

INVESTMENT OBJECTIVE

Current income with moderate volatility.

INVESTMENT PROCESS

The advisor will invest across a broad range of bonds and income-producing securities in an effort to produce current income with an acceptable level of volatility. The advisor will adjust the Fund's exposure to various types of income-producing securities while seeking to exploit opportunities and avoid risks in the market. The Fund may concentrate from time to time in certain securities in order to capture high current income and the potential for appreciation.

WHAT SETS THIS FUND APART?

- A no-load fund with a diverse selection of bonds and income-producing securities designed to provide reliable monthly income with less exposure to rising interest rates than a typical bond fund.
- The portfolio manager has the discretion to actively adjust the Fund's exposure to various types of income-producing securities as market conditions change.
- Investments are diversified across at least six distinct categories.
- Monthly dividends can be paid in cash or reinvested for growth.

DIVIDEND/YIELD STATISTICS

- The Fund has paid a dividend every month since inception.
- As of March 31, 2010, the SEC 30-day yield was 4.61%. This yield calculation was designed for bond interest and fails to accurately depict the Fund's current yield, which includes dividends and is higher.
- The Fund's current yield as of March 31, 2010, is calculated by taking the total of the previous 12 monthly dividends, \$0.56, divided by the March 31, 2010 share price, \$6.87.

WHY CONSIDER AN INCOME FUND?

An income portfolio that includes bonds can provide more diversification, higher income and lower volatility than an all-stock portfolio.

PORTFOLIO MANAGER QUARTERLY COMMENTARY

The IMS Strategic Income Fund started off 2010 with another strong quarter. For the 3 months ending March 31, 2010, the Fund returned +6.43% with dividends reinvested. This compares favorably with US investment grade corporate bonds (+2.75%), US high yield bonds (+4.85%), and the S&P 500 (+5.39%, dividends reinvested). The US recovery continues to advance, and broaden into more sectors of the economy. While corporate profits continue to grow, high unemployment remains a problem.

This has been the saving grace for the bond market. Bonds tend to do well in a slow growth environment with an economy that is not heating up too quickly. A slow recovery with very little job growth is favorable for bonds as there is little pressure on interest rates to rise.

While the US Treasury bond market fears the unsustainably large government deficits, banks and foreign institutions created enough demand to leave Treasury yields essentially unchanged for the quarter.

As high yield bonds prices rose strongly over the quarter, we decreased our weight to 26%. We also decreased our dividend-paying common stock weighting from 26% to 22%. We have raised our exposure to investment grade bonds from 17% to 26%. The net effect of these three moves serves to decrease risk and volatility, as well as improve credit quality. We continue to believe the financial services industry will be a constructive area to invest in, primarily in financial issuers which seem to be clearly past the worst of the recession and still offer some yield advantages. These include Genworth (insurance), Farifax Financial (insurance) and Schwab Capital Trust (brokerage). Our weight of international bonds grew from 3% to 6% both from appreciation, and the purchase of bonds from a major global pulp and paper producer.

We like the current environment and continue to try and take advantage of opportunities in the industries that appear to be in strong recovery mode.

PERFORMANCE

Average annual total returns as of 3/31/2010

	Quarter	1-YR	3-YR	5-YR	Life of Fund
IMS Strategic Income	6.43%	53.25%	-5.91%	0.82%	6.38%

1.94% – Total Gross Expense Ratio as of September 1, 2009

Inception Date—11/5/02. FINRA requires disclosures stating one year performance occurred in unusual market conditions for the entire market. Figures above represent past returns and do not guarantee future results. Current and monthly performance is available at www.imscapital.com and may be lower or higher than that quoted above. Investment return and principal value will fluctuate so that shares, when redeemed, may be worth more or less than original cost. Figures include changes in principal value, reinvested dividends and capital gain distributions.

PORTFOLIO MANAGER

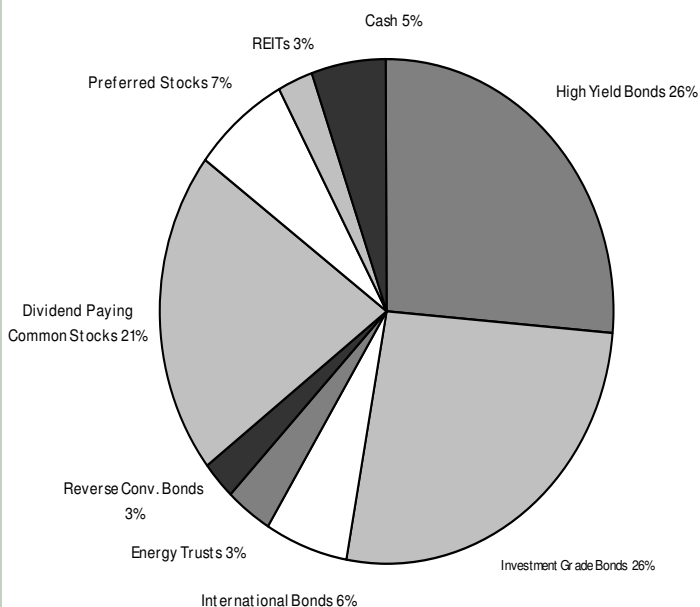
Carl W. Marker, 47, is the founder and president of IMS Capital Management. He has managed the fund since its inception. Mr. Marker received a B.S. degree from the University of Oregon and has over 22 years of portfolio management experience. He is a member of the Portland Society of Financial Analysts and is frequently interviewed by the national television and print media.

INVESTMENT ADVISOR

IMS Capital Management is the investment advisor to the IMS Capital Value Fund, the IMS Strategic Income Fund and the IMS Dividend Growth Fund. Established in 1988, IMS has been recognized in major publications and national media such as *Barron's*, *Forbes*, *New York Times*, *The Wall Street Journal*, *Business Week*, *USA Today*, *Smart Money*, *Nightly Business Report* and *CNBC*.

IMS STRATEGIC INCOME

CURRENT WEIGHTINGS



TEN LARGEST FUND HOLDINGS

North Atlantic Trading	10%	3/1/12	3.80%
Lucent Technology	6.45%	3/15/2029	3.08%
Schwab Capital Trust I	7.5%	11/15/37	2.77%
O&G Lease	10.5%	9/15/2013 FV	2.66%
Mercer Intl Inc.	9.25%	2/15/13	2.65%
Annaly Mortgage			2.64%
CNA Financial	7.35%	11/15/19	2.50%
Bridge Mill Finance	8%	7/15/17 FV	2.43%
Zions Bancorp	7.75%	9/23/14	2.41%
AIG	9%	non-inversion 2/28/28 FV	2.40%

Weightings and holdings as of 03/31/2010, subject to change.

The Fund invests in lower-rated corporate bonds because of their relatively higher yields. Such bonds carry greater credit risk than investment-grade bonds. The Fund also invests in foreign securities, which involve currency fluctuation risk and political uncertainty. Share price and yield are affected by interest rate movements as bond prices are inversely related to interest rates and therefore may decline when rates rise. Investment trust risk involves the potential for the underlying business or real estate to fluctuate in value.

Please consider the Fund's investment objectives, risks, charges and ongoing expenses carefully before investing. The prospectus contains this and other important information about the Fund, and is available at www.imscapital.com. Read it carefully.

FUND FACTS

Assets:	\$46 million
Ticker Symbol:	IMSIX
Number of Holdings:	62
CUSIP:	90470K776
Dividends and Interest:	Paid monthly
Minimum Initial Investment:	\$5,000 (regular)
90-Day Early Redemption Fee	0.5%
Inception Date	November 1, 2002
Manager Tenure	Since Inception
Turnover	53%
Distributor:	Forside Distribution Services, LP
Investment Advisor and Contact:	IMS Capital Management 8995 SE Otty Road Portland, Oregon 97086 (503) 788-4200