

# FBR Core Bond Fund

December 31, 2011



## INVESTMENT OBJECTIVE

The Fund seeks current income with capital growth as a secondary objective. To pursue its investment objectives, the Fund, under normal circumstances, invests at least 80% of its net assets in fixed income securities.

## PORTFOLIO MANAGEMENT

FINANCIAL COUNSELORS, INC.



**Gary Cloud, CFA**

- » Senior Vice President & Portfolio Manager
- » Over 23 years of investment experience



**Peter G. Greig, CFA**

- » Senior Vice President & Portfolio Manager
- » Over 20 years of investment experience

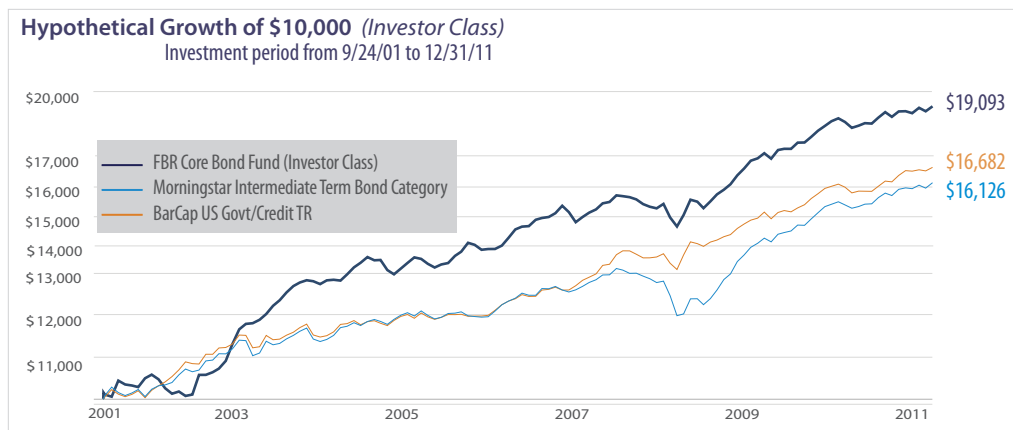
## INVESTMENT STRATEGY

The Fund invests primarily in domestic investment grade corporate, agency and governmental bonds. It employs a core fixed income philosophy which focuses on higher quality, intermediate term fixed income securities that can produce attractive return with a focus on downside protection.

## FUND PERFORMANCE as of 12/31/11

Morningstar Category: Intermediate Term Bond	Average Annualized Total Return					
	Q4 2011	1 Year	3 Year	5 Year	10 Year	Since Inception
<b>FBR Core Bond Fund</b>						
Investor Class (inception: 9/24/01) <sup>1</sup>	1.53%	4.87%	7.13%	5.44%	6.34%	6.50% <sup>1</sup>
Institutional Class (inception: 6/03/97) <sup>2</sup>	1.60%	5.08%	7.39%	5.71%	6.61%	5.89% <sup>2</sup>
BarCap US Govt/Credit TR	0.84%	5.80%	5.65%	5.88%	5.20%	5.12% <sup>1</sup>
<b>Category Rank (Investor Class)</b>		<b>79%</b>	<b>77%</b>	<b>63%</b>	<b>11%</b>	<b>NA</b>
# of funds in Intermediate Term Bond Category		1195	1018	873	582	NA
Annual Total Expense Ratio (Net   Gross): <sup>3</sup>	1.51%   2.59% (Investor Class)		1.26%   1.64% (Institutional Class)			

<sup>3</sup>FBR Fund Advisers, Inc. (the "Adviser") has agreed in writing to waive a portion of its investment advisory fees and assume certain expenses to the extent total annual fund operating expenses exceed 1.05% of the Fund's average daily net assets (excluding 12b-1 fees, interest, taxes, brokerage commissions, acquired fund fees and expenses, extraordinary legal expenses, or any other extraordinary expenses) of the Fund. The Adviser has agreed to maintain these expense limitations with regard to the Fund through February 28, 2015.



Reflects the reinvestment of dividends and all fund expenses.

**PAST PERFORMANCE IS NO GUARANTEE OF FUTURE RESULTS.** The performance data quoted represents past performance and the current performance may be lower or higher than the performance data quoted. The investment return and principal will fluctuate so that investors' shares, when redeemed, may be worth more or less than their original cost. The performance data does not reflect the deduction of taxes that a shareholder would pay on fund distributions or redemption fees. The Fund charges a redemption fee of 1.00% on shares redeemed or exchanged within 90 days; if reflected, the redemption fee would reduce the performance quoted. To obtain performance data current to the most recent month-end please call 888.200.4710.

## FUND FACTS

Ticker Symbol / CUSIP

Investor Class AFHAX / 30246J638

Institutional Class AFHYX / 30246J620

Inception

Investor Class 9/24/01

Institutional Class 6/03/97

Total Fund Assets \$27.1M

Number of Holdings 90

## MORNINGSTAR® RATING as of 12/31/11

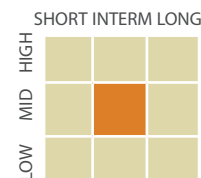
OVERALL MORNINGSTAR® RATING



(Investor Class)

Among 1018 Intermediate Term Bond Funds The Overall Morningstar Rating is based on risk adjusted returns, derived from a weighted average of the 3, 5, and 10 year (if applicable) Morningstar metrics.

## FIXED INCOME STYLE



## FOR MORE INFORMATION

**Advisor Sales Desk**

888.200.4710

[www.fbrfunds.com](http://www.fbrfunds.com)

**Shareholder Services**

888.888.0025

888.200.4710 | [www.fbrfunds.com](http://www.fbrfunds.com)

## PORTFOLIO CHARACTERISTICS

Effective Duration (Years)	4.68
Maturity (Years)	6.39

## EFFECTIVE DURATION

	Fund
0.0-0.99 Years	9.4%
1.0-2.99 Years	34.1%
3.0-3.99 Years	6.2%
4.0-5.99 Years	25.7%
6.0-7.99 Years	11.0%
8+ Years	13.6%

## EFFECTIVE MATURITY

	Fund
0.0-0.99 Years	6.5%
1.0-2.99 Years	24.1%
3.0-4.99 Years	23.6%
5.0-9.99 Years	32.2%
10.0-19.99 Years	7.2%
20.0+ Years	6.4%

## QUALITY DISTRIBUTION

	Fund
Aaa/AAA	41.3%
Aa/AA	5.4%
A	19.2%
Baa/BBB	27.6%
Below Baa/BBB	6.5%

## RISK METRICS (Investor Class)

cat: Intermediate Term Bond	3 Year	5 Year	10 Year
Morningstar Risk	Avg	Avg	Avg
Morningstar Return	Avg	Avg	+Avg
Standard Deviation			
FBR Core Bond Fund	3.39	4.20	4.26
cat: Intermediate-Term Bond Funds Avg.	3.29	4.29	3.93
MPT Statistics (relative to BarCap US Govt/Credit TR)			
Beta	1.12	0.99	0.52
Alpha	4.77	3.71	5.01

Source: Morningstar Direct

## Important Disclosures

**Investors should consider the investment objectives, risks, charges and expenses carefully before investing. This and other important information can be found in the Fund's prospectus. To obtain a free prospectus, please call 888.200.4710 or visit [www.fbrfunds.com](http://www.fbrfunds.com). Please read the prospectus carefully before investing.**

The Advisor Class shares of the AFBA 5Star Total Return Bond Fund were reorganized into the Investor Class shares of the FBR Core Bond Fund on March 12, 2010. Performance figures shown prior to March 12, 2010 represent performance of the Adviser Class shares of the AFBA 5Star Total Return Bond Fund.

**Indices** are unmanaged and have no management fees or operating costs that reduce reported returns. The volatility and other risk characteristics for the Fund will differ from the volatility and risk characteristics of the indices.

**Morningstar Intermediate Term Bond Category** consists of those portfolios that focus on corporate, government, foreign or other issues with an average duration of greater than or equal to 3.5 years but less than or equal to six years, or an average effective maturity of more than four years but less than 10 years.

**BarCap US Govt/Credit TR** measures performance of U.S. dollar denominated U.S. Treasuries, government-related, and investment grade U.S. corporate securities that have a remaining maturity of greater than or equal to 1 year. In addition, the securities have \$250 million or more of the outstanding face value, and must be fixed rate and non-convertible.

**Morningstar Proprietary Ratings** reflect risk-adjusted performance as of 12/31/11. For each fund with at least a three year history, Morningstar calculates a Morningstar Rating™ based on a Morningstar risk-adjusted return measure that accounts for variation in a fund's monthly performance placing more emphasis on downward variations and rewarding consistent performance. The top 10% of funds in each category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars and the bottom 10% receive 1 star. Each share class is counted as a fraction of one fund within this scale and rated separately, which may cause slight variations in distribution percentage. The Investor Class of the Fund received a 2-star rating for the 3-year period, a 3-star rating for the 5-year period and a 4-star rating for the 10-year period among 1018, 873 and 582 funds intermediate-term bond funds, respectively. ©Morningstar, Inc. All Rights Reserved.

**Morningstar Risk** scores for a given time period (three, five, or 10 years) reflect the Fund's Morningstar risk score plotted on a bell curve: Monthly calculations are based on whether the Fund scores in the top 10% of its category, its risk score is considered High; if it falls in the next 22.5% Above Average; a place in the middle 35% is Average; those lower still, in the next 22.5%, are Below Average and the bottom Low. Overall Morningstar risk score is a weighted average of the available three, five, and 10 year Morningstar risk scores. Investments with less than three years of performance history are not rated.

**Morningstar Return** scores for a given time period (three, five, or 10 years) reflect the Fund's Morningstar return score plotted on a bell curve: Monthly calculations are based on whether the Fund scores in the top 10% of its category, its return score is considered High; if it falls in the next 22.5% Above Average; a place in the middle 35% is Average; those lower still, in the next 22.5%, are Below Average and the bottom Low. Overall Morningstar return score is a weighted average of the available three, five, and 10 year Morningstar return scores. Investments with less than three years of performance history are not rated.

**Standard Deviation** shows the degree of variation in the Fund's returns and can serve as a useful measure of the Fund's risk. It is measured using monthly observations, but expresses the result on an annualized basis.

**Beta** is a statistical measure of the Fund's volatility relative to the broader peer group is measured against the S&P 500 Index, which is deemed to equal 1.00. A beta higher than 1.00 means the Fund has experienced greater sensitivity to swings in the market, while a beta of less than 1.00 means the Fund has experienced less sensitivity.

**Alpha** is a measure of performance on a risk-adjusted basis. Alpha compares the volatility (price risk) of the Fund to risk-adjusted performance of the S&P 500 Index. The excess return of the Fund relative to the return of the index is the Fund's alpha.

**Credit Quality Bond Ratings** typically range from AAA/Aaa (highest) to D (lowest). The credit ratings shown are based on each portfolio security's rating as generally provided by Moody's. If a Moody's rating is not available, then the rating is provided by Standard and Poor's ("S&P"), a Nationally Recognized Statistical Rating Organization ("NRSRO"). The credit quality of the investments in the Fund's portfolio does not apply to the stability or safety of the Fund. These ratings are updated by Financial Counselors, Inc. ("FCI") quarterly and may change over time. Please note, FCI is not a NRSRO nor has the Fund itself been rated by a NRSRO.

The FBR Funds are distributed by FBR Investment Services, Inc. Member FINRA/SIPC