



GKM Growth Fund

**Annual Report
July 31, 2009**

GKM Growth Fund

September 15, 2009

Dear Shareholders:

We closed our eighth fiscal year on July 31, 2009 and I would like to thank you for joining us as shareholders of the GKM Growth Fund (the "Fund"). All of us at First Western Investment Management, Inc. continue to share a common goal – help our clients realize their financial objectives through the long-term compounding of capital.

GKM Growth Fund Performance

The GKM Growth Fund maintains a long-term investment philosophy and, therefore, the core disciplines we write about over the years do not change. What does change is the economic environment. We are writing this letter on the one-year anniversary of the Lehman Brothers bankruptcy. That unique event (NOT TOO BIG TO FAIL) led to a cascade of financial failures, frozen credit markets, and precipitous declines in worldwide stock markets. Businesses went into a hasty and sharp retreat. Fear was palpable. This fear traveled worldwide at sonic speed.

The Federal Reserve, under the leadership of Ben Bernanke, began a series of extraordinary actions to attempt to stem a tsunami of financial floods. Mr. Bernanke, to this nation's benefit, was an expert on the depression – that being his special area of study.

The "Fed" and the Treasury, as well as many others, urged Congress to create a tremendous stimulus program. This resulted in the greatest expansion of both fiscal and monetary resources in history.

For the fiscal year ended July 31, 2009, the Fund declined 16.54% vs. a decline for the S&P 500 Index of 19.96% taking our since inception performance, dating back to December 28th, 2001, to a cumulative gain of 6.9% vs. the S&P 500 Index's cumulative loss of 1.5%. Since inception, the Fund has realized an average annualized return of 0.9% vs. the S&P 500 Index's average annualized return of -0.2%.

The two biggest contributors to the Fund's performance this year were our lack of interest in Financials and our heavy interest in Information Technology. Financials make up 14% of the S&P 500 Index and was the worst performing sector, dropping 40%. As of fiscal year end July 31, 2009, we held no financial stocks in the portfolio. Our Information Technology weighting of 52% was more than two and a half times the weighting of the S&P 500 Index of 19%, which favorably impacted the Fund as the sector was one of the best performing sectors of the S&P 500 Index during the Fund's fiscal year.

The Fund underperformed in two of the 10 S&P 500 Index sectors this last fiscal year: Health Care and Consumer Discretionary. While we held a less than half weighting in the Consumer Discretionary sector at fiscal year end, our two Consumer Discretionary companies were down a combined 24% vs. a minus 11% for that sector as a whole. We also underperformed in the Health Care sector (-17% vs. -13%) with twice the weighting when compared to the S&P 500 Index. The underperformance of these two sectors along with the leverage in the Fund's portfolio negatively impacted the performance of the Fund during the fiscal year.

As stated in last year's annual letter and worth repeating, over the life of the Fund we have avoided non-traditional growth areas in the economy, some of which have performed quite well. As an example, over the life of the Fund, only four S&P 500 Index sectors have produced positive returns: Energy (+83%), Materials (+31%), Consumer Staples (+15%), and Utilities (+1%) all of which we consider as non-traditional growth sectors. While the Fund currently maintains twice the market weighting in the Materials sector, the Fund has not held positions in either Energy or Utilities and we currently hold less than half the market weighting in the Consumer Staples sector. The dominant performance of Energy and Utilities, non-traditional growth sectors, has negatively impacted the Fund's performance relative to the S&P 500 Index over the life of the Fund.

Also consistent over the life of the Fund, our largest concentrations have been and continue to be in what we consider to be the most dynamic, growing and profitable areas of the economy: Information Technology (52%) and Health Care (26%), which currently represent 78% of the Fund's portfolio. The Fund's performance is clearly driven by these growing areas of the economy as well as avoidance of troubled industries such as Automobiles and Airlines. This has served us well over the life of the Fund.

Another reason we have over weighted the Information Technology and Health Care sectors in the portfolio is the above average international exposure both areas have relative to other areas of the economy. We believe foreign sales will continue to grow as a percentage of total global revenues especially in the so called "BRIC" nations of Brazil, Russia, India and China and other emerging nations. Standard & Poor's reports that companies in the S&P 500 Index increased the percentage of sales outside the U.S. to 48% in 2008 with the Information Technology sector having the highest percentage of foreign sales at 55%. Additionally, low inflation and interest rates paired with unprecedented U.S. budget and trade deficits have laid the foundation for a weak U.S. dollar, which works favorably towards translating foreign sales into additional U.S. income.

Risk Management and Diversification

Our investment philosophy dictates that we pay attention to the management of risk. We define risk simply as the permanent loss of capital. We endeavor to manage risk by investing in what we consider to be superior companies with profitable operating histories and managements focused towards building and maintaining defendable franchises with ample cash flows and sound balance sheets. Additionally, we manage sector risk by diversifying among growing sectors of the economy that we believe will show continuous growth over many years. It is important to note that at times our security selection process results in the Fund being more or less concentrated in various sectors of the S&P 500 Index; thus, potentially adding to the Fund's sector risk.

Finally, we mitigate specific stock risk through holding a diversified portfolio of companies in the Fund. As of July 31, 2009, the Fund held positions in 49 companies, with the Fund's top 10 holdings representing 38% of the Fund and the largest holding representing 5.5% of the Fund's net assets.

Portfolio Turnover

We do not confuse activity with progress. The average portfolio turnover ratio within the mutual fund industry is currently in excess of 100%, meaning that the average stock holding period for

most funds is less than 1 year. The average of the Fund's portfolio turnover ratios for each of the first eight full fiscal years is 7.625%, which means that we hold our positions an average of 13 years, or 13 times as long as the average fund. It's important to understand that it is impossible to outperform the S&P 500 Index, as we have done over the long-term with low turnover, unless you're buying the right companies in the first place. Our turnover ratio for the fiscal year ended July 31, 2009 was 12%.

Our low turnover rate also has the added benefit of minimizing what can be a potentially large drag on investment performance – taxes. Industry studies have shown that the performance of the average fund with an average turnover ratio (100%) can drag performance down by 2% annually. This 2% drag is something we attempt to avoid by seeking out good long-term investments.

Market Commentary

Economic cycles have unique characteristics, with the current pullback no exception. This has been the most globally integrated economic contraction, dare we say it, since the Great Depression. We now find ourselves just six months later having witnessed a rise in excess of 50% in the U.S. equity markets. The consumer remains deeply wounded due to the lack of employment opportunities and stagnant incomes. We have excess manufacturing and human capital. We don't believe the bulwark of U.S. consumer spending will return to the heady days of years past until we see a significant improvement in employment and pickup in income. However, it is very noteworthy that there is a modest improvement in employee income just reported.

On the positive side, Corporate America is lean, well capitalized and poised for profitable growth subject to any upward economic adjustment. We believe the damage done to the consumer to be considerable, therefore allowing for a low interest rate and low inflationary environment for some time to come. We have not had an extended period of low inflation and interest rates since the 1950's through the mid 1960's, which should be greatly conducive to higher stock multiples moving forward.

A core investment philosophy of ours is to follow the cash. Corporate America's balance sheet remains in good shape, especially in the areas of Information Technology and Health Care. We're investing in medical companies with strong balance sheets, relatively strong sales growth and an aging demographic providing increasing demand for decades to come. Many of the best Health Care companies offer an added advantage in today's low interest rate environment – yields in excess of government bonds.

In a low growth environment, top line sales growth becomes even more valuable. Information technology is exhibiting what we believe to be the most attractive, non-inflationary unit sales growth available, trading at valuations not seen since the mid-1990's. We look for technology companies that provide productivity-enhancing products or platform technologies that enable corporations to run more efficiently.

Summary

Looking forward, we always keep fundamentals at the forefront of our thinking. The ABC's of this approach consist of interest rates, inflation rates, and confidence. The trauma of this terrible period has allowed for historic lows in both interest and inflation rates. For the bulk of this year the confidence portion of this formula was based on fear.

As confidence returns, investment returns should improve as well.

Sincerely,

Timothy J. Wahl, CPA
President and Co-Portfolio Manager
GKM Funds

Past performance is not predictive of future performance. Investment results and principal value will fluctuate so that shares, when redeemed, may be worth more or less than their original cost. Current performance may be higher or lower than the performance data quoted. Performance data, current to the most recent month-end, are available at www.gkmfunds.com.

An investor should consider the investment objectives, risks, charges and expenses of the Fund carefully before investing. The Fund's prospectus contains this and other important information. To obtain a copy of the Fund's prospectus please visit www.gkmfunds.com or call 1-888-456-9518 and a copy will be sent to you free of charge. Please read the prospectus carefully before you invest. The GKM Growth Fund is distributed by Ultimus Fund Distributors, LLC.

The Letter to Shareholders seeks to describe some of the adviser's current opinions and views of the financial markets. Although the adviser believes it has a reasonable basis for any opinions or views expressed, actual results may differ, sometimes significantly so, from those expected or expressed.

The GKM Growth Fund's gross annualized expense ratio was 1.70% during the year ended July 31, 2009. For the fiscal year ended July 31, 2008, the Fund's gross annualized expense ratio was 1.83%.

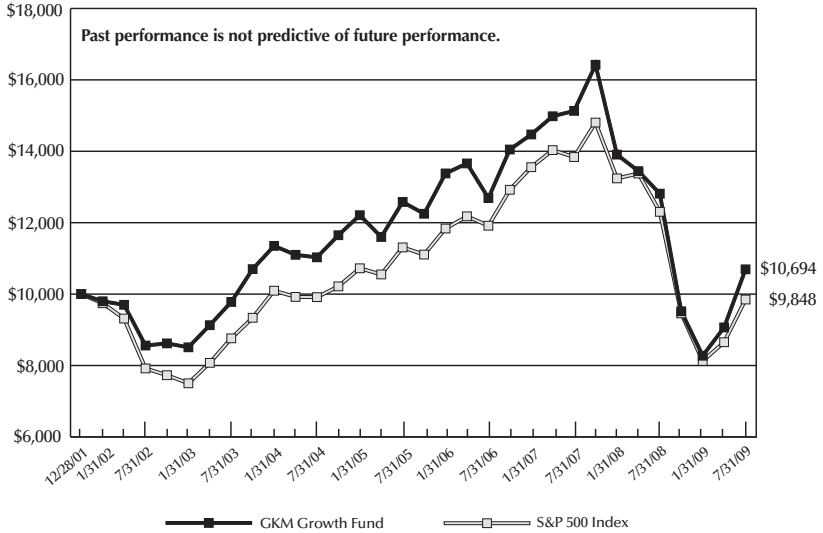
GKM Funds

GKM Growth Fund

Performance Information

July 31, 2009 (Unaudited)

Comparison of the Change in Value of a \$10,000 Investment in
GKM Growth Fund and the S&P 500 Index



Average Annual Total Returns*			
(for periods ended July 31, 2009)			
	1 Year	5 Years	Since Inception**
GKM Growth Fund ^(a)	-16.54%	-0.62%	0.89%
S&P 500 Index	-19.96%	-0.14%	-0.20%

^(a) The Fund's expense ratio is 1.70%.

* The total returns shown do not reflect the deduction of taxes that a shareholder would pay on Fund distributions or the redemption of Fund shares.

**Initial public offering of shares was December 28, 2001.

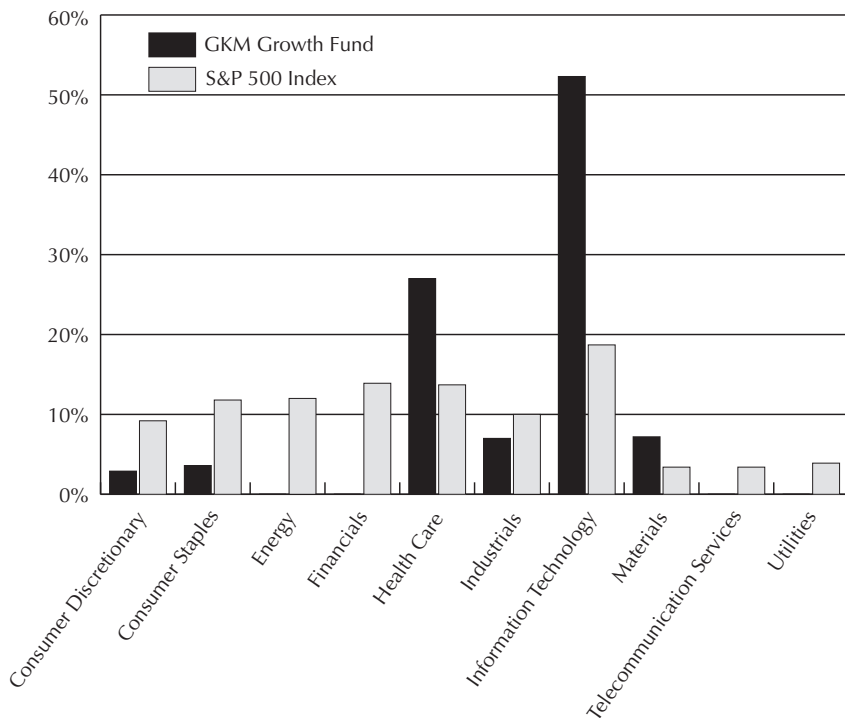
GKM Funds

GKM Growth Fund

Portfolio Information

July 31, 2009 (Unaudited)

Sector Concentration vs. the S&P 500 Index (% of Total Investments)



Top 10 Equity Holdings

Security Description	% of Net Assets
Google, Inc. - Class A	5.5%
Apple, Inc.	4.8%
International Business Machines Corporation	4.7%
Intuit, Inc.	3.7%
Applied Materials, Inc.	3.6%
Citrix Systems, Inc.	3.3%
Microsoft Corporation	3.3%
Scotts Miracle-Gro Company (The) - Class A	3.2%
Trimble Navigation Ltd.	3.1%
Teva Pharmaceutical Industries Ltd. - ADR	3.0%

GKM Funds

GKM Growth Fund

Schedule of Investments

July 31, 2009

Common Stocks — 105.4%	Shares	Value
Consumer Discretionary — 3.1%		
Household Durables — 2.0%		
Garmin Ltd.	20,800	\$ 575,328
Specialty Retail — 1.1%		
PetSmart, Inc.	13,700	306,469
Consumer Staples — 3.8%		
Beverages — 1.2%		
Coca-Cola Company (The)	7,000	348,880
Food & Staples Retailing — 0.9%		
SYSCO Corporation	10,500	249,480
Personal Products — 1.7%		
Alberto-Culver Company	19,000	486,780
Health Care — 28.5%		
Biotechnology — 1.0%		
Celgene Corporation*	5,000	284,800
Health Care Equipment & Supplies — 13.9%		
Alcon, Inc.	4,000	510,400
Baxter International, Inc.	9,000	507,330
Conceptus, Inc.*	22,500	377,775
C.R. Bard, Inc.	3,500	257,495
Intuitive Surgical, Inc.*	3,000	681,960
Kinetic Concepts, Inc.*	10,000	316,200
Medtronic, Inc.	21,000	743,820
St. Jude Medical, Inc.*	8,000	301,680
Stryker Corporation	7,500	291,600
		<u>3,988,260</u>
Health Care Providers & Services — 2.3%		
Henry Schein, Inc.*	12,700	652,526
Life Sciences Tools & Services — 4.9%		
Covance, Inc.*	11,400	628,710
Dionex Corporation*	9,500	626,145
Pharmaceutical Product Development, Inc.	7,300	151,621
		<u>1,406,476</u>

GKM Funds

GKM Growth Fund

Schedule of Investments (Continued)

Common Stocks — 105.4% (Continued)	Shares	Value
Health Care — 28.5% (Continued)		
Pharmaceuticals — 6.4%		
Abbott Laboratories	9,000	\$ 404,910
Johnson & Johnson.....	4,600	280,094
Merck & Company, Inc.	10,000	300,100
Teva Pharmaceutical Industries Ltd. - ADR.....	16,000	853,440
		<u>1,838,544</u>
Industrials — 7.4%		
Air Freight & Logistics — 1.2%		
FedEx Corporation	5,300	<u>359,552</u>
Commercial Services & Supplies — 1.4%		
Waste Management, Inc.	14,700	<u>413,217</u>
Industrial Conglomerates — 1.8%		
3M Company	7,300	<u>514,796</u>
Machinery — 1.9%		
Pall Corporation	18,100	<u>544,448</u>
Road & Rail — 1.1%		
Norfolk Southern Corporation	7,000	<u>302,750</u>
Information Technology — 55.1%		
Communications Equipment — 5.1%		
Cisco Systems, Inc.*	38,000	836,380
QUALCOMM, Inc.	13,700	633,077
		<u>1,469,457</u>
Computers & Peripherals — 14.3%		
Apple, Inc.*	8,500	1,388,815
EMC Corporation*	45,000	677,700
Hewlett-Packard Company	15,600	675,480
International Business Machines Corporation.....	11,500	1,356,195
		<u>4,098,190</u>
Electronic Equipment, Instruments & Components — 5.3%		
Flextronics International Ltd.*	120,000	638,400
Trimble Navigation Ltd.*	37,800	896,238
		<u>1,534,638</u>
Internet Software & Services — 5.5%		
Google, Inc. - Class A*.....	3,600	<u>1,594,980</u>

GKM Funds

GKM Growth Fund

Schedule of Investments (Continued)

Common Stocks — 105.4% (Continued)	Shares	Value
Information Technology — 55.1% (Continued)		
IT Services — 5.6%		
Accenture Ltd. - Class A	17,900	\$ 627,753
Automatic Data Processing, Inc.	14,000	521,500
Paychex, Inc.	17,000	450,500
		<u>1,599,753</u>
Semiconductors & Semiconductor Equipment — 4.5%		
Applied Materials, Inc.	75,000	1,035,000
Intel Corporation	13,700	263,725
		<u>1,298,725</u>
Software — 14.8%		
Adobe Systems, Inc.*	19,000	615,980
Citrix Systems, Inc.*	27,000	961,200
Intuit, Inc.*	36,000	1,069,200
Microsoft Corporation	40,000	940,800
Oracle Corporation	30,000	663,900
		<u>4,251,080</u>
Materials — 7.5%		
Chemicals — 7.5%		
Ecolab, Inc.	12,700	527,177
Monsanto Company	1,000	84,000
Scotts Miracle-Gro Company (The) - Class A	23,600	921,580
Sigma-Aldrich Corporation	12,600	639,450
		<u>2,172,207</u>
Total Common Stocks (Cost \$25,650,116)		<u>\$ 30,291,336</u>

GKM Funds

GKM Growth Fund

Schedule of Investments (Continued)

Money Market Funds — 0.0%	Shares	Value
First American Treasury Obligations Fund - Class Y, 0.004% ^(a) (Cost \$405)	405	\$ 405
Total Investments at Value^(b) — 105.4% (Cost \$25,650,521)		\$ 30,291,741
Liabilities in Excess of Other Assets — (5.4%)		(1,564,363)
Total Net Assets — 100.0%		<u>\$ 28,727,378</u>

ADR - American Depositary Receipt.

* Non-income producing security.

^(a) Variable rate security. Rate shown is the 7-day effective yield as of July 31, 2009.

^(b) All securities are pledged as collateral for the Fund's bank line of credit (Note 4).

See accompanying notes to financial statements.

GKM Funds

GKM Growth Fund

Statement of Assets and Liabilities

July 31, 2009

ASSETS

Investments in securities:

At acquisition cost.....	\$ 25,650,521
At value (Note 1).....	\$ 30,291,741
Dividends receivable.....	11,740
Receivable for capital shares sold	2,060
Prepaid Trustees' fees	741
Other assets	193
Total Assets	<u>30,306,475</u>

LIABILITIES

Line of credit payable (Note 4)	1,544,150
Accrued investment advisory fees (Note 3)	31,325
Other liabilities	3,622
Total Liabilities	<u>1,579,097</u>

NET ASSETS \$ 28,727,378

Net assets consist of:

Paid-in capital	\$ 29,184,092
Accumulated net realized losses from security transactions	(5,097,934)
Net unrealized appreciation on investments	4,641,220
Net assets	<u>\$ 28,727,378</u>

Shares of beneficial interest outstanding (unlimited number of shares authorized, no par value) 2,696,413

Net asset value, redemption price and offering price per share (Note 1)..... \$ 10.65

See accompanying notes to financial statements.

GKM Funds

GKM Growth Fund

Statement of Operations

For the Year Ended July 31, 2009

INVESTMENT INCOME

Dividends (Net of foreign tax of \$7,762) \$ 398,536

EXPENSES

Investment advisory fees (Note 3) 395,835

Trustees' fees (Note 3) 3,000

Interest expense (Note 4)..... 80,859

Total Expenses..... 479,694

NET INVESTMENT LOSS (81,158)

REALIZED AND UNREALIZED LOSSES ON INVESTMENTS

Net realized losses from security transactions (4,621,460)

Net change in unrealized appreciation/depreciation on investments..... (2,935,674)

NET REALIZED AND UNREALIZED LOSSES ON INVESTMENTS..... (7,557,134)

NET DECREASE IN NET ASSETS FROM OPERATIONS..... \$ (7,638,292)

See accompanying notes to financial statements.

GKM Funds

GKM Growth Fund

Statements of Changes in Net Assets

	Year Ended July 31, 2009	Year Ended July 31, 2008
FROM OPERATIONS		
Net investment loss	\$ (81,158)	\$ (293,089)
Net realized losses from security transactions	(4,621,460)	(224,506)
Net change in unrealized appreciation/ depreciation on investments	<u>(2,935,674)</u>	<u>(7,073,845)</u>
Net decrease in net assets resulting from operations	<u>(7,638,292)</u>	<u>(7,591,440)</u>
DISTRIBUTIONS TO SHAREHOLDERS		
From net investment income	<u>—</u>	<u>(171,453)</u>
FROM CAPITAL SHARE TRANSACTIONS		
Proceeds from shares sold	2,066,377	6,729,472
Net asset value of shares issued in reinvestment of distributions to shareholders	—	146,792
Payments for shares redeemed	<u>(6,376,565)</u>	<u>(7,964,742)</u>
Net decrease in net assets from capital share transactions	<u>(4,310,188)</u>	<u>(1,088,478)</u>
TOTAL DECREASE IN NET ASSETS	(11,948,480)	(8,851,371)
NET ASSETS		
Beginning of year	<u>40,675,858</u>	<u>49,527,229</u>
End of year	<u>\$ 28,727,378</u>	<u>\$ 40,675,858</u>
UNDISTRIBUTED NET INVESTMENT INCOME	<u>\$ —</u>	<u>\$ —</u>
CAPITAL SHARE ACTIVITY		
Shares sold	226,653	473,212
Shares reinvested	—	9,657
Shares redeemed	<u>(718,611)</u>	<u>(569,300)</u>
Net decrease in shares outstanding	(491,958)	(86,431)
Shares outstanding, beginning of year	<u>3,188,371</u>	<u>3,274,802</u>
Shares outstanding, end of year	<u>2,696,413</u>	<u>3,188,371</u>

See accompanying notes to financial statements.

GKM Funds

GKM Growth Fund

Statement of Cash Flows

For the Year Ended July 31, 2009

CASH FLOWS FROM OPERATING ACTIVITIES

Net decrease in net assets resulting from operations	\$ (7,638,292)
Adjustments to reconcile net decrease in net assets resulting from operations to net cash provided by operating activities:	
Net realized losses from security transactions and litigation settlements.....	4,621,460
Unrealized depreciation on investments	2,935,674
Decrease in dividend receivable	7,224
Decrease in other assets	1
Proceeds from investment securities litigation settlements.....	3,958
Purchase of investment securities	(3,745,066)
Purchase of short-term investments, net	(141)
Proceeds from sale of investment securities.....	10,596,121
Decrease in other liabilities.....	(12,442)
Decrease in accrued investment advisory fees	(3,697)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>6,764,800</u>

CASH FLOWS FROM FINANCING ACTIVITIES

Decrease in line of credit payable.....	(2,454,960)
Decrease in receivable for capital shares sold.....	348
Payment for shares redeemed, net	<u>(4,310,188)</u>
NET CASH USED IN FINANCING ACTIVITIES.....	<u>(6,764,800)</u>

NET CHANGE IN CASH.....

Cash, beginning of year.....	—
Cash, end of year	<u>\$ —</u>

See accompanying notes to financial statements.

GKM Funds

GKM Growth Fund

Financial Highlights

Per Share Data and Ratios for a Share Outstanding Throughout Each Year

	Years Ended				
	July 31, 2009	July 31, 2008	July 31, 2007	July 31, 2006	July 31, 2005
Net asset value at beginning of year	\$ 12.76	\$ 15.12	\$ 12.69	\$ 12.58	\$ 11.03
Income (loss) from investment operations:					
Net investment income (loss)	(0.03)	(0.09)	0.06	(0.06)	(0.03)
Net realized and unrealized gains (losses) on investments	(2.08)	(2.22)	2.38	0.17	1.58
Total from investment operations	(2.11)	(2.31)	2.44	0.11	1.55
Less distributions from:					
Net investment income	—	(0.05)	(0.01)	—	—
Net asset value at end of year	\$ 10.65	\$ 12.76	\$ 15.12	\$ 12.69	\$ 12.58
Total return ^(a)	(16.54%)	(15.32%)	19.24%	0.87%	14.05%
Net assets at end of year (000's)	\$ 28,727	\$ 40,676	\$ 49,527	\$ 38,687	\$ 35,808
Ratio of expenses to average net assets..	1.70%	1.83%	1.41%	1.41%	1.41%
Ratio of expenses to average net assets excluding borrowing costs	1.41%	1.41%	1.41%	1.41%	1.41%
Ratio of net investment income (loss) to average net assets	(0.29%)	(0.63%)	0.45%	(0.47%)	(0.28%)
Portfolio turnover rate	12%	9%	3%	12%	11%

^(a) Total return is a measure of the change in value of an investment in the Fund over the periods covered, which assumes any dividends or capital gains distributions are reinvested in shares of the Fund. Returns shown do not reflect the deduction of taxes a shareholder would pay on Fund distributions or the redemption of Fund shares.

See accompanying notes to financial statements.

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Notes to Financial Statements

July 31, 2009

1. Organization and Significant Accounting Policies

The GKM Growth Fund (the "Fund") is a diversified series of The GKM Funds (the "Trust"), an open-end management investment company established under the laws of Ohio by an Agreement and Declaration of Trust dated October 2, 2001. The public offering of shares of the Fund commenced on December 28, 2001. The Fund had no operations prior to the public offering of shares except for the initial issuance of shares.

The investment objective of the Fund is long-term capital appreciation.

Securities valuation – Equity securities of the Fund generally are valued by using market quotations, but may be valued on the basis of prices furnished by a pricing service when the Adviser believes such prices accurately reflect the fair market value of such securities. Securities that are traded on any stock exchange are generally valued at the last quoted sale price. Lacking a last sale price, an exchange traded security is generally valued at its last bid price. Securities traded on NASDAQ are valued at the NASDAQ Official Closing Price. When market quotations are not readily available, when the Adviser determines that the market quotation or the price provided by the pricing service does not accurately reflect the current market value or when restricted securities are being valued, such securities are valued as determined in good faith by the Adviser, in conformity with guidelines adopted by and subject to review of the Board of Trustees of the Trust.

The Financial Accounting Standards Board's ("FASB") Statement on Financial Accounting Standards No. 157 "Fair Value Measurements" establishes a single authoritative definition of fair value, sets out a framework for measuring fair value and requires additional disclosures about fair value measurements.

Various inputs are used in determining 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 securities
- Level 2 – other significant observable inputs
- Level 3 – significant unobservable inputs

The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

In April 2009, FASB issued Staff Position No. 157-4, "Determining Fair Value When the Volume and Level of Activity for the Asset or Liability Have Significantly Decreased and Identifying Transactions That Are Not Orderly" ("FSP 157-4" or the "Position"). FSP 157-4 provides additional guidance for estimating fair value when the volume and level of activity has significantly decreased in relation to normal market activity for the asset or liability. The Position

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Notes to Financial Statements (Continued)

also provides additional guidance on circumstances that may indicate that a transaction is not orderly and requires additional disclosures in annual and interim reporting periods. FSP 157-4 is effective for fiscal periods and interim periods ending after June 15, 2009. Management has evaluated the impact of FSP 157-4 and has concluded that FSP 157-4 has no impact on these financial statements.

As of July 31, 2009, all of the securities held by the Fund were valued using Level 1 inputs. See the Fund's Schedule of Investments for a listing of the securities valued using Level 1 inputs by security type and industry type as required by FSP 157-4.

Share valuation – The net asset value of the Fund's shares is calculated at the close of trading on the New York Stock Exchange (normally 4:00 p.m., Eastern time) on each day that the Trust is open for business. The net asset value is calculated by dividing the value of the Fund's total assets, minus liabilities, by the total number of shares outstanding. The offering price and redemption price per share are equal to the net asset value per share.

Security transactions and investment income – Security transactions are accounted for on trade date. Gains and losses on securities sold are determined on a specific identification basis. Dividend income is recorded on the ex-dividend date. Interest income is accrued as earned. Withholding taxes on foreign dividends have been provided for in accordance with the Fund's understanding of the applicable country's tax rules and rates.

Distributions to shareholders – Dividends arising from net investment income and net capital gains, if any, are declared and paid annually in December. The amount of distributions from net investment income and net realized gains are determined in accordance with income tax regulations which may differ from accounting principles generally accepted in the United States of America. There were no distributions during the year ended July 31, 2009. The tax character of distributions paid during the year ended July 31, 2008 was ordinary income.

Estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period. Actual results could differ from those estimates.

Federal income tax – It is the Fund's policy to comply with the special provisions of Subchapter M of the Internal Revenue Code applicable to regulated investment companies. As provided therein, in any fiscal year in which the Fund so qualifies and distributes at least 90% of its taxable net income, the Fund (but not its shareholders) will be relieved of federal income tax on the income distributed. Accordingly, no provisions for income taxes have been made.

In order to avoid imposition of the excise tax applicable to regulated investment companies, it is also the Fund's intention to declare as dividends in each calendar year at least 98% of its net investment income (earned during the calendar year) and 98% of its net realized capital gains (earned during the twelve months ended October 31) plus undistributed amounts from prior years.

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GKM Growth Fund

Notes to Financial Statements (Continued)

The following information is computed on a tax basis for each item as of July 31, 2009:

Cost of portfolio investments.....	\$ 25,650,521
Gross unrealized appreciation	\$ 7,179,705
Gross unrealized depreciation	(2,538,485)
Net unrealized appreciation	\$ 4,641,220
Capital loss carryforwards.....	(1,940,291)
Post-October losses.....	(3,157,643)
Total accumulated deficit	\$ (456,714)

As of July 31, 2009, the Fund had capital loss carryforwards of \$1,940,291, of which \$97,687 expires July 31, 2012, \$149,434 expires July 31, 2013, \$4,847 expires July 31, 2014, \$570 expires July 31, 2016 and \$1,687,753 expires July 31, 2017. In addition, the Fund had net realized losses of \$3,157,643 during the period November 1, 2008 through July 31, 2009, which are treated for federal income tax purposes as arising during the Fund's tax year ending July 31, 2010. These capital loss carryforwards and "post-October" losses may be utilized in future years to offset net realized capital gains, if any, prior to distributing such gains to shareholders.

For the year ended July 31, 2009, the Fund reclassified \$81,158 of net investment loss against paid-in capital on the Statement of Assets and Liabilities. Such reclassification, the result of permanent differences between financial statement and income tax reporting requirements, had no effect on the Fund's net assets or net asset value per share.

FASB's Interpretation No. 48 ("FIN 48") "Accounting for Uncertainty in Income Taxes" provides guidance for how uncertain tax positions should be recognized, measured, presented and disclosed in the financial statements. FIN 48 requires the evaluation of tax positions taken in the course of preparing the Fund's tax returns to determine whether the tax positions are "more-likely-than-not" of being sustained by the applicable tax authority. Tax positions not deemed to meet the "more-likely-than-not" threshold would be recorded as a tax benefit or expense in the current year. As required by FIN 48, management has analyzed the Fund's tax positions taken on Federal income tax returns for all open tax years (tax years ended July 31, 2006 through July 31, 2009) and has concluded that no provision for income tax is required in these financial statements.

2. Investment Transactions

During the year ended July 31, 2009, cost of purchases and proceeds from sales of investment securities, other than short-term investments, amounted to \$3,745,066 and \$10,596,121, respectively.

3. Transactions with Affiliates

A Trustee and certain officers of the Trust are affiliated with First Western Investment Management, Inc. (the "Adviser") or with Ultimus Fund Solutions, LLC ("Ultimus"), the Fund's administrator, transfer agent and fund accounting agent.

GKM Funds

GKM Growth Fund

Notes to Financial Statements (Continued)

Under the terms of the Management Agreement between the Trust and the Adviser, the Adviser serves as the investment adviser to the Fund. For its services, the Fund pays the Adviser an investment management fee at the annual rate of 1.40% of the Fund's average daily net assets.

The Adviser pays all of the operating expenses of the Fund except brokerage, taxes, borrowing costs, fees and expenses of non-interested Trustees, extraordinary expenses and distribution and/or service related expenses incurred pursuant to Rule 12b-1 under the Investment Company Act of 1940 (if any).

The Trust has entered into mutual fund services agreements with Ultimus, pursuant to which Ultimus provides day-to-day operational services to the Fund including, but not limited to, accounting, administrative, transfer agent, dividend disbursing, and recordkeeping services. The fees payable to Ultimus are paid by the Adviser (not the Fund).

The Trust and the Adviser have entered into a Distribution Agreement with Ultimus Fund Distributors, LLC (the "Distributor"), pursuant to which the Distributor provides distribution services to the Fund and serves as principal underwriter to the Fund. The Distributor is a wholly-owned subsidiary of Ultimus. The fees payable to the Distributor are paid by the Adviser (not the Fund).

Prior to May 1, 2009, GKM Advisers, LLC ("GKM") served as the investment adviser to the Fund. On April 30, 2009, the principals of GKM sold all of their ownership interests in GKM to the Adviser and GKM was merged into the Adviser. Prior to May 1, 2009, the Fund paid commissions of \$8,558 to Samuels Chase & Co., Inc., an affiliated broker-dealer, to execute portfolio transactions.

The Fund pays each Trustee who is not affiliated with the Adviser \$1,000 annually. Trustees who are affiliated with the Adviser do not receive compensation from the Fund.

4. Bank Line of Credit

The Fund has a secured bank line of credit that provides a maximum borrowing of up to \$7,600,000. The line of credit may be used to cover redemptions or it may be used by the Adviser for investment purposes. When used for investment purposes, the Fund will be using the investment technique of "leverage." Please see the Fund's prospectus for detailed information on the investment strategies and associated risks involved with the use of leverage by the Fund. Borrowings under this arrangement bear interest at a rate per annum equal to the Prime Rate minus 0.25% at the time of borrowing. The line of credit matures on December 15, 2009. During the year ended July 31, 2009, the Fund incurred \$80,859 of interest expense related to borrowings. The average debt outstanding and the average interest rate during the year ended July 31, 2009 were \$2,065,750 and 3.91%, respectively. The largest outstanding borrowing during the year ended July 31, 2009 was \$4,845,510. As of July 31, 2009, the Fund had outstanding borrowings of \$1,544,150. All of the Fund's securities are pledged as collateral for the Fund's bank line of credit.

GKM Funds

GKM Growth Fund

Notes to Financial Statements (Continued)

5. Contingencies and Commitments

The Fund indemnifies the Trust's officers and Trustees for certain liabilities that might arise from their performance of their duties to the Fund. Additionally, in the normal course of business the Fund enters into contracts that contain a variety of representations and warranties and which provide general indemnifications. The Fund's maximum exposure under these arrangements is unknown, as this would involve future claims that may be made against the Fund that have not yet occurred. However, based on experience, the Fund expects the risk of loss to be remote.

6. Recent Accounting Pronouncement

In June 2009, FASB issued Statement of Financial Accounting Standards No. 168, "The FASB Accounting Standards Codification™ and the Hierarchy of Generally Accepted Accounting Principles – a replacement of FASB Statement No. 162" ("SFAS 168"). SFAS 168 replaces SFAS No. 162, "The Hierarchy of Generally Accepted Accounting Principles" and establishes the "FASB Accounting Standards Codification™" (the "Codification") as the source of authoritative accounting principles recognized by FASB to be applied by non-governmental entities in the preparation of financial statements in conformity with U.S. GAAP. All guidance contained in the Codification carries an equal level of authority. On the effective date of SFAS 168, the Codification will supersede all then-existing non-SEC accounting and reporting standards. All other non-grandfathered non-SEC accounting literature not included in the Codification will become non-authoritative. SFAS 168 is effective for financial statements issued for interim and annual periods ending after September 15, 2009. Management has evaluated this new statement and has determined that it will not have a significant impact on the determination or reporting of the Fund's financial statements.

7. Subsequent Events

In May 2009, FASB issued SFAS No. 165, "Subsequent Events" ("SFAS No. 165"). The Fund has adopted SFAS No. 165 with these financial statements. SFAS No. 165 requires the Fund to recognize in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the Statement of Assets and Liabilities. For non-recognized subsequent events that must be disclosed to keep the financial statements from being misleading, the Fund is required to disclose the nature of the event as well as an estimate of its financial effect, or a statement that such an estimate cannot be made. In addition, SFAS No. 165 requires the Fund to disclose the date through which subsequent events have been evaluated. Management has evaluated subsequent events through the issuance of these financial statements on September 23, 2009 and has noted no such events.

Report of Independent Registered Public Accounting Firm

To the Board of Trustees of GKM Funds
and the Shareholders of GKM Growth Fund

We have audited the accompanying statement of assets and liabilities, including the schedule of investments, of the GKM Growth Fund, a series of shares of beneficial interest of GKM Funds, as of July 31, 2009, and the related statement of operations and the statement of cash flows for the year then ended, the statements of changes in net assets for each of the two years in the period then ended, and the financial highlights for each of the five years in the period then ended. These financial statements and financial highlights are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Our procedures included confirmation of securities owned as of July 31, 2009 by correspondence with the custodian. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of the GKM Growth Fund as of July 31, 2009, the results of its operations and its cash flows for the year then ended, the changes in its net assets for each of the two years in the period then ended, and the financial highlights for each of the five years in the period then ended, in conformity with accounting principles generally accepted in the United States of America.

Bryce, Beunting & Dougherty, LLP

Philadelphia, Pennsylvania
September 23, 2009

GKM Funds

GKM Growth Fund

About Your Fund's Expenses (Unaudited)

We believe it is important for you to understand the impact of costs on your investment. As a shareholder of the Fund, you incur ongoing costs, including management fees and other operating expenses. The following examples are 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.

A mutual fund's ongoing costs are expressed as a percentage of its average net assets. This figure is known as the expense ratio. The examples below are based on an investment of \$1,000 made at the beginning of the period shown and held for the entire period (February 1, 2009 – July 31, 2009).

The table below illustrates the Fund's costs in two ways:

Actual fund return – This section helps you to estimate the actual expenses that you paid over the period. The "Ending Account Value" shown is derived from the Fund's actual return, and the third column shows the dollar amount of operating expenses that would have been paid by an investor who started with \$1,000 in the Fund. You may use the information here, together with the amount you invested, to estimate the expenses that you paid over the period.

To do so, 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 given for the Fund under the heading "Expenses Paid During Period."

Hypothetical 5% return – This section is intended to help you compare the Fund's costs with those of other mutual funds. It assumes that the Fund had an annual return of 5% before expenses during the period shown, but that the expense ratio is unchanged. In this case, because the return used is not the Fund's actual return, the results do not apply to your investment. The example is useful in making comparisons because the Securities and Exchange Commission requires all mutual funds to calculate expenses based on a 5% return before expenses. You can assess the Fund's costs by comparing this hypothetical example with the hypothetical examples that appear in shareholder reports of other funds.

Note that expenses shown in the table are meant to highlight and help you compare ongoing costs only. The Fund does not impose any sales loads or redemption fees.

The calculations assume no shares were bought or sold during the period. Your actual costs may have been higher or lower, depending on the amount of your investment and the timing of any purchases or redemptions.

More information about the Fund's expenses, including annual expense ratios for the most recent five fiscal years, can be found in this report. For additional information on operating expenses and other shareholder costs, please refer to the Fund's prospectus.

GKM Funds

GKM Growth Fund

About Your Fund's Expenses (Unaudited) (Continued)

	Beginning Account Value February 1, 2009	Ending Account Value July 31, 2009	Expenses Paid During Period*
Based on Actual Fund Return	\$1,000.00	\$1,292.50	\$8.87
Based on Hypothetical 5% Return (before expenses).....	\$1,000.00	\$1,017.06	\$7.80

* Expenses are equal to the Fund's annualized expense ratio of 1.56% for the period, multiplied by the average account value over the period, multiplied by 181/365 (to reflect the one-half year period).

Other Information (Unaudited)

A description of the policies and procedures that the Fund uses to vote proxies relating to portfolio securities is available without charge upon request by calling toll-free 1-888-GKM-9518, or on the Securities and Exchange Commission's ("SEC") website at <http://www.sec.gov>. Information regarding how the Fund voted proxies relating to portfolio securities during the most recent 12-month period ended June 30 is available without charge upon request by calling toll-free 1-888-GKM-9518, or on the SEC's website at <http://www.sec.gov>.

The Trust files a complete listing of portfolio holdings of the Fund with the SEC as of the end of the first and third quarters of each fiscal year on Form N-Q. The filings are available upon request by calling 1-888-GKM-9518. Furthermore, you may obtain a copy of the filings on the SEC's website at <http://www.sec.gov>. The Trust's Forms N-Q may also be reviewed and copied at the SEC's Public Reference Room in Washington, DC, and information on the operation of the Public Reference Room may be obtained by calling 1-800-SEC-0330.

GKM Funds

GKM Growth Fund

Information Regarding Trustees and Officers (Unaudited)

Overall responsibility for management of the Fund rests with the Board of Trustees. The Trustees serve during the lifetime of the Trust and until its termination, or until death, resignation, retirement or removal. The Trustees, in turn, elect the officers of the Trust to actively supervise its day-to-day operations. The officers have been elected for an annual term.

The following table provides information regarding each Trustee who is not an “interested person” of the Trust, as defined in the Investment Company Act of 1940.

Name, Address and Age	Position(s) Held with Trust	Length of Time Served
Darrin F. DelConte 11150 Santa Monica Blvd., Suite 850 Los Angeles, CA 90025 Year of Birth: 1966	Trustee	Since December 2001
Principal Occupations During Past 5 Years	Number of Portfolios in Fund Complex Overseen by Trustee	Other Directorships Held by Trustee
Darrin F. DelConte is Executive Vice President of Pacific Crane Maintenance Co. (a marine maintenance company).	1	None

Name, Address and Age	Position(s) Held with Trust	Length of Time Served
Nicholas G. Tonsich 11150 Santa Monica Blvd., Suite 850 Los Angeles, CA 90025 Year of Birth: 1961	Trustee	Since December 2001
Principal Occupations During Past 5 Years	Number of Portfolios in Fund Complex Overseen by Trustee	Other Directorships Held by Trustee
Nicholas G. Tonsich is a partner in Glaser, Tonsich & Associates, LLP (a law firm).	1	None

Name, Address and Age	Position(s) Held with Trust	Length of Time Served
Brian D. Horner 11150 Santa Monica Blvd., Suite 850 Los Angeles, CA 90025 Year of Birth: 1961	Trustee	Since January 2005
Principal Occupations During Past 5 Years	Number of Portfolios in Fund Complex Overseen by Trustee	Other Directorships Held by Trustee
Brian D. Horner is President of Alcole Properties, Inc. (a property management company). Prior to September 1, 2009, he was Chairman of Venture West Funding, Inc. (a mortgage brokerage firm).	1	None

GKM Funds

GKM Growth Fund

Information Regarding Trustees and Officers (Unaudited) (Continued)

The following table provides information regarding each Trustee who is an “interested person” of the Trust, as defined in the Investment Company Act of 1940, and each executive officer of the Trust.

Name, Address and Age	Position(s) Held with Trust	Length of Time Served
Timothy J. Wahl ¹ 11150 Santa Monica Blvd., Suite 850 Los Angeles, CA 90025 Year of Birth: 1965	President and Trustee	Since October 2001
Principal Occupations During Past 5 Years	Number of Portfolios in Fund Complex Overseen by Trustee	Other Directorships Held by Trustee
Timothy J. Wahl is Managing Director of First Western Investment Management, Inc. Prior to May 1, 2009, he was President, Director and Investment Committee Member of GKM Advisers, LLC.	1	None

Name, Address and Age	Position(s) Held with Trust	Length of Time Served
David L. Kahn 11150 Santa Monica Blvd., Suite 850 Los Angeles, CA 90025 Year of Birth: 1957	Chief Compliance Officer Secretary	Since September 2004 Since October 2001
Principal Occupations During Past 5 Years	Other Directorships Held by Trustee	
David L. Kahn is Senior Vice President of First Western Investment Management, Inc. Prior to May 1, 2009, he was Operations Manager of GKM Advisers, LLC.	N/A	

Name, Address and Age	Position(s) Held with Trust	Length of Time Served
Robert G. Dorsey 225 Pictoria Drive, Suite 450 Cincinnati, OH 45246 Year of Birth: 1957	Vice President	Since December 2001
Principal Occupations During Past 5 Years	Other Directorships Held by Trustee	
Robert G. Dorsey is a Managing Director of Ultimus Fund Solutions, LLC and Ultimus Fund Distributors, LLC.	N/A	

Name, Address and Age	Position(s) Held with Trust	Length of Time Served
Mark J. Seger 225 Pictoria Drive, Suite 450 Cincinnati, OH 45246 Year of Birth: 1962	Treasurer	Since December 2001
Principal Occupations During Past 5 Years	Other Directorships Held by Trustee	
Mark J. Seger is a Managing Director of Ultimus Fund Solutions, LLC and Ultimus Fund Distributors, LLC.	N/A	

¹ Mr. Wahl is an “interested person” of the Trust because he is an officer of the Trust and of the Adviser.

Additional information about members of the Board of Trustees and the executive officers is available in the Statement of Additional Information (“SAI”). To obtain a free copy of the SAI, please call 1-888-GKM-9518.

GKM Funds

GKM Growth Fund

Approval of Investment Management Agreement (Unaudited)

The Board of Trustees, including the Independent Trustees voting separately, have reviewed and approved the Fund's Management Agreement (the "Agreement") with First Western Investment Management, Inc. (the "Adviser"). Approval took place at an in-person meeting held on March 17, 2009, at which all of the Trustees were present. This meeting was called to approve the Agreement, prior to the termination of the former management agreement between GKM Advisers, LLC ("GKM Advisers") and the Fund, and to approve an interim management agreement between the Adviser and the Fund. On April 30, 2009, GKM Adviser's was merged into the Adviser, resulting in a change of control at GKM Advisers, and the automatic termination of the former management agreement. Effective May 1, 2009, the Adviser managed the Fund's portfolio pursuant to an interim management agreement and continued serving the Fund under such agreement until the Agreement was approved by shareholders of the Fund at a Special Meeting of Shareholders held on June 26, 2009.

At the Board meeting held on March 17, 2009, the Trustees were advised by independent counsel of their fiduciary obligations in approving the Agreement and the Trustees requested such information from the Adviser as they deemed reasonably necessary to evaluate the terms of the Agreement and whether the Agreement is in the best interests of the Fund and its shareholders. The Trustees reviewed: (i) the nature, extent and quality of the services to be provided by the Adviser; (ii) the investment performance of the Fund; (iii) the costs of the services provided and the potential profits to be realized by the Adviser from its relationship with the Fund; (iv) the extent to which economies of scale would be realized as the Fund grows; and (v) whether fee levels reflect these economies of scale for the benefit of the Fund's shareholders. The Trustees reviewed the background, qualifications, education and experience of the Adviser's investment, compliance and operational personnel. The Trustees also considered Messrs. Cohen's and Wahl's decision to remain with the Adviser and continue serving as the Fund's portfolio managers. The Trustees further considered Mr. David Kahn's decision to remain as Chief Compliance Officer of the Trust and oversee the Trust's relationships with the other service providers. They considered the strong financial condition of the Adviser and its affiliated companies. The Trustees also discussed the marketing plans of the Adviser on behalf of the Fund. The Independent Trustees were advised by experienced independent counsel throughout the process. Prior to voting, the Independent Trustees reviewed the Agreement with representatives of the Adviser and also met in a private session with counsel at which no representatives of the Adviser were present.

Nature, extent and quality of services

The Trustees considered the responsibilities of the Adviser under the Agreement, noting that the Adviser will be responsible for providing the Fund with investment research and advice, and determining the securities to be purchased and sold in accordance with the investment objective and policies of the Fund. The Trustees reviewed biographical information on each of the Adviser's key personnel from its investment management and compliance teams. Members of

GKM Funds

GKM Growth Fund

Approval of Investment Management Agreement (Unaudited) (Continued)

the Adviser's investment management and compliance teams' backgrounds and experience in the financial industry were reviewed. The Trustees also considered the Adviser's compliance procedures and its apparent commitment to compliance.

The Trustees also discussed the Adviser's responsibilities with regards to brokerage selection. The Trustees were informed that the Adviser has discontinued GKM Advisers' practice of directing Fund brokerage to an affiliated broker-dealer. The Adviser further informed the Trustees that, following the two year period from the termination date of the former management agreement, the Adviser may begin the practice of directing Fund brokerage to an affiliated broker-dealer.

Investment Results

In reviewing the Fund's investment results, the Trustees reviewed the Fund's performance for various periods ended December 31, 2008 and compared it to the Standard & Poor's 500 Index ("S&P 500 Index") and other large capitalization indices. The Trustees noted that from the date of inception through December 31, 2008 the Fund underperformed the S&P 500 Index, the Fund's primary benchmark. It was further noted by the Trustees that the Fund underperformed the average and median performance of large growth funds (the Fund's peer group as assigned by Morningstar) for the one-year, three year and five year periods ended December 31, 2008. The Trustees reviewed the Fund's Morningstar ratings, noting that, as of December 31, 2008, the Fund was rated two-stars over all the relevant periods. The Trustees also considered the market environment for large cap growth stocks since the Fund's inception. It was further noted by the Trustees that two of the better performing areas of the market (i.e. utilities and energy) were not held by the Fund due to GKM Adviser's belief that these sectors do not represent long-term "growth" opportunities. The Trustees also discussed the Fund's low portfolio turnover ratio in achieving this performance and positive attributes of low portfolio turnover. It was noted by the Trustees that the Fund has been extremely tax efficient in that the Fund has paid only two small income distributions since inception. The Trustees considered the adviser's disciplined approach to managing the Fund's assets, noting its consistency in management style since the Fund's inception.

Advisory fees and total expenses

In reviewing the advisory fee and total expense ratio of the Fund, the Trustees considered comparative expense and advisory fee information for equity funds classified by Morningstar as large growth funds. The Trustees considered the Fund's fee arrangement in which the Adviser is responsible for paying most of the Fund's ordinary operating expenses out of its own resources and noted that comparisons with the Fund's overall expense ratio may be more relevant than comparisons of advisory fees only. In considering the comparative expense information, the Trustees specifically noted that the Fund's total expense ratio of 1.41% (which excludes borrowing costs of 0.42% that were incurred by the Fund during the most recent fiscal year), while higher than the average of all funds classified by Morningstar as large growth (1.35%), is

GKM Funds

GKM Growth Fund

Approval of Investment Management Agreement (Unaudited) (Continued)

less than the average expense ratio of such funds having less than \$50 million in assets (1.55%). The Trustees further noted that many of the funds having less than \$50 million in net assets were members of a larger fund complex which would benefit from economies of scale that would likely lower their expense ratios.

The Trustees also reviewed information regarding the advisory fees paid by institutional and other private clients of the Adviser with similar investment mandates. They noted, however, that significant investment, operational and regulatory differences exist between advising a mutual fund and institutional or private clients. The Trustees also considered the Adviser's sub-advisory relationship with another mutual fund, noting that, due to the other fund investing primarily in fixed-income securities, this relationship did not provide a meaningful comparison.

The Trustees reviewed the December 31, 2008 income statement and balance sheet of the Adviser's parent company (i.e. First Western Financial Inc.), noting that the Adviser has sufficient capital available to it to satisfy its commitments to the Fund. The Adviser represented that its parent company will make available the necessary capital to the Adviser to assist the Adviser in satisfying its commitments to the Fund. The Adviser reviewed its plans for marketing and distributing the Fund. The Trustees remarked that an increase in the Funds' assets could benefit the shareholders through enhanced portfolio management opportunities and potential economies of scale.

The Trustees also considered a profitability analysis of GKM Advisers' revenues and expenses with respect to the former management agreement over the past four fiscal years. It was noted that, after a reasonable allocation of GKM Advisers' overall operating expenses, GKM Advisers incurred an operating loss of slightly more than \$309,000 with respect to the former management agreement during the fiscal year ended July 31, 2008. The Trustees further noted that GKM Advisers incurred significant operating losses for the three previous fiscal years as well. The Trustees took into account that, based on the Fund's current net assets, it is unlikely that the Adviser will realize a profit from the Agreement in the near term.

Ancillary benefits

The Board discussed the potential benefits to the Adviser from the Fund being offered to clients of its affiliated companies. However, the Trustees concluded that, in light of the amounts involved, this is only a secondary factor in connection with the evaluation of the reasonableness of the advisory fees paid by the Fund.

Economies of Scale

The Trustees considered economies of scale, noting that at the present time the Fund has not realized any significant economies of scale. The Board observed that if the Fund grows significantly in assets, this factor will become more relevant to their consideration process.

GKM Funds

GKM Growth Fund

Approval of Investment Management Agreement (Unaudited) (Continued)

Conclusion

Based on their review, including their consideration of each of the factors referred to above, the Trustees concluded that: (i) the decision by Messrs. Cohen and Wahl to remain with the Adviser and continue managing the Fund's investments, along with the decision by Mr. Kahn to remain with the Adviser and oversee the compliance functions of the Fund, ensures that the Fund will continue to receive high quality services; (ii) the Fund's investment results indicate a commitment to "growth" investing and the consistent application of the Fund's investment strategies despite market sentiment; (iii) the Fund's overall expense ratio of 1.41% (excluding borrowing costs) is less than the average for comparably managed funds with assets of \$50 million or less (1.55%), as derived from statistics published by Morningstar; and (iv) comparisons between the advisory fees paid by the Fund with the advisory fees paid by other comparably managed funds and to the other investment company and non-investment company accounts managed by the Adviser are not particularly meaningful due to the Adviser's commitment to the Fund to pay most of its ordinary operating expenses out of its own resources. The Trustees also discussed economies of scale, deciding that at the present time it would not be relevant to consider the extent to which economies of scale would be realized as the Fund grows and whether fee levels reflect these economies of scale. The Trustees did note that as the Fund grows in assets it may become necessary for the Adviser to consider adding fee breakpoints to the Agreement. The Trustees also considered the "fallout benefits" to the Adviser, concluding that this is a secondary factor when evaluating the reasonableness of advisory fees to be paid by the Fund. The Trustees also considered the historical profitability, or lack thereof, of GKM Advisers, concluding that this is a secondary factor in connection with the evaluation of the reasonableness of the advisory fees paid by the Fund.

No single factor was considered in isolation or to be determinative to the decision of the Trustees to approve the Agreement. Rather, the Trustees concluded, in light of a weighing and balancing of all factors considered that it would be in the best interests of the Fund and its shareholders to approve the Agreement with the Adviser.

GKM Funds

GKM Growth Fund

Results of a Special Meeting of Shareholders of GKM Growth Fund (Unaudited)

On June 26, 2009, a Special Meeting of Shareholders of the Fund was held for the purpose of voting on the following Proposal:

Proposal: To approve or disapprove a new investment management agreement with First Western Investment Management, Inc.

The total number of shares of the Fund present in person or by proxy was 1,523,267, which represented 53.94% of the shares entitled to vote at the meeting.

The Proposal was approved by shareholders. The results of the voting were as follows:

<u>For</u>	<u>Against</u>	<u>Abstain</u>
1,517,485	1,161	4,621

GKM FUNDS

Investment Adviser

First Western Investment Management, Inc.
11150 Santa Monica Boulevard
Suite 850
Los Angeles, California 90025

Administrator

Ultimus Fund Solutions, LLC
225 Pictoria Drive
Suite 450
Cincinnati, Ohio 45246
1.888.GKM.9518

Legal Counsel

Thompson Hine LLP
312 Walnut Street
14th Floor
Cincinnati, Ohio 45202

Custodian

US Bank, N.A.
425 Walnut Street
Cincinnati, Ohio 45202

Board of Trustees

Darrin F. DelConte
Brian D. Horner
Nicholas G. Tonsich
Timothy J. Wahl

Officers

Timothy J. Wahl, President
Robert G. Dorsey, Vice President
David L. Kahn, CCO and Secretary
Mark J. Seger, Treasurer