

CM Advisors Fixed Income Fund

December 31, 2011



CM Advisors

Family of Funds
www.cmadvisorsfunds.com

Investment Strategy

The CM Advisors Fixed Income Fund's investment objective is to preserve capital and maximize total return using fixed income securities. To meet its investment objective, the Fund primarily seeks to purchase U.S. dollar denominated fixed income securities that the Fund believes are undervalued. While the Fund may invest in all types of fixed income securities, the primary focus is on corporate bonds and U.S. Treasury securities. This Fund has no load and no 12b-1 fees.

Fund Facts as of December 31, 2011

Category	Multisector Bond
Inception	3/24/06
Total Assets	\$94.17 million
Ticker	CMFIX
Expense Ratio*	0.94%
Morningstar Rating - Multisector Bond	
3-Year (out of 190 funds)	★
5-Year (out of 151 funds)	★★★★★
Overall (out of 190 funds)	★★★

Fund Performance as of December 31, 2011

	1 Month	3 Month	YTD	Average Annual Returns			
				1 Year	3 Years	5 Years	Inception Return 3/24/06
CMFIX	0.86	0.95	6.11	6.11	9.07	7.43	7.89
Barclays Capital Aggregate Bond Index	1.10	1.12	6.65	7.84	6.77	6.50	6.37

Morningstar Multisector Bond Rating as of December 31, 2011 (based on risk adjusted returns)

	Standard Deviation	Annualized Return	CMFIX / # of Funds	Group Average
Year-to-date Performance		6.11	5 / 246	3.39
5-Year Performance ★★★★★		7.43	5 / 151	5.46
Volatility	3.37		3 / 209	6.80

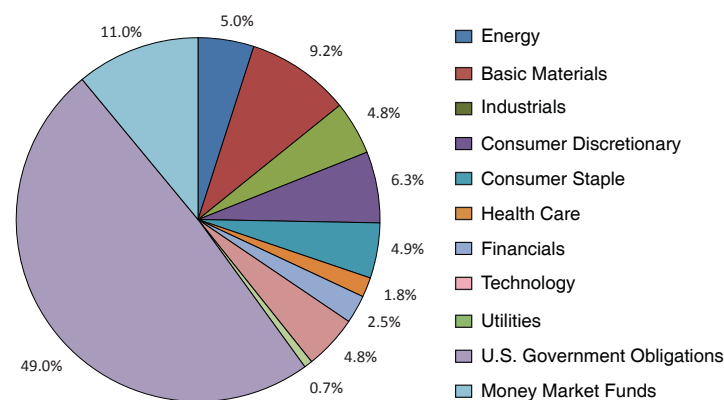
Performance data quoted represents past performance. Past performance does not guarantee future results. All performance assumes reinvestment of dividends and capital gains. The investment return and principal value of an investment will fluctuate so that investors' shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than the performance data quoted. The Fund imposes a 1% redemption fee on shares redeemed within 180 days of their purchase. See the Fund's current prospectus for more information on the Fund's redemption fee. The performance information above does not reflect the imposition of the redemption fee. For performance information current to the most recent month end, call 1-888-859-5856.

Morningstar Ratings are based on risk-adjusted returns. The Overall Morningstar Rating is derived from a weighted average of the performance figures associated with a Fund's 3-, 5-, and 10-year Morningstar Rating metrics. For each U.S.-domiciled Fund with at least a three-year history, Morningstar calculates a Morningstar Rating based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a Fund's monthly performance (including the effects of sales charges, loads and redemption fees), placing more emphasis on downward variations and rewarding consistent performance. The top 10% of Funds in each category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars and the bottom 10% receive 1 star. (Each share class is counted as a fraction of one Fund within this scale and rated separately, which may cause slight variations in the distribution percentages.)

The Barclays Capital Aggregate Bond Index is a market capitalization-weighted index, meaning the securities in the index are weighted according to the market size of each bond type. Most U.S. traded investment grade bonds are represented. The index includes Treasury securities, Government agency bonds, Mortgage-backed bonds, Corporate bonds and a small amount of foreign bonds traded in the U.S. The Barclays Capital Aggregate Bond Index is an intermediate-term index. The average maturity as of December 31, 2011 was 7.13 years.

* 0.94% was the Fund's expense ratio for the fiscal year ended February 28, 2011 and includes acquired fund fees and expenses, which are the fees and expenses incurred indirectly by the Fund as a result of its investments during the most recent fiscal year in investment companies and other pooled investment vehicles. The Fund's acquired fund fees and expenses were 0.04% of the Fund's average daily net assets for the fiscal year ended February 28, 2011. The Fund's expense ratio as a percentage of the Fund's average daily net assets as of December 31, 2011, excluding acquired fund fees and expenses, was 0.81%. This expense ratio may fluctuate based upon a number of factors, including changes in the Fund's net assets

Sector Weighting as of December 31, 2011



Portfolio Characteristics as of December 31, 2011

Average Maturity (years)	4.9
Average Duration	3.3
Number of Issues	75
SEC 30-Day Yield (%)	1.1%



Portfolio Manager Commentary

For the fourth quarter of 2011, the CM Advisors Fixed Income Fund (CMFIX) returned 0.99%. Its benchmark, the Barclays U.S. Aggregate Bond Index, returned 1.12% for the same time period. According to Morningstar®, CMFIX ranked 6 out of 246 multisector bond funds for the year ended December 31, 2011, and it ranked 5 out of 151 multisector bond funds for the five years ending the same date. In addition, CMFIX ranked as the third least volatile fund out of 209 multisector bond funds for the three years ending December 31, 2011.

Though volatile throughout the fourth quarter of 2011, interest rates closed the quarter at approximately the same levels as where they started at the beginning of the quarter. While the yield on the Moody's BAA Corporate Bond Index closed the quarter at 5.16%, it initially floated higher and peaked around the 5.55% level in mid-October before declining below the 5.05% level by the end of October. While the yield on 30-year U.S. Treasuries closed the quarter at 2.90%, it reached a high of approximately 3.45% in late October before moving down to the 2.90% level in late November. Investment grade¹ corporate bond spreads over 30-year Treasuries followed a similar pattern to the Moody's BAA Corporate Bond Index yields in that the spread widened out to approximately a quarterly high 240 basis point² spread in early October, then narrowed to an approximate 195 basis point spread in late October, only to close the quarter about where the quarter began, at a 226 basis point spread.

The widening of corporate bond spreads over Treasuries early in the quarter allowed us to add nine positions to the portfolio, with two more positions added later in the quarter. As the spreads narrowed in late October, most of our buying activity subsided as we adhered to our value discipline. In our view, the primary reasons for the narrowing of the spread were: 1) a strong rally in the US equity market made bonds less desirable/competitive from an investment perspective and 2) investor optimism regarding a resolution to the European debt crisis. Separately, the Fund's duration increased slightly from 2.9 years at the end of Q3-2011 to 3.3 years at the end of Q4-2011 as we purchased short-term Treasury bills for cash management purposes.

Fixed income and equity markets continue to deal with a number of significant issues. We believe that European debt issues will remain a key driver of market activity in the year ahead, if not longer. While progress has been made by global central bankers in providing access to liquidity to the ECB through the recently established swap lines, the longer-term solvency issues of the weaker sovereigns present justifiable concerns for the market. In addition, there are conflicting signs as to whether or not the U.S. will continue to see a sustained increase in economic growth or enter a period of slower economic growth as global economic activity slows, recently observed in both in Asia and Europe. Politics will also exert an influence on the markets as we work our way through 2012 since a change in leadership at the federal level could provide a catalyst for a change in investor sentiment. The Fed continues to exert its influence on the markets, and additional monetary stimulus remains a possibility if the economic situation deteriorates. As these issues evolve, we will continue to monitor changes in corporate bond spreads, interest rates, and a number of corresponding investment opportunities.

Important Risk Information

Investment in the Fund is subject to investment risks, including, without limitation, market risk, income risk, lower-rated securities risk, interest rate risk, management style risk, regional and sector risk, maturity risk, mortgage risk, other investment companies risk and credit risk. For more information about the Fund, including the Fund's objectives, charges, expenses and risks (including more information about the risks listed above), please read the prospectus.

Performance data quoted represents past performance. Past performance does not guarantee future results. All performance assumes investment of dividends and capital gains. The investment return and principal value of an investment will fluctuate so that investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than the performance data quoted. For performance information current to the most recent month end, call 1-888-859-5856.

An investor should consider the investment objectives, risks, and charges and expenses of the Fund carefully before investing. The prospectus contains this and other information about the Fund. A copy of the prospectus is available by calling 1-800-664-4888 or writing the advisor at 805 Las Cimas Parkway, Suite 430, Austin, Texas 78746. You may also call the Fund directly at 1-888-859-5856. The prospectus should be read carefully before investing. The information presented on this page is not an offer to sell or a solicitation of an offer to purchase the Fund.

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We believe that volatility caused by these issues will remain a constant in the bond market for 2012 as we work our way through a number of issues centered around debt. Over time, we are hopeful that more progress will be made on reducing debt levels at both the consumer and government levels. In the meantime, we remain dedicated to our value investment discipline, and we are well positioned to execute our value discipline.

Footnotes

1. As measured by the Moody's BAA Corporate Bond Index
2. Basis points = 1/100th of 1%

Top Ten Holdings

% of Net Assets

1	UST Bill	0.00%	due 05/31/12	31.95%
	United States Treasury Bill			
2	UST Bill	0.00%	due 05/03/12	17.04%
	United States Treasury Bill			
3	Wells Fargo Advantage Treasury			9.96%
	100% Treasury Money Market Fund			
4	Alcoa, Inc.	5.87%	due 02/23/22	1.29%
	Manufactures aluminum products			
5	Estee Lauder Co Inc.	6.00%	due 05/15/37	1.21%
	Worldwide provider of personal care products			
6	The Western Union Company	6.20%	due 11/17/36	1.16%
	Provides money transfer and payment services			
7	Rowan	7.88%	due 08/01/19	1.14%
	Provides international contract drilling services as well as manufacturing equipment for drilling and mining			
8	American Express Company	7.00%	due 03/19/18	1.03%
	Provides charge and credit card payment products			
9	United Health Group	6.00%	due 02/15/18	1.01%
	Diversified health and well-being company			
10	Canadian Pacific RR Co.	7.25%	due 05/15/19	0.99%
	Provides transportation solutions in Canada			

as of December 31, 2011