



FOUNTAINHEAD
SPECIAL VALUE FUND

Semi-Annual Report

April 30, 2011

(Unaudited)

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FOUNTAINHEAD SPECIAL VALUE FUND

A MESSAGE TO OUR SHAREHOLDERS

APRIL 30, 2011

Dear Shareholder,

For the six months ended April 30, 2011, the Fountainhead Special Value Fund (the "Fund") (KINGX) returned 25.60%; its benchmark index, the Russell 2500TM Index, returned 23.71%. For the period ended April 30, 2011, the Fund's 1-year, 5-year, and 10-year average annual returns were 20.99%, -0.12%, and 0.82%, respectively. *(Performance data quoted represents past performance and is no guarantee of future results. Current performance may be lower or higher than the performance data quoted. Investment return and principal value will fluctuate so that an investor's shares, when redeemed, may be worth more or less than original cost. For the most recent month-end performance, please call 800-868-9535. As stated in the current prospectus, the Fund's annual operating expense ratio (gross) is 4.04%. However, the Adviser has contractually agreed to waive a portion of its fees and reimburse certain expenses through March 1, 2012, to limit Total Annual Fund Operating Expenses to 1.75%. Shares held less than 180 days will be subject to a 1.00% redemption fee.)* The recent growth rate in the stock market has helped to produce short-term returns that are not typical and may not continue in the future.

The Fund has performed extremely well over the last six months. The Fund's best performer, Beckman Coulter, Inc. (BEC), agreed to be acquired by Danaher Inc. (DHR). Although the deal is not expected to close until June 2011, we sold the stock to lock in a 54.9% gain. Stocks in the Energy sector were strong performers with Newpark Resources, Inc. (NR) rising 53.6% and Consol Energy Inc. (CNX) increasing 47.1%. Several of the Fund's Healthcare stocks delivered excellent results with particular strength in Healthcare Services and Equipment: PAREXEL International Corp. (PRXL) +40.2%; Medidata Solutions, Inc. (MDSO) +38.8%; Hologic, Inc. (HOLX) +37.4%; Omnicare, Inc. (OCR) + 30.3%; and Intuitive Surgical Inc. (ISRG) +27.6%. In the Biotechnology sector, Emergent Biosolutions Inc. (EBS) rose 28.8%. Given strength in the financial markets, two of the Fund's financial services stocks had a positive impact on results with NYSE Euronext (NYX) rising 30.7% and NASDAQ OMX Group (NDAQ) increasing 28.5%. Another major contributor to positive results was Nuance Communications, Inc. (NUAN), the leader in speech recognition technology, which advanced 31.8% in price.

Only a few stocks produced negative results for the six-month period. Two positions eliminated during the period included Orion Marine Group Inc. (ORN), which declined 15.9%, and Broadridge Financial Solutions Inc. (BR), which declined 1.1%. Other stocks that negatively impacted results were Pacific Sunwear of California, Inc. (PSUN) -12.5%; Tower Group, Inc. (TWGP) -5.8%; Owens-Illinois, Inc. (OI) -1.6%; and NII Holdings, Inc. (NIHD) -0.5%. PSUN and OI were new purchases during the period, and we believe they offer significant upside potential. NIHD basically traded flat during the period following a significant rise in the previous six months.

The overall rally in the equity markets has displayed remarkable resilience over the past six months. While corporate profits have increased due to growth in revenue and margins, price multiples that investors are willing to award these firms have also expanded. This combination of events has created a very hospitable environment for stock market investors.

Many observers keep a watchful eye on the Federal Reserve and fret over potential repercussions related to the end of the second round of quantitative easing (QE2). While stocks have been in a trading range for the past four months, Chairman Bernanke has sought to assure investors that their queasiness is misplaced. He believes that the end of the Federal Reserve's maneuvers is already factored in and that no extraordinary

FOUNTAINHEAD SPECIAL VALUE FUND

A MESSAGE TO OUR SHAREHOLDERS

APRIL 30, 2011

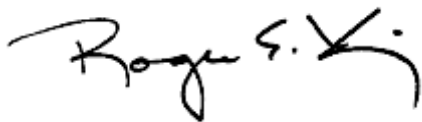
decline in asset prices will occur.

Commodities have also enjoyed a long and protracted rally. Prices for nearly all commodities have been full of energy for the better part of two years. Gold and silver have taken their fair share of the headlines, but cotton, coffee, and cattle have also done well. In fact, the prices of a large number of commodities have increased nicely in U.S. dollar terms. The population explosion and falling dollar are primary culprits in the rise in commodities, but more than a little of the momentum has to do with an aggressive Federal Reserve coupled with an absence of spending discipline from governments around the world.

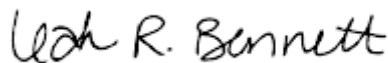
In this curious investing environment that is highlighted by government profligacy, commodity appreciation, and central bank intervention, carefully selected stocks have done well. Energy firms have had a pride-swelling first quarter and have retreated somewhat only recently. Geopolitics may be partly to blame for both the run-up and the decline in the sector. Industrials and Materials have also performed well this year with price appreciation worth noting. A particularly concerning laggard is the Information Technology sector. Unemployment has long been a bur in the economy's saddle and this relatively young sector is capable of generating a vast number of jobs.

What happens to the stock market once QE2 ends? That is a predominant question in the investment world. The Energy sector should perform well with its ties to the runaway commodity train. Healthcare stocks should outperform as investors continue to uncover the mispricing of securities that was caused by years of legislative uncertainty. Finally, if the recovery can be trusted, then Consumer Discretionary and Information Technology shares may be outperformers going forward. Merger and acquisition activity should continue to provide strong underpinnings to the markets as well. We believe the Fountainhead Special Value Fund should continue to perform well in this environment as we adhere to our process of investing in companies with significant cash flow and strong balance sheets whose stocks are currently undervalued.

Sincerely,



Roger E. King, CFA
Chairman and President
King Investment Advisors, Inc.



Leah R. Bennett, CFA
Managing Director
King Investment Advisors, Inc.

The views in this report were those of the Fund managers as of April 30, 2011, and may not reflect their views on the date this report is first published or anytime thereafter. These views are intended to assist the shareholders of the Fund in understanding their investments in the Fund and do not constitute investment advice. This letter may contain discussions about certain investments held and not held in the portfolio. All current and future portfolio holdings are subject to risk. There can be no guarantee of success with any technique, strategy or investment.

The Fund's investments in small- and medium-sized companies involve greater risk than investing in larger,

FOUNTAINHEAD SPECIAL VALUE FUND

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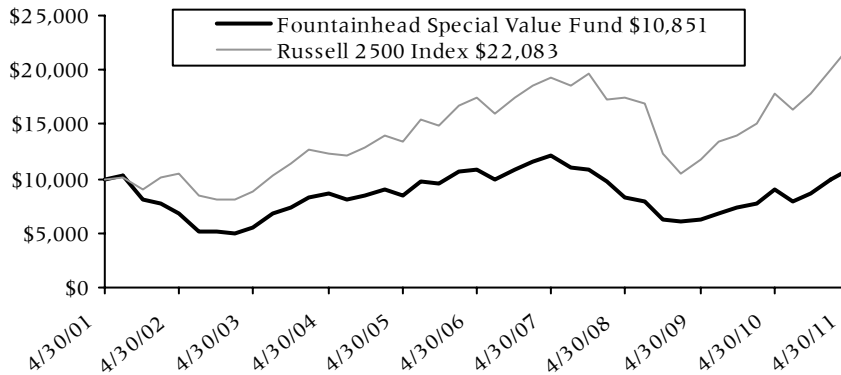
more established companies. Such risks include increased volatility of earnings and prospects, higher failure rates, and limited markets, product lines or financial resources. The Fund's portfolio may be overweight in a sector in which any negative development affecting that sector will have a greater impact on the Fund's performance. In addition, the Fund may incur American Depositary Receipts (ADRs) risks that are not associated with domestic investments such as increased volatility including political and financial instability, lack of timely or reliable regulatory standards, and price volatility.

The Russell 2500 Index measures the performance of the small- to mid-cap segment of the U.S. equity universe. It includes approximately 2,500 of the smallest securities in the Russell 3000® Index based on a combination of their market cap and current index membership. One cannot invest directly in an index.

FOUNTAINHEAD SPECIAL VALUE FUND
PERFORMANCE CHART AND ANALYSIS
APRIL 30, 2011

The following chart reflects the change in the value of a hypothetical \$10,000 investment, including reinvested dividends and distributions, in the Fountainhead Special Value Fund (the "Fund") compared with the performance of the benchmark, Russell 2500 Index, over the past ten fiscal periods. The Russell 2500 Index measures the performance of the small- to mid-cap segment of the U.S. equity universe. It includes approximately 2,500 of the smallest securities in the Russell 3000® Index based on a combination of their market cap and current index membership. The total return of the Russell 2500 Index includes reinvestment of dividends and income. The total return of the Fund includes operating expenses that reduce returns, while the total return of the Russell 2500 Index does not include expenses. The Fund is professionally managed while the Russell 2500 Index is unmanaged and is not available for investment.

	Average Annual Total Return		
	<u>One Year</u>	<u>Five Years</u>	<u>Ten Years</u>
Fountainhead Special Value Fund	20.99%	(0.12)%	0.82%
Russell 2500 Index	23.89%	4.91%	8.24%



Performance data quoted represents past performance and is no guarantee of future results. Current performance may be lower or higher than the performance data quoted. Investment return and principal value will fluctuate so that shares, when redeemed, may be worth more or less than original cost. For the most recent month-end performance please call (800) 868-9535. As stated in the Fund's prospectus, the annual operating expense ratio (gross) is 4.04%. However, the Fund's adviser has agreed to contractually waive a portion of its fees and to reimburse certain expenses to limit total operating expenses to 1.75%, which is in effect until March 1, 2012. During the period, certain fees were waived and/or expenses reimbursed; otherwise, returns would have been lower. Shares redeemed or exchanged within 180 days of purchase will be charged a 1.00% redemption fee. The performance table and graph do not reflect the deduction of taxes that a shareholder would pay on Fund distributions or the redemption of Fund shares. Returns greater than one year are annualized.

Prior to September 17, 2001, the Fund was a series of AmeriPrime Funds (another mutual fund). The AmeriPrime series maintained substantially similar investment objectives and investment policies to that of the Fund. The AmeriPrime series was managed by the Fund's adviser. The Fund's performance for the periods before September 17, 2001, is that of the AmeriPrime series and reflects the expenses of the AmeriPrime series. The estimated net expenses of the AmeriPrime Series were equal to or less than the net expenses of the Fund.

FOUNTAINHEAD SPECIAL VALUE FUND
SCHEDULE OF INVESTMENTS
APRIL 30, 2011

<u>Shares</u>	<u>Security Description</u>	<u>Value</u>
Common Stock - 99.2%		
Consumer Discretionary - 16.8%		
48,000	Callaway Golf Company	\$ 339,840
7,000	Coinstar, Inc. (a)	377,860
15,000	Expedia, Inc.	375,450
92,000	Pacific Sunwear of California, Inc. (a)	293,480
4,400	Sears Holdings Corp. (a)	378,268
		<u>1,764,898</u>
Consumer Staples - 16.1%		
3,500	Bunge Limited	264,040
10,100	Emergent BioSolutions Inc. (a)	234,421
625	Intuitive Surgical, Inc. (a)	218,563
15,100	Omnicare, Inc.	474,442
18,200	PAREXEL International Corp. (a)	505,232
		<u>1,696,698</u>
Drugs/Pharmaceutical Preparations - 13.0%		
6,000	Cephalon, Inc. (a)	460,800
16,100	Forest Laboratories, Inc. (a)	533,876
15,000	Mylan Inc. (a)	373,800
		<u>1,368,476</u>
Energy - 10.9%		
6,100	CONSOL Energy Inc.	329,949
59,000	Newpark Resources, Inc. (a)	532,770
5,500	Ultra Petroleum Corp. (a)	279,345
		<u>1,142,064</u>
Financials - 11.8%		
49,500	GFI Group Inc.	252,945
7,200	NYSE Euronext	288,360
13,000	The NASDAQ OMX Group, Inc. (a)	352,300
15,000	Weyerhaeuser Company (REIT)	345,150
		<u>1,238,755</u>
Industrials - 2.9%		
10,200	Owens-Illinois, Inc. (a)	302,634
Insurance Carriers - 2.2%		
10,000	Tower Group, Inc.	228,700
Medical Products - 12.9%		
20,000	Hologic, Inc. (a)	440,400
50,000	STAAR Surgical Company (a)	277,500
9,500	Thoratec Corporation (a)	291,650
21,000	Wright Medical Group, Inc. (a)	347,130
		<u>1,356,680</u>

<u>Shares</u>	<u>Security Description</u>	<u>Value</u>
Technology - 4.2%		
21,300	Nuance Communications, Inc. (a)	\$ 440,910
Telecommunications - 8.4%		
19,000	Leap Wireless International, Inc. (a)	281,960
14,400	NII Holdings, Inc. (a)	598,752
		<u>880,712</u>
Total Common Stock (Cost \$8,554,839)		<u>10,420,527</u>
Total Investments in Securities - 99.2% (Cost \$8,554,839)*		\$ 10,420,527
Other Assets & Liabilities, Net - 0.8%		<u>81,187</u>
Net Assets - 100.0%		\$ 10,501,714

REIT Real Estate Investment Trust
(a) Non-income producing security.
*Cost for Federal income tax purposes is substantially the same as for financial statement purposes and net unrealized appreciation consists of:

Gross Unrealized Appreciation	\$ 1,973,540
Gross Unrealized Depreciation	(107,852)
Net Unrealized Appreciation	<u>\$ 1,865,688</u>

The following is a summary of the inputs used to value the Fund's investments as of April 30, 2011.

The inputs or methodology used for valuing securities are not necessarily an indication of the risks associated with investing in those securities. For more information on valuation inputs, and their aggregation into the levels used in the tables below, please refer to Note 2 - Security Valuation section in the accompanying Notes to Financial Statements.

<u>Valuation Inputs</u>	<u>Investments in Securities</u>
Level 1 - Quoted Prices	\$ 10,420,527
Level 2 - Other Significant Observable Inputs	-
Level 3 - Significant Unobservable Inputs	-
Total	\$ 10,420,527

The Level 1 inputs displayed in this table are Common Stock. Refer to the Schedule of Investments for a further breakout of each security by type.

See Notes to Financial Statements.

FOUNTAINHEAD SPECIAL VALUE FUND
SCHEDULE OF INVESTMENTS
APRIL 30, 2011

PORTFOLIO HOLDINGS

% of Total Investments

Consumer Discretionary	16.9%
Consumer Staples	16.3%
Drugs/Pharmaceutical Preparations	13.1%
Energy	11.0%
Financials	11.9%
Industrials	2.9%
Insurance Carriers	2.2%
Medical Products	13.0%
Technology	4.2%
Telecommunications	8.5%
	<hr/>
	100.0%

See Notes to Financial Statements.

FOUNTAINHEAD SPECIAL VALUE FUND
STATEMENT OF ASSETS AND LIABILITIES
APRIL 30, 2011

ASSETS

Total investments, at value (Cost \$8,554,839)	\$ 10,420,527
Cash	187,810
Prepaid expenses	9,320
Total Assets	<u>10,617,657</u>

LIABILITIES

Payables:	
Investment securities purchased	98,850
Accrued Liabilities:	
Fund service fees	4,781
Compliance services fees	1,980
Other expenses	10,332
Total Liabilities	<u>115,943</u>

NET ASSETS

\$ 10,501,714

COMPONENTS OF NET ASSETS

Paid-in capital	\$ 9,603,624
Distributions in excess of net investment income	(47,260)
Accumulated net realized loss	(920,338)
Net unrealized appreciation	1,865,688

NET ASSETS

\$ 10,501,714

SHARES OF BENEFICIAL INTEREST AT NO PAR VALUE (UNLIMITED SHARES AUTHORIZED)

475,521

NET ASSET VALUE, OFFERING AND REDEMPTION PRICE PER SHARE*

\$ 22.08

* Shares redeemed or exchanged within 180 days of purchase are charged a 1.00% redemption fee.

FOUNTAINHEAD SPECIAL VALUE FUND
STATEMENT OF OPERATIONS
SIX MONTHS ENDED APRIL 30, 2011

INVESTMENT INCOME

Dividend income	\$	35,612
Interest income		77
Total Investment Income		<u>35,689</u>

EXPENSES

Investment adviser fees		42,611
Fund service fees		69,346
Custodian fees		2,480
Registration fees		8,364
Professional fees		22,860
Trustees' fees and expenses		140
Compliance services fees		12,397
Miscellaneous expenses		9,963
Total Expenses		<u>168,161</u>
Fees waived and expenses reimbursed		<u>(85,212)</u>
Net Expenses		<u>82,949</u>

NET INVESTMENT LOSS

(47,260)

NET REALIZED AND UNREALIZED GAIN

Net realized gain on investments		1,113,772
Net change in unrealized appreciation (depreciation) on investments		<u>1,086,306</u>

NET REALIZED AND UNREALIZED GAIN 2,200,078

INCREASE IN NET ASSETS FROM OPERATIONS \$ 2,152,818

See Notes to Financial Statements.

FOUNTAINHEAD SPECIAL VALUE FUND
STATEMENTS OF CHANGES IN NET ASSETS

	For the Six Months Ended April 30, 2011	For the Year Ended October 31, 2010
OPERATIONS		
Net investment loss	\$ (47,260)	\$ (113,863)
Net realized gain	1,113,772	712,190
Net change in unrealized appreciation (depreciation)	1,086,306	777,263
Increase in Net Assets Resulting from Operations	<u>2,152,818</u>	<u>1,375,590</u>
CAPITAL SHARE TRANSACTIONS		
Sale of shares	207,980	600,763
Redemption of shares	(299,120)	(1,358,469)
Redemption fees	<u>—</u>	<u>44</u>
Decrease in Net Assets from Capital Share Transactions	<u>(91,140)</u>	<u>(757,662)</u>
Increase in Net Assets	<u>2,061,678</u>	<u>617,928</u>
NET ASSETS		
Beginning of Period	<u>8,440,036</u>	<u>7,822,108</u>
End of Period (Including line (a))	<u>\$ 10,501,714</u>	<u>\$ 8,440,036</u>
SHARE TRANSACTIONS		
Sale of shares	10,468	34,829
Redemption of shares	<u>(15,053)</u>	<u>(81,698)</u>
Decrease in Shares	<u>(4,585)</u>	<u>(46,869)</u>
 (a) Distributions in excess of net investment income.	 <u>\$ (47,260)</u>	 <u>\$ —</u>

See Notes to Financial Statements.

FOUNTAINHEAD SPECIAL VALUE FUND
FINANCIAL HIGHLIGHTS

These financial highlights reflect selected data for a share outstanding throughout each period.

	For the Six Months Ended April 30, 2011	For the Years Ended October 31,				
		2010	2009	2008	2007	2006
NET ASSET VALUE, Beginning of Period	<u>\$ 17.58</u>	<u>\$ 14.84</u>	<u>\$ 12.73</u>	<u>\$ 22.57</u>	<u>\$ 22.35</u>	<u>\$ 19.71</u>
INVESTMENT OPERATIONS						
Net investment loss (a)	(0.10)	(0.22)	(0.15)	(0.16)	(0.21)	(0.18)
Net realized and unrealized gain (loss)	<u>4.60</u>	<u>2.96</u>	<u>2.26</u>	<u>(9.27)</u>	<u>0.43</u>	<u>2.85</u>
Total from Investment Operations	<u>4.50</u>	<u>2.74</u>	<u>2.11</u>	<u>(9.43)</u>	<u>0.22</u>	<u>2.67</u>
DISTRIBUTIONS TO SHAREHOLDERS FROM						
Net investment income	—	—	—	—	—	(0.03)
Net realized gain	<u>—</u>	<u>—</u>	<u>—</u>	<u>(0.41)</u>	<u>—</u>	<u>—</u>
Total Distributions to Shareholders	<u>—</u>	<u>—</u>	<u>—</u>	<u>(0.41)</u>	<u>—</u>	<u>(0.03)</u>
REDEMPTION FEES (a)	<u>—</u>	<u>—(b)</u>	<u>—(b)</u>	<u>—(b)</u>	<u>—(b)</u>	<u>—(b)</u>
NET ASSET VALUE, End of Period	<u>\$ 22.08</u>	<u>\$ 17.58</u>	<u>\$ 14.84</u>	<u>\$ 12.73</u>	<u>\$ 22.57</u>	<u>\$ 22.35</u>
TOTAL RETURN	25.60% (c)	18.46%	16.58%	(42.45)%	0.98%	13.54%
RATIOS/SUPPLEMENTARY DATA						
Net Assets at End of Period (000's omitted)	\$10,502	\$8,440	\$7,822	\$7,728	\$16,482	\$16,928
Ratios to Average Net Assets:						
Net investment loss	(1.00)% (d)	(1.35)%	(1.17)%	(0.88)%	(0.92)%	(0.83)%
Net expense	1.75% (d)	1.75%	1.67%	1.50%	1.50%	1.50%
Gross expense (e)	3.55% (d)	4.04%	4.50%	3.18%	2.27%	2.25%
PORTFOLIO TURNOVER RATE	39% (c)	117%	103%	139%	133%	95%

(a) Calculated based on average shares outstanding during the period.

(b) Less than \$0.01 per share.

(c) Not annualized.

(d) Annualized.

(e) Reflects the expense ratio excluding any waivers and/or reimbursements.

See Notes to Financial Statements.

FOUNTAINHEAD SPECIAL VALUE FUND

NOTES TO FINANCIAL STATEMENTS

APRIL 30, 2011

Note 1. Organization

The Fountainhead Special Value Fund (the "Fund") is a diversified portfolio of Forum Funds (the "Trust"). The Trust is a Delaware statutory trust that is registered as an open-end, management investment company under the Investment Company Act of 1940 (the "Act"), as amended. Under its Trust Instrument, the Trust is authorized to issue an unlimited number of the Fund's shares of beneficial interest without par value. The Fund commenced operations on December 31, 1996. The Fund seeks long-term capital growth.

Note 2. Summary of Significant Accounting Policies

These financial statements are prepared in accordance with generally accepted accounting principles in the United States of America ("GAAP"), which require management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent liabilities at the date of the financial statements, and the reported amounts of increase and decrease in net assets from operations during the fiscal year. Actual amounts could differ from those estimates. The following summarizes the significant accounting policies of the Fund:

Security Valuation – Exchange-traded securities and over-the-counter securities are valued using the last quoted sale or official closing price, provided by independent pricing services as of the close of trading on the market or exchange for which they are primarily traded, on each Fund business day. In the absence of a sale, such securities are valued at the mean of the last bid and ask price provided by independent pricing services. Non-exchange traded securities for which quotations are available are valued using the last quoted sales price, or in the absence of a sale at the mean of the last bid and ask prices provided by independent pricing services. Short-term investments that mature in sixty days or less may be valued at amortized cost.

The Fund values its investments at fair value pursuant to procedures adopted by the Trust's Board of Trustees (the "Board") if (1) market quotations are insufficient or not readily available or (2) the adviser believes that the values available are unreliable. Fair valuation is based on subjective factors and as a result, the fair value price of an investment may differ from the security's market price and may not be the price at which the asset may be sold. Fair valuation could result in a different net asset value ("NAV") than a NAV determined by using market quotes.

The Fund has a three-tier fair value hierarchy. The basis of the tiers is dependent upon the various "inputs" used to determine the value of the Fund's investments. These inputs are summarized in the three broad levels listed below:

Level 1 — quoted prices in active markets for identical assets

Level 2 — other significant observable inputs (including quoted prices of similar securities, interest rates, prepayment speeds, credit risk, etc.)

Level 3 — significant unobservable inputs (including the Fund's own assumptions in determining the fair value of investments)

FOUNTAINHEAD SPECIAL VALUE FUND
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2011

The aggregate value by input level, as of April 30, 2011, for the Fund's investments is included at the end of the Fund's Schedule of Investments.

Security Transactions, Investment Income and Realized Gain and Loss – Investment transactions are accounted for on the trade date. Dividend income is recorded on the ex-dividend date. Foreign dividend income is recorded on the ex-dividend date or as soon as possible after the Fund determines the existence of a dividend declaration after exercising reasonable due diligence. Income and capital gains on some foreign securities may be subject to foreign withholding taxes, which are accrued as applicable. Interest income is recorded on an accrual basis. Premium and discount is amortized and accreted in accordance with GAAP. Identified cost of investments sold is used to determine the gain and loss for both financial statement and federal income tax purposes.

Distributions to Shareholders – Distributions to shareholders of net investment income and net capital gains, if any, are declared and paid at least annually. Distributions are based on amounts calculated in accordance with applicable federal income tax regulations, which may differ from GAAP. These differences are due primarily to differing treatments of income and gain on various investment securities held by the Fund, timing differences and differing characterizations of distributions made by the Fund.

Federal Taxes – The Fund intends to qualify each year as a regulated investment company under Subchapter M of the Internal Revenue Code and distribute all of its taxable income to shareholders. In addition, by distributing in each calendar year substantially all its net investment income and capital gains, if any, the Fund will not be subject to a federal excise tax. Therefore, no federal income or excise tax provision is required.

As of April 30, 2011, there are no uncertain tax positions that would require financial statement recognition, de-recognition, or disclosure. The Fund's federal tax returns filed in the three-year period ended October 31, 2010, remain subject to examination by the Internal Revenue Service.

Income and Expense Allocation – The Trust accounts separately for the assets, liabilities and operations of each of its investment portfolios. Expenses that are directly attributable to more than one investment portfolio are allocated among the respective investment portfolios in an equitable manner.

Redemption Fees – A shareholder who redeems or exchanges shares within 180 days of purchase will incur a redemption fee of 1.00% of the current net asset value of shares redeemed or exchanged, subject to certain limitations. The fee is charged for the benefit of the remaining shareholders and will be paid to the Fund to help offset transaction costs. The fee is accounted for as an addition to paid-in capital. The Fund reserves the right to modify the terms of or terminate the fee at any time. There are limited exceptions to the imposition of the redemption fee.

Commitments and Contingencies – In the normal course of business, the Fund enters into contracts that provide general indemnifications by the Fund to the counterparty to the contract. The Fund's maximum exposure under these arrangements is dependent on future claims that may be made against the Fund and, therefore, cannot be estimated; however, based on experience, the risk of loss from such claims is considered remote.

Note 3. Advisory Fees, Servicing Fees and Other Transactions

Investment Adviser – King Investment Advisors, Inc. (the “Adviser”) is the investment adviser to the Fund. Pursuant to an investment advisory agreement, the Adviser receives an advisory fee from the Fund at an annual rate of 0.90% of the Fund’s average daily net assets.

Distribution – Foreside Fund Services, LLC serves as the Fund’s distributor (the “Distributor”). The Distributor is not affiliated with the Adviser or Atlantic Fund Administration, LLC (d/b/a Atlantic Fund Services) (“Atlantic”) or their affiliates. The Distributor receives no compensation from the Fund for its distribution services.

Other Service Providers – Atlantic provides fund accounting, fund administration, and transfer agency services to the Fund. Atlantic also provides certain shareholder report production, and EDGAR conversion and filing services. Pursuant to an Atlantic services agreement, the Fund pays Atlantic customary fees for its services. Atlantic provides a Principal Executive Officer, a Principal Financial Officer, a Chief Compliance Officer, and an Anti-Money Laundering Officer to the Fund, as well as certain additional compliance support functions.

Trustees and Officers – The Trust pays each independent Trustee an annual retainer fee of \$45,000 for service to the Trust (\$66,000 for the Chairman). In addition, the Chairman receives a monthly stipend of \$500 to cover certain expenses incurred in connection with his duties to the Trust. The Trustees and Chairman may receive additional fees for special Board meetings. Each Trustee is also reimbursed for all reasonable out-of-pocket expenses incurred in connection with his duties as a Trustee, including travel and related expenses incurred in attending Board meetings. The amount of Trustees’ fees attributable to the Fund is disclosed in the Statement of Operations. Certain officers of the Trust are also officers or employees of the above named service providers, and during their terms of office received no compensation from the Fund.

Note 4. Expense Reimbursements and Fees Waived

The Adviser has contractually agreed to waive a portion of its fee and reimburse certain expenses through March 1, 2012, to limit annual operating expenses to 1.75%. Other fund service providers have voluntarily agreed to waive and reimburse a portion of their fees. These voluntary waivers and reimbursements may be reduced or eliminated at any time. For the six months ended April 30, 2011, fees waived and reimbursed were as follows:

<u>Investment Adviser Fees Waived</u>	<u>Fund Service Fees Waived</u>	<u>Total Fees Waived</u>
\$42,611	\$42,601	\$85,212

Note 5. Security Transactions

The cost of purchases and proceeds from sales of investment securities (including maturities), other than short-term investments for the six months ended April 30, 2011, were \$3,684,003 and \$3,859,200, respectively.

Note 6. Federal Income Tax and Investment Transactions

As of October 31, 2010, distributable earnings (accumulated losses) on a tax basis were as follows:

Capital and Other Losses	\$	(2,034,110)
Unrealized Appreciation		779,382
Total	\$	<u>(1,254,728)</u>

As of October 31, 2010, the Fund had capital loss carryforwards to offset future capital gains of \$1,471,240 and \$562,870, expiring in 2016 and 2017, respectively.

Note 7. Recent Accounting Pronouncements

In January 2010, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2010-06 “Improving Disclosures about Fair Value Measurements.” ASU No. 2010-06 clarifies existing disclosure and requires additional disclosures regarding fair value measurements. Effective for fiscal years beginning after December 15, 2010, and for interim periods within those fiscal years, entities will need to disclose information about purchases, sales, issuances and settlements of Level 3 securities on a gross basis, rather than as a net number as currently required. Management is currently evaluating the impact ASU No. 2010-06 will have on financial statement disclosures.

In May 2011, FASB issued ASU No. 2011-04 “Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs.” ASU No. 2011-04 establishes common requirements for measuring fair value and for disclosing information about fair value measurements in accordance with U.S. GAAP and International Financial Reporting Standards (“IFRSs”). ASU No. 2011-04 is effective for interim and annual periods beginning after December 15, 2011. Management is currently evaluating the impact ASU No. 2011-04 may have on financial statement disclosures.

Note 8. Subsequent Events

Subsequent events occurring after the date of this report through the date these financial statements were issued have been evaluated for potential impact and the Fund has had no such events.

FOUNTAINHEAD SPECIAL VALUE FUND

ADDITIONAL INFORMATION

APRIL 30, 2011

Investment Advisory Agreement Approval

At the December 2, 2010 Board meeting, the Board, including the Independent Trustees, considered the renewal of the investment advisory agreement pertaining to the Fund (the "Advisory Agreement"). In evaluating the Advisory Agreement for the Fund, the Board reviewed materials furnished by the Adviser and Atlantic, including information regarding the Adviser, its personnel, operations and financial condition. Specifically, the Board considered, among other matters: (1) the nature, extent and quality of the services to be provided to the Fund by the Adviser, including information on the investment performance of the Adviser; (2) the costs of the services to be provided and profitability to the Adviser with respect to its relationship with the Fund; (3) the advisory fee and the total expense ratio of the Fund compare to relevant peer groups of funds; (4) the extent to which economies of scale would be realized as the Fund grows and whether the advisory fee would enable the Fund's investors to share in the benefits of economies of scale; and (5) other benefits received by the Adviser from its relationship with the Fund. In their deliberations, the Board did not identify any particular information that was all-important or controlling and attributed different weights to the various factors. In particular, the Board focused on the factors discussed below.

Nature, Extent and Quality of Services

Based on a presentation from a senior representative of King Investment Advisors, Inc. (the "Adviser") and a discussion of the Adviser's personnel, operations and financial condition, the Board considered the quality of services provided by the Adviser under the Advisory Agreement. In this regard, the Board considered information regarding the experience, qualifications and professional background of the portfolio managers and other personnel at the Adviser with principal investment responsibility for the Fund's investments as well as the investment philosophy and decision-making processes of those professionals and the capability and integrity of the Adviser's senior management and staff. The Board considered the adequacy of the Adviser's resources and quality of services provided by the Adviser under the Advisory Agreement between the Trust and the Adviser.

The Board also considered the quality of the Adviser's services with respect to regulatory compliance and compliance with client investment policies and restrictions as well as the financial condition and operational stability of the Adviser. The Board noted the Adviser's representation that the firm is financially stable and able to provide investment advisory services to the Fund.

Based on the foregoing, the Board concluded that the nature, extent and quality of services provided to the Fund under the Advisory Agreement were appropriate in light of its investment objective and, thus, supported a decision to approve the Advisory Agreement.

Costs of Services and Profitability

The Board considered information provided by the Adviser regarding its costs of services and its profitability with respect to the Funds. In this regard, the Board considered the Adviser's representation that it does not allocate its expenses on a fund level, and that, as a result, a detailed cost analysis is not available. Based on these and other applicable considerations, the Board concluded that the Adviser's profit attributable to management of the Fund were not a material factor in approving the Agreement.

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Performance

The Board reviewed performance of the Fund and the Adviser's discussion of its investment philosophy. The Board noted that the Fund had underperformed its benchmark index for the 1-, 3-, 5- and 10-year periods (annualized) ended September 30, 2010. The Board also noted that the 1-year period (annualized) performance was strong and recognized that matching or surpassing the benchmark index was difficult in the current economy, especially when the Adviser was trying to appropriately hedge risk. The Board also considered the Adviser's representation that the Fund was performing in the top 15% of its peer group in terms of year-to-date performance. The Board concluded that the Fund's performance was reasonable in comparison to its peers and benchmark and that the Fund could benefit from the Adviser's management of the Fund.

Compensation

The Board considered the Adviser's compensation for providing advisory services to the Fund and analyzed comparative information regarding fee rates and total expenses of similar mutual funds. The Board noted that the Adviser's actual advisory fee rate was the lowest of its Lipper Inc. peer group. The Board also noted that the Fund's actual total expense ratio was the highest of its Lipper Inc. peer group. The Board considered that the Adviser has a contractual expense limitation agreement in place through February 28, 2011 to limit the total annual operating expenses of the Fund to 1.75% of average daily net assets. Based on the foregoing, the Board concluded that King's advisory fee rate charged to the Fund appeared to be within a reasonable range in light of the services it provides to the Fund.

Economies of Scale

The Board considered whether the Funds would benefit from any economies of scale. In this respect, the Board noted the Adviser's representation that the Fund could benefit from economies of scale as assets grow, but the Adviser currently is not proposing breakpoints or changes in fees at this time. Based on the foregoing information, the Board concluded that economies of scale were not a material factor in approving the Advisory Agreement.

Other Benefits

The Board noted the Adviser's representation that, aside from broadening its product base, it does not benefit in a material way from its relationship with the Fund. Based on the foregoing representation, the Board concluded that other benefits received by the Adviser from its relationship with the Fund were not a material factor to consider in approving the continuation of the Advisory Agreement.

Conclusion

The Board did not identify any single factor as being of paramount importance, and different Trustees may have given different weight to different factors. The Board reviewed a memorandum from Trust counsel discussing the legal standards applicable to its consideration of the Advisory Agreement. Based on its review, including consideration of each of the factors referenced above, the Board determined, in the exercise of its business judgment, that the advisory arrangement, as outlined in the Advisory Agreement, was fair and

FOUNTAINHEAD SPECIAL VALUE FUND**ADDITIONAL INFORMATION**APRIL 30, 2011

reasonable in light of the services performed, expenses incurred and such other matters as the Board considered relevant in the exercise of its reasonable business judgment.

Proxy Voting Information

A description of the policies and procedures that the Fund uses to determine how to vote proxies relating to securities held in the Fund's portfolio is available, without charge and upon request, by calling (800) 868-9535 and on the SEC's website at www.sec.gov. The Fund's proxy voting record for the most recent twelve-month period ended June 30 is available, without charge and upon request, by calling (800) 868-9535 and on the SEC's website at www.sec.gov.

Availability of Quarterly Portfolio Schedules

The Fund files its complete schedule of portfolio holdings with the SEC for the first and third quarters of each fiscal year on Form N-Q. The Fund's Forms N-Q are available, without charge and upon request on the SEC's website at www.sec.gov or may be reviewed and copied at the SEC's Public Reference Room in Washington, DC. Information on the operation of the Public Reference Room may be obtained by calling (800) SEC-0330.

Shareholder Expense Example

As a shareholder of the Fund, you incur two types of costs: (1) transaction costs, including redemption fees, and (2) ongoing costs, including management fees and other Fund expenses. This example is intended to help you understand your ongoing costs (in dollars) of investing in the Fund, and to compare these costs with the ongoing costs of investing in other mutual funds.

The example is based on an investment of \$1,000 invested at the beginning of the period and held for the entire period from November 1, 2010, through April 30, 2011.

Actual Expenses – The first line in the table below provides information about actual account values and actual expenses. You may use the information in this line, together with the amount you invested, to estimate the expenses that you paid over the period. Simply divide your account value by \$1,000 (for example, an \$8,600 account value divided by \$1,000 = 8.6), then multiply the result by the number in the first line under the heading "Expenses Paid During Period" to estimate the expenses you paid on your account during the period.

Hypothetical Example for Comparison Purposes – The second line of the table below provides information about hypothetical account values and hypothetical expenses based on the Fund's actual expense ratio and an assumed rate of return of 5% per year before expenses, which is not the Fund's actual return. The hypothetical account values and expenses may not be used to estimate the actual ending balance or expenses you paid for the period. You may use this information to compare the ongoing cost of investing in the Fund and other funds. To do so, compare this 5% hypothetical example with the 5% hypothetical examples that appear in the shareholder reports of other funds.

Please note that expenses shown in the table are meant to highlight your ongoing costs only and do not

FOUNTAINHEAD SPECIAL VALUE FUND**ADDITIONAL INFORMATION****APRIL 30, 2011**

reflect any transactional costs, such as redemption fees. Therefore, the second line of the table is useful in comparing ongoing costs only, and will not help you determine the relative total costs of owning different funds. In addition, if these transactional costs had been included, your costs would have been higher.

	<u>Beginning Account Value November 1, 2010</u>	<u>Ending Account Value April 30, 2011</u>	<u>Expenses Paid During Period*</u>	<u>Annualized Expense Ratio*</u>
Actual	\$ 1,000.00	\$ 1,255.98	\$ 9.79	1.75%
Hypothetical (5% return before taxes)	\$ 1,000.00	\$ 1,016.12	\$ 8.75	1.75%

* Expenses are equal to the Fund's annualized expense ratio as indicated above multiplied by the average account value over the period, multiplied by the number of days in the most recent fiscal half-year divided by 365 to reflect the half-year period.



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This report is submitted for the general information of the shareholders of the Fund. It is not authorized for distribution to prospective investors unless preceded or accompanied by an effective prospectus, which includes information regarding the Fund's risks, objectives, fees and expenses, experience of its management and other information.