

PRINCIPAL INVESTMENT STRATEGIES OF THE ADVISORS FUND

To meet its investment objective, the Advisors Fund invests primarily in equity securities of U.S. companies that the Advisors Fund’s investment advisor, Van Den Berg Management I, Inc. d/b/a CM Fund Advisors (the “Advisor”), believes are undervalued. The Advisors Fund typically invests in common stocks, although it may also invest in other equity securities (e.g., preferred stocks, convertible bonds, convertible preferred stocks, and warrants). In addition, the Advisors Fund retains the flexibility to invest in fixed income securities (e.g., corporate bonds or U.S. Government securities) or cash or cash equivalents (e.g., shares of money market funds, short-term U.S. Government obligations, commercial paper, and repurchase agreements) when the Advisor believes they offer more attractive opportunities.

Equity Securities. In selecting equity securities for the Advisors Fund’s portfolio, the Advisor:

- Applies research models to determine a company’s intrinsic value. Intrinsic value is a concept that refers to what a company is “really” worth. Investment advisors that use intrinsic value (like the Advisor) believe that a company’s real value can be best determined by analyzing business, financial, and other factors about the company and its market, and that a company’s market price gravitates toward its intrinsic value over time. Accordingly, if the market price of the company’s securities is above the Advisor’s determination of its intrinsic value, the Advisor believes that the market price will, over time, fall. If the market price is below its intrinsic value, then the Advisor believes it will, over time, rise.
- Compares the company’s intrinsic value to the market prices of the company’s securities; and
- Seeks to purchase equity securities of companies that appear to be “bargains” (i.e., securities that are trading at a significant discount to their intrinsic value).

In an effort to determine a company’s intrinsic value, the Advisor’s research models utilize various quantitative, qualitative, fundamental, and other factors about a company and its business. This information can include, without limitation, historical analysis, acquisition analysis, discounted free cash flow and leveraged buyout models. The Advisor also monitors acquisition prices for companies in various industries, and may communicate with companies, their suppliers and customers as part of its research process. Because a company’s business, financial, and market circumstances are always

changing, the Advisor evaluates intrinsic value for companies in and out of its portfolio on a regular basis.

The Advisors Fund typically invests in equity securities of U.S. companies, but may also invest in foreign companies. The Advisors Fund may invest in equity securities of companies of any size or in any sector. The Advisors Fund's equity securities may be traded on a national securities exchange or over-the-counter.

Fixed Income Securities. While income from fixed income securities (i.e., interest payments made on bonds and notes) will be a consideration in analyzing potential fixed income securities for the Advisors Fund, the Advisor's primary criteria for fixed income securities relates to their appreciation potential. In selecting fixed income securities for the Advisors Fund, the Advisor generally:

- Reviews the maturity, yield, and ratings from nationally recognized statistical rating organizations (including Standard & Poor's ("S&P"), Moody's Investors Service, Inc. ("Moody's") and Fitch, Inc. ("Fitch")) of a fixed income security, both independently and in relation to the Advisors Fund's current portfolio;
- Analyzes the current and projected financial and economic conditions of the issuer and the market for its securities using proprietary research models; and
- Seeks to purchase fixed income securities that the Advisor believes (i) fit the desired mix of fixed income securities for the portfolio (e.g., the types of securities, maturities, and yields then targeted for the Advisors Fund); and (ii) offer opportunities for price appreciation.

The Advisors Fund may, without limitation, purchase fixed income securities of any credit quality, maturity, or yield. Accordingly, the Advisors Fund may hold fixed income securities that receive the highest ratings from Moody's, S&P, Fitch or a similar rating agency, and fixed income securities that receive lower or the lowest ratings. There is no limitation on the number or amount of lower-rated fixed income securities, such as high-yield or junk bonds, that the Advisors Fund may purchase. The Advisors Fund may also, without limitation, purchase fixed income securities in any sector and issued by any size company, municipality or government body.

While the Advisors Fund's primary focus is on investments in equity and fixed income securities, the Advisors Fund may invest in cash or cash equivalent positions when the Advisor believes the equity and fixed income securities markets offer limited investment opportunity or are overpriced. The Advisors Fund may hold cash or cash equivalent positions for extended periods of time while the Advisor waits for the equity and fixed income securities markets to offer more attractive opportunities.