

STATEMENT OF ADDITIONAL INFORMATION

for

MUHLENKAMP FUND

(Ticker Symbol: MUHLX)

A Series of the Wexford Trust

February 29, 2012

The Muhlenkamp Fund (the “Fund”), a series of the Wexford Trust, is an open-end diversified investment management company organized as a business trust.

This Statement of Additional Information (“SAI”) is not a prospectus. It should be read in conjunction with the Fund’s Prospectus dated February 29, 2012, a copy of which may be obtained without charge from the Fund by writing its corporate offices at 5000 Stonewood Drive, Suite 300, Wexford, PA 15090-8395, calling 1-800-860-3863, or visiting the Fund’s website at www.muhlenkamp.com.

The Fund’s audited financial statements, accompanying notes and report of the independent registered public accounting firm for the fiscal year ended December 31, 2011, are incorporated by reference from the Fund’s 2011 Annual Report. Shareholders may obtain a copy of the Annual Report, without charge, by calling 1-800-860-3863, and for further information may visit the Fund’s website at www.muhlenkamp.com.

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Custodian:

U.S. Bank, N.A.
Custody Operations
1555 North RiverCenter Drive
Suite 302
Milwaukee, WI 53212

Investment Adviser:

Muhlenkamp & Company, Inc.
5000 Stonewood Drive, Suite 300
Wexford, PA 15090-8395
1-877-935-5520
e-mail: fund@muhlenkamp.com

Administrator and Transfer Agent:

Muhlenkamp Fund
c/o U.S. Bancorp Fund Services, LLC
P.O. Box 701
Milwaukee, WI 53201-0701
1-800-860-3863

Fund History

The Fund is the only series of the Wexford Trust (the “Trust”), which was organized as a Massachusetts Business Trust on September 21, 1987. The Trust is an open-end management investment company established under the laws of the Commonwealth of Massachusetts by an Agreement and Declaration of Trust dated August 24, 1987 (the “Trust Agreement”). The Fund operates as a diversified fund. This means that with respect to 75% of its assets, the Fund will not invest more than 5% of net assets in any single issuer, valued at the time of purchase.

The Trust Agreement permits the Board of Trustees (the “Board”) to issue an unlimited number of shares of beneficial interest of separate series having a par value of \$.01 each. Fund capital consists of an unlimited number of shares of beneficial interest having a par value of \$.01 each. When issued, each share or fraction thereof is fully paid, non-assessable, transferable and redeemable. All shares are of the same class, and each full share has one vote. Fractional shares are issued to three decimal places, but do not carry voting rights. As a trust, there is no requirement to hold annual shareholder meetings. However, it is intended that special meetings, which may be called upon the request of the owners of 10% of shares outstanding, will be held as needed or required when and as duly called. Approval of a majority of the shares outstanding must first be obtained before changing fundamental policies, to substantially change the contract with its investment adviser, to terminate the Fund, or to change any other items on which shareholders are granted such rights by law or under provisions of its Trust Agreement. The term “majority”, when referring to approvals to be obtained from shareholders of the Fund, means the vote of the lesser of (i) 67% of the shares of the Fund represented at a meeting if the holders of more than 50% of the outstanding shares of the Fund are present in person or by proxy, or (ii) more than 50% of the outstanding shares of the Fund. Two-thirds of the Trustees must have been voted into office by shareholders even though Trustees may fill vacancies without a shareholder vote.

Investment Objective and Policies

The Fund seeks to maximize total return to its shareholders through capital appreciation, and income from dividends and interest, consistent with reasonable risk. To pursue this goal, the Fund principally invests in a diversified list of common stocks, unless the stock market environment has risen to a point where the investment adviser to the Fund, Muhlenkamp & Company, Inc. (the “Adviser” or “MCI”), can no longer find equity securities that, in its judgment, it has determined to be undervalued. During such periods, the Fund will invest in fixed income or debt securities until such time as more attractive common stocks can be found for purchase.

MCI believes that the success of a stock is dependent upon, and invariably a reflection of, the quality of a company’s management. Therefore, MCI spends time assessing management’s ability prior to making a commitment to purchase a company’s shares with Fund assets. The assessment may include an analysis of historical financial achievements of the company, direct discussions with management by telephone or in person, visits to the company, conversations with security analysts who actively follow the company for investment brokerage firms and others, and discussions with competitors, suppliers, and customers of the company. While MCI

feels this assessment technique to be clearly instrumental to the success of the investment, it should be recognized that judgments made by MCI are purely subjective in nature. There can be no assurance that MCI will be successful in achieving its investment objective for the Fund.

It is MCI's belief that the objective of maximizing total return to shareholders can only be achieved consistently over a long-term investment horizon. Typically, this will mean that a stock may be held for a three-to-five year period or longer if MCI, by its own determination, thinks that the recognition of true business worth has not yet been attained in the stock's current market quotation. Thus, the Fund serves little purpose for investors who wish to take advantage of short-term fluctuations in its net asset value per share.

Consistent with MCI's objective of seeking to maximize total return for Fund shareholders, MCI may from time to time also choose to invest some or all of the Fund's assets in investment grade fixed income or debt securities. Such investments will be purchased and held during periods when MCI is unable to find stocks that it believes have return expectations commensurate with the risks that must be assumed by their continued retention. (More detailed information regarding certain types of fixed income investment restrictions is contained in the Appendix to this SAI).

Additionally, under adverse market conditions, the Fund may take temporary defensive measures such as holding cash reserves, money market instruments, or high quality debt obligations maturing in one year or less from the date of purchase, such as U.S. government securities, certificates of deposit, bankers' acceptances and commercial paper, without limit. High quality means the obligations have been rated at least A-1 by Standard & Poors' Corporation ("S&P") or Prime-1 by Moody's Investor's Services, Inc. ("Moody's"), have an outstanding issue of debt securities rated at least AA by S&P or Aa by Moody's, or are of comparable quality in the opinion of MCI. In taking such measures, the Fund may not achieve its investment objective. The investment objective of the Fund cannot be changed without a vote of the shareholders.

MCI recognizes that while the Fund remains moderate in size (approximately \$487 million in net assets as of December 31, 2011), MCI may have greater flexibility in achieving the Fund's objective of maximizing total returns. As the Fund grows in size, it may become more difficult for MCI to find securities to invest in that meet the objectives of the Fund. This may also occur during periods when the stock market in general has been rising for a long period of time. Therefore, the Fund has reserved the right to limit its asset size by discontinuing sales of its shares at any time. The Board of Trustees of the Fund may suspend sales if the Board determines such action is necessary in order for the Fund to continue to adhere to its stated investment objective, or that for other reasons it would be in the best interests of Fund shareholders to do so. It should be clear to investors that MCI believes income can be important in maximizing total return. MCI is aware that annual distributions of capital gains and dividend/interest income earned on shares may result in a shareholder paying additional federal, state and/or local income taxes (For details, see "Federal Income Tax Status" in this SAI). Fund shareholders should understand that when MCI makes investment decisions, such tax considerations are secondary to its objective of attempting to maximize total return. This policy is partly based upon a belief by MCI that such taxes and tax rates have little or no bearing on an individual company's attractiveness as an investment. It is also founded on MCI's belief that tax

rates in general are, or should be, of declining importance to the investment decision-making process, viewed in its widest sense. Tax deferred portfolios like IRA and pension monies are ideally suited for investment in shares of the Fund for these reasons.

Options

The Fund may purchase and write (*i.e.*, sell) put and call options on any security in which it may invest or options on any securities index. These options are traded on U.S. exchanges or in the over-the-counter market to hedge its portfolio and to enhance the Fund's return. The Fund may write covered put and call options to generate additional income through the receipt of premiums and purchase call options in an effort to protect against an increase in the price of securities it intends to purchase. The Fund may also purchase put and call options to offset previously written put and call options of the same series.

A call option gives the purchaser, in exchange for a premium paid, the right for a specified period of time to purchase the securities or securities in the index subject to the option at a specified price (the exercise or strike price). The writer of a call option, in return for the premium, has the obligation, upon exercise of the option, to deliver, depending upon the terms of the option contract, the underlying securities or a specified amount of cash to the purchaser upon receipt of the exercise notice. When the Fund writes a call option, it gives up the potential for gain on the underlying securities in excess of the strike price of the option during the period that the option is open.

A put option gives the purchaser, in return for a premium, the right, for a specified period of time, to sell the securities subject to the option to the writer of the put at the specified exercise price. The writer of the put option, in return for the premium, has the obligation, upon exercise of the option, to acquire the securities underlying the option at the exercise price. When the Fund writes a put option, the Fund might be obligated to purchase the underlying securities for more than their current market price.

The Fund will write only "covered" options. A written option is covered if, as long as the Fund is obligated under the option, it (i) owns an offsetting position in the underlying security or (ii) designates as collateral, cash or other liquid assets in an amount equal to or greater than its obligation under the option. Under the first circumstance, the Fund's losses are limited because it owns the underlying security; under the second circumstance, in the case of a written call option, the Fund's losses are potentially unlimited. There is no limitation on the amount of call options the Fund may write.

The Fund may also write a call option which can serve as a limited short hedge because decreases in value of the hedge investment would be offset to the extent of the premium received for writing the option. However, if the security appreciates to a price higher than the exercise price of the call option, it can be expected that the call will be exercised and the Fund will be obligated to sell the security at less than its then current market value.

The Fund may purchase and sell put and call options on securities indices. Securities index options are designed to reflect price fluctuations in a group of securities or segment of the securities market rather than price fluctuations in a single security. Options on securities indices

are similar to options on securities, except that the exercise of securities index options requires cash payments and does not involve the actual purchase or sale of securities. When purchasing or selling securities index options, the Fund is subject to the risk that the value of its portfolio securities may not change as much as or more than the index because the Fund's investments generally will not match the composition of the index.

At this time, the Fund does not intend to invest (*i.e.*, purchase or sell call and put options) more than 5% of its net assets in options.

Risks of Hedging and Return Enhancement Strategies

Participating in the options markets involves investment risks and transaction costs to which the Fund would not be subject absent the use of these strategies. The Fund, and thus its investors, may lose money through any unsuccessful use of these strategies. Risks inherent in the use of options include (1) imperfect correlation between the price of the option and movement in the price of the securities being hedged; (2) the fact that skills needed to use these strategies are different from those needed to select portfolio securities; (3) the possible absence of a liquid secondary market for any particular instrument at any time; (4) the possible need to defer closing out certain hedged positions to avoid adverse tax consequences; (5) the possible inability of the Fund to purchase or sell a portfolio security at a time that otherwise would be favorable for it to do so; or (6) the possible need for the Fund to sell a portfolio security at a disadvantageous time due to the requirement for the Fund to maintain "cover," or to segregate securities in connection with hedging transactions.

The Fund will generally purchase options on an exchange only if there appears to be a liquid secondary market for such options; the Fund will generally purchase over-the-counter or "OTC" options only if the Adviser believes that the other party to the options will continue to make a market for such options. However, there can be no assurance that a liquid secondary market will continue to exist or that the other party will continue to make a market. Thus, it may not be possible to close an option transaction, resulting in the option expiring unexercised. The inability to close option positions also could have an adverse impact on the Fund's ability to effectively hedge its portfolio. There is also the risk of loss by the Fund of margin deposits or collateral in the event of bankruptcy of a broker with whom the Fund has an open position in an option.

Foreign Securities

The Fund may invest in foreign securities if MCI deems it appropriate and consistent with the Fund's investment objective. Foreign securities include equity securities of non-U.S. companies and corporate and government fixed income securities denominated in currencies other than U.S. dollars. These securities may be traded domestically or abroad through various stock exchanges, American Depositary Receipts or International Depositary Receipts.

Investments in foreign securities involve special risks that differ from those associated with investments in domestic securities. The risks associated with investments in foreign securities relate to political and economic developments abroad, as well as those that result from the differences between the regulation of domestic securities and issuers and foreign securities and issuers.

Fundamental Investment Restrictions

The Fund has adopted certain investment restrictions which cannot be changed or amended unless approved by the vote of a majority of its outstanding shares as set forth in its By-Laws and in accordance with requirements under the Investment Company Act of 1940, as amended, (the “1940 Act”). Accordingly, the Fund will not:

- [A] Invest in the purchase and sale of real estate;
- [B] Invest in futures, commodities or in commodity contracts, restricted securities, mortgages, or oil, gas, mineral or other exploration or development programs;
- [C] Borrow money, except for temporary purposes, and then only in amounts not to exceed in the aggregate 5% of the market value of its total assets at the time of such borrowing;
- [D] Invest more of its assets than is permitted under regulations in securities of other registered investment companies, which restrict such investments to a limit of 5% of the Fund’s assets in any one registered investment company, and 10% overall in all registered investment companies, in no event to exceed 3% of the outstanding shares of any single registered investment company;
- [E] Invest more than 5% of its total assets at the time of purchase in securities of companies that have been in business or have been in continuous operation less than 3 years, including the operations of any predecessor;
- [F] Invest or deal in securities that do not have quoted markets;
- [G] Own more than 10% of the outstanding voting securities of any one issuer or company, nor will it, with at least 75% of its total assets, invest more than 5% of its assets in any single issue, valued at the time of purchase. This restriction shall not be applicable for investments in U.S. Government or Government Agency securities;
- [H] Invest 25% or more of its total assets valued at the time of purchase in any one industry or similar group of companies, except U.S. Government or Government Agency securities;
- [I] Maintain margin accounts, purchase its investments on credit or margin, or leverage its investments, except for normal transaction obligations during settlement periods;
- [J] Make any investment for the purpose of obtaining, exercising, or planning to exercise voting control of the subject company;
- [K] Sell securities short;

- [L] Underwrite or deal in offerings of securities of other issuers as a sponsor or underwriter, or invest any Fund assets in restricted securities or issues that have not been registered under the Securities Act of 1933, as amended, for sale to the general public. (Note: The Fund may be deemed an underwriter of securities when it serves as distributor of its own shares for sale to or purchase from its shareholders.); or
- [M] Make loans to others or issue senior securities. For these purposes the purchase of publicly distributed indebtedness of any kind is excluded and not considered to be making a loan.

In regard to the restriction marked as item D above, the Fund may utilize computerized cash management services offered by its custodian, which services may include reinvesting overnight and short-term cash balances in shares of other registered investment companies, better known as “money market funds.” The primary investment objective of the money market funds is safety of principal and maximum current income from holding highly liquid, short-term, fixed investments, principally U.S. Government and Agency issues. The Fund will not be acquiring such shares as permanent investments but rather will be utilizing such services solely for convenience and efficiency as it tries to keep short-term monies invested at interest only until such time as more permanent reinvestments can practically be made in the ordinary course of business. Cash will be held pending the purchase, sale, or reinvestment of the Fund’s assets.

Non-Fundamental Investment Restrictions

The Fund has adopted certain other investment restrictions which are not fundamental policies and which may be changed by the Fund’s Board of Trustees without shareholder approval. Accordingly, the Fund may not:

- [A] Invest in Real Estate Limited Partnerships;
- [B] Invest in warrants in excess of 5% of the Fund’s net assets; no more than 2% of the Fund’s net assets may be invested in warrants not listed on the New York or American Stock Exchanges;
- [C] Hold more than 15% of net assets in illiquid securities; or
- [D] Lend its assets to any person or individual, except by the purchase of bonds or other debt obligations customarily sold to institutional investors. However, portfolio securities may be loaned if collateral values are continuously maintained at no less than 100% by “marking to the market” daily, and the practice is fair, just and equitable as determined by a finding that adequate provision has been made for margin calls, termination of the loan, reasonable servicing fees (including finders’ fees), voting rights, dividend rights, shareholder approval, and disclosure. Such lending of portfolio securities must also be within the limitations approved by the Securities and Exchange Commission (“SEC”).

Recent Regulatory Events

The U.S. government, the Federal Reserve, the Treasury, the SEC, the Commodity Futures Trading Commission (“CFTC”), the Federal Deposit Insurance Corporation and other U.S. governmental and regulatory bodies have recently taken, or are considering taking, actions in response to the economic events of the past few years. These actions include, but are not limited to, the enactment by the United States Congress of the Dodd-Frank Wall Street Reform and Consumer Protection Act, signed into law on July 21, 2010, which imposes a new regulatory framework over the U.S. financial services industry and the consumer credit markets in general, as well as requiring sweeping new regulations by the SEC, the CFTC and other regulators. Many of these regulations have not yet been written. Given the broad scope, sweeping nature, and relatively recent enactment of some of these statutes and regulatory measures, the potential impact they could have on any securities, including those securities held by the Fund, currently is unknown. There can be no assurance that these measures will not have an adverse effect on the value or marketability of securities held by the Fund. Furthermore, no assurance can be made that the U.S. government or any U.S. regulatory body (or other authority or regulatory body) will refrain from taking further legislative or regulatory action. The effect of any such actions, if taken, cannot be known.

Portfolio Turnover

Although the Fund generally will not invest for short-term trading purposes, portfolio securities may be sold without regard to the length of time they have been held when, in the opinion of the Adviser, investment considerations warrant such action. Portfolio turnover rate is calculated by dividing (1) the lesser of purchases or sales of portfolio securities for the fiscal year by (2) the monthly average of the value of portfolio securities owned during the fiscal year. A 100% portfolio turnover rate would occur if all the securities in the Fund’s portfolio, with the exception of securities whose maturities at the time of acquisition were one year or less, were sold and either repurchased or replaced within one year. A high rate of portfolio turnover (100% or more) generally leads to higher transaction costs and may result in a greater number of taxable transactions.

Portfolio Turnover	
During fiscal years ended December 31,	
<u>2011</u>	<u>2010</u>
42.51%	75.49%

Management of the Fund

The business and affairs of the Trust are managed by its officers under the direction of its Board of Trustees. The name, address, year of birth, principal occupation during the past five years, and other information with respect to each of the trustees and officers of the Trust are as follows:

Name, Address and Year of Birth	Position(s) Held with the Trust	Term of Office and Length of Time Served	Principal Occupation During Past Five Years	# of Portfolios in Fund Complex Overseen by Trustee	Other Directorships Held by Trustee During Past Five Years
Independent Trustees					
Alfred E. Kraft 411 Saddle Ridge Drive Silverthorne, CO 80498 Year of Birth: 1937	Trustee	Indefinite Term; Served as Trustee from 1998 to present	An independent management consultant from 1986 to present.	1	None
Terrence McElligott 4103 Penn Ave. Pittsburgh, PA 15224 Year of Birth: 1947	Trustee	Indefinite Term; Served as Trustee from 1998 to present	President of West Penn Brush & Supply, Inc., a wholesale industrial brush sales company, from 1979 to present.	1	None
Interested Trustees and Officers					
Ronald H. Muhlenkamp* Muhlenkamp & Company, Inc. 5000 Stonewood Drive, Suite 300 Wexford, PA 15090 Year of Birth: 1944	President, Trustee	Indefinite Term; Served as President and Trustee from 1987 to present	President and Director of Muhlenkamp & Company, Inc., investment adviser to the Fund, from 1987 to present.	1	None
James S. Head Muhlenkamp & Company, Inc. 5000 Stonewood Drive, Suite 300 Wexford, PA 15090 Year of Birth: 1945	Vice President, Treasurer, and Chief Compliance Officer	Indefinite Term; Served as Vice President and Treasurer from 2000 to present, served as Chief Compliance Officer since 2004	Executive Vice President of Muhlenkamp & Company, Inc., investment adviser to the Fund, from 1999 to present.	N/A	N/A
John H. Kunkle, III Muhlenkamp & Company, Inc. 5000 Stonewood Drive, Suite 300 Wexford, PA 15090 Year of Birth: 1962	Vice President	Indefinite Term; Served as Vice President from 2000 to present	Portfolio Analyst with Muhlenkamp & Company, Inc., investment adviser to the Fund, from 1992 to present.	N/A	N/A
Jean Leister Muhlenkamp & Company, Inc. 5000 Stonewood Drive, Suite 300 Wexford, PA 15090 Year of Birth: 1947	Secretary	Indefinite Term; Served as Secretary from 1992 to present	Executive Assistant with Muhlenkamp & Company, Inc., investment adviser to the Fund, from 1987 to present.	N/A	N/A

* This trustee is deemed to be an “interested person” of the Trust as defined by the 1940 Act. Mr. Muhlenkamp is the President of the Adviser.

Board Governance

The Fund's Board of Trustees oversees the Fund's business and affairs, while day-to-day operations such as management of investments, recordkeeping, administration, and other compliance responsibilities are the responsibility of Fund management, which reports to and is accountable to the Board. The Board is responsible for overseeing the operations and risk management of the Fund in accordance with the provisions of the 1940 Act, other applicable laws and the Fund's charter. The Board does not have a role in oversight of Fund investments or investment risk, except to the extent that it adopts and reviews compliance with Fund policies and procedures intended to reduce risks, such as compliance risk and valuation risk. However, the Board has directed the preparation of quantitative and qualitative information and reports to facilitate their risk management function.

The Board is composed of three members, two of whom are Independent Trustees who are not "interested persons" of the Fund, as that term is defined in the 1940 Act. The Chairman of the Board, Ronald H. Muhlenkamp, is an interested person of the Fund. The Fund does not have a lead independent director. Any Board member may propose items to be included on the Board's agenda. The Board meets four times per year in regularly scheduled quarterly meetings. In addition, the Independent Trustees meet with their legal counsel, and without the presence of any interested person, four times a year. They also meet several times per year to address particular responsibilities, such as approval of the Advisory Agreement. They meet separately with the auditors of the Fund and the Chief Compliance Officer as often as necessary, but at least once a year. Board members receive regular, detailed reports at least quarterly from the Adviser and the Chief Compliance Officer. The Independent Trustees attend conferences and seminars to inform them of regulatory requirements and industry best practices. They have conducted onsite visits at the offices of the Fund's accounting services provider, transfer agent and distributor and have access to independent legal counsel. The Independent Trustees also have access to the Chief Compliance Officer, key advisory personnel and Fund counsel to obtain information and assistance as needed.

The Board conducts an annual self-assessment and believes that its leadership structure is appropriate given the Fund's characteristics and circumstances. These include the Fund's single portfolio of assets, its single series of Fund shares, its net assets, distribution arrangements, and the services provided by the Fund's service providers. The Independent Trustees have determined that the communications between them and among them and Fund management are excellent and see no need to appoint a lead Independent Trustee.

The members of the Board have been selected because of their individual experience and education and for their ability to engage actively in serving as fiduciaries of the Fund. We believe we have met our objective of having a Board composed of business entrepreneurs with the background, experience, and independence necessary to raise issues and render opinions and who understand the accountability, service, and quality to which the Fund's shareholders are entitled.

Board Members

Mr. Ronald H. Muhlenkamp has been employed or active as an investment adviser doing investment research and managing investment portfolios since 1968. He is the founder and President of the Adviser, Muhlenkamp & Company, Inc., established in 1977, and the President and a Trustee of the Fund. Mr. Muhlenkamp holds a Bachelor of Science in engineering from the Massachusetts Institute of Technology, a Masters of Business Administration degree from the Harvard Business School, and is a Chartered Financial Analyst in the Financial Analyst Federation. Additional biographical information regarding Mr. Muhlenkamp appears in the discussion of the History and Background of the Adviser.

Mr. Alfred E. Kraft and Mr. Terrence McElligott serve as the Fund's Independent Trustees.

Mr. Kraft earned his Bachelor of Science in Civil Engineering from the Pennsylvania State University in 1959, and a Masters of Business Administration from Harvard Business School in 1969 and was a Registered Professional Engineer in Pennsylvania. Mr. Kraft served as an Assistant Professor of Business Administration at regional Penn State University campuses where he taught in the areas of management, sales, and financial analysis. Before retiring in 2006, Mr. Kraft operated a successful management consulting practice focusing on the specialized needs of small to mid-sized companies. He has served as President, General Manager, and in operational and staff positions for a number of Fortune 500 and smaller independent or family-owned operating companies. He also served as a trustee of California University of Pennsylvania. Mr. Kraft has been an investor in the Fund since its inception and a Trustee of the Fund since 1998.

Mr. McElligott is the President and Chief Executive Officer of West Penn Brush and Supply, Inc., a small business located in Pittsburgh, Pennsylvania which supplies a broad range of painting and janitorial supplies to industrial, commercial, and institutional users. He has held these positions for the past 30 years. He received a Bachelor of Science degree in Journalism from Ohio University in 1969 and a Master of Arts in Teaching from the University of Pittsburgh in 1971. He has worked as a teacher with the National Teachers Corps and as the Director of Education for the Community Human Services Corporation. He has also served as the Executive Director of Alpha House, a non-profit corporation located in Pittsburgh. Mr. McElligott has been an investor in the Fund for more than 20 years and a Trustee of the Fund since 1998.

Board Committees

The Board of Trustees has a standing Audit Committee composed of Alfred E. Kraft and Terrence McElligott, each of whom are Independent Trustees. The Audit Committee reviews the maintenance of the Trust's records and the safekeeping arrangements of the Trust's custodian, reviews the audit and non-audit work of the Trust's independent registered public accounting firm, and submits a recommendation to the full Board as to the selection of the independent registered public accounting firm. The Audit Committee had two formal meetings during the Fund's prior fiscal year. In addition, the members also met on several other occasions in person and by telephone to discuss Audit Committee matters.

The Valuation Committee is responsible for (1) monitoring the valuation of Fund securities and other investments; and (2) as required, determining the fair value of illiquid securities and other holdings after consideration of all relevant factors, which determinations are reported to the full Board. The Valuation Committee meets as necessary when price is not readily available. The Valuation Committee did not have reason to meet during the Fund's prior fiscal year. Mr. Kunkle and Mr. Muhlenkamp comprise the Valuation Committee.

The Board of Trustees does not have a formal nominating committee; however, the policy of the Board of Trustees is that nominees wishing to serve as an Independent Trustee will be subject to the review of, and selection by, the current Independent Trustees.

Board Interest in the Fund

As of December 31, 2011, the Trustees owned the following amounts in the Fund:

Name of Trustee	Dollar Range of Equity Securities in the Fund (\$1-\$10,000, \$10,001-\$50,000, \$50,001-\$100,000, Over \$100,000)	Aggregate Dollar Range of Equity Securities in all Registered Investment Companies Overseen by Trustee in Family of Investment Companies
Ronald H. Muhlenkamp, President and Interested Trustee	Over \$100,000	Over \$100,000
Alfred E. Kraft, Independent Trustee	Over \$100,000	Over \$100,000
Terrence McElligott, Independent Trustee	Over \$100,000	Over \$100,000

Trustee Interest in Investment Adviser, Distributor, or Affiliates

Neither of the Independent Trustees are "interested persons" of the Fund, as that term is defined in the 1940 Act. Neither the Independent Trustees, nor members of their immediate families, own securities beneficially or of record, or have a direct or indirect interest valued in excess of \$120,000 in the Adviser, the Distributor, or any affiliate of the Adviser or the Distributor.

Trustee Interest in Any Material Transactions with Investment Adviser, Distributor, or Affiliates

During the two most recently completed calendar years, since January 1, 2010, neither the Independent Trustees nor members of their immediate families, have conducted any transactions (or series of transactions) in which the amount involved exceeds \$120,000 and to which the Adviser, the Distributor, or any affiliate of the Adviser or Distributor was a party.

Compensation

The Trust compensates each Independent Trustee with an annual retainer of \$30,000, plus conferences, and will reimburse travel and other out-of-pocket expenses not expected to exceed \$7,500 per Trustee per year. Additionally, each Independent Trustee receives \$3,000 per meeting of the Board of Trustees, plus \$2,000 per meeting for all other meetings. The table below sets forth the compensation paid by the Trust to each of the current Trustees of the Trust during the fiscal year ended December 31, 2011.

Name of Person, Position	Aggregate Compensation from Fund	Pension or Retirement Benefits Accrued As Part of Fund Expenses	Estimated Annual Benefits Upon Retirement	Total Compensation From Fund and Fund Complex* Paid to Trustees
Ronald H. Muhlenkamp, Trustee & President**	\$0	\$0	\$0	\$0
Alfred E. Kraft, Independent Trustee	\$60,000	\$0	\$0	\$60,000
Terrence McElligott, Independent Trustee	\$60,000	\$0	\$0	\$60,000

* The "Fund Complex" includes only the Fund.

** This Trustee is deemed to be an "interested person" of the Trust as defined by the 1940 Act.

Control Persons and Principal Holders of Securities

Control persons are persons deemed to control the Fund because they directly or indirectly own beneficially over 25% of the outstanding voting securities. Principal shareholders are persons that own beneficially 5% or more of the Fund's outstanding equity securities. As of January 31, 2012, the following shareholders were considered to be either a control person or principal shareholder of the Fund:

Name and Address	% Ownership	Type of Ownership
Charles Schwab & Co., Inc. For the Benefit of Its Customers 101 Montgomery Street San Francisco, CA 94104-4151	13.38%	Record
National Financial Services Corp. For the Benefit of Its Customers 200 Liberty Street, 5 th Floor New York, NY 10281-5598	12.80%	Record

Management Ownership

As of January 31, 2012, all Trustees and Officers of the Trust as a group owned approximately 4% of the Fund's outstanding shares.

Investment Advisory Board

Although the Fund currently has no Advisory Board, the By-laws of the Fund and each future series of the Trust permit the President of the Fund, with the approval of the Board of Trustees, to appoint up to 15 individuals to assist the President and the Trustees.

History and Background of Investment Adviser

The investment adviser to the Fund is MCI, pursuant to an investment advisory agreement originally dated July 6, 1988. MCI is a Pennsylvania corporation practicing as an investment adviser registered under the Investment Advisers Act of 1940. MCI is substantially owned by Mr. Ronald H. Muhlenkamp, its principal officer, who is also the principal executive officer and a trustee of the Fund. MCI was incorporated October 1, 1981, succeeding a sole proprietorship of the same name, and has been offering investment advisory services under the direction and control of Mr. Muhlenkamp since 1977. MCI's principal activity is to provide investment advisory and consulting services to the Fund and to individuals, trusts, pension, profit-sharing, IRA and KEOGH retirement plans, corporations, and non-profit organizations generally located in the service area that includes the continental U.S.

Mr. Ronald H. Muhlenkamp, MCI's principal investment professional, has been employed or active as an investment adviser doing investment research or managing investment portfolios since 1968. He is President and a Director of MCI, and is the principal in charge of all of its investment management and research activities. Mr. Muhlenkamp received a degree in engineering from the Massachusetts Institute of Technology, and a Masters of Business Administration degree from the Harvard Business School. In addition, Mr. Muhlenkamp is a Chartered Financial Analyst in the Financial Analyst Federation.

Prior to his forming MCI, Mr. Muhlenkamp served two years with Berkley Dean & Co., NYC, before spending five years as a portfolio analyst with Integon Corporation, where he assumed responsibility for management of its pension account. While employed at Integon, Mr. Muhlenkamp had the opportunity to extensively study major investment management practices and philosophies of the past 30 years. In 1975, Mr. Muhlenkamp joined C. S. McKee and Company where he was responsible for over 70 investment portfolios. In 1977, Mr. Muhlenkamp left C. S. McKee and Company to form MCI.

It is the intention of Mr. Muhlenkamp, when advising the Fund, to follow an approach that is similar to the one he follows in managing individual portfolios, and which has been described herein and in the Fund Prospectus.

MCI will not invest assets of any other managed account in shares of the Fund except as directed in writing by a person unaffiliated with the Fund or with MCI, who has authority to make such direction. Any investments directed to be made in Fund shares will be excluded from managed account assets for fee purposes. Furthermore, MCI, its officers, directors, and affiliated persons, will refrain from expressing any opinion concerning the Fund to any other person or persons over whose assets MCI has investment advisory responsibilities and for which services it receives compensation. MCI, as Adviser to the Fund, renders such services to the Fund under a contract that provides for payment to MCI of a management fee, calculated daily and paid monthly, at the rate of 1% per annum of the average daily market value of the Fund's net assets up to \$1 billion and 0.90% per annum of those net assets in excess of \$1 billion. MCI charges no additional fees such as sales charges (loads) or Rule 12b-1 (distribution) fees. During the fiscal years ended December 31, 2009, 2010 and 2011, the Fund incurred the following amounts of fees payable to MCI pursuant to the Advisory Agreement:

Investment Advisory Fees		
(incurred for fiscal years ended December 31)		
<u>2009</u>	<u>2010</u>	<u>2011</u>
\$6,377,720	\$6,770,064	\$5,688,104

The Advisory Agreement between MCI and the Fund is subject to approval annually by the Fund's Board of Trustees, including a majority of the Independent Trustees, and is terminable upon 60 days written notice.

All employees of the Adviser who perform duties for the Fund remain employees of MCI, which bears all of the employment costs of such staff. If MCI ceases to operate for any reason or assigns the contract, the Advisory Agreement is automatically terminated.

Portfolio Manager

Ronald H. Muhlenkamp is the portfolio manager responsible for the day-to-day management of the Fund. The following table shows the number of accounts, other than the Fund, managed by Mr. Muhlenkamp and the total assets in the accounts managed within various categories, as of December 31, 2011.

<u>Type of Accounts</u>	<u>Number of Accounts</u>	<u>Total Assets</u>	<u>with Advisory Fee based on performance</u>	
			<u>Number of Accounts</u>	<u>Total Assets</u>
Registered Investment Companies	0	\$0	0	\$0
Other Pooled Investments	0	\$0	0	\$0
Other Accounts	94	\$66 million	0	\$0

Material Conflicts of Interest. The portfolio manager has day-to-day management responsibilities with respect to other accounts and accordingly may be presented with potential or actual conflicts of interest. All accounts utilize the same strategy. Conflicts of interest can arise in the allocation of securities to the various accounts when a security is purchased or sold over a period of time.

The management of other accounts may result in the portfolio manager devoting unequal time and attention to the management of the Fund and/or other accounts. In approving the Advisory Agreement, the Board of Trustees was satisfied that the portfolio manager would be able to devote sufficient attention to the management of the Fund, and that MCI seeks to manage such competing interests for the time and attention of the portfolio manager.

With respect to securities transactions for the Fund, MCI determines which broker to use to execute each transaction, consistent with its duty to seek best execution of the transaction. For buy or sell transactions considered simultaneously for the Fund and other accounts, orders are placed at the same time. The portfolio manager uses his best efforts to insure that no client is treated unfairly in relation to any other client over time in the allocation of securities or the order

of the execution of transactions. The portfolio manager generally allocates trades on the basis of assets under management so that the securities positions represent equal gross exposure as a percentage of total assets of each client. The Fund and client accounts are not generally invested in thinly traded or illiquid securities; therefore, conflicts in fulfilling investment opportunities are to some extent minimized. If an aggregated trade order is not substantially filled, it will generally be allocated in accordance with a random allocation procedure utilized by MCI.

At times, MCI may manage individual accounts for one or more of their employees, and/or members of their immediate families. Such accounts may contain the same or similar securities as the Fund or other managed accounts. MCI and the Adviser have adopted a Joint Code of Ethics (the “Code”) that governs, among other things, the investment activities of all advisory employees and their immediate families. The Code requires pre-clearance of transactions, reporting and certifications as to the investment activities while prohibiting certain transactions by such persons and generally prohibiting more favorable treatment of any accounts than that given to other accounts, including the Fund, with safeguards to ensure compliance.

Compensation. Mr. Muhlenkamp is the majority equity owner of MCI. In his ownership capacity, Mr. Muhlenkamp shares commensurately in the profits and losses of MCI. Mr. Muhlenkamp receives a fixed annual salary and bonus from MCI. He also receives net profits of the company based upon his ownership interest in the company. Net profits are determined after all expenses of the company are deducted from gross revenues. Mr. Muhlenkamp participates in a fixed 401(a) deferred compensation plan.

Securities Owned in the Fund by Portfolio Manager. As of December 31, 2011, the portfolio manager owned the following securities in the Fund:

Name of Portfolio Manager	Dollar Range of Equity Securities in the Fund (None, \$1-\$10,000, \$10,001-\$50,000, \$50,001-\$100,000, \$100,001 - \$500,000, \$500,001 to \$1,000,000, Over \$1,000,000)	Aggregate Dollar Range of Securities in all Registered Investment Companies Overseen by Portfolio Manager in Family of Investment Companies
Ronald H. Muhlenkamp	Over \$1,000,000	Over \$1,000,000

Distributor

On May 30, 2001, Quasar Distributors, LLC, (the “Distributor”) 615 E. Michigan Street, Milwaukee, Wisconsin 53202, was approved to start serving as distributor for the Fund on June 19, 2001. The Distribution Agreement was approved for an initial term of two years and shall continue in effect for successive one-year periods, provided such continuance is specifically approved at least annually by the Board of Trustees or vote of a majority of outstanding shares of the Fund. The offering of the Fund’s shares is continuous. The Board re-approved the Distribution Agreement in May 2011. The Distributor is a Delaware limited liability company that is wholly owned by U.S. Bancorp.

Brokerage Allocations

It is the Fund's policy to allocate brokerage business to the best advantage and benefit of its shareholders. The Adviser and the Fund have established written "Policies and Procedures for Best Execution" (the "Policies") pursuant to which the President of the Fund and MCI are responsible for directing all transactions through brokerage firms of their choice. The Policies require reporting and review of securities transactions by the President and the Fund's Chief Compliance Officer and, on a quarterly basis, by the Board of Trustees. All securities transactions are made so as to obtain the best execution at the lowest possible transaction cost. The Policies do not prohibit the Fund or MCI from allocating transactions to firms whose brokerage charges may include the cost of providing investment research, or other legally permitted services which the Fund and MCI deem to be necessary and/or valuable to the successful management of Fund assets. Each buy or sell order will be placed according to the type, size, and kind of order involved and as each condition may demand, so as to attempt to secure the best result for the Fund and its shareholders, all factors considered. The aggregate amounts of brokerage commissions paid by the Fund for the fiscal years ended December 31, 2009, 2010, and 2011 were as follows:

Brokerage Commissions Paid		
(incurred for fiscal years ended December 31)		
<u>2009</u>	<u>2010</u>	<u>2011</u>
\$590,537	\$583,303	\$418,594

As of the fiscal year ended December 31, 2011, the Fund held securities of its regular brokers and dealers (as defined in Rule 10b-1 under the 1940 Act) or their parents as shown below.

<u>Broker-Dealer</u>	<u>Aggregate Value</u>
Citigroup, Inc.	\$4,735,800
JPMorgan Chase & Co.	\$10,207,750

Code of Ethics

The Trust and the Adviser have adopted a Code of Ethics (the "Code") that governs the conduct of employees of the Trust and the Adviser who may have access to information about the Fund's securities transactions. The Code recognizes that such persons owe a fiduciary duty to the Fund's shareholders and must place the interests of shareholders ahead of their own interests. Among other things, the Code requires pre-clearance of personal securities transactions; certain blackout periods for personal trading of securities which may be considered for purchase or sale by the Fund or other clients of the Adviser; annual and quarterly reporting of personal securities transactions and holdings; and limitations on personal trading of initial public offerings. Violations of the Code are subject to review by the Trustees and could result in severe penalties.

Proxy Voting Procedures

The Board has adopted a Proxy Voting Policy (“Policy”) on behalf of the Fund that reads as follows:

In the past, we’ve voted our proxies based upon what we perceived to be the merits of the individual proposals. In most cases, we’ve voted with management (if we don’t like what management’s doing, we wouldn’t own the stock), but in areas such as poison pills and management bonuses, we’ve often voted against management.

The new rule will require us to keep records of our votes, and presumably, would require us to defend those votes at a future date. To better use our time and to simplify this hassle, we have adopted the policy of simply always voting in line with management recommendations.

Conflicts rarely arise between the Adviser and the Fund with respect to proxy voting. Were one to arise, it would be resolved in the best interests of Fund shareholders, and the Adviser typically would disclose such conflict to the Board of Trustees and obtain their consent before voting.

The Fund is required to file Form N-PX, with the Fund’s complete proxy voting record for the 12 months ended June 30th, no later than August 31st of each year. Form N-PX for the Fund is available without charge, upon request, by calling toll-free 1-800-860-3863, and on the SEC’s website at www.sec.gov.

Anti-Money Laundering Program

The Fund 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 (“USA PATRIOT Act”). To ensure compliance with this law, the Fund’s Program provides for the development of internal policies, procedures and controls, designation of anti-money laundering compliance officers, an ongoing training program, and an independent audit function to determine the effectiveness of the Program.

Procedures to implement the Program include, but are not limited to, determining that the Fund’s Distributor and Transfer Agent have established proper anti-money laundering procedures, reporting suspicious and/or fraudulent activity, checking shareholder names against designated government lists, including the Office of Foreign Assets Control, and a complete and thorough review of all new account opening applications. The Fund will not transact business with any person or entity whose identity cannot be adequately verified under the provisions of the USA PATRIOT Act.

Portfolio Holdings Information

MCI and the Fund maintain portfolio holdings disclosure policies that govern the timing and circumstances of disclosure to shareholders and third parties of information regarding the portfolio investments held by the Fund. These portfolio holdings disclosure policies have been

approved by the Board of Trustees of the Fund. Disclosure of the Fund's complete holdings is required to be made quarterly within 60 days of the end of each fiscal quarter in the Annual Report and Semi-Annual Report to Fund shareholders and in the quarterly holdings reports on Form N-Q. These reports are available, free of charge, on the EDGAR database on the SEC's website at www.sec.gov.

The Fund's top ten holdings are made available on the Fund's website within five to ten days of the end of each calendar quarter at www.muhlenkamp.com.

From time to time rating and ranking organizations such as Standard & Poor's and Morningstar, Inc., subject to a duty of confidentiality, may request complete portfolio holdings information in connection with rating the Fund. Similarly, pension plan sponsors and/or their consultants may request a complete list of portfolio holdings in order to assess the risks of the Fund's portfolio along with related performance attribution statistics. The Fund believes that these third parties have legitimate objectives in requesting such portfolio holdings information. To prevent such parties from potentially misusing portfolio holdings information, the Fund will generally only disclose such information as of the end of the most recent calendar quarter, with a lag of at least thirty days, as described above. However, MCI, or its designee, may grant exceptions to permit additional disclosure of portfolio holdings information at differing times and with differing lag times to rating agencies and to pension plan sponsors and/or their consultants, provided that (1) the recipient will utilize the information to reach certain conclusions about the investment management characteristics of the Fund and will not use the information to facilitate or assist in the operation of any other investment program, and (2) the recipient will not provide third-party access to this information. In addition, the Fund's service providers, such as the custodian and the transfer agent, may receive portfolio holdings information in connection with their services to the Fund.

The furnishing of nonpublic portfolio holdings information to any third party (other than authorized governmental and regulatory personnel) requires the approval of the Fund's Chief Compliance Officer. The Chief Compliance Officer will approve the furnishing of non-public portfolio holdings information to a third party only if he considers the furnishing of such information to be in the best interest of the Fund and its shareholders. No consideration may be received by the Fund, MCI, any affiliate of MCI, or their employees in connection with the disclosure of portfolio holdings information.

Net Asset Value Calculation

Shares are sold on a continual basis at the offering price. The net asset value per share is computed by dividing the aggregate market value of the Fund's daily assets, less its liabilities, by the number of Fund shares outstanding. Portfolio securities are valued and net asset value per share is determined as of the close of business on the New York Stock Exchange (the "NYSE"), which is currently 4:00 p.m. (EST), on each day the NYSE is open and on any other day in which there is a sufficient degree of trading in Fund portfolio securities that the current net asset value per share might be materially affected by changes in portfolio securities values. NYSE trading is closed weekends and holidays. In addition, the most recent announcement indicates that the NYSE will not be open on the following days: New Years Day, Martin Luther King, Jr.

Day, President's Day, Good Friday, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, and Christmas Day. Furthermore, the NYSE may close on days not included in such announcement.

An example of how the Fund calculated its total offering price per share as of December 31, 2011 is as follows:

$$\begin{array}{rcl} \frac{\text{Net Assets}}{\text{Shares Outstanding}} & = & \text{Net asset value per share} \\ \\ \frac{\$487,250,404}{9,517,969} & = & \$51.19 \end{array}$$

Portfolio securities listed on an organized exchange are valued on the basis of the last sale on the date the valuation is made.

Illiquid securities, those securities for which market value quotations are not readily available are valued at fair value as determined by a designated Valuation Committee, comprised of personnel of the Adviser, under the supervision of the Board of Trustees, in accordance with pricing procedures approved by the Board. The term "fair value" is defined as the amount the owner of a security might reasonably expect to receive upon a current sale. In determining an investment's fair value, the Valuation Committee considers, to the extent applicable, various factors including, but not limited to, the financial condition of the company or limited partnership, operating results, prices paid in follow-on rounds, comparable companies in the public market, the nature and duration of the restrictions for holding the securities, and other relevant factors.

The Fund's investments will be valued at fair value by the Valuation Committee if the Adviser determines that an event impacting the value of an investment occurred between the closing time of a security's primary market or exchange (for example, a foreign exchange or market) and the time the Fund's share price is calculated. Significant events include, but are not limited to the following: significant fluctuations in domestic markets, foreign markets or foreign currencies; occurrences not directly tied to the securities markets such as natural disasters, armed conflicts or significant governmental actions; and major announcements affecting a single issuer or an entire market or market sector. In responding to a significant event, the Valuation Committee would determine the fair values of affected securities considering factors including, but not limited to: index options and futures traded subsequent to the close; ADRs, GDRs or other related receipts; currency spot or forward markets that trade after pricing of the foreign exchange; other derivative securities traded after the close such as WEBs and SPDRs; and alternative market quotes on the affected securities.

Notwithstanding the above, bonds and other fixed income or debt securities may be valued on the basis of prices determined in good faith in accordance with procedures approved by the Board of Trustees if it is the belief of the Board of Trustees that such price determination more fairly reflects the fair value of such securities. Such procedures would commonly include pricing on a yield-to-maturity basis as compared with similarly traded fixed income or debt securities. Money market instruments are valued at cost, which approximates market value

unless the Board of Trustees determines that such is not a fair value. The sale of common shares of the Fund will be suspended during periods when the determination of its net asset value is suspended pursuant to rules or orders of the SEC, or may be suspended by the Board of Trustees whenever in its sole judgment it believes it is in the best interest of shareholders to do so.

Purchase of Shares

Initial Purchases

Investors may begin an investment in Fund shares with a minimum of \$1,500 by completing and signing the Fund's application form. The \$1,500 minimum is reduced to \$200 for those new accounts participating in the Automatic Investment Plan. The Fund may waive its minimum investment requirement for employer-sponsored retirement plans. Accounts may only be opened by persons with a valid social security number or tax identification number and permanent U.S. street address. Return the form to: Muhlenkamp Fund, c/o U.S. Bancorp Fund Services, LLC, P.O. Box 701, Milwaukee, WI 53201-0701, along with a check made payable to "Muhlenkamp Fund." The Fund will not accept payment in cash or money orders. The Fund will accept payment by cashier's checks only in amounts of \$10,000 or more. Also, to prevent check fraud, the Fund will not accept third party checks, Treasury checks, credit card checks, traveler's checks or starter checks for the purchase of shares. In addition, the Fund cannot accept post dated checks, post dated on-line bill pay checks, or any conditional order or payment. If your check is returned for any reason, a \$25 fee will be assessed against your account. A copy of the Fund's application form is available to prospective investors upon request by calling 1-800-860-3863, or by visiting the Fund's website at www.muhlenkamp.com.

The offering price of such purchases will be at the net asset value per share next determined after receipt by the Fund of a valid purchase order. The date on which the application is accepted by the Fund and the net asset value determination as of the close of business on that date shall determine the purchase price and shall normally be the purchase date for shares. Payment for shares purchased shall be by check or receipt of good funds by the Fund, which reserves the right to withhold or reject requests for purchases for any reason, including uncollected funds. In the event of a cancellation of any purchase due to uncollected funds, the purchaser shall be liable for all administrative costs incurred and for all other losses or charges for such invalid transfer and/or purchase. Certified checks are not necessary to purchase Fund shares. There shall be no sales charge for purchase of shares of common stock of the Fund.

The Fund has authorized one or more brokers to accept on its behalf purchase and redemption orders. Such brokers are authorized to designate other intermediaries to accept purchase and redemption orders on the Fund's behalf. The Fund will be deemed to have received a purchase or redemption order when an authorized broker or, if applicable, a broker's authorized designee, accepts the order. Customer orders will be priced at the Fund's net asset value next computed after an authorized broker accepts them, or the broker's authorized designee.

Subsequent Purchases

Purchases of shares made subsequent to an initial purchase or purchases by a registered shareholder may be made and sent by mail to Muhlenkamp Fund, c/o U.S. Bancorp Fund Services, LLC, P.O. Box 701, Milwaukee, WI 53201-0701. Purchases of shares made subsequent to an initial purchase or purchases by a registered shareholder may be made by telephone by calling 1-800-860-3863. All subsequent purchases must be made with no less than \$50, which is also the minimum for participating in the Automatic Investment Plan (See “Automatic Investment Plan”). These minimum requirements also apply to IRAs, Retirement Accounts, and UGMA Accounts and such amounts shall be due and payable in good funds to the Fund on the purchase date. The Fund will not accept payment in cash or money orders. The Fund will accept payment by cashier’s checks only in amounts of \$10,000 or more. Also, to prevent check fraud, the Fund will not accept third party checks, Treasury checks, credit card checks, traveler’s checks, or starter checks for the purchase of shares. In addition, the Fund cannot accept post dated checks, post dated on-line bill pay checks, or any conditional order or payment. If your check is returned for any reason, a \$25 fee will be assessed against your account. No sales charge shall be made for subsequent purchases.

Minimum Account Balance

By November 30th of each year, all accounts must have net investments (purchases less redemptions) totaling \$1,500 or more, an account value greater than \$1,500, or be enrolled in the Automatic Investment Program. Accounts that do not meet one of these three criteria will be charged a \$15 fee. Such fees will be used to lower Fund expenses. The Fund will check accounts and charge this fee annually.

Reinvestments

The Fund will automatically reinvest all dividend distributions, capital gains distributions, and returns of capital to shareholders in additional shares of the Fund at the net asset value next determined as of the close of business on the payment date of such distributions, unless otherwise instructed by the shareholder in writing prior to the record date for such distributions.

Fractional Shares

When share purchases or redemptions are made or when cash is requested by a shareholder, shares will be issued or redeemed respectively, in fractions of a share, calculated to the third decimal place. (Example: \$1,000 invested at the net asset value of \$51.19 per share will purchase 19.535 shares.)

Issuance of Share Certificates

The Fund does not issue share certificates, unless specifically requested. Due to the inconvenience, costs, and additional work involved with issuing certificates, shareholders are strongly encouraged to have all shares held in an account maintained by the Fund’s custodian.

Automatic Investment Plan

The Automatic Investment Plan (“AIP”) allows shareholders to authorize the Fund to debit their bank account for the purchase of Fund shares. Investments must be made at least monthly by automatically deducting \$50 or more from the shareholder’s bank account. In order to participate in the AIP, an account in the Fund must be opened with a minimum of \$200 (IRAs included) and an Automatic Investment Plan Form must be completed. Any request to change or discontinue an AIP should be submitted to the transfer agent at least five days prior to the effective date by contacting the transfer agent at 1-800-860-3863 or submitting the request in writing.

Shares will be purchased at the price determined on the day of the month you elected. If this date falls on a weekend or legal holiday, purchases will be made at the price determined on the next business day. The Fund will send a confirmation for every transaction, and a debit entry will appear on the shareholder’s bank statement. In the event of a cancellation of any purchase due to uncollected funds, the purchaser shall be liable for all administrative costs incurred, and for all other losses or charges for such invalid transfer and/or purchase. For tax purposes, AIP contributions will be reported as current year contributions.

To establish an AIP for a Fund account, complete the Automatic Investment Plan Form and include a voided, unsigned check or a savings deposit/withdrawal slip from the bank account to be debited. This service will become effective 15 days after the Fund accepts the Automatic Investment Plan Application in good order.

Redemption of Shares

Shareholders may sell all or a portion of their shares to the Fund on any day a net asset value is calculated, and such redemptions will be made in the manner as described in detail in the Prospectus dated February 29, 2012. All normal voluntary, involuntary, or Systematic Withdrawal Plan redemptions are subject to the terms and conditions as set forth in the Prospectus.

If share certificates are issued for any reason and are held by a shareholder requesting the Fund to redeem shares, it is required that such share certificates first be delivered in person or by mail to the Fund in good form for transfer. The share certificates should be mailed to or deposited with the transfer agent of the Fund, and should be accompanied with a written request for redemption. The written request should contain a signature guarantee by an eligible “guarantor institution,” which is a bank, savings and loan association, credit union, or member firm of a national securities exchange. Even though the back of the certificate contains a line for a signature and signature guarantee, please return the certificates unsigned. The Fund shall have the right to refuse payment to any registered shareholder until all legal documentation necessary for a complete and lawful transfer is in the possession of the Fund or its agents, to the complete satisfaction of the Fund and its Board of Trustees.

Systematic Withdrawal Plan

Shareholders participating in the Systematic Withdrawal Plan may have the proceeds of their redemptions mailed by check to the address of record or electronic funds transfer directly to the bank account designated on the application. Under most circumstances, payments will be sent on the business day following the redemption, but not later than seven business days after the shares have been redeemed.

Federal Income Tax Status

It is intended that the Fund qualify for and elect the special tax treatment afforded a “regulated investment company” under subchapter M of the Internal Revenue Code of 1986, as amended. The Fund has so qualified in each of its fiscal years. To qualify, the Fund must: (1) Make an election to be a regulated investment company; (2) Invest and re-invest so that at least 90 percent of its gross income is derived from dividends, interest, payments with respect to securities loans, and gains from the sale or other disposition of stocks or securities; (3) Satisfy certain diversification requirements with respect to its assets at the close of each quarter of the taxable year; and (4) Distribute to its shareholders substantially all of its net investment income and net realized capital gains.

If the Fund fails to qualify as a regulated investment company under subchapter M in any fiscal year, it would be treated as a corporation for federal income tax purposes. As such, the Fund would be required to pay income taxes on its net investment income and net realized capital gains, if any, at the rates generally applicable to corporations. Shareholders of a Fund that did not qualify as a regulated investment company under subchapter M would not be liable for income tax on the Fund’s net investment income or net realized capital gains in their individual capacities. Distributions to shareholders, whether from the Fund’s net investment income or net realized capital gains, would be treated as taxable dividends to the extent of accumulated earnings and profits of the Fund.

As a regulated investment company, dividends paid out as distributions to Fund shareholders are derived from interest and dividends the Fund receives and from any net capital gains the Fund may realize during the calendar year. Dividends derived from investment income are taxable to shareholders at ordinary income tax rates when received, regardless of whether received as cash or as additional shares. The information Fund shareholders will require in order to correctly report the amount and type of dividends and distributions on their tax returns will be provided by the Fund early each calendar year, sufficiently in advance of the date for filing a calendar year tax return. To avoid the Fund having to withhold a portion of your dividends, it is necessary that you supply the Fund with needed information, including a valid Social Security or Tax Identification Number.

Capital Loss Carryovers. The capital loss carryover as of December 31, 2011 is \$32,236, which expires on December 31, 2017.

Capital Structure

Under the terms of the Trust Agreement, each Fund shareholder has one vote per share of beneficial interest in the Trust. A majority of shares, voting in accordance with the terms as set forth in the Trust Agreement and By-Laws: (1) elects a majority of Fund Trustees; (2) must approve the initial and any new advisory agreements; (3) can terminate the Trust; and (4) generally holds powers to determine and/or approve or disapprove fundamental Fund policies. Required shareholder approvals shall be obtained at annual or special meetings duly called and held for such purposes. Trustees are elected to office for an indefinite term and are charged with the responsibility of overseeing the day-to-day operation and affairs of the Fund for shareholders. Trustees may appoint persons to fill vacancies without a meeting or shareholder approval, so long as two-thirds of the Trustees then serving have been elected by shareholders.

Financial Information

The Fund's most current financial statements are incorporated by reference from the Fund's 2011 Annual Report, as filed with the SEC, into this SAI. The 2011 Annual Report will be furnished without charge upon request by calling or writing to the Fund at the address on the cover of this SAI. The Annual Report contains further information about the Fund's performance. In an effort to keep Fund expenses to a minimum, the Fund will mail only one Annual and Semi-Annual Report in the event there are multiple accounts with the same social security number or tax identification number at the same address.

Other Service Providers

Fund Administration

U.S. Bancorp Fund Services, LLC ("USBFS") serves as Fund Administrator pursuant to a Fund Administration Servicing Agreement with the Fund. As such, USBFS provides certain administrative services and facilities for the Fund. These services include preparing and maintaining books, records, tax and financial reports, and monitoring compliance with state and federal regulatory requirements.

During the fiscal years ended December 31, 2009, 2010, and 2011, the Fund incurred the following fees payable to USBFS pursuant to the Fund Administration Servicing Agreement:

Fund Administration Fees		
(incurred for fiscal years ended December 31)		
<u>2009</u>	<u>2010</u>	<u>2011</u>
\$422,083	\$446,321	\$378,038

Fund Accounting and Transfer Agent

USBFS serves as Fund Accountant and Transfer Agent to the Fund pursuant to a Fund Accounting Servicing Agreement and a Transfer Agent Servicing Agreement. Under the Fund Accounting Servicing Agreement, USBFS maintains the financial accounts and records of the Fund and provides other accounting services to the Fund, including calculation of the net asset value per share of the Fund.

Under the Transfer Agent Servicing Agreement, USBFS provides all of the customary services of a transfer agent and dividend disbursing agent including, but not limited to: (1) receiving and processing orders to purchase or redeem shares; (2) mailing shareholder reports and prospectuses to current shareholders; and (3) providing blue sky services to monitor the number of Fund shares sold in each state. USBFS will receive a transfer agent fee which will be billed on a monthly basis.

Custodian

The Custodian for the Fund is U.S. Bank, N. A., Custody Operations, 1555 North RiverCenter Drive, Suite 302, Milwaukee, WI 53212. As Custodian, U.S. Bank, N. A. holds all of the securities and cash owned by the Fund. USBFS and U.S. Bank, N.A. are affiliates of the Distributor.

Independent Registered Public Accounting Firm

Cohen Fund Audit Services, Ltd. serves as the independent registered public accounting firm for the Fund.

Appendix

Bond Rating Categories as defined by Standard & Poor's ("S&P's") are quoted in part and inserted herein for the information of potential investors in the Fund as a reference as follows:

S&P's corporate or municipal debt rating is a current assessment of the creditworthiness of an obligor with respect to a specific obligation. This assessment may take into consideration obligors such as guarantors, insurers, or lessees.

A debt rating is not a recommendation to purchase, sell or hold a security inasmuch as it does not comment as to market price or suitability for a particular investor.

The ratings are based on current information furnished by the issuer or obtained by S&P's from other sources it considers reliable. S&P's does not perform any audit in connection with any rating and may, on occasion, rely on unaudited financial information. The ratings may be changed, suspended or withdrawn as a result of changes in, or availability of, such information, or for other circumstances.

The ratings are based, in varying degrees, on the following considerations:

- I. Likelihood of default-capacity and willingness of the obligor as to the timely payment of interest and repayment of principal in accordance with the terms of the obligation;
- II. Nature of and provisions of the obligation;
- III. Protection afforded by, and relative position of, the obligation in the event of bankruptcy, reorganization or other arrangement under the laws of bankruptcy and other laws affecting creditors rights.

AAA - Debt rated AAA has the highest rating assigned by S&P's. Capacity to pay interest and repay principal is extremely strong.

AA - Debt rated AA has a very strong capacity to pay interest and repay principal and differs from the highest rated issues only in a small degree.

A - Debt rated A has a strong capacity to pay interest and repay principal although it is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than debt in higher rated categories.

BBB - Debt rated BBB is regarded as having an adequate capacity to pay interest and repay principal. Whereas it normally exhibits adequate protection parameters, adverse economic conditions, or changing circumstances are more likely to lead to a weakened capacity to pay interest and repay principal for debt in this category than in higher rated categories.

BB, B, CCC, CC, C - Debt rated BB, B, CCC, CC, and C is regarded, on balance, as predominantly speculative with respect to capacity to pay interest and repay principal in

accordance with the terms of the obligation. **BB** indicates the lowest degree of speculation and **C** the highest degree of speculation. While such debt will likely have some quality and protective characteristics, these are outweighed by large uncertainties or major risk exposures to adverse conditions.

CI - The rating is reserved for income bonds on which no interest is being paid.

D - Debt rated **D** is in default, and repayment of interest and/or repayment of principal are in arrears.

NR - indicates that no rating has been requested, that there is insufficient information on which to base a rating, or that S&P's does not rate a particular type of obligation as a matter of policy.