Seafarer Funds

# Seafarer Overseas Growth and Income Fund

Investor Class SFGIX
Institutional Class SIGIX

## ANNUAL REPORT

April 30, 2012

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Dear Fellow Shareholders, May 18, 2012

I am very pleased to address you for the first time on behalf of the Seafarer Overseas Growth and Income Fund.

After several months of planning and preparation, the Fund was launched on February 15; as of April 30, the Fund completed its first (truncated) fiscal year. In the months leading up to the launch, Seafarer endeavored to ensure that it was equipped with the right people, processes and compliance to support the Fund's long-term goals.

We believe the Fund offers a unique new strategy to its shareholders. At its heart, it is a global emerging market fund; however it employs an approach that is less conventional than many peers, in that it can utilize multiple asset classes (equities, convertible bonds and fixed income) and it has a broad geographical mandate, spanning markets that are variously categorized as "frontier," "emerging," and "developed."

We think a broader approach of this sort will serve the Fund best, allowing it to adapt to the complex evolution underway in the developing world. One of the Fund's principal strategies is to offer shareholders a relatively stable means of participating in a portion of developing countries' growth prospects, while providing a degree of downside protection. We measure our success in that regard in comparison to a benchmark index that tracks the common stocks of developing countries. Though some clouds hang over the emerging markets, we believe that growth and progress will continue to accumulate in the developing world, and we are pleased to offer a Fund that seeks to participate in the opportunities afforded by such progress.

The timing of the launch has proven somewhat challenging. During the eight weeks prior to the Fund's launch, developing equities traded mostly upwards. Subsequent to the launch, emerging stocks have alternated between breathless one-day gains, and sharp declines that have undone any forward progress. The end result has been that stocks in developing markets have trended lower since the Fund's inception.

Amid this environment, I was cautious about deploying the Fund's initial capital too quickly, and thus the Fund carried a substantial allocation to cash (generally ranging between 10% and 20%) during the first several weeks of its existence. However, by April 30, the cash level was set near 6%, roughly in keeping with our long-term intention—given present market conditions, we currently plan for the portfolio to be 95% to 100% invested under most circumstances.

**China and Europe**

Emerging market equities have been volatile over the past several weeks for two main reasons: there are concerns over whether growth is slowing in China, and fears that Europe will undergo economic disintegration, with negative consequences for the rest of the world. I share both concerns, but with important caveats.

Regarding China: starting in the latter half of 2009, my research indicated that the country's growth would necessarily slow. When China began its exceptional development over three decades ago, the country was poor, terribly unproductive, and bereft of capital. Under Deng Xiao Ping, the country opened its markets and undertook needed reforms. What followed was thirty years of astonishing expansion, as the country's intrinsic productivity was unleashed. Now, China no longer suffers from a shortage of capital—indeed, it enjoys an excess of it—and it no longer enjoys the benefits of growing from a depressed base. The easiest gains have been made, and the bar for growth is now higher.

Inevitably this means that growth will moderate. However, even as the pace of expansion slows, I see ample evidence that suggests that the residual growth is improving in its quality and sustainability. China is beginning to shift from an economy that is dependent on external markets and physical capital (investment-heavy and export-led), to one that emphasizes domestic demand, services industries, and human capital. China's model for growth is changing, but I still find it attractive. Still, the transition is likely to be opaque and occasionally rocky. Change always rattles markets, and China will be no exception. Global investors have grown comfortable with a simple and consistent growth story in China. As change unfolds, fear will be stoked, giving passing credence to the country's doubters. One can never rule out the risk of a "hard landing" in China, but I think the current chatter is a red herring. Absent any major disruption in China's evolution, I intend for the Fund to stay invested there, and to capitalize on the important change that is underway.

As for Europe, I hold very little hope that the Eurozone, as currently defined, will survive intact. My analysis is basic. It has long been apparent that the Eurozone did not embrace fiscal integration sufficiently to ensure the viability of a single currency. Thus I view the present Eurozone's persistence not as an economic project, but rather a question of political will. Given Europe's history of war and conflict, I harbor no doubt that substantial will underpins the dream of a unified currency, even now. However, as it has become clear that the rigidity imposed by the euro will leave a generation of young people in Greece and Spain without jobs or hope, the moral force behind the currency will deteriorate. Ironically, the constraints inherent in the euro may beget the very ugliness and instability that a unified currency was intended to mitigate. Exit really may be the best way forward for some of the peripheral countries, especially Greece.

In my view, the only unresolved questions are related to timing, and whether the eventual disintegration will be orderly or chaotic. My basic assumption is that Greece will exit the union within the next few years, and possibly much sooner; Spain and other countries may also exit, but not necessarily so. A smaller, more coherent Eurozone will likely persist, even if some member nations exit. Regarding Greece's potential exit, I believe there are mechanisms that would allow it to do so in an orderly fashion, but what will happen is impossible to predict. For this reason I have been cautious about the Fund's exposure to Eastern Europe. Stocks there may suffer from Europe's woes – though if the disintegration proves chaotic, and the convertibility of major currencies is suspended to prevent panics and capital flight, few markets around the world will go unscathed. Nonetheless, Seafarer's research efforts are trained on Eastern Europe on the premise that any subsequent sell-off could provide attractive opportunities to accumulate new, long-term holdings.

It might seem incongruous that I would express concern over the euro's future, but at the same time position the Fund so that it is near full investment, largely in stocks. I have done so for one simple reason: valuations on emerging equities are very appealing in my view. In my career, I have witnessed only two moments where valuations were definitively more attractive than the present, and both occurred at the nadir of panics—the 1997 Asia financial crisis, and the 2008 global financial crisis. Present valuations are not quite so low, but are verging on those levels. The threat that emanates from Europe is severe, but at this moment I do not believe it is as grave as either of those episodes—and markets seem to have already discounted much of the potential for loss. To be sure, valuations may decline further, particularly if Greece's departure from the currency union triggers cascading bank runs. Even still I believe that present valuations are quite attractive, particularly for investors who can summon the patience to hold for the long term, and persist through what may be considerable volatility. In any case, I intend for the Fund to remain largely invested in equities for the foreseeable future, absent a major structural change to the market environment.

**Persistence and Patience**

Persistence and patience are important background elements of Seafarer's investment approach, as can be observed in one of the Fund's largest holdings, the stock of an Indian company called Infosys. The company offers systems integration and consultancy services to a global client base, and it happens to be one of the first stocks that I researched in the Indian market, over a decade ago.

Infosys recently published its financial results for the latest fiscal year. The reported profits fell a bit below consensus forecasts, and revenues were short of expectation; management's outlook for the coming quarter did not bolster confidence. The stock immediately swooned on the news, triggering its largest one-day decline in the past nine years. Infosys is now somewhat of a "fallen angel," as sell-side analysts advocated selling the stock, and published reports with headlines such as "Weakness Writ All Over" and "Loss of Competitiveness." For the record: during the year in question, Infosys produced sales growth in excess of 15%, profit growth in excess of 15%, pre-interest and tax profit (earnings before interest and taxes, or EBIT) margins of nearly 30%, and it boosted its annual ordinary dividends by 8%.[1] Some observers bemoaned the company's tepid outlook for revenue growth, even as the company signed on 52 new clients during the quarter (12 from the Fortune 500), which set a company record. At least one analyst still called the results "dreadful."

I have complete disdain for such dubious analysis. I acknowledge that Infosys had a poor quarter, and its immediate outlook is weak. Yet the extent to which some investors have written off the stock is astonishing. Their disproportionate response seems to lack any sense of context, history or patience.

Infosys remains an incredibly well run company. For example: take the aforementioned measure of profitability, the company's EBIT margin. It is a measure of a company's core profit from operations, assessed on a pre-tax basis. In my own estimation, Infosys' margins are not *remotely dreadful* but rather *exceptionally high*. Few companies can produce this sort of profitability, regardless of industry or size.

What is so impressive is that the EBIT margin has been sustained, even after the company has grown so large. A decade ago, when the company was much smaller, there was an intense debate among stock analysts as to whether Infosys could maintain its EBIT margins around 28% to 29%, or whether competition would force margins below 25%, before they ultimately settled at 20%. Meanwhile, those same analysts assumed the growth of the company would decline. In contrast to such predictions, Infosys has sustained its margins at levels that exceeded even the highest expectations of that time: the EBIT margin has hovered around 28% to 29% over the past ten years.[2] The company has produced that profitability even as it has grown its revenues nearly thirteen-fold. Today Infosys has approximately $4 billion of cash on hand, zero debt, and is primed to make new acquisitions to stimulate its growth, if needed. If only I could arrange a hypothetical conversation between the finicky analysts of yesteryear and the fickle analysts of the present: perhaps the former could impart some perspective and patience to the latter, but I doubt it.

I don't know what causes the restless trading that characterizes modern markets. Perhaps the tremendous improvement in communications technologies, combined with greatly enhanced access to information, causes some investors to be hyperaware, overly sensitive to even temporary setbacks. Markets now seem to operate on the same compressed and superficial timescale that drives 24-hour cable news stations. Many investors are disappointed by anything short of continuous improvement and instantaneous change. In my experience, progress and change in the developing world accumulates at a slower, more deliberate—but still impressive—pace. Human organizations do not turn on a dime. Yet when they do turn, it can be a powerful, value-creating event. Only patience and persistence unlock such gains, not impatient, unsteady investment. We intend to practice the former.

**Seafarer, the Fund and Our Goals**

Seafarer was founded last spring with one main goal: to become an adviser to public mutual funds, registered under the 1940 Investment Company Act. Some folks today are frustrated with mutual funds as an investment vehicle, given their relative tax inefficiency[3] and the costly nature of their distribution.[4] I concur on both points. Yet starting a new investment adviser has only reaffirmed my belief in the underlying structure of mutual funds. In an age in which investment vehicles have been plagued by ponzi schemes, exacerbated liquidity risks, and shoddy valuation practices, I remain utterly impressed with the foresight and care that went into the creation of the 1940 Act. In my view, any drawbacks inherent to mutual funds are vastly outweighed by the accessibility, liquidity, transparency, reasonable costs and fiduciary protections that funds provide investors.[5] Seafarer is honored to serve as the investment adviser to your mutual fund.

At Seafarer, our abiding goal as an investment adviser is to deliver long term performance. However, even as I view performance as paramount, I will not consider our firm a success unless it also achieves three ancillary objectives over the long term:

1. **Seafarer is dedicated to lowering the costs associated with overseas investment.** Investment in developing countries is legitimately an expensive proposition; and the Adviser's small asset base hampers our ability to pass on further economies at the present moment. However I view it as one of the firm's central duties to ensure that expenses become more affordable with scale, and over time.

2. **Seafarer is determined to increase the transparency associated with its investment in developing countries.** My aim is for Seafarer to continuously improve the transparency it offers to its clients, albeit subject to constraints imposed by fiduciary standards, regulation and compliance.

3. **My hope is that Seafarer can reduce some of the frustration that often accompanies investment in developing countries.** Seafarer's investment strategies are necessarily exposed to risk, and the results cannot escape the impact of market volatility. However, my hope is that Seafarer's investment strategies will mitigate at least a portion of this volatility, so that clients may invest with less frustration and more confidence over time.

Thank you for entrusting us with your capital. We are honored to act as your investment adviser, and we look forward to serving as such for many years to come.

Andrew Foster
Chief Investment Officer
Seafarer Capital Partners, LLC

*The views and information discussed in this commentary are as of the date of publication, are subject to change, and may not reflect the writer's current views. The views expressed represent an assessment of market conditions at a specific point in time, are opinions only and should not be relied upon as investment advice regarding a particular investment or markets in general. Such information does not constitute a recommendation to buy or sell specific securities or investment vehicles. It should not be assumed that any investment will be profitable or will equal the performance of the portfolios or any securities or any sectors mentioned herein. The subject matter contained herein has been derived from several sources believed to be reliable and accurate at the time of compilation. Seafarer does not accept any liability for losses either direct or consequential caused by the use of this information.*

***Important Risks:*** *An investment in the Fund involves risk, including possible loss of principal. International investing involves additional risk. These include risks related to social and political instability, market illiquidity, and currency volatility. Investing in foreign securities may involve certain additional risks, exchange-rate fluctuations, limited liquidity, high levels of volatility, and reduced regulation. Emerging markets are often more volatile than developed markets, and investing in emerging markets involves greater risks. Fixed-income investments are subject to additional risks, including but not limited to interest-rate, credit, and inflation risks. Given the potential increased volatility of the Fund, an investment in the Fund should be considered a long-term investment.*

**Portfolio Review** (*May 18, 2012)*

The Seafarer Overseas Growth and Income Fund launched on February 15, 2012; on April 30, the Fund completed the first (partial) fiscal year of its existence. Between the Fund's inception and the end of the fiscal year, the Fund returned 1.80%, while its benchmark, the MSCI All Country Emerging Markets Index, fell -2.52%.

**Performance**

During the truncated period under review, the Fund's primary goal was to establish its initial portfolio in an efficient fashion. We have done so to our satisfaction. The Fund's holdings in Latin America and South Africa made marginally positive contributions to performance. However, the bulk of the Fund's outperformance versus its benchmark was due to its holdings in the East and South Asia region. In that region, the Fund's holdings held nearly flat on balance, which stood in contrast to the underlying markets, which declined. The Fund's exposure to Vietnam was of particular benefit, producing gains that offset other declines within the Asia region.

From a sector perspective, no sector stood out in its contribution to the Fund's gains. Meanwhile, the Fund's exposure to two sectors—healthcare and utilities—detracted a bit from performance, though neither sector's loss was pronounced in the context of the broader market's volatility and decline.

**Allocation**

The Fund's initial portfolio has taken up a substantial allocation to the Asia region, with more limited exposures to Latin America, Eastern Europe and Africa. The Fund is also substantially allocated to equities over convertible bonds or fixed income. There are several tactical considerations that drive this allocation:

- Despite concerns over China's future, we are presently finding attractive valuations and growth in that region—and we think we can add the most value there;
- We think very few equity markets, if any, will go unscathed following Europe's likely economic disintegration; however, we believe Asia may be able to withstand such losses best;
- We believe that current valuations on equities already reflect a great deal of stress, and thus offer reasonable value (please see the Shareholder Letter for additional discussion).

However, apart from short-term tactical considerations, the Fund's strategy is also likely to place emphasis on the Asia region. Our research suggests that certain biases and shortcomings exist in the prevalent benchmark index which tracks emerging markets. That index tends to chronically underweight Asia Pacific and Eastern Europe, and in commensurate fashion, overweight Latin America and Africa. While the Fund is likely to shift its regional allocation over time, our ultimate intent is to build a portfolio that is more reflective of the underlying market fundamentals than the index – and thus we are likely to maintain this "tilt" toward Asia for some time to come.

Looking forward, the Fund is currently in registration to invest directly in the Vietnamese market. We anticipate building exposure in that market once the registration is complete. Also, we are reviewing Eastern European markets on the premise that events in Europe may provide opportunities to accumulate long-term positions at attractive prices.

*April 30, 2012 (Unaudited)*

**Seafarer Overseas Growth & Income Fund**

| **Cumulative Total Return** *(for the period ended April 30, 2012)* | **Since Inception*** | **Net Expense Ratio**[1] |
|---|---|---|
| Investor Class (SIGIX) | 1.80% | 1.60% |
| Institutional Class (SFGIX) | 1.80% | 1.45% |
| MSCI Emerging Market Index[2] | -2.52% | |

** Inception Date: February 15, 2012.*

***Gross expense ratio: 2.37% for Investor Class; 2.22% for Institutional Class**[1]*

*Assumes reinvestment of all dividends and/or distributions before taxes. All returns reflect reinvested dividends and capital gains distributions, but do not reflect the deduction of taxes that an investor would pay on distributions or redemptions. Shares of the Fund redeemed or exchanged within 90 days of purchase are subject to a 2% redemption fee. Performance does not reflect this fee, which if deducted would reduce an individual's return.*

*The performance data quoted represents past performance and does not guarantee future results. Future returns may be lower or higher. The investment return and principal value will fluctuate so that an investor's shares, when redeemed, may be worth more or less than the original cost. To obtain the Fund's most recent month-end performance, visit www.seafarerfunds.com or call (855) 732-9220.*

*As of 4/30/2012, Infosys Ltd. ADR comprised 3.7% of the Seafarer Overseas Growth and Income Fund. Holdings are subject to change.*

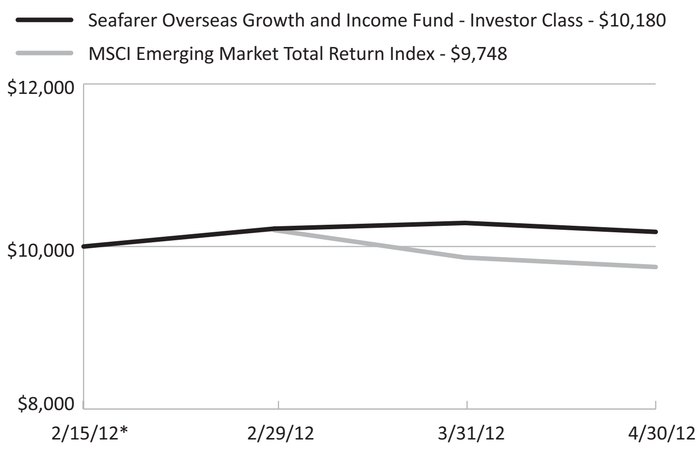
*The MSCI Emerging Markets Index, Standard (Large+Mid Cap) Core, Gross (dividends reinvested), Total Return USD is a free float-adjusted market capitalization index designed to measure equity market performance of emerging markets. The MSCI Emerging Markets Index consists of the following 21 emerging market country indices: Brazil, Chile, China, Colombia, Czech Republic, Egypt, Hungary, India, Indonesia, Korea, Malaysia, Mexico, Morocco, Peru, Philippines, Poland, Russia, South Africa, Taiwan, Thailand, and Turkey. Index code: GDUEEGF. It is not possible to invest directly in this or any index.*

1. *Source: Factset. Growth rates measured in U.S. dollar terms, on a year-on-year basis, using year-end market-based exchange rates between the Indian Rupee and the U.S. dollar. When measured in Rupee terms, or when measured using a static exchange rate, the company's growth rates are considerably higher. Regarding the annual ordinary dividend growth calculation: in fiscal year 2010-11, Infosys paid a "30th Year Special Dividend" on a one-time basis. If this dividend is included in the measurement of Infosys' dividend growth for fiscal year 2010-11 to 2011-12, gross dividends fell 39% year-on-year.*
2. *Source: Factset.*
3. *Tax efficiency: under certain circumstances, exchange traded funds (ETFs) may be able to avoid realizing capital gains. This feature of ETFs may render them more tax efficient than a traditional mutual fund that employs the same strategy. For more advice on this topic, please consult your tax advisor. You may also find background information on the Morningstar website under the topic "Untangling ETF Tax-Efficiency Myths"*

   *(http://www.morningstar.com/advisor/t/54272084/untangling-etf-tax-efficiency-myths.htm).*

4. *Costly distribution: under certain circumstances, the distribution of traditional mutual funds may be costly relative to the distribution of exchange-traded securities. Mutual fund distribution may entail "loads" (commission-like fees), 12b-1 fees (fees paid by a fund to ensure its distribution), or ongoing payments by a fund's advisor to ensure distribution. The aforementioned payments may or may not be transparent to a fund's shareholders. By contrast, transactions in exchange-traded securities (such as a stock or an exchange-traded fund) typically incur a more limited (but still substantial) set of costs, arising from brokerage commissions and price "spreads." For more information on this topic, please see the Securities and Exchange Commission's discussion of mutual fund fees on its website (http://www.sec.gov/answers/mffees.htm).*
5. *Perceived benefits of open-end, no-load mutual funds: it is Seafarer's opinion that mutual funds offer certain benefits to shareholders that are absent from or diluted in other investment vehicles. Those benefits include (but are not necessarily limited to): daily valuation of a fund's investment holdings; daily redemption and subscription privileges by shareholders, priced at the fund's net asset value; regulations that proscribe the liquidity of the underlying portfolio holdings; semi-regular, public disclosure of portfolio holdings; oversight by an independent Board of Trustees; external audits, and separate custody of the investment portfolio; asset based fees, in lieu of performance fees; and fiduciary standards proscribed in the body of law and regulations that defines public mutual funds.*

**Performance of $10,000 Initial Investment** *(for the period ended April 30, 2012)*




** Inception Date: February 15, 2012.*

*The chart shown above represents historical performance of a hypothetical investment of $10,000 in the Fund's Investor Class shares for the period from inception to 4/30/2012. All returns reflect reinvested dividends, but do not reflect the deduction of taxes that an investor would pay on distributions or redemptions.*

*The Fund also offers Institutional Class shares, performance for which is not reflected in the chart above. The performance of Institutional Class shares may be higher or lower than the performance of the Investor Class shares shown above based upon differences in fees paid by shareholders investing in the Investor Class shares and Institutional Class shares.*

*April 30, 2012 (Unaudited)*

**Investment Objective:**

The Fund seeks to provide long-term capital appreciation along with some current income; it also seeks to mitigate adverse volatility in returns.

**Strategy:**

The Fund invests a significant amount of its net assets in the securities of companies located in developing countries. The Fund can invest in dividend-paying common stocks, preferred stocks, convertible bonds, and fixed-income securities.

The Fund seeks to offer investors a relatively stable means of participating in a portion of developing countries' growth prospects, while providing some downside protection (in comparison to a portfolio that invests only in the common stocks of developing countries).

**Portfolio Management:**

Andrew Foster, Lead Manager
William Maeck, Associate Manager

| Fund Characteristics | |
|---|---|
| Inception Date | 2/15/2012 |
| Net Assets | $2.8M |
| Portfolio Turnover[1] | 5% |

| | Investor Class | Institutional Class |
|---|---|---|
| Ticker | SFGIX | SIGIX |
| NAV (4/30/12) | $10.18 | $10.18 |
| 30-Day SEC Yield (4/30/12) | 1.87% | 2.06% |
| Net Expense Ratio[2] | 1.60% | 1.45% |
| Redemption Fee (within 90 calendar days) | 2.00% | 2.00% |
| Minimum Initial Investment | $2,500 | $100,000 |
| Minimum Initial Investment (Retirement Account) | $1,000 | $100,000 |

| Underlying Portfolio Holdings | |
|---|---|
| Number of Holdings | 39 |
| % of Net Assets in Top 10 Holdings | 41% |
| Weighted Average Market Cap | $11.6B |
| Market Cap of Portfolio Median | $4.3B |
| Yield[3,4] | 3.6% |
| Price / Book Value[3] | 1.7 |
| Price / Earnings[3] | 10.6 |
| Earnings Per Share Growth[3] | 15.3% |

*The "Underlying Portfolio Holdings" table above presents indicative values only; Seafarer does not warrant the data's accuracy, and disclaims any responsibility for its use for investment purposes.*

*Past performance does not guarantee future results.*

*For the Period 2/15/2012 (Inception) – 4/30/2012.*

[1] *Portfolio Turnover rate for periods less than one full year have not been annualized.*

[2] *Seafarer Capital Partners, LLC (the "Adviser") has agreed contractually to waive and/or reimburse fees or expenses in order to limit Total Annual Fund Operating Expenses After Fee Waiver / Expense Reimbursements (excluding acquired fund fees and expenses, brokerage expenses, interest expenses, taxes and extraordinary expenses) to 1.60% and 1.45% of the Fund's average daily net assets for the Investor and Institutional share classes respectively. This agreement is in effect through August 31, 2013.*

[3] *Calculated as a harmonic average of the underlying portfolio holdings. A harmonic average is the reciprocal of the arithmetic mean of the reciprocals. Harmonic averages are generally preferable to weighted averages or other techniques when measuring the fundamental characteristics (e.g., earnings per share, book value per share) of a portfolio of securities. For more information, see the presentation "Index Calculation Primer," by Roger J. Bos, CFA, Senior Index Analyst at Standard & Poor's, 17 July 2000.*

*Price / Book Value: the value of a company's common shares, divided by the company's book value.*

*Price / Earnings: the market price of a company's common shares divided by the earnings per common share as forecast for this year.*

*Earnings Per Share Growth: forecast growth rate of earnings per common share this year, expressed as a percentage.*

[4] *Yield = gross yield for the underlying portfolio, estimated based on the dividend yield for common and preferred stocks and yield to maturity for bonds. This measure of yield does not account for offsetting Fund expenses and other costs, and consequently it should not be construed as the yield that an investor in the Fund would receive.*

**Top 10 Holdings** *(for the period ended April 30, 2012)*

| Holding | Sector | Country | % Net Assets | Capitalization of Issuer ($B) | Price / Earnings | Price / Book Value | Yield[1] | EPS Growth |
|---|---|---|---|---|---|---|---|---|
| Market Vectors Vietnam ETF | Other | Vietnam | 4.7% | – | – | – | 0.8% | – |
| SIA Engineering Co. Ltd. | Industrials | Singapore | 4.7% | $3.5 | 16 | 3.6 | 5.1% | 7% |
| CITIC Telecom International Holdings Ltd. | Telecom-munication Services | China / Hong Kong | 4.3% | $0.5 | 8 | 1.2 | 5.9% | 10% |
| Samsung Fire & Marine Insurance Co. Ltd., Pfd. | Financials | South Korea | 4.2% | $8.8 | 3 | 0.5 | 5.3% | 11% |
| S-Oil Corp, Pfd. | Energy | South Korea | 4.2% | $9.0 | 5 | 1.3 | 8.2% | 8% |
| Digital China Holdings Ltd. | Information Technology | China / Hong Kong | 4.0% | $2.1 | 13 | 2.5 | 2.2% | 20% |

| Holding | Sector | Country | % Net Assets | Capitalization of Issuer ($B) | Price / Earnings | Price / Book Value | Yield[1] | EPS Growth |
|---|---|---|---|---|---|---|---|---|
| Odontoprev S/A | Health Care | Brazil | 3.7% | $2.8 | 28 | 7.0 | 3.0% | 19% |
| Infosys Ltd. ADR | Information Technology | India | 3.7% | $27.2 | 15 | 4.6 | 1.9% | 10% |
| Obic Business Consultants Co. Ltd. | Information Technology | Japan | 3.6% | $1.0 | 14 | 1.1 | 2.1% | 8% |
| Tata Power Co Ltd. 1.75% Cnv Bds 11/21/14 USD | Utilities | India | 3.6% | $4.7 | – | – | 5.6% | – |

**Cumulative Weight of Top 10 Holdings: 40.6%**
**Total Number of Holdings: 39**

*Portfolio holdings are subject to change.*
*Sources: ALPS Fund Services, Inc., FactSet Research Systems, Inc., Seafarer.*

[1] *Yield = gross yield for the underlying portfolio, estimated based on the dividend yield for common and preferred stocks and yield to maturity for bonds. This measure of yield does not account for offsetting Fund expenses and other costs, and consequently it should not be construed as the yield that an investor in the Fund would receive.*

*The table above presents indicative values only; Seafarer does not warrant the data's accuracy and disclaims any responsibility for its use for investment purposes.*

## Portfolio Composition

| Asset Class | % Net Assets |
|---|---|
| Common Stock | 72 |
| Preferred Stock | 8 |
| ADR | 5 |
| ETF | 5 |
| USD Convertible Bond | 4 |
| Cash and Other Assets, Less Liabilities | 6 |
| **Total** | **100** |

| Market Capitalization of Issuer | % Net Assets |
|---|---|
| Large Cap (over $10 billion) | 20 |
| Mid Cap ($1 - $10 billion) | 45 |
| Small Cap (under $1 billion) | 24 |
| n/a | 5 |
| Cash and Other Assets, Less Liabilities | 6 |
| **Total** | **100** |

| Sector | % Net Assets |
|---|---|
| Consumer Discretionary | 1 |
| Consumer Staples | 8 |
| Energy | 6 |
| Financials | 19 |
| Health Care | 12 |
| Industrials | 7 |
| Information Technology | 17 |
| Materials | 2 |
| Telecommunication Services | 8 |
| Utilities | 9 |
| Other | 5 |
| Cash and Other Assets, Less Liabilities | 6 |
| **Total** | **100** |

| Region/Country | % Net Assets |
|---|---|
| **East & South Asia** | **80** |
| *Australia* | *2* |
| *China / Hong Kong* | *22* |
| *India* | *7* |
| *Indonesia* | *3* |
| *Japan* | *6* |
| *Malaysia* | *5* |
| *Singapore* | *9* |
| *South Korea* | *8* |
| *Taiwan* | *6* |
| *Thailand* | *7* |
| *Vietnam* | *5* |
| **Eastern Europe** | **2** |
| *Turkey* | *2* |
| **Latin America** | **9** |
| *Brazil* | *4* |
| *Mexico* | *5* |
| **Middle East & Africa** | **2** |
| *South Africa* | *2* |
| **Other Markets** | **1** |
| *United Kingdom* | *1* |
| **Cash and Other Assets, Less Liabilities** | **6** |
| **Total** | **100** |

**Greatest Performance Contributors and Detractors**
*For the period 2/15/12 - 4/30/12*

| Contributors | % Net Assets* |
|---|---|
| Market Vectors Vietnam ETF | 4.7 |
| Sinocom Software Group Ltd. | 0.9 |
| Bangkok Bank PCL | 3.5 |
| Television Broadcasts Ltd. | 1.3 |
| Kimberly-Clark de Mexico SAB de CV | 3.5 |

| Detractors | % Net Assets* |
|---|---|
| Samsung Fire & Marine Insurance Co. Ltd., Pfd. | 4.2 |
| S-Oil Corp, Pfd. | 4.2 |
| Perusahaan Gas Negara Persero Tbk PT | 2.7 |
| China Pharmaceutical Group Ltd. | 1.3 |
| Infosys Ltd. ADR | 3.7 |

** As of end of period*
*Source: Bloomberg*

*The table above presents estimated values only; Seafarer does not warrant the data's accuracy and disclaims any responsibility for its use for investment purposes.*

As a shareholder of the Fund you will incur two types of costs: (1) transaction costs, including applicable redemption fees; and (2) ongoing costs, including management fees and other Fund expenses. The following examples are intended to help you understand your ongoing costs (in dollars) of investing in the Fund and to compare these costs with the ongoing costs of investing in other mutual funds. The examples are based on an investment of $1,000 invested on November 1, 2011 and held until April 30, 2012.

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

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

| | Beginning Account Value 11/01/11 | Ending Account Value 04/30/12 | Expense Ratio[(a)] | Expenses Paid During Period 11/01/11 - 04/30/12[(b)] |
|---|---|---|---|---|
| **Investor Class** | | | | |
| Actual[(c)] | $ 1,000.00 | $ 1,018.00 | 1.60% | $ 3.31 |
| Hypothetical | $ 1,000.00 | $ 1,006.97 | 1.60% | $ 3.29 |
| **Institutional Class** | | | | |
| Actual[(c)] | $ 1,000.00 | $ 1,018.00 | 1.45% | $ 3.00 |
| Hypothetical | $ 1,000.00 | $ 1,007.27 | 1.45% | $ 2.98 |

*(a)* *Annualized, based on the Fund's most recent fiscal half year expenses.*

*(b)* *Expenses are equal to the Fund's annualized expense ratio multiplied by the average account value over the period, multiplied by the number of days in the most recent fiscal half year (182), then divided by 366.*

*(c)* *Shares commenced operations on February 15, 2012.*

| | Currency | Shares | Value |
|---|---|---|---|
| **COMMON STOCKS* (77.5%)** | | | |
| ***Australia (2.1%)*** | | | |
| Telstra Corp., Ltd. | AUD | 15,500 | $ 57,148 |
| ***Total Australia*** | | | 57,148 |
| ***Brazil (3.7%)*** | | | |
| Odontoprev SA | BRL | 19,700 | 104,073 |
| ***Total Brazil*** | | | 104,073 |
| ***China / Hong Kong (21.5%)*** | | | |
| Citic Telecom International Holdings, Ltd. | HKD | 580,000 | 120,566 |
| Digital China Holdings, Ltd. | HKD | 59,000 | 111,438 |
| CLP Holdings, Ltd. | HKD | 8,500 | 72,766 |
| Hang Lung Properties, Ltd. | HKD | 17,000 | 62,501 |
| China Communications Services Corp., Ltd., Class H | HKD | 114,000 | 58,478 |
| Vitasoy International Holdings, Ltd. | HKD | 66,000 | 48,368 |
| China Pharmaceutical Group, Ltd. | HKD | 180,000 | 36,987 |
| Television Broadcasts, Ltd. | HKD | 5,000 | 36,630 |
| Shandong Weigao Group Medical Polymer Co., Ltd., Class H | HKD | 24,000 | 27,522 |
| SinoCom Software Group, Ltd. | HKD | 200,000 | 25,632 |
| ***Total China / Hong Kong*** | | | 600,888 |
| ***India (3.7%)*** | | | |
| Infosys, Ltd. ADR | USD | 2,150 | 101,803 |
| ***Total India*** | | | 101,803 |
| ***Indonesia (2.7%)*** | | | |
| Perusahaan Gas Negara Persero Tbk PT | IDR | 210,000 | 76,256 |
| ***Total Indonesia*** | | | 76,256 |
| ***Japan (6.2%)*** | | | |
| OBIC Business Consultants, Ltd. | JPY | 2,100 | 99,675 |
| Hisamitsu Pharmaceutical Co., Inc. | JPY | 1,100 | 48,946 |
| Hamamatsu Photonics K.K. | JPY | 600 | 23,843 |
| ***Total Japan*** | | | 172,464 |
| ***Malaysia (4.7%)*** | | | |
| AMMB Holdings Bhd | MYR | 37,000 | 76,323 |

| | Currency | Shares | Value |
|---|---|---|---|
| ***Malaysia (continued)*** | | | |
| Hartalega Holdings Bhd | MYR | 21,300 | $ 54,739 |
| ***Total Malaysia*** | | | 131,062 |
| ***Mexico (5.1%)*** | | | |
| Kimberly-Clark de Mexico SAB de CV, Class A | MXN | 47,400 | 96,612 |
| Grupo Herdez SAB de CV | MXN | 20,000 | 44,281 |
| ***Total Mexico*** | | | 140,893 |
| ***Singapore (9.4%)*** | | | |
| SIA Engineering Co., Ltd. | SGD | 41,000 | 130,307 |
| Singapore Technologies Engineering, Ltd. | SGD | 26,000 | 63,140 |
| Hong Leong Finance, Ltd. | SGD | 20,000 | 40,184 |
| Cerebos Pacific, Ltd. | SGD | 6,000 | 28,432 |
| ***Total Singapore*** | | | 262,063 |
| ***South Africa (1.7%)*** | | | |
| Life Healthcare Group Holdings, Ltd. | ZAR | 13,902 | 48,098 |
| ***Total South Africa*** | | | 48,098 |
| ***Taiwan (6.3%)*** | | | |
| Taiwan Semiconductor Manufacturing Co., Ltd. | TWD | 29,000 | 85,713 |
| Taiwan Hon Chuan Enterprise Co., Ltd. | TWD | 30,000 | 67,011 |
| Cyberlink Corp. | TWD | 8,000 | 23,502 |
| ***Total Taiwan*** | | | 176,226 |
| ***Thailand (6.7%)*** | | | |
| Bangkok Bank PCL NVDR | THB | 13,200 | 81,755 |
| PTT PCL | THB | 5,000 | 57,023 |
| Thai Reinsurance PCL | THB | 250,000 | 32,975 |
| Bangkok Bank PCL | THB | 2,500 | 15,484 |
| ***Total Thailand*** | | | 187,237 |
| ***Turkey (2.4%)*** | | | |
| Asya Katilim Bankasi AS[(a)] | TRL | 65,000 | 66,287 |
| ***Total Turkey*** | | | 66,287 |

| | Currency | Shares | Value |
|---|---|---|---|
| ***United Kingdom (1.3%)*** | | | |
| HSBC Holdings PLC ADR | USD | 800 | $ 36,136 |
| ***Total United Kingdom*** | | | 36,136 |
| **TOTAL COMMON STOCKS (Cost $2,148,312)** | | | 2,160,634 |
| **EXCHANGE TRADED FUNDS (4.7%)** | | | |
| ***Vietnam (4.7%)*** | | | |
| Market Vectors Vietnam ETF | USD | 6,300 | 131,481 |
| ***Total Vietnam*** | | | 131,481 |
| **TOTAL EXCHANGE TRADED FUNDS (Cost $117,887)** | | | 131,481 |
| **PREFERRED STOCKS* (8.4%)** | | | |
| ***South Korea (8.4%)*** | | | |
| Samsung Fire & Marine Insurance Co., Ltd. | KRW | 1,907 | 118,289 |
| S-Oil Corp. | KRW | 2,273 | 117,081 |
| ***Total South Korea*** | | | 235,370 |
| **TOTAL PREFERRED STOCKS (Cost $249,824)** | | | 235,370 |

| | Currency | Rate | Maturity Date | Principal Amount | Value |
|---|---|---|---|---|---|
| **CONVERTIBLE CORPORATE BOND (3.6%)** | | | | | |
| ***India (3.6%)*** | | | | | |
| Tata Power Co., Ltd., Series TPWR | USD | 1.75% | 11/21/2014 | $100,000 | 99,250 |
| ***Total India*** | | | | | 99,250 |
| **TOTAL CONVERTIBLE CORPORATE BOND (Cost $100,000)** | | | | | 99,250 |
| **TOTAL INVESTMENTS (Cost $2,616,023) (94.2%)** | | | | | $ 2,626,735 |
| **Cash and Other Assets, Less Liabilities (5.8%)** | | | | | 163,115 |
| **NET ASSETS (100.0%)** | | | | | $ 2,789,850 |

* *Certain securities were fair valued in good faith in accordance with procedures established by and under the general supervision of the Board (Note 2).*

(a) *Non-income producing security.*

***Currency Abbreviations***

| | | |
|---|---|---|
| AUD | - | *Australia Dollar* |
| BRL | - | *Brazil Real* |
| HKD | - | *Hong Kong Dollar* |
| IDR | - | *Indonesia Rupiah* |
| JPY | - | *Japan Yen* |
| KRW | - | *South Korea Won* |
| MXN | - | *Mexico Peso* |
| MYR | - | *Malaysia Ringgit* |
| SGD | - | *Singapore Dollar* |
| THB | - | *Thailand Baht* |
| TRL | - | *Turkey Lira* |
| TWD | - | *Taiwan New Dollar* |
| USD | - | *United States Dollar* |
| ZAR | - | *South Africa Rand* |

***Common Abbreviations:***

| | | |
|---|---|---|
| ADR | - | *American Depositary Receipt.* |
| AS | - | *Andonim Sirketi, Joint Stock Company in Turkey.* |
| Bhd | - | *Berhad, Public Limited Company in Malaysia.* |
| ETF | - | *Exchange Traded Fund.* |
| K.K. | - | *Kabushiki Kaisha, Stock Company in Japan.* |
| Ltd. | - | *Limited.* |
| NVDR | - | *Non-Voting Depository Receipt.* |
| PCL | - | *Public Company Limited.* |
| PLC | - | *Public Limited Company.* |
| PT | - | *Perseroan Terbata, Limited Liability Company in Indonesia.* |
| SA | - | *Generally designates corporations in various countries, mostly those employing the civil law. This translates literally in all languages mentioned as anonymous company.* |
| SAB de CV | - | *A variable capital company.* |

*For Fund compliance purposes, the Fund's country classifications refer to any one or more of the country sub-classifications used by one or more widely recognized market indexes or ratings group indexes, and/or as defined by Fund management. This definition may not apply for purposes of this report, which may combine country sub-classifications for reporting ease. Countries are shown as a percent of net assets. These country classifications are based on third party definitions. The definitions are industry terms and do not reflect the legal status of any of the investments or the companies in which the Fund has invested.*

*See Accompanying Notes to Financial Statements.*

*April 30, 2012*

| | |
|---|---|
| **ASSETS:** | |
| Investments, at value | $ 2,626,735 |
| Cash | 274,321 |
| Foreign currency, at value (Cost $4,848, respectively) | 4,858 |
| Receivable for shares sold | 2,500 |
| Receivable due from advisor | 26,957 |
| Interest and dividends receivable | 11,226 |
| Deferred offering costs | 52,839 |
| Prepaid expenses and other assets | 3,418 |
| Total Assets | 3,002,854 |
| **LIABILITIES:** | |
| Payable for investments purchased | 171,561 |
| Administrative fees payable | 10,867 |
| Co-administrative & shareholder servicing fees payable | 142 |
| Shareholder service plan fees payable | 320 |
| Director's fees and expenses payable | 50 |
| Accrued expenses and other liabilities | 30,064 |
| Total Liabilities | 213,004 |
| **NET ASSETS** | $ 2,789,850 |
| **NET ASSETS CONSIST OF:** | |
| Paid-in capital (Note 5) | $ 2,775,063 |
| Accumulated net investment income | 3,467 |
| Accumulated net realized gain on investments and foreign currency transactions | 1,121 |
| Net unrealized appreciation on investments and translation of assets and liabilities in foreign currencies | 10,199 |
| **TOTAL NET ASSETS** | $ 2,789,850 |
| **INVESTMENTS, AT COST** | $ 2,616,023 |
| **PRICING OF SHARES** | |
| **Investor Class:** | |
| Net Asset Value, offering and redemption price per share | $ 10.18 |
| Net Assets | $ 1,443,475 |
| Shares of beneficial interest outstanding | 141,869 |
| **Institutional Class:** | |
| Net Asset Value, offering and redemption price per share | $ 10.18 |
| Net Assets | $ 1,346,375 |
| Shares of beneficial interest outstanding | 132,281 |

*See Accompanying Notes to Financial Statements.*

| | | |
|---|---|---|
| **INVESTMENT INCOME:** | | |
| Dividends | $ | 14,972 |
| Foreign taxes withheld on dividends | | (914) |
| Interest and other income | | 165 |
| Total Investment Income | | 14,223 |
| **EXPENSES:** | | |
| Investment advisory fees | | 3,266 |
| Administrative and transfer agency fees | | 33,437 |
| Co-administrative & shareholder servicing fees | | |
| Investor Class | | 128 |
| Institutional Class | | 128 |
| Trustees' fees and expenses | | 106 |
| Registration/filing fees | | 46 |
| Shareholder service plan fees | | |
| Investor Class | | 191 |
| Institutional Class | | 128 |
| Legal fees | | 1,237 |
| Audit fees | | 22,395 |
| Reports to shareholders and printing fees | | 2,016 |
| Custody fees | | 1,025 |
| Offering fees | | 12,854 |
| Miscellaneous | | 2,812 |
| Total expenses | | 79,769 |
| Less fees waived/reimbursed by investment advisor | | |
| Investor Class | | (22,136) |
| Institutional Class | | (51,869) |
| Total Net Expenses | | 5,764 |
| **NET INVESTMENT INCOME:** | | 8,459 |
| Net realized gain on investments | | 4,356 |
| Net realized loss on foreign currency transactions | | (9,351) |
| Net change in unrealized appreciation on investments | | 10,712 |
| Net change in unrealized depreciation on translation of assets and liabilities in foreign currency transactions | | (513) |
| **NET REALIZED AND UNREALIZED GAIN ON INVESTMENTS AND FOREIGN CURRENCY TRANSLATIONS** | | 5,204 |
| **NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS** | $ | 13,663 |

*See Accompanying Notes to Financial Statements.*

| | | For the Period February 15, 2012 (Inception) to April 30, 2012 |
|---|---|---|
| **OPERATIONS:** | | |
| Net investment income | $ | 8,459 |
| Net realized gain on investments | | 4,356 |
| Net realized loss on foreign currency transactions | | (9,351) |
| Net change in unrealized appreciation on investments and foreign currency translations | | 10,199 |
| Net Increase in Net Assets Resulting from Operations | | 13,663 |
| **BENEFICIAL INTEREST TRANSACTIONS:** | | |
| Shares sold | | |
| Investor | | 1,449,187 |
| Institutional | | 1,327,000 |
| Net increase in Net Assets Derived from Beneficial Interest Transactions | | 2,776,187 |
| Net increase in net assets | $ | 2,789,850 |
| **NET ASSETS:** | | |
| Beginning of period | | 0 |
| End of period (including accumulated net investment income of $3,467, respectively) | $ | 2,789,850 |

## Other Information:

| | |
|---|---|
| **SHARE TRANSACTIONS:** | |
| **Investor Class** | |
| Sold | 141,869 |
| Net increase in shares outstanding | 141,869 |
| **Institutional Class** | |
| Sold | 132,281 |
| Net increase in shares outstanding | 132,281 |

*See Accompanying Notes to Financial Statements.*

*For a share outstanding through the period presented*

| Investor Class | For the Period February 15, 2012 (Inception) to April 30, 2012 |
|---|---|
| **NET ASSET VALUE, BEGINNING OF PERIOD** | $ 10.00 |
| **INCOME/(LOSS) FROM OPERATIONS:** | |
| Net investment income[(a)] | 0.05 |
| Net realized and unrealized gain on investments | 0.13 |
| Total from Investment Operations | 0.18 |
| | |
| **NET INCREASE IN NET ASSET VALUE** | 0.18 |
| **NET ASSET VALUE, END OF PERIOD** | $ 10.18 |
| | |
| **TOTAL RETURN[(b)]** | 1.80% |
| **RATIOS/SUPPLEMENTAL DATA:** | |
| Net assets, End of Period (in 000s) | $ 1,443 |
| Net investment income including reimbursement/waiver | 2.61%[(c)] |
| Operating expenses including reimbursement/waiver | 1.60%[(c)] |
| Operating expenses excluding reimbursement/waiver | 18.96%[(c)] |
| **PORTFOLIO TURNOVER RATE[(d)]** | 5% |

(a) *Calculated using the average shares method.*

(b) *Total returns are for the period indicated and have not been annualized. Total returns would have been lower had certain expenses not been waived during the period. Returns shown do not reflect the deduction of taxes that a shareholder would pay on Fund distributions or the redemption of Fund shares. Returns shown exclude any applicable sales charges.*

(c) *Annualized.*

(d) *Portfolio turnover rate for periods less than one full year have not been annualized.*

*See Accompanying Notes to Financial Statements.*

*For a share outstanding through the period presented*

| Institutional Class | | For the Period February 15, 2012 (Inception) to April 30, 2012 |
|---|---|---|
| **NET ASSET VALUE, BEGINNING OF PERIOD** | $ | 10.00 |
| **INCOME/(LOSS) FROM OPERATIONS:** | | |
| Net investment income[(a)] | | 0.04 |
| Net realized and unrealized gain on investments | | 0.14 |
| Total from Investment Operations | | 0.18 |
| | | |
| **NET INCREASE IN NET ASSET VALUE** | | 0.18 |
| **NET ASSET VALUE, END OF PERIOD** | $ | 10.18 |
| | | |
| **TOTAL RETURN[(b)]** | | 1.80% |
| **RATIOS/SUPPLEMENTAL DATA:** | | |
| Net assets, End of Period (in 000s) | $ | 1,346 |
| Net investment income including reimbursement/waiver | | 2.00%[(c)] |
| Operating expenses including reimbursement/waiver | | 1.45%[(c)] |
| Operating expenses excluding reimbursement/waiver | | 21.65%[(c)] |
| **PORTFOLIO TURNOVER RATE[(d)]** | | 5% |

(a) *Calculated using the average shares method.*

(b) *Total returns are for the period indicated and have not been annualized. Total returns would have been lower had certain expenses not been waived during the period. Returns shown do not reflect the deduction of taxes that a shareholder would pay on Fund distributions or the redemption of Fund shares. Returns shown exclude any applicable sales charges.*

(c) *Annualized.*

(d) *Portfolio turnover rate for periods less than one full year have not been annualized.*

*See Accompanying Notes to Financial Statements.*

## 1. ORGANIZATION

Financial Investors Trust (the "Trust"), a Delaware statutory trust, is an open-end management investment company registered under the Investment Company Act of 1940, as amended ("1940 Act"). As of April 30, 2012, the Trust had twenty registered funds. This annual report describes the Seafarer Overseas Growth and Income Fund (the "Fund"). The Fund seeks to provide long-term capital appreciation along with some current income; it also seeks to mitigate adverse volatility in returns. The Fund offers Investor Class and Institutional Class shares. All classes of shares have identical rights to earnings, assets and voting privileges, except for class specific expenses and exclusive rights to vote on matters affecting only individual classes.

## 2. SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of significant accounting policies consistently followed by the Fund. These policies are in conformity with U.S. generally accepted accounting principles ("GAAP").

The preparation of financial reporting in accordance with GAAP requires management to make certain estimates and assumptions that affect the reported amounts and disclosures in the financial statements during the reporting period. Management believes the estimates and security valuations are appropriate; however, actual results may differ from those estimates, and the security valuations reflected in the financial statements may differ from the value the Fund ultimately realizes upon sale of the securities. The following is a summary of significant accounting policies consistently followed by the Fund in preparation of its financial statements.

**Investment Valuation:** The Fund generally values its securities based on market prices determined at the close of regular trading on the New York Stock Exchange ("NYSE"), normally 4:00 p.m. Eastern Time, on each day the NYSE is open for trading.

For equity securities and mutual funds that are traded on an exchange, the market price is usually the closing sale or official closing price on that exchange. In the case of equity securities not traded on an exchange, or if such closing prices are not otherwise available, the securities are valued at the mean of the most recent bid and ask prices on such day.

Equity securities that are primarily traded on foreign securities exchanges are valued at the closing values of such securities on their respective foreign exchanges, except when an event occurs subsequent to the close of the foreign exchange and the close of the NYSE that was likely to have changed such value. In such an event, the fair value of those securities are determined in good faith through consideration of other factors in accordance with procedures established by and under the general supervision of the Board of Trustees (the "Board"). The Fund will use a fair valuation model provided by an independent pricing service, which is intended to reflect fair value when a security's value or a meaningful portion of the Fund's portfolio is believed to have been materially affected by an valuation event that has occurred between the close of the exchange or market on which the security is traded and the close of the regular trading day on the NYSE. The Funds' valuation procedures set forth certain triggers which instruct when to use the fair valuation model.

The market price for debt obligations is generally the price supplied by an independent third-party pricing service approved by the Board of Trustees ("the Board"), which may use a matrix, formula or other objective method that takes into consideration quotations from dealers, market transactions in comparable investments, market indices and yield curves. If vendors are unable to supply a price, or if the price supplied is deemed to be unreliable, the market price may be determined using quotations received from one or more brokers–dealers that make a market in the security. Short–term debt obligations that will mature in 60 days or less are valued at amortized cost, unless it is determined that using this method would not reflect an investment's fair value. Investments in non-exchange traded funds are fair valued at their respective net asset values.

Forward currency exchange contracts have a market value determined by the prevailing foreign currency exchange daily rates and current foreign currency exchange forward rates. The foreign currency exchange forward rates are calculated using an automated system that estimates rates on the basis of the current day foreign currency exchange rates and forward foreign currency exchange rates supplied by a pricing service.

Investment securities that are primarily traded on foreign securities exchanges are valued at the preceding closing values of such securities on their respective exchanges, except when an occurrence subsequent to the time a value was so established is likely to have changed such value. In such an event, the fair value of those securities are determined in good faith through consideration of other factors in accordance with procedures established by and under the general supervision of the Board.

When such prices or quotations are not available, or when the Fair Value Committee appointed by the Board believes that they are unreliable, securities may be priced using fair value procedures approved by the Board.

**Fair Value Measurements:** The Fund discloses the classification of its fair value measurements following a three-tier hierarchy based on the inputs used to measure fair value. Inputs refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs reflect the assumptions market participants would use in pricing the asset or liability that are developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability that are developed based on the best information available.

Various inputs are used in determining the value of the Fund's investments as of the end of the reporting period. When inputs used fall into different levels of the fair value hierarchy, the level in the hierarchy within which the fair value measurement falls is determined based on the lowest level input that is significant to the fair value measurement in its entirety. The designated input levels are not necessarily an indication of the risk or liquidity associated with these investments. These inputs are categorized in the following hierarchy under applicable financial accounting standards:

Level 1 – Unadjusted quoted prices in active markets for identical investments, unrestricted assets or liabilities that a Fund has the ability to access at the measurement date;

Level 2 – Quoted prices which are not active, quoted prices for similar assets or liabilities in active markets or inputs other than quoted prices that are observable (either directly or indirectly) for substantially the full term of the asset or liability; and

Level 3 – Significant unobservable prices or inputs (including the Fund's own assumptions in determining the fair value of investments) where there is little or no market activity for the asset or liability at the measurement date.

The following is a summary of each input used to value the Fund as of April 30, 2012:

| Investments in Securities at Value[(a)] | Level 1 - Quoted Prices | Level 2 - Other Significant Observable Inputs | Level 3 - Significant Unobservable Inputs | Total |
|---|---|---|---|---|
| Common Stocks | | | | |
| Australia | $ – | $ 57,148 | $ – | $ 57,148 |
| Brazil | 104,073 | – | – | 104,073 |
| China / Hong Kong | – | 600,888 | – | 600,888 |
| India | 101,803 | – | – | 101,803 |
| Indonesia | – | 76,256 | – | 76,256 |
| Japan | – | 172,464 | – | 172,464 |
| Malaysia | – | 131,062 | – | 131,062 |
| Mexico | 140,893 | – | – | 140,893 |
| Singapore | – | 262,063 | – | 262,063 |
| South Africa | – | 48,098 | – | 48,098 |
| Taiwan | – | 176,226 | – | 176,226 |
| Thailand | – | 187,237 | – | 187,237 |
| Turkey | – | 66,287 | – | 66,287 |
| United Kingdom | 36,136 | – | – | 36,136 |
| Exchange Traded Funds | 131,481 | – | – | 131,481 |
| Preferred Stocks | | | | |
| South Korea | 118,289 | 117,081 | – | 235,370 |
| Convertible Corporate Bond | – | 99,250 | – | 99,250 |
| Total | $ 632,675 | $ 1,994,060 | $ – | $ 2,626,735 |

(a) *For detailed descriptions of countries, see the accompanying Portfolio of Investments.*

The Fund recognizes transfers between levels as of the end of the fiscal year. For the period ended April 30, 2012, the Fund did not have any transfers between Level 1 and Level 2 securities. The Fund utilizes a fair value evaluation service with respect to international securities with an earlier market closing than the Fund's net asset value computation cutoff. There were no Level 3 securities held during the period.

**Investment Transactions:** Investment transactions are accounted for on the date the investments are purchased or sold (trade date). Realized gains and losses from investment transactions are reported on an identified cost basis. Interest income, which includes accretion of discounts, is accrued and recorded as earned. Dividend income is recognized on the ex-dividend date or for certain foreign securities, as soon as information is available to the Fund.

**Foreign Securities:** The Fund may directly purchase securities of foreign issuers. Investing in securities of foreign issuers involves special risks not typically associated with investing in securities of U.S. issuers. The risks include possible reevaluation of currencies, the inability to repatriate foreign currency, less complete financial information about companies and possible future adverse political and economic developments. Moreover, securities of many foreign issuers and their markets may be less liquid and their prices more volatile than those of securities of comparable U.S. issuers.

**Foreign Currency Translation:** The books and records of the Fund are maintained in U.S. dollars. Investment valuations and other assets and liabilities initially expressed in foreign currencies are converted each business day into U.S. dollars based upon current exchange rates. Prevailing foreign exchange rates may generally be obtained at the close of the NYSE (normally, 4:00 p.m. Eastern time). The portion of realized and unrealized gains or losses on investments due to fluctuations in foreign currency exchange rates is not separately disclosed and is included in realized and unrealized gains or losses on investments, when applicable.

**Foreign Currency Spot Contracts:** The Fund may enter into foreign currency spot contracts to facilitate transactions in foreign securities or to convert foreign currency receipts into U.S. dollars. A foreign currency spot contract is an agreement between two parties to buy and sell currencies at the current market rate, for settlement generally within two business days. The U.S. dollar value of the contracts is determined using current currency exchange rates supplied by a pricing service. The contract is marked-to-market daily for settlements beyond one day and any change in market value is recorded as an unrealized gain or loss. When the contract is closed, the Fund records a realized gain or loss equal to the difference between the value on the open and close date. Losses may arise from changes in the value of the foreign currency, or if the counterparties do not perform under the contract's terms. The maximum potential loss from such contracts is the aggregate face value in U.S. dollars at the time the contract was opened.

**Trust Expenses:** Some expenses of the Trust can be directly attributed to a Fund. Expenses which cannot be directly attributed to the Fund are apportioned among all Funds in the Trust based on average net assets of each Fund.

**Fund Expenses:** Expenses that are specific to a Fund or class of shares of a Fund are charged directly to that Fund or share class.

**Offering Costs:** Offering costs, including costs of printing initial prospectuses, legal and registration fees, are being amortized over twelve months from the inception date of the Fund. As of April 30, 2012, $52,839 of offering costs remain to be amortized for the Fund.

**Federal Income Taxes:** The Fund complies with the requirements under Subchapter M of the Internal Revenue Code applicable to regulated investment companies and intend to distribute substantially all of their net taxable income and net capital gains, if any, each year. The Fund is not subject to income taxes to the extent such distributions are made. As of and during the period ended April 30, 2012, the Fund did not have a liability for any unrecognized tax benefits in the accompanying financial statements. The Fund files income tax returns in the U.S. federal jurisdiction and Colorado.

**3. DISTRIBUTION TO SHAREHOLDERS**

The Fund normally pays dividends and net investment income, if any, on a semi-annual basis. The Fund normally distributes capital gains, if any, on an annual basis.

Income dividend distributions are derived from interest and other income the Fund receives from their investments, including distributions of short term capital gains. Capital gain distributions are derived from gains realized when each Fund sells a security it has owned for more than a year. The Fund may make additional distributions and dividends at other times if the Adviser believes doing so may be necessary for the Fund to avoid or reduce taxes. Net investment income/(loss) and net realized gain/(loss) may differ for financial statement and tax purposes. The character of distributions made during the year from net investment income or net realized gains may differ from its ultimate characterization for federal income tax purposes. Also, due to the timing of dividend distributions, the fiscal year in which amounts are distributed may differ from the fiscal year in which the income or realized gain were recorded by the Fund. During the period ended April 30, 2012, the Fund did not make any distributions.

Reclassifications to paid-in capital relate primarily to non-deductible offering expenses. For the period ended April 30, 2012, the following reclassifications, which had no impact on results of operations or net assets, were recorded to reflect tax character:

| Fund | Paid-in Capital | Accumulated Net Investment Income/(Loss | Accumulated Net Realized Gain/Loss on Investments |
|---|---|---|---|
| Seafarer Overseas Growth and Income Fund | $ (1,124) | $ (4,992) | $ 6,116 |

As of April 30, 2012, the aggregate cost of investments, gross unrealized appreciation/ (depreciation) and net unrealized appreciation for Federal tax purposes was as follows:

| Fund | Cost of Investments | Gross Unrealized Appreciation | Gross Unrealized (Depreciation) | Net Unrealized Appreciation/ (Depreciation) on Foreign Currencies | Net Unrealized Appreciation |
|---|---|---|---|---|---|
| Seafarer Overseas Growth and Income Fund | $ 2,628,021 | $ 72,493 | $ (73,779) | $ (513) | $ (1,799) |

At April 30, 2012, components of distributable earnings were as follows:

| | |
|---|---|
| Accumulated capital loss Carryforwards | $ 0 |
| Undistributed ordinary income | 16,586 |
| Net unrealized appreciation/ (depreciation) of F/X | 0 |
| Net unrealized appreciation/(depreciation) on investments | (1,799) |
| Accumulated Capital Gains/(Losses) | 0 |
| Total distributable earnings | $ 14,787 |

**4. SECURITIES TRANSACTIONS**

The cost of purchases and proceeds from sales of securities excluding short term securities during the period ended April 30, 2012, were as follows:

| Fund | Purchases of Securities | Proceeds From Sales of Securities |
|---|---|---|
| Seafarer Overseas Growth and Income Fund | $ 2,699,405 | $ 87,739 |

**5. SHARES OF BENEFICIAL INTEREST**

The capitalization of the Trust consists of an unlimited number of shares of beneficial interest with no par value per share. Holders of the shares of the Fund of the Trust have one vote for each share held and a proportionate fraction of a vote for each fractional share. All shares issued and outstanding are fully paid and are non-assessable, transferable and redeemable at the option of the shareholder. Shares have no pre-emptive rights.

Shares redeemed within 90 days of purchase may incur a 2% short-term redemption fee deducted from the redemption amount. For the period ended April 30, 2012, the Fund did not receive any redemption fees.

**Beneficial Ownership:** The beneficial ownership, either directly or indirectly, of more than 25% of the voting securities of any class a Fund creates a presumption of control of the Fund under Section 2(a)(9) of the 1940 Act. As of April 30, 2012, the following entities owned beneficially 25% or greater of the Fund's outstanding shares. The shares are held under omnibus accounts (whereby the transactions of two or more shareholders are combined and carried in the name of the originating broker rather than designated separately).

| Fund | Class | Name | Percentage |
|---|---|---|---|
| Seafarer Overseas Growth and Income | Institutional | Andrew & Michelle Foster | 75.91% |
| Seafarer Overseas Growth and Income | Investor | Charles Schwab & Co. | 67.11% |

**6. MANAGEMENT AND RELATED-PARTY TRANSACTIONS**

Seafarer Capital Partners, LLC ("Seafarer" or the "Adviser"), subject to the authority of the Board, is responsible for the overall management and administration of the Fund's business affairs. The Adviser manages the investments of the Fund in accordance with the Fund's investment objective, policies and limitations and investment guidelines established jointly by the Adviser and the Trustees. Pursuant to the Advisory Agreement, (the "Advisory Agreement"), the Fund pays the Adviser an annual management fee of .85%, based on the Fund's average daily net assets. The management fee is paid on a monthly basis.

The Adviser has contractually agreed to limit certain Fund expenses to 1.60% of the Fund's average daily net assets in the Investor Class shares and 1.45% of the Fund's average daily net assets in the Institutional Class shares until August 31, 2013. The Fund may have to repay some of these waivers and reimbursements to the Adviser in the following three years. Pursuant to this agreement, the

Fund will reimburse the Adviser for any fee waivers and expense reimbursements made by the Adviser, provided that any such reimbursements made by the Fund to the Adviser will not cause the Fund's expense limitation to exceed expense limitations in existence at the time the expense was incurred, or at the time of the reimbursement, whichever is lower, and the reimbursement is made within three years after the end of the fiscal year in which fees or expenses were incurred.

For the period ended April 30, 2012, the fee waivers and/or reimbursements were as follows:

| Fund | Fees Waived/ Reimbursed By Advisor | Recoupment of Past Waived Fees By Advisor | Total |
|---|---|---|---|
| Seafarer Overseas Growth and Income | | | |
| Investor Class | $ 22,136 | $ 0 | $ 22,136 |
| Institutional Class | 51,869 | 0 | 51,869 |

As of April 30, 2012, the balances of recoupable expenses for each class were as follows:

| Fund | 2012 |
|---|---|
| Seafarer Overseas Growth and Income | |
| Investor Class | $ 22,136 |
| Institutional Class | 51,869 |

**Fund Accounting Fees and Expenses**

ALPS Fund Services, Inc. ("ALPS" or the "Administrator") provides administrative, fund accounting and other services to the Fund under the Administration, Bookkeeping and Pricing Services Agreement with the Trust. Under this Agreement, ALPS is paid fees, accrued on a daily basis and paid on a monthly basis following the end of the month, based on the greater of (a) an annual total fee of $123,000 in year one and the greater of $143,000 in year 2 and forward from the first to the last, or projected last, day of the then-current year of services; or (b) the following fee schedule:

| Average Total Net Assets | Contractual Fee |
|---|---|
| Between $0-$500M | 0.05% |
| $500M-$1B | 0.03% |
| Above $1B | 0.02% |

The Administrator is also reimbursed by the Fund for certain out-of-pocket expenses.

The Adviser provides shareholder and administrative services to the Fund under the Co-Administration and Shareholder Services Agreement with the Trust. Under this Agreement, the Adviser is paid fees, accrued on a daily basis and paid on a monthly basis following the end of the month, of 0.10% of the average daily net assets of the Investor Class and of 0.05% of the average daily net assets of the Institutional Class and is reimbursed for certain out-of-pocket expenses.

**Transfer Agent**

ALPS serves as transfer, dividend paying and shareholder servicing agent for the Fund ("Transfer Agent"). ALPS is compensated based upon a $25,000 annual base fee per Fund, and annually $9 per direct open account and $7 per open account through NSCC. The Transfer Agent is also reimbursed by the Fund for certain out-of-pocket expenses.

**Compliance Services**

ALPS provides services that assist the Fund's Chief Compliance Officer in monitoring and testing the policies and procedures of the Trust in conjunction with requirements under Rule 38a-1 under the 1940 Act under the Chief Compliance Officer Services Agreement with the Trust. Under this Agreement, ALPS is paid an annual base fee of $30,000 and is reimbursed for certain out-of-pocket expenses.

**Principal Financial Officer**

ALPS provides principal financial officer services to the Fund under the Principal Financial Officer Services Agreement with the Trust. Under this Agreement, ALPS is paid an annual base fee of $10,000 and is reimbursed for certain out-of-pocket expenses.

**Distributor**

ALPS Distributors, Inc. (an affiliate of ALPS) ("ADI" or the "Distributor") acts as the distributor of the Fund's shares pursuant to the Distribution Agreement with the Trust. Shares are sold on a continuous basis by ADI as agent for the Fund, and ADI has agreed to use its best efforts to solicit orders for the sale of the Fund's shares, although it is not obliged to sell any particular amount of shares. ADI is not entitled to any compensation for its services as Distributor. ADI is registered as a broker-dealer with the Securities and Exchange Commission.

**Shareholder Services Plan for Investor Class and Institutional Class Shares**

The Fund has adopted a shareholder service plan (a "Service Plan") for each of its share classes. Under the Service Plan, the Fund is authorized to enter into shareholder service agreements with investment advisors, financial institutions and other service providers ("Participation Organizations") to maintain and provide certain administrative and servicing functions in relation to the accounts of shareholders. The Service Plan will cause the Fund to pay an aggregate fee, not to exceed on an annual basis of 0.10% and 0.05% of the average daily net asset value of the Investor and institutional classes, respectively. Such payment will be made on assets attributable to or held in the name of a Participating Organization, on behalf of its clients as compensation for providing service activities pursuant to an agreement with a Participating Organization, on behalf of its clients as compensation for providing service activities pursuant to an agreement with a Participating Organization. Any amount of such payment not paid during the Fund's fiscal year for such service activities shall be reimbursed to the Fund as soon as practicable after the end of the fiscal year.

## 7. NEW ACCOUNTING PRONOUNCEMENTS

In May 2011, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2011-04 "Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements." ASU No. 2011-04 amends FASB ASC Topic 820, Fair Value Measurements and Disclosures, to establish common requirements for measuring fair value and for disclosing information about fair value measurements in accordance with GAAP and International Financial Reporting Standards ("IFRS"). ASU No. 2011-04 is effective for fiscal years beginning after December 15, 2011, and for interim periods within those fiscal years. Management is currently evaluating the impact these amendments may have on the Funds' financial statements.

**8. INDEMNIFICATIONS**

Under the Trust's organizational documents, its officers and Trustees are indemnified against certain liability arising out of the performance of their duties to the Trust. Additionally, in the normal course of business, the Trust enters into contracts with service providers that may contain general indemnification clauses. The Trust's maximum exposure under these arrangements is unknown, as this would involve future claims that may be made against the Trust that have not yet occurred.

To the Shareholders and Board of Trustees of Financial Investors Trust:

We have audited the accompanying statement of assets and liabilities, including the portfolio of investments, of Seafarer Overseas Growth and Income Fund, one of the portfolios constituting Financial Investors Trust (the “Fund”), as of April 30, 2012, and the related statements of operations, changes in net assets, and the financial highlights for the period February 15, 2012 (Inception) to April 30, 2012. These financial statements and financial highlights are the responsibility of the Fund’s management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. The Fund is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. Our procedures included confirmation of securities owned as of April 30, 2012, by correspondence with the custodian and brokers, where replies were not received from brokers, we performed other auditing procedures. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of Seafarer Overseas Growth and Income Fund of Financial Investors Trust, as of April 30, 2012, the results of its operations, the changes in its net assets, and the financial highlights for the period February 15, 2012 (Inception) to April 30, 2012, in conformity with accounting principles generally accepted in the United States of America.

DELOITTE & TOUCHE LLP

Denver, Colorado

June 29, 2012

**1. FUND HOLDINGS**
The Fund files its complete schedule of portfolio holdings with the Securities and Exchange Commission (the "SEC") for the first and third quarters of each fiscal year on Form N-Q within 60 days after the end of the period. Copies of the Fund's Form N-Q are available without charge on the SEC website at http://www.sec.gov. You may also review and copy the Form N-Q at the SEC's Public Reference Room in Washington, D.C. For more information about the operation of the Public Reference Room, please call the SEC at 1-800-SEC-0330.

**2. FUND PROXY VOTING POLICIES, PROCEDURES AND SUMMARIES**
The Fund's policies and procedures used in determining how to vote proxies and information regarding how the Fund voted proxies relating to portfolio securities during the most recent prior 12-month period ending June 30 are available without charge, (1) upon request, by calling (855) 732-9220 and (2) on the SEC's website at http://www.sec.gov.

**3. DISCLOSURE REGARDING APPROVAL OF FUND ADVISORY AGREEMENTS**
On December 13, 2011, the Trustees met in person to discuss, among other things, the approval of the Investment Advisory Agreement between the Trust and Seafarer Capital Partners, LLC (the "Seafarer Advisory Agreement") in accordance with Section 15(c) of the 1940 Act. The Independent Trustees met with independent legal counsel during executive session and discussed the Seafarer Advisory Agreement and other related materials.

In approving the Seafarer Advisory Agreement with Seafarer, the Trustees, including the Independent Trustees, considered the following factors with respect to the Fund:

**Investment Advisory Fee Rate**: The Trustees reviewed and considered the contractual annual advisory fee to be paid by the Trust, on behalf of the Fund, to Seafarer of 0.85% of the Fund's daily average net assets, in light of the extent and quality of the advisory services to be provided by Seafarer to the Fund.

The Trustees considered the information they received comparing the Fund's contractual annual advisory fee and overall expenses with those of funds in both the relevant expense group and universe of funds provided by an independent provider of investment company data.

Based on such information, the Trustees further determined that the contractual annual advisory fee of 0.85% of the Fund and the total expense ratios of 1.60% and 1.45% for each of Investor Class and Institutional Class of the Fund were comparable to others within the Fund's anticipated peer universe.

**Nature, Extent and Quality of the Services under the Seafarer Advisory Agreement:** The Trustees received and considered information regarding the nature, extent and quality of services to be provided to the Fund under the Seafarer Advisory Agreement. The Trustees reviewed certain background materials supplied by Seafarer in its presentation, including its Form ADV.

The Trustees reviewed and considered Seafarer's investment advisory personnel, its history as an asset manager and its performance, noting that Seafarer is expected to be a registered investment adviser by the end of 2011, and the amount of assets currently under management by Seafarer. The Trustees also reviewed the research and decision-making processes utilized by Seafarer, including the methods adopted to seek to achieve compliance with the investment objectives, policies and restrictions of the Fund.

The Trustees considered the background and experience of Seafarer's management in connection with the Fund, including reviewing the qualifications, backgrounds and responsibilities of the management team primarily responsible for the day-to-day portfolio management of the Fund and the extent of the resources devoted to research and analysis of actual and potential investments.

The Trustees also reviewed, among other things, Seafarer's insider trading policies and procedures and its Code of Ethics.

**Performance:** The Trustees noted that since the Fund has not yet begun operations, there is no fund performance to be reviewed or analyzed at this time. The Trustees considered Seafarer's reputation generally and its investment techniques, risk management controls and decision-making processes.

**The Adviser's Profitability:** The Trustees received and considered a projected profitability analysis prepared by Seafarer based on the fees payable under the Seafarer Advisory Agreement. The Trustees considered the profits, if any, anticipated to be realized by Seafarer in connection with the operation of the Fund. The Board then reviewed Seafarer's four-year pro-forma summary in order to analyze the financial condition and stability and profitability of the adviser.

**Economies of Scale:** The Trustees considered whether economies of scale in the provision of services to the Seafarer Fund will be passed along to the shareholders under the proposed agreements.

**Other Benefits to the Adviser:** The Trustees reviewed and considered any other incidental benefits derived or to be derived by Seafarer from its relationship with the Fund, including soft dollar arrangements.

In selecting Seafarer as the Fund's investment adviser and approving the Seafarer Advisory Agreement and the fees charged under the Seafarer Advisory Agreement, the Trustees concluded that no single factor reviewed by the Trustees was identified by the Trustees to be determinative as the principal factor in whether to approve the Seafarer Advisory Agreement. Further, the Independent Trustees were advised by separate independent legal counsel throughout the process. The Trustees, including all of the Independent Trustees, concluded that:

- the investment advisory fees to be received by Seafarer with respect to the Fund were comparable to others within the Fund's peer universe;
- the nature, extent and quality of services to be rendered by Seafarer under the Seafarer Advisory Agreement were adequate;
- the profit, if any, anticipated to be realized by Seafarer in connection with the operation of the Seafarer Fund is not unreasonable to the Fund; and
- there were no material economies of scale or other incidental benefits accruing to Seafarer in connection with its relationship with the Fund.

Based on the Trustees' deliberations and their evaluation of the information described above, the Trustees, including all of the Independent Trustees, concluded that Seafarer's compensation for investment advisory services is consistent with the best interests of the Fund and its shareholders.

*April 30, 2012 (Unaudited)*

**INDEPENDENT TRUSTEES**

| Name, Address* & Age | Position(s) Held with Fund | Term of Office and Length of Time Served | Principal Occupation(s) During Past 5 Years** | Number of Funds in Fund Complex Overseen by Trustee*** | Other Directorships Held by Trustee During Past 5 Years** |
|---|---|---|---|---|---|
| **Mary K. Anstine**, age 71 | Trustee | Ms. Anstine was elected at a special meeting of shareholders held on March 21, 1997 and re-elected at a special meeting of shareholders held on August 7, 2009. | Ms. Anstine was President/Chief Executive Officer of HealthONE Alliance, Denver, Colorado, and former Executive Vice President of First Interstate Bank of Denver. Ms. Anstine is also Trustee/Director of AV Hunter Trust and Colorado Uplift Board. Ms. Anstine was formerly a Director of the Trust Bank of Colorado (later purchased and now known as Northern Trust Bank), HealthONE and Denver Area Council of the Boy Scouts of America, and a member of the American Bankers Association Trust Executive Committee. | 20 | Ms. Anstine is a Trustee of ALPS ETF Trust (4 funds); Financial Investors Variable Insurance Trust (5 funds); Reaves Utility Income Fund (1 fund); and Westcore Trust (12 funds). |

* *All communications to Trustees and Officers may be directed to Financial Investors Trust c/o 1290 Broadway, Suite 1100, Denver, CO 80203.*

** *Except as otherwise indicated, each individual has held the office shown or other offices in the same company for the last five years.*

*** *The Fund Complex includes all series of the Trust and any other investment companies for which Seafarer Capital provides investment advisory services.*

**INDEPENDENT TRUSTEES**

| Name, Address* & Age | Position(s) Held with Fund | Term of Office and Length of Time Served | Principal Occupation(s) During Past 5 Years** | Number of Funds in Fund Complex Overseen by Trustee*** | Other Directorships Held by Trustee During Past 5 Years** |
|---|---|---|---|---|---|
| **John R. Moran, Jr.,** age 81 | Trustee | Mr. Moran was elected at a special meeting of shareholders held on March 21, 1997 and re-elected at a special meeting of shareholders held on August 7, 2009. | Mr. Moran is formerly President and CEO of The Colorado Trust, a private foundation serving the health and hospital community in the state of Colorado. An attorney, Mr. Moran was formerly a partner with the firm of Kutak Rock & Campbell in Denver, Colorado and a member of the Colorado House of Representatives. Currently, Mr. Moran is a member of the Treasurer's Investment Advisory Committee for the University of Colorado. | 20 | None. |

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**INDEPENDENT TRUSTEES**

| Name, Address* & Age | Position(s) Held with Fund | Term of Office and Length of Time Served | Principal Occupation(s) During Past 5 Years** | Number of Funds in Fund Complex Overseen by Trustee*** | Other Directorships Held by Trustee During Past 5 Years** |
|---|---|---|---|---|---|
| **Jeremy W. Deems**, age 35 | Trustee | Mr. Deems was appointed as a Trustee at the March 11, 2008 meeting of the Board of Trustees and elected at a special meeting of shareholders held on August 7, 2009. | Mr. Deems is the Co-Founder, Chief Compliance Officer and Chief Financial Officer of Green Alpha Advisors, LLC. Prior to joining Green Alpha Advisors, Mr. Deems was CFO and Treasurer of Forward Management, LLC, an investment management company, ReFlow Management Co., LLC, a liquidity resourcing company, ReFlow Fund, LLC, a private investment fund, and Sutton Place Management, LLC, an administrative services company (from 2004 to June 2007). Prior to this, Mr. Deems served as Controller of Forward Management, LLC, ReFlow Management Co., LLC, ReFlow Fund, LLC and Sutton Place Management, LLC. | 20 | Mr. Deems is a Trustee of ALPS ETF Trust (4 funds); Financial Investors Variable Insurance Trust (5 funds) and Reaves Utility Income Fund (1 fund). |

**INDEPENDENT TRUSTEES**

| Name, Address* & Age | Position(s) Held with Fund | Term of Office and Length of Time Served | Principal Occupation(s) During Past 5 Years** | Number of Funds in Fund Complex Overseen by Trustee*** | Other Directorships Held by Trustee During Past 5 Years** |
|---|---|---|---|---|---|
| **Jerry G. Rutledge,** age 67 | Trustee | Mr. Rutledge was elected at a special meeting of shareholders held on August 7, 2009. | Mr. Rutledge is the President and owner of Rutledge's Inc., a retail clothing business. Mr. Rutledge is currently Director of the American National Bank. He was from 1994 to 2007 a Regent of the University of Colorado. | 20 | Mr. Rutledge is a Trustee of Clough Global Allocation Fund (1 fund), Clough Global Equity Fund (1 fund) and Clough Global Opportunities Fund (1 fund). |

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**INDEPENDENT TRUSTEES**

| Name, Address* & Age | Position(s) Held with Fund | Term of Office and Length of Time Served | Principal Occupation(s) During Past 5 Years** | Number of Funds in Fund Complex Overseen by Trustee*** | Other Directorships Held by Trustee During Past 5 Years** |
|---|---|---|---|---|---|
| **Michael "Ross" Shell**, age 41 | Trustee | Mr. Shell was elected at a special meeting of shareholders held on August 7, 2009. | Mr. Shell is Founder and CEO of Red Idea, LLC, a strategic consulting/early stage venture firm (since June 2008). From 1999 to 2009, he was a part-owner and Director of Tesser, Inc., a brand agency. From December 2005 to May 2008, he was Director, Marketing and Investor Relations, of Woodbourne, a REIT/real estate hedge fund and private equity firm. Prior to this, from May 2004 to November 2005, he worked as a business strategy consultant; from June 2003 to April 2004, he was on the Global Client Services team of IDEO, a product design/innovation firm; and from 1999 to 2003, he was President of Tesser, Inc. Mr. Shell graduated with honors from Stanford University with a degree in Political Science. | 20 | None. |

*April 30, 2012 (Unaudited)*

**INTERESTED TRUSTEES**

| Name, Address* & Age | Position(s) Held with Fund | Term of Office and Length of Time Served | Principal Occupation(s) During Past 5 Years** | Number of Funds in Fund Complex Overseen by Trustee*** | Other Directorships Held by Trustee During Past 5 Years** |
|---|---|---|---|---|---|
| **Edmund J. Burke**, age 51 | Trustee, Chairman and President | Mr. Burke was elected as Chairman at the August 28, 2009 meeting of the Board of Trustees. Mr. Burke was elected as Trustee at a special meeting of shareholders held on August 7, 2009. Mr. Burke was elected President of the Trust at the December 17, 2002 meeting of the Board of Trustees. | Mr. Burke is Chief Executive Officer and a Director of ALPS Holdings, Inc. ("AHI") (since 2005) and Director of ALPS Advisors, Inc. ("AAI"), ALPS Distributors, Inc. ("ADI"), ALPS Fund Services, Inc. ("AFS") and FTAM Distributors, Inc. ("FDI") and from 2001-2008, was President of AAI, ADI, AFS and FDI. Because of his positions with AHI, AAI, ADI, AFS and FDI, Mr. Burke is deemed an affiliate of the Trust as defined under the 1940 Act. Mr. Burke is Trustee and President of the Clough Global Allocation Fund (Trustee since 2006; President since 2004); Trustee and President of the Clough Global Equity Fund (Trustee since 2006; President since 2005); Trustee and President of the Clough Global Opportunities Fund (since 2006); Trustee of the Liberty All-Star Equity Fund; and Director of the Liberty All-Star Growth Fund, Inc. | 20 | Mr. Burke is a Trustee of Clough Global Allocation Fund (1 fund); Clough Global Equity Fund (1 fund); Clough Global Opportunitie s Fund (1 fund); Trustee of the Liberty All-Star Equity Fund (1 fund); and Director of the Liberty All-Star Growth Fund, Inc. (1 fund). |

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## OFFICERS

| Name, Address* & Age | Position(s) Held with Fund | Term of Office and Length of Time Served | Principal Occupation(s) During Past 5 Years** |
|---|---|---|---|
| **Jeremy O. May**, age 42 | Treasurer | Mr. May was elected Treasurer of the Trust at the October 7, 1997 meeting of the Board of Trustees. | Mr. May joined ALPS in 1995 and is currently President and Director of AFS and Executive Vice President and Director of AHI, AAI, ADI and FDI. Because of his positions with these entities, Mr. May is deemed an affiliate of the Trust as defined under the 1940 Act. Mr. May is also the Treasurer of the Liberty All-Star Equity Fund, Liberty All-Star Growth Fund, Inc., Clough Global Allocation Fund, Clough Global Equity Fund, Clough Global Opportunities Fund and Financial Investors Variable Insurance Trust. Mr. May is also Chairman and Trustee of the Reaves Utility Income Fund. Mr. May is currently on the Board of Directors and is Chairman of the Audit Committee of the University of Colorado Foundation. |
| **JoEllen L. Legg**, age 50 | Secretary | Ms. Legg was elected Secretary of the Trust at the November 13, 2007 meeting of the Board of Trustees. | Ms. Legg joined ALPS in October 2007 and is currently Vice President and Associate Counsel of ALPS, AAI, ADI and FDI. Prior to joining ALPS, Ms. Legg served as Senior Counsel - Law (Corporate & Securities) for Adelphia Communications Corporation from February 2005 to March 2007. Prior to this, Ms. Legg held associate positions at Fried Frank Harris Shriver & Jacobson LLP (1998 - 2004) and at Patton Boggs LLP (2004 - 2005). Because of her position with ALPS, Ms. Legg is deemed an affiliate of the Trust as defined under the 1940 Act. Ms. Legg is also the Secretary of the Transparent Value Trust and Assistant Secretary of the Stone Harbor Investment Fund, Stone Harbor Emerging Markets Debt Fund and WesMark Fund and Vice President and Secretary of Oak Associates Fund. |

**OFFICERS**

| Name, Address* & Age | Position(s) Held with Fund | Term of Office and Length of Time Served | Principal Occupation(s) During Past 5 Years** |
|---|---|---|---|
| **Ted Uhl**, age 37 | Chief Compliance Officer ("CCO") | Mr. Uhl was appointed CCO of the Trust at the June 8, 2010 meeting of the Board of Trustees. | Mr. Uhl joined ALPS in October 2006, and is currently Deputy Compliance Officer of ALPS. Prior to his current role, Mr. Uhl served as Senior Risk Manager for ALPS from October 2006 until June 2010. Before joining ALPS, Mr. Uhl served a Sr. Analyst with Enenbach and Associates (RIA), and a Sr. Financial Analyst at Sprint. Because of his position with ALPS, Mr. Uhl is deemed an affiliate of the Trust as defined under the 1940 Act. Mr. Uhl is also CCO of the Clough Global Funds, Reaves Utility Income Fund, Drexel Hamilton Funds and the Transparent Value Trust. |
| **Kimberly R. Storms**, age 40 | Assistant Treasurer | Ms. Storms was elected Assistant Treasurer of the Trust at the June 14, 2005 meeting of the Board of Trustees. | Ms. Storms is Senior Vice President - Director of Fund Administration of ALPS. Ms. Storms joined ALPS in 1998 as Assistant Controller. Because of her position with ALPS, Ms. Storms is deemed an affiliate of the Trust as defined under the 1940 Act. Ms. Storms is also Assistant Treasurer of Liberty All-Star Equity Fund and Liberty All-Star Growth Fund, Inc.; and Assistant Secretary of Ameristock Mutual Fund, Inc. |

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** *Except as otherwise indicated, each individual has held the office shown or other offices in the same company for the last five years.*

Seafarer
FUNDS

P.O. Box 44474
Denver, Colorado 80201
855-732-9220
seafarerfunds.com