLOSURE .....</b>	<b>10</b>
<b>8. ACKNOWLEDGMENT OF RECEIPT.....</b>	<b>10</b>

# **1. General Provisions**

## **1.1. Professional Responsibilities**

Greenwood Capital Associates, LLC (“GCA”) is registered as an investment adviser with the Securities and Exchange Commission pursuant to the provisions of Section 203 of the Investment Advisers Act of 1940. GCA is dedicated to providing effective and proper professional investment management services to a wide variety of advisory clients. GCA’s reputation is a reflection of the quality of our employees and their dedication to excellence in serving our clients. To ensure these qualities and dedication to excellence, our employees must possess the requisite qualifications of experience, education, intelligence, and judgment necessary to effectively serve as investment management professionals. In addition, every employee is expected to demonstrate the highest standards of moral and ethical conduct for continued employment with GCA.

When used herein, the term “client” includes individual and institutional investors for whom GCA provides investment supervisory services or manages investment advisory accounts. The term also includes those clients for whom GCA provides advice on matters not involving securities.

The SEC and the courts have stated that portfolio management professionals, including registered investment advisers and their representatives, have a fiduciary responsibility to their clients. In the context of securities investments, fiduciary responsibility should be thought of as the duty to place the interests of the client before that of the person providing investment advice. Failure to do so may render the adviser in violation of the anti-fraud provisions of the Advisers Act.

Fiduciary responsibility also includes the duty to disclose material facts that might influence an investor’s decision to purchase or refrain from purchasing a security recommended by the adviser or from engaging the adviser to manage the client’s investments. The SEC has made it clear that the duty of an investment adviser not to engage in fraudulent conduct includes an obligation to disclose material facts to clients whenever the failure to disclose such facts might cause financial harm. An adviser’s duty to disclose material facts is particularly important whenever the advice given to clients involves a conflict or potential conflict of interest between the employees of the adviser and its clients.

Under Rule 204A-1 of the Investment Advisers Act of 1940, GCA is required to establish, maintain and enforce written procedures reasonably necessary to prevent its employees from violating the federal securities laws, including provisions of the Act with respect to personal securities trading and fiduciary obligations. In meeting such responsibilities to our clients, GCA has adopted this Code of Ethics (the “Code”) regarding the purchase and/or sale of securities in the personal accounts of our employees or in those accounts in which our employees may have a direct or indirect beneficial interest. The Code, including any amendments, shall be provided to all supervised persons and is also intended to lessen the chance of any misunderstanding between GCA and our employees and consultants regarding such trading activities.

In those situations where employees or consultants may be uncertain as to the intent or purpose of this Code, they are advised to consult with the Chief Compliance Officer (“CCO”). The CCO may under circumstances that are considered appropriate, or after consultation with the senior management of GCA, grant exceptions to the provisions contained in this manual only when it is clear that the interests of GCA’s clients will not be adversely affected. All questions arising in connection with personal securities trading should be resolved in favor of the interest of the clients even at the expense of the interest of our employees. The senior management of GCA will satisfy themselves as to the adherence to this policy through periodic review and reports by the CCO.

## **1.2.      *Failure to Comply***

Strict compliance with the provisions of this Code shall be considered a basic condition of employment with GCA. It is important that employees understand the reasons for compliance with this Code. GCA’s reputation for fair and honest dealing with its clients and the investment community in general, has taken considerable time to build. This standing could be seriously damaged as the result of even a single security transaction considered questionable in light of the fiduciary duty owed to our clients. Employees are urged to seek the advice of the CCO for any questions as to the application of this Code to their individual circumstances. Employees should also understand that a material breach of the provisions of this Code may constitute grounds for disciplinary action and/or termination of employment with GCA.

# **2. Covered Persons**

## **2.1.      *Supervised Persons include:***

- **directors, officers, and partners of the adviser (or other persons occupying a similar status or performing similar functions);**
- **employees of the adviser;**
- **any other person who provides advice on behalf of the adviser and is subject to the adviser’s supervision and control;**
- **temporary workers;**
- **consultants; and**
- **independent contractors**



## **2.2.      *Access Persons* include any supervised person who:**

- **has access to nonpublic information regarding any client's purchase or sale of securities, or non public information regarding the portfolio holdings of any fund the adviser or its affiliates manage; or**
- **is involved in making securities recommendations to clients, or has access to such recommendations that are nonpublic; or**
- **all GCA directors, officers, and partners.**

If there is any question by a supervised person as to whether they are also considered an access person under this Code, they should consult with the CCO for clarification on the issue.

## **2.3.      *Family Members***

For purposes of personal securities reporting requirements, GCA considers the Access persons defined above to also include the person's immediate family (including any relative by blood or marriage living in the employee's household), and any account in which he or she has a direct or indirect beneficial interest (such as a trust).

# **3. Business Conduct Standards**

## **3.1.      *Compliance with Laws and Regulations***

All supervised persons must comply with all applicable state and federal securities laws including, but not limited to, the Investment Advisers Act of 1940, Regulation S-P and the Patriot Act as it pertains to Anti-Money Laundering. All supervised persons are not permitted, in connection with the purchase or sale, directly or indirectly, of a security held or to be acquired by a client:

- **to defraud such client in any manner;**
- **to mislead such client, including by making a statement that omits material facts;**
- **to engage in any act, practice or course of conduct which operates or would operate as a fraud or deceit upon such client;**
- **to engage in any manipulative practice with respect to such client; or**
- **to engage in any manipulative practice with respect to securities, including price manipulation.**

## **3.2.      *Conflicts of Interest***

GCA, as a fiduciary, has an affirmative duty of care, loyalty, honesty, and good faith to act in the best interests of its clients. Compliance with this duty can be achieved by trying to avoid conflicts of interest and by fully disclosing all material facts concerning any conflict that does arise with respect to any client.

***Conflicts among Client Interests.*** Conflicts of interest may arise where the firm or its supervised persons have reason to favor the interests of one client over another client (e.g., larger accounts over smaller accounts, accounts compensated by lower ticket

charges to the Investment Adviser Representative (“IAR”) over accounts not so compensated, accounts in which employees have made material personal investments, accounts of close friends or relatives of supervised persons). GCA specifically prohibits inappropriate favoritism of one client over another client that would constitute a breach of fiduciary duty.

**Competing with Client Trades.** GCA prohibits access persons from using knowledge about pending or currently considered securities transactions for clients to profit personally, directly or indirectly, as a result of such transactions. In order to avoid any potential conflict of interest between GCA and its clients, securities transactions for the accounts of access persons in the same security as that purchased/sold in relation to a reallocation or rebalancing of the models may not be executed on the same day as those of clients.

**Transactions with Clients.** GCA specifically prohibits supervised persons from knowingly selling to or purchasing from a client any security or other property, except securities issued by the client (i.e. the client is a public company). Exceptions to the sale or purchase of real or personal property may be made upon written request to and approval from the CCO. Such request must be accompanied by an independent valuation. Copies of all such requests and approvals will be maintained in GCA’s files.

### **3.3. Personal Securities Transactions**

Personal securities transactions by access persons are subject to the following trading restrictions:

**Black-Out Periods.** No Access Person may purchase or sell a security if he/she knows that GCA is considering for sale or selling that security or a related security, or has sold such a security within the same day in relation to the reallocating or rebalancing of GCA models. No Access Person may purchase or sell a security if he/she knows that GCA is considering for purchase or purchasing that security or a related security, or has purchased such a security within the same day in relation to the reallocating or rebalancing of GCA models. No portfolio manager may purchase or sell a security which he has purchased or sold, or is considering for purchase or sale, in an account he manages within the same day as the client.

**Short Term Trading.** No Access Person of GCA may purchase and subsequently sell (or sell and purchase) the same security within any 30-day period, unless such transaction is approved in advance in writing by the CCO. The CCO shall consider the totality of the circumstances, including whether such transaction is necessitated by an unexpected special circumstance involving the Access Person, whether the trade would involve a breach of any fiduciary duty, whether it would otherwise be inconsistent with applicable laws and GCA’s policies and procedures, and whether the trade would create an appearance of impropriety. Based on his/her consideration of these issues, the CCO shall have the sole authority to grant or deny permission to allow execution of the trade.

**Initial Public Offerings (IPO).** Access persons are prohibited from acquiring any securities in an initial public offering without first obtaining written pre-clearance from the CCO. The CCO must receive pre-clearance from a member of senior management. The prior approval must take into account, among other factors, whether the investment

opportunity should be reserved for clients, and whether the opportunity is being offered to an individual by virtue of their position with GCA.

The final decision will then be sent in writing to the access person requesting the permission for the IPO. Only upon receipt of the written approval from GCA can the access person then engage in the purchase of the requested IPO. The access person making the request and GCA's Compliance Department must maintain final written approval or denial for their files.

**Limited or Private Offerings.** Access persons are prohibited from acquiring any securities in a limited offering (i.e. private placement) without first obtaining written pre-clearance from the CCO. The CCO must receive pre-clearance from a member of senior management. The prior approval must take into account, among other factors, whether the investment opportunity should be reserved for clients, and whether the opportunity is being offered to an individual by virtue of their position with GCA.

The final decision will then be sent in writing to the access person requesting the permission for the limited offering. Only upon receipt of the written approval from GCA can the access person then engage in the purchase of the requested limited offering. The access person making the request and GCA's Compliance Department must maintain final written approval or denial for their files.

### **3.4. Outside Business Interests**

A supervised person who seeks or is offered a position as an officer, trustee, director, or is contemplating employment in any other capacity in an outside enterprise is expected to discuss such anticipated plans with GCA's CCO prior to accepting such a position. Information submitted to the CCO will be considered as confidential and will not be discussed with the supervised person's prospective employer without the supervised person's permission.

GCA does not wish to limit any supervised person's professional or financial opportunities, but needs to be aware of such outside interests so as to avoid potential conflicts of interest and ensure that there is no interruption in services to our clients. Understandably, GCA must also be concerned as to whether there may be any potential financial liability or adverse publicity that may arise from an undisclosed business interest by a supervised person.

### **3.5. Gifts and Loans**

Gifts of nominal value (i.e., a gift whose reasonable value, alone or in the aggregate, is not more than \$100 in any twelve month period), customary business meals, entertainment (e.g. sporting events), and promotional items (i.e., pens, mugs, T-shirts) may be accepted or given.

**Accepting Gifts.** On occasion, because of their position with the company, supervised persons of GCA may be offered or may receive without notice, gifts from clients, brokers, vendors or other persons. Acceptance of extraordinary or extravagant gifts is prohibited. Any such gifts must be declined and returned in order to protect the reputation and integrity of GCA. All gifts received by a supervised person of GCA that might violate this Code must be promptly reported to the CCO.

***Solicitation of Gifts.*** GCA's supervised persons are prohibited from soliciting gifts of any size under any circumstances.

***Giving Gifts.*** GCA's supervised persons may not give any gift with a value in excess of \$100 per year to an advisory client or persons who do business with, regulate, advise or render professional service to GCA.

***Loans.*** No associate is permitted to borrow money or securities from any GCA client, nor are associates permitted to lend money to any clients, unless approved in writing by the CCO.

### **3.6.      *Reporting of Violations***

All supervised persons of GCA must promptly (upon discovery of violation) report any violation of the code to the CCO, who will handle the matter as the situation dictates. If the CCO is unavailable, the violation must then be reported to any member of the GCA RIA Compliance Department who will handle the matter in consultation with a member of senior management. The GCA RIA Compliance Department will provide a report of the violation to the CCO upon his/her return.

## **4. Insider Trading**

In 1989, Congress enacted the Insider Trading and Securities Enforcement Act to address the potential misuse of material non-public information. The SEC defines material by saying that "Information is material if 'there is a substantial likelihood that a reasonable investor would consider it important' in making an investment decision." Information is nonpublic if it has not been disseminated in a manner making it available to investors generally.

The definition and application of material non-public information is continually being revised and updated by the regulatory authorities. If a GCA supervised person believes they are in possession of material non-public information, it is critical that they not act on the information or disclose it to anyone, but instead advise the CCO or a principal of GCA accordingly. Acting on such information may subject the supervised person to severe federal criminal and civil penalties, the forfeiture of any profit realized from any transaction, and disciplinary actions imposed by GCA, which may include termination.

Although this section is included under the provisions of this Code, it is, in fact, a separate set of procedures required under Section 204A of the Advisers Act and is included in GCA's Compliance Manual. All GCA supervised persons are required to read and acknowledge having read such procedures annually.

## 5. Reporting Requirements

### 5.1. *Scope*

The provisions of this Code apply to every security transaction, in which an access person of GCA has, or by reason of such transaction acquires, any direct or indirect beneficial interest, in any account over which they have any direct or indirect control. Generally, an access person is regarded as having a beneficial interest in those securities held in their name, the name of their spouse, and the names of their minor children who reside with them. An access person may be regarded as having a beneficial interest in the securities held in the name of another person (individual, partnership, corporation, trust, custodian, or another entity) if by reason of any contract, understanding, or relationship they obtain or may obtain benefits substantially equivalent to those of ownership. An access person does not derive a beneficial interest by virtue of serving as a trustee or executor unless the person, or a member of their immediate family, has a vested interest in the income or corpus of the trust or estate. However, if a family member is a fee-paying client, the account will be managed in the same manner as that of all other GCA clients with similar investment objectives.

If an access person believes that they should be exempt from the reporting requirements with respect to any account in which they have direct or indirect beneficial ownership, but over which they have no direct or indirect control in the management process, they should so advise the CCO in writing, giving the name of the account, the person(s) or firm(s) responsible for its management, and the reason for believing that they should be exempt from reporting requirements under this Code.

The CCO's reports and transactions will be reviewed by a member of senior management for any evidence of improper holdings, trading activities, or conflicts of interest by the CCO.

### 5.2. *Reportable Securities*

Section 202(a)(18) of the Advisers Act defines the term "Security" as follows:

Any note, stock, treasury stock, bond, debenture, evidence of indebtedness, certificate of interest or participation in any profit-sharing agreement, collateral-trust certificate, pre-organization certificate or subscription, transferable share, investment contract, voting-trust certificate, certificate of deposit for a security, fractional undivided interest in oil, gas or other mineral rights, any put, call straddle, option, or privilege on any security (including a certificate of deposit) or on any group or index of securities (including any interest therein or based on the value thereof), or any put, call straddle, option or privilege entered into on a national securities exchange relating to a foreign currency, or in general, any interest or instrument commonly known as a "security" or any certificate of interest or participation in, temporary or interim certificate for, receipt for, guarantee of, or warrant or right to subscribe to or purchase, any of the foregoing.

For purposes of this Code, the term "Reportable Securities" means all such securities described above except:

- **direct obligations of the United States;**

- bankers' acceptances, bank certificates of deposit, commercial paper and high quality short-term debt instruments, including repurchase agreements;
- shares issued by money market funds;
- shares issued by open-end funds other than reportable funds (*Note: The term "Reportable Funds" means any fund for which GCA serves as the investment adviser, and any fund whose investment adviser or principal underwriter controls GCA, is controlled by GCA, or is under common control with GCA*); and
- shares issued by unit investment trusts that are invested exclusively in one or more open-end funds, none of which are reportable funds.

If there is any question by an access person as to whether a security is reportable under this Code, they should consult with the CCO for clarification on the issue before entering any trade for their personal account.

### **5.3. Reporting Exceptions**

Under Rule 204A-1, access persons are not required to submit:

- any report with respect to securities held in accounts over which the access person has no direct or indirect influence or control;
- a transaction report with respect to transactions effected pursuant to an automatic investment plan (*Note: This exception includes dividend reinvestment plans.*); and
- A transaction report if the report would duplicate information contained in broker trade confirmations or account statements that GCA holds in its records so long as GCA receives the confirmations or statements no later than 30 days after the end of the applicable calendar quarter.

### **5.4. Initial/Annual Holdings Report**

#### **Initially**

Any employee of GCA who during the course of their employment becomes an access person, as that term is defined in sub-section 2.2 of this Code, must provide the CCO with an Initial/Annual Securities Holdings Report Certification no later than 10 days after the employee becomes an access person. The holdings information provided in conjunction with this certification must be current as of 45 days before the employee became an access person. The CCO will review each statement for any holdings that might pose a potential conflict of interest for the access person or GCA.

#### **Annually**

Every access person must submit an Initial/Annual Securities Holdings Report Certification to the CCO due by the last business day of January of each year. The annual holdings report requirement will be satisfied through receipt by the CCO of calendar year-end statements received directly from each access persons' custodian along with a certification from the access person that the information contained in the calendar year-end statement(s) reflects all of the access person's reportable holdings. The CCO will review each statement for any evidence of improper holdings, trading activities, or conflicts of interest by the access person.