

**STATEMENT OF ADDITIONAL INFORMATION
for FMI FOCUS FUND**

January 29, 2010

**FMI FUNDS, INC.
100 East Wisconsin Avenue, Suite 2200
Milwaukee, Wisconsin 53202**

**FMI Focus Fund
(Ticker: FMIOX)**

This Statement of Additional Information is not a prospectus and should be read in conjunction with the Prospectus of FMI Focus Fund dated January 29, 2010. Requests for copies of the Prospectus should be made by writing to FMI Funds, Inc., 100 East Wisconsin Avenue, Suite 2200, Milwaukee, Wisconsin 53202, Attention: Corporate Secretary or by calling (414) 226-4555. The Prospectus is also available on our website (www.fmifunds.com).

The following financial statements are incorporated by reference to the Annual Report, dated September 30, 2009, of FMI Focus Fund (File No. 811-07831) as filed with the Securities and Exchange Commission on Form N-CSR on November 13, 2009:

Statement of Assets and Liabilities
Schedule of Investments
Statement of Operations
Statements of Changes in Net Assets
Financial Highlights
Notes to Financial Statements
Report of Independent Registered Public Accounting Firm

Shareholders may obtain a copy of the Annual Report, without charge, by calling 1-800-811-5311.

FMI FUNDS, INC.

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No person has been authorized to give any information or to make any representations other than those contained in this Statement of Additional Information and the Prospectus dated January 29, 2010 and, if given or made, such information or representations may not be relied upon as having been authorized by FMI Funds, Inc.

This Statement of Additional Information does not constitute an offer to sell securities.

FUND HISTORY AND CLASSIFICATION

FMI Funds, Inc., a Maryland corporation incorporated on September 5, 1996 (the “Corporation”), is an open-end management investment company consisting of one diversified portfolio, FMI Focus Fund (the “Focus Fund”), and one non-diversified portfolio, the FMI Large Cap Fund (the “Large Cap Fund”) (collectively the Focus Fund and the Large Cap Fund are referred to as the “Funds”). This Statement of Additional Information provides information about the Focus Fund. The Corporation is registered under the Investment Company Act of 1940 (the “1940 Act”).

INVESTMENT RESTRICTIONS

The Focus Fund has adopted the following investment restrictions which are matters of fundamental policy and cannot be changed without approval of the holders of the lesser of: (i) 67% of the Focus Fund’s shares present or represented at a shareholders meeting at which the holders of more than 50% of such shares are present or represented; or (ii) more than 50% of the outstanding shares of the Focus Fund.

1. The Focus Fund will not purchase securities on margin (except for such short term credits as are necessary for the clearance of transactions); provided, however, that the Focus Fund may (i) borrow money to the extent set forth in investment restriction no. 3; (ii) purchase or sell futures contracts and options on futures contracts; (iii) make initial and variation margin payments in connection with purchases or sales of futures contracts or options on futures contracts; and (iv) write or invest in put or call options.

2. The Focus Fund may sell securities short and write put and call options to the extent permitted by the 1940 Act.

3. The Focus Fund may borrow money or issue senior securities to the extent permitted by the 1940 Act.

4. The Focus Fund may pledge or hypothecate its assets to secure its borrowings.

5. The Focus Fund will not lend money (except by purchasing publicly distributed debt securities, purchasing securities of a type normally acquired by institutional investors or entering into repurchase agreements) and will not lend its portfolio securities.

6. The Focus Fund will not make investments for the purpose of exercising control or management of any company.

7. The Focus Fund will not purchase securities of any issuer (other than the United States or an instrumentality of the United States) if, as a result of such purchase, the Focus Fund would hold more than 10% of any class of securities, including voting securities, of such issuer or more than 5% of the Focus Fund’s assets, taken at current value, would be invested in securities of such issuer, except that up to 25% of the Focus Fund’s total assets may be invested without regard to these limitations.

8. The Focus Fund will not invest 25% or more of the value of its total assets, determined at the time an investment is made, exclusive of U.S. government securities, in securities issued by companies primarily engaged in the same industry.

9. The Focus Fund will not acquire or retain any security issued by a company, an officer or director of which is an officer or director of the Corporation or an officer, director or other affiliated person of its investment adviser.

10. The Focus Fund will not act as an underwriter or distributor of securities other than shares of the Focus Fund (except to the extent that the Focus Fund may be deemed to be an underwriter within the meaning of the Securities Act of 1933, as amended (the "Securities Act"), in the disposition of restricted securities).

11. The Focus Fund will not purchase any interest in any oil, gas or other mineral leases or any interest in any oil, gas or any other mineral exploration or development program.

12. The Focus Fund will not purchase or sell real estate or real estate mortgage loans or real estate limited partnerships.

13. The Focus Fund will not purchase or sell commodities or commodity contracts, except that the Focus Fund may enter into futures contracts and options on futures contracts.

The Focus Fund has adopted certain other investment restrictions which are not fundamental policies and which may be changed by the Corporation's Board of Directors without shareholder approval. These additional restrictions are as follows:

1. The Focus Fund will not invest more than 15% of the value of its net assets in illiquid securities.

2. The Focus Fund's investments in warrants will be limited to 5% of the Focus Fund's net assets. Included within such 5%, but not to exceed 2% of the value of the Focus Fund's net assets, may be warrants which are not listed on either the New York Stock Exchange (the "NYSE") or the American Stock Exchange, now known as NYSE Amex Equities ("AMEX").

3. The Focus Fund will not purchase the securities of other investment companies except: (a) as part of a plan of merger, consolidation or reorganization approved by the shareholders of the Focus Fund; (b) securities of registered open-end investment companies; or (c) securities of registered closed-end investment companies on the open market where no commission results, other than the usual and customary broker's commission. No purchases described in (b) and (c) will be made if as a result of such purchases (i) the Focus Fund and its affiliated persons would hold more than 3% of any class of securities, including voting securities, of any registered investment company; (ii) more than 5% of the Focus Fund's net assets would be invested in shares of any one registered investment company; and (iii) more than 10% of the Focus Fund's net assets would be invested in shares of registered investment companies; provided, however, that the Focus Fund may invest in shares of money market funds in excess of the foregoing limitations, subject to the conditions of Rule 12d1-1 under the 1940 Act, including

the requirement that the Focus Fund not pay any sales charge or service fee in connection with such investment.

The aforementioned fundamental and non-fundamental percentage restrictions on investment or utilization of assets refer to the percentage at the time an investment is made. If these restrictions (other than those relating to borrowing of money, illiquid securities or issuing senior securities) are adhered to at the time an investment is made, and such percentage subsequently changes as a result of changing market values or some similar event, no violation of the Focus Fund's fundamental restrictions will be deemed to have occurred. Any changes in the Focus Fund's investment restrictions made by the Board of Directors will be communicated to shareholders prior to their implementation.

INVESTMENT CONSIDERATIONS

The Focus Fund invests in stocks of companies of all sizes, including small- to mid-capitalization companies, which have substantial capital appreciation potential. The Focus Fund takes a "focused" approach to investing, meaning the Fund conducts extensive research (i.e., focuses) on each prospective investment before purchasing. The Focus Fund's prospectus describes its principal investment strategies and risks. This section expands upon that discussion and also discusses non-principal investment strategies and risks.

Illiquid Securities

The Focus Fund may invest up to 15% of its net assets in securities for which there is no readily available market ("illiquid securities"). The 15% limitation includes certain securities whose disposition would be subject to legal restrictions ("restricted securities"). However certain restricted securities that may be resold pursuant to Rule 144A under the Securities Act may be considered liquid. Rule 144A permits certain qualified institutional buyers to trade in privately placed securities not registered under the Securities Act. Institutional markets for restricted securities have developed as a result of Rule 144A, providing both readily ascertainable market values for Rule 144A securities and the ability to liquidate these securities to satisfy redemption requests. However an insufficient number of qualified institutional buyers interested in purchasing Rule 144A securities held by the Focus Fund could adversely affect their marketability, causing the Focus Fund to sell securities at unfavorable prices. The Board of Directors of the Corporation has delegated to the Focus Fund's investment adviser the day-to-day determination of the liquidity of a security although it has retained oversight and ultimate responsibility for such determinations. Although no definite quality criteria are used, the Board of Directors has directed the Focus Fund's investment adviser to consider such factors as (i) the nature of the market for a security (including the institutional private resale markets); (ii) the terms of these securities or other instruments allowing for the disposition to a third party or the issuer thereof (*e.g.* certain repurchase obligations and demand instruments); (iii) the availability of market quotations; and (iv) other permissible factors.

Restricted securities may be sold in privately negotiated or other exempt transactions or in a public offering with respect to which a registration statement is in effect under the Securities Act. When registration is required, the Focus Fund may be obligated to pay all or part of the registration expenses and a considerable time may elapse between the decision

to sell and the sale date. If, during such period, adverse market conditions were to develop, the Focus Fund might obtain a less favorable price than the price which prevailed when it decided to sell. Restricted securities will be priced at fair value as determined in good faith by the Board of Directors.

Futures Contracts and Options Thereon

The Focus Fund may purchase and write (sell) stock index futures contracts as a substitute for a comparable market position in the underlying securities. A futures contract obligates the seller to deliver (and the purchaser to take delivery of) the specified commodity on the expiration date of the contract. A stock index futures contract obligates the seller to deliver (and the purchaser to take) an amount of cash equal to a specific dollar amount times the difference between the value of a specific stock index at the close of the last trading day of the contract and the price at which the agreement is made. No physical delivery of the underlying stocks in the index is made. It is the practice of holders of futures contracts to close out their positions on or before the expiration date by use of offsetting contract positions and physical delivery is thereby avoided.

The Focus Fund may purchase put and call options and write call options on stock index futures contracts. When the Focus Fund purchases a put or call option on a futures contract, the Focus Fund pays a premium for the right to sell or purchase the underlying futures contract for a specified price upon exercise at any time during the options period. By writing a call option on a futures contract, the Focus Fund receives a premium in return for granting to the purchaser of the option the right to buy from the Focus Fund the underlying futures contract for a specified price upon exercise at any time during the option period.

Some futures and options strategies tend to hedge the Focus Fund's equity positions against price fluctuations, while other strategies tend to increase market exposure. Whether the Focus Fund realizes a gain or loss from futures activities depends generally upon movements in the underlying stock index. The extent of the Focus Fund's loss from an unhedged short position in futures contracts or call options on futures contracts is potentially unlimited. The Focus Fund may engage in related closing transactions with respect to options on futures contracts. The Focus Fund will purchase or write options only on futures contracts that are traded on a United States exchange or board of trade.

The Focus Fund may purchase and sell futures contracts and options thereon only to the extent that such activities would be consistent with the requirements of Section 4.5 of the regulations under the Commodity Exchange Act promulgated by the Commodity Futures Trading Commission, under which the Focus Fund would be excluded from the definition of a "commodity pool operator."

When the Focus Fund purchases or sells a stock index futures contract, the Focus Fund "covers" its position. To cover its position, the Focus Fund may maintain with its custodian bank (and mark-to-market on a daily basis) cash or liquid securities that, when added to any amounts deposited with a futures commission merchant as margin, are equal to the market value of the futures contract or otherwise cover its position. If the Focus Fund continues to engage in the described securities trading practices and so maintain cash or liquid securities, the

maintained cash or liquid securities will function as a practical limit on the amount of leverage which the Focus Fund may undertake and on the potential increase in the speculative character of the Focus Fund's outstanding portfolio securities. Additionally, such maintained cash or liquid securities will assure the availability of adequate funds to meet the obligations of the Focus Fund arising from such investment activities.

The Focus Fund may cover its long position in a futures contract by purchasing a put option on the same futures contract with a strike price (i.e., an exercise price) as high or higher than the price of the futures contract, or, if the strike price of the put is less than the price of the futures contract, the Focus Fund will maintain cash or liquid securities equal in value to the difference between the strike price of the put and the price of the futures contract. The Focus Fund may also cover its long position in a futures contract by taking a short position in the instruments underlying the futures contract, or by taking positions in instruments the prices of which are expected to move relatively consistently with the futures contract. The Focus Fund may cover its short position in a futures contract by taking a long position in the instruments underlying the futures contract, or by taking positions in instruments the prices of which are expected to move relatively consistently with the futures contract.

The Focus Fund may cover its sale of a call option on a futures contract by taking a long position in the underlying futures contract at a price less than or equal to the strike price of the call option, or, if the long position in the underlying futures contract is established at a price greater than the strike price of the written call, the Focus Fund will maintain cash or liquid securities equal in value to the difference between the strike price of the call and the price of the futures contract. The Focus Fund may also cover its sale of a call option by taking positions in instruments the prices of which are expected to move relatively consistently with the call option.

Although the Focus Fund intends to sell futures contracts only if there is an active market for such contracts, no assurance can be given that a liquid market will exist for any particular contract at any particular time. Many futures exchanges and boards of trade limit the amount of fluctuation permitted in futures contract prices during a single trading day. Once the daily limit has been reached in a particular contract, no trades may be made that day at a price beyond that limit or trading may be suspended for specified periods during the day. Futures contract prices could move to the limit for several consecutive trading days with little or no trading, thereby preventing prompt liquidation of futures positions and potentially subjecting the Focus Fund to substantial losses. If trading is not possible, or the Focus Fund determines not to close a futures position in anticipation of adverse price movements, the Focus Fund will be required to make daily cash payments of variation margin. The risk that the Focus Fund will be unable to close out a futures position will be minimized by entering into such transactions on a national exchange with an active and liquid secondary market.

Index Options Transactions

The Focus Fund may purchase put and call options and write call options on stock indexes. A stock index fluctuates with changes in the market values of the stock included in the index. Options on stock indexes give the holder the right to receive an amount of cash upon exercise of the options. Receipt of this cash amount will depend upon the closing level of the stock index upon which the option is based being greater than (in the case of a call) or less than

(in the case of a put) the exercise price of the option. The amount of cash received, if any, will be the difference between the closing price of the index and the exercise price of the option, multiplied by a specified dollar multiple. The writer (seller) of the option is obligated, in return for the premiums received from the purchaser of the option, to make delivery of this amount to the purchaser. Unlike the options on securities discussed below, all settlements of index options transactions are in cash.

Some stock index options are based on a broad market index such as the S&P 500 Index, the NYSE Composite Index or the AMEX Major Market Index, or on a narrower index such as the Philadelphia Stock Exchange Over-the-Counter Index. Options currently are traded on the Chicago Board of Options Exchange, the AMEX and other exchanges. Over-the-counter index options, purchased over-the-counter options and the cover for any written over-the-counter options would be subject to the Focus Fund's 15% limitation on investment in illiquid securities. See "Illiquid Securities."

Each of the exchanges has established limitations governing the maximum number of call or put options on the same index which may be bought or written (sold) by a single investor, whether acting alone or in concert with others (regardless of whether such options are written on the same or different exchanges or are held or written on one or more accounts or through one or more brokers). Under these limitations, options positions of certain other accounts advised by the same investment adviser are combined for purposes of these limits. Pursuant to these limitations, an exchange may order the liquidation of positions and may impose other sanctions or restrictions. These position limits may restrict the number of listed options which the Focus Fund may buy or sell.

Index options are subject to substantial risks, including the risk of imperfect correlation between the option price and the value of the underlying securities comprising the stock index selected and the risk that there might not be a liquid secondary market for the option. Because the value of an index option depends upon movements in the level of the index rather than the price of a particular stock, whether the Focus Fund will realize a gain or loss from the purchase of writing of options on an index depends upon movements in the level of stock prices in the stock market generally or, in the case of certain indexes, in an industry or market segment, rather than upon movements in the price of a particular stock. Trading in index options requires different skills and techniques than are required for predicting changes in the prices of individual stocks. The Focus Fund will not enter into an option position that exposes the Focus Fund to an obligation to another party, unless the Focus Fund either (i) owns an offsetting position in securities or other options; and/or (ii) maintains with the Focus Fund's custodian bank (and marks-to-market, on a daily basis) cash or liquid securities that, when added to the premiums deposited with respect to the option, are equal to the market value of the underlying stock index not otherwise covered.

The Focus Fund may utilize index options as a technique to leverage its portfolio. If the Focus Fund is correct in its assessment of the future direction of stock prices, its share price will be enhanced. If the Focus Fund takes a position in options and stock prices move in a direction contrary to its forecast however, the Focus Fund would incur losses greater than the Focus Fund would have incurred without the options position.

Options on Securities

The Focus Fund may buy put and call options and write (sell) call options on securities. The Focus Fund will comply with the rules and regulations of the 1940 Act and, if required, set aside cash or liquid securities to “cover” its obligations when writing options. By writing a call option and receiving a premium, the Focus Fund may become obligated during the term of the option to deliver the securities underlying the option at the exercise price if the option is exercised. By buying a put option, the Focus Fund has the right, in return for a premium paid during the term of the option, to sell the securities underlying the option at the exercise price. By buying a call option, the Focus Fund has the right, in return for a premium paid during the term of the option, to purchase the securities underlying the option at the exercise price. Options on securities written by the Focus Fund will be traded on recognized securities exchanges.

When writing call options on securities, the Focus Fund may cover its position by owning the underlying security on which the option is written. Alternatively, the Focus Fund may cover its position by owning a call option on the underlying security, on a share for share basis, which is deliverable under the option contract at a price no higher than the exercise price of the call option written by the Focus Fund or, if higher, by owning such call option and maintaining cash or liquid securities equal in value to the difference between the two exercise prices. In addition, the Focus Fund may cover its position by maintaining cash or liquid securities equal in value to the exercise price of the call option written by the Focus Fund. The principal reason for the Focus Fund to write call options on stocks held by the Focus Fund is to attempt to realize, through the receipt of premiums, a greater return than would be realized on the underlying securities alone.

When the Focus Fund wishes to terminate the Focus Fund’s obligation with respect to an option it has written, the Focus Fund may effect a “closing purchase transaction.” The Focus Fund accomplishes this by buying an option of the same series as the option previously written by the Focus Fund. The effect of the purchase is that the writer’s position will be canceled. However, a writer may not effect a closing purchase transaction after the writer has been notified of the exercise of an option. When the Focus Fund is the holder of an option, it may liquidate its position by effecting a “closing sale transaction.” The Focus Fund accomplishes this by selling an option of the same series as the option previously purchased by the Focus Fund. There is no guarantee that either a closing purchase or a closing sale transaction can be effected. If any call or put option is not exercised or sold, the option will become worthless on its expiration date.

The Focus Fund will realize a gain (or a loss) on a closing purchase transaction with respect to a call option previously written by the Focus Fund if the premium, plus commission costs, paid by the Focus Fund to purchase the call option is less (or greater) than the premium, less commission costs, received by the Focus Fund on the sale of the call option. The Focus Fund also will realize a gain if a call option which the Focus Fund has written lapses unexercised, because the Focus Fund would retain the premium.

The Focus Fund will realize a gain (or a loss) on a closing sale transaction with respect to a call or a put option previously purchased by the Focus Fund if the premium, less commission costs, received by the Focus Fund on the sale of the call or the put option is greater

(or less) than the premium, plus commission costs, paid by the Focus Fund to purchase the call or the put option. If a put or a call option which the Focus Fund has purchased expires out-of-the-money, the option will become worthless on the expiration date, and the Focus Fund will realize a loss in the amount of the premium paid, plus commission costs.

Although certain securities exchanges attempt to provide continuously liquid markets in which holders and writers of options can close out their positions at any time prior to the expiration of the option, no assurance can be given that a market will exist at all times for all outstanding options purchased or sold by the Focus Fund. In such event, the Focus Fund would be unable to realize its profits or limit its losses until the Focus Fund would exercise options it holds and the Focus Fund would remain obligated until options it wrote were exercised or expired.

Because option premiums paid or received by the Focus Fund are small in relation to the market value of the investments underlying the options, buying and selling put and call options can be more speculative than investing directly in common stocks.

Short Sales

The Focus Fund may seek to realize additional gains through short sale transactions in securities listed on one or more national securities exchanges, or in unlisted securities. Short selling involves the sale of borrowed securities. At the time a short sale is effected, the Focus Fund incurs an obligation to replace the security borrowed at whatever its price may be at the time the Focus Fund purchases it for delivery to the lender. The price at such time may be more or less than the price at which the security was sold by the Focus Fund. Until the security is replaced, the Focus Fund is required to pay the lender amounts equal to any dividend or interest which accrue during the period of the loan. To borrow the security, the Focus Fund also may be required to pay a premium, which would increase the cost of the security sold. The proceeds of the short sale will be retained by the broker, to the extent necessary to meet margin requirements, until the short position is closed.

Until the Focus Fund closes its short position or replaces the borrowed security, the Focus Fund will: (a) maintain cash or liquid securities at such a level that the amount deposited in the account plus the amount deposited with the broker as collateral will equal the current value of the security sold short; or (b) otherwise cover the Focus Fund's short position. The potential loss with respect to short sales is unlimited.

U.S. Treasury Securities

The Focus Fund may invest in U.S. Treasury Securities as "cover" for the investment techniques the Focus Fund employs. The Focus Fund may also invest in U.S. Treasury Securities as part of a cash reserve or for liquidity purposes. U.S. Treasury Securities are backed by the full faith and credit of the U.S. Treasury. U.S. Treasury Securities differ only in their interest rates, maturities and dates of issuance. Treasury Bills have maturities of one year or less. Treasury Notes have maturities of one to ten years and Treasury Bonds generally have maturities of greater than ten years at the date of issuance. Yields on short-, intermediate- and long-term U.S. Treasury Securities are dependent on a variety of factors, including the general

conditions of the money and bond markets, the size of a particular offering and the maturity of the obligation. Debt securities with longer maturities tend to produce higher yields and are generally subject to potentially greater capital appreciation and depreciation than obligations with shorter maturities and lower yields. The market value of U.S. Treasury Securities generally varies inversely with changes in market interest rates. An increase in interest rates, therefore, would generally reduce the market value of the Focus Fund's portfolio investments in U.S. Treasury Securities, while a decline in interest rates would generally increase the market value of the Focus Fund's portfolio investments in these securities.

U.S. Treasury Securities may be purchased at a discount. Such securities, when retired, may include an element of capital gain. Capital gains or losses also may be realized upon the sale of U.S. Treasury Securities.

Borrowing

The Focus Fund may borrow money for investment purposes. Borrowing for investment purposes is known as leveraging. Leveraging investments, by purchasing securities with borrowed money, is a speculative technique which increases investment risk, but also increases investment opportunity. Since substantially all of the Focus Fund's assets will fluctuate in value, whereas the interest obligations on borrowings may be fixed, the net asset value per share of the Focus Fund, when it leverages its investments, will increase more when the Focus Fund's portfolio assets increase in value and decrease more when the portfolio assets decrease in value than would otherwise be the case. Interest costs on borrowings may partially offset or exceed the returns on the borrowed funds. Under adverse conditions, the Focus Fund might have to sell portfolio securities to meet interest or principal payments at a time investment considerations would not favor such sales. As required by the 1940 Act, the Focus Fund must maintain continuous asset coverage (total assets, including assets acquired with borrowed funds, less liabilities exclusive of borrowings) of 300% of all amounts borrowed. If, at any time, the value of the Focus Fund's assets should fail to meet this 300% coverage test, the Focus Fund within three business days will reduce the amount of the Focus Fund's borrowings to the extent necessary to meet this 300% coverage. Maintenance of this percentage limitation may result in the sale of portfolio securities as a time when investment considerations otherwise indicate that it would be disadvantageous to do so.

In addition to borrowing for investment purposes, the Focus Fund is authorized to borrow money from banks as a temporary measure for extraordinary or emergency purposes in amounts not in excess of 5% of the value of the Focus Fund's total assets. For example the Focus Fund may borrow money to facilitate management of the Focus Fund's portfolio by enabling the Focus Fund to meet redemption requests when the liquidation of portfolio investments would be inconvenient or disadvantageous. Such borrowings will be promptly repaid and are not subject to the foregoing 300% asset coverage requirement.

Foreign Securities and American Depositary Receipts

The Focus Fund may invest in common stocks of foreign issuers which are publicly traded on U.S. exchanges or in the U.S. over-the-counter market either directly or in the form of American Depositary Receipts ("ADRs"). The Focus Fund may invest in ADRs of

foreign issuers in foreign markets classified as mature or emerging. ADRs are receipts issued by an American bank or trust company evidencing ownership of underlying securities issued by a foreign issuer. ADR prices are denominated in United States dollars; the underlying security may be denominated in a foreign currency. Investments in such securities also involve certain inherent risks, such as political or economic instability of the issuer or the country of issue, the difficulty of predicting international trade patterns and the possibility of imposition of exchange controls. Such securities may also be subject to greater fluctuations in price than securities of domestic corporations. In addition, there may be less publicly available information about a foreign company than about a domestic company. Foreign companies generally are not subject to uniform accounting, auditing and financial reporting standards comparable to those applicable to domestic companies. Dividends and interest on foreign securities may be subject to foreign withholding taxes. To the extent such taxes are not offset by credits or deductions allowed to investors under U.S. federal income tax laws, such taxes may reduce the net return to shareholders. Although the Focus Fund intends to invest in securities of foreign issuers domiciled in nations which the Focus Fund's investment adviser considers as having stable and friendly governments, there is the possibility of expropriation, confiscation, taxation, currency blockage or political or social instability which could affect investments of foreign issuers domiciled in such nations.

The Focus Fund will invest only in ADRs which are "sponsored". Sponsored facilities are based on an agreement with the issuer that sets out rights and duties of the issuer, the depository and the ADR holder. This agreement also allocates fees among the parties. Most sponsored agreements also provide that the depository will distribute shareholder notices, voting instruments and other communications.

Warrants

The Focus Fund may purchase rights and warrants to purchase equity securities. Investments in rights and warrants are pure speculation in that they have no voting rights, pay no dividends and have no rights with respect to the assets of the corporation issuing them. Rights and warrants basically are options to purchase equity securities at a specific price valid for a specific period of time. They do not represent ownership of the securities, but only the right to buy them. Rights and warrants differ from call options in that rights and warrants are issued by the issuer of the security which may be purchased on their exercise, whereas call options may be written or issued by anyone. The prices of rights (if traded independently) and warrants do not necessarily move parallel to the prices of the underlying securities. Rights and warrants involve the risk that the Focus Fund could lose the purchase value of the warrant if the warrant is not exercised prior to its expiration. They also involve the risk that the effective price paid for the warrant added to the subscription price of the related security may be greater than the value of the subscribed security's market price.

Money Market Instruments

The Focus Fund may invest in cash and money market securities. The Focus Fund may do so to "cover" investment techniques, when taking a temporary defensive position or to have assets available to pay expenses, satisfy redemption requests or take advantage of investment opportunities. The money market securities in which the Focus Fund invests include

U.S. Treasury Bills, commercial paper, commercial paper master notes and repurchase agreements.

The Focus Fund may invest in commercial paper or commercial paper master notes rated, at the time of purchase, A-1 or A-2 by Standard & Poor's Corporation ("Standard and Poor's") or Prime-1 or Prime-2 by Moody's Investors Service, Inc. ("Moody's"). Commercial paper master notes are demand instruments without a fixed maturity bearing interest at rates that are fixed to known lending rates and automatically adjusted when such lending rates change.

The Focus Fund may enter into repurchase agreements. Under a repurchase agreement, the Focus Fund purchases a debt security and simultaneously agrees to sell the security back to the seller at a mutually agreed-upon future price and date, normally one day or a few days later. The resale price is greater than the purchase price, reflecting an agreed-upon market interest rate during the purchaser's holding period. While the maturities of the underlying securities in repurchase transactions may be more than one year, the term of each repurchase agreement will always be less than one year. The Focus Fund will enter into repurchase agreements only with member banks of the Federal Reserve System or primary dealers of U.S. Government Securities. The Focus Fund's investment adviser will monitor the creditworthiness of each of the firms which is a party to a repurchase agreement with the Focus Fund. In the event of a default or bankruptcy by the seller, the Focus Fund will liquidate those securities (whose market value, including accrued interest, must be at least equal to 100% of the dollar amount invested by the Focus Fund in each repurchase agreement) held under the applicable repurchase agreement, which securities constitute collateral for the seller's obligation to pay. However, liquidation could involve costs or delays and, to the extent proceeds from the sale of these securities were less than the agreed-upon repurchase price the Focus Fund would suffer a loss. The Focus Fund also may experience difficulties and incur certain costs in exercising its rights to the collateral and may lose the interest the Focus Fund expected to receive under the repurchase agreement. Repurchase agreements usually are for short periods, such as one week or less, but may be longer. It is the current policy of the Focus Fund to treat repurchase agreements that do not mature within seven days as illiquid for the purposes of its investments policies.

The Focus Fund may also invest in securities issued by other investment companies that invest in high quality, short-term debt securities (i.e., money market instruments). In addition to the advisory fees and other expenses the Focus Fund bears directly in connection with its own operations, as a shareholder of another investment company, the Focus Fund would bear its pro rata portion of the other investment company's advisory fees and other expenses, and such fees and other expenses will be borne indirectly by the Focus Fund's shareholders.

Portfolio Turnover

The Focus Fund will generally purchase and sell securities and effect transactions in futures contracts without regard to the length of time the security has been held or the futures contract open and, accordingly, it can be expected that the rate of portfolio turnover may be substantial. The Focus Fund may sell a given security or close a futures contract, no matter for how long or short a period it has been held in the portfolio, and no matter whether the sale is at a

gain or loss, if the Focus Fund's sub-adviser believes that it is not fulfilling its purpose. Since investment decisions are based on the anticipated contribution of the security in question to the Focus Fund's investment objective, the rate of portfolio turnover is irrelevant when the Focus Fund's sub-adviser believes a change is in order to achieve those objectives, and the Focus Fund's annual portfolio turnover rate may vary from year to year. Pursuant to Securities and Exchange Commission (the "SEC") requirements, the portfolio turnover rate of the Focus Fund is calculated without regard to securities, including short sales, options and futures contracts, having a maturity of less than one year. The Focus Fund may have a significant portion of its assets in short-term options and futures contracts which generally are excluded for purposes of calculating portfolio turnover.

Additional Risks

As a result of the investment techniques used by the Focus Fund, the Focus Fund may have a significant portion (up to 100%) of its assets maintained as "cover" for the investment techniques the Focus Fund employs. The securities so maintained will be liquid securities. These assets may not be sold while the position in the corresponding instrument or transaction (e.g., short sale, option or futures contract) is open unless they are replaced by similar assets. As a result, the commitment of a large portion of the Focus Fund's assets to "cover" investment techniques could impede portfolio management or the Focus Fund's ability to meet redemption requests or other current obligations.

DISCLOSURE OF PORTFOLIO HOLDINGS

The Focus Fund maintains written policies and procedures regarding the disclosure of its portfolio holdings to ensure that disclosure of information about portfolio securities is in the best interests of the Focus Fund's shareholders. The Focus Fund may not receive any compensation for providing this information. The Focus Fund's Chief Compliance Officer will report periodically to the Board of Directors with respect to compliance with the Focus Fund's portfolio holdings disclosure procedures. The Board of Directors or the Focus Fund's Chief Compliance Officer may authorize the disclosure of the Focus Fund's portfolio holdings prior to the public disclosure of such information.

The Focus Fund may not receive any compensation for providing its portfolio holdings information to any category of persons. The Focus Fund generally does not provide its portfolio holdings to rating and ranking organizations until the portfolio holdings have been disclosed on the Fund's website (as described below). The Focus Fund may not pay any of these rating and ranking organizations. The disclosure of the Focus Fund's portfolio holdings to Fund service providers is discussed below.

There may be instances where the interests of the shareholders of the Focus Fund respecting the disclosure of information about portfolio securities may conflict with the interests of the Adviser or an affiliated person of the Fund. In such situations, the Fund's Chief Compliance Officer will bring the matter to the attention of the Board of Directors, and the Board will determine whether or not to allow such disclosure.

Fund Service Providers

The Focus Fund has entered into arrangements with certain third party service providers for services that require these groups to have access to the Focus Fund's portfolio holdings from time to time, on an ongoing basis. As a result, such third party service providers will receive portfolio holdings information prior to and more frequently than the public disclosure of such information, but only on an as needed basis in connection with their services to the Focus Fund. In each case, the Focus Fund's Board of Directors has determined that such advance disclosure is supported by a legitimate business purpose and that the recipient is subject to a duty to keep the information confidential. These third party service providers are the Focus Fund's administrator and transfer agent, U.S. Bancorp Fund Services, LLC ("USBFS"), Focus Fund's independent registered public accountants, PricewaterhouseCoopers LLP, the Focus Fund's legal counsel, Foley and Lardner LLP, and Focus Fund's custodian, U.S. Bank N.A. The Focus Fund may also provide non-public portfolio holdings information to the Focus Fund's financial printer in connection with the preparation, distribution and filing of the Fund's financial reports and public filings.

Website Disclosure

The complete portfolio holdings for the Fund are publicly available on the Fund's website (www.fmifunds.com) approximately 10 business days after the end of each quarter. In addition, top ten holdings information for the Fund is publicly available on the Fund's website approximately 10 to 45 business days after the end of each quarter.

DIRECTORS AND OFFICERS OF THE CORPORATION

As a Maryland corporation, the business and affairs of the Corporation are managed by its officers under the direction of its Board of Directors. Certain important information with respect to each of the current directors and officers of the Corporation are as follows:

Interested Directors

<u>Name, Address, Age and Position(s)</u>	<u>Term of Office, Length of Time Served and Number of Portfolios in Fund Complex Overseen</u>	<u>Principal Occupation(s) During Past 5 Years</u>	<u>Other Directorships Held by Director</u>
Patrick J. English, ⁽¹⁾ 49 c/o Fiduciary Management, Inc. 100 E. Wisconsin Avenue Suite 2200 Milwaukee, WI 53202 Director and Vice President	Director since 1997 (Indefinite term); Vice President since 1996 (One year term); 3 Portfolios	Mr. English is President, Chief Investment Officer and Treasurer of Fiduciary Management, Inc. and, since December 1986, has been employed by the Adviser in various capacities.	FMI Common Stock Fund, Inc.
Ted D. Kellner, ⁽¹⁾ 63 c/o Fiduciary Management, Inc. 100 E. Wisconsin Avenue Suite 2200 Milwaukee, WI 53202 Director, President and Treasurer	Director since 1996 (Indefinite term); President and Treasurer since 1996 (One year term for each office); 3 Portfolios	Mr. Kellner is Chairman of the Board and Chief Executive Officer of Fiduciary Management, Inc. which he co-founded in 1980.	Marshall & Ilsley Corporation and FMI Common Stock Fund, Inc.
Richard E. Lane, ⁽¹⁾ 54 c/o Fiduciary Management, Inc. 100 E. Wisconsin Avenue Suite 2200 Milwaukee, WI 53202 Director	Director since 2001 (Indefinite term); 2 Portfolios	Mr. Lane is President of Broadview Advisors, LLC, the sub-adviser to the Focus Fund.	None

⁽¹⁾ Messrs. English, Kellner and Lane are directors who are “interested persons” of the Corporation as that term is defined in the 1940 Act. Messrs. English and Kellner are “interested persons” of the Corporation because they are officers of the Corporation and the Focus Fund’s investment adviser, and Mr. Lane is an “interested person” of the Corporation because he is an officer of the Focus Fund’s sub-adviser.

Non-Interested Directors

Name, Address, Age and Position(s)	Term of Office, Length of Time Served and Number of Portfolios in Fund Complex Overseen	Principal Occupation(s) During Past 5 Years	Other Directorships Held by Director
<p>Barry K. Allen, 61 c/o Fiduciary Management, Inc. 100 E. Wisconsin Avenue Suite 2200 Milwaukee, WI 53202 Director</p>	<p>Director since 1996 (Indefinite term); 4 Portfolios</p>	<p>Mr. Allen is President of Allen Enterprises, LLC (Boca Grande, FL), a private equity investments and management company; Senior Advisor for Providence Equity Partners (Providence, RI) since September 2007. He was Executive Vice President of Qwest Communications International, Inc. (Denver, CO), a global communications company, from September 2002 to June 2007.</p>	<p>BCE, Inc. (Bell Canada Enterprise), Harley-Davidson, Inc., FMI Common Stock Fund, Inc. and FMI Mutual Funds, Inc.</p>
<p>Robert C. Arzbaecher, 50 c/o Fiduciary Management, Inc. 100 E. Wisconsin Avenue Suite 2200 Milwaukee, WI 53202 Director</p>	<p>Director since 2007 (Indefinite term); 4 Portfolios</p>	<p>Mr. Arzbaecher is President and Chief Executive Officer of Actuant Corporation (Butler, WI), a manufacturer of a broad range of industrial products and systems since August 2000, and, since January 2002, has been the Chairman of the Board of Directors of Actuant Corporation.</p>	<p>Actuant Corporation, CF Industries Holdings, Inc., FMI Common Stock Fund, Inc., and FMI Mutual Funds, Inc.</p>

Non-Interested Directors (continued)

Name, Address, Age and Position(s)	Term of Office, Length of Time Served and Number of Portfolios in Fund Complex Overseen	Principal Occupation(s) During Past 5 Years	Other Directorships Held by Director
<p>Gordon H. Gunnlaugsson, 65 c/o Fiduciary Management, Inc. 100 E. Wisconsin Avenue Suite 2200 Milwaukee, WI 53202 Director</p>	<p>Director since 2001 (Indefinite term); 4 Portfolios</p>	<p>Mr. Gunnlaugsson retired from Marshall & Ilsley Corporation (Milwaukee, WI) in December 2000.</p>	<p>FMI Common Stock Fund, Inc. and FMI Mutual Funds, Inc.</p>
<p>Paul S. Shain, 47 c/o Fiduciary Management, Inc. 100 E. Wisconsin Avenue Suite 2200 Milwaukee, WI 53202 Director</p>	<p>Director since 2001 (Indefinite term); 4 Portfolios</p>	<p>Mr. Shain is President and Chief Executive Officer of Singlewire Software, LLC (Madison, WI), a provider of IP-based paging and emergency notification systems. Prior to joining Singlewire in April 2009, Mr. Shain was Senior Vice President of CDW Corporation (Vernon Hills, IL) and Chief Executive Officer of Berbee Information Networks, a strategic business unit of CDW which CDW acquired in 2006. Mr. Shain was employed in various capacities by CDW and Berbee Information Networks from January 2000 to October 2008.</p>	<p>FMI Common Stock Fund, Inc. and FMI Mutual Funds, Inc.</p>

Other Officers

Name, Address, Age and Position(s)	Term of Office and Length of Time Served	Principal Occupation(s) During Past 5 Years	Other Directorships Held by Director or Officer
John S. Brandser, 48 c/o Fiduciary Management, Inc. 100 E. Wisconsin Avenue Suite 2200 Milwaukee, WI 53202 Vice President	Vice President since 2008 (One year term)	Mr. Brandser is Executive Vice President, Secretary, Chief Operating Officer and Chief Compliance Officer of Fiduciary Management, Inc. and, since March 1995, has been employed by the Adviser in various capacities.	FMI Common Stock Fund, Inc. and FMI Mutual Funds, Inc.
Kathleen M. Lauters, 57 c/o Fiduciary Management, Inc. 100 E. Wisconsin Avenue Suite 2200 Milwaukee, WI 53202 Chief Compliance Officer	Chief Compliance Officer since 2004 (at Discretion of Board)	Ms. Lauters has been the Fund's Chief Compliance Officer since September 2004.	None

Committees

The Corporation's Board of Directors has created an audit committee whose members consist of Messrs. Allen, Arzbaeher, Gunnlaugsson and Shain, all of whom are non-interested directors. The primary functions of the audit committee are to recommend to the Board of Directors the independent auditors to be retained to perform the annual audit of the Funds, to review the results of the audit, to review the Funds' internal controls and to review certain other matters relating to the Funds' auditors and financial records. The Corporation's Board of Directors has no other committees. The Corporation's Board of Directors met four times during the fiscal year ended September 30, 2009, and all of the directors attended each except for Mr. Lane who attended three of those meetings. The audit committee met once during the fiscal year ended September 30, 2009, and all of the members attended that meeting.

Compensation

During the fiscal year ended September 30, 2009, the Corporation paid a total of \$69,000 in director's fees. The Corporation's standard method of compensating directors is to pay each director who is not an officer of the Corporation a fee of \$3,500 for each meeting of the Board of Directors attended, and each member of the audit committee an annual fee of \$1,900.

The table below sets forth the aggregate compensation paid by the Corporation to each of the directors of the Corporation for the fiscal year ended September 30, 2009 and total compensation paid by the Corporation and the fund complex to each of the directors of the Corporation for the fiscal year ended September 30, 2009.

COMPENSATION TABLE

<u>Name of Person</u>	<u>Aggregate Compensation from Corporation</u>	<u>Pension or Retirement Benefits Accrued as Part of Fund Expenses</u>	<u>Estimated Annual Benefits Upon Retirement</u>	<u>Total Compensation from Corporation and Fund Complex Paid to Directors⁽¹⁾</u>
Interested Directors				
Patrick J. English	\$0	\$0	\$0	\$0
Ted D. Kellner	\$0	\$0	\$0	\$0
Richard E. Lane	\$0	\$0	\$0	\$0
Non-Interested Directors				
Barry K. Allen	\$15,900	\$0	\$0	\$25,000
Robert C. Arzbaecher	\$15,900	\$0	\$0	\$25,000
George D. Dalton ⁽²⁾	\$5,400	\$0	\$0	\$8,500
Gordon H. Gunnlaugsson	\$15,900	\$0	\$0	\$25,000
Paul S. Shain	\$15,900	\$0	\$0	\$25,000

⁽¹⁾ The Focus Fund and the Large Cap Fund (the portfolios of FMI Funds, Inc.), the FMI Common Stock Fund (the sole portfolio of the FMI Common Stock Fund, Inc.) and the FMI Provident Trust Strategy Fund (the sole portfolio of the FMI Mutual Funds, Inc.) comprise a “fund complex,” as such term is defined in the 1940 Act.

⁽²⁾ Retired as Director at the December 19, 2008 Board meeting.

Code of Ethics

The Corporation, the Focus Fund’s investment adviser and the Focus Fund’s sub-adviser have adopted separate codes of ethics pursuant to Rule 17j-1 under the 1940 Act. Each code of ethics permits personnel subject thereto to invest in securities, including securities that may be purchased or held by the Focus Fund, subject to certain restrictions. Each code of ethics generally prohibits, among other things, persons subject thereto from purchasing or selling securities if they know at the time of such purchase or sale that the security is being considered for purchase or sale by the Focus Fund or is being purchased or sold by the Focus Fund.

Proxy Voting Policies

The sub-adviser of the Focus Fund, Broadview Advisors, LLC (“Broadview”), will make proxy voting decisions on securities held in Focus Fund’s portfolio in accordance with its proxy voting policies and procedures. In general Broadview votes proxies in a manner that it believes best protects the interests of the holders of common stock of the issuer. Broadview

generally votes in favor of the re-election of directors and the appointment of auditors. Broadview generally votes against poison pills, green mail, super majority voting provisions, golden parachute arrangements, staggered board arrangements and the creation of classes of stock with superior voting rights. Broadview generally votes in favor of maintaining preemptive rights for shareholders and cumulative voting rights. Whether or not Broadview votes in favor of or against a proposal to a merger, acquisition or spin-off depends on its evaluation of the impact of the transaction on the common stockholder over a two to three year time horizon. Broadview generally votes in favor of transactions paying what it believes to be a fair price in cash or liquid securities and against transactions which do not. Broadview generally votes against traditional stock option plans unless the absolute amount is low and the options are earmarked to lower level employees. Broadview generally votes in favor of compensation plans that encourage outright ownership of stock provided that they are based on tangible operating performance metrics and management is not excessively compensated. Broadview generally supports management with respect to social issues (i.e., issues relating to the environment, labor, etc.)

In the event that a vote presents a conflict of interest between the interests of the Focus Fund and Broadview, Broadview will vote with management on those issues for which brokerage firms are allowed to vote without customer approval under the rules of the NYSE. On other issues, Broadview will disclose the conflict to the Board of Directors and vote as the Board of Directors directs.

Information on how the Fund voted proxies relating to portfolio securities during the most recent twelve-month period ended June 30 is available at the Fund's website at <http://www.fmifunds.com> or the website of the SEC at <http://www.sec.gov>.

DOLLAR RANGE OF FUND SHARES

The following table sets forth the dollar range of equity securities of the Focus Fund beneficially owned by each current director as of December 31, 2009, which is also the valuation date:

Name of Director	Dollar Range of Equity Securities in the Fund	Aggregate Dollar Range of Equity Securities in All Funds Overseen by Director in Family of Investment Companies ⁽¹⁾
Interested Directors		
Patrick J. English	\$1-\$10,000	Over \$100,000
Ted D. Kellner	Over \$100,000	Over \$100,000
Richard E. Lane	Over \$100,000	Over \$100,000
Non-Interested Directors		
Barry K. Allen	Over \$100,000	Over \$100,000
Robert C. Arzbaeher	\$50,001-\$100,000	Over \$100,000
Gordon H. Gunnlaugsson	Over \$100,000	Over \$100,000
Paul S. Shain	Over \$100,000	Over \$100,000

⁽¹⁾ The funds that comprise the “Family of Investment Companies” are the Focus Fund, the Large Cap Fund, the FMI Common Stock Fund and the FMI Provident Trust Strategy Fund.

PRINCIPAL SHAREHOLDERS

Set forth below are the names and addresses of all holders of the Focus Fund’s Common Stock who as of December 31, 2009 owned of record or beneficially owned more than 5% of the then outstanding shares of the Focus Fund’s Common Stock as well as the number of shares of the Focus Fund’s Common Stock beneficially owned by all officers and directors of the Focus Fund as a group, indicating in each case whether the person has sole or shared power to vote or dispose of such shares.

<u>Name and Address</u>	<u>Percent of Fund</u>
Prudential Investment Management Services ⁽¹⁾ FBO Mutual Fund Clients 100 Mulberry Street 3 Gateway Center FL Mail Stop NJ 05-11-20 Newark, NJ 07102-4056	32.07%
Charles Schwab & Co. Inc. ⁽²⁾ Reinvest Account 101 Montgomery Street San Francisco, CA 94104-4151	27.62%
National Financial Services LLC ⁽²⁾ FBO The Exclusive Benefit of its Customers 200 Liberty Street New York, NY 10281-1003	6.39%

⁽¹⁾ Wells Fargo Advisors is the beneficial owner.

⁽²⁾ Owner of record only.

As of December 31, 2009, the Officers and Directors as a group owned 1.47% of the outstanding shares of the Fund.

Due to the share ownership of Wells Fargo Advisors, it may be deemed to be a “controlling person” of the Focus Fund under the 1940 Act. The Corporation does not control any person. Shareholders with a controlling interest could affect the outcome of proxy voting or the direction of management of the Focus Fund.

INVESTMENT ADVISER, SUB-ADVISER, PORTFOLIO MANAGERS AND ADMINISTRATOR

The investment adviser to the Focus Fund is Fiduciary Management, Inc. (the “Adviser”), and the sub-adviser to the Focus Fund is Broadview Advisors, LLC.

Investment Adviser

The Adviser is a Wisconsin corporation and a registered investment adviser. The Adviser is controlled by Ted D. Kellner. The Adviser’s executive officers include Mr. Ted D. Kellner, Chairman of the Board and Chief Executive Officer; Mr. Patrick J. English, President, Chief Investment Officer and Treasurer; Mr. John S. Brandser, Executive Vice President, Secretary, Chief Operating Officer and Chief Compliance Officer; and Mr. Bladen J. Burns, Senior Vice President. The directors of the Adviser are Messrs. Kellner, English and Brandser.

Pursuant to an investment advisory agreement between the Focus Fund and the Adviser (the “Advisory Agreement”), the Adviser, at its own expense and without

reimbursement from the Focus Fund: (1) provides the Focus Fund with office space, office furnishings, facilities, equipment and personnel necessary to operate and administer the Focus Fund's business and to supervise the provision of services relating to advisory, research, asset allocation, portfolio manager/evaluation activities and other managing and administering of the business and operations of the Focus Fund; (2) provides or oversees the provision of, subject to and in accordance with the investment objective and policies of the Focus Fund and any directions which the Board of Directors may issue to the Adviser, all general management and investment of the assets and security portfolios of the Focus Fund; (3) develops, implements and monitors investment programs; (4) is authorized to select or hire Broadview who, subject to the control and supervision of the Board of Directors and the Adviser, has full investment discretion for the Focus Fund and make all the determinations with respect to the investment of the Focus Fund's assets assigned to Broadview and the purchase and sale of portfolio securities with those assets, and take such steps as may be necessary to implement its decision. The Adviser will also render to the Board of Directors any periodic reports concerning the business or investments of the Focus Fund as the Board of Directors reasonably requests. During the fiscal years ended September 30, 2009, 2008 and 2007, the Focus Fund paid the Adviser advisory fees of \$3,762,620, \$9,692,396 and \$11,727,251, respectively.¹

The Focus Fund pays all of its expenses not assumed by the Adviser pursuant to the Advisory Agreement or the administration agreement described below including, but not limited to, the professional costs of preparing and the cost of printing its registration statements required under the Securities Act and the 1940 Act and any amendments thereto, the expense of registering its shares with the SEC and in the various states, the printing and distribution cost of prospectuses mailed to existing shareholders, director and officer liability insurance, reports to shareholders, reports to government authorities and proxy statements, interest charges, and brokerage commissions and expenses in connection with portfolio transactions. The Focus Fund also pays the fees of directors who are not interested persons of the Adviser or officers or employees of the Focus Fund, salaries of administrative and clerical personnel, association membership dues, auditing and accounting services, fees and expenses of any custodian or trustees having custody of Focus Fund assets, expenses of repurchasing and redeeming shares, printing and mailing expenses, charges and expenses of dividend disbursing agents, registrars and stock transfer agents, including the cost of keeping all necessary shareholder records and accounts and handling any problems related thereto.

The Adviser has undertaken to reimburse the Focus Fund to the extent that the aggregate annual operating expenses, including the investment advisory fee and the administration fee but excluding interest, reimbursement payments to securities lenders for dividend and interest payments on securities sold short, taxes, brokerage commissions and extraordinary items, exceed that percentage of the average net assets of the Focus Fund for such year, as determined by valuations made as of the close of each business day of the year, which is the most restrictive percentage provided by the state laws of the various states in which its shares are qualified for sale or, if the states in which its shares are qualified for sale impose no such restrictions, 2.75%. As of the date of this Statement of Additional Information, the shares of the

¹ For the foregoing, the Adviser received an annual fee of 1.25% of the average daily net assets of the Focus Fund. As of January 1, 2009, the Adviser receives an annual fee of 1.00% of the average daily net assets of the Focus Fund.

Focus Fund are not qualified for sale in any state which imposes an expense limitation. Accordingly, the percentage applicable to the Focus Fund is 2.75%.

The benefits derived by the Adviser and Broadview from soft dollar arrangements are described under the caption “Allocation of Portfolio Brokerage.”

The Focus Fund monitors its expense ratio on a monthly basis. If the accrued amount of the expenses of the Focus Fund exceeds the expense limitation, the Focus Fund creates an account receivable from the Adviser for the amount of such excess. During the fiscal years ended September 30, 2009, 2008 and 2007, no expense reimbursement was required.

Sub-Adviser and Portfolio Managers

Since May 1, 2001, Broadview has been the sole sub-adviser for the Focus Fund. Broadview has entered into a sub-advisory agreement with the Focus Fund and the Adviser (the “Sub-Advisory Agreement”). Pursuant to the Sub-Advisory Agreement, Broadview is responsible for selecting portfolio securities for investment by the Focus Fund, purchasing and selling securities for the Focus Fund and, upon making any purchase or sale decision, placing orders for the execution of such portfolio transactions in accordance with the terms of the Sub-Advisory Agreement and such operational procedures as may be agreed to from time to time by Broadview and the Corporation or the Adviser.

Broadview is controlled by Richard E. Lane, who serves as its President. Other officers of Broadview include Mr. Owen L. Hill, Vice President and Chief Compliance Officer, Mr. James Wenzler, Vice President, and Mr. Richard J. Whiting, Vice President.

Sub-adviser(s) of the Focus Fund are employed and may be terminated by the Adviser subject to prior approval by the Board of Directors of the Corporation. The employment of a new sub-adviser currently requires the prior approval of the shareholders of the Focus Fund. The Corporation, however, may request an order of the SEC exempting the Fund from the requirements under the 1940 Act relating to shareholder approval of a new sub-adviser. There can be no assurance that the Corporation will request such an order, or, if requested, that such an order will be granted with respect to the Focus Fund. Selection and retention criteria for sub-adviser include: (i) their historical performance records; (ii) consistent performance in the context of the markets; (iii) organizational stability and reputation; (iv) the quality and depth of investment personnel; and (v) the ability of the sub-adviser to apply its approach consistently. Each sub-adviser will not necessarily exhibit all of the criteria to the same degree. Sub-advisers are paid by the Adviser (not by the Fund).

Broadview’s activities are subject to general supervision by the Adviser and the Board of Directors of the Corporation. Although the Adviser and the Board do not evaluate the investment merits of Broadview’s specific securities selections, they do review the performance of each sub-adviser relative to the selection criteria.

For its services to the Focus Fund prior to January 1, 2009, the Adviser, not the Focus Fund, paid Broadview a monthly fee equal to 1/12 of 0.95% of the average daily net assets of the Focus Fund from the fee that the Adviser received from the Focus Fund. As of January 1, 2009, for its services to the Focus Fund, the Adviser, not the Focus Fund, pays Broadview a

monthly fee equal to 1/12 of 0.85% of the first \$500 million of the average daily net assets of the Focus Fund and to 1/12 of 0.80% of the Fund's average daily net assets in excess of \$500 million.

As mentioned above, currently, the sole sub-adviser to the Focus Fund is Broadview Advisors, LLC. Broadview employs individuals to manage the Focus Fund's portfolio. These portfolio managers to the Fund may have responsibility for the day-to-day management of accounts other than the Focus Fund. Information regarding these other accounts is set forth below. The number of accounts and assets is shown as of September 30, 2009.

Name of Portfolio Manager	Number of Other Accounts Managed and Total Assets by Account Type			Number of Accounts and Total Assets for Which Advisory Fee is Performance-Based		
	Registered Investment Companies	Other Pooled Investment Vehicles	Other Accounts	Registered Investment Companies	Other Pooled Investment Vehicles	Other Accounts
Richard E. Lane	-	1	3	-	1	-
	\$--	\$29,971,757	\$13,215,497	\$--	\$29,971,757	\$--
Aaron Garcia	-	1	3	-	1	-
	\$--	\$29,971,757	\$13,215,497	\$--	\$29,971,757	\$--
Faraz Farzam	-	1	3	-	1	-
	\$--	\$29,971,757	\$13,215,497	\$--	\$29,971,757	\$--
Richard Whiting	-	1	3	-	1	-
	\$--	\$29,971,757	\$13,215,497	\$--	\$29,971,757	\$--

The portfolio managers of the Focus Fund are often responsible for managing other accounts. The Adviser typically assigns accounts with similar investment strategies to the portfolio managers to mitigate the potentially conflicting investment strategies, the side-by-side management of the Fund and other accounts may raise potential conflicts of interest due to the interest held by the portfolio managers (for example, cross trades between the Focus Fund and another account and allocation of aggregated trades). Broadview has developed policies and procedures reasonably designed to mitigate those conflicts. In particular, Broadview has adopted policies designed to ensure the fair allocation of securities purchased on an aggregated basis.

The portfolio managers are compensated in various forms. The portfolio managers' salary, bonus or retirement plan benefits are not based on the performance of the Fund or the value of the Fund's assets. The following table outlines the forms of compensation paid to each portfolio manager as of September 30, 2009.

<u>Name of Portfolio Manager</u>	<u>Form of Compensation</u>	<u>Source of Compensation</u>	<u>Method Used to Determine Compensation (Including Any Differences in Method Between Account Types)</u>
Richard E. Lane	Salary/Bonus	Broadview	Mr. Lane is compensated with salary and a bonus based on the profitability of Broadview.
Aaron Garcia	Salary/Bonus	Broadview	Mr. Garcia is compensated with salary and a bonus based on the profitability of Broadview.
Faraz Farzam	Salary/Bonus	Broadview	Mr. Farzam is compensated with salary and a bonus based on the profitability of Broadview.
Richard Whiting	Salary/Bonus	Broadview	Mr. Whiting is compensated with salary and a bonus based on the profitability of Broadview.

Name of Portfolio Manager	Dollar Range of Equity Securities in the Focus Fund	Aggregate Dollar Range of Equity Securities in all Registered Investment Companies Overseen by Portfolio Manager in Family of Investment Companies*
Richard E. Lane	Over \$1,000,000	Over \$1,000,000
Aaron Garcia	\$100,001 - \$500,000	\$100,001 - \$500,000
Faraz Farzam	\$100,001 - \$500,000	\$100,001 - \$500,000
Richard Whiting	\$100,001 - \$500,000	\$100,001 - \$500,000

* The funds that comprise the "Family of Investment Companies" are the Focus Fund, the Large Cap Fund, the FMI Common Stock Fund and the FMI Provident Trust Strategy Fund.

Administrator

Before October 1, 2009, the Adviser served as administrator to the Focus Fund under a prior administration agreement. The mutual fund administration and accounting servicing division of the Adviser was acquired by USBFS on October 1, 2009 and effective October 1, 2009, USBFS serves as administrator to the Focus Fund. In connection with its duties as administrator, USBFS prepares and maintains the books, accounts and other documents required by the 1940 Act, calculates the Focus Fund's net asset value, responds to shareholder inquiries, prepares the Focus Fund's financial statements, prepares reports and filings with the SEC and with state Blue Sky authorities, furnishes statistical and research data, clerical, accounting and bookkeeping services and stationery and office supplies, keeps and maintains the Focus Fund's financial accounts and records and generally assists in all aspects of the Focus Fund's operations. For the foregoing, USBFS will receive an annual fee of 0.20% on the first \$30,000,000 of the average daily net assets of the Focus Fund, 0.10% on the next \$70,000,000 of the average daily net assets of the Focus Fund, and an annual fee of 0.05% on the average daily net assets of the Focus Fund in excess of \$100,000,000.

During the fiscal years ended September 30, 2009, 2008 and 2007, the Focus Fund paid the Adviser fees of \$259,107, \$473,140 and \$554,400, respectively, pursuant to the prior administration agreement.

Term of Agreements and Liability

The Advisory Agreement will remain in effect as long as its continuance is specifically approved at least annually by (i) the Board of Directors of the Corporation, or by the vote of a majority (as defined in the 1940 Act) of the outstanding shares of the Focus Fund, and (ii) by the vote of a majority of the directors of the Corporation who are not parties to the Advisory Agreement or interested persons of the Adviser, cast in person at a meeting called for the purpose of voting on such approval. The Sub-Advisory Agreement also will remain in effect as long as its continuance is specifically approved at least annually by (i) the Board of Directors of the Corporation, and (ii) by the vote of a majority of the directors of the Corporation who are not parties to the Sub-Advisory Agreement or interested persons of the Adviser, cast in person at a meeting called for the purpose of voting on such approval.

The Advisory Agreement provides that it may be terminated at any time without the payment of any penalty, by the Board of Directors of the Corporation or by vote of a majority of the Focus Fund's shareholders, on sixty days written notice to the Adviser, and by the Adviser on the same notice to the Corporation and that it shall be automatically terminated if it is assigned. The Sub-Advisory Agreement provides that it may be terminated at any time by the Corporation or Broadview, without the payment of any penalty, immediately upon written notice to the other in the event of a breach of any provision of the Sub-Advisory Agreement by the party so notified, or otherwise, by providing 60 days prior written notice to the other, and will be immediately terminated if the Adviser or its successors cease to be the investment adviser to the Focus Fund. The Sub-Advisory Agreement will automatically terminate if it is assigned.

The administration agreement will remain in effect for a period of three years. Subsequent to the initial three-year term, this agreement may be terminated by either the Focus Fund or USBFS upon giving 90 days prior written notice and authorized or approved by the Board of Directors.

The Advisory Agreement, the Sub-Advisory Agreement and the administration agreement provide that the Adviser (and, with respect to the Sub-Advisory Agreement, Broadview), (and, with respect to the administration agreement, USBFS) shall not be liable to the Focus Fund or its shareholders for anything other than willful misfeasance, bad faith, gross negligence or reckless disregard of its obligations or duties. They also provide that the Adviser, Broadview, USBFS and their officers, directors and employees may engage in other businesses, devote time and attention to any other business whether of a similar or dissimilar nature, and render services to others.

DETERMINATION OF NET ASSET VALUE

The net asset value of the Focus Fund normally will be determined as of the close of regular trading (4:00 P.M. Eastern Time) on each day the NYSE is open for trading. The NYSE is open for trading Monday through Friday except New Year's Day, Dr. Martin Luther

King Jr. Day, President's Day, Good Friday, Memorial Day, Independence Day, Labor Day, Thanksgiving Day and Christmas Day. Additionally, if any of the aforementioned holidays falls on a Saturday, the NYSE will not be open for trading on the preceding Friday and when any such holiday falls on a Sunday, the NYSE will not be open for trading on the succeeding Monday, unless unusual business conditions exist, such as the ending of a monthly or the yearly accounting period.

The Focus Fund's net asset value per share is determined by dividing the total value of its investments and other assets, less any liabilities, by the number of its outstanding shares. Common stock and securities sold short that are listed on a national securities exchange (other than The NASDAQ OMX Group, Inc., referred to as NASDAQ) are valued at the last sale price on the day the valuation is made. Common stock and securities sold short that are traded on NASDAQ under one of its three listing tiers, NASDAQ Global Select Market, NASDAQ Global Market and NASDAQ Capital Market, are valued at the Nasdaq Official Closing Price. Securities price information on listed stocks is taken from the exchange where the security is primarily traded. Securities which are listed on an exchange but which are not traded on the valuation date are valued at the most recent bid prices. Securities sold short which are listed on an exchange but which are not traded on the valuation date are valued at the most recent asked price. Other securities, including debt securities, will be valued at the most recent bid price, if market quotations are readily available. Options purchased or written by the Focus Fund are valued at the average of the current bid and asked prices. The value of a futures contract equals the unrealized gain or loss on the contract that is determined by marking the contract to the current settlement price for a like contract acquired on the day on which the futures contract is being valued. A settlement price may not be moved if the market makes a limit move, in which event the futures contract will be valued at its fair value as determined in good faith by Broadview under procedures established by and under the general supervision and responsibility of the Corporation's Board of Directors.

The Focus Fund values most money market instruments it holds at their amortized cost. Any securities for which there are no readily available market quotations will be valued at their fair value pursuant to procedures established by and under the supervision of the Board of Directors. The fair value of a security is the amount which the Focus Fund might reasonably expect to receive upon a current sale. The fair value of a security may differ from the last quoted price and the Focus Fund may not be able to sell a security at the fair value. Market quotations may not be available, for example, if trading in particular securities was halted during the day and not resumed prior to the close of trading on the NYSE. Other types of securities that the Fund may hold for which fair value pricing might be required include, but are not limited to: (a) illiquid securities; (b) securities of an issuer that has entered into a restructuring; and (c) securities whose trading has been halted or suspended.

DISTRIBUTION OF SHARES

The Focus Fund has adopted a Service and Distribution Plan (the "Plan") in anticipation that the Focus Fund will benefit from the Plan through increased sales of shares, thereby reducing the Focus Fund's expense ratio and providing greater flexibility in portfolio management. The Plan authorizes payments by the Focus Fund in connection with the distribution of its shares at an annual rate, as determined from time to time by the Board of

Directors, of up to 0.25% of the Focus Fund's average daily net assets. Payments made pursuant to the Plan may only be used to pay distribution expenses in the year incurred. Amounts paid under the Plan by the Focus Fund may be spent by the Focus Fund on any activities or expenses primarily intended to result in the sale of shares of the Focus Fund, including but not limited to, advertising, compensation for sales and marketing activities of financial institutions and others such as dealers and distributors, shareholder account servicing, the printing and mailing of prospectuses to other than current shareholders and the printing and mailing of sales literature. The Plan permits the Focus Fund to employ a distributor of its shares, in which event payments under the Plan will be made to the distributor and may be spent by the distributor on any activities or expenses primarily intended to result in the sale of shares of the Focus Fund, including but not limited to, compensation to, and expenses (including overhead and telephone expenses) of, employees of the distributor who engage in or support distribution of the Focus Fund's shares, printing of prospectuses and reports for other than existing shareholders, advertising and preparation and distribution of sales literature. Allocation of overhead (rent, utilities, etc.) and salaries will be based on the percentage of utilization in, and time devoted to, distribution activities. If a distributor is employed by the Focus Fund, the distributor will directly bear all sales and promotional expenses of the Focus Fund, other than expenses incurred in complying with laws regulating the issue or sale of securities. (In such event, the Focus Fund will indirectly bear sales and promotional expenses to the extent it makes payments under the Plan.) The Focus Fund has no present plans to employ a distributor. Pending the employment of a distributor, the Focus Fund's distribution expenses will be authorized by the officers of the Corporation. To the extent any activity is one which the Focus Fund may finance without a plan pursuant to Rule 12b-1, the Focus Fund may also make payments to finance such activity outside of the Plan and not subject to its limitations.

The Plan may be terminated by the Focus Fund at any time by a vote of the directors of the Corporation who are not interested persons of the Corporation and who have no direct or indirect financial interest in the Plan or any agreement related thereto (the "Rule 12b-1 Directors") or by a vote of a majority of the outstanding shares of the Focus Fund. Messrs. Allen, Arzbaeher, Gunnlaugsson and Shain are currently the Rule 12b-1 Directors. Any change in the Plan that would materially increase the distribution expenses of the Focus Fund provided for in the Plan requires approval of the shareholders of the Focus Fund and the Board of Directors, including the Rule 12b-1 Directors.

While the Plan is in effect, the selection and nomination of directors who are not interested persons of the Corporation will be committed to the discretion of the directors of the Corporation who are not interested persons of the Corporation. The Board of Directors of the Corporation must review the amount and purposes of expenditures pursuant to the Plan quarterly as reported to it by a Distributor, if any, or officers of the Corporation. The Plan will continue in effect for as long as its continuance is specifically approved at least annually by the Board of Directors, including the Rule 12b-1 Directors. The Focus Fund has not incurred any distribution costs as of the date of this Statement of Additional Information.

AUTOMATIC INVESTMENT PLAN

Shareholders wishing to invest fixed dollar amounts in the Focus Fund monthly or quarterly can make automatic purchases in amounts of \$50 or more on any day they choose by

using the Corporation's Automatic Investment Plan. If such day is a weekend or holiday, such purchase shall be made on the next business day. There is no service fee for participating in this Plan. To use this service, the shareholder must authorize the transfer of funds from their checking account or savings account by completing the Automatic Investment Plan application included as part of the share purchase application. Additional application forms may be obtained by calling the Corporation's office at (414) 226-4555. The Automatic Investment Plan must be implemented with a financial institution that is a member of the Automated Clearing House. The Corporation reserves the right to suspend, modify or terminate the Automatic Investment Plan without notice. If your bank rejects your payment, the Fund's transfer agent will charge a \$25 fee to your account.

Shareholders should notify the transfer agent, USBFS, of any changes to their Automatic Investment Plan at least five calendar days prior to the effective date. The transfer agent is unable to debit mutual fund or "pass through" accounts.

The Automatic Investment Plan is designed to be a method to implement dollar cost averaging. Dollar cost averaging is an investment approach providing for the investment of a specific dollar amount on a regular basis thereby precluding emotions dictating investment decisions. Dollar cost averaging does not insure a profit nor protect against a loss.

REDEMPTION OF SHARES

The right to redeem shares of the Focus Fund will be suspended for any period during which the NYSE is closed because of financial conditions or any other extraordinary reason and may be suspended for any period during which (a) trading on the NYSE is restricted pursuant to rules and regulations of the SEC, (b) the SEC has by order permitted such suspension, or (c) an emergency, as defined by rules and regulations of the SEC, exists as a result of which it is not reasonably practicable for the Focus Fund to dispose of its securities or fairly to determine the value of its net assets.

EXCHANGE PRIVILEGE

Investors may exchange shares of the Focus Fund for shares of the Large Cap Fund, the FMI Common Stock Fund, the FMI Provident Trust Strategy Fund and the First American Prime Obligations Fund at their net asset value and at a later date exchange such shares and shares purchased with reinvested dividends for shares of the Focus Fund at net asset value (provided that if an exchange is made to the FMI Common Stock Fund, the shareholder is a current shareholder of the FMI Common Stock Fund, as the FMI Common Stock Fund is closed to new investors). Investors who are interested in exercising the exchange privilege should first contact the Focus Fund to obtain instructions and any necessary forms, including prospectuses of the aforementioned funds. The exchange privilege does not in any way constitute an offering of, or recommendation on the part of the Focus Fund or the Adviser of, an investment in the Large Cap Fund, the FMI Common Stock Fund, the FMI Provident Trust Strategy Fund or the First American Prime Obligations Fund, as applicable.

The exchange privilege will not be available if (i) the proceeds from a redemption of shares are paid directly to the investor or at his or her discretion to any persons other than the

Focus Fund or (ii) the proceeds from redemption of the shares of the Large Cap Fund, the FMI Common Stock Fund, the FMI Provident Trust Strategy Fund or the First American Prime Obligations Fund, as applicable, are not immediately reinvested in shares of the Large Cap Fund, the FMI Common Stock Fund, the FMI Provident Trust Strategy Fund or the First American Prime Obligations Fund through a subsequent exercise of the exchange privilege. There is currently no limitation on the number of exchanges an investor may make. The exchange privilege may be terminated by the Focus Fund upon at least 60 days prior notice to investors.

For federal income tax purposes, a redemption of shares of the Focus Fund pursuant to the exchange privilege will result in a capital gain if the proceeds received exceed the investor's tax-cost basis of the shares redeemed. Such a redemption may also be taxed under state and local tax laws, which may differ from the Internal Revenue Code of 1986.

SYSTEMATIC WITHDRAWAL PLAN

The Corporation has available to shareholders a Systematic Withdrawal Plan, pursuant to which a shareholder who owns shares of the Focus Fund worth at least \$10,000 at current net asset value may provide that a fixed sum will be distributed to him or her at regular intervals. To participate in the Systematic Withdrawal Plan, a shareholder deposits his or her shares with the Corporation and appoints it as his or her agent to effect redemptions of shares held in his or her account for the purpose of making monthly or quarterly withdrawal payments of a fixed amount to him or her out of the account. To utilize the Systematic Withdrawal Plan, the shares cannot be held in certificate form. The Systematic Withdrawal Plan does not apply to shares of the Focus Fund held in Individual Retirement Accounts or retirement plans. An application for participation in the Systematic Withdrawal Plan is included as part of the share purchase application. Additional application forms may be obtained by calling the Corporation's office at (414) 226-4555.

The minimum amount of a withdrawal payment is \$100. These payments will be made from the proceeds of periodic redemption of Focus Fund shares in the account at net asset value. Redemptions will be made on such day (no more than monthly) as a shareholder chooses or, if that day is a weekend or holiday, on the next business day. When participating in the Systematic Withdrawal Plan, shareholders should elect to have all income dividends and capital gains distributions payable by the Focus Fund on shares held in such account reinvested into additional Fund shares at net asset value. This election can be made at the time of application or can be changed at any time. The shareholder may deposit additional shares in his or her account at any time.

Withdrawal payments cannot be considered as yield or income on the shareholder's investment, since portions of each payment will normally consist of a return of capital. Depending on the size or the frequency of the disbursements requested, and the fluctuation in the value of the Focus Fund's portfolio, redemptions for the purpose of making such disbursements may reduce or even exhaust the shareholder's account.

Shareholders should notify the transfer agent, USBFS, of any other changes to their Systematic Withdrawal Plan at least five calendar days prior to the effective date. The shareholder may vary the amount or frequency of withdrawal payments, temporarily discontinue

them, or change the designated payee or payee's address, by notifying USBFS, the Fund's transfer agent.

ALLOCATION OF PORTFOLIO BROKERAGE

Decisions to buy and sell securities for the Focus Fund are made by Broadview subject to review by the Corporation's Board of Directors and the Adviser. In placing purchase and sale orders for portfolio securities for the Focus Fund, it is the policy of Broadview to seek the best execution of orders at the most favorable price in light of the overall quality of brokerage and research services provided, as described in this and the following paragraph. In selecting brokers to effect portfolio transactions, the determination of what is expected to result in best execution at the most favorable price involves a number of largely judgmental considerations. Among these are Broadview's evaluation of the broker's efficiency in executing and clearing transactions, block trading capability (including the broker's willingness to position securities and the broker's financial strength and stability). The most favorable price to the Focus Fund means the best net price (i.e., the price after giving effect to commissions, if any). Over-the-counter securities may be purchased and sold directly with principal market makers who retain the difference in their cost in the security and its selling price (i.e., "markups" when the market maker sells a security and "markdowns" when the market maker purchases a security). In some instances, Broadview feels that better prices are available from non-principal market makers who are paid commissions directly.

In allocating brokerage business for the Focus Fund, Broadview also takes into consideration the research, analytical, statistical and other information and services provided by the broker, such as general economic reports and information, reports or analyses of particular companies or industry groups, market timing and technical information, and the availability of the brokerage firm's analysts for consultation. While Broadview believes these services have substantial value, they are considered supplemental to Broadview's own efforts in the performance of its duties under the Sub-Advisory Agreement. Other clients of Broadview may indirectly benefit from the availability of these services to Broadview, and the Focus Fund may indirectly benefit from services available to Broadview as a result of transactions for other clients. The Sub-Advisory Agreement provides that Broadview may cause the Focus Fund to pay a broker which provides brokerage and research services to Broadview a commission for effecting a securities transaction in excess of the amount another broker would have charged for effecting the transaction, if Broadview determines in good faith that such amount of commission is reasonable in relation to the value of brokerage and research services provided by the executing broker viewed in terms of either the particular transaction or Broadview's overall responsibilities with respect to the Focus Fund and the other accounts as to which it exercises investment discretion. During the fiscal years ended September 30, 2009, 2008 and 2007, the Focus Fund paid brokerage commissions of \$1,327,633 on transactions having a total value of \$490,973,031; \$2,400,214 on transactions having a total value of \$1,156,646,579; and \$1,531,377 on transactions having a total value of \$934,553,141, respectively. Of the brokerage commissions paid by the Focus Fund in the fiscal year ended September 30, 2009, all the brokerage commissions were paid to brokers who provided research services to Broadview other than brokerage commissions of \$92,907 on transactions having a total value of \$56,415,098.

CUSTODIAN

U.S. Bank, N.A., Custody Operations, 1555 North RiverCenter Drive, Suite 302, Milwaukee, Wisconsin 53212, acts as custodian for the Focus Fund. As such, U.S. Bank, N.A. holds all securities and cash of the Focus Fund, delivers and receives payment for securities sold, receives and pays for securities purchased, collects income from investments and performs other duties, all as directed by officers of the Corporation. U.S. Bank, N.A. does not exercise any supervisory function over the management of the Focus Fund, the purchase and sale of securities or the payment of distributions to shareholders. USBFS, an affiliate of U.S. Bank, N.A., 615 East Michigan Street, Milwaukee, WI 53202, acts as the Focus Fund's transfer agent, administrator and dividend disbursing agent.

TAXES

The Focus Fund intends to qualify annually for and elect tax treatment applicable to a regulated investment company under Subchapter M of the Internal Revenue Code. The Focus Fund has so qualified in each of its fiscal years. If the Focus Fund fails to qualify as a regulated investment company under Subchapter M in any fiscal year, it will be treated as a corporation for federal income tax purposes. As such the Focus Fund would be required to pay income taxes on its net investment income and net realized capital gains, if any, at the rates generally applicable to corporations. Shareholders of the Focus Fund would not be liable for income tax on the Focus Fund's net investment income or net realized capital gains in their individual capacities. Distributions to shareholders, whether from the Focus Fund's net investment income or net realized capital gains, would be treated as taxable dividends to the extent of current or accumulated earnings and profits of the Focus Fund.

As of September 30, 2009, the Focus Fund had \$16,810,453 of net capital loss carryovers expiring in 2017. To the extent the Focus Fund realizes future net capital gains, those gains will be offset by any unused capital loss carryovers.

The Focus Fund intends to distribute substantially all of its net investment income and net capital gain each fiscal year. Dividends from net investment income and short-term capital gains are taxable to investors as ordinary income (although a portion of such dividends may be taxable to investors at the lower rate applicable to dividend income), while distributions of net long-term capital gains are taxable as long-term capital gain regardless of the shareholder's holding period for the shares. Distributions from the Focus Fund are taxable to investors, whether received in cash or in additional shares of the Focus Fund. A portion of the Focus Fund's income distributions may be eligible for the 70% dividends-received deduction for domestic corporate shareholders.

From time to time the Focus Fund may elect to treat a portion of earnings and profits included in shareholder redemptions as part of the Focus Fund's dividends paid deduction.

Any dividend or capital gain distribution paid shortly after a purchase of shares of the Focus Fund, will have the effect of reducing the per share net asset value of such shares by the amount of the dividend or distribution. Furthermore, if the net asset value of the shares of the

Focus Fund immediately after a dividend or distribution is less than the cost of such shares to the shareholder, the dividend or distribution will be taxable to the shareholder even though it results in a return of capital to him.

Redemption of shares will generally result in a capital gain or loss for income tax purposes. Such capital gain or loss will be long-term or short-term, depending upon the holding period. However, if a loss is realized on shares held for six months or less, and the investor received a capital gain distribution during that period, then such loss is treated as a long-term capital loss to the extent of the capital gain distribution received.

The Focus Fund may be required to withhold Federal income tax at a rate of 28% (“backup withholding”) from dividend payments and redemption proceeds if a shareholder fails to furnish the Focus Fund with a correct social security or other tax identification number.

This section is not intended to be a complete discussion of present or proposed federal income tax laws and the effect of such laws on an investor. Investors are urged to consult with their respective tax advisers for a complete review of the tax ramifications of an investment in the Focus Fund.

SHAREHOLDER MEETINGS

The Maryland Business Corporation Law permits registered investment companies, such as the Corporation, to operate without an annual meeting of shareholders under specified circumstances if an annual meeting is not required by the 1940 Act. The Corporation has adopted the appropriate provisions in its bylaws and may, at its discretion, not hold an annual meeting in any year in which none of the following matters is required to be acted upon by the shareholders under the 1940 Act: (i) election of directors; (ii) approval of an investment advisory agreement; (iii) ratification of the selection of auditors; and (iv) approval of a distribution agreement.

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

Upon the written request of the holders of shares entitled to not less than ten percent (10%) of all the votes entitled to be cast at such meeting, the Secretary of the Corporation shall promptly call a special meeting of shareholders for the purpose of voting upon the question of removal of any director. Whenever ten or more shareholders of record who have been such for at least six months preceding the date of application, and who hold in the aggregate either shares having a net asset value of at least \$25,000 or at least one percent (1%) of the total outstanding shares, whichever is less, shall apply to the Corporation’s Secretary in writing, stating that they wish to communicate with other shareholders with a view to obtaining signatures to a request for a meeting as described above and accompanied by a form of communication and request which they wish to transmit, the Secretary shall within five business days after such application either: (1) afford to such applicants access to a list of the names and

addresses of all shareholders as recorded on the books of the Corporation; or (2) inform such applicants as to the approximate number of shareholders of record and the approximate cost of mailing to them the proposed communication and form of request.

If the Secretary elects to follow the course specified in clause (2) of the last sentence of the preceding paragraph, the Secretary, upon the written request of such applicants, accompanied by a tender of the material to be mailed and of the reasonable expenses of mailing, shall, with reasonable promptness, mail such material to all shareholders of record at their addresses as recorded on the books unless within five business days after such tender the Secretary shall mail to such applicants and file with the SEC, together with a copy of the material to be mailed, a written statement signed by at least a majority of the Board of Directors to the effect that in their opinion either such material contains untrue statements of fact or omits to state facts necessary to make the statements contained therein not misleading, or would be in violation of applicable law, and specifying the basis of such opinion.

After opportunity for hearing upon the objections specified in the written statement so filed, the SEC may, and if demanded by the Board of Directors or by such applicants shall, enter an order either sustaining one or more of such objections or refusing to sustain any of them. If the SEC shall enter an order refusing to sustain any of such objections, or if, after the entry of an order sustaining one or more of such objections, the SEC shall find, after notice and opportunity for hearing, that all objections so sustained have been met, and shall enter an order so declaring, the Secretary shall mail copies of such material to all shareholders with reasonable promptness after the entry of such order and the renewal of such tender.

CAPITAL STRUCTURE

The Corporation's Articles of Incorporation permit the Board of Directors to issue 500,000,000 shares of common stock. The Board of Directors has the power to designate one or more classes ("series") of shares of common stock and to classify or reclassify any unissued shares with respect to such series. Currently the Corporation is offering the Focus Fund and the Large Cap Fund.

The shares of each Fund are fully paid and non-assessable, have no preference as to conversion, exchange, dividends, retirement or other features; and have no pre-emptive rights. Such shares have non-cumulative voting rights, meaning that the holders of more than 50% of the shares voting for the election of directors can elect 100% of the directors if they so choose. Generally shares are voted in the aggregate and not by each Fund, except where class-voting rights by Fund is required by Maryland law or the 1940 Act.

The shares of each Fund have the same preferences, limitations and rights, except that all consideration received from the sale of shares of a Fund, together with all income, earnings, profits and proceeds thereof, belong to that Fund and are charged with the liabilities in respect of that Fund and of that Fund's share of the general liabilities of the Corporation in the proportion that the total net assets of the Fund bears to the total net assets of both Funds. However, the Board of Directors of the Corporation may, in its discretion, direct that any one or more general liabilities of the Corporation be allocated between the Funds on a different basis. The net asset value per share of each Fund is based on the assets belonging to that Fund less the

liabilities charged to that Fund, and dividends are paid on shares of each Fund only out of lawfully available assets belonging to that Fund. In the event of liquidation or dissolution of the Corporation, the shareholders of each Fund will be entitled, out of the assets of the Corporation available for distribution, to the assets belonging to such Fund.

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

PricewaterhouseCoopers LLP has served as the independent registered public accounting firm for the Focus Fund since the Focus Fund's inception. As such, PricewaterhouseCoopers LLP is responsible for auditing the financial statements of the Focus Fund.

DESCRIPTION OF SECURITIES RATINGS

The Focus Fund will invest in debt securities rated at the time of purchase "Baa3" or better by Moody's, or "BBB-" or better by Standard & Poor's. The Focus Fund may invest in securities with equivalent ratings from another nationally recognized rating agency and non-rated issues that are determined by the Adviser to have financial characteristics that are comparable and that are otherwise similar in quality to the rated issues it purchases. A brief description of the ratings symbols and their meanings follows.

Standard & Poor's Debt Ratings. A Standard & Poor's corporate debt rating is a current opinion of the creditworthiness of an obligor with respect to a specific financial obligation. It takes into consideration the creditworthiness of guarantors, insurers, or other forms of credit enhancement on the obligation.

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

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

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

- Likelihood of payment - capacity and willingness of the obligor to meet its financial commitment on an obligation in accordance with the terms of the obligation;
- Nature of and provisions of the obligation; and
- Protection afforded by, and relative position of, the obligation in the event of bankruptcy, reorganization or other arrangement under the laws of bankruptcy and other laws affecting creditors' rights.

The issue ratings definitions are expressed in terms of default risk. As such, they pertain to senior obligations of an entity, Junior obligations are typically rated lower than senior obligations, to reflect the lower priority in bankruptcy.

Investment Grade

“AAA” This is the highest rating that may be assigned by Standard & Poor’s to a debt instrument and indicates an extremely strong capacity to pay the debt obligations.

“AA” Debt rated “AA” also qualifies as a high-quality fixed income security. The capacity to pay debt obligations is very strong, although not as overwhelming as for issues rated “AAA.”

“A” An issued rated “A” is backed by a sound capacity to pay the debt obligations, although it is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions.

“BBB” An issue rated “BBB” is regarded as backed by an adequate capacity to pay the debt obligations. Whereas it normally exhibits adequate protection parameters, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity to make payments for debt in this category than for issues in the “A” category.

Speculative Grade

Debt rated “BB,” “B,” “CCC,” “CC” and “C” is regarded as having predominantly speculative characteristics with respect to capacity to pay interest and repay principal. “BB” indicates the least degree of speculation and “C” the highest. While such debt will likely have some quality and protective characteristic, these are outweighed by large uncertainties or major risk exposures to adverse conditions.

“BB” - Debt rated “BB” has less near-term vulnerability to default than other speculative issues. However, it faces major ongoing uncertainties or exposure to adverse business, financial, or economic conditions which could lead to inadequate capacity to meet timely interest and principal payments. The “BB” rating category is also used for debt subordinated to senior debt that is assigned an actual or implied “BBB-”rating.

“B” - Debt rated “B” has a greater vulnerability to default but currently has the capacity to meet interest payments and principal repayments. Adverse business, financial, or economic conditions will likely impair capacity or willingness to pay interest and repay principal. The “B” rating category is also used for debt subordinated to senior debt that is assigned an actual or implied “BB” or “BB-”rating.

“CCC” - Debt rated “CCC” has a current identifiable vulnerability to default, and is dependent upon favorable business, financial, and economic conditions to meet timely payment of interest and repayment of principal. In the event of adverse business, financial, or economic conditions, it is not likely to have the capacity to pay interest and repay principal. The “CCC” rating category is also used for debt subordinated to senior debt that is assigned an actual or implied “B” or “B-” rating.

“CC” - Debt rated “CC” typically is applied to debt subordinated to senior debt that is assigned an actual or implied “CCC” rating.

“C” - Debt rated “C” typically is applied to debt subordinated to senior debt which is assigned an actual or implied “CCC-” debt rating. The “C” rating may be used to cover a situation where a bankruptcy petition has been filed, but debt service payments are continued.

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

“D” - Debt rated “D” is in payment default. The “D” rating category is used when interest payments or principal payments are not made on the date due even if the applicable grace period has not expired, unless Standard & Poor’s believes that such payments will be made during such period. The “D” rating also will be used upon the filing of a bankruptcy petition if debt service payments are jeopardized.

Modifiers

The ratings from “AA” to “CCC” may be modified by the addition of a plus (+) or minus (-) sign to show relative standing within the major rating categories.

Moody’s Long-Term Debt Ratings. Moody’s ratings are opinions, not recommendations to buy or sell, and their accuracy is not guaranteed.

Investment Grade

“Aaa” Bonds which are rated “Aaa” are judged to be the best quality. They carry the smallest degree of investment risk and are generally referred to as “gilt edged.” Interest payments are protected by a large, or by an exceptionally stable margin and principal is secure. While the various protective elements are likely to change, such changes as can be visualized are most unlikely to impair the fundamentally strong position of such issues.

“Aa” Bonds which are “Aa” are judged to be of high quality by all standards. Together with the “Aaa” group they comprise what are generally known as high-grade bonds. They are rated lower than the best bonds because margins of protection may not be as large as in “Aaa” securities or fluctuation of protective elements may be of greater amplitude, or there may be other elements present which make the long-term risks appear somewhat larger than in “Aaa” securities.

“A” Bonds which are rated “A” possess many favorable investment attributes and are to be considered as upper-medium grade obligations. Factors giving security to principal and interest are considered adequate, but elements may be present which suggest a susceptibility to impairment sometime in the future.

“Baa” Bonds which are rated “Baa” are considered as medium grade obligations; (namely, they are neither highly protected nor poorly secured). Interest payments and principal security appear adequate for the present but certain protective elements may be lacking or may

be characteristically unreliable over any great length of time. Such bonds lack outstanding investment characteristics and in fact have speculative characteristics as well.

Speculative Grade

“Ba” Bonds which are rated “Ba” are judged to have speculative elements; their future cannot be considered as well-assured. Often the protection of interest and principal payments may be very moderate, and thereby not well safeguarded during both good and bad times over the future. Uncertainty of position characterizes bonds in this class.

“B” Bonds which are rated “B” generally lack characteristics of the desirable investment. Assurance of interest and principal payments or of maintenance of other terms of the contract over any long period of time may be small.

“Caa” Bonds which are rated “Caa” are of poor standing. Such issues may be in default or there may be present elements of danger with respect to principal or interest.

“Ca” Bonds which are rated “Ca” represent obligations which are speculative in a high degree. Such issues are often in default or have other marked shortcomings.

“C” Bonds which are rated “C” are the lowest rated class of bonds, and issues so rated can be regarded as having extremely poor prospects of ever attaining any real investment standing.

Modifiers

Moody’s applies numerical modifiers 1, 2 and 3 in each of the foregoing generic rating classifications. The modifier 1 indicates that the company ranks in the higher end of its generic rating category; the modifier 2 indicates a mid-range ranking; and the modifier 3 indicates that the company ranks in the lower end of its generic rating category.

Commercial Paper Ratings

The Fund may also invest in commercial paper and commercial paper master notes assigned ratings of A-1 or A-2 by Standard & Poor’s or Prime-1 or Prime-2 by Moody’s. A brief description of the ratings symbols and their meanings follows.

Standard & Poor’s Commercial Paper Ratings. A Standard & Poor’s commercial paper rating is a current opinion of the likelihood of timely payment of debt considered short-term in the relevant market. Ratings are graded into several categories, ranging from A-1 for the highest quality obligations to D for the lowest. The three highest categories are as follows:

A-1 This highest category indicates that the degree of safety regarding timely payment is strong. Those issuers determined to possess extremely strong safety characteristics are denoted with a plus sign (+) designation.

A-2 Capacity for timely payment on issues with this designation is satisfactory. However the relative degree of safety is not as high as for issuers designated “A-1”.

A-3 Issues carrying this designation have adequate capacity for timely payment. They are, however, more vulnerable to the adverse effects of changes in circumstances than obligations carrying a higher designation.

Moody's Investors Service, Inc Commercial Paper. Moody's short-term debt ratings are opinions of the ability of issuers to repay punctually senior debt obligations. These obligations have an original maturity not exceeding one year, unless explicitly noted. Moody's ratings are opinions, not recommendations to buy or sell, and their accuracy is not guaranteed.

Moody's employs the following three designations, all judged to be investment grade, to indicate the relative repayment ability of rated issuers:

Prime-1 - Issuers rated Prime-1 (or supporting institutions) have a superior ability for repayment of senior short-term debt obligations. Prime-1 repayment ability will often be evidenced by many of the following characteristics:

- Leading market positions in well-established industries.
- High rates of return on funds employed.
- Conservative capitalization structure with moderate reliance on debt and ample asset protection.
- Broad margins in earnings coverage of fixed financial charges and high internal cash generation.
- Well-established access to a range of financial markets and assured sources of alternate liquidity.

Prime-2 - Issuers rated Prime-2 (or supporting institutions) have a strong ability for repayment of senior short-term debt obligations. This will normally be evidenced by many of the characteristics cited above but to a lesser degree. Earnings trends and coverage ratios, while sound, may be more subject to variation. Capitalization characteristics, while still appropriate, may be more affected by external conditions. Ample alternate liquidity is maintained.

Prime-3 - Issuers rated Prime-3 (or supporting institutions) have an acceptable ability for repayment of senior short-term obligations. The effect of industry characteristics and market compositions may be more pronounced. Variability in earnings and profitability may result in changes in the level of debt protection measurements and may require relatively high financial leverage. Adequate alternate liquidity is maintained.