

FBR Balanced Fund

December 31, 2011



INVESTMENT OBJECTIVE

The Fund seeks both long-term capital growth and current income. To pursue its investment objectives, the Fund invests in a blend of domestic common stocks, preferred stocks, convertible securities, and core, high quality, fixed income securities.

PORTFOLIO MANAGEMENT

EQUITY SLEEVE: THE LONDON COMPANY

Stephen M. Goddard, CFA

- » President, CIO, Managing Director
- » Over 20 years of investment experience

Jonathan T. Moody

- » Principal & Portfolio Manager
- » Over 17 years of investment experience

J. Wade Stinnette, Jr.

- » Portfolio Manager
- » Over 22 years of investment experience

FIXED INCOME SLEEVE: 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

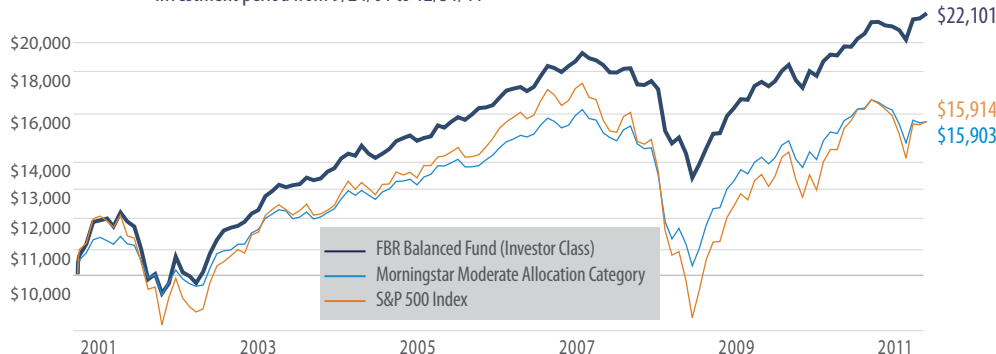
The Fund invests in stocks, bonds and other fixed-income securities which are designed to provide broad market exposure and low volatility versus the S&P 500 Index. It employs a balanced approach which largely focuses on a portfolio of dividend-paying stocks and fixed income securities.

FUND PERFORMANCE as of 12/31/11

Morningstar Category: Moderate Allocation	Average Annualized Total Return					
	Q4 2011	1 Year	3 Year	5 Year	10 Year	Since Inception
FBR Balanced Fund						
Investor Class (inception: 9/24/01) ¹	8.38%	10.61%	13.41%	4.68%	6.49%	8.02% ¹
Institutional Class (inception: 6/03/97) ²	8.37%	10.84%	13.65%	4.93%	6.69%	6.59% ²
S&P 500 Index	11.82%	2.11%	14.11%	-0.25%	2.92%	4.24% ¹
Category Rank (Investor Class)		1%	16%	2%	3%	NA
# of funds in Moderate Allocation Category		963	843	736	393	NA
Annual Total Expense Ratio (Net Gross): ³	1.39% 1.60% (Investor Class)			1.14% 1.18% (Institutional Class)		

Hypothetical Growth of \$10,000 (Investor Class)

Investment period from 9/24/01 to 12/31/11



Reflects the reinvestment of dividends and all fund expenses.

³FBR 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 1.08% 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 through February 28, 2015. In addition, the Adviser has also voluntarily agreed to limit fees and/or pay expenses in amounts necessary to limit Net Annual Fund Operating Expenses of the Fund to 0.99% (excluding 12b-1 fees, interest, taxes, brokerage commissions, acquired fund fees and expenses, extraordinary legal expenses, or any other extraordinary expenses) for the period until February 28, 2013. Thereafter, the Adviser may either renew or terminate these voluntary arrangements at any time.

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 AFSAX / 30246J653

Institutional Class AFBAX / 30246J646

Inception

Investor Class 9/24/01

Institutional Class 6/03/97

Total Fund Assets \$131.7M

Number of Holdings 145

MORNINGSTAR® RATING as of 12/31/11

OVERALL MORNINGSTAR® RATING

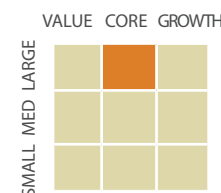


(Investor Class)

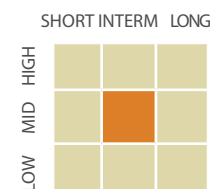
Among 843 Moderate Allocation Funds

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



FIXED INCOME STYLE



FOR MORE INFORMATION

Advisor Sales Desk

888.200.4710

www.fbrfunds.com

Shareholder Services

888.888.0025

888.200.4710 | www.fbrfunds.com

TOP 10 HOLDINGS

	% Assets
U.S. Treasury Note/Bond, 3.875%	3.1%
NewMarket Corp.	3.0
U.S. Treasury Note/Bond, 3.125%	2.9
Berkshire Hathaway, Inc.	2.9
Albemarle Corp.	2.8
Bristol-Myers Squibb Co.	2.8
Dominion Resources, Inc.	2.6
Verizon Communications, Inc.	2.3
Chevron Corp.	2.3
MeadWestvaco Corp.	2.2
Total	26.9%

RISK METRICS (Investor Class)

cat: Moderate Allocation	3 Year	5 Year	10Year
Morningstar Risk	-Avg	-Avg	Avg
Morningstar Return	+Avg	High	High
Standard Deviation			
FBR Balanced Fund	10.70	11.09	10.40
cat: Mod. Allocation Funds Avg.	12.70	13.36	10.86
MPT Statistics (relative to S&P 500 Index)			
Beta	0.54	0.56	0.60
Alpha	4.97	3.77	3.60

Source: Morningstar Direct

PORTFOLIO CHARACTERISTICS

Wtd. Avg. Market Cap	\$78.0B
Wtd. Avg. P/E	16.0x
Wtd. Avg. P/B	4.0x

CAPTURE RATIOS RELATIVE TO S&P 500 INDEX (Investor Class)

3 Year		Source: Morningstar Direct
UP MARKET	63.4%	
DOWN MARKET	44.5%	
Since Inception (9/24/01 - 12/31/11)		
UP MARKET	56.3%	
DOWN MARKET	52.0%	

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.

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 Moderate Allocation Category consists of those portfolios that seek to provide both capital appreciation and income by investing in three major areas: stocks, bonds, and cash. These funds tend to hold larger positions in stocks than conservative-allocation funds. These funds typically have 50% to 70% of assets in equities and the remainder in fixed income and cash.

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.

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 4 stars for the three year period and 5 stars for the five year and ten year periods ended 12/31/11 among 843, 736 and 393 moderate allocation 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.