

STATEMENT OF ADDITIONAL INFORMATION

FRONTEGRA FUNDS, INC.

Frontegra MFG Global Equity Fund
Institutional Class Shares (FMGEX)

Frontegra MFG Core Infrastructure Fund
Institutional Class Shares (FMGIX)

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This Statement of Additional Information (“SAI”) is not a prospectus and should be read in conjunction with the Prospectuses of the Frontegra MFG Global Equity Fund (the “Global Equity Fund”) and the Frontegra MFG Core Infrastructure Fund (the “Infrastructure Fund”) (individually, a “Fund,” and together, the “Funds”) dated December 28, 2011. Each Fund is a series of Frontegra Funds, Inc. (the “Company”). Copies of the Prospectuses are available without charge upon request to the above address or toll-free telephone number, or you can visit the Funds’ website at <http://www.frontegra.com>.

FRONTEGRA STRATEGIES, LLC
Distributor

This Statement of Additional Information is dated December 28, 2011.

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You should rely only on the information contained in this SAI and the Prospectuses dated December 28, 2011. The Company has not authorized others to provide additional information. This SAI is not an offer to sell securities in any state or jurisdiction where the offering cannot legally be made.

FUND ORGANIZATION

The Company is an open-end management investment company, commonly referred to as a mutual fund. The Company was organized as a Maryland corporation on May 24, 1996.

The Global Equity Fund is a non-diversified series of the Company and the Infrastructure Fund is a diversified series of the Company. The Company may offer separate series of shares representing interests in separate portfolios of securities, and the shares in any one series may be offered in separate classes. Currently, the Company offers ten separate series, two of which are discussed in this SAI. The Board of Directors of the Company (the “Board”) has established four classes of shares of common stock: Institutional Class, Class Y, Class L and Class I. The Company is authorized to issue 2,000,000,000, \$.01 par value, shares of common stock in series and classes. The number of shares authorized for each of the Company’s series and classes is set forth in the table below.

Series/Class of Common Stock	Number of Authorized Shares
Frontegra Netols Small Cap Value Fund ⁽¹⁾	
Institutional Class	50,000,000
Class Y	50,000,000
Frontegra Mastholm International Equity Fund ⁽¹⁾⁽²⁾	100,000,000
Frontegra Sky International Equity Fund ⁽¹⁾	
Institutional Class	50,000,000
Class Y	50,000,000
Frontegra Timpani Small Cap Growth Fund ⁽¹⁾	
Institutional Class	50,000,000
Class Y	50,000,000
Frontegra HEXAM Emerging Markets Fund ⁽¹⁾⁽²⁾	50,000,000
Frontegra Phocas Small Cap Value Fund ⁽¹⁾	
Class L	50,000,000
Class I	50,000,000
Frontegra SAM Global Equity Fund ⁽¹⁾	
Institutional Class	50,000,000
Lockwell Small Cap Value Fund ⁽¹⁾	
Institutional Class	50,000,000
Frontegra MFG Global Equity Fund	
Institutional Class	50,000,000
Frontegra MFG Core Infrastructure Fund	
Institutional Class	50,000,000

(1) This Fund is an additional series of the Company that is not included in this SAI.

(2) This Fund offers a single class of common stock, which has the same characteristics as the Institutional Class.

The assets belonging to each series are held separately by the custodian, U.S. Bank, N.A., and if the Company issues additional series, each additional series will be held separately. In effect, each series will be a separate fund. However, there is a risk, generally considered remote, that one series of the Company could be liable for the liabilities of one or more other series of the Company.

Each share of common stock, irrespective of series or class, is entitled to one vote on all questions, except that certain matters must be voted on separately by the series or class of shares affected, and matters affecting only one series or class are voted upon only by that series or class. Shares have non-cumulative voting rights, which means that the holders of more than 50% of the shares voting for the election of directors can elect all of the directors if they choose to do so and, in such event, the holders of the remaining shares will not be able to elect any person or persons to the Board. Each share of common stock is entitled to participate in distributions of net investment income and net capital gain as determined by the Board. Each share of common stock is entitled to the residual assets of the respective series in the event of liquidation. Shares have no preemption, conversion or subscription rights.

FUND POLICIES: FUNDAMENTAL AND NON-FUNDAMENTAL

The investment objective of each Fund is long-term capital appreciation. This investment objective may not be changed without shareholder approval. The Global Equity Fund is non-diversified and the Infrastructure Fund is diversified.

The following is a complete list of each Fund's fundamental investment limitations which cannot be changed without shareholder approval, which requires the approval of a majority of each Fund's outstanding voting securities. As used herein, a "majority of each Fund's outstanding voting securities" means the lesser of (i) 67% of the shares of common stock of a Fund represented at a meeting at which more than 50% of the outstanding shares are present, or (ii) more than 50% of the outstanding shares of common stock of the Fund.

Each Fund:

1. May not with respect to 75% of its total assets, purchase the securities of any issuer (except securities issued or guaranteed by the U.S. government or its agencies or instrumentalities) if, as a result, (i) more than 5% of the Fund's total assets would be invested in the securities of that issuer or (ii) the Fund would hold more than 10% of the outstanding voting securities of that issuer. *This restriction does not apply to the Global Equity Fund, which is non-diversified.*
2. May (i) borrow money from banks and (ii) make other investments or engage in other transactions permissible under the Investment Company Act of 1940, as amended (the "1940 Act") which may involve a borrowing, provided that the combination of (i) and (ii) shall not exceed 33-1/3% of the value of the Fund's total assets (including the amount borrowed), less the Fund's liabilities (other than borrowings). The Fund may also borrow money from other Frontegra Funds or other persons to the extent permitted by applicable law.
3. May not issue senior securities, except as permitted under the 1940 Act.
4. May not act as an underwriter of another issuer's securities, except to the extent the Fund may be deemed to be an underwriter within the meaning of the Securities Act of 1933, as amended (the "Securities Act") in connection with the purchase and sale of portfolio securities.
5. May not purchase or sell physical commodities unless acquired as a result of ownership of securities or other instruments (but this limitation shall not prevent the Fund from purchasing or selling options, futures contracts, or other derivative instruments, or from investing in securities or other instruments backed by physical commodities).
6. May not make loans if, as a result, more than 33-1/3% of the Fund's total assets would be lent to other persons, except through (i) purchases of debt securities or other debt instruments or (ii) engaging in repurchase agreements.
7. May not purchase the securities of any issuer if, as a result, more than 25% of the Fund's total assets would be invested in the securities of issuers, the principal business activities of which are in the same industry, except that the Infrastructure Fund will invest at least 25% of the value of its total assets in companies engaged in the utilities industry.
8. May not purchase or sell real estate unless acquired as a result of ownership of securities or other instruments (but this limitation shall not prohibit the Fund from purchasing or selling securities or other instruments backed by real estate or of issuers engaged in real estate activities).

9. May, notwithstanding any other fundamental investment policy or restriction, invest all of its assets in the securities of a single open-end management investment company with substantially the same fundamental investment objective, policies, and restrictions as the Fund.

With the exception of the investment restriction set out in item 2 above, if a percentage restriction is adhered to at the time of investment, a later increase in percentage resulting from a change in market value of the investment or the total assets will not constitute a violation of that restriction.

The following are the Funds' non-fundamental operating policies which may be changed by the Board without shareholder approval.

Each Fund may not:

1. Sell securities short, unless the Fund owns or has the right to obtain securities equivalent in kind and amount to the securities sold short or unless it covers such short sale as required by the current rules and positions of the Securities and Exchange Commission (the "SEC") or its staff, and provided that transactions in options, futures contracts, options on futures contracts, or other derivative instruments are not deemed to constitute selling securities short.
2. Purchase securities on margin, except that the Fund may obtain such short-term credits as are necessary for the clearance of transactions, and provided that margin deposits in connection with futures contracts, options on futures contracts, or other derivative instruments shall not constitute purchasing securities on margin.
3. Invest in illiquid securities if, as a result of such investment, more than 15% of its net assets would be invested in illiquid securities, or such other amounts as may be permitted under the 1940 Act.
4. Purchase securities of other investment companies except in compliance with the 1940 Act.
5. Invest all of its assets in the securities of a single open-end investment management company with substantially the same fundamental investment objective, restrictions and policies as the Fund.
6. Engage in futures or options on futures transactions, except in accordance with Rule 4.5 under the Commodity Exchange Act.
7. Borrow money, except (i) from banks or (ii) through reverse repurchase agreements or mortgage dollar rolls, and will not purchase securities when bank borrowings exceed 5% of its total assets.
8. Make any loans other than loans of portfolio securities, except through (i) purchases of debt securities or other debt instruments, or (ii) engaging in repurchase agreements.
9. Make any change in its investment policy of investing a minimum percentage of its net assets in the investments suggested by the Fund's name without first providing shareholders of the Fund with at least 60 days' notice.

Unless noted otherwise, if a percentage restriction is adhered to at the time of investment, a later increase or decrease in percentage resulting from a change in market value of the investment or the total assets will not constitute a violation of that restriction.

INVESTMENT POLICIES AND TECHNIQUES

The following information supplements the discussion of the Funds' investment objectives, policies, and techniques that are described in the applicable Prospectus.

Recent Market Conditions

In recent years, U.S. and international markets have experienced dramatic volatility. As a result, the securities markets have experienced substantially lower valuations, reduced liquidity, price volatility, credit downgrades, increased likelihood of default and valuation difficulties. Accordingly, the following securities may be subject to increased risks.

Illiquid Securities

The Funds may invest in illiquid securities (i.e., securities that are not readily marketable). For purposes of this restriction, illiquid securities include, but are not limited to, restricted securities (securities the disposition of which is restricted under the federal securities laws), securities which may only be resold pursuant to Rule 144A under the Securities Act, and repurchase agreements with maturities in excess of seven days. However, none of the Funds will acquire illiquid securities if, as a result, such securities would comprise more than 15% of the value of the Fund's net assets. Rule 144A securities may be treated as illiquid securities, subject to the liquidity guidelines. The Board or its delegate has the ultimate authority to determine, to the extent permissible under the federal securities laws, which securities are liquid or illiquid for purposes of this 15% limitation. The Board has delegated to each Fund's respective adviser or subadviser, as applicable, the day-to-day determination of the liquidity of any security, although it has retained oversight and ultimate responsibility for such determinations. Although no definitive liquidity criteria are used, the Board has directed the Funds' adviser or subadviser, as applicable, to look to such factors as (i) the nature of the market for a security (including the institutional private resale market), (ii) the terms of certain securities or other instruments allowing for the disposition to a third party or the issuer thereof (e.g., certain repurchase obligations and demand instruments), (iii) the availability of market quotations (e.g., for securities quoted in the PORTAL system) and (iv) other permissible relevant factors.

Restricted securities may be sold only in privately negotiated transactions or in a public offering with respect to which a registration statement is in effect under the Securities Act. Where registration is required, a Fund may be obligated to pay all or part of the registration expenses and a considerable period may elapse between the time of the decision to sell a security and the time the Fund may be permitted to sell a security under an effective registration statement. If, during such a period, adverse market conditions were to develop, the Fund might obtain a less favorable price than that which prevailed when it decided to sell. Restricted securities will be priced at fair value as determined in good faith by the Board. If, through the appreciation of restricted securities or the depreciation of unrestricted securities, any of the Funds should be in a position where more than 15% of the value of their respective net assets are invested in illiquid securities, including restricted securities which are not readily marketable, the affected Fund will take such steps as is deemed advisable, if any, to protect liquidity.

Short-Term Fixed Income Securities

Each Fund may invest up to 100% of its total assets in cash and short-term fixed income securities in limited circumstances, to retain the flexibility to respond promptly to changes in market, economic or political conditions or in the case of unusually large cash inflows or redemptions. When a Fund takes a temporary position, the Fund may not achieve its investment objective. Short-term fixed income securities are defined to include without limitation, the following:

1. U.S. government securities, including bills, notes and bonds differing as to maturity and rates of interest, which are either issued or guaranteed by the U.S. Treasury or by U.S. government agencies or instrumentalities. U.S. government agency securities include securities issued by: (a) the Federal Housing Administration, Farmers Home Administration, Export-Import Bank of the United States, Small Business Administration and the Government National Mortgage Association, whose securities are supported by the full faith and credit of the United States; (b) the Federal Home Loan Banks, Federal Intermediate Credit Banks and the Tennessee Valley Authority, whose securities are supported by the right of the agency to borrow from the U.S. Treasury; (c) the Federal National Mortgage Association ("Fannie Mae") and the Federal Home Loan Mortgage Corporation ("Freddie Mac"), whose securities are supported by the discretionary authority of the U.S. government to purchase certain obligations of the agency or instrumentality; and (d) the Student Loan Marketing Association, whose securities are supported only by its credit. While the U.S. government provides financial support to such U.S. government-sponsored agencies or instrumentalities, no assurance can be given that it always will do so since it is not so obligated by law. The U.S. government, its agencies and instrumentalities do not guarantee the market value of their securities and consequently the value of such securities may fluctuate. The Federal Housing Finance Agency placed Fannie Mae and Freddie Mac into conservatorship in 2008. In addition, the U.S. Department of Treasury is assisting in each entity's ability to meet its obligations through the establishment of a preferred stock purchase agreement and a new secured lending credit facility and has agreed to provide up to \$200 billion of capital to each entity as needed. However, there is no assurance that such actions will be successful.
2. Certificates of Deposit issued against funds deposited in a bank or savings and loan association. Such certificates are for a definite period of time, earn a specified rate of return and are normally negotiable. If such certificates of deposit are non-negotiable, they will be considered illiquid securities and be subject to each Fund's restriction on investments in illiquid securities. Pursuant to the certificate of deposit, the issuer agrees

to pay the amount deposited plus interest to the bearer of the certificate on the date specified thereon. The maximum insurance payable by the Federal Deposit Insurance Corporation (“FDIC”) as to any one certificate of deposit was increased permanently from \$100,000 to \$250,000 per depositor.

3. Bankers’ acceptances which are short-term credit instruments used to finance commercial transactions. Generally, an acceptance is a time draft drawn on a bank by an exporter or an importer to obtain a stated amount of funds to pay for specific merchandise. The draft is then “accepted” by a bank that, in effect, unconditionally guarantees to pay the face value of the instrument on its maturity date. The acceptance may then be held by the accepting bank as an asset or it may be sold in the secondary market at the going rate of interest for a specific maturity.
4. Repurchase agreements which involve purchases of debt securities. In such a transaction, at the time the Fund purchases the security, it simultaneously agrees to resell and redeliver the security to the seller, who also simultaneously agrees to buy back the security at a fixed price and time. This assures a predetermined yield for the Fund during its holding period since the resale price is always greater than the purchase price and reflects an agreed-upon market rate. Such actions afford an opportunity for the Fund to invest temporarily available cash. The Fund may enter into repurchase agreements only with respect to obligations of the U.S. government, its agencies or instrumentalities, certificates of deposit, or bankers acceptances in which the Fund may invest. Repurchase agreements may be considered loans to the seller, collateralized by the underlying securities. The risk to the Fund is limited to the ability of the seller to pay the agreed-upon sum on the repurchase date. In the event of default, the repurchase agreement provides that the affected Fund is entitled to sell the underlying collateral. However, if the value of the collateral declines after the agreement is entered into, and if the seller defaults under a repurchase agreement when the value of the underlying collateral is less than the repurchase price, the Fund could incur a loss of both principal and interest. The Funds’ subadviser monitors the value of the collateral at the time the transaction is entered into and at all times during the term of the repurchase agreement. The subadviser does so in an effort to determine that the value of the collateral always equals or exceeds the agreed-upon repurchase price to be paid to the Fund. If the seller were to be subject to a federal bankruptcy proceeding, the ability of the Fund to liquidate the collateral could be delayed or impaired because of certain provisions of the bankruptcy laws.
5. Bank time deposits, which are monies kept on deposit with banks or savings and loan associations for a stated period of time at a fixed rate of interest. There may be penalties for the early withdrawal of such time deposits, in which case the yields of these investments will be reduced.
6. Commercial paper consists of short-term unsecured promissory notes, including variable rate master demand notes issued by corporations to finance their current operations. Master demand notes are direct lending arrangements between the Fund and a corporation. There is no secondary market for the notes. However, they are redeemable by the Fund at any time. The Funds’ subadviser will consider the financial condition of the corporation (e.g., earning power, cash flow and liquidity ratios) and will continuously monitor the corporation’s ability to meet all of its financial obligations, because each Fund’s liquidity might be impaired if the corporation were unable to pay principal and interest on demand. Investments in commercial paper will be limited to commercial paper rated in the two highest categories by a major rating agency or unrated commercial paper which is, in the opinion of Frontegra Asset Management, Inc. (“Frontegra” or the “Adviser”) or subadviser, of comparable quality.

Other than commercial paper, short-term fixed income securities must be rated at least A or higher by Standard & Poor’s (“S&P”), Moody’s Investors Service (“Moody’s”) or Fitch Ratings (“Fitch”). Commercial paper and commercial paper master notes must be rated A-1 or better by S&P, Prime-1 or better by Moody’s, or F2 or higher by Fitch. Each Fund may also invest in the short-term investment funds of their custodial bank.

Investment Grade Debt Obligations

Investment grade debt obligations include: (i) U.S. government securities; (ii) commercial paper rated in one of the three highest rating categories (e.g., A-3 or higher by S&P); (iii) short-term notes rated in one of the three highest rating categories (e.g., A-3 or higher by S&P); (iv) bonds rated in one of the four highest rating categories (e.g., BBB or higher by S&P); and (v) unrated securities determined by a subadviser to be of comparable quality. Investment grade securities are generally believed to have relatively low degrees of credit risk. However, certain investment grade securities may have some

speculative characteristics because their issuers' capacity for repayment may be more vulnerable to adverse economic conditions or changing circumstances than that of higher-rated issuers.

Convertible Securities and Preferred Stocks

The Funds may invest in convertible securities, which are debt obligations convertible into or exchangeable for equity securities or debt obligations that carry with them the right to acquire equity securities, as evidenced by warrants attached to such securities, or acquired as part of units of the securities. The Funds may also invest in preferred stocks, which are securities that represent an ownership interest in a corporation and that give the owner a prior claim over common stock on the company's earnings or assets.

Master Limited Partnerships (MLPs)

The Infrastructure Fund may invest in MLPs. An MLP is an investment that combines the tax benefits of a limited partnership with the liquidity of publicly-traded securities. An investment in MLP interests involves some risks that differ from investments in the common stock of a corporation. Holders of MLP interests have limited control on matters affecting the partnership. The benefit of investing in MLPs is largely dependent on the MLPs being treated as partnerships for federal income tax purposes.

Foreign Securities and Currencies

The Funds may invest directly in securities of non-U.S. companies. Investments in securities of foreign issuers involve risks which are in addition to the usual risks inherent in domestic investments. In many countries there is less publicly available information about issuers than is available in the reports and ratings published about companies in the U.S. Additionally, foreign companies are not subject to uniform accounting, auditing and financial reporting standards as are companies in the U.S. Other risks inherent in foreign investment include: expropriation; confiscatory taxation; capital gains taxes; withholding taxes on dividends and interest; less extensive regulation of foreign brokers, securities markets and issuers; costs incurred in conversions between currencies; the possibility of delays in settlement in foreign securities markets; limitations on the use or transfer of assets (including suspension of the ability to transfer currency from a given country); the difficulty of enforcing obligations in other countries; diplomatic developments; and political or social instability. Foreign economies may differ favorably or unfavorably from the U.S. economy in various respects, and many foreign securities are less liquid and their prices are more volatile than comparable U.S. securities. From time to time, foreign securities may be difficult to liquidate rapidly without adverse price effects. Certain costs attributable to foreign investing, such as custody charges and brokerage costs, are higher than those attributable to domestic investing.

In addition, the Funds may purchase and sell foreign currency on a spot basis and may engage in forward currency contracts for hedging or any other lawful purpose. Forward currency transactions are over-the-counter contracts to purchase or sell a specified amount of a specified currency or multinational currency unit at a price and future date set at the time of the contract. Spot foreign exchange transactions are similar but require current, rather than future, settlement.

Because most foreign securities are denominated in non-U.S. currencies, the investment performance of the Funds could be affected by changes in foreign currency exchange rates to some extent. The value of each Fund's assets denominated in foreign currencies will increase or decrease in response to fluctuations in the value of those foreign currencies relative to the U.S. dollar. Currency exchange rates can be volatile at times in response to various political and economic conditions.

Furthermore, beginning in 2013, the United States will impose a new 30% withholding tax, which is generally non-refundable, on certain payments to foreign entities which could affect a Fund's return on a foreign security.

Equity Swaps

The Funds may enter into equity swap agreements to invest in a stock without owning or taking physical custody of securities in circumstances where direct investment may be restricted or impractical or for hedging purposes. The counterparty to an equity swap agreement will typically be a bank or a broker-dealer. Equity swaps involve the exchange by a Fund with another party of their respective commitments to make or receive payments based on a notional principal amount. The Funds will generally enter into equity swaps on a net basis (i.e., the two payment streams are netted out) with the Fund receiving or paying, as the case may be, only the net amount of the two payments. The use of equity swaps is a highly specialized activity that involves investment techniques and risks different from those associated with ordinary securities transactions. In addition,

there is a risk that the swap position may correlate imperfectly with the price of the asset or liability being hedged. Equity swaps will be offset by segregated cash or liquid assets to cover the Funds' exposure under the agreement.

Foreign Investment Companies

Some of the securities in which the Funds invest may be located in countries that may not permit direct investment by outside investors. Investments in such securities may only be permitted through foreign government-approved or -authorized investment vehicles, which may include other investment companies. Investing through such vehicles may involve frequent or layered fees or expenses and may also be subject to limitation under the 1940 Act. Under the 1940 Act, the Funds may invest up to 10% of its assets in shares of investment companies and up to 5% of its assets in any one investment company as long as the investment does not represent more than 3% of the voting stock of the acquired investment company.

Depository Receipts

The Funds may invest in foreign securities by purchasing depository receipts, including American Depository Receipts (“ADRs”), Global Depository Receipts (“GDRs”) and European Depository Receipts (“EDRs”) or other securities convertible into securities or issuers based in foreign countries. ADRs include American Depository Shares. These securities may not necessarily be denominated in the same currency as the securities into which they may be converted. Generally, ADRs, in registered form, are denominated in U.S. dollars and are designed for use in the U.S. securities markets, while GDRs and EDRs, in bearer form, may be denominated in other currencies and are designed for use in non-U.S. securities markets. ADRs are receipts typically issued by a U.S. bank or trust company evidencing ownership of the underlying securities. GDRs and EDRs are receipts with a non-U.S. bank evidencing a similar arrangement. For purposes of each Fund’s investment policies, ADRs, GDRs and EDRs are deemed to have the same classification as the underlying securities they represent. Thus, an ADR, GDR or EDR representing ownership of common stock will be treated as common stock.

ADR facilities may be established as either “unsponsored” or “sponsored.” While ADRs issued under these two types of facilities are in some respects similar, there are distinctions between them relating to the rights and obligations of ADR holders and the practices of market participants. A depository may establish an unsponsored facility without participation by (or even necessarily the acquiescence of) the issuer of the deposited securities, although typically the depository requests a letter of non-objection from such issuer prior to the establishment of the facility. Holders of unsponsored ADRs generally bear all the costs of such facilities. The depository usually charges fees upon the deposit and withdrawal of the deposited securities, the conversion of dividends into U.S. dollars, the disposition of non-cash distributions, and the performance of other services. The depository of an unsponsored facility frequently is under no obligation to distribute shareholder communications received from the issuer of the deposited securities or to pass through voting rights to ADR holders in respect of the deposited securities. Sponsored ADR facilities are created in generally the same manner as unsponsored facilities, except that the issuer of the deposited securities enters into a deposit agreement with the depository. The deposit agreement sets out the rights and responsibilities of the issuer, the depository and the ADR holders. With sponsored facilities, the issuer of the deposited securities generally will bear some of the costs relating to the facility (such as dividend payment fees of the depository), although ADR holders continue to bear certain other costs (such as deposit and withdrawal fees). Under the terms of most sponsored arrangements, depositories agree to distribute notices of shareholder meetings and voting instructions, and to provide shareholder communications and other information to the ADR holders at the request of the issuer of the deposited securities.

Utilities Companies

Utilities companies in which the Infrastructure Fund may invest generally are involved in the generation, transmission, sale or distribution of electric energy; distribution, purification and treatment of water; or production, transmission or distribution of oil or natural gas. The Infrastructure Fund will invest significantly in securities of utilities companies and may be susceptible to adverse economic or regulatory occurrences affecting that industry. Investing in the utilities industry may involve additional risks, such as high interest costs in connection with capital construction and improvement programs; difficulty in raising capital; unfavorable government rate regulation; risks regulated to environmental and other regulatory compliance costs; negative effectives of an economic slowdown or recession; and increased competition from other utilities providers.

Companies in the utilities industry may be subject to regulation by various governmental authorities and may be subject to special tariffs and changes in tax laws, regulatory policies and accounting standards. In addition, there are substantial differences between regulations that apply among different jurisdictions and agencies. Changes in climate can also negatively affect the financial condition of utility companies.

Line of Credit

The Funds may borrow money from banks to the extent allowed (see Fund Policies: Fundamental and Non-Fundamental) to meet shareholder redemptions. The Funds may enter into a line of credit with a bank in order to provide short-term financing, if necessary, in connection with shareholder redemptions.

Repurchase Agreements

The Funds may enter into repurchase agreements with certain banks or non-bank dealers. In a repurchase agreement, the Fund buys a security at one price, and at the time of sale, the seller agrees to repurchase the obligation at a mutually agreed upon time and price (usually within seven days). The repurchase agreement, thereby, determines the yield during the purchaser's holding period, while the seller's obligation to repurchase is secured by the value of the underlying security. MFG Asset Management will monitor, on an ongoing basis, the value of the underlying securities to ensure that the value always equals or exceeds the repurchase price plus accrued interest. Repurchase agreements could involve certain risks in the event of a default or insolvency of the other party to the agreement, including possible delays or restrictions upon the Fund's ability to dispose of the underlying securities. Although no definitive creditworthiness criteria are used, the portfolio manager reviews the creditworthiness of the banks and non-bank dealers with which the Fund enters into repurchase agreements to evaluate those risks. The Funds may, under certain circumstances, deem repurchase agreements collateralized by U.S. government securities to be investments in U.S. government securities.

Exchange-Traded Funds and Other Investment Companies

The Funds may invest in securities issued by Exchange-Traded Funds ("ETFs"), closed-end investment companies and other investment companies within the limits prescribed by the 1940 Act. With certain exceptions, Section 12(d)(1) of the 1940 Act precludes the Funds from acquiring (i) more than 3% of the total outstanding shares of another investment company; (ii) shares of another investment company having an aggregate value in excess of 5% of the value of the total assets of the Fund; or (iii) shares of another registered investment company and all other investment companies having an aggregate value in excess of 10% of the value of the total assets of the Fund. The Funds may invest in ETFs that hold international equities. The Funds may also purchase ETFs that invest in companies that have particular market capitalizations, that are in specific industries and economic sectors and that comprise various equity indices. The Funds may acquire ETFs as a means of investing cash temporarily in instruments that may generate returns comparable to each Fund's benchmark index.

Shares of ETFs and closed-end investment companies often trade at a discount to their net asset value, but in some cases at a premium. When a Fund purchases ETFs or closed-end investment companies, it will do so in the secondary market and consequently will incur brokerage charges. Closed-end fund shares will generally be exchange-traded and are not redeemable. As an owner of an ETF, mutual fund or another investment company, each Fund bears, along with other shareholders, a pro-rata portion of the other investment company's expenses, including advisory fees, and such fees and other expenses will be borne indirectly by a Fund's shareholders. These expenses would be in addition to the advisory and other expenses that a Fund bears directly in connection with its own operations.

Portfolio Turnover

Each Fund's portfolio investments may be sold for a variety of reasons, such as a more favorable investment opportunity, market conditions or other factors. A high rate of portfolio turnover (over 100%) may involve correspondingly greater transaction costs to a Fund and its shareholders. High portfolio turnover may result in the realization of capital gains that must be distributed to shareholders as short-term capital gains taxed at ordinary income rates (currently as high as 35%, but scheduled to increase to 39.6% in 2013).

DIRECTORS AND OFFICERS

Under the laws of the State of Maryland, the Board of Directors of the Company is responsible for managing the Company's business and affairs. The Board of Directors also oversees duties required by applicable state and federal law.

The directors and officers of the Company, together with information as to their principal business occupations during the last five years and other information, are shown below. William D. Forsyth III (indicated with an asterisk*) is deemed to be an "interested person" of the Fund, as defined in the 1940 Act, due to his ownership interest in Frontegra Asset Management Inc. ("Frontegra") and his indirect equity ownership in Timpani Capital Management LLC ("Timpani"), an investment adviser to another Frontegra Fund not discussed in this SAI.

Independent Directors

<u>Name, Address and Year of Birth</u>	<u>Position(s) Held with Company</u>	<u>Term of Office and Length of Time Served</u>	<u>Principal Occupation(s) During Past Five Years</u>	<u>Number of Funds in Complex Overseen By Director⁽¹⁾</u>	<u>Other Directorships Held by Director</u>
David L. Heald 400 Skokie Blvd., Suite 260, Northbrook, IL 60062 Year of Birth: 1943	Lead Independent Director	Indefinite; since June 1996	Mr. Heald received his B.A. in English from Denison University in 1966 and his J.D. from Vanderbilt University School of Law in 1969. Mr. Heald previously served as a principal and a director of Consulting Fiduciaries, Inc. ("CFI"), a registered investment adviser, from 1994 to 2011. CFI provides professional, independent, fiduciary decision making, consultation and alternative dispute resolution services to ERISA plans, plan sponsors and investment managers. Between April 1994 and August 1994, Mr. Heald engaged in the private practice of law. From August 1992 until April 1994, Mr. Heald was a managing director and the chief administrative officer of Calamos Asset Management, Inc., a registered investment adviser specializing in convertible securities, and he served as an officer and director of CFS Investment Trust, a registered investment company comprised of four series. From January 1990 until August 1992, Mr. Heald was a partner in the Chicago based law firm of Gardner, Carton & Douglas.	10	None
James M. Snyder 400 Skokie Boulevard Suite 500 Northbrook, Illinois 60062 Year of Birth: 1947	Independent Director	Indefinite; since May 2002	Mr. Snyder received his B.S. in Finance from Indiana University in 1969 and his M.B.A. from DePaul University in 1973. Mr. Snyder is a private investor and Chairman of The Snyder Family Foundation. Mr. Snyder served as an investment professional with Northern Trust from June 1969 until his retirement in June 2001. He served in a variety of capacities at Northern Trust, most recently as Executive Vice President of Northern Trust and Vice Chairman of Northern Trust Global Investments. Mr. Snyder has earned the right to use the Chartered Financial Analyst (CFA) designation.	10	IronBridge Funds, Inc. (with oversight of six portfolios)

Interested Director and Officers

<u>Name, Address and Year of Birth</u>	<u>Position(s) Held with Company</u>	<u>Term of Office and Length of Time Served</u>	<u>Principal Occupation(s) During Past Five Years</u>	<u>Number of Funds in Complex Overseen By Director⁽¹⁾</u>	<u>Other Directorships Held by Director</u>
William D. Forsyth III* Frontegra Funds, Inc. 400 Skokie Boulevard Suite 500 Northbrook, Illinois 60062 Year of Birth: 1963	President and Secretary Director	Elected annually by the Board of Directors; since August 2008. Indefinite; since May 1996.	Mr. Forsyth received his B.S. in Finance from the University of Illinois in 1986 and his M.B.A. from the University of Chicago in 1988. Mr. Forsyth has served as President of Frontegra since August 2008 and as Treasurer and a Director of Frontegra since May 1996. Mr. Forsyth served as Co-President and Assistant Secretary of Frontegra from May 1996 to August	10	None

<u>Name, Address and Year of Birth</u>	<u>Position(s) Held with Company</u>	<u>Term of Office and Length of Time Served</u>	<u>Principal Occupation(s) During Past Five Years</u>	<u>Number of Funds in Complex Overseen By Director⁽¹⁾</u>	<u>Other Directorships Held by Director</u>
	Co-President, Treasurer and Assistant Secretary	From May 1996 to August 2008.	2008. Mr. Forsyth has served as President of Timpani since August 2008 and served as Co-President from April 2008 to August 2008. Mr. Forsyth has served as President of Frontegra Strategies, LLC, the principal distributor of the Funds' shares, since August 2008 and as Co-President from August 2007 to August 2008. From July 1993 until the present, Mr. Forsyth also served as a Partner of Frontier Partners, Inc., a consulting/marketing firm ("Frontier"). From April 1987 until June 1993, Mr. Forsyth served as a Partner of Brinson Partners, Inc., an investment adviser, and from June 1986 until April 1987, he served as a product marketing representative of Harris Trust & Savings Bank. Mr. Forsyth has earned the right to use the CFA designation.		
Elyce D. Dilworth Frontegra Funds, Inc. 400 Skokie Boulevard Suite 500 Northbrook, Illinois 60062 Year of Birth: 1966	Treasurer, Assistant Secretary, Chief Compliance Officer and Anti-Money Laundering Compliance Officer	Elected annually by the Board of Directors; Treasurer and Assistant Secretary since August 2008; Chief Compliance Officer since January 2008; Anti-Money Laundering Compliance Officer since February 2008.	Ms. Dilworth received her B.B.A. in Finance from the University of Wisconsin – Milwaukee in 1989 and her M.S. in Accounting from the University of Wisconsin – Milwaukee in 1991. Ms. Dilworth has served as Chief Compliance Officer of Frontegra since January 2008 and as Secretary since August 2008. Ms. Dilworth served as Chief Compliance Officer of Timpani from April 2008 through June 2011. She served as Chief Financial Officer of Timpani from April 2008 to March 2010. Ms. Dilworth has served as Chief Compliance Officer of Frontier since September 2010. Ms. Dilworth has served as Chief Compliance Officer of the Distributor since August 2008. From June 2004 until May 2007, Ms. Dilworth was the Chief Compliance Officer for Van Wagoner Funds, Inc. (n/k/a Embarcadero Funds, Inc.), and the President, Secretary and Treasurer from January 2005 until May 2007. From April 1994 until December 2003, Ms. Dilworth was employed by UMB Fund Services, Inc., a service provider to mutual funds and alternative investment products. From January 1992 until April 1994, Ms. Dilworth was a Staff Accountant for PricewaterhouseCoopers LLP, a public accounting firm.	N/A	N/A

⁽¹⁾ The Frontegra Funds consist of ten separate series, two of which are discussed in this SAI.

Board Leadership Structure

Under the laws of the State of Maryland, the Board is responsible for managing the Company's business and affairs. The Board also oversees duties required by applicable state and federal law. The Board exercises its duties of oversight through regular quarterly meetings and special meetings called pursuant to applicable state and federal law. The Board is responsible for approving all significant agreements between the Company and companies that furnish services to the Company. Directors are elected and serve until their successors are elected and qualified.

The Board is comprised of two independent directors, Mr. Heald and Mr. Snyder, and one interested director, Mr. Forsyth. Mr. Heald is the lead independent director. The Board has not designated a chairman. As President of the Company, Mr. Forsyth is the presiding officer at all meetings of the Board in the absence of a designated chairman. As President, Mr. Forsyth serves as chief executive officer of the Company. In the event the Board was to designate a chairman, the Chairman of the Board would preside at each meeting of the Board and have general supervision of the business of the Company and its officers. Given the size of the Board and the ability of the independent directors to provide input on meeting agendas, together with the regular executive sessions of the independent directors and the annual Board self-assessment, the Board believes that the current structure is working effectively. Accordingly, the Board has determined that its leadership structure is appropriate and effective in light of the size of the Company, the nature of its business and industry practices.

The Board has one standing committee – an Audit Committee. Pursuant to its charter, the Audit Committee: oversees the accounting and financial reporting policies and procedures of the Company and each of its series; oversees the Company’s internal control over financial reporting and disclosure controls and procedures; oversees the quality, objectivity and integrity of the Company’s financial statements and the independent audit thereof; monitors the independent auditor’s qualifications, independence and performance; and is responsible for the appointment, compensation and oversight of the Company’s independent auditor. During the fiscal year ended June 30, 2011, the Audit Committee met three times. The two independent directors – Mr. Heald and Mr. Snyder – form the Audit Committee. Mr. Heald is the Chairman of the Audit Committee.

The Board’s role is one of oversight rather than management. Those processes are overseen by Fund officers, including the President and Chief Compliance Officer (“CCO”), who regularly report to the Board on a variety of matters at meetings of the Board. Frontegra reports to the Board, on a regular and as-needed basis, on actual and possible risks affecting the Funds and the Company as a whole. Frontegra reports to the Board on various elements of risk, including investment, credit, liquidity, valuation, operational and compliance risks, as well as any overall business risks that could impact the Funds and the Company. The subadviser and other service providers to the Funds have also implemented risk management policies, which are subject to periodic review by the CCO and the Board.

The Board has appointed the CCO who reports directly to the independent directors and who attends all meetings of the Board. In addition, the CCO presents an annual report to the Board in accordance with the Company’s compliance policies and procedures. The CCO, together with the Company’s President, regularly discuss risk issues affecting the Company during Board meetings. The CCO also provides updates to the Board on the operation of the Company’s compliance policies and procedures and on how these procedures are designed to mitigate risk. The CCO also reports to the Board in the event any material risk issues arise in between Board meetings. Additionally, the Board reviews information regarding the risk management processes of Frontegra, the subadviser and the other service providers to the Funds.

Director Qualifications

The following is a brief discussion of the experience, qualifications, attributes and/or skills that led to the Board’s conclusion that each individual identified below is qualified to serve as a director of the Company.

William D. Forsyth III. Mr. Forsyth has served as a director of the Company since founding the Company in 1996. He founded Frontegra in 1996 and owns 100% of Frontegra. He also is President of the Distributor and is a partner of Frontier, established in 1993. Prior to 1993, he was a partner at Brinson Partners, Inc., an investment adviser, and was employed by Harris Trust & Savings Bank. Through his positions with the Company and its affiliated companies, experience with investment advisers and investment companies and his employment experience, Mr. Forsyth is experienced with financial, accounting, legal, regulatory and investment matters.

David L. Heald. Mr. Heald has served as a director of the Company since 1996. Mr. Heald previously served as principal and director of Consulting Fiduciaries, Inc., a registered investment adviser. Prior to this position, Mr. Heald served in different leadership capacities at Calamos Asset Management, Inc., a registered investment adviser, and at CFS Investment Trust, a registered investment company. He also engaged in the private practice of law for several years. Through his experience with investment advisers and investment companies, his employment experience and his legal training and practice, Mr. Heald is experienced with financial, accounting, legal, regulatory and investment matters.

James M. Snyder. Mr. Snyder has served as a director of the Company since 2002. Mr. Snyder previously served as an investment professional with Northern Trust for over thirty years, most recently as Executive Vice President and Vice Chairman of Global Investments. Additionally, Mr. Snyder serves as the independent chair on the Board of Directors of another investment company. Through his employment experience, Mr. Snyder is experienced with financial, accounting, legal, regulatory and investment matters.

Board Ownership and Compensation

The following table sets forth the dollar range of shares beneficially owned by each director in the Frontegra family of Funds as of December 31, 2010, stated using the following ranges: none, \$1-\$10,000, \$10,001-\$50,000, \$50,001-\$100,000, or over \$100,000.

<u>Name of Director</u>	<u>Aggregate Dollar Range of Equity Securities Beneficially owned in Frontegra Family of Funds</u>
William D. Forsyth III ⁽¹⁾	Over \$100,000
David L. Heald	Over \$100,000
James M. Snyder	Over \$100,000

⁽¹⁾ This director is deemed an “interested person” as defined in the 1940 Act.

As of the date of this SAI, officers and directors of the Company do not own any shares of either Fund because the Funds were not offered for sale until the date of this SAI.

Directors and officers of the Company who are also officers, directors, employees or shareholders of Frontegra do not receive any remuneration from the Funds for serving as directors or officers. Accordingly, Mr. Forsyth and Ms. Dilworth do not receive any remuneration from the Funds for their services as director and officer and officer, respectively. Ms. Dilworth receives compensation from Frontegra for her services as Chief Compliance Officer of the Company. From time to time, the Funds may pay compensation services to an outside consulting firm for compliance-related services in support of Ms. Dilworth’s position as Chief Compliance Officer. Neither the Company nor the Funds maintain any deferred compensation, pension or retirement plans, and no pension or retirement benefits are accrued as Company or Fund expenses. The following table provides information relating to compensation paid to Mr. Heald and Mr. Snyder for their services as directors of the Company for the fiscal year ended June 30, 2011. Mr. Heald and Mr. Snyder did not receive any remuneration from the Funds during the fiscal year 2011 because the Funds had not commenced operations as of June 30, 2011.

<u>Name</u>	<u>Total Compensation from Funds and Fund Complex⁽¹⁾</u>
David L. Heald	\$31,000 ⁽²⁾
James M. Snyder	\$ 31,000 ⁽²⁾

⁽¹⁾ The Frontegra Funds consist of ten separate series, two of which are discussed in this SAI.

⁽²⁾ The disinterested directors may invest their compensation in shares of the Funds.

CODES OF ETHICS

The Company, Frontegra, Timpani and the Distributor have adopted a Code of Ethics under Rule 17j-1 of the 1940 Act. The Code of Ethics governs all employees and other supervised persons of the Company, Frontegra, Timpani and the Distributor. The Code of Ethics is based upon the principle that directors, officers and employees of the Company, Frontegra, Timpani and the Distributor have a fiduciary duty to place the interests of Fund shareholders above their own. The Code of Ethics addresses compliance with federal securities laws, gifts and personal trading and reporting.

The Code of Ethics permits access persons (as defined in the Code of Ethics) to buy or sell securities for their own accounts, including securities that may be purchased or held by the Fund, subject to certain restrictions. The Code of Ethics requires access persons to preclear most transactions in permitted investments. It also requires access persons (other than independent directors of the Fund) to report transactions to Frontegra’s and Timpani’s Chief Compliance Officer. Independent directors are required to report certain transactions to the Fund’s administrator, U.S. Bancorp Fund Services, LLC. Moreover, access persons (other than independent directors of the Fund) are required, on an annual basis, to disclose all securities holdings to the Chief Compliance Officer.

MFG Asset Management has adopted a Code of Ethics and Personal Trading Policy that govern all executive directors, officers and employees of MFG Asset Management (collectively, "Supervised Persons"). The Personal Trading Policy permits Supervised Persons to buy and sell securities for their own accounts subject to certain restrictions. The Personal Trading Policy requires Supervised Persons to preclear all transactions with MFG Asset Management compliance personnel. In addition, Supervised Persons and other access persons are required to disclose all securities holdings and to submit quarterly transaction reports.

PRINCIPAL SHAREHOLDERS

Information regarding principal shareholders and control persons of the Funds is not provided because the Funds were not offered for sale until the date of this SAI.

INVESTMENT ADVISER AND SUBADVISER

Investment Adviser - Frontegra Asset Management, Inc.

Frontegra is the investment adviser to the Funds. William D. Forsyth III owns 100% of Frontegra and is President of Frontegra and the Company. Mr. Forsyth is considered a control person of Frontegra due to his ownership of and position with Frontegra. See "Directors and Officers" for Mr. Forsyth's positions with Frontegra and related entities.

The investment advisory agreement (the "Frontegra Advisory Agreement") has an initial term of two years from the date of the respective amendment relating to each Fund and is required to be approved annually by the Board or by vote of a majority of each Fund's outstanding voting securities (as defined in the 1940 Act). Each annual renewal must also be approved by the separate vote of the Company's disinterested directors, cast in person at a meeting called for the purpose of voting on such approval. The Frontegra Advisory Agreement is terminable without penalty, on 60 days' written notice by the Board, by vote of a majority of each Fund's outstanding voting securities or by Frontegra, and will terminate automatically in the event of its assignment.

Under the terms of the Frontegra Advisory Agreement, Frontegra supervises the management of each Fund's investments and business affairs, subject to the supervision of the Board. At its expense, Frontegra provides office space and all necessary office facilities, equipment and personnel for servicing the investments of the Funds. As compensation for its services, the Global Equity Fund pays to Frontegra a monthly advisory fee at the annual rate of 0.80% of the average daily net asset value of the Fund and the Infrastructure Fund pays to Frontegra a monthly advisory fee at the annual rate of 0.70% of the average daily net asset value of the Fund. No advisory fees were paid by the Funds in fiscal 2011 because they had not commenced operations as of June 30, 2011.

Pursuant to an expense cap agreement between Frontegra and the Company, on behalf of each Fund, Frontegra contractually agreed to waive its management fee and/or reimburse each Fund to ensure that the total operating expenses (excluding acquired fund fees and expenses) for the Global Equity Fund do not exceed 0.80% of the Fund's average daily net asset value and that the total operating expenses for the Infrastructure Fund do not exceed 0.70% of the Fund's average daily net asset value. The expense cap agreement will continue in effect until October 31, 2013 with successive renewal terms of one year unless terminated by Frontegra or the Company prior to any such renewal. Reimbursement of expenses in excess of the applicable limitation will be made on a monthly basis and will be paid to the Fund by reduction of Frontegra's fee, subject to later adjustment, month by month, for the remainder of the Fund's fiscal year.

Subadviser – Magellan Asset Management Limited doing business as MFG Asset Management ("MFG Asset Management")

MFG Asset Management is a wholly owned subsidiary of Magellan Financial Group Limited, a company listed on the Australian Securities Exchange. Frontegra has entered into a subadvisory agreement under which MFG Asset Management serves as the subadviser to the Funds and, subject to Frontegra's supervision, manages each Fund's portfolio assets. Under the agreement, MFG Asset Management is compensated by Frontegra for its investment advisory services at the annual rate of 75% of the net advisory fee received by Frontegra with respect to each Fund, after giving effect to any fee waiver or reimbursement by Frontegra pursuant to the expense cap agreement discussed above. In addition, MFG Asset Management has agreed to reimburse Frontegra for a portion of the expenses incurred in connection with the organization of the Fund, as well as a portion of any expense reimbursements to the Funds made by Frontegra under the expense cap agreement.

Potential Conflicts of Interest

Mr. Forsyth, Frontegra's owner and principal executive officer, generally devotes a substantial portion of his time to the services of Frontier Partners, Inc. ("Frontier"), a consulting/marketing firm that operates as a third-party solicitor for investment advisers. Mr. Forsyth is the owner and a partner of Frontier and derives compensation from such positions. Pursuant to a contractual consulting arrangement, Frontier provides services to and is compensated by MFG Asset Management. This arrangement may present a conflict of interest. Frontegra may not be inclined to terminate the subadvisory relationship with MFG Asset Management when its affiliate, Frontier, is receiving compensation from MFG Asset Management for other services. Similarly, if MFG Asset Management discontinues using the services of Frontier, Frontegra may have an incentive to terminate the subadvisory agreement with MFG Asset Management if a Fund were underperforming, and replace the subadviser with an entity who would retain the services of Frontier and has a better potential for improving Fund performance. Nonetheless, the Board retains ultimate oversight over each Fund and its advisory and subadvisory relationships.

PORTFOLIO MANAGERS

Other Accounts Managed by Portfolio Managers of the Funds

As described in the Prospectus for each Fund under "Fund Management," each portfolio manager is solely responsible (in the case of the Global Equity Fund) or jointly responsible (in the case of the Infrastructure Fund) for the day-to-day management of the applicable Fund and is solely or jointly responsible (as the case may be) for the day-to-day management of the other accounts set forth in the following table. Hamish Douglass is the lead portfolio manager of the Global Equity Fund and Dennis Eagar is the lead portfolio manager of the Infrastructure Fund. All of MGF Asset Management's core infrastructure accounts are managed jointly by the three portfolio managers. As of the date of this SAI, MFG Asset Management does not advise any U.S. registered investment companies other than the Funds.

**Other Accounts Managed by the Portfolio Managers
As of November 30, 2011**

<u>Portfolio Manager</u>	Other Pooled Investment Vehicles Managed by Portfolio Manager				Other Accounts Managed by Portfolio Manager			
	<u>Number</u>	<u>Total Assets</u>	<u>Number with Performance- Based Fees</u>	<u>Total Assets of Pooled Investment Vehicles with Performance- Based Fees</u>	<u>Number</u>	<u>Total Assets</u>	<u>Number with Performance -Based Fees</u>	<u>Total Assets of Accounts with Performance- Based Fees</u>
MFG Global Equity Fund								
<i>MFG Asset Management Limited</i>								
Hamish Douglass	2	\$882.2 million	2	\$882.2 million	1	\$21.6 million	1	\$21.6 million
MFG Core Infrastructure Fund								
<i>MFG Asset Management Limited</i>								
Gerald Stack	2	\$443.6 million	1	\$189.0 million	4	\$1,132.1 million	0	0
Dennis Eagar	1	\$254.6 million	0	0	3	\$1,096.2 million	0	0
Kris Webster	1	\$254.6 million	0	0	3	\$1,096.2 million	0	0

Potential Conflicts of Interest

MFG Asset Management is an investment adviser that manages other client portfolios with positions similar to those in the portfolio that MFG Asset Management manages for each Fund. Positions are bought and sold for all clients based on their investment criteria and MFG Asset Management's investment style. MFG Asset Management has developed and implemented a number of policies and procedures that are designed to ensure that the interests of all MFG Asset Management's clients are protected. Policies that are a part of MFG Asset Management's compliance program address areas such as trade allocations, cross trading, insider trading and trade management. MFG Asset Management has developed trade allocation processes and controls to ensure that no one client, regardless of type, is intentionally favored at the expense of another. Allocation policies are designed to address potential conflicts of interest in situations where two or more accounts, including each Fund, participate in investment decisions involving the same securities. Ongoing and annual reviews are conducted to ensure compliance with the policies and procedures.

Compensation of Portfolio Managers

The compensation of the portfolio manager(s) of each Fund is not exclusively tied to the performance or the value of the assets in the applicable Fund. The compensation of the portfolio manager(s) of each Fund generally depends on a range of factors including contribution to MFG Asset Management, overall performance against agreed objectives, performance of the portfolios for which they have material input, as well as the overall profitability and success of MFG Asset Management.

Ownership of Fund Shares by Portfolio Managers

As of the date of this SAI, the Funds' portfolio managers do not own any shares of either Fund because neither Fund was offered for sale until the date of this SAI.

PORTFOLIO HOLDINGS DISCLOSURE POLICY

The Funds do not provide or permit others to provide information about their portfolio holdings to any third party on a selective basis, except as permitted by the Company's policy regarding disclosure of portfolio holdings (the "Disclosure Policy"). Pursuant to the Disclosure Policy, the Company, Frontegra and the subadviser may disclose information about the Funds' portfolio holdings only in the following circumstances:

- Each Fund will disclose its portfolio holdings by mailing its annual and semi-annual reports to shareholders approximately two months after the end of the fiscal year and six-month period. In addition, the Company will disclose the portfolio holdings of each Fund as of the end of the first and third fiscal quarters by filing Form N-Q with the SEC, and as of the end of the second and fourth fiscal quarters by filing Form N-CSR with the SEC.
- Each Fund's full portfolio holdings as of quarter end will be posted on the Company's website no earlier than 10 days after quarter end.
- Each Fund's top 10 holdings as of quarter end may be posted on the Company's website no earlier than the posting of each Fund's full portfolio holdings as of quarter end on the Company's website, and in no event no earlier than 10 days after quarter end.
- Each Fund's top 10 holdings as of a quarter end may be included in Fund fact sheets following the posting of each Fund's top 10 holdings as of quarter end on the Company's website.
- Each Fund's full portfolio holdings as of quarter end may be included in a quarterly report provided to certain shareholders of a Fund or to consultants for their databases following posting of the portfolio holdings on the Company's website.
- Frontegra or the subadviser may disclose a Fund's portfolio holdings in regulatory filings and to each Fund's service providers (the administrator, fund accountant, custodian, transfer agent, independent accountant, legal counsel and financial printer) in connection with the fulfillment of their duties to each Fund and the Company. Such disclosures generally are made to the service providers on a quarterly basis in connection with the preparation of regulatory filings but may be provided more frequently if necessary.

- The portfolio holdings as of each quarter end for each Fund will be disclosed to the rating agencies listed below no earlier than 10 days after quarter end.

Morningstar, Inc.
 Lipper, Inc.
 Standard & Poor's Ratings Group
 Bloomberg L.P.

Thomson Financial Services
 Vickers Stock Research Corporation
 Capital Bridge, Inc.

- Disclosure of portfolio holdings as of a particular month end may be made in response to inquiries from consultants, existing clients or prospective clients no earlier than 10 days after month end.
- The subadviser is also permitted to disclose the Funds' portfolio holdings to FundBPO Pty Limited, daily, for back office operational support and to ProxyEdge, daily, for proxy recordkeeping services.
- Each Fund's portfolio holdings may also be disclosed in cases where other legitimate business purposes of a Fund are served by such disclosure provided that, if prior to the public disclosure of such information, (a) the Company's Chief Compliance Officer authorizes the disclosure and determines that there are no conflicts of interest between a Fund's shareholders and Frontegra or MFG Asset Management and (b) the recipient is required to maintain the confidentiality of the information either by contract or by law.

The Company is prohibited from entering into any other arrangements to disclose information regarding each Fund's portfolio securities without prior approval of the Board of Directors. No compensation or other consideration may be received by a Fund, Frontegra or MFG Asset Management in connection with the disclosure of portfolio holdings in accordance with this policy.

The Chief Compliance Officer monitors compliance with the Disclosure Policy and reports any violations to the Board of Directors. The Board of Directors will review any disclosures of Fund portfolio holdings outside of the permitted disclosures described above on a quarterly basis to ensure that disclosure of information about portfolio holdings is in the best interest of Fund shareholders and to address any conflicts between the interests of the Fund shareholders and those of an Adviser, subadviser or any other Fund affiliate.

PROXY VOTING POLICIES

The Board has adopted proxy voting procedures that delegate to Frontegra the authority to vote proxies, subject to the supervision of the Board. The Board also authorized Frontegra to delegate its authority to vote proxies to MFG Asset Management pursuant to the subadvisory agreement. In addition, the Board has authorized Frontegra to retain a third party voting service to provide recommendations on proxy votes or vote proxies on each Fund's behalf. The Funds' proxy voting procedures provide that, in the event of a conflict between the interests of Frontegra or MFG Asset Management and a Fund with regard to a proxy vote, a majority of the disinterested directors will be responsible for resolving the conflict.

MFG Asset Management's proxy voting policies provide that MFG Asset Management will vote proxies with respect to client securities in a manner designed to promote the economic interests of its clients. MFG Asset Management's proxy voting guidelines provide that MFG Asset Management will review proposed company resolutions on a case by case basis, exercising voting rights to ensure that companies act in the best interest of their shareholders.

Each Fund's proxy voting record for the most recent 12-month period ended June 30 will be available without charge, either upon request, by calling toll free, 1-888-825-2100, or by accessing the SEC's website at <http://www.sec.gov>.

FUND TRANSACTIONS AND BROKERAGE

MFG Asset Management is responsible for decisions to buy and sell securities for each Fund and for the placement of each Fund's securities business, the negotiation of the commissions to be paid on such transactions and the allocation of portfolio brokerage. MFG Asset Management seeks the best execution available with respect to each transaction, in light of the overall quality of brokerage and research services provided to MFG Asset Management or each Fund. Purchases may be made from underwriters, dealers and, on occasion, the issuers. The purchase price of portfolio securities purchased from an underwriter or dealer may include underwriting commissions and dealer spreads. Each Fund may pay mark-ups on principal transactions. Brokerage will not be allocated based on the sale of a Fund's shares.

Section 28(e) of the Securities Exchange Act of 1934 (“Section 28(e)”) permits an investment adviser, under certain circumstances, to cause an account to pay a broker or dealer who supplies brokerage and research services a commission for effecting a transaction in excess of the amount of commission another broker or dealer would have charged for effecting the transaction. Brokerage and research services include (a) furnishing advice as to the value of securities, the advisability of investing, purchasing or selling securities and the availability of securities or purchasers or sellers of securities; (b) furnishing analyses and reports concerning issuers, industries, securities, economic factors and trends, portfolio strategy and the performance of accounts; and (c) effecting securities transactions and performing functions incidental thereto (such as clearance, settlement and custody).

In selecting brokers and negotiating commissions, MFG Asset Management considers various factors, including: the broker’s reliability, the commission rates, the quality of its services on an overall basis, including execution and research services, financial condition, reliability and reputation. The commissions charged by a broker may be greater than the amount another firm might charge if MFG Asset Management determines in good faith that the amount of such commissions is reasonable in relation to the value of the research information and brokerage services provided by such broker to a Fund. The Subadvisory Agreement provides that such higher commissions will not be paid by a Fund unless (a) MFG Asset Management determines in good faith that the amount is reasonable in relation to the services provided in terms of the particular transaction or in terms of MFG Asset Management’s overall responsibilities with respect to the applicable Fund and to the other accounts as to which they exercise investment discretion; (b) such payment is made in compliance with the provisions of Section 28(e) and the Subadvisory Agreement; and (c) in the opinion of MFG Asset Management, the total commissions paid by a Fund will be reasonable in relation to the benefits to the Fund over the long term.

MFG Asset Management uses full service brokers only who, as part of their overall service, provide general research, assistance in arranging meetings with company management and invitations to conferences. In some cases, MFG Management Asset Management may enter into commission sharing arrangements pursuant to which MFG Asset Management will place a trade with a broker, who will then credit a negotiated portion of the commission to another firm as requested by MFG Asset Management for the purpose of paying for research services received by MFG Asset Management. Such commission arrangements, as well as the research provided in connection with such arrangements, are intended to comply with Section 28(e) of the Exchange Act and the SEC’s interpretative guidance relating thereto.

MFG Asset Management places portfolio transactions for other advisory accounts that it manages. Research services furnished by firms through which each Fund effects its securities transactions may be used by MFG Asset Management in servicing all of its accounts. Not all of such services may be used by MFG Asset Management in connection with each Fund. MFG Asset Management believes it is not possible to measure separately the benefits from research services to each of the accounts (including each Fund) managed by them. Because the volume and nature of the trading activities of the accounts are not uniform, the amount of commissions in excess of those charged by another broker paid by each account for brokerage and research services will vary. However, MFG Asset Management believes such costs to each Fund will not be disproportionate to the benefits received by the Fund on a continuing basis. MFG Asset Management seeks to allocate portfolio transactions equitably whenever concurrent decisions are made to purchase or sell securities by a Fund and another advisory account. In some cases, this procedure could have an adverse effect on the price or the amount of securities available to each Fund. In making such allocations between a Fund and other advisory accounts, the main factors considered by MFG Asset Management are the respective investment objectives, the investment strategy and circumstances and other factors (such as general economic conditions) that MFG considers relevant.

CUSTODIAN

As custodian of the Funds’ assets, U.S. Bank, N.A., 1555 N. River Center Drive, Suite 302, Milwaukee, Wisconsin 53212, has custody of all securities and cash of the Funds, delivers and receives payment for securities sold, receives and pays for securities purchased, collects income from investments and performs other duties, all as directed by the officers of the Company.

TRANSFER AGENT

U.S. Bancorp Fund Services, LLC, 615 E. Michigan Street, Third Floor, Milwaukee, Wisconsin 53202, an affiliate of U.S. Bank, N.A., acts as transfer agent and distribution-disbursing agent for the Funds (the “Transfer Agent”). The Transfer Agent is compensated based on an annual fee per open account of \$14.00, subject to minimum annual fees of \$6,000 per Fund. There is a fee of \$6,000 per year for each additional fund or class.

ADMINISTRATOR AND FUND ACCOUNTANT

U.S. Bancorp Fund Services, LLC also provides administrative and fund accounting services to the Funds pursuant to separate Administration and Fund Accounting Agreements. Under these Agreements, U.S. Bancorp Fund Services, LLC calculates the daily net asset value of each Fund and provides administrative services (which include clerical, compliance and regulatory services such as filing all required federal income and excise tax returns and state property tax returns, assisting with regulatory filings, preparing financial statements and monitoring expense accruals). For the foregoing services, U.S. Bancorp Fund Services, LLC receives from each Fund a fee, computed daily and payable monthly, based on the Company's average net assets at the annual rate of 0.0325 of 1% on the first \$1 billion and 0.02 of 1% on the average net assets in excess of \$1 billion, subject to an annual minimum of \$300,000 (subject to adjustment in accordance with the number of series offered by the Company), plus out-of-pocket expenses.

SHAREHOLDER MEETINGS

Maryland law permits registered investment companies, such as the Company, to operate without an annual meeting of shareholders under specified circumstances if an annual meeting is not required by the 1940 Act. The Company has adopted the appropriate provisions in its Bylaws and may, at its discretion, not hold an annual meeting in any year in which the election of directors is not required to be acted on by shareholders under the 1940 Act.

The Company's Bylaws also contain procedures for the removal of directors by shareholders of the Company. At any meeting of shareholders, duly called and at which a quorum is present, the shareholders may, by the affirmative vote of the holders of a majority of the votes entitled to be cast thereon, remove any director or directors from office and may elect a successor or successors to fill any resulting vacancies for the unexpired terms of removed directors.

DISTRIBUTION OF FUND SHARES

The Distributor, Frontegra Strategies, LLC, located at 400 Skokie Boulevard, Suite 500, Northbrook, Illinois 60062, is the principal distributor of each Fund's shares. Under a Distribution Agreement between the Company and the Distributor, the Distributor offers each Fund's shares on a continuous, best efforts basis. The Distributor is an affiliate of Frontegra. During each of the fiscal years ended June 30, 2011, 2010 and 2009, the Distributor did not receive commissions or other compensation for the sale of Fund shares.

The Distribution Agreement has an initial term of up to two years and will continue in effect only if such continuance is specifically approved at least annually by the Board or by a vote of a majority of each Fund's outstanding securities and, in either case, by a majority of the directors who are not parties to the Distribution Agreement or "interested persons" (as defined in the 1940 Act) of any such party. The Distribution Agreement is terminable without penalty by the Company on behalf of each Fund on 60 days written notice when authorized either by a majority vote of each Fund's shareholders or by vote of a majority of the Board, including a majority of the directors who are not "interested persons" (as defined in the 1940 Act) of the Company, or by the Distributor on 60 days written notice, and will automatically terminate in the event of its "assignment" (as defined in the 1940 Act).

PURCHASE, PRICING AND REDEMPTION OF SHARES

Shares of the Funds are sold on a continuous basis at each Fund's net asset value. As set forth in the Prospectus under "Valuation of Fund Shares," each Fund's net asset value per share is determined as of the close of trading on the New York Stock Exchange ("NYSE") (generally 4:00 p.m., Eastern Time) on each day the NYSE is open for business. The Funds are not required to calculate their net asset value on days during which a Fund receives no orders to purchase shares and no shares are tendered for redemption. Net asset value is calculated by taking the market value of a Fund's total assets, including interest or dividends accrued, but not yet collected, less all liabilities, and dividing by the total number of shares outstanding. The result, rounded to the nearest cent, is the net asset value per share.

In determining net asset value, expenses are accrued and applied daily and securities and other assets for which market quotations are available are valued at market value. Debt securities are valued by using an evaluated bid price provided by a pricing service. If closing bid and asked prices are not readily available, the pricing service may provide a price determined by a method used to value fixed income securities without relying exclusively on quoted prices. Common stocks and other equity-type securities are valued at the last trade price on the national securities exchange (other than NASDAQ) on which such securities are primarily traded, and securities traded on NASDAQ are valued using the NASDAQ Official Closing Price.

However, securities traded on a national securities exchange or NASDAQ for which there were no transactions on a given day are valued at the most recent bid price. Securities not listed on a national securities exchange or NASDAQ are valued at the most recent sale price.

Any securities or other assets for which market quotations are not readily available are valued at fair value as determined in good faith by the Board or its delegate. The Board has approved the use of pricing services to assist the Funds in the determination of net asset value. Short-term fixed income securities held by a Fund are generally valued on an amortized cost basis.

Most securities that are primarily traded on foreign exchanges generally are valued at the last sale price of such securities on their respective exchange. In certain countries market maker prices, usually the mean between the bid and ask prices, are used. In certain circumstances, such as when a significant event occurs in a foreign market so that the last sale price no longer reflects actual value, the fair value of these securities may be determined using the fair value procedures described above. In valuing assets, prices denominated in foreign currencies are converted to U.S. dollar equivalents at the current exchange rate.

Purchases In Kind. Shares of each Fund may be purchased “in kind,” subject to the approval of Frontegra and MFG Asset Management and their determination that the securities are acceptable investments for a Fund and that they have a value that is readily ascertainable in accordance with the applicable Fund’s valuation policies. In an in kind purchase, investors transfer securities to a Fund in exchange for Fund shares. Securities accepted by a Fund in an in kind purchase will be valued at market value. In general, investors transferring securities for shares will be treated, for federal income tax purposes, as if they sold the transferred securities at their fair market value and used the proceeds to purchase shares of a Fund, and a Fund’s tax basis in the transferred securities will be equal to their fair market value. However, if a transfer of securities in exchange for shares qualifies as a tax-free transaction under the Internal Revenue Code of 1986, as amended (the “Code”), the investors transferring those securities to a Fund will generally not recognize any gain or loss, for federal income tax purposes, as a result of the transfer. In this event, a Fund’s tax basis in the transferred securities may be less than (if the securities have appreciated in value) or greater than (if the securities have depreciated in value) the fair market value of those securities. If a Fund’s tax basis in the transferred securities is less than the fair market value of those securities, then the Fund, upon disposition of the securities, may recognize more taxable gain (or less taxable loss) than if its basis in the securities had been equal to fair market value at the time of the transfer; conversely, if a Fund’s tax basis in the contributed securities is greater than the fair market value of the securities, then the Fund, upon disposition of the securities, may recognize less taxable gain (or more taxable loss) than if its basis in the securities had been equal to fair market value at the time of the transfer.

Redemptions In Kind. The Company has filed an election pursuant to Rule 18f-1 under the 1940 Act which provides that each Fund is obligated to redeem shares solely in cash up to \$250,000 or 1% of the net asset value of the shares of each Fund being redeemed, whichever is less for any one shareholder within a 90-day period. Any redemption beyond this amount may be made in assets other than cash, such as securities or other property. Securities delivered in payment of redemptions are valued at the same value assigned to them in computing the applicable Fund’s net asset value per share. Shareholders receiving such securities are likely to incur brokerage costs on their subsequent sales of such securities.

ANTI-MONEY LAUNDERING PROGRAM

The Company has established an Anti-Money Laundering Compliance Program (the “Program”) as required by the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001. In order to ensure compliance with this law, the Company’s Program provides for the development of internal practices, procedures and controls, the designation of an anti-money laundering compliance officer, an ongoing training program, an independent audit function to determine the effectiveness of the Program and a customer identification program.

Procedures to implement the Program include, but are not limited to, determining that the Funds’ transfer agent has established proper anti-money laundering procedures that require it to report suspicious and/or fraudulent activity, verify the identity of new shareholders, check shareholder names against designated government lists, including the Office of Foreign Asset Control, and undertake a complete and thorough review of all new account applications.

TAXATION OF THE FUND

Pursuant to the Code, each series of the Company, including each Fund, will be treated as a separate entity for federal income tax purposes, so that income earned and capital gains and losses realized by the Company’s other portfolios will be separate from those realized by each Fund. Each Fund intends to qualify and elect to be treated as a “regulated investment

company” under Subchapter M of the Code, and if so qualified will not be liable for federal income taxes to the extent earnings are sufficiently distributed to shareholders on a timely basis and each Fund meets certain requirements regarding the source of its income and the diversification of its assets. In the event a Fund fails to qualify as a “regulated investment company” and does not obtain relief for such failure, it will be treated as a regular corporation for federal income tax purposes. In this event, the Fund would be subject to federal income taxes on the full amount of its taxable income and gains and any distributions that it makes would not qualify for any dividends paid deduction. This would increase the cost of investing in such Fund for shareholders and would make it more economical for shareholders to invest directly in securities held by the Fund instead of investing indirectly in such securities through the Fund.

Each Fund generally will be subject to a 4% nondeductible federal excise tax to the extent the Fund does not meet certain minimum distribution requirements by the end of the calendar year. To avoid the imposition of the 4% excise tax, a Fund must distribute at least 98% of its taxable ordinary income for the calendar year and at least 98.2% of the excess of its capital gains over capital losses realized during the one-year period ending October 31 (in most cases) of such year as well as amounts that were neither distributed nor taxed to the Fund during the prior calendar year. Each Fund intends to declare or distribute dividends during the calendar year in an amount sufficient to prevent imposition of this 4% excise tax.

The Infrastructure Fund intends to invest in MLPs that will be treated for federal income tax purposes as “qualified publicly traded partnerships.” Accordingly, the Fund expects that the income derived from such investments will qualify as “good income” for purposes of satisfying the source of income requirement for the Fund to maintain its status as a regulated investment company. However, if the MLPs in which the Fund invests do not qualify as qualified publicly traded partnerships or otherwise are not treated as corporations for federal income tax purposes, the income derived by the Fund from such MLPs may not qualify as “good income,” and therefore, could adversely affect the Fund’s status as a regulated investment company.

The MLPs in which the Infrastructure Fund intends to invest are expected to be treated as partnerships for federal income tax purposes, and accordingly, the cash distributions received by the Fund from an MLP may not correspond to the amount of income allocated to the Fund by the MLP in any given taxable year. If the amount of income allocated to the Fund by an MLP exceeds the amount of cash received by the Fund from such MLP, the Fund may have difficulty making distributions to its shareholders in the amounts necessary to satisfy the distribution requirements for maintaining the Fund’s status as a regulated investment company and avoiding any income and excise taxes. Accordingly, the Fund may have to dispose of its investments under disadvantageous circumstances in order to generate sufficient cash to satisfy the distribution requirements.

Each Fund intends to distribute at least annually to its holders all or substantially all of its investment company taxable income and net capital gain. For federal income tax purposes, distributions from each Fund’s investment company taxable income (which includes dividends, interest, the excess of any net short-term capital gains over net long-term capital losses and net gains from foreign currency transactions) generally are taxable to you as ordinary income (currently, at a maximum rate of 35%, but scheduled to increase to 39.6% in 2013) whether reinvested or received in cash, unless such distributions are attributable to and reported by the Fund as “qualified dividend” income. For noncorporate shareholders, “qualified dividends” may be taxed at the reduced rate of tax applicable to long-term capital gains. Certain holding period requirements applicable to both the Fund and its shareholders must be satisfied to obtain qualified dividend treatment. Currently, for noncorporate shareholders, the maximum rate applicable to long-term capital gains, and thus to qualified dividends, is 15%; provided, however, the qualified dividend provisions are scheduled to expire at the end of 2012.

If a Fund reports distributions paid by the Fund from net capital gain (the excess of net long-term capital gains over short-term capital losses) as “capital gain distributions,” then such distributions will be taxable as long-term capital gain (currently, for noncorporate shareholders, at a maximum rate of 15%, but scheduled to increase to 20% in 2013), whether reinvested or received in cash and regardless of the length of time you have owned your shares.

The Fund will report the source and tax status of all distributions after the close of each calendar year.

For tax years beginning in 2013, individuals, trusts and estates are scheduled to be subject to a Medicare tax of 3.8% in addition to regular federal income tax. The Medicare tax will be imposed on the lesser of the taxpayer’s (i) net investment income, net of deductions properly allocable to such income, or (ii) the amount by which the taxpayer’s modified adjusted gross income exceeds certain thresholds (\$250,000 for married individuals filing jointly, \$200,000 for single individuals and \$125,000 for married individuals filing separately). Each Fund anticipates that it will distribute income that will be includable in net investment income for purposes of this Medicare tax.

Gain or loss realized upon a sale, redemption, exchange or other disposition of shares of a Fund by a shareholder will generally be treated as long-term capital gain or loss if the shares have been held for more than one year and, if held for one

year or less, as short-term capital gain or loss. Any loss on the sale, redemption or exchange of shares held for six months or less will be treated as a long-term capital loss to the extent of any net capital gain distributions paid to the shareholder with respect to such shares. Any loss a shareholder realizes on a sale, redemption or exchange of shares will be disallowed if the shareholder acquires other shares of the Fund (whether through the automatic reinvestment of distributions or otherwise) or substantially identical stock or securities within a 61-day period beginning 30 days before and ending 30 days after the shareholder's sale, redemption or exchange of the shares. In such case, the shareholder's tax basis in the shares acquired will be adjusted to reflect the disallowed loss. Capital losses may be subject to limitations on their use by a shareholder.

Interest and dividends received by a Fund may be subject to income, withholding or other taxes imposed by foreign countries and U.S. possessions that would reduce the yield on its securities. Tax conventions between certain countries and the United States may reduce or eliminate these foreign taxes, however, and many foreign countries do not impose taxes on capital gains in respect of investments by foreign investors. If more than 50% of the value of a Fund's total assets at the close of its taxable year consists of securities of foreign corporations, it will be eligible to, and may, file an election with the Internal Revenue Service that would, in effect, pass through to the shareholders any foreign and U.S. possessions income taxes paid by a Fund. Pursuant to the election, a Fund would treat those taxes as distributions paid to its shareholders and each shareholder would be required to (i) include in gross income, and treat as paid by him, his proportionate share of those taxes, (ii) treat his share of those taxes and of any distribution paid by the Fund that represents income from foreign or U.S. possessions sources as his own income from those sources, and (iii) either deduct the taxes deemed paid by him in computing his taxable income or, alternatively, use the foregoing information in calculating the foreign tax credit against his federal income tax. Each Fund will report to its shareholders after the close of each taxable year their respective share of its income from sources within, and taxes paid to, foreign countries and U.S. possessions if it makes this election.

Each Fund maintains its accounts and calculates its income in U.S. dollars. In general, gain or loss (i) from the disposition of foreign currencies and forward currency contracts, (ii) from the disposition of foreign-currency-denominated debt securities that are attributable to fluctuations in exchange rates between the date the securities are acquired and their disposition date, and (iii) attributable to fluctuations in exchange rates between the time a Fund accrues interest or other receivables, or expenses or other liabilities, denominated in a foreign currency and the time the Fund actually collects those receivables or pays those liabilities, will be treated as ordinary income or loss. A foreign-currency-denominated debt security acquired by a Fund may bear interest at a high nominal rate that takes into account expected decreases in the value of the principal amount of the security due to anticipated currency devaluations. In that case, the Fund would be required to include the interest in income as it accrues but generally would realize a currency loss with respect to the principal only when the principal was received (either through disposition or upon maturity).

This section is not intended to be a full discussion of federal income tax laws and the effect of such laws on an investor. There may be other federal, state, local or foreign tax considerations applicable to a particular investor. Investors are urged to consult their own tax advisors.

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Ernst & Young LLP, 155 North Wacker Drive, Chicago, Illinois 60606, has been selected as the independent registered public accounting firm for each Fund. Ernst & Young LLP will audit and report on each Fund's annual financial statements, review certain regulatory reports and each Fund's federal income tax returns, and perform other professional, accounting, auditing, tax and advisory services when engaged to do so by each Fund.

FINANCIAL STATEMENTS

Audited financial statements are not provided because the Funds did not commence operations until after the date of this SAI.

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