



**USA MUTUALS**

INVEST YOUR KNOWLEDGE

**Vice Fund**  
**Generation Wave Growth Fund**  
each a series of USA MUTUALS

**Annual Report**  
March 31, 2011

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## Table of Contents

LETTER TO SHAREHOLDERS .....	3
EXPENSE EXAMPLE .....	9
INVESTMENT HIGHLIGHTS .....	11
PORTFOLIO OF INVESTMENTS – VICE FUND .....	13
SCHEDULE OF OPTIONS WRITTEN – VICE FUND .....	15
PORTFOLIO OF INVESTMENTS – GENERATION WAVE GROWTH FUND . . . .	16
STATEMENTS OF ASSETS AND LIABILITIES .....	19
STATEMENTS OF OPERATIONS .....	20
STATEMENTS OF CHANGES IN NET ASSETS .....	21
FINANCIAL HIGHLIGHTS .....	23
NOTES TO FINANCIAL STATEMENTS .....	25
REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM . . .	37
ADDITIONAL INFORMATION .....	38

## LETTER TO SHAREHOLDERS

Dear Shareholder,

Enclosed you will find the annual report for USA MUTUALS. The USA MUTUALS management team and Trustees of the Funds recognize the importance of thorough and consistent communication with our shareholders. In this annual report, we include all the required quantitative information, such as financial statements, detailed footnotes, performance reports, Fund holdings and manager insights.

### Vice Fund

The last year has been eventful for the Vice Fund. We have seen dividends and dividend growth come back in style. The Fund has focused even more on what historically has driven past stock returns and found vice companies that meet those criteria. For the one year period ending March 31, 2011, the Vice Fund had a total return of 19.01%, while the S&P 500 Index returned 15.65%. The long term broad stock market returns have been about 9% total return for nearly 100 years. This has led many to favor equities as the key to higher returns. In reality, dividends produced over half of the total returns for stocks. P/E expansion has also played a role in stock returns, as people became fonder of equities they paid more for each dollar of earnings produced. Earnings growth has also played a significant role in driving returns. There are three ways to grow EPS:

1. Actual top-line revenue driven growth – price increases, higher volume, general economic growth.
2. Cost cutting, improved efficiency, gaining economies of scale can also improve earnings even without revenue growth.
3. Reducing the number of shares and dividing income by fewer shares also drives EPS.

My goal is to find stocks that embody these characteristics in abundance and typically this comes back to finding companies with huge cash flows, which vice companies have historically had. Keep in mind, our goal is not to find stocks of a prurient nature. Our goal is to find companies that demonstrate characteristics we just discussed.

Dividends – the market (as measured by the S&P 500 Index) is at 1.8%-2.0% dividend yield. Tobacco currently yields 4%-6%; Alcohol about 3%, Defense 3%-4%, Gaming does not pay a dividend but it gives us some emerging market exposure we'll discuss below.

Earnings/EPS growth has also been strong and has remained so:

1. Revenue growth comes from annual price hikes and expanding market share. In the case of all our target industries, they have been seeing solid exposure to the industrialization of China, India, Africa, Eastern Europe, Russia, and Latin America. These are countries where growing affluence means people will likely trade up in alcohol or tobacco quality. People in Asia love to gamble and the new casinos in Macau already do more business than Las Vegas. Rising defense budgets overseas also means the prospect of more government orders for aerospace and defense materials.
2. Cost savings – These companies have actively sought to acquire others in their industries. For example, Molson and Coors merged, Inbev bought Anheuser Busch and Raytheon bought Applied Signal. This can enable duplicate overhead costs to be cut and for production facilities to run at a higher rate of utilization. Thus, income should be higher for the combined company than simply adding the results of two separate ones.
3. Share repurchases have been a mainstay of these companies as well. Most of our companies have a history of buying back shares to drive EPS further.

P/E expansion – There is an over-riding aversion to vice stocks. People may think they are going out of business (smokers are aging, older people don't drink beer, the government will cut the defense budget, there is no disposable cash for gambling). As a result, many of these companies have been trading at discounts to the market's P/E. As the myths surrounding many of these companies are exposed, valuations have moved higher. One of the big drivers for the Fund's performance last year was P/E expansion in the tobacco area. We have been expanding our positions in defense to take advantage of low valuations there, looking to take advantage of P/E expansion in that group.

The unique nature of vice stocks can create huge cash flows for investors. These are not products that change radically such as computers, software, or medical tech. Cigarettes, beer, spare parts for FA-18 jets and hotel rooms just do not need the same level of research and development (R&D) and advertising. Nor do they become obsolete every six months.

Demand is not likely to change with the economy – people continue to smoke and drink, governments maintain their militaries, and people still seek entertainment. Moreover, many of these items may be small luxuries to their users and are not something they have to agonize over to purchase.

Upstarts are not likely to enter the market – it's too expensive. This allows the current players to boost prices and operate in an oligopoly manner. To become a defense contractor requires years of service, evidence of financial stability, and the ability to finance large multi-year projects. A new casino costs \$1 billion these days. New cigarettes and alcohol need to push something else off the shelves to gain access to a store, plus they need to win over distributors. The current players can still acquire upstarts that manage to achieve success.

In areas where demand is flat, the companies can consolidate and grow by cutting costs. Thus, capital spending declines too while cash flows rise. All this cash flow can be used to fund dividends, repurchases, and more acquisitions and the cycle can repeat as described above.

Vice stocks can offer the best of both worlds to investors. Vice stocks can grow in good times and have been defensive in bear markets. High dividends may act as a break on pushing these stocks down in bear markets. The high cash flows allow the companies to purchase more shares if the prices fall, which in turn should boost EPS and allows the dividends per share to rise even if total outlay for dividends is flat. More consolidation can occur in bear markets and thus there are normally buyers for these stocks. The end result is the returns have the potential to keep coming in good times or bad times. Dividends are paid and shareholders earn cash returns.

As we moved through 2010 and into 2011, we have sought to rotate more into low P/E stocks like we're finding in the defense sector, and out of high P/E stocks like we're seeing in gaming. For example, Wynn Macau is still a fine company. It is one of the less leveraged casino companies in Las Vegas and has new properties to compete against older properties that need to be updated. It has growth potential with its Chinese properties that have continued to see more visitors and increased gambling profits. The issue for us is that it pays a very minor dividend and was trading at 40x forward earnings. That is hardly cheap. We realized profits on Wynn Macau and reallocated the proceeds into defense stocks yielding more than 3% and trading at about 9x earnings.

Early 2011 can be largely summed up with Lorillard. Lorillard was going to hurt performance in 4Q and early 1Q as the market worried about potential negative action on menthol by the FDA in the spring. The stock at the time was in the mid-\$80s and fell steadily through January into the low-\$70s. As the company is mostly dependent on selling menthol cigarettes, we understood that fear would drive this stock down.

The over-riding issue was that Lorillard was still very cheap in my view. The company was gaining market share, trading at a steep discount to the group, had very little debt, and was boosting its dividend by 30%. On our cost, the stock was yielding over 9%. In the market, it was yielding between 6%-7%, which again was a discount to its group. Plus, I still believe it may eventually get bought out as part of the consolidation of the industry at a higher price. Thus, the potential upside outweighed the short-term risk of holding the full position. Therefore, I held the investment during the down time and endured the fear of potential problems with menthol.

As the initial reports from the FDA subcommittee came in, it was clear that the subcommittee wanted to get tougher with menthol, but it did not want to ban it. The whole thing is getting more study and in my view will probably involve additional labeling when this is all done. In the meantime, lifting the subcommittee risk drove the stock back to \$95 and Lorillard's continued strong results, repurchases, and dividends have now pushed the stock above \$105.

The Vice Fund's outperformance is due largely to three issues (mentioned above): P/E expansion among the tobacco and gaming sectors, high dividend growth with the stocks trading up and then the sizable appreciation in Lorillard. In a stock market that searched for earnings growth - gaming in Macau stood out as an area that attracted many investors who continued to buy the stocks. As these companies completed their debt offerings for new projects, this risk diminished and the stocks were well-rewarded by investors as the P/E ratios increased. Tobacco companies also saw their P/E ratios expand and generate appreciation. The same was not true of many other S&P 500 Index stocks where earnings rose, but the P/E ratio did not. These two Vice Fund sectors saw both earnings growth and P/E expansion, which helped the outperformance. In addition, nearly every stock we hold saw a dividend increase. With the attention paid to low interest rates, investors have focused more heavily on dividends for income. Companies with growing dividends saw greater appreciation than the S&P 500 Index as a whole.

In terms of portfolio strategy during the 1Q period, I have begun writing covered calls on some positions. Covered calls are a lower risk way to boost total return for the shareholders. It allows us to generate income from some stocks in the portfolio that do not pay a dividend or pay a very nominal one. So far the call writing has centered on defense stocks and some of the alcohol names.

In terms of the overall weightings in the portfolio, we ended 1Q with tobacco at 31%, alcohol at 23%, defense at 27%, gaming is 12%, and cash is 7%. The cheapest sector is by far defense where P/E ratios are less than 10 and dividends are often greater than 3%. We also see more consolidation happening there and have added some smaller companies that appear to be good buy-out candidates, like Applied Signal was for us in 4Q. Mantech International and SAIC Inc. were bought with that thought in mind. Even in the event they are not acquired, they trade at only 12x EPS and are heavily focused on fast-growing areas of defense such as cyber warfare and intelligence gathering.

Gaming remains the most expensive sector and we have been taking profits there. Moreover, while there has been growth in the foreign areas for gaming, we are up against the limit on foreign stock ownership and would have to reduce our alcohol positions to add more. Given the valuations and lack of dividends versus alcohol, I am opting to stick with alcohol over gaming at this time. The foreign gaming stocks are valued at 20x-35x forward earnings. I sold the most expensive one, Melco Crown in 1Q. Domestic gaming still breaks down into highly leveraged casino companies that have under-spent on maintenance for years and the slot-machine makers that represent pent up demand as that maintenance spending is done. We continue to focus on the slot machine makers for our domestic exposure.

## Generation Wave Growth Fund

Generation Wave Growth Fund (“Generation Wave”) results in 2010 reflect some sizeable portfolio turnover. Coming into the year there were significant investments in large banks such as Bank of America and Citicorp and positions that emphasized improving credit quality for individuals and leveraged companies in general. All of these positions were sold during the year and we realized profits overall. The top performers were the companies that buy defaulted loans and work out payment plans with individuals. For the one year period ended March 31, 2011, Generation Wave had a total return of 13.72% for the year, while the S&P 500 Index returned 15.65% for the same period.

We further sold off positions that had less to do with the boomer theme such as Japanese securities, lithium batteries, and Chinese computer gaming companies. We have also sought to help returns by eliminating investments in ETFs and closed-end funds that charge us fees. These past areas have been replaced with stocks trading in three basic areas: medical/healthcare (preferably stocks with dividends), financial stocks focusing on savings and investment and a stay-at-home focus for people looking to save more money and turn inward.

Three themes dominated the moves made in early 2011 for GenerationWave: 1) selling more of the remaining ETFs and closed-end funds, 2) exchanging some of the big pharma names into new drug companies that have greater room to boost dividends and rely less on patent-expiring drugs, and 3) identifying and adding more turn-around companies. The remaining ETFs and closed-end funds were in silver and junk bonds. Both have had a tremendous rally as investors bought precious metals on inflation fears and reached for yield with Treasuries at low levels. At this point we have 15,000 shares of the iShares Silver Trust left and both junk bond funds are completely sold. In my view, poor credits can offer good value at 50-70 cents on the dollar and reward investors with higher than average yield and capital appreciation. The same cannot be said when junk credits are trading at 105-115 cents on the dollar. That is the level of price change those securities have seen since 2009, and profits have been realized for several quarters with the final positions eliminated in 1Q. The iShares Silver Trust position was reduced, but we still hold 15,000 shares. Inflation fears justify keeping some of this position, and there are issues with realizing gains in investment companies like this ETF for the mutual fund. Within the mutual fund rule parameters, we will likely look to reduce this position further this year.

One of the largest drags on portfolio performance has been the large pharmaceutical companies such as BristolMyers Squibb, AstraZeneca, etc. These stocks have been owned for: 1) high yield, 2) cheap valuations, 3) strong cash flows, and 4) low leverage to enable them to maneuver through patent expirations. While we still strongly believe many of these stocks should produce solid returns going forward, the rapid gains in the market as a whole have been leaving them behind as the market worries about patent expiration.

We looked at the industry completely and did a full cash flow analysis and came away with the conclusion that the entire group was very cheap and some logical swaps existed. As a result, we cut back on Eli Lilly, Pfizer, Bristol Myers, and AstraZeneca and added new names like Roche, Abbott Labs, and Johnson & Johnson. In each case, the new additions were yielding about 4% vs. 4.0%-5.5% for the positions sold. More importantly, the new additions have been posting double-digit sales growth and have very minor exposure to patent expiration in the near term in terms of percentage of total sales. And finally, the new additions were only spending about 30% of free cash flow on dividends and thus have room to potentially grow their dividends faster than the reduced positions. Moreover, while the reduced positions had a higher current yield, they no longer had a meaningful edge in P/E ratios. They were trading for 9-11x forward EPS vs. 11-12x forward EPS for

the companies with better growth potential. The total return potential looked more compelling to make these swaps and the new names were 8.1% of the portfolio at the end of 1Q. They have since risen to 10.7% of the total portfolio.

Turnaround names continue to be our primary focus. I have talked in the past about looking for companies trading near lows after some bad news that continue to have solid businesses with high barriers to entry to help protect them and help stage a recovery. These are the types of companies that have good prospects for getting acquired as we are currently seeing with our positions in NASDAQ OMX Group and NYSE Euronext. We believed that there would be a renewed focus on investing by the Boomer generation and thought the stock exchanges had businesses that would be very tough to duplicate and gather market share. We have also seen solid performance in our turnaround stocks that focused on people staying at home more. Comcast (cable TV), Myers Industries (flower pots), Kroger (grocery stores) and Lifetime Brands (kitchen wares) were all bought when they were hitting new lows and have recovered nicely.

A new name that I have added of late is Aegean Marine. This is a company that refuels cruise ships (Boomer connection), tankers, and cargo ships at sea. For years, this has been a very steady business that earned \$25-\$30 per ton reselling fuel. It has continually added new boats and now operates in seventeen ports up from five a few years ago and has become a dominant player in the industry.

In the summer of 2010 as oil prices began to rise, customers sought to hoard cash by not filling up their tanks completely and only bought enough fuel to get to the next port. Major ports such as Singapore and Amsterdam suddenly saw the volume of fuel sold drop noticeably, which crushed pricing. In addition, smaller operators still run some single-hulled tankers (all of Aegean Marine's boats are double-hulled and very new). These single-hulls will be phased out worldwide by 2015 and many markets have already banned them. Therefore, in their dying days, the owners can only operate in a few ports and have to generate business at any price and did. The result was pricing on reselling fuel dropped to \$13 per ton driven by oversupply in the normally huge markets for refueling.

Aegean Marine stock fell from the \$35 to less than \$8. The replacement value of its boats, cash on hand, and working capital should give it a fair value of \$11, in our view. Moreover, the value of its boats should rise as the mom-n-pop competitors are forced out of business by the ban on single hulled boats. Mom-n-pops may also be forced out because they may not be able to afford to buy fuel when oil is above \$100/barrel and extend 2-3 weeks of credit to customers. Their working capital build essentially drains them of cash. Aegean Marine has over \$1 billion in liquidity to withstand this. I bought a large position in Aegean Marine at less than \$9 for the Fund. .

What is happening is Aegean Marine moved several of its boats out of the crowded ports to new places. During those moves, it cost the company money and they weren't selling fuel so volumes were lower. The less crowded ports did not see fuel spread collapse to the same degree and already spreads have been rising again and are \$17/\$18. Aegean Marine is at breakeven at about \$17 and every \$1 in spread should be worth about 20-25 cents in EPS. Just returning to the low-end of the normal spread would have it earning \$2 per share and growing if they add volumes from new boats and with mom-n-pops potentially leaving the industry. Aegean Marine's focus on many ports makes it easy for large-scale customers operating on many routes to deal with Aegean Marine over a collection of smaller players. Moreover, it signed an exclusive deal with Panama and expects to sign deals with two more ports. All of that should help it improve pricing as well.

We thank you for entrusting your investments to us. We take our role as manager of your assets very seriously, and hope to have the opportunity to continue to earn your trust and confidence for many years to come.

Thank you.

Sincerely,

Jeff Middleswart  
Portfolio Manager  
jmiddleswart@usamutuals.com

**Past performance does not guarantee future results.**

Opinions expressed are those of Mutuals Advisors and are subject to change, are not guaranteed, and should not be considered a recommendation to buy or sell any security.

This report is authorized for use when preceded or accompanied by a prospectus. Read it carefully before investing or sending money.

Fund holdings and sector allocations are subject to change and are not a recommendation to buy or sell any security. For a complete list of Fund holdings, please see the Schedule of Investments in this report.

**Mutual fund investing involves risk; principal loss is possible. The Funds are non-diversified, meaning they may concentrate their assets in fewer individual holdings than a diversified fund. Therefore, the Funds are more exposed to individual stock volatility than diversified funds. The Funds invest in foreign securities which involve greater volatility and political, economic and currency risks and differences in accounting methods. The Funds invest in small to mid-sized capitalization companies, which involve additional risks such as limited liquidity and greater volatility. Because the Generation Wave Growth Fund may invest in third-party investment companies, including open-end mutual funds and other investment companies, your cost of investing in the Fund will generally be higher than the cost of investing directly in the shares of the mutual funds in which it invests. By investing in the Generation Wave Growth Fund, you will indirectly bear your share of any fees and expenses charged by the underlying funds, in addition to indirectly bearing the principal risks of those funds. Please refer to the prospectus for more information about the Generation Wave Growth Fund, including risks, fees and expenses.**

**The Funds may also write call options which may limit the Funds' ability to profit from increases in the market value of a security, but cause it to retain the risk of loss should the price of the security decline. The Funds may also invest in companies that manufacture and distribute precious metals such as silver, which involves additional risks, such as the possibility for substantial price fluctuations over a short period of time.**

The S&P 500 Index is a broad based unmanaged index of 500 stocks, which is widely recognized as representative of the equity market in general. You cannot invest directly in an index.

Cash flow: measures the cash generating capability of a company by adding non cash charges (e.g. depreciation) and interest expense to pretax income.

Book value is the net asset value of a company, calculated by subtracting total liabilities from total assets.

The Price to Earnings (P/E) Ratio reflects the multiple of earnings at which a stock sells and is calculated by dividing current price of the stock by the company's trailing 12 months' earnings per share.

Earnings per share (EPS) is calculated by taking the total earnings divided by the number of shares outstanding.

Forward EPS is a measure of the EPS calculation using forecasted earnings.

Earnings Growth is a measure of growth of income over a specific period.

Forward Earnings are forecasted or estimated future earnings.

The USA Mutuals Funds are distributed by Quasar Distributors, LLC

## EXPENSE EXAMPLE (Unaudited)

As a shareholder of the Funds, you incur two types of costs: (1) transaction costs, including redemption fees, and (2) ongoing costs, including advisory fees, distribution (12b-1) fees and other Fund expenses. Although the Funds charge no sales load, you will be assessed fees for outgoing wire transfers, returned checks and stop payment orders at prevailing rates charged by U.S. Bancorp Fund Services, LLC, the Funds' transfer agent. If you request that a redemption be made by wire transfer, currently a \$15.00 fee is charged by the Funds' transfer agent. You will be charged a redemption fee equal to 1.00% of the net amount of the redemption if you redeem your shares of the Funds within 60 days of purchase. IRA accounts will be charged a \$15.00 annual maintenance fee. To the extent the Funds invest in shares of other investment companies as part of their investment strategy, you will indirectly bear your proportionate share of any fees and expenses charged by the underlying funds in which the Funds invest in addition to the expenses of the Funds. Actual expenses of the underlying funds are expected to vary among the various underlying funds. These expenses are not included in the example.

This example is intended to help you understand your ongoing costs (in dollars) of investing in the Funds and to compare these costs with the ongoing costs of investing in other mutual funds. The example is based on an investment of \$1,000 invested at the beginning of the period and held for the entire period (10/1/10 – 3/31/11).

### **Actual Expenses**

The first line of the following table provides information about actual account values and actual expenses. You may use the information in this line, together with the amount you invested, to estimate the expenses that you paid over the period. Simply divide your account value by \$1,000 (for example, an \$8,600 account value divided by \$1,000 = 8.6), then multiply the result by the number in the first line under the heading entitled "Expenses Paid During Period" to estimate the expenses you paid on your account during this period.

### **Hypothetical Example for Comparison Purposes**

The second line of the table provides information about hypothetical account values and hypothetical expenses based on the Funds' actual expense ratio and an assumed rate of return of 5% per year before expenses, which is not the Funds' actual return. The hypothetical account values and expenses may not be used to estimate the actual ending account balance or expenses you paid for the period. You may use this information to compare the ongoing costs of investing in the Funds and other funds. To do so, compare this 5% hypothetical example with the 5% hypothetical examples that appear in the shareholder reports of other funds. Please note that the expenses shown in the table are meant to highlight your ongoing costs only and do not reflect any transactional costs, such as redemption fees. Therefore, the second line of the table is useful in comparing ongoing costs only, and will not help you determine the relative total costs of owning different funds. In addition, if these transactional costs were included, your costs would have been higher.

**EXPENSE EXAMPLE (Unaudited) (Continued)**

	Vice Fund		
	Beginning Account Value October 1, 2010	Ending Account Value March 31, 2011	Expenses Paid During Period October 1, 2010 - March 31, 2011*
Actual	\$1,000.00	\$1,154.90	\$9.54
Hypothetical (5% return before expenses)	\$1,000.00	\$1,016.08	\$8.92

\* Expenses are equal to the Fund's annualized expense ratio of 1.78%, multiplied by the average account value over the period, multiplied by 182/365 to reflect the one-half year period.

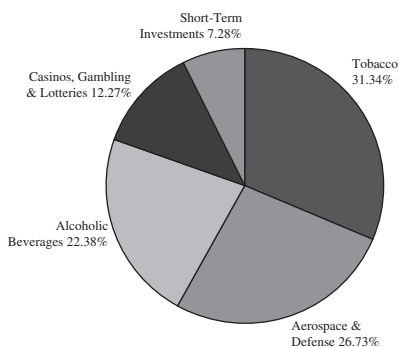
	Generation Wave Growth Fund		
	Beginning Account Value October 1, 2010	Ending Account Value March 31, 2011	Expenses Paid During Period October 1, 2010 - March 31, 2011*
Actual	\$1,000.00	\$1,167.90	\$9.46
Hypothetical (5% return before expenses)	\$1,000.00	\$1,016.21	\$8.80

\* Expenses are equal to the Fund's annualized expense ratio of 1.75%, multiplied by the average account value over the period, multiplied by 182/365 to reflect the one-half year period.

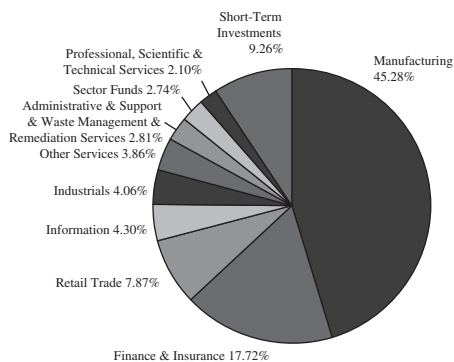
## INVESTMENT HIGHLIGHTS (Unaudited)

### Sector Breakdown % Total Investments

#### Vice Fund



#### Generation Wave Growth Fund



### Total Returns as of March 31, 2011

<u>Average Total Return</u>	<u>Vice Fund</u>	<u>Generation Wave Growth Fund<sup>(1)</sup></u>	<u>S&amp;P 500 Index</u>
Six months	15.49%	16.79%	17.31%
One year	19.01%	13.72%	15.65%
Average annual three years	(2.78)%	(0.19)%	2.36%
Average annual five years	1.84%	(0.36)%	2.63%
Average annual since inception 6/21/01	N/A	2.47%	2.66%
Average annual since inception 8/30/02	8.54%	N/A	6.49%

**Performance data quoted represents past performance and does not guarantee future results. The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance of a Fund may be lower or higher than the performance quoted. In the absence of the existing fee waivers, the total return would be reduced. Performance data current to the most recent month end may be obtained by calling 1-866-264-8783.**

The returns shown on the graph and table assume reinvestment of dividends and capital gains and do not reflect the deduction of taxes that a shareholder would pay on Fund distributions or the redemption of Fund shares.

The S&P 500 Index includes 500 common stocks, most of which are listed on the New York Stock Exchange. The Index is a market capitalization-weighted index representing approximately two-thirds of the total market value of all domestic common stocks. One cannot invest directly in an index.

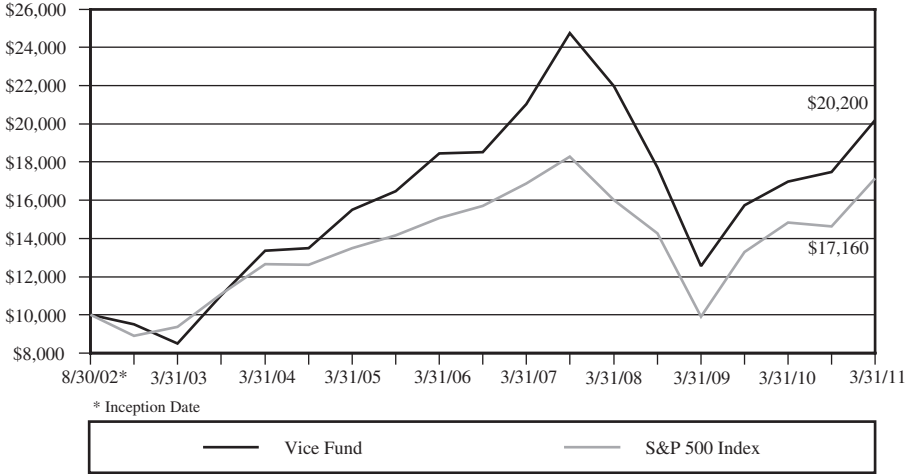
The Funds impose a 1.00% redemption fee on shares held less than 60 days. Performance data does not reflect the redemption fee. If reflected, total returns would be reduced.

<sup>(1)</sup> The returns include a capital contribution from affiliate, as reflected on the Fund's Statement of Changes in Net Assets for the year ended March 31, 2010. Had the contribution not taken place, the total returns would have been the same.

**Vice Fund**

This chart assumes an initial gross investment of \$10,000 made on August 30, 2002 (the commencement of operations).

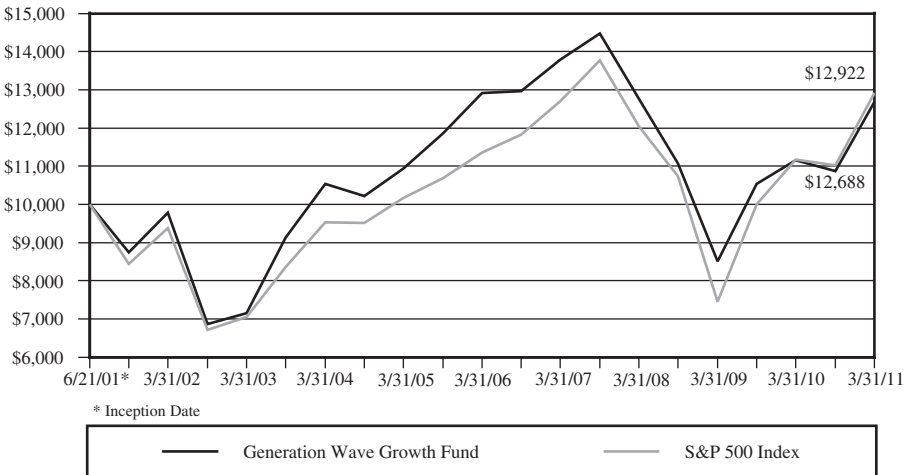
**Hypothetical Comparison of Change in Value of \$10,000 Investment**



**Generation Wave Growth Fund**

This chart assumes an initial gross investment of \$10,000 made on June 21, 2001 (the commencement of operations).

**Hypothetical Comparison of Change in Value of \$10,000 Investment**



## PORTFOLIO OF INVESTMENTS

### Vice Fund

March 31, 2011

Ticker Symbol: VICEX

	Shares	Value
<b>COMMON STOCKS 93.9%</b>		
<b>Aerospace &amp; Defense 27.1%</b>		
General Dynamics Corp.	46,000	\$ 3,521,760
Honeywell International Inc. (c)	27,000	1,612,170
Huntington Ingalls Industries Inc. (a)	7,167	297,417
L-3 Communications Holdings, Inc. (c)	26,000	2,036,060
Lockheed Martin Corp.	12,000	964,800
ManTech International Corp. - Class A (a)	44,000	1,865,600
Northrop Grumman Corp. (c)	43,000	2,696,530
Raytheon Co.	67,000	3,408,290
Rockwell Collins, Inc. (c)	12,000	777,960
SAIC, Inc. (a)	60,000	1,015,200
Smith & Wesson Holding Corp. (a)	334,700	1,188,185
Spartan Motors, Inc.	163,293	1,120,190
Sparton Corp. (a)	113,700	883,449
		<b><u>21,387,611</u></b>
<b>Alcoholic Beverages 22.7%</b>		
Anheuser-Busch InBev NV (b)	35,000	1,993,743
Anheuser Busch Inbev Sa/nv - ADR (b)	32,500	1,858,025
Carlsberg A/S (b)	45,000	4,845,378
Diageo plc - ADR (b)(c)	53,000	4,039,660
Molson Coors Brewing Co. - Class B (c)	32,000	1,500,480
Pernod Ricard SA (b)	12,750	1,190,761
SABMiller plc (b)	70,000	2,478,905
		<b><u>17,906,952</u></b>
<b>Casinos, Gambling &amp; Lotteries 12.4%</b>		
Bally Technologies Inc. (a)(c)	27,000	1,021,950
Churchill Downs, Inc.	35,781	1,484,911
Galaxy Entertainment Group Ltd. (a)(b)	1,800,000	2,619,511
International Game Technology (c)	65,000	1,054,950
Ladbrokes PLC (b)	200,000	425,116
Melco Crown Entertainment Ltd. - ADR (a)(b)	10,000	76,000
Sands China Ltd. (a)(b)	500,000	1,115,889
Wynn Macau Ltd. (a)(b)	725,000	2,022,549
		<b><u>9,820,876</u></b>

The accompanying notes are an integral part of these financial statements.

**PORTFOLIO OF INVESTMENTS (Continued)**

March 31, 2011

**Vice Fund**  
 Ticker Symbol: VICEX

<b>COMMON STOCKS 93.9% (Continued)</b>	<b>Shares</b>	<b>Value</b>
<b>Tobacco 31.7%</b>		
Altria Group, Inc.	190,000	\$ 4,945,700
British American Tobacco PLC - ADR (b)	30,000	2,429,700
Lorillard, Inc. (c)	80,000	7,600,800
Philip Morris International Inc.	154,000	10,107,020
		<u>25,083,220</u>
<b>Total Common Stocks (Cost \$51,241,525)</b>		<b><u>74,198,659</u></b>
<b>SHORT-TERM INVESTMENTS 7.4%</b>		
<b>Investment Companies 7.4%<sup>(1)</sup></b>		
AIM STIT-STIC Prime Portfolio Money Market, 0.16%	2,664,964	2,664,964
Fidelity Institutional Money Market Portfolio, 0.21%	3,165,082	3,165,082
<b>Total Short-Term Investments (Cost \$5,830,046)</b>		<b><u>5,830,046</u></b>
<b>Total Investments (Cost \$57,071,571) 101.3%</b>		<b><u>80,028,705</u></b>
Liabilities in Excess of Other Assets (1.3)%		(989,344)
<b>TOTAL NET ASSETS 100.0%</b>		<b><u><u>\$79,039,361</u></u></b>

<sup>(1)</sup> These Securities have fluctuating yields. The yield listed is the 7-day yield as of March 31, 2011.

ADR - American Depositary Receipt

(a) Non Income Producing

(b) Foreign Issued Securities

(c) A portion of the investment is designated by the Fund as collateral for written options. As of March 31, 2011, the fair value of collateral is \$8,536,000.

The accompanying notes are an integral part of these financial statements.

## SCHEDULE OF OPTIONS WRITTEN

March 31, 2011

**Vice Fund**  
 Ticker Symbol: VICEX

<b>CALL OPTIONS WRITTEN 0.3%</b>	<b>Contracts</b>	<b>Value</b>
Bally Technologies Inc. Expiration: April, 2011, Exercise Price: \$35.00	200	\$ 59,000
Diageo plc Expiration: April, 2011, Exercise Price: \$75.00	200	38,000
Honeywell International Inc. Expiration: April, 2011, Exercise Price: \$57.50	100	26,400
Expiration: April, 2011, Exercise Price: \$60.00	100	9,000
International Game Technology Expiration: April, 2011, Exercise Price: \$16.00	300	16,500
L-3 Communications Holdings, Inc. Expiration: April, 2011, Exercise Price: \$80.00	100	6,800
Lorillard, Inc. Expiration: April, 2011, Exercise Price: \$100.00	100	4,800
Molson Coors Brewing Co. - Class B Expiration: April, 2011, Exercise Price: \$45.00	200	42,000
Northrop Grumman Corp. Expiration: April, 2011, Exercise Price: \$70.00	200	19,000
Rockwell Collins, Inc. Expiration: April, 2011, Exercise Price: \$65.00	100	9,000
<b>Total Options Written (Premiums received \$127,492)</b>		<b><u>9,000</u></b> <b><u>\$230,500</u></b>

The accompanying notes are an integral part of these financial statements.

## PORTFOLIO OF INVESTMENTS

March 31, 2011

**Generation Wave Growth Fund**

Ticker Symbol: GWGFX

	Shares	Value
<b>COMMON STOCKS 88.2%</b>		
<b>Administrative &amp; Support &amp; Waste Management &amp; Remediation Services 2.8%</b>		
Paychex, Inc.	17,956	\$ 563,100
		<u><b>563,100</b></u>
<b>Finance &amp; Insurance 17.7%</b>		
<i>Insurance Carriers 5.6%</i>		
Horace Mann Educators Corp.	35,611	598,265
Unum Group	20,000	525,000
		<u><b>1,123,265</b></u>
<i>Other Financial Investment Activities 3.9%</i>		
The NASDAQ OMX Group, Inc. (a)	30,000	775,200
<i>Securities &amp; Commodity Contracts Intermediation &amp; Brokerage 5.1%</i>		
Nomura Holdings, Inc. - ADR (b)	70,000	364,000
TD Ameritrade Holding Corp.	32,000	667,840
		<u><b>1,031,840</b></u>
<i>Securities &amp; Commodity Exchanges 3.1%</i>		
NYSE Euronext	18,000	633,060
		<u><b>3,563,365</b></u>
<b>Industrials 4.1%</b>		
Aegean Marine Petroleum Network Inc. (b)	100,000	816,000
		<u><b>816,000</b></u>
<b>Information 4.3%</b>		
Comcast Corp. - Class A	35,000	865,200
		<u><b>865,200</b></u>
<b>Manufacturing 45.4%</b>		
<i>Forging &amp; Stamping 1.3%</i>		
Lifetime Brands, Inc. (a)	17,703	265,545
<i>Medical Equipment &amp; Supplies Manufacturing 3.7%</i>		
NuVasive, Inc. (a)	10,000	253,200
Orthofix International N.V. (a)	15,134	491,250
		<u><b>744,450</b></u>
<i>Motor Vehicle Manufacturing 4.1%</i>		
Spartan Motors, Inc.	118,685	814,179

The accompanying notes are an integral part of these financial statements.

**PORTFOLIO OF INVESTMENTS (Continued)**

**Generation Wave Growth Fund**

Ticker Symbol: GWGFX

March 31, 2011

<b>COMMON STOCKS 88.2% (Continued)</b>	<b>Shares</b>	<b>Value</b>
<b>Manufacturing 45.4% (Continued)</b>		
<i>Other Fabricated Metal Product Manufacturing 3.6%</i>		
Sturm, Ruger & Co., Inc.	31,700	\$ 728,149
<i>Pesticide, Fertilizer &amp; Other Agricultural Chemical Manufacturing 2.5%</i>		
Monsanto Co.	7,000	505,820
<i>Pharmaceutical &amp; Medicine Manufacturing 22.0%</i>		
Abbott Laboratories	16,000	784,800
AstraZeneca PLC - ADR (b)	6,800	313,616
Bristol-Myers Squibb Co.	22,000	581,460
Johnson & Johnson	8,000	474,000
Mylan, Inc. (a)	57,000	1,292,190
Pfizer Inc.	29,850	606,253
Roche Holding AG - ADR (b)	10,000	359,500
		<b>4,411,819</b>
<i>Printing &amp; Related Support Activities 1.3%</i>		
De La Rue plc (b)	20,000	250,000
<i>Resin, Synthetic Rubber &amp; Artificial Synthetic Fibers &amp; Filaments Manufacturing 1.9%</i>		
Myers Industries, Inc.	38,000	377,340
<i>Semiconductor &amp; Other Electronic Component Manufacturing 5.0%</i>		
CTS Corp.	50,000	540,000
Sparton Corp. (a)	60,000	466,200
		<b>1,006,200</b>
		<b>9,103,502</b>
<b>Other Services 3.9%</b>		
CPI Corp.	34,500	776,595
		<b>776,595</b>
<b>Professional, Scientific &amp; Technical Services 2.1%</b>		
SAIC, Inc. (a)	25,000	423,000
		<b>423,000</b>
<b>Retail Trade 7.9%</b>		
<i>Clothing Stores 4.3%</i>		
Charming Shoppes, Inc. (a)	140,000	596,400
The Talbots, Inc. (a)	44,289	267,506
		<b>863,906</b>

The accompanying notes are an integral part of these financial statements.

**PORTFOLIO OF INVESTMENTS (Continued)**

March 31, 2011

**Generation Wave Growth Fund**

Ticker Symbol: GWGFX

	Shares	Value
<b>COMMON STOCKS 88.2% (Continued)</b>		
<b>Retail Trade 7.9% (Continued)</b>		
<i>Grocery Stores 3.6%</i>		
The Kroger Co.	30,000	\$ 719,100
		<u>1,583,006</u>
<b>Total Common Stocks (Cost \$15,398,941)</b>		<u>17,693,768</u>
<b>SECTOR FUNDS 2.7%</b>		
<b>Mining 2.7%</b>		
iShares Silver Trust (a)	15,000	551,850
<b>Total Sector Funds (Cost \$211,656)</b>		<u>551,850</u>
<b>SHORT-TERM INVESTMENTS 9.3%</b>		
<b>Investment Companies<sup>(1)</sup> 9.3%</b>		
AIM STIT-STIC Prime Portfolio Money Market 0.16%	962,114	962,114
Fidelity Institutional Money Market Portfolio 0.21%	900,369	900,369
<b>Total Short-Term Investments (Cost \$1,862,483)</b>		<u>1,862,483</u>
<b>Total Investments (Cost \$17,473,080) 100.2%</b>		<u>20,108,101</u>
Liabilities in Excess of Other Assets (0.2)%		(46,247)
<b>TOTAL NET ASSETS 100.0%</b>		<u><u>\$20,061,854</u></u>

<sup>(1)</sup> These Securities have fluctuating yields. The yield listed is the 7-day yield as of March 31, 2011.

ADR - American Depositary Receipt

(a) Non Income Producing

(b) Foreign Issued Securities

The accompanying notes are an integral part of these financial statements.

## FINANCIAL STATEMENTS

### Statements of Assets and Liabilities

March 31, 2011

	<u>Vice Fund</u>	<u>Generation Wave Growth Fund</u>
<b>ASSETS</b>		
Investments, at cost .....	\$ 57,071,571	\$ 17,473,080
Investments, at value .....	80,028,705	20,108,101
Income receivable .....	327,479	11,668
Receivable for capital shares sold .....	63,833	105
Other assets .....	10,416	6,901
<b>TOTAL ASSETS</b> .....	<u>80,430,433</u>	<u>20,126,775</u>
<b>LIABILITIES</b>		
Payable for investments purchased .....	824,078	—
Written options, at value (premiums received \$127,492) .....	230,500	—
Payable for distribution fees .....	86,017	—
Payable to affiliates .....	74,827	21,850
Payable to Advisor .....	66,928	13,241
Payable for capital shares redeemed .....	77,549	—
Accrued expenses and other liabilities .....	31,173	29,830
<b>TOTAL LIABILITIES</b> .....	<u>1,391,072</u>	<u>64,921</u>
<b>NET ASSETS</b> .....	<u>\$ 79,039,361</u>	<u>\$ 20,061,854</u>
Net assets consist of:		
Paid-in capital .....	101,226,668	25,276,196
Accumulated undistributed net investment income .....	819,571	3,007
Accumulated net realized loss .....	(45,861,004)	(7,852,370)
Net unrealized appreciation (depreciation) on:		
Investments .....	22,957,134	2,635,021
Written options .....	(103,008)	—
<b>NET ASSETS</b> .....	<u>\$ 79,039,361</u>	<u>\$ 20,061,854</u>
Shares of beneficial interest outstanding (unlimited number of shares authorized, \$0.001 par value) .....		
	<u>4,361,522</u>	<u>2,573,741</u>
Net asset value, redemption price and offering price per share <sup>(1)</sup> .....		
	<u>\$ 18.12</u>	<u>\$ 7.79</u>

<sup>(1)</sup> A redemption fee of 1.00% is assessed against shares redeemed within 60 days of purchase.

The accompanying notes are an integral part of these financial statements.

## FINANCIAL STATEMENTS

### Statements of Operations

For The Year Ended March 31, 2011

	<u>Vice Fund</u>	<u>Generation Wave Growth Fund</u>
<b>INVESTMENT INCOME</b>		
Dividend income (Net of foreign withholding tax of \$26,237 and \$660, respectively) .....	\$ 2,222,569	\$ 328,929
Interest income .....	9,826	4,555
<b>TOTAL INVESTMENT INCOME</b> .....	<u>2,232,395</u>	<u>333,484</u>
<b>EXPENSES</b>		
Advisory fees (Note 3) .....	700,028	183,487
Distribution fees (Note 3) .....	184,218	—
Transfer agent fees and expenses (Note 3) .....	112,623	26,084
Administration fees (Note 3) .....	79,707	44,078
Fund accounting fees (Note 3) .....	55,085	20,108
Reports to shareholders .....	32,411	3,244
Custody fees (Note 3) .....	26,780	8,887
Legal fees .....	26,195	24,095
Federal and state registration fees .....	24,549	20,726
Chief compliance officer fees and expenses .....	21,139	21,139
Audit fees .....	13,998	13,998
Trustees' fees and related expenses .....	11,501	11,501
Other expenses .....	27,509	8,261
<b>TOTAL EXPENSES</b> .....	<u>1,315,743</u>	<u>385,608</u>
Plus net recoupment by Advisor (Note 3) .....	18,228	—
Less waivers by Advisor (Note 3) .....	—	(47,606)
<b>NET EXPENSES</b> .....	<u>1,333,971</u>	<u>338,002</u>
<b>NET INVESTMENT INCOME (LOSS)</b> .....	<u>898,424</u>	<u>(4,518)</u>
<b>REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS</b>		
Net realized gain from security transactions		
Investments .....	1,710,923	1,307,497
Written options .....	67,394	—
Change in net unrealized appreciation/depreciation on:		
Investments .....	10,388,019	1,169,539
Written options .....	(103,008)	—
<b>REALIZED AND UNREALIZED GAIN ON INVESTMENTS</b> .....	<u>12,063,328</u>	<u>2,477,036</u>
<b>NET INCREASE IN NET ASSETS FROM OPERATIONS</b> .....	<u>\$12,961,752</u>	<u>\$2,472,518</u>

The accompanying notes are an integral part of these financial statements.

## FINANCIAL STATEMENTS

### Statements of Changes in Net Assets

### Vice Fund

	<u>Year Ended March 31, 2011</u>	<u>Year Ended March 31, 2010</u>
<b>FROM OPERATIONS</b>		
Net investment income .....	\$ 898,424	\$ 939,020
Net realized gain (loss) on:		
Investments .....	1,710,923	(6,256,138)
Short positions .....	—	(1,504,707)
Written options .....	67,394	377,409
Change in net unrealized appreciation/depreciation on:		
Investments .....	10,388,019	29,388,230
Short positions .....	—	(12,288)
Written options .....	<u>(103,008)</u>	<u>(19,250)</u>
Net increase in net assets from operations .....	<u>12,961,752</u>	<u>22,912,276</u>
<b>FROM DISTRIBUTIONS</b>		
Net investment income .....	<u>(846,920)</u>	<u>(1,680,783)</u>
Net decrease in net assets resulting from distributions paid .....	<u>(846,920)</u>	<u>(1,680,783)</u>
<b>FROM CAPITAL SHARE TRANSACTIONS</b>		
Proceeds from sale of shares .....	9,659,716	5,836,129
Net asset value of shares issued in reinvestment of distributions to shareholders .....	814,735	1,618,150
Payments for shares redeemed .....	(20,282,413)	(22,943,472)
Redemption fees .....	<u>2,647</u>	<u>1,572</u>
Net decrease in net assets from capital share transactions .....	<u>(9,805,315)</u>	<u>(15,487,621)</u>
<b>TOTAL INCREASE IN NET ASSETS</b> .....	2,309,517	5,743,872
<b>NET ASSETS</b>		
Beginning of year .....	<u>76,729,844</u>	<u>70,985,972</u>
End of year (includes undistributed net investment income of \$819,571 and \$770,249, respectively) .....	<u>\$ 79,039,361</u>	<u>\$ 76,729,844</u>

The accompanying notes are an integral part of these financial statements.

## FINANCIAL STATEMENTS

### Statements of Changes in Net Assets

### Generation Wave Growth Fund

	<u>Year Ended March 31, 2011</u>	<u>Year Ended March 31, 2010</u>
<b>FROM OPERATIONS</b>		
Net investment loss .....	\$ (4,518)	\$ (3,152)
Net realized gain (loss) from security transactions ....	1,307,497	(3,550,817)
Change in net unrealized appreciation/depreciation on investments .....	<u>1,169,539</u>	<u>9,093,951</u>
Net increase in net assets from operations .....	<u>2,472,518</u>	<u>5,539,982</u>
<b>FROM DISTRIBUTIONS</b>		
Net investment income .....	<u>—</u>	<u>(144,743)</u>
Net decrease in net assets resulting from distributions paid .....	<u>—</u>	<u>(144,743)</u>
<b>FROM CAPITAL SHARE TRANSACTIONS</b>		
Proceeds from sale of shares .....	414,598	470,638
Net asset value of shares issued in reinvestment of distributions to shareholders .....	—	142,483
Payments for shares redeemed .....	(3,632,169)	(4,371,340)
Redemption fees .....	8	953
Capital contribution from affiliate (Note 3) .....	<u>—</u>	<u>2,164</u>
Net decrease in net assets from capital share transactions .....	<u>(3,217,563)</u>	<u>(3,755,102)</u>
<b>TOTAL INCREASE (DECREASE)   IN NET ASSETS .....</b>		
	(745,045)	1,640,137
<b>NET ASSETS</b>		
Beginning of year .....	<u>20,806,899</u>	<u>19,166,762</u>
End of year (includes undistributed net investment income of \$3,007 and \$1,281, respectively) .....	<u>\$20,061,854</u>	<u>\$20,806,899</u>

The accompanying notes are an integral part of these financial statements.

# FINANCIAL STATEMENTS

## Financial Highlights

## Vice Fund

Per Share Data for a Share Outstanding Throughout each Year

	Year Ended March 31,				
	2011	2010	2009	2008	2007
<b>Net Asset Value, Beginning of Year</b> . . . . .	\$ 15.42	\$ 11.67	\$ 20.57	\$ 20.37	\$ 18.08
<b>Income (loss) from investment operations:</b>					
Net investment income . . . . .	0.21 <sup>(2)</sup>	0.20 <sup>(2)</sup>	0.29 <sup>(2)</sup>	0.03	0.06 <sup>(2)</sup>
Net realized and unrealized gain (loss) on investments . . . . .	2.67	3.84	(9.09)	0.94	2.48
Total from investment operations . . . . .	2.88	4.04	(8.80)	0.97	2.54
<b>Less distributions:</b>					
Dividends from net investment income . .	(0.18)	(0.29)	(0.03)	(0.04)	(0.04)
From net realized gain on investments . .	—	—	(0.07)	(0.74)	(0.21)
Total distributions . . . . .	(0.18)	(0.29)	(0.10)	(0.78)	(0.25)
Paid-in capital from redemption fees (Note 2) . . . . .	0.00 <sup>(3)</sup>	0.00 <sup>(3)</sup>	0.00 <sup>(3)</sup>	0.01	0.00 <sup>(3)</sup>
<b>Net Asset Value, End of Year</b> . . . . .	\$ 18.12	\$ 15.42	\$ 11.67	\$ 20.57	\$ 20.37
<b>Total Return</b> . . . . .	19.01%	35.06%	(42.83)%	4.44%	14.10%
<b>Supplemental Data and Ratios:</b>					
Net assets at end of period (000's) . . . . .	\$79,039	\$76,730	\$70,986	\$180,580	\$103,025
Ratio of expenses to average net assets:					
Before waiver and expense reimbursement or recoupment . . . . .	1.79%	1.99% <sup>(1)</sup>	1.87% <sup>(1)</sup>	1.69% <sup>(1)</sup>	1.93% <sup>(1)</sup>
After waiver and expense reimbursement or recoupment . . . . .	1.81%	1.93% <sup>(1)</sup>	1.88% <sup>(1)</sup>	1.85% <sup>(1)</sup>	1.78% <sup>(1)</sup>
Ratio of net investment income to average net assets:					
Before waiver and expense reimbursement or recoupment . . . . .	1.24%	1.16% <sup>(4)</sup>	1.43% <sup>(4)</sup>	0.28% <sup>(4)</sup>	0.27% <sup>(4)</sup>
After waiver and expense reimbursement or recoupment . . . . .	1.22%	1.22% <sup>(4)</sup>	1.42% <sup>(4)</sup>	0.12% <sup>(4)</sup>	0.42% <sup>(4)</sup>
Portfolio turnover rate . . . . .	21.18%	59.02%	26.67%	36.40%	44.44%

(1) The ratio of expenses to average net assets includes dividends on short positions. The before waiver and expense reimbursement and after waiver and expense reimbursement ratios excluding dividends on short positions were 1.84% and 1.78% for the year ended March 31, 2010, 1.74% and 1.75% for the year ended March 31, 2009, 1.58% and 1.75% for the year ended March 31, 2008 and 1.90% and 1.75% for the year ended March 31, 2007.

(2) Per share net investment income was calculated prior to tax adjustments.

(3) Less than one cent per share.

(4) The net investment income ratios include dividends on short positions.

The accompanying notes are an integral part of these financial statements.

# FINANCIAL STATEMENTS

## Financial Highlights

## Generation Wave Growth Fund

Per Share Data for a Share Outstanding Throughout Each Year

	Year Ended March 31,				
	2011	2010	2009	2008	2007
<b>Net Asset Value, Beginning of Year</b> . . . . .	\$ 6.85	\$ 5.26	\$ 9.88	\$ 12.74	\$ 12.72
<b>Income (loss) from investment operations:</b>					
Net investment income . . . . .	0.00 <sup>(2)(3)</sup>	—	0.04 <sup>(1)(2)</sup>	0.10 <sup>(1)</sup>	0.14 <sup>(1)(2)</sup>
Net realized and unrealized gain (loss) on investments . . . . .	0.94	1.64	(3.28)	(0.88)	0.70
Total from investment operations . . . . .	0.94	1.64	(3.24)	(0.78)	0.84
<b>Less distributions paid:</b>					
From net investment income . . . . .	—	(0.05)	—	(0.19)	(0.18)
From net realized gain on investments . .	—	—	(1.38)	(1.89)	(0.64)
Total distributions paid . . . . .	—	(0.05)	(1.38)	(2.08)	(0.82)
<b>Net Asset Value, End of Year</b> . . . . .	<u>\$ 7.79</u>	<u>\$ 6.85</u>	<u>\$ 5.26</u>	<u>\$ 9.88</u>	<u>\$ 12.74</u>
<b>Total Return</b> . . . . .	13.72%	31.14%	(33.33)%	(7.39)%	6.67%
<b>Supplemental Data and Ratios:</b>					
Net assets at end of year (000's)	\$20,062	\$20,807	\$19,167	\$36,483	\$49,531
Ratio of expenses to average net assets <sup>(4)</sup>					
Before waiver and expense reimbursement . . . . .	2.00%	2.03%	1.90%	1.58%	1.61%
After waiver and expense reimbursement . . . . .	1.75%	1.67%	1.50%	1.50%	1.50%
Ratio of net investment income (loss) to average net assets					
Before waiver and expense reimbursement . . . . .	(0.27)%	(0.38)%	0.12% <sup>(4)</sup>	0.61% <sup>(4)</sup>	0.88% <sup>(4)</sup>
After waiver and expense reimbursement . . . . .	(0.02)%	(0.02)%	0.52%	0.69%	0.99%
Portfolio turnover rate . . . . .	82.62%	129.08%	76.87%	67.29%	53.00%

- (1) Recognition of investment income by the Fund is affected by the timing of the declaration of the dividends by the underlying investment companies in which the Fund invests.
- (2) Per share net investment income was calculated prior to tax adjustments.
- (3) Less than one cent per share.
- (4) Does not include expenses of investment companies in which the Fund invests.

The accompanying notes are an integral part of these financial statements.

March 31, 2011

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### **(1) Organization**

USA MUTUALS (the “Trust”) is organized as a Delaware statutory trust under a Declaration of Trust dated March 20, 2001. The Trust is registered under the Investment Company Act of 1940, as amended (the “1940 Act”), as an open-end management investment company. The Vice Fund and the Generation Wave Growth Fund (the “Funds”), each represent a distinct, non-diversified portfolio with its own investment objectives and policies within the Trust. The Trust may issue an unlimited number of shares of beneficial interest at \$0.001 par value.

The Vice Fund became effective and commenced operations on August 30, 2002. The Generation Wave Growth Fund became effective and commenced operations on June 21, 2001.

The Funds are managed by Mutuals Advisors, Inc. (the “Advisor”).

The investment objective of the Vice Fund is long-term growth of capital. The investment objective of the Generation Wave Growth Fund is capital appreciation over the long term while at times providing a low level of current income.

### **(2) Significant Accounting Policies**

The following is a summary of significant accounting policies consistently followed by the Funds in the preparation of the financial statements. These policies are in conformity with accounting principles generally accepted in the United States of America (“GAAP”).

#### *(a) Investment Valuation*

Securities traded on a national securities exchange are valued at the latest reported sale price on such exchange. Exchange-traded securities and funds for which there were no transactions are valued at the latest bid prices. Mutual funds are valued at their respective net asset values (“NAVs”). Most underlying fund securities are valued primarily on the basis of current market quotations or on the basis of information furnished by a pricing service.

All equity securities that are traded using the National Association of Securities Dealers’ Automated Quotation System (“NASDAQ”) are valued using the NASDAQ Official Closing Price (“NOCP”). Debt securities (other than short-term obligations) are valued at prices furnished by a pricing service, subject to review by the Funds’ Advisor. Short-term obligations (maturing within 60 days) are valued on an amortized cost basis, which approximates fair value. Securities for which market quotations are not readily available and other assets for which market quotations do not accurately reflect fair value for a security held by an underlying fund or if the value of a security held by an underlying fund has been materially affected by events occurring after the close of the applicable exchange or market on which the security is principally traded (e.g., a foreign exchange or market), that security may be valued at its fair value as determined by the Advisor under the supervision of the Funds’ Board of Trustees. When the NAV of an underlying fund is unavailable, it is valued at fair value as determined by the Advisor under the supervision

March 31, 2011

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of the Funds' Board of Trustees. When determining fair value, the following factors are taken into consideration: (i) fundamental analytical data relating to the investment; (ii) the nature and duration of restrictions on disposition of the securities; and (iii) an evaluation of the forces which influence the market in which these securities are purchased and sold.

Exchange traded options are valued at the composite price, using the National Best Bid and Offer quotes ("NBBO"). NBBO consists of the highest bid price and the lowest ask price across any of the exchanges on which an option is quoted, thus providing a view across the entire U.S. options marketplace. Specifically, composite pricing looks at the last trades on the exchanges where the options are traded. If there are no trades for the option on a given business day, composite option pricing calculates the mean of the highest bid price and the lowest ask price across the exchange where the option is traded. Non-exchange traded options will also be valued at the mean between bid and asked prices. "Fair value" of other private options are valued by the Advisor under the supervision of the Funds' Board of Trustees.

The Funds have adopted authoritative fair valuation accounting standards which establish an authoritative definition of fair value and a three-tier hierarchy to distinguish between (1) inputs that reflect the assumptions market participants would use in pricing an asset or liability developed based on market data obtained from sources independent of the reporting entity (observable inputs) and (2) inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing an asset or liability developed based on the best information available in the circumstances (unobservable inputs), and to establish classification of fair value measurements for disclosure purposes. Various inputs are used in determining the fair value of the Funds' investments. These inputs are summarized in the three broad levels listed below:

- Level 1 – Valuations based on quoted prices for investments in active markets that the Fund has the ability to access at the measurement date. Valuation adjustments are not applied to Level 1 investments.
- Level 2 – Valuations based on other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment speeds, credit risks, etc).
- Level 3 – Valuations based on significant unobservable inputs (including the Fund's own assumptions and judgment in determining the fair value of investments).

Inputs that are used in determining fair value of an investment may include price information, credit data, volatility statistics, and other factors. These inputs can vary between investments, and are affected by various factors such as the type of investment, and the volume and level of activity for that investment or similar investments in the marketplace. The inputs will be considered by the Advisor, along with any other relevant factors in the calculation of an investment's fair value. The Fund uses prices and inputs that are current as of the measurement date, which may include periods of market dislocations.

**NOTES TO FINANCIAL STATEMENTS (Continued)**

March 31, 2011

During these periods, the availability of prices and inputs may be reduced for many investments. This condition could cause an investment to be reclassified between the various levels within the hierarchy.

Investments falling into the Level 3 category are primarily supported by quoted prices from brokers and dealers participating in the market for those investments. However, these may be classified as Level 3 investments due to lack of market transparency and corroboration to support these quoted prices. Additionally, valuation models may be used as the pricing source for any remaining investments classified as Level 3. These models rely on one or more significant unobservable inputs and/or significant assumptions by the Advisor. Inputs used in valuations may include, but are not limited to, financial statement analysis, capital account balances, discount rates and estimated cash flows, and comparable company data.

The inputs or methodology used for valuing securities are not an indication of the risk associated with investing in those securities.

The following is a summary of the inputs used to value the Funds' net assets as of March 31, 2011:

<b>Vice Fund</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Common Stocks	\$74,198,659	\$ —	\$ —	\$74,198,659
Short Term investments	5,830,046	—	—	5,830,046
Total*	<u>\$80,028,705</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$80,028,705</u>
Written Options	<u>\$ (171,500)</u>	<u>\$(59,000)</u>	<u>\$ —</u>	<u>\$ (230,500)</u>

<b>Generation Wave Growth Fund</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Common Stocks	\$17,693,768	\$ —	\$ —	\$17,693,768
Sector Funds	551,850	—	—	551,850
Short Term investments	1,862,483	—	—	1,862,483
Total*	<u>\$20,108,101</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$20,108,101</u>

\* Additional information regarding the industry and/or geographical classification of these investments is disclosed in the Portfolio of Investments.

There were no significant transfers into or out of Level 1 and Level 2 fair value measurements during the reporting period for the Funds, as compared to their classification from the most recent annual report. It is the Funds' policy to consider transfers into or out of Level 1 and Level 2 as of the end of the reporting period.

*(b) Federal Income Taxes*

The Funds intend to comply with the requirements of Subchapter M of the Internal Revenue Code necessary to qualify as regulated investment companies and will make the

**NOTES TO FINANCIAL STATEMENTS (Continued)**

March 31, 2011

requisite distributions of income and capital gains to their shareholders sufficient to relieve them from all or substantially all federal income taxes. Therefore, no federal income tax provision has been provided.

Management has reviewed the Funds' tax positions for all tax periods open to examination by the applicable U.S. federal and state tax jurisdictions. As of and during the year ended March 31, 2011, the Funds did not have a liability for any unrecognized tax benefits. The Funds recognize interest and penalties, if any, related to unrecognized tax benefits as interest and other expense, respectively, in the statements of operations. The statute of limitations on the Funds' tax returns remains open for the years ended March 31, 2008 through March 31, 2011.

As of March 31, 2011, the components of accumulated earnings on a tax basis were as follows:

	<u>Vice Fund</u>	<u>Generation Wave Growth Fund</u>
Cost basis of investments for		
federal income tax purposes . . . . .	<u>\$ 57,485,932</u>	<u>\$17,470,801</u>
Gross tax unrealized appreciation . . . . .	\$ 23,311,635	\$ 2,956,246
Gross tax unrealized depreciation . . . . .	<u>(768,862)</u>	<u>(318,946)</u>
Net tax unrealized appreciation . . . . .	<u>22,542,773</u>	<u>2,637,300</u>
Undistributed ordinary income . . . . .	<u>820,455</u>	<u>—</u>
Total distributable earnings . . . . .	<u>820,455</u>	<u>—</u>
Other accumulated losses . . . . .	<u>(45,550,535)</u>	<u>(7,851,642)</u>
Total accumulated losses . . . . .	<u>\$(22,187,307)</u>	<u>\$(5,214,342)</u>

The difference between book-basis and tax-basis unrealized depreciation is attributed primarily to the tax deferral of losses on wash sales.

The Funds intend to utilize provisions of the federal income tax laws which allow them to carry a realized capital loss forward for eight years following the year of loss and offset such losses against any future realized capital gains. For the year ended March 31, 2011, the Vice Fund and the Generation Wave Growth Fund utilized prior years' capital losses in the amount of \$717,348 and \$731,811, respectively. At March 31, 2011, the Funds had the following capital loss carryforwards:

	<u>Generation Wave Growth Fund</u>	<u>Expiration</u>
<u>Vice Fund</u>		
\$(15,350,470)	\$(1,341,021)	03/31/17
\$(30,096,173)	\$(6,510,586)	03/31/18

At March 31, 2011, the Funds deferred the following post-October losses, on a tax basis:

<u>Vice Fund</u>	<u>Generation Wave Growth Fund</u>
\$(884)	\$(35)

**NOTES TO FINANCIAL STATEMENTS (Continued)**

March 31, 2011

(c) *Distributions to Shareholders*

The Funds will distribute any net investment income and any net realized long- or short-term capital gains at least annually. Distributions from net realized gains for book purposes may include short-term capital gains. All short-term capital gains are included in ordinary income for tax purposes. Distributions to shareholders are recorded on the ex-dividend date. The Funds may also pay a special distribution at the end of the calendar year to comply with federal tax requirements. The tax character of distributions paid during the years ended March 31, 2011 and March 31, 2010 were as follows:

	Year Ended March 31, 2011		Year Ended March 31, 2010	
	Ordinary Income	Long-Term Capital Gains	Ordinary Income	Long-Term Capital Gains
Vice Fund	\$846,920	\$ —	\$1,680,783	\$ —
Generation Wave Growth Fund	\$ —	\$ —	\$ 144,743	\$ —

(d) *Use of Estimates*

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(e) *Share Valuation*

The NAV per share of the Funds is calculated by dividing the sum of the value of the securities held by the Funds, plus cash or other assets, minus all liabilities (including estimated accrued expenses) by the total number of shares outstanding for the Funds, rounded to the nearest cent. The Funds' shares will not be priced on the days on which the New York Stock Exchange ("NYSE") is closed for trading. The offering and redemption price per share for each Fund is equal to the Fund's net asset value per share. The Funds charge a 1.00% redemption fee on shares held less than 60 days. These fees are deducted from the redemption proceeds otherwise payable to the shareholder. The Funds will retain the fee charged as paid-in capital and such fees become part of each Fund's daily NAV calculation.

(f) *Short Positions*

The Vice Fund may sell a security it does not own in anticipation of a decline in the fair value of that security. When the Vice Fund sells a security short, it must borrow the security sold short and deliver it to the broker-dealer through which it made the short sale. A gain, limited to the price at which the Vice Fund sold the security short, or a loss, unlimited in size, will be recognized upon the termination of a short sale. For financial statement purposes, an amount equal to the settlement amount is included in the Statement of Assets and Liabilities as an asset and an equivalent liability. The amount of the liability is subsequently marked-to-market to reflect the current fair value of the short positions. Subsequent fluctuations in the market prices of securities sold, but not yet purchased, may

March 31, 2011

require purchasing the securities at prices which could differ from the amount reflected in the Statement of Assets and Liabilities. The Vice Fund is liable for any dividends or interest payable on securities while those securities are in a short position. As collateral for its short positions, the Vice Fund is required under the 1940 Act to maintain segregated assets consisting of cash, cash equivalents or liquid securities. These segregated assets are valued consistent with Note 2a above. The amount of segregated assets are required to be adjusted daily to reflect changes in the fair value of the securities sold short. The Vice Fund's deposits on securities sold short is with one major security dealer. The Vice Fund does not require this broker to maintain collateral in support of the receivable for proceeds on securities sold short. As of March 31, 2011, the Vice Fund was not invested in short positions.

(g) *Options*

The Vice Fund may purchase and write call or put options on securities and indices and enter into related closing transactions. As a holder of a call option, the Vice Fund has the right, but not the obligation, to purchase a security at the exercise price during the exercise period. As the writer of a call option, the Vice Fund has the obligation to sell the security at the exercise price during the exercise period. As a holder of a put option, the Vice Fund has the right, but not the obligation, to sell a security at the exercise price during the exercise period. As the writer of a put option, the Vice Fund has the obligation to buy the underlying security at the exercise price during the exercise period. The premium that the Vice Fund pays when purchasing a call option or receives when writing a call option will reflect, among other things, the market price of the security, the relationship of the exercise price to the market price of the security, the relationship of the exercise price to the volatility of the security, the length of the option period and supply and demand factors. The premium is the fair value of an option. A purchaser (holder) of a put option pays a non-refundable premium to the seller (writer) of a put option to obtain the right to sell a specified amount of a security at a fixed price (the exercise price) during a specified period (exercise period). Conversely, the seller (writer) of a put option, upon payment by the holder of the premium, has the obligation to buy the security from the holder of the put option at the exercise price during the exercise period. An option that is written by the Vice Fund is generally valued at the last sale price or, in the absence of the last sale price, the average of the quoted bid and asked prices. An option that is purchased by the Vice Fund is generally valued at the last sale price or, in the absence of the last sale price, the average of the quoted bid and asked prices. If an options exchange closes after the time at which the Vice Fund's net asset value is calculated, the last sale or last bid and asked prices as of that time will be used to calculate the net asset value. Premiums received from writing options that expire unexercised are treated by the Vice Fund on the expiration date as realized gains from investments. If a call option is exercised, the premium is added to the proceeds from the sale of the underlying security or currency in determining whether the Vice Fund has realized a gain or loss. If a put option is exercised, the premium reduces the cost basis of the securities purchased by the Vice Fund.

**NOTES TO FINANCIAL STATEMENTS (Continued)**

March 31, 2011

The Vice Fund may use options to generate income and to hedge against losses caused by declines in the prices of stocks in its portfolio or for any other permissible purpose consistent with the Fund's investment objectives. A risk of using derivatives is that the counterparty to a derivative may fail to comply with their obligation to the Vice Fund.

The number of option contracts written and the premiums received by the Vice Fund during the year ended March 31, 2011, were as follows:

	<u>Number of Contracts</u>	<u>Premiums Received</u>
Options outstanding, beginning of year	—	\$ —
Options written	2,860	226,373
Options expired	(980)	(67,394)
Options closed	(280)	(31,487)
Options outstanding, end of year	<u>1,600</u>	<u>\$127,492</u>

The number of option contracts purchased and the premiums paid by the Vice Fund during the year ended March 31, 2011, were as follows:

	<u>Number of Contracts</u>	<u>Premiums Paid</u>
Options outstanding, beginning of year	—	\$ —
Options purchased	170	4,208
Options expired	(170)	(4,208)
Options sold	—	—
Options outstanding, end of year	<u>—</u>	<u>\$ —</u>

The following is a summary of the fair value of derivative instruments on the Statement of Assets and Liabilities as of March 31, 2011:

<u>Derivative Investment Type</u>	<u>Value</u>	<u>Location</u>
<b>Liability Derivatives</b>		
Written Options – equity contracts	\$(230,500)	Written options, at value

**NOTES TO FINANCIAL STATEMENTS (Continued)**

March 31, 2011

The following is a summary of the effect of derivative investments on the Statement of Operations for the year ended March 31, 2011:

<b>Derivative Investment Type</b>	<b>Realized Gain (Loss) on Options</b>	<b>Location</b>
Written Options – equity contracts	\$ 67,394	Net realized gain (loss) from written options
Purchased Options – equity contracts	\$ (4,208)	Net realized gain (loss) from investments
	<b>Change in Unrealized Appreciation/Depreciation on Options</b>	
<b>Derivative Investment Type</b>	<b>on Options</b>	<b>Location</b>
Written Options – equity contracts	\$(103,008)	Change in net unrealized appreciation/depreciation on written options

(h) *Other*

Investment transactions and shareholder transactions are accounted for on the trade date. The Funds determine the gain or loss from investment transactions on the identified cost basis by comparing the original cost of the security lot sold with the net sale proceeds. Dividend income is recognized on the ex-dividend date and interest income is recognized on an accrual basis. Withholding taxes on foreign dividends have been provided for in accordance with the Funds' understanding of the applicable country's tax rules and regulations. Expenses incurred by the Funds that do not relate to a specific Fund are allocated to the individual Funds based on each Fund's relative net assets or other appropriate basis (as determined by the Board of Trustees).

(i) *Foreign Currency Translation*

Values of investments denominated in foreign currencies are converted to U.S. dollars using a spot market rate of exchange on the day of valuation. Purchases and sales of investments and dividend and interest income are translated to U.S. dollars using a spot market rate of exchange prevailing on the respective dates of such transactions. The portion of security gains or losses resulting from changes in foreign exchange rates is included with net realized gain or loss from investments, as appropriate, for both financial reporting and tax purposes.

(j) *Reclassifications of Capital Accounts*

GAAP requires that certain components of net assets relating to permanent differences be reclassified between financial and tax reporting. These reclassifications have no effect on net assets or net asset value per share.

**NOTES TO FINANCIAL STATEMENTS (Continued)**

March 31, 2011

For the year ended March 31, 2011, the following table shows the reclassifications made:

	<u>Undistributed Net Investment Income/(Loss)</u>	<u>Accumulated Net Realized Gain/(Loss)</u>	<u>Paid In Capital</u>
Vice Fund	\$(2,182)	\$2,182	\$ —
Generation Wave Growth Fund	6,244	411	(6,655)

(k) *The RIC Modernization Act*

On December 22, 2010, the Regulated Investment Company Modernization Act of 2010 (the “Modernization Act”) was signed into law. The Modernization Act is the first major piece of legislation affecting regulated investment companies (“RICs”) since 1986 and it modernizes several of the federal income and excise tax provisions related to RICs. Some highlights of the enacted provisions are as follows:

New capital losses may now be carried forward indefinitely, and retain the character of the original loss. Under pre-enactment law, capital losses could be carried forward for eight years, and carried forward as short-term capital losses, irrespective of the character of the original loss.

The Modernization Act contains simplification provisions, which are aimed at preventing disqualification of a RIC for “inadvertent” failures of the asset diversification and/or qualifying income tests. Additionally, the Modernization Act exempts RICs from the preferential dividend rule, and repealed the 60-day designation requirement for certain types of pay-through income and gains.

Finally, the Modernization Act contains several provisions aimed at preserving the character of distributions made by a fiscal year RIC during the portion of its taxable year ending after October 31 or December 31, reducing the circumstances under which a RIC might be required to file amended Forms 1099 to restate previously reported distributions.

Except for the simplification provisions related to RIC qualification, the Modernization Act is effective for taxable years beginning after December 22, 2010. The provisions related to RIC qualification are effective for taxable years for which the extended due date of the tax return is after December 22, 2010.

(l) *Subsequent Events*

In preparing these financial statements, management has performed an evaluation of subsequent events and transactions for potential recognition or disclosure through the date of issuance of the financial statements. On April 15, 2011, in an Action by the Board of Trustees (the “Board”) by Written Consent in Lieu of Meeting, the Board accepted the resignation of Eric S. Lansky from his role as President and Treasurer of the Trust as of April 1, 2011 and elected Cindy Clarke as Treasurer of the Trust. On May 25, 2011, the Board elected Jerry Szilagyi as President of the Trust. On May 25, 2011, Jeffery B. Middleswart communicated his intent to tender his resignation as portfolio manager of the Funds. Through the date of issuance of the financial statements, Mr. Middleswart

March 31, 2011

continued to serve as the portfolio manager for the Funds. Gerald Sullivan has been hired by the Advisor to replace Mr. Middleswart as the portfolio manager for the Vice Fund and Generation Wave Growth Fund.

### (3) Transactions with Affiliates

The Trust has an Investment Advisory Agreement (the “Agreement”) with the Advisor, with whom officers of the Trust are affiliated, to furnish investment advisory services to the Funds. Under the terms of the Agreement, the Trust, on behalf of the Funds, compensates the Advisor for its management services at the annual rate of 0.95% of each Fund’s average daily net assets. For the year ended March 31, 2011, the Vice Fund and the Generation Wave Growth Fund incurred \$700,028 and \$183,487 in advisory fees, respectively.

The Advisor has contractually agreed to waive, through July 31, 2011, its management fee and/or reimburse the Funds’ other normal operating expenses (excluding dividends on short positions and interest expense) to the extent necessary to ensure that the Vice Fund’s and the Generation Wave Growth Fund’s operating expenses do not exceed 1.85% and 1.75% of the Fund’s average daily net assets, respectively. Prior to August 1, 2009, the Advisor had contractually agreed to limit the Vice Fund’s and Generation Wave Growth Fund’s operating expenses to 1.75% and 1.50% of the Fund’s average daily net assets, respectively. Any such waiver or reimbursement is subject to later adjustment to allow the Advisor to recoup amounts waived or reimbursed to the extent actual fees and expenses for a fiscal period are less than the Funds’ expense limitation cap, provided, however, that the Advisor shall only be entitled to recoup such amounts for a period of three years after the end of the fiscal year in which the fee was waived or reimbursed. Expenses will only be recouped if the current expense ratio is lower than the expense cap in place at the time such expense was waived. For the year ended March 31, 2011, \$18,228 was recouped by the Advisor for the Vice Fund and \$47,606 was waived by the Advisor for the Generation Wave Growth Fund.

The following table shows the remaining waived or reimbursed expenses subject to potential recoupment expiring in:

	<u>Vice Fund</u>	<u>Generation Wave Growth Fund</u>
2012	\$ —	\$112,654
2013	31,148	75,971
2014	—	47,606

A Trustee of the Trust is affiliated with U.S. Bancorp Fund Services, LLC and U.S. Bank, N.A., which provide accounting, administration, transfer agency and custodian services to the Funds. For the year ended March 31, 2011, the Vice Fund and the Generation Wave Growth Fund incurred \$55,085 and \$20,108 in accounting fees, \$79,707 and \$44,078 in administration fees, \$112,623 and \$26,084 in transfer agency fees and \$26,780 and \$8,887 in custodian fees, respectively.

**NOTES TO FINANCIAL STATEMENTS (Continued)**

March 31, 2011

The Trust has adopted a plan pursuant to Rule 12b-1 under the 1940 Act (the “12b-1 Plan”), on behalf of the Vice Fund, which authorizes it to pay Quasar Distributors, LLC (the “Distributor”) a distribution fee of 0.25% of the Fund’s average daily net assets for services to prospective Fund shareholders and distribution of Fund shares. Quasar Distributors, LLC is affiliated with a Trustee of the Trust, U.S. Bancorp Fund Services, LLC and U.S. Bank, N.A. During the year ended March 31, 2011, the Vice Fund accrued expenses of \$184,218 pursuant to the 12b-1 Plan.

The capital contribution from the affiliate reflected on the Statement of Changes in Net Assets for the year ended March 31, 2010, was due to the purchase of an affiliated security by the Generation Wave Growth Fund. The corrective action taken by the Fund was the sale of the affiliated security. The Fund was reimbursed by the Advisor for any resulting loss to the Fund caused by the sale of the affiliated security.

**(4) Capital Share Transactions**

Transactions in shares of the Vice Fund were as follows:

	<u>Year Ended March 31, 2011</u>	<u>Year Ended March 31, 2010</u>
Beginning shares	<u>4,976,555</u>	<u>6,081,730</u>
Shares sold	600,178	421,869
Shares issued to holders in reinvestment of distributions	58,320	124,092
Shares redeemed	<u>(1,273,531)</u>	<u>(1,651,136)</u>
Net decrease	<u>(615,033)</u>	<u>(1,105,175)</u>
Ending shares	<u><u>4,361,522</u></u>	<u><u>4,976,555</u></u>

Transactions in shares of the Generation Wave Growth Fund were as follows:

	<u>Year Ended March 31, 2011</u>	<u>Year Ended March 31, 2010</u>
Beginning shares	<u>3,037,121</u>	<u>3,641,521</u>
Shares sold	60,742	77,624
Shares issued to holders in reinvestment of distributions	—	21,556
Shares redeemed	<u>(524,122)</u>	<u>(703,580)</u>
Net decrease	<u>(463,380)</u>	<u>(604,400)</u>
Ending shares	<u><u>2,573,741</u></u>	<u><u>3,037,121</u></u>

March 31, 2011

**(5) Investment Transactions**

The aggregate purchases and sales of securities, excluding short-term investments and option transactions for the Funds for the year ended March 31, 2011, are summarized below:

	<u>Purchases</u>	<u>Sales</u>
Vice Fund	\$14,570,510	\$23,194,142
Generation Wave Growth Fund	14,029,955	16,726,122

There were no purchases or sales of U.S. government securities.

**(6) Credit Facility**

U.S. Bank, N.A. (the "Bank") has made available to the Funds a credit facility pursuant to a Loan and Security Agreement for the Funds which matures, unless renewed, on March 10, 2012 for the purpose of purchasing portfolio securities. The Funds may borrow up to the lesser of \$15,000,000 and \$6,250,000 or certain percentage amounts based on the net assets of the Funds, for the Vice Fund and Generation Wave Growth Fund, respectively.

The interest rate paid by the Funds on outstanding borrowings is equal to the Prime Rate, which was 3.25% as of March 31, 2011. As of and during the year ended March 31, 2011, there were no outstanding borrowings for the Vice Fund or the Generation Wave Growth Fund.

**REPORT OF INDEPENDENT REGISTERED  
PUBLIC ACCOUNTING FIRM**

To the Shareholders and Board of Trustees  
USA MUTUALS

We have audited the accompanying statements of assets and liabilities, including the portfolios of investments and schedule of options written, of USA MUTUALS, comprising the Vice Fund and the Generation Wave Growth Fund (the “Funds”), as of March 31, 2011, and the related statements of operations for the year then ended, the statements of changes in net assets for each of the two years in the period then ended, and the financial highlights for each of the three years in the period then ended. These financial statements and financial highlights are the responsibility of the Funds’ management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audits. The financial highlights for the years indicated prior to March 31, 2009, were audited by another independent registered public accounting firm, which expressed unqualified opinions on those financial highlights.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Our procedures included confirmation of securities owned as of March 31, 2011 by correspondence with the custodian and broker. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of each of the Funds constituting USA MUTUALS as of March 31, 2011, the results of their operations for the year then ended, the changes in their net assets for each of the two years in the period then ended, and the financial highlights for each of the three years in the period then ended, in conformity with accounting principles generally accepted in the United States of America.

COHEN FUND AUDIT SERVICES, LTD.  
Westlake, Ohio  
May 27, 2011

## ADDITIONAL INFORMATION

### Information about Trustees

The business and affairs of the Funds are managed under the direction of the Funds' Board of Trustees. Information pertaining to the Trustees of the Funds is set forth below. The Statement of Additional Information includes additional information about the Funds' Trustees and is available, without charge, upon request by calling 1-866-264-8783.

### Non-Interested Trustees

<u>Name, Address and Age</u>	<u>Position Held with the Trust</u>	<u>Term of Office and Length of Time Served</u>	<u>Principal Occupation During Past Five Years</u>	<u>Number of Portfolios Overseen by Trustee</u>	<u>Other Directorships Held by Trustee</u>
Dr. Michael D. Akers Straz Hall, 481 606 N. 13th Street Milwaukee, WI 53201 Age: 54	Independent Trustee	Indefinite term; Since 2001	Professor and Chair, Department of Accounting, Marquette University (2004 - present); Associate Professor of Accounting, Marquette University (1996 - 2004)	2	Independent Trustee, Trust for Professional Managers (an open-end investment company with twenty six portfolios)
Gary A. Drska 6744 S. Howell Avenue Oak Creek, WI 53154 Age: 53	Independent Trustee	Indefinite term; Since 2001	Pilot, Frontier/ Midwest Airlines (Airline Company) (1985 - present); Director - Flight Standards and Training (July 1990 - December 1999)	2	Independent Trustee, Trust for Professional Managers (an open-end investment company with twenty six portfolios)

### Interested Trustee and Officers

<u>Name, Address and Age</u>	<u>Position(s) Held with the Trust</u>	<u>Term of Office and Length of Time Served</u>	<u>Principal Occupation During Past Five Years</u>	<u>Number of Portfolios Overseen by Trustee</u>	<u>Other Directorships Held by Trustee</u>
Joseph C. Neuberger* 615 E. Michigan Street Milwaukee, WI 53202 Age: 49	Trustee and Chairperson	Indefinite term; Since 2001	Executive Vice President, U.S. Bancorp Fund Services, LLC (1994 - present)	2	Trustee, Trust for Professional Managers (an open-end investment company with twenty six portfolios); Trustee, Buffalo Funds (an open-end investment company with ten portfolios)

\* This trustee is considered an "interested person" as defined in the 1940 Act because of his affiliation with U.S. Bancorp Fund Services, LLC and U.S. Bank, N.A., which provide fund accounting, administration, transfer agency and custodian services to the Funds.

**Interested Trustee and Officers (Continued)**

<u>Name, Address and Age</u>	<u>Position(s) Held with the Trust</u>	<u>Term of Office and Length of Time Served</u>	<u>Principal Occupation During Past Five Years</u>
Jerry Szilagyi Plaza of the Americas 700 N. Pearl Street, Suite 900 Dallas, TX 75201 Age: 49	President	Indefinite term; Since 2011	President, Mutuels Advisors, Inc. (2011 - present); Managing Member, Catalyst Capital Advisors LLC (2006 - present); President, Abbington Capital Group LLC (1998 - present); CEO, Thomas Lloyd Global Asset Management (Americas) LLC (2006 - 2010); SVP Business Development, Integrity Mutual Funds, Inc. (2003 - 2006)
Cindy Clarke Plaza of the Americas 700 N. Pearl Street, Suite 900 Dallas, TX 75201 Age: 57	Treasurer	Indefinite term; Since 2011	Secretary and Treasurer, Mutuels Advisors, Inc. (2011 - present); Chairman, USA MUTUALS Holdings, Inc. (2009 - present); Chairman, Mutuels Advisors, Inc. (2008 - present); President, C&H Advisory Services, Inc. (1994 - present)
Rachel A. Spearo 615 E. Michigan Street Milwaukee, WI 53202 Age: 31	Secretary	Indefinite term; Since 2005	Counsel, Fund Administration and Compliance, U.S. Bancorp Fund Services, LLC (2004 - present)
David E. Scott 521 Fifth Avenue, Suite 1700 New York, NY 10175 Age: 40	Chief Compliance Officer	Indefinite term; Since 2007	Managing Member, D.E. Scott & Associates, LLC (2005 - present); CCO, Strategic Value Partners, LLC (2004 - 2005); Managing Director, IMRC Group (2003 - 2004); Director of Fund Compliance, US Trust Company (2001 - 2003)

**Tax Information**

The Vice Fund designates 100% of its ordinary income distribution for the year ended March 31, 2011 as qualified dividend income under the Jobs and Growth Tax Relief Reconciliation Act of 2003.

For the year ended March 31, 2011, 100% of the dividends paid from net ordinary income for the Vice Fund qualifies for the dividends received deduction available to corporate shareholders.

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## **A NOTE ON FORWARD LOOKING STATEMENTS**

Except for historical information contained in this report for the Funds, the matters discussed in this report may constitute forward-looking statements made pursuant to the safe-harbor provisions of the Private Securities Litigation Reform Act of 1995. These include any advisor, sub-advisor or portfolio manager predictions, assessments, analyses or outlooks for individual securities, industries, market sectors and/or markets. These statements involve risks and uncertainties. In addition to the general risks described for the Funds in the current Prospectus, other factors bearing on this report include the accuracy of the advisor's or portfolio manager's forecasts and predictions, and the appropriateness of the investment programs designed by the advisor or portfolio manager to implement their strategies efficiently and effectively. Any one or more of these factors, as well as other risks affecting the securities markets and investment instruments generally, could cause the actual results of the Funds to differ materially as compared to benchmarks associated with the Funds.

## **PROXY VOTING POLICIES AND PROCEDURES**

The Funds have adopted proxy voting policies and procedures that delegate to the Advisor, the authority to vote proxies. A description of the Funds' proxy voting policies and procedures is available without charge, upon request, by calling the Funds toll free at 1-866-264-8783. A description of these policies and procedures is also included in the Funds' Statement of Additional Information, which is available on the SEC's website at <http://www.sec.gov>.

The actual voting records relating to portfolio securities during the most recent twelve month period ended June 30 are available without charge, upon request, by calling 1-866-264-8783 or by accessing the SEC's website at <http://www.sec.gov>.

## **PORTFOLIO DISCLOSURE INFORMATION**

The Funds file their complete schedule of portfolio holdings with the SEC four times each fiscal year at quarter-ends. The Funds file the Schedule of Portfolio Holdings with the SEC on Form N-CSR (second and fourth quarters) and on Form N-Q (first and third quarters). Shareholders may view the Funds' Forms N-CSR and N-Q on the SEC's website at <http://www.sec.gov>. Forms N-CSR and N-Q may also be reviewed and copied at the SEC's Public Reference Room in Washington, D.C. Information on the operation of the SEC's Public Reference Room may be obtained by calling 1-202-942-8090 (direct) or 1-800-SEC-0330 (general SEC number).

## **PRIVACY POLICY**

The Funds collect non-public information about you from the following sources:

- information we receive about you on applications or other forms;
- information you give us orally; and
- information about your transactions with us or others.

**We do not disclose any non-public personal information about our customers or former customers without the customer's authorization, except as required by law or in response to inquiries from governmental authorities. We also disclose that information is provided to unaffiliated third parties (such as to the investment advisor to the Fund, and to brokers and custodians) only as permitted by law and only as needed for them to assist us in providing agreed services to you. All shareholder records will be disposed of in accordance with applicable law. We maintain physical, electronic and procedural safeguards to guard your nonpublic personal information.**

**In the event that you hold shares of the Funds through a financial intermediary, including, but not limited to, a broker-dealer, bank or trust company, the privacy policy of your financial intermediary would govern how your non-public personal information would be shared by those entities with nonaffiliated third parties.**

**USA MUTUALS**

***Vice Fund***

***Generation Wave Growth Fund***

Investment Advisor

***Mutuals Advisors, Inc.***

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and Fund Administrator

***U.S. Bancorp Fund Services, LLC***

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Custodian

***U.S. Bank, N.A.***

Custody Operations  
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