

FBR Gas Utility Index Fund

December 31, 2011



INVESTMENT OBJECTIVE

The Fund seeks income and long-term capital appreciation.

PORTFOLIO MANAGEMENT



Winsor "Skip" Aylesworth

- » Over 17 years of investment industry experience
- » Joined The FBR Funds in 1998 from GrandView Advisers, Inc., where he was President and Founder and managed two real estate funds
- » Prior to GrandView Advisers, Inc., he spent over 13 years as a real estate specialist at The Bank of Boston

INDEX METHODOLOGY

- » Tracks the total return (appreciation and income) of the AGA Stock Index, maintained by the American Gas Association
- » Owns all of the publicly traded companies that are members of the American Gas Association
- » Market cap weighted, adjusted for the percentage of natural gas assets on each company's balance sheet
- » No company is greater than 5% of assets to ensure proper diversification of the portfolio
- » Reset monthly or when conditions warrant, such as merger, acquisition, and capital restructuring

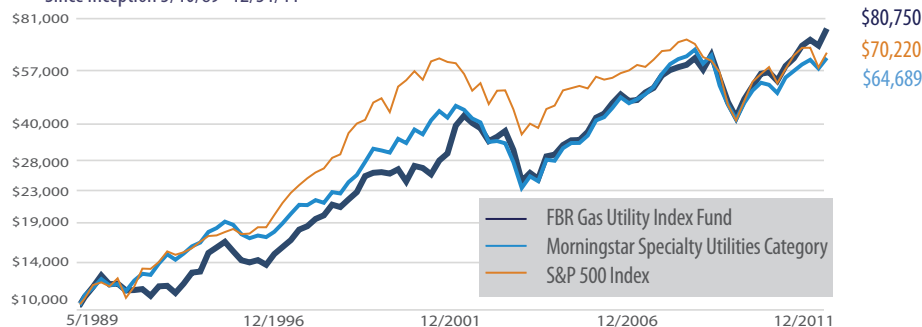
FUND PERFORMANCE as of 12/31/11

Morningstar Category: Specialty Utilities	Average Annualized Total Return					
	Q4 2011	1 Year	3 Year	5 Year	10 Year	Since Inception ¹
FBR Gas Utility Index Fund						
Investor Class	13.68%	25.15%	20.35%	7.35%	8.53%	9.66%
AGA Stock Index	13.88%	24.45%	19.65%	6.61%	7.75%	8.75%
S&P 500 Index	11.82%	2.11%	14.11%	-0.25%	2.92%	8.78%
Category Rank		2%	1%	1%	28%	NA
# of funds in Specialty Utilities Category		75	74	72	45	NA
Annual Total Expense Ratio (Net Gross): 0.71% 0.71%						

¹ For the period May 10, 1989 (commencement of operations) through December 31, 2011.

Hypothetical Growth of \$10,000

Since Inception 5/10/89- 12/31/11



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	GASFX
CUSIP	30246J604
Inception	5/10/89
Total Fund Assets	\$537.2M
Number of Holdings	64

MORNINGSTAR® RATING as of 12/31/11

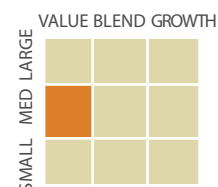
OVERALL MORNINGSTAR® RATING



Among 74 Specialty Utilities 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.

EQUITY STYLE



FOR MORE INFORMATION

Advisor Sales Desk

888.200.4710

www.fbrfunds.com

Shareholder Services

888.888.0025

TOP 10 HOLDINGS

	% Investments
TransCanada Corp.	4.9%
Williams Companies, Inc.	4.9
El Paso Corp.	4.9
Enbridge, Inc.	4.9
National Grid PLC	4.9
ONEOK, Inc.	4.9
Spectra Energy Corp.	4.8
Dominion Resources, Inc.	4.5
Sempra Energy Corp.	4.3
AGL Resources, Inc.	3.7
Total	46.7%

PERFORMANCE CONTRIBUTION

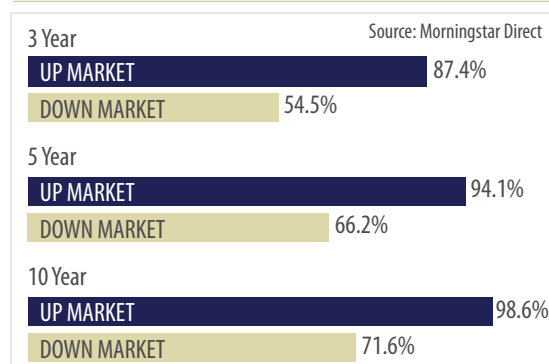
Top Contributors	Q4'11	% Assets
El Paso Corp.	52.1%	6.0%
Williams Companies, Inc.	36.7	5.0
ONEOK, Inc.	32.2	4.7
Spectra Energy Corp.	26.5	5.2
Enbridge, Inc.	17.4	5.1
Top Detractors	Q4'11	% Assets
Nicor, Inc.	-22.7%	2.0%
PG&E Corp.	-1.5	3.6
National Grid PLC	-0.1	4.8
RGC Resources	-3.4	0.1
Corning Natural Gas Corp.	-6.2	0.1

RISK METRICS

cat: Specialty Utilities	3 Year	5 Year	10 Year
Morningstar Risk	Avg	Avg	Avg
Morningstar Return	High	High	+Avg
Standard Deviation			
FBR Gas Utility Index Fund	14.69	16.03	15.25
S&P 500 Index	18.97	18.88	15.93
MPT Statistics (relative to S&P 500 Index)			
Beta	0.68	0.73	0.74
Alpha	9.49	6.93	5.83

Source: Morningstar Direct

CAPTURE RATIOS RELATIVE TO S&P 500 INDEX



PORTFOLIO CHARACTERISTICS

Portfolio TTM Turnover*	14%
Wtd. Avg. Market Cap	\$15.5B
Wtd. Avg. P/E	16.0x
Wtd. Avg. P/B	2.6x

*unaudited as of 12/31/11

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. Please read the prospectus carefully before investing.

Investments are focused in the natural gas distribution and transmission industry, which may be adversely affected by rising interest rates, weather, and the wholesale pricing of alternative fuels.

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 Specialty Utilities Category consists of those portfolios that seek capital appreciation by investing primarily in equity securities of U.S. or non-U.S. public utilities including electric, gas, and telephone-service providers.

S&P 500 Index is a capitalization-weighted index of 500 stocks. The Index is designed to represent the broad domestic economy through changes in aggregate market value of 500 stocks representing all major industries.

AGA Stock Index is a market capitalization weighted index, adjusted monthly, consisting of member companies of the AGA.

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 Fund received 5 stars for the three and five year periods, and 4 stars for the ten year period ended 12/31/11 among 74, 72 and 45 specialty utilities 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.

P/E Ratio is the market price per share divided by earnings per share.

Price/Book Ratio is the market price per share divided by book value.

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.

Market Capture Ratios is a statistical measure of the Fund's overall performance in up-markets (positive return periods) and down-markets (negative return periods). The market capture ratios are used to evaluate how well an investment performed relative to an index during periods when that index has risen or fallen. The ratio is calculated by dividing the Fund's returns by the returns of the index during the up-market or the down-market, and multiplying that factor by 100.