MARKETFIELD
ASSET MANAGEMENT

MARKETFIELD FUND AUGUST 31, 2012

FUND OVERVIEW

OBJECTIVE

The investment objective of the Fund is capital appreciation. We endeavor to accomplish this by seeking low-volatility absolute returns in excess of broad equity indexes.

STRATEGY & PROCESS

The Fund attempts to provide returns on capital substantially in excess of the risk-free rate rather than matching any particular index or external benchmark. The Fund has a broad investment charter that allows it to utilize equity securities, fixed-income instruments, commodities, futures and options. Additionally, with respect to 50% of the Fund's net assets, the Fund may engage in short sales of index-related and other equity securities to reduce its equity exposure or to profit from an anticipated decline in the price of the security sold short.

FUND FACTS

FUND STATISTICS

Ticker Symbol	MFLDX
CUSIP	89833W865
Minimum Investment	$2,500
Inception Date	7/31/07
Benchmark	S&P 500 Index
Net Assets	$2,655M
Number of Holdings	91

TOP TEN LONG HOLDINGS (AS OF 8/31/12)

iShares Russell 2000 Index ETF.	4.16%
SPDR S&P Regional Banking ETF	2.70%
iShares Dow Jones Transport Avg. ETF	2.27%
IShares MSCI Mexico	2.20%
USG Corp	1.98%
General Electric Co	1.95%
BASF SE (Germany)	1.86%
Sherwin-Williams Co	1.85%
Eagle Materials Inc	1.80%
Wolseley PLC (UK)	1.79%
TOTAL:	22.56%

PORTFOLIO ALLOCATION (AS OF 8/31/12)

Equity Portfolio Long	83%
Equity Portfolio Short.	33%

★★★★★ OVERALL MORNINGSTAR RATING™

AMONG 87 LONG-SHORT EQUITY FUNDS AS OF 8/31/12

Ratings are based on risk-adjusted return. The Overall Morningstar Rating for a fund is derived from a weighted average of the performance figures associated with its 3 year Morningstar Rating metrics.

FUND PERFORMANCE

AS OF QUARTER-END 6/30/12 AS OF MONTH-END 8/31/12

		Since Inception*		Cumulative			Annualized			
	1 Year Annualized	Annualized	Cumulative	1 Month	YTD	Since Inception*	1 Year	3 Year	5 Year	Since Inception*
MFLDX	+11.07%	+9.01%	+52.86%	+3.46%	+10.91%	+55.87%	+19.16%	+12.20%	+9.20%	+9.12%
S&P 500	+5.45%	+0.87%	+ 4.33%	+2.25%	+13.51%	+ 8.16%	+18.00%	+13.62%	+1.28%	+1.55%

*Since inception date 7/31/07

Gross Expense Ratio	2.46%
**Net Expense Ratio	2.47%
***Operating Expense Cap	1.75%

Source: U.S. Bancorp ©

*** The net expense ratio includes dividends and interest expense on short positions, acquired fund fees and expenses & the recoupment of previously waived expenses, thus the net expense ratio could be higher than the gross expense ratio. The net expense ratio excluding those expenses would have been 1.55%.*

**** The Adviser has agreed to waive its management fees and/or to reimburse expenses of the Fund to ensure that total Annual Fund Operating Expenses (exclusive of taxes, leverage, interest, brokerage commissions, expenses incurred in connection with any merger or reorganization, dividends on short positions, acquired fund fees and expenses and extraordinary or non-recurring expenses, such as litigation) do not exceed 1.75% of the Fund's average annual net assets, at least through April 30, 2013 and for an indefinite period thereafter.*

Performance reflects the reinvestment of dividends and other earnings and is net of advisory fees. Performance data quoted represents past performance; past performance does not guarantee future results. The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance of the Fund may be lower or higher than the performance quoted. Performance data to the most recent month end may be obtained by calling (888) 236-4298. The Fund imposes a redemption fee of 1.00% for shares held less than 60 days. Performance data quoted does not reflect the redemption fee. If reflected, total return would be reduced.

TOP FIVE SECTORS — NET

Industrial	25.98%
Consumer Discretionary	22.72%
Basic Materials	3.70%
Technology	3.63%
Consumer Staples	3.16%

Fund holdings and/or sector allocations are subject to change at any time and are not recommendations to buy or sell any security. Current and future portfolio holdings are subject to risk.

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MARKETFIELD
ASSET MANAGEMENT

MANAGEMENT TEAM

Michael C. Aronstein
President, Chief Executive Officer, and Portfolio Manager

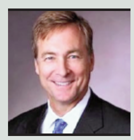
Michael C. Aronstein is Portfolio Manager of the Marketfield Fund. He is also Chief Investment Strategist for Oscar Gruss & Son Incorporated, a NYSE member firm that provides research and investment advice to institutional managers. Prior to joining Oscar Gruss in 2004, Mr. Aronstein was Chief Investment Strategist at Preservation Group, a provider of independent macroeconomic and strategic advice to professional investors. Mr. Aronstein began his investment career in 1979 at Merrill Lynch, serving positions as Senior Market Analyst, Senior Investment Strategist, and Manager of Global Investment Strategy. Mr. Aronstein spent six years as President of Comstock Partners, a diversified investment advisor, and left to found West Course Capital, a discretionary commodity management firm. Mr. Aronstein graduated from Yale College with a Bachelor of Arts in 1974. His views on macroeconomic and strategic issues are regularly sought by and disseminated through the financial print and visual media. Mr. Aronstein manages $2,655 million in MFLDX and $488 million in The Marketfield Fund, Ltd.; total assets under management are $3,143 million.

Michael Shaoul
Chairman

Michael Shaoul also serves as Chief Executive Officer of Oscar Gruss and Son Incorporated, a position he has held since December 2001. He joined Oscar Gruss in 1996 as Chief Operating Officer. Between 1992 and 1996, Mr. Shaoul ran Park Square Associates, a Manhattan-based real estate investment and management company. He was awarded a Ph.D. in Accounting and Finance in 1992 from Manchester University (UK). Mr. Shaoul has written articles on behalf of *Barron's* and has been regularly quoted in *The Wall Street Journal* and *Dow Jones Newswires* regarding his opinions on the investment markets.

Myles D. Gillespie
Managing Director & Head Trader

Myles D. Gillespie joined Marketfield Asset Management in 2007. Myles is a graduate of The Hotchkiss School and holds a Bachelor of Arts degree from Franklin and Marshall College (Class of 1983). From 1983 to 1986, he worked as a stock index futures trader with Henderson Brothers and in 1986 became a NYSE Specialist at Quick & Reilly. He was appointed Executive Vice President of JCC Specialist Corp., the successor firm to Quick and Reilly, in 1989. In 1999 he became President of Fleet Specialist, Inc., the successor firm to JCC Specialist Corp., retiring from this position in 2004. During his time at the NYSE, Myles served as a NYSE floor Official (1993-1999) and NYSE floor Governor (2001-2004).



David C. Johnson, Jr.
Director of Research

Mr. Johnson joined Marketfield Asset Management, LLC as Director of Research in April 2011. Mr. Johnson is a graduate of the University of North Carolina at Chapel Hill. He received his MBA in 1984 from Darden School of Business, University of Virginia. Prior to joining Marketfield, Mr. Johnson was an investment analyst, portfolio manager, and head of business development at Wilkinson O'Grady & Co., Inc. He spent the first ten years of his career in the fixed-income department of Salomon Brothers, where he managed one of its primary sales groups. Mr. Johnson was president of Preservation Group, where he worked closely with Mr. Aronstein.

Mutual fund investing involves risk. Principal loss is possible. The Fund invests in smaller companies, which involve additional risks such as limited liquidity and greater volatility. The Fund invests in foreign securities which involve greater volatility and political, economic and currency risks and differences in accounting methods. These risks are greater for investments in emerging markets. Investments in debt securities typically decrease in value when interest rates rise. This risk is usually greater for longer-term debt securities. Investment by the Fund in lower-rated and non-rated securities presents a greater risk of loss to principal and interest than higher-rated securities. Investments in asset-backed and mortgage-backed securities involve additional risks such as credit risk, prepayment risk, possible illiquidity and default, and increased susceptibility to adverse economic developments. The Fund regularly makes short sales of securities, which involves the risk that losses may exceed the original amount invested, however a mutual fund investor's risk is limited to the amount invested in a fund. The Fund may also use options and futures contracts, which have the risks of unlimited losses of the underlying holdings due to unanticipated market movements and failure to correctly predict the direction of securities prices, interest rates and currency exchange rates. The investment in options is not suitable for all investors. Investments in absolute return strategies are not intended to outperform stocks and bonds during strong market rallies. The Fund's investment objectives, risks, charges and expenses must be considered carefully before investing. The statutory and summary prospectuses contain this and other important information about the investment company, and may be obtained by calling (888) 236-4298. Read carefully before investing. Diversification does not assure a profit or protect against a loss in a declining market.

The S&P 500 Index (SPX) is a broad-based unmanaged index of 500 stocks, which is widely recognized as representative of the equity market in general. The securities holdings and volatility of the Fund differ significantly from the stocks that make up the SPX. The NASDAQ Composite Index is a market capitalization-weighted index that is designed to represent the performance of the National Market System which includes over 5,000 stocks traded only over-the-counter and not on an exchange. You cannot invest directly in an index. *Correlation is the mutual relation of two or more things.*

For each fund with at least a three-year history, Morningstar calculates a Morningstar RatingTM (based on a Morningstar Risk Adjusted Return measure that accounts for variation in a fund's monthly performance, including the effects of sales charges, loads, and redemption fees), placing more emphasis on downward variations and rewarding consistent performance. The top 10% of funds in each category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars and the bottom 10% receive 1 star. (Each share class is counted as a fraction of one fund within this scale and rated separately, which may cause slight variations in the distribution percentages.) The Marketfield Fund received 5 stars among 87 Long-Short Equity Funds for the three-year period & 5 stars among 56 Long-Short Equity Funds for the five year period ending 8/31/2012.
The Marketfield Fund is advised by Marketfield Asset Management and distributed by Quasar Distributors, LLC. Quasar Distributors is not affiliated with Sincere & Co., LLC.

COMMENTARY

With the approach of autumn and the end of the third quarter, the question on the mind of every investor is whether we will ultimately see more generations of Quantitative Easing (QE) or the iPhone. The latter, having the benefit of a substantial head start, currently leads 5 to 3. Dr. Bernanke is, however, extremely persistent.

The Federal Reserve (FRB), like all bureaucracies, is burdened with an institutional inertia that precludes any real prognostic insight. The FRB is extremely well informed about what has and is happening in the economy, but has no more collective idea into the shape of future conditions than the investment community at large. The nature of bureaucracies is such that they require an overwhelming degree of evidence before changing course. In nearly all aspects of government, that is a good thing.

The official powers granted to government agencies demand that their actions be very tightly constrained and carefully wrought. Great care needs be taken to insure that they do not attempt to overstep their bounds. Caution and deliberation are desirable aspects of their approach.

The Federal Reserve differs markedly from almost all other government entities in that they have taken upon themselves the task of altering the natural course of the overall economy by intervening in capital markets. This effort requires some explicit or implicit idea that the economy, if left to its own devices, would proceed on a sub-optimal course. In other words, there must be an expectation about the future underlying any effort to alter it. In all instances of policy change, the implicit belief is that future economic prospects are unsatisfactory and therefore demand different monetary conditions than those currently prevailing.

The task of shaping the future when one is not particularly adept at forecasting it does not normally end well. And so it is in the case of the Federal Reserve.

For the past several decades, monetary policy has exhibited a consistent pattern of error, right along the lines of what one would expect from a highly inertial bureaucracy attempting to forecast and alter the future. In every instance, in both expansions and contractions, they have waited too long to act and, having acted, waited too long to stop. This has had the effect of exaggerating extremes at points of inflection in both markets and the economy.

Recent examples are clear. After watching the mania for technology stocks intensify for well over a year, the Fed finally flattened the yield curve in March of 2000, with the Nasdaq Index at 5000. The yield curve remained inverted through the first quarter of 2001, by which time the index had already declined by around 65%. The full extent of the damage wrought became evident to them a year after the recession had ended, when the funds rate was cut to historic lows. The yield curve reached its maximum point of steepness (FRB accommodation) in mid 2004, by which time housing starts were in a second year at record levels with house prices up more than 60% over the prior five years. That accommodative policy did not evolve to a meaningfully restrictive mode until 2006, by which time the structural issues that would lead to collapse were already evident. Property markets hardly needed an extra push over the cliff from monetary policy, but that was what ensued.

The inverted yield curve that was initiated in 2006 stayed in place until the end of 2007, by which time we were already entering the death spiral. This went unrecognized by the Federal Reserve for nearly two years. After the failure of Bear Stearns in the first quarter of 2008, the FRB actually allowed its balance sheet to contract (quantitative tightening) right up to the point at which the capital markets collapsed in October. At least they are to be commended for not following the European Central Bank (ECB) in raising interest rates that summer, an act that may represent the apotheosis of monetary idiocy for some time.

It is our strong feeling that the mode of error awaiting the current spate of balance sheet expansion by the Fed will involve their overstaying their welcome and remaining hyper-accommodative long past the point of propriety. So long as things appear to be weak, there is little apparent consequence to flooding the system with liquidity. The issue will arise when the economy is turning up in the face of existing conditions, and the Federal Reserve, unaware of that change, continues to approach matters as though there was still need for emergency-strength monetary ease. We have little doubt that they will make such an error. The question, as always, is one of timing.

The current situation is somewhat reminiscent of the dilemma that central banks in emerging markets faced during 2010. Their efforts to stimulate their economies during the global slowdown from 2008 forward involved attempts to hold down the value of their currencies and thereby protect their export sectors. They accomplished this with a form of QE, using foreign exchange purchases to increase the domestic money supply. This tactic was fine until the local economies strengthened to the point of prompting inflation. They were then forced to tighten in the face

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of highly leveraged asset markets. That combination provoked sharp slowdowns and bear markets in equities, both of which have persisted into this year.

At present, the main source of anxiety among most members of the Federal Reserve Board is reported economic weakness. Their main responses have involved various forms of monetary stimulus. That approach will only come to grief when it is evident that they have overdone it.

The evidence of excessively accommodative policy will arise when the bond market begins to balk. Traditionally, this has occurred when evidence of inflation begins to show in the real economy. This time the market mechanisms may differ markedly.

Inflation has, during past cycles, proven inimical to values within capital markets. There are both theoretical and practical reasons for this. The theoretical has to do with discount factors, real net present values and purchasing power. The practical, capital market effects involve greater return opportunities in non-financial markets. During the great inflationary wave of the 1970s, capital flowed from financial assets to commodities, capital goods and property. Both stocks and bonds suffered. The "fixed" in fixed income makes it impossible for bonds to compete when the output of an inflation-sensitive asset is constantly increasing in value. Once this dynamic takes hold, the constant flows from financial assets to alternative stores of wealth prompts increasing performance differentials in favor of the latter and simply reinforces the trend. The process can continue until monetary measures are taken that severely undermine the credit structure behind the inflation. This can take years, as was the case between 1974 and 1980.

The secular bull market in bonds that began in 1981 is about to celebrate its 31st birthday. We see a reasonable chance that its peak has already passed. If we are correct, the dynamics will be similar as in prior cases, with the main difference being that the alternative to bonds will not be inflation sensitive real assets but equities.

The reason that inflation draws capital from financial assets is that the process offers higher returns in other endeavors. At present, the higher return potentials that may draw money from bonds are to be found in publicly traded equities, rather than the already rich array of "real" assets.

Unlike previous cycles, domestic equities and bonds have parted company. Bonds have vastly outperformed equities since the peak of the growth stock mania in 1999. The traditional correlation between the directions of the two markets has broken down. When bonds really embarked on their historic advance in the summer of 1982, equities were right alongside. The relation today is almost exactly opposite, and is clearly supported by retail fund flows.

Week after week, billions of dollars leave domestic equity funds and relocate in fixed income vehicles, despite the apparent lack of return potential in the latter. The rationale, as far as we can determine, has nothing to do with prospective returns and everything to do with a combination of hindsight and emotion.

People are fed up with stocks not because they believe the return characteristics to be inadequate, but because they cannot tolerate the emotional impact of equities' volatility. The present day volatility of publicly traded companies is a function of regulatory failure as pertains to market structure and not anything intrinsic in businesses. We don't dismiss the real, emotional pressure of dealing with seemingly random, violent moves in quoted prices. It is a constant factor in our daily lives as fund managers. We do, however, see enough of it first hand to realize just much of it has to do with failures of market structure and how little with real business or economic results.

Bonds have become the favored retail asset because of their historical results and apparent lack of volatility. Prices have now reached levels at which the new issue markets are becoming as frenzied as technology IPOs in 1999-2000.

All bull markets in all asset types end with surging supply. Buyers do not abandon ship when they have a long record of success to reinforce their appetite. Sellers simply respond to prices that seem too good to be true and produce what appears to be unlimited supply. At some point, this overwhelms any level of buying power, even when backed by the Federal Reserve's latest foray into QE. We certainly can't be certain that we have yet reached that point in the bond market. Pointing to the end of bull markets that have been in force for three decades is normally an extremely dangerous undertaking for anyone who is actually managing money. Nevertheless, we have a strong suspicion that all of the elements of reversal are in place. The growing momentum in the domestic housing sector may well be the key ingredient for convincing

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more observers that the four year bull market in U.S. equities has not been accidental or driven entirely by the Federal Reserve. Equity allocations across all segments of the investment community are at or near the lows of the past four decades. Should demand for domestic equities begin to expand, the funds will have to come from somewhere. To the extent that seemingly riskless fixed income assets i.e., government bonds, are the natural choice, the Fed may come to realize that the third time is not the charm.

Sept. 24, 2012
Michael C. Aronstein
President

The information provided herein represents the opinion of the Portfolio Manager and is not intended to be a forecast of future events, a guarantee of future results, nor investment advice.