Seafarer Overseas Growth and Income Fund

Investor Class SFGIX
Institutional Class SIGIX

ANNUAL REPORT

April 30, 2013

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LETTER TO SHAREHOLDERS

May 15, 2013

Dear Fellow Shareholders,

I am pleased to address you on behalf of the Seafarer Overseas Growth and Income Fund, which as of April 30 completed its first full fiscal year.[1]

During that year, the Fund's Investor and Institutional share classes gained 18.24% and 18.33%, respectively. By comparison, the Fund's benchmark, the MSCI Emerging Markets Total Return Index,[2] rose 4.34%; and by way of broader comparison, the S&P 500 Index climbed 16.88%.

At the beginning of the fiscal year, the Fund had $2.8 million in assets under management; it finished with $37.8 million. The net asset value per share of the Investor class rose from $10.18 to $11.91, and during the year the class paid approximately $0.11 in distributions to shareholders.

At the Fund's inception, Seafarer Capital Partners was pleased to provide a contractual obligation to the Fund that limited expenses on its Investor and Institutional share classes to 1.60% and 1.45%, respectively. The Fund's subsequent growth allowed it to achieve some modest economies of scale; Seafarer was therefore pleased to offer in January an additional voluntary waiver that effectively capped expenses at 1.40% and 1.25% for the Investor and Institutional share classes, respectively. Seafarer's intention is to convert the voluntary waiver into a new contractual obligation that will commence in September, concurrent with the annual release of the Fund's prospectus.

The team at Seafarer is proud to report this progress to you. Nonetheless, we are acutely aware that our work has only just begun. If the Fund is to achieve anything of lasting worth for its shareholders, its success or failure will be measured in terms of decades, not individual years.

Something Different

Shareholder letters from fund companies typically discuss the state of affairs for financial markets, and they provide some sort of outlook for the future. My letters mostly follow convention – and this letter will conclude with the obligatory outlook. Yet I want to use most of the letter to do something different: I want to explain Seafarer's investment approach, which is practiced "from the bottom up."

If you finish this letter and you are still hungry for some practical details on the Fund, or you want insights on specific markets, please visit Seafarer's website (seafarerfunds.com). You will find a large library of resources there.

Investing "From the Bottom Up"

Seafarer invests "from the bottom up." I will explain what that phrase means, and why I believe it is essential to invest that way. Before I do so, a caveat: please note the following remarks apply only to the process of selecting individual securities for the purpose of portfolio construction. My comments do not pertain to "asset allocation," which is a distinct and complex topic, and one that I will not address here.

Investing "from the bottom up" means selecting individual securities for your portfolio based on their unique merits. It is the opposite of investing "from the top down," in which security selection is determined via macro-economic analysis or broad secular themes. In the former approach, you select securities because you have researched each one individually, and you have come to the conclusion they meet your risk and reward criteria. In the latter process, you usually perform some basic research on securities, but your primary emphasis is on getting the "big picture" themes and trends correct, and then translating those ideas to a basket of securities that are likely to benefit.

Each approach has its merits and drawbacks. However, I believe "top down" is ultimately more fallible, mainly because it is so difficult to implement a successful strategy of this sort consistently, over time.

"Bottom up" is not inherently superior; instead, "top down" is terribly problematic, and thus "bottom up" is the only game in town.

The Trouble With the "Top Down"

Let me illustrate the difficulty with a "top down" approach. One year ago, the macro-economic outlook for the world was murky at best, and downright awful at worst. There were fears that the Eurozone would disintegrate violently, that China would face a "hard landing," and that the U.S. would face a severe fiscal crisis, fall into recession, or both. If you adopted a "top down" approach, you most likely opted for cash, or went short.[3]

One year later, little has changed: the macro outlook is still murky, and most economies around the world remain in poor shape. The U.S. economy appears rehabilitated – few accurately predicted its rapid recovery! – but even so, there are plenty of critics who suggest its fiscal and monetary policies place it on thin ice. Thus a portfolio built on "top down" principles would be nearly unchanged; yet the interim twelve months offered an excellent opportunity to grow one's financial capital. What accounts for this discrepancy?

The problem is not that returns from stocks were predictable (they were not), or that the U.S. recovery was obvious (it was not). The problem lies in the idea that anyone can make a consistent, accurate forecast about something as large and complex as an economy, even when holding to a short time horizon (e.g., six months). Even for a short-run forecast, the intricacy of a large economy is so great that it requires construction of a complex, multi-factor model (which means the model must incorporate many different variables – essentially moving pieces). Obviously, it is challenging to get such a model right – you have to specify all the variables correctly (tough!) and then you have to make the right assumptions about all the input values for each variable (even tougher).

Once that forecast exceeds anything beyond the shortest possible horizon – anything longer than a few months, really – I believe the complexity of the model rapidly approaches infinity. There are too many moving pieces; there are too many potential outcomes, some of which are known with varying probabilities, and some of which are unknowable until they unfold. This near-infinite complexity means the model's predictive capacity rapidly falls to zero.

If you try to extend the model to incorporate other economies and their interactions with each other, I will believe you will transgress the boundaries of the near-infinite and slip into the realm of the impossible. How can your model possibly specify this complex, multi-economy environment accurately, with correct assumptions about all the underlying variables? And even if you miraculously do all of this, do you really think a model of this complexity will render practical, consistent, and timely investment advice? It seems to me that if the resulting "top down" portfolio performs well, it is by little more than random chance.

The trouble with such models and the forecasts they produce is that they are so darn appealing. They prey on our human frailties: they purport to explain everything, which alleviates our innate fear of the unknown; they are (superficially) logically consistent, and thus appeal to our sense of intellectual pride; and they often come with pithy slogans – witness the "New Normal"[4] – which exploit our preference for simplicity over complexity. These models even tap into our tendency to favor action over stasis. They appear to provide the means to react to various macro-indicators and economic signals; they seem to give us tools that allow us to "do something" about the frustrating and confusing world around us. In my experience though, those tools are illusions that only amplify our natural exuberance and fear.

Ultimately, the "top down" approach appeals because it helps you convince yourself that you know something about the big picture, and what matters to your portfolio. This is a fallacy in my view; unfortunately, you have fooled yourself, albeit with the best intentions. In truth, the big picture is unknowable – or at least, it is beyond anyone's ability to make timely, consistent and clear forecasts for the purpose of investment advice.

For proof of the fallacy, consider what happens when such models fail, publicly. If the forecasters are still in business – which is rare – they are usually engaged in convoluted efforts to re-purpose their models, employing tons of jargon to disguise the inconvenient fact that their analysis failed to capture the breadth and complexity of reality. At such moments, the “top down” model is exposed for what it is: a concept with little substantive basis. At the same time, it is obvious that the forecaster’s contorted attempts to defend the model are only self-delusion.

A Little Bit Is Better Than Nothing At All

Investing “from the bottom up” is the opposite exercise, as the name suggests. A “bottom up” approach means you start and finish with the unique merits of individual investments. Importantly, if you truly inhabit this process, you must mostly abandon the idea that you know how the big picture will play out, or which themes will work. Essentially, you must embrace a perspective rooted in humility: you don’t pretend you know a lot about everything, but realize clearly that you know almost nothing at all.

Naturally, knowing almost nothing is frightening. However, as a bottom up investor, you enjoy two advantages that can alleviate this fear. First, you have the ability to arm yourself with tangible facts about the risks and rewards afforded by the individual investment under consideration. Second, because you are cognizant of your own ignorance, you are highly attuned to the potential for loss, and are thus more likely to undertake practical solutions to guard against such loss.

First, you have the advantage of basing your decisions on discrete, empirical facts rather than an abstract, untested hypothesis. Unlike a massive, complex macro-economy, a single company is just small enough that a human being can understand it, and wrap their mind around it. With effort, you can grasp a company’s financial position, its risks, its opportunities, its frailties. You can know a company’s assets; its revenues; its products; its operations; its competitors. These are tangible things you can measure, or see, or sometimes touch.

There are of course severe limitations to the knowledge you can accumulate. You are not an insider; and there is a constant risk of fraud and deception. Even if fraud is not part of the picture, shocks are frequent, and businesses fail for unexpected reasons. Yet even with all of these shortcomings, your bottom up research is a very valuable tool: at least you can discern and analyze real facts. If you do your homework, *you will know a little bit about something* with some certainty; *you will no longer know nothing at all*.

A quick clarification is in order. The bottom-up investor does not abandon the macro for the micro when researching an individual investment. Quite the contrary: it is healthy to develop a basic perspective about where the macro fault lines might lie. Just make sure that you constantly question that view, and never lean on it too much. Meanwhile, the key is to use the individual company as a tangible, real-world frame of reference to digest your macro thesis. Your beliefs will be sharpened in the process: you will abandon the grand but abstract framework in favor of facts drawn from the real world.

Thus the bottom up investor asks: how will this macro event affect my individual investment? What frailties (or opportunities) will it expose? What can I do within my portfolio to control the associated risks, and maximize the potential rewards? The beauty of this approach is that you remain grounded in a practical reality. Also, as your approach is necessarily empirical, you often collect data that force you to retool your macro hypothesis. Certainly, you run the risk that your data set is not representative, thereby falling prey to anecdotal evidence. Yet even with this risk, I think it is still more scientific to formulate my “macro” perspectives from the bottom up. Otherwise it is all too easy to twist the data to suit my macro theory, rather than the other way around.

Accepting (And Then Controlling) Risk

The second advantage of a bottom up approach lies in your awareness of how little you know. Armed with that knowledge, you are naturally vigilant against risk, and highly attuned to the potential for loss, as you assume nothing, and take nothing for granted. Managing risk within your portfolio thus takes on central importance.

Before you manage risk within your portfolio, though, you must first accept it. Whether you are an equity investor trying to capture growth, or a fixed income investor harvesting illiquidity premia from creditors, you are necessarily exposed to risks. You must accept that the biggest risks are beyond prediction, and even mundane risks are difficult to predict in a consistent and timely manner.

However, once you have passed over this scary threshold, the knowledge is liberating: you quickly realize that just as you can't control such risks, no one else can, either. Anyone who suggests they can radically reduce portfolio risk is engaged in fabrication (*e.g.,* exaggerated risk management skills), or they are selling you something that is so expensive that it will do damage to your portfolio (*e.g.,* products that offer a guaranteed return), or they are obscuring their own financial frailties (*e.g.,* hidden counterparty risks). This awareness represents another small but vital piece of knowledge.

So, how does one take every reasonable precaution against the unknown, and the unknowable? In my view, there are only two time-tested, cost-effective means to do so. First, you must make efforts to control risk from the bottom up, by vetting your individual investments carefully. You must do your homework, and "look under the hood" to understand what you are getting for your money. In the process you will develop firsthand knowledge of the real frailties of the investment, as opposed to what the salesperson told you. Imagine relying on investment slogans and second-hand analysis during a time of financial crisis – now that is a scary thought!

Second, you must diversify. History has shown that diversification is cheap and effective. If you have done your homework from the bottom up, you will find it is surprisingly useful, as you will have direct knowledge about how to offset the important risks against each other. The approach is time-tested, and though it is not perfect, it works as well as any fancy risk management model, at lower cost.

Obviously, these two methods reduce risk, but they still leave your portfolio exposed to considerable hazards. Unfortunately, I do not have an answer to this; and no one else does – or if they do, the answer is not legal, or they have not shared it. This realization is again frightening. Yet in this fear, do not lose hope. Keep pushing yourself to find opportunity. Here's why: there is only one constant in markets, and that is change. Where change exists, there is at least the opportunity to make progress; and progress is what begets growth (and financial profits). Change and the potential for progress always exist, even in the darkest and most confusing markets. Thus there is almost always an opportunity to invest, and grow your capital – if you are patient, disciplined, and invest "from the bottom up."

A Brief Outlook, As Promised

For those of you who followed Seafarer's various portfolio reviews and shareholder calls during the past year, you know I have expressed concern about whether the pace of earnings growth in the emerging markets would live up to investors' elevated (and misplaced) expectations.

I noted last fall that the rapid gains in valuations seemed out of step with reality – a reality that would likely be characterized by a slower (but still reasonably good!) rate of growth. This has come to pass. Corporate profits have fallen below expectations in the first four months of this year. In my own opinion, the lackluster performance of emerging equities is largely attributable to the market's belated recognition of this fact.

However, as of mid-May, the market landscape is once again different. A good deal of the valuation excesses that were apparent last year have been wrung out of the markets – with the caveat that some absurdly high valuations persist within the consumer sector. Meanwhile, corporate earnings continue to expand at a reasonably good (albeit slower) rate. As usual, I see plenty of specific issues to worry about in various countries throughout the emerging world, but nothing that appears immediate or fatal. Indeed, my research on individual companies leads me to be optimistic that growth might accelerate, just a bit.

Of course, a number of major "macro" issues cloud the picture. Will Japan collapse, or will Europe implode? Will quantitative easing beget hyperinflation?[5] Will fixed income markets melt down? I can speculate about all of these things, but I will know none with any certainty. However, I do know there are plenty of prospective investments that satisfy the risk and return criteria the Fund seeks, and thus I am an enthusiastic investor.

Thank you for entrusting us with your capital. As usual, the future is murky, and I do not know whether the year ahead will bring success to the Fund. However, I do know one small thing, with certainty: we are very serious about our job.

We are honored to act as your investment adviser.

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 Fund 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.

[1] *Please note: the Fund's inception was February 15, 2012.*

[2] *The MSCI Emerging Markets Total Return Index, Standard (Large+Mid Cap) Core, Gross (dividends reinvested), USD is a free float-adjusted market capitalization index designed to measure equity market performance of emerging markets. The MSCI Emerging Markets Total Return 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.*

[3] *Short selling is the practice of borrowing securities in order to sell them shortly thereafter. The short seller's intention is to speculate on a subsequent decline in the price of the security. The short seller might profit by repurchasing the same securities ("covering") at a lower price, and then returning those securities to the original lender. Conversely, the short seller will incur a loss in the event that the price of a shorted instrument should rise prior to repurchase.*

[4] *"New Normal" is a slogan for an investment theme propagated by PIMCO, a large fixed income investment manager. For more information on this topic, please see PIMCO's latest discussion of the "New Normal," titled "New Normal . . . Morphing" (May 2013): www.pimco.com/EN/Insights/Pages/Secular-Outlook-El-Erian-2013.aspx*

[5] *Quantitative easing is the attempt by a central bank to inject more money into the economy and to keep long-term interest rates low through the purchase of large amounts of assets, often held by financial institutions. Hyperinflation occurs when a country experiences very high, accelerating, and possibly "unstoppable" rates of inflation. In such a condition, the general price level within an economy rapidly increases as the currency loses real value.*

PORTFOLIO REVIEW

May 15, 2013

On April 30, the Seafarer Overseas Growth and Income Fund completed its first fiscal year of operations.[1]

During the year, the Fund's Investor and Institutional share classes gained 18.24% and 18.33%, respectively. By comparison, the Fund's benchmark, the MSCI Emerging Markets Total Return Index, rose 4.34%; and by way of broader comparison, the S&P 500 Index climbed 16.88%.

Performance During the First Half of the Fiscal Year

During the first half of the Fund's fiscal year (May 1, 2012 – October 31, 2012), the Fund gained 7.13% and 7.16% for the Investor and Institutional classes, respectively. The Fund's benchmark, the MSCI Emerging Markets Total Return Index, fell -1.01% during the same period. By way of broader comparison, the S&P 500 Index gained 2.16%. During the period, the Fund distributed $0.04995 and $0.03484 per share for the Investor and Institutional classes, respectively.

During the period, stock markets in the developing world experienced substantial swings. They declined sharply between May and June, and then rose swiftly between July and September, before declining slightly once more in October. The net effect of all those gyrations is that markets finished the six-month period just shy of where they began (as measured by the benchmark index).

A number of factors drove the volatility in emerging equities. Markets stumbled in May due to renewed concerns over Greece's ability to remain a member of the Eurozone, fears over Spain's solvency, and worries that China's economic growth would falter. However, by July stocks began to march upwards again; in my view, these gains occurred primarily because of three interrelated events. First, markets recognized that, as grave as the situation in Western Europe was (and is), the substantial decline priced into stocks was overdone. Second, markets anticipated extended stimulus on the part of the world's major central banks. Indeed, both the U.S. Federal Reserve and the European Central Bank maintained relaxed monetary policies through the summer. Third, equities gained because valuations were quite depressed in June, and yet second quarter corporate profits generally exceeded the (low) expectations of investors.

As markets fell through June, the Fund also declined, but less so than the benchmark index; and as markets recovered lost ground between July and October, the Fund managed to slightly outpace the benchmark. During the six-month period, about two-thirds of the Fund's positions contributed positively to the Fund's performance. The Fund's gains were relatively concentrated, though. The ten positions with the greatest contribution to performance were collectively responsible for over 80% of the Fund's return.

The following holdings made substantial contributions to the Fund's gains over the first half of the fiscal year:

- The top contributor to the Fund was a mid-capitalization company called Aselsan Elektronik. Aselsan is a Turkish firm that produces electronic systems and communication equipment for military and civilian markets. The company has existed for several decades, yet it has only recently undertaken efforts to operate on a truly commercial basis. In the past, the company operated essentially as a captive supplier to (and subsidiary of) the Turkish Army; consequently, Aselsan's financial performance took a back seat. However, the company has recently begun to improve upon its commercial potential, expanding into new markets and accelerating its growth. Aselsan's shares rose ostensibly in reflection of the company's improved performance.

- The Fund's holdings in a small-capitalization company called Kingdee International also contributed to gains. Kingdee provides "enterprise management" software to small and mid-sized companies based in China. This software helps companies manage their accounts, track inventory and sales, and engage in online commerce. Kingdee has historically been a leader within its chosen niche. However, the company embarked upon an ill-fated expansion approximately two years ago, one which left the company's finances stretched thin in light of slowing growth within the Chinese market. This caused the shares to drop nearly four-fifths between April 2011 and July 2012.[2] Seafarer's research confirmed that the company's fundamental position has deteriorated, and that its near-term profitability is materially compromised. However, Seafarer also judged the extent of the correction overdone, and as such, the Fund began to acquire shares in the company in June 2012. The shares have since recovered a portion of their former value, to the Fund's benefit.

- Another notable positive contribution to the Fund came from its holding in Cerebos Pacific, a Singapore-based purveyor of food and beverage products across Southeast Asia and Australia. The company was a closely-held subsidiary of the Japanese beverage company Suntory. In August, Suntory announced its intent to purchase the roughly 15% of Cerebos that it did not already own; Suntory agreed to pay a premium price in order to take the company private, and the transaction was consummated in late 2012.

- The Fund's two holdings in Mexico, Grupo Herdez and Kimberly-Clark de Mexico, also made prominent contributions to the Fund's gains during the period. Their gains were likely attributable not only to strong financial performance, but also to the market's belated recognition that the Mexican economy is much healthier than headlines convey.

The following holding detracted the most from performance during the first half of the fiscal year:

- Market Vectors Vietnam ETF was responsible for the largest drag on performance. Vietnam saw its stock market lurch lower during the period as a series of scandals and reforms impacted its banking sector. Like China, its large neighbor to the north, Vietnam's government has propagated a substantial number of uncompetitive, state-backed enterprises; and as in China, those entities have borrowed excessively from compliant local banks. Some of the debts have come due, and the state-backed debtors have been either unwilling or unable to repay. This outcome has led to criticism and scandal within the country's banking sector and throughout its various political circles. Vietnam appears to be redoubling its efforts to reform the sector, yet the market stumbled amid the political and economic strife.

Performance During the Second Half of the Fiscal Year

During the second half of the Fund's fiscal year (October 31, 2012 – April 30, 2013), the Fund's Investor and Institutional share classes gained 10.37% and 10.42%, respectively. By comparison, the Fund's benchmark rose 5.40%, and the S&P 500 Index climbed 14.41%. In December, the Fund paid a second distribution to shareholders, $0.06080 and $0.08710 per share for the Investor and Institutional classes, respectively. This second distribution brought the fiscal year total to $0.11075 and $0.12194 per share for the Investor and Institutional classes, respectively.

The past six months proved to be a tumultuous period for stocks in the developing world. Emerging market equities surged from November 2012 through early January 2013; however, by late January the trend reversed and emerging markets underwent a moderate but broad-based decline. This reversal occurred despite impressive gains from U.S. equities during the same period. Investors in the emerging markets have long hoped their performance would "decouple" from the developed world; unfortunately, decoupling was all too evident, but not in a manner that was beneficial to short-run returns.

There are competing explanations as to why emerging markets saw their performance taper off. The list includes weak growth in China; a sharp, cyclical decline in commodity markets; major shifts in economic policy in Brazil; and elevated inflation in some of the largest markets, such as China, India and Brazil. However, in my view, the most important causal factor was identified in Seafarer's semi-annual shareholder letter last fall,[3] and again in our shareholder conference call in January[4]: namely, that growth in corporate profits was likely to fall below the market's elevated (and misplaced) expectations. As of late February, Bloomberg News reported that over 60% of the companies tracked within the MSCI Emerging Markets Index (the Fund's benchmark) reported fourth quarter results that fell short of forecasts.[5] I am convinced that the resulting disappointment was directly responsible for the volatility and poor performance that ensued. The same report stated that the equivalent ratio for the MSCI World Index – which includes most developed markets – was just over 30%, suggesting growth in the developed world was far more resilient.

Against this rocky backdrop, the Fund performed reasonably well; I am pleased the portfolio outpaced its benchmark. A number of the Fund's mid-sized stocks performed well. The following holdings contributed the most to the Fund's gains during the second half of the fiscal year, ranked in order of the greatest contribution:

- Aselsan, a Turkish company that specializes in electronics and communications systems, contributed the most to the Fund's gains. The company's shares rose as its order flow saw renewed activity from domestic and foreign customers, for both military and civilian applications.
- Citic Telecom, a small telecommunication services company based in Hong Kong, saw its shares vault as it struck a deal to acquire Macau Telecom, the monopoly phone company in the former Portuguese colony.
- Bangkok Bank, one of Thailand's largest financial institutions, saw its shares steadily gain ground, as the economy in Thailand performed very well, despite ongoing political intrigues there.

Of course, there were also notable losses during the second half of the fiscal year. The following holdings detracted the most from performance, ranked in order of the largest detraction:

- Digital China was one of the largest holdings of the Fund during the period. It is a technology company that provides software and services to corporate and government customers. Its shares plummeted on news that the company's main shareholder was selling a large stake to cover a mysterious financial debt. The shares further retreated on news that a small subsidiary had failed to comply with strict parameters on a government project tender. I realized that, while I still hold some optimism for the company's future, the position was a mistake, not least because of its extreme volatility, and the Fund has exited the shares. The losses incurred during the period consumed roughly half the gains generated by Aselsan.
- Kingdee, another Hong Kong software company, saw its shares slump during the six-month period. The story here is a bit different, as Kingdee was one of the Fund's biggest contributors during the first half of the fiscal year (as noted above). Kingdee is struggling with a tough business climate in which its profitability has been compromised, and this has led its shares to become exceedingly volatile. I remain positive about its prospects, though, and as of mid-May (after the end of the fiscal period), Kingdee had recovered a large portion of its losses.
- Sociedad Quimica y Minera de Chile, or "SQM," created the third largest drag on returns. SQM is a dominant and highly specialized producer of certain commodities such as lithium, iodine and potassium. Unfortunately, my short-run timing on adding this stock to the portfolio has proved to be poor: I initiated a position in the Fund at the stock's near-term peak, last fall. It has been in steady decline ever since, largely in sympathy with the global retreat in commodity prices. However, I remain very enthusiastic about this position; there is more on this topic below.

Allocation

As I survey global stock markets, it seems to me that a number of dramatic shifts are underway. This is an obvious truism: markets are never constant, and change is always at work. Yet at this moment, the shifts strike me as being of greater magnitude and consequence than is usually the case.

One notable shift is that within the emerging markets, the commodities / materials sector has grossly underperformed most other sectors since the fall of 2011. At that time, markets around the world were under strain due to fears over the sustainability of the Eurozone, and shares in all sectors were depressed. However, by early 2012, most developed and emerging markets staged a partial recovery; but not so for emerging market commodity stocks, which remained depressed throughout the year. Early performance in 2013 has only sustained this trend: growth in China has decelerated, and commodity stocks everywhere have swooned in sympathy, even as other sectors have held up reasonably well.

I cannot yet explain this disconnect between commodities and the rest – Seafarer is currently researching the issue – but I find it intriguing, because for the better part of the past decade, investors bought commodity stocks aggressively as a means to "play" growth in the emerging world. The sector was previously considered to be "high beta": if emerging markets were set to perform well, investors reflexively assumed commodities would perform all the better.[6] That strategy is now on the rocks. In the past, I have shunned such businesses because I have not been able to make sense of the elevated valuations that investors have placed on their shares. I find it difficult to value businesses that are so deeply cyclical and volatile.

Yet now that valuations have receded so sharply, I believe that value is emerging. As a consequence, the Fund is adding to its exposure to commodities, albeit cautiously and in a very focused manner. To be sure, the Fund remains underweight the materials sector, with a 7% weighting versus 11% in the benchmark index. (Note: non-energy-related commodity businesses are classified as "materials" by the benchmark index.) Further still, I believe the stated 7% allocation for the Fund overstates its true exposure to commodities: the Fund holds only two stocks that are "pure" commodities companies (SQM and Vale, a new holding), both of which are focused on extraction of raw materials. Those two names together account for 5% of the Fund's 7% allocation.[7] The Fund's modest allocation to extraction-based businesses is nevertheless the highest weighting I have ever placed on the sector in my career. To date, it has been the wrong bet: both SQM and Vale have detracted from performance, in line with the sector overall. Yet I am optimistic about the valuations of these two stocks, and despite their cyclicality, I believe both might deliver the sort of long-term sustainable growth that the Fund seeks.

Another major change in global markets is the drastic shift in monetary policy now underway in Japan. As I discussed in greater depth in my Tokyo Field Notes,[8] I am deeply divided about what is occurring in Japan. On the one hand, I firmly believe that aggressive monetary policy is the correct prescription for what ails the country most: deflation. On the other hand, I think there is a material chance that Japan's monetary policies will stoke intense speculation in a narrow group of financial assets. Indeed I believe a number of "mini-bubbles" are already forming, with distorted valuations evident for certain stocks and REITs (real estate investment trusts). If those mini-bubbles burst violently, I fear Japan's new monetary policies will be discredited and withdrawn before they can induce needed change. If that happens, all the major policy options I can envision for the country will be exhausted. Thus there is a certain "go-for-broke" quality to the new policy construct that leaves little room for error. The Fund remains invested in Japan for the time being because of the individual merits of its holdings there; yet I am wary over what is likely to be a very wild ride.

Lastly, the deceleration in China's growth rate has created yet another notable shift in global markets. I have commented at length about the causes and consequences of the deceleration, so I will not revisit the issue here.[9] However, I note that within the span of the past few months, market sentiment has shifted sharply toward the negative. In the early weeks of 2013, emerging markets were ebullient; there was great hope that China's growth would accelerate and cause an expansion in corporate profits. Now the pendulum has swung the other way – too far in my view – and valuations in some of the larger emerging markets have grown more attractive (especially in China). As a consequence, the Fund has established new positions within China whose depressed valuations seem at odds with their long-term growth prospects.

Andrew Foster
Chief Investment Officer
Seafarer Capital Partners, LLC

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[1] *Please note: the Fund's inception was February 15, 2012.*

[2] *Kingdee International shares closed at HKD 5.07 on April 27, 2011; and closed at HKD 0.85 on July 30, 2012. Source: Factset.*

[3] *Please see seafarerfunds.com/fund/shareholder-letter/2012/10/semi-annual*

[4] *Please see seafarerfunds.com/shareholders/call/2013/01*

[5] *Bloomberg News, "Emerging Stocks Cheapen as Profits Disappoint," 24 February 2013.*

[6] *Beta is the covariance of a stock's price movements in relation to the price movements of the market overall. It is effectively a measure of relative volatility, and a "high beta" security or sector is considered to be more volatile than the market.*

[7] *The other 2% of the 7% in the materials sector is attributable to Taiwan Hon Chuan (THC), a producer of plastic bottles for the Asian beverage industry. THC produces plastics, and thus it is officially classified as a "materials" stock. However, I think that designation is debatable. Most companies in the materials sector produce highly commoditized products. By contrast, THC produces very specialized bottles and packaging, designed for consumer use. Its customers are bottlers, and THC is often highly integrated with its clientele, with production lines embedded within its clients' premises. I think these features distinguish THC's business from generic plastics companies, and as a consequence I personally believe the company is economically aligned with the consumer staples sector.*

[8] *Please see seafarerfunds.com/field-notes/tokyo/2013/Q1*

[9] *For more information on this topic, please see the following commentaries and presentations available at seafarerfunds.com/archives: Letter to Shareholders (Annual Report for the period ended April 30, 2012), Inaugural Shareholder Conference Call (July 2012), Letter to Shareholders (Semi-Annual Report for the period ended October 31, 2012).*

Seafarer Overseas Growth and Income Fund Performance

Total Return *(for the year ended April 30, 2013)*	**1 Year**	**Since Inception* - Annualized**	**Net Expense Ratio****
Investor Class (SFGIX)	18.24%	16.62%	1.49%
Institutional Class (SIGIX)	18.33%	16.70%	1.35%
MSCI Emerging Markets Total Return Index^	4.34%	1.42%	

*Gross expense ratio: 2.82% for Investor Class; 2.88% for Institutional Class***

Assumes reinvestment of all dividends and/or distributions before taxes. 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. 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. To obtain the Fund's most recent month-end performance, visit seafarerfunds.com or call (855) 732-9220.

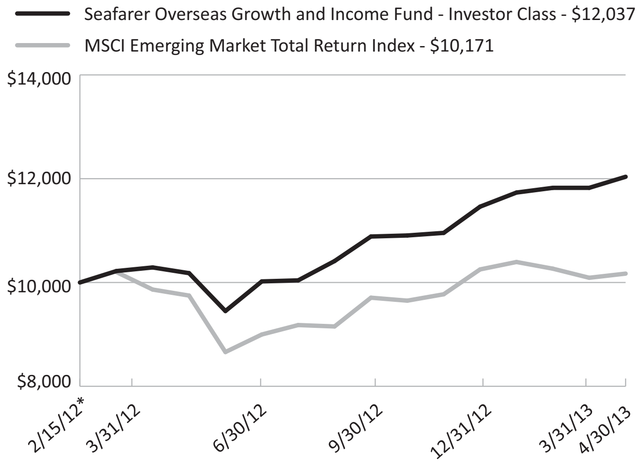
* *Inception Date: February 15, 2012.*

** *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. In addition to the*

Adviser's agreement to contractually waive and/or reimburse fees or expenses, the Adviser has voluntarily agreed to waive a portion of its management fee payable by the Fund so that such fee is reduced to 0.75% of the Fund's average daily net assets. Further, after giving effect to this voluntary agreement to waive a portion of its management fee, the Adviser has also agreed to voluntarily waive and/or reimburse fees or expenses of the Fund in order to limit total annual fund operating expenses (excluding acquired fund fees and expenses, brokerage expenses, interest expenses, taxes and extraordinary expenses) to 1.40% and 1.25% of the Fund's average daily net assets for the Investor and Institutional share classes, respectively. The Adviser intends to continue these voluntary arrangements through at least August 31, 2013 (the date the existing contractual agreement expires), at which point they may be extended further. However, the Adviser may reduce or terminate these voluntary arrangements at any time without notice.

^ *The MSCI Emerging Markets Total Return Index, Standard (Large+Mid Cap) Core, Gross (dividends reinvested), USD is a free float-adjusted market capitalization index designed to measure equity market performance of emerging markets. The MSCI Emerging Markets Total Return 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.*

Performance of a $10,000 Investment Since Inception



** 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 April 30, 2013. All returns reflect reinvested dividends and/or distributions, 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.

Investment Objective

The Fund seeks to provide long-term capital appreciation along with some current income. The Fund seeks to mitigate adverse volatility in returns as a secondary objective.

Strategy

The Fund invests primarily in the securities of companies located in developing countries. The Fund invests in several asset classes including 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 compared to a portfolio that invests only in the common stocks of those countries.

Fund Characteristics

Inception Date	February 15, 2012
Net Assets	$37.8M
Portfolio Turnover[1]	39%

	Investor Class	Institutional Class
Ticker	SFGIX	SIGIX
NAV	$11.91	$11.91
30-Day SEC Yield	1.78%	1.95%
Fund Distribution Yield	0.93%	1.02%
Net Expense Ratio	1.40%	1.25%
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	48
% of Net Assets in Top 10 Holdings	35%
Weighted Average Market Cap	$13.0B
Market Cap of Portfolio Median	$4.6B
Gross Portfolio Yield[2,3]	3.2%
Price / Book Value[2]	1.8
Price / Earnings[2]	13.5
Forecast EPS Growth[2]	19%

Sources: ALPS Fund Services, Inc., FactSet Research Systems, Inc., Seafarer.

The "Underlying Portfolio Holdings" table 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.

[1] *For the year ended April 30, 2013.*

[2] *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.*

[3] *Gross Portfolio 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.*

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.

Forecast EPS Growth: forecast growth rate of earnings per common share this year, expressed as a percentage.

Top 10 Holdings

Holding	Sector	Country	% Net Assets	Issuer Mkt Cap ($B)	Yield[1]	Price / Book	Price / Earnings	Forecast EPS Growth
Sindoh Co. Ltd.[2]	Information Technology	South Korea	4.8%	$0.7	3.2%	0.9	–	–
PGE Polska Grupa Energetyczna SA	Utilities	Poland	4.4%	$9.8	5.2%	0.8	11	-6%
SIA Engineering Co., Ltd.	Industrials	Singapore	4.3%	$4.6	4.3%	4.6	20	5%
Ajinomoto Co. Inc	Consumer Staples	Japan	3.5%	$8.6	1.2%	1.4	18	2%
Aselsan Elektronik Sanayi Ve Ticaret AS	Industrials	Turkey	3.1%	$2.9	1.5%	4.2	17	17%
Bank Pekao SA	Financials	Poland	3.1%	$12.6	5.5%	1.7	15	9%
NTT DOCOMO, Inc.	Telecom Services	Japan	3.1%	$69.3	3.7%	1.2	13	5%
Sociedad Quimica y Minera de Chile ADR	Materials	Chile	3.0%	$13.6	2.0%	6.1	19	11%
Odontoprev SA	Health Care	Brazil	3.0%	$2.6	3.3%	7.7	28	19%
Bangkok Bank PCL NVDR	Financials	Thailand	2.9%	$14.4	2.9%	1.6	11	13%

Cumulative Weight of Top 10 Holdings: 35%
Total Number of Holdings: 48

Portfolio holdings are subject to change.

Sources: ALPS Fund Services, Inc., FactSet Research Systems, Inc., Seafarer.

1 *Yield = dividend yield for common and preferred stocks and yield to maturity for bonds.*
2 *Sindoh Co. Ltd., a small capitalization company located in South Korea, is not followed by enough brokerage analysts so as to have public “consensus” forecasts for its earnings or EPS growth.*

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

Region/Country	% Net Assets
East & South Asia	**68**
China / Hong Kong	15
India	2
Indonesia	3
Japan	7
Malaysia	5
Singapore	12
South Korea	9
Taiwan	5
Thailand	7
Vietnam	4
Eastern Europe	**13**
Poland	10
Turkey	3
Latin America	**16**
Brazil	7
Chile	5
Mexico	4
Middle East & Africa	**2**
South Africa	2
Cash and Other Assets, Less Liabilities	**2**
Total	**100**

Asset Class	% Net Assets
Common Stock	84
Preferred Stock	6
ADR	6
USD Convertible Bond	1
Foreign Currency Convertible Bond	1
Cash and Other Assets, Less Liabilities	2
Total	**100**

Market Capitalization of Issuer	% Net Assets
Large Cap (over $10 billion)	32
Mid Cap ($1 - $10 billion)	49
Small Cap (under $1 billion)	17
Cash and Other Assets, Less Liabilities	2
Total	**100**

Percentage values may not sum to 100% due to rounding.

Sector	% Net Assets
Consumer Discretionary	2
Consumer Staples	10
Energy	6
Financials*	23
Health Care	9
Industrials	16
Information Technology	13
Materials	7
Telecommunication Services	5
Utilities	7
Cash and Other Assets, Less Liabilities	2
Total	**100**

* *The Fund's concentration in the Financials sector includes holdings in property-related stocks, which are classified within the "Financials sector" according to the Global Industry Classification Standard (GICS) methodology utilized herein. Property-related holdings comprised 5% of the Fund's net assets as of April 30, 2013.*

Greatest Performance Contributors and Detractors

For the six months ended April 30, 2013

Contributors	**% Net Assets**[1]
Aselsan Elektronik Sanayi Ve Ticaret AS	3.1
Citic Telecom International Holdings, Ltd.	1.7
Bangkok Bank PCL NVDR	2.9
SIA Engineering Co., Ltd.	4.3
Sindoh Co. Ltd.	4.8
Kimberly-Clark de Mexico SAB de CV, Class A	1.8

Detractors	**% Net Assets**[1]
Dongfang Electric Corp. Ltd.	2.6
Olam Intl 6.0% Cnv Bds 10/15/16 USD	1.3
Shandong Weigao Group Medical Polymer Co., Ltd., Class H	2.2
Sociedad Quimica y Minera de Chile SA ADR	3.0
Kingdee International Software Group Co. Ltd.	2.1
Digital China Holdings, Ltd.[2]	–

[1] *As of end of period*

[2] *As of April 30, 2013, the Fund had no economic interest in Digital China Holdings, Ltd.*

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, 2012 and held until April 30, 2013.

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 11/01/12	Ending Account Value 04/30/13	Expense Ratio[(a)]	Expenses Paid During Period 11/01/12 - 04/30/13[(b)]
Investor Class				
Actual	$ 1,000.00	$ 1,103.70	1.47%	$ 7.67
Hypothetical (5% return before expenses)	$ 1,000.00	$ 1,017.50	1.47%	$ 7.35
Institutional Class				
Actual	$ 1,000.00	$ 1,104.20	1.31%	$ 6.83
Hypothetical (5% return before expenses)	$ 1,000.00	$ 1,018.30	1.31%	$ 6.56

(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 (181), then divided by 365.*

April 30, 2013

	Currency	Shares	Value
COMMON STOCKS (90.3%)			
Brazil (4.8%)			
Odontoprev SA	BRL	225,700	$ 1,125,821
Aliansce Shopping Centers SA	BRL	62,000	700,027
Total Brazil			1,825,848
Chile (5.1%)			
Sociedad Quimica y Minera de Chile SA ADR	USD	23,000	1,138,270
Corpbanca SA	CLP	37,035,716	507,231
Corpbanca SA/Chile ADR	USD	13,376	273,940
Total Chile			1,919,441
China / Hong Kong (15.5%)			
Hang Lung Properties, Ltd.	HKD	275,000	1,070,764
Dongfang Electric Corp. Ltd.	HKD	700,000	985,412
Shandong Weigao Group Medical Polymer Co., Ltd., Class H	HKD	879,000	846,747
Kingdee International Software Group Co., Ltd.[a]	HKD	4,806,000	794,637
Citic Telecom International Holdings, Ltd.	HKD	1,744,000	634,299
Beijing Enterprises Holdings, Ltd.	HKD	75,000	561,492
Television Broadcasts, Ltd.	HKD	70,000	527,906
Vitasoy International Holdings, Ltd.	HKD	356,000	431,482
Total China / Hong Kong			5,852,739
India (2.1%)			
Infosys, Ltd. ADR	USD	18,600	776,364
Total India			776,364
Indonesia (2.7%)			
Perusahaan Gas Negara Persero Tbk PT	IDR	1,610,000	1,035,595
Total Indonesia			1,035,595
Japan (6.5%)			
Ajinomoto Co., Inc.	JPY	95,500	1,310,681
NTT DOCOMO, Inc.	JPY	700	1,159,129
Total Japan			2,469,810
Malaysia (4.9%)			
AMMB Holdings Bhd	MYR	420,000	924,897

	Currency	Shares	Value
Malaysia (continued)			
Hartalega Holdings Bhd	MYR	530,000	$ 912,802
Total Malaysia			1,837,699
Mexico (4.0%)			
Grupo Herdez SAB de CV	MXN	230,347	838,501
Kimberly-Clark de Mexico SAB de CV, Class A	MXN	191,300	669,896
Total Mexico			1,508,397
Poland (9.6%)			
PGE SA	PLN	323,000	1,678,624
Bank Pekao SA	PLN	24,500	1,175,388
Asseco Poland SA	PLN	58,000	787,213
Total Poland			3,641,225
Singapore (10.3%)			
SIA Engineering Co., Ltd.	SGD	400,000	1,644,133
Hong Leong Finance, Ltd.	SGD	337,000	761,211
Keppel Corp., Ltd.	SGD	85,000	741,433
Singapore Technologies Engineering, Ltd.	SGD	200,000	715,810
Keppel REIT	SGD	17,000	20,864
Total Singapore			3,883,451
South Africa (1.5%)			
Life Healthcare Group Holdings, Ltd.	ZAR	130,000	549,206
Total South Africa			549,206
South Korea (4.8%)			
Sindoh Co., Ltd.	KRW	26,000	1,817,852
Total South Korea			1,817,852
Taiwan (4.5%)			
Taiwan Semiconductor Manufacturing Co., Ltd.	TWD	248,000	920,435
Taiwan Hon Chuan Enterprise Co., Ltd.	TWD	282,000	784,079
Total Taiwan			1,704,514
Thailand (7.1%)			
Bangkok Bank PCL NVDR	THB	140,000	1,080,344

	Currency	Shares	Value
Thailand (continued)			
PTT PCL	THB	88,500	$ 985,306
Thai Reinsurance PCL[(a)]	THB	3,295,000	624,399
Total Thailand			2,690,049
Turkey (3.1%)			
Aselsan Elektronik Sanayi Ve Ticaret AS	TRY	200,000	1,189,773
Total Turkey			1,189,773
Vietnam (3.8%)			
PetroVietnam Drilling and Well Services JSC	VND	315,000	599,558
Bao Viet Holdings	VND	190,000	424,073
Nam Long Investment Corp.[(a)]	VND	406,300	337,774
Dry Cell & Storage Battery JSC	VND	80,990	66,909
Vietnam National Reinsurance Corp.	VND	28,800	27,383
Total Vietnam			1,455,697
TOTAL COMMON STOCKS (Cost $31,267,107)			34,157,660
PREFERRED STOCKS (6.0%)			
Brazil (1.9%)			
Vale SA	BRL	45,000	730,751
Total Brazil			730,751
South Korea (4.1%)			
Samsung Fire & Marine Insurance Co., Ltd.	KRW	9,832	791,048
S-Oil Corp.	KRW	14,000	754,661
Total South Korea			1,545,709
TOTAL PREFERRED STOCKS (Cost $2,259,300)			2,276,460

	Currency	Rate	Maturity Date	Principal Amount	Value
CONVERTIBLE CORPORATE BONDS (2.1%)					
Singapore (1.3%)					
Olam International, Ltd.	USD	6.00%	10/15/16	$ 500,000	$ 492,500
Total Singapore					492,500
South Africa (0.8%)					
Steinhoff International Holdings, Ltd., Series SHF	ZAR	9.63%	07/20/15	2,000,000	284,950
Total South Africa					284,950
TOTAL CONVERTIBLE CORPORATE BONDS (Cost $830,659)					777,450

	Currency	Shares	Value
WARRANTS (0.0%)[b]			
Malaysia (0.0%)[b]			
Hartalega Holdings, Strike Price 4.14 (expiration 05/29/15)[a]	MYR	6,860	3,382
			3,382
TOTAL WARRANTS (Cost $–)			3,382
TOTAL INVESTMENTS (Cost $34,357,066) (98.4%)			$ 37,214,952
Cash and Other Assets, Less Liabilities (1.6%)			618,668
NET ASSETS (100.0%)			$ 37,833,620

(a) *Non-income producing security.*
(b) *Less than 0.05%.*

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

Currency Abbreviations

BRL	-	*Brazil Real*
CLP	-	*Chile Peso*
HKD	-	*Hong Kong Dollar*
IDR	-	*Indonesia Rupiah*
JPY	-	*Japan Yen*
KRW	-	*South Korea Won*
MXN	-	*Mexico Peso*
MYR	-	*Malaysia Ringgit*
PLN	-	*Poland Zloty*
SGD	-	*Singapore Dollar*
THB	-	*Thailand Baht*
TRY	-	*Turkey Lira*
TWD	-	*Taiwan New Dollar*
USD	-	*United States Dollar*
VND	-	*Vietnam Dong*
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.*
JSC	-	*Joint Stock Company.*
Ltd.	-	*Limited.*
NVDR	-	*Non-Voting Depository Receipt.*
PCL	-	*Public Company Limited.*
PT	-	*Perseroan Terbata, Limited Liability Company in Indonesia.*
REIT	-	*Real Estate Investment Trust.*
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.*

Holdings are subject to change.

For Fund compliance purposes, the Fund's geographical classifications refer to any one or more of the 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 sub-classifications for reporting ease. Geographical regions are shown as a percentage of net assets.

See Accompanying Notes to Financial Statements.

April 30, 2013

ASSETS:		
Investments, at value	$	37,214,952
Cash		493,164
Foreign currency, at value (Cost $284,533)		284,612
Receivable for shares sold		98,500
Receivable due from advisor		8,164
Interest and dividends receivable		176,323
Prepaid expenses and other assets		21,069
Total Assets		38,296,784
LIABILITIES:		
Payable for investments purchased		295,410
Foreign capital gains tax		60,082
Administrative fees payable		15,083
Co-administrative & shareholder servicing fees payable		2,564
Payable for shares redeemed		33,068
Shareholder service plan fees payable		7,077
Trustee fees and expenses payable		943
Audit and tax fees payable		16,419
Accrued expenses and other liabilities		32,518
Total Liabilities		463,164
NET ASSETS	$	37,833,620
NET ASSETS CONSIST OF:		
Paid-in capital (Note 5)	$	34,269,784
Accumulated net investment income		60,497
Accumulated net realized gain on investments and foreign currency transactions		705,472
Net unrealized appreciation on investments and translation of assets and liabilities in foreign currencies		2,797,867
NET ASSETS	$	37,833,620
INVESTMENTS, AT COST	$	34,357,066
PRICING OF SHARES		
Investor Class:		
Net Asset Value, offering and redemption price per share	$	11.91
Net Assets	$	26,347,636
Shares of beneficial interest outstanding		2,212,911
Institutional Class:		
Net Asset Value, offering and redemption price per share	$	11.91
Net Assets	$	11,485,984
Shares of beneficial interest outstanding		964,185

See Accompanying Notes to Financial Statements.

For the Year Ended April 30, 2013

INVESTMENT INCOME:		
Dividends	$	486,099
Foreign taxes withheld on dividends		(28,938)
Interest and other income		16,807
Total investment income		473,968
EXPENSES:		
Investment advisory fees		163,996
Administrative and transfer agency fees		184,977
Co-administrative & shareholder servicing fees		
Investor Class		13,999
Institutional Class		2,647
Trustee fees and expenses		1,418
Registration/filing fees		19,325
Shareholder service plan fees		
Investor Class		20,909
Institutional Class		2,519
Legal fees		8,569
Audit fees		16,012
Reports to shareholders and printing fees		9,265
Custody fees		39,254
Offering costs		52,868
Miscellaneous		10,817
Total expenses		546,575
Less fees waived/reimbursed by investment advisor		
Investor Class		(185,143)
Institutional Class		(81,165)
Total net expenses		280,267
NET INVESTMENT INCOME:		193,701
Net realized gain on investments		735,187
Net realized loss on foreign currency transactions		(44,122)
Net change in unrealized appreciation on investments (net of foreign capital gains tax of $60,082)		2,787,092
Net change in unrealized appreciation on translation of assets and liabilities in foreign currency transactions		576
NET REALIZED AND UNREALIZED GAIN ON INVESTMENTS AND FOREIGN CURRENCY TRANSLATIONS		3,478,733
NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS	$	3,672,434

See Accompanying Notes to Financial Statements.

	Year Ended April 30, 2013	For the Period February 15, 2012 (Inception) to April 30, 2012
OPERATIONS:		
Net investment income	$ 193,701	$ 8,459
Net realized gain/(loss) on investments and foreign currency transactions	691,065	(4,995)
Net change in unrealized appreciation on investments and foreign currency translations	2,787,668	10,199
Net increase in net assets resulting from operations	3,672,434	13,663
DISTRIBUTIONS TO SHAREHOLDERS:		
From net investment income		
Investor Class	(112,900)	–
Institutional Class	(49,868)	–
From net realized gains on investments		
Investor Class	(867)	–
Institutional Class	(254)	–
Net decrease in net assets from distributions	(163,889)	–
BENEFICIAL INTEREST TRANSACTIONS (NOTE 5):		
Shares sold		
Investor	$ 28,091,620	$ 1,449,187
Institutional	9,669,354	1,327,000
Dividends reinvested		
Investor	110,846	–
Institutional	46,662	–
Shares Redeemed, net of redemption fees		
Investor	(5,803,722)	–
Institutional	(579,535)	–
Net increase in net assets derived from beneficial interest transactions	31,535,225	2,776,187
Net increase in net assets	$ 35,043,770	$ 2,789,850
NET ASSETS:		
Beginning of period	2,789,850	–
End of period (including accumulated net investment income of $60,497 and $3,467, respectively)	$ 37,833,620	$ 2,789,850

	Year Ended April 30, 2013	For the Period February 15, 2012 (Inception) to April 30, 2012
Other Information:		
SHARE TRANSACTIONS:		
Investor Class		
Sold	2,566,567	141,869
Distributions reinvested	10,140	–
Redeemed	(505,665)	–
Net increase in shares outstanding	2,071,042	141,869
Institutional Class		
Sold	878,414	132,281
Distributions reinvested	4,298	–
Redeemed	(50,808)	–
Net increase in shares outstanding	831,904	132,281

See Accompanying Notes to Financial Statements.

For a share outstanding through the periods presented

Investor Class	Year Ended April 30, 2013	For the Period February 15, 2012 (Inception) to April 30, 2012
NET ASSET VALUE, BEGINNING OF PERIOD	$ 10.18	$ 10.00
INCOME FROM OPERATIONS:		
Net investment income[a]	0.10	0.05
Net realized and unrealized gain on investments	1.74	0.13
Total from investment operations	1.84	0.18
LESS DISTRIBUTIONS:		
From net investment income	(0.11)	–
From net realized gains on investments	(0.00) [b]	–
Total distributions	(0.11)	–
REDEMPTION FEES ADDED TO PAID IN CAPITAL	0.00 [c]	–
NET INCREASE IN NET ASSET VALUE	1.73	0.18
NET ASSET VALUE, END OF PERIOD	$ 11.91	$ 10.18
TOTAL RETURN[d]	18.24%	1.80%
RATIOS/SUPPLEMENTAL DATA:		
Net assets, end of period (in 000s)	$ 26,348	$ 1,443
Operating expenses excluding reimbursement/waiver	2.82%	18.96% [e]
Operating expenses including reimbursement/waiver	1.49%	1.60% [e]
Net investment income including reimbursement/waiver	0.90%	2.61% [e]
PORTFOLIO TURNOVER RATE[f]	39%	5%

(a) *Calculated using the average shares method.*
(b) *Less than $(0.005) per share.*
(c) *Less than $0.005 per share.*
(d) *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.*
(e) *Annualized.*
(f) *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 periods presented

Institutional Class	Year Ended April 30, 2013	For the Period February 15, 2012 (Inception) to April 30, 2012
NET ASSET VALUE, BEGINNING OF PERIOD	$ 10.18	$ 10.00
INCOME FROM OPERATIONS:		
Net investment income[(a)]	0.14	0.04
Net realized and unrealized gain on investments	1.71	0.14
Total from investment operations	1.85	0.18
LESS DISTRIBUTIONS:		
From net investment income	(0.12)	–
From net realized gains on investments	(0.00)[(b)]	–
Total distributions	(0.12)	–
REDEMPTION FEES ADDED TO PAID IN CAPITAL	0.00[(c)]	–
NET INCREASE IN NET ASSET VALUE	1.73	0.18
NET ASSET VALUE, END OF PERIOD	$ 11.91	$ 10.18
TOTAL RETURN[(d)]	18.33%	1.80%
RATIOS/SUPPLEMENTAL DATA:		
Net assets, end of period (in 000s)	$ 11,486	$ 1,346
Operating expenses excluding reimbursement/waiver	2.88%	21.65%[(e)]
Operating expenses including reimbursement/waiver	1.35%	1.45%[(e)]
Net investment income including reimbursement/waiver	1.28%	2.00%[(e)]
PORTFOLIO TURNOVER RATE[(f)]	39%	5%

(a) *Calculated using the average shares method.*
(b) *Less than $(0.005) per share.*
(c) *Less than $0.005 per share.*
(d) *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.*
(e) *Annualized.*
(f) *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, 2013, the Trust had 26 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 accompanying financial statements were prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). The preparation of financial statements in conformity with U.S. GAAP requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates. 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. Redeemable securities issued by open-end registered investment companies are valued at the investment company's applicable net asset value, with the exception of exchange-traded open-end investment companies, which are priced as equity securities.

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 values 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 a 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 Fund's 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 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 broker–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.

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.

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.

Certain foreign countries impose a tax on capital gains which is accrued by the Fund based on unrealized appreciation, if any, on affected securities. The tax is paid when the gain is realized.

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, 2013:

Investments in Securities at Value	Level 1 - Quoted Prices	Level 2 - Other Significant Observable Inputs	Level 3 - Significant Unobservable Inputs	Total
Common Stocks				
Brazil	$ 1,825,848	$ –	$ –	$ 1,825,848
Chile	1,919,441	–	–	1,919,441
China / Hong Kong	–	5,852,739	–	5,852,739
India	776,364	–	–	776,364
Indonesia	–	1,035,595	–	1,035,595
Japan	–	2,469,810	–	2,469,810
Malaysia	1,837,699	–	–	1,837,699
Mexico	1,508,397	–	–	1,508,397
Poland	–	3,641,225	–	3,641,225
Singapore	–	3,883,451	–	3,883,451
South Africa	549,206	–	–	549,206
South Korea	1,817,852	–	–	1,817,852
Taiwan	–	1,704,514	–	1,704,514
Thailand	–	2,690,049	–	2,690,049
Turkey	–	1,189,773	–	1,189,773
Vietnam	1,455,697	–	–	1,455,697
Preferred Stocks				
Brazil	730,751	–	–	730,751
South Korea	–	1,545,709	–	1,545,709
Convertible Corporate Bonds[(a)]	–	777,450	–	777,450
Warrants[(a)]	3,382	–	–	3,382
Total	$ 12,424,637	$ 24,790,315	$ –	$ 37,214,952

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

The Fund recognizes transfers between levels as of the end of the period. For the year ended April 30, 2013, the Fund did not have any securities that used significant unobservable inputs (Level 3) in determining fair value.

Security amounts the Fund transferred between Levels 1 and 2 at April 30, 2013 were as follows:

	Level 1 - Quoted Prices		Level 2 - Other Significant Observable Inputs	
	Transfers In	**Transfers (Out)**	**Transfers In**	**Transfers (Out)**
Common Stocks	$ 2,386,905	$ –	$ –	$ (2,386,905)
Preferred Stocks	–	(791,048)	791,048	–
Total	$ 2,386,905	$ (791,048)	$ 791,048	$ (2,386,905)

The above transfers were due to the Fund utilizing a fair value evaluation service with respect to international securities with an earlier market closing than the Fund's net asset value computation cutoff. When events trigger the use of the fair value evaluation service on a reporting date, it results in certain securities transferring from a Level 1 to a Level 2.

Investment Transactions and Investment Income: 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 and amortization of premiums, 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. All of the realized and unrealized gains and losses and net investment income are allocated daily to each class in proportion to its average daily net assets.

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 the 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 and Class Expenses: Expenses that are specific to the Fund or class of shares of the Fund are charged directly to the Fund or share class. All expenses of the Fund, other than class specific expenses, are allocated daily to each class in proportion to its average daily net assets. Fees provided under the shareholder service plans for a particular class of the Fund are charged to the operations of such 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, 2013, all offering costs have been amortized by the Fund.

Federal Income Taxes: The Fund complies with the requirements under Subchapter M of the Internal Revenue Code of 1986, as amended, applicable to regulated investment companies and intends to distribute substantially all of its net taxable income and net capital gains, if any, each year so that it will not be subject to excise tax on undistributed income and gains. The Fund is not subject to income taxes to the extent such distributions are made.

As of and during the year ended April 30, 2013, the Fund did not have a liability for any unrecognized tax benefits. The Fund files U.S. federal, state, and local tax returns as required. The Fund's tax returns are subject to examination by the relevant tax authorities until expiration of the applicable statute of limitations, which is generally three years after the filing of the tax return for federal purposes and four years for most state returns. Tax returns for open years have incorporated no uncertain tax positions that require a provision for income taxes.

Distributions to Shareholders: The Fund normally pays dividends from 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 its investments, including short term capital gains. Long term capital gain distributions are derived from gains realized when the Fund sells a security it has owned for more than one 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.

3. TAX BASIS INFORMATION

Reclassifications: As of April 30, 2013, permanent differences in book and tax accounting were reclassified. These differences had no effect on net assets and were primarily attributed to non-deductible offering expenses, PFICs and foreign currency. The reclassifications were as follows:

	Paid-in Capital	Accumulated net Investment Income	Accumulated Net Realized Gain on Investments
Seafarer Overseas Growth and Income Fund	$ (40,504)	$ 26,097	$ 14,407

Tax Basis of Investments: As of April 30, 2013, the aggregate cost of investments, gross unrealized appreciation/ (depreciation) and net unrealized appreciation for Federal tax purposes were as follows:

	Cost of Investments	Gross Unrealized Appreciation	Gross Unrealized (Depreciation)	Net Depreciation on Foreign Currencies	Net Unrealized Appreciation
Seafarer Overseas Growth and Income Fund	$ 34,730,674	$ 3,506,436	$ (1,022,158)	$ (60,019)	$ 2,424,259

Components of Earnings: As of April 30, 2013, components of distributable earnings were as follows:

Undistributed ordinary income	$	1,077,436
Accumulated capital gains		63,316
Net unrealized appreciation on investments		2,424,259
Other cumulative effect of timing differences		(1,175)
Total distributable earnings	$	3,563,836

Capital Losses: As of April 30, 2013, the Fund has no accumulative capital loss carryforwards.

Tax Basis of Distributions to Shareholders: 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 is recorded by the Fund.

The tax character of distributions paid by the Fund for the fiscal year ended April 30, 2013, were as follows:

	Ordinary Income	Long-Term Capital Gain
Seafarer Overseas Growth and Income Fund	$ 163,889	$ –

During the period ended April 30, 2012, the Fund did not make any distributions.

4. SECURITIES TRANSACTIONS

The cost of purchases and proceeds from sales of securities excluding short term securities during the year ended April 30, 2013, were as follows:

	Purchases of Securities	Proceeds From Sales of Securities
Seafarer Overseas Growth and Income Fund	$ 38,421,861	$ 7,402,057

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. The redemption fee is reflected in the "Shares redeemed, net of redemption fees" in the Statements of Changes in Net Assets. During the year ended April 30, 2013 and the period ended April 30, 2012, the Fund retained the following redemption fees:

Fund	For the year ended April 30, 2013	For the period ended April 30, 2012
Seafarer Overseas Growth and Income Fund – Investor Class	$ 5,490	–
Seafarer Overseas Growth and Income Fund – Institutional Class	$ 928	–

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 0.85%, based on the Fund's average daily net assets. The management fee is paid on a monthly basis. Effective January 15, 2013, the Adviser voluntarily agreed to waive a portion of its management fee payable by the Fund so that such fee is reduced to 0.75% of the Fund's average daily net assets. The Adviser intends to continue this voluntary arrangement through at least August 31, 2013 (the date the existing Advisory Agreement expires).

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. Effective January 15, 2013, the Adviser has also agreed to voluntarily waive and/or reimburse fees or expenses of the Fund in order to limit total annual fund operating expenses (excluding acquired fund fees and expenses, brokerage expenses, interest expenses, taxes and extraordinary expenses) to 1.40% and 1.25% of the Fund's average daily net assets for the Investor and Institutional share classes, respectively. The Adviser intends to continue this voluntary arrangement through at least August 31, 2013 (the date the existing Advisory Agreement expires), at which point it may be extended further. 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 contractual 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 year ended April 30, 2013, the fee waivers and/or reimbursements were as follows:

Fund	Fees Waived/ Reimbursed By Advisor	Recoupment of Previously Waived Fees By Advisor	Total
Seafarer Overseas Growth and Income Fund			
Investor Class	$185,143	$ –	$185,143
Institutional Class	81,165	–	81,165

As of April 30, 2013, the balances of recoupable expenses for each class were as follows:

Fund	Expires 2015	Expires 2016	Total
Seafarer Overseas Growth and Income Fund			
Investor Class	$ 22,136	$177,710	$199,846
Institutional Class	51,869	78,354	130,223

Fund Accounting Fees and Expenses

ALPS Fund Services, Inc. (“ALPS” and the “Administrator”) (an affiliate of ALPS Distributors, Inc.) 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 by the Fund, 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 1 of operations and $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.

Administrative and Shareholder Services

The Adviser provides administrative and shareholder 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 for the 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 Trust’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, the Adviser pays ALPS an annual base fee of $30,000 and reimburses ALPS 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, the Adviser pays ALPS an annual base fee of $10,000 and reimburses ALPS for certain out-of-pocket expenses.

Distributor

ALPS Distributors, Inc. ("ADI" or the "Distributor") (an affiliate of ALPS) acts as the distributor of the Fund's shares pursuant to the Distribution Agreement with the Trust. Under this agreement, the Adviser pays ADI an annual base fee of $12,000 and reimburses ADI for certain out-of-pocket expenses. 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 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 0.15% 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. 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. 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, which may permit indemnification to the extent permissible under the applicable law. 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 (the "Fund"), one of the funds constituting Financial Investors Trust, as of April 30, 2013, the related statement of operations for the year then ended, and the statements of changes in net assets and the financial highlights for the year then ended and for the period from 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 audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. The Fund is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits 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, 2013, by correspondence with the custodian and brokers; where replies were not received from brokers, we performed other auditing procedures. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of Seafarer Overseas Growth and Income Fund of Financial Investors Trust as of April 30, 2013, the results of its operations for the year then ended, and the changes in its net assets and the financial highlights for the year then ended and for the period from 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 27, 2013

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 toll-free at (855) 732-9220 and (2) on the SEC’s website at http://www.sec.gov.

3. TAX DESIGNATIONS

The Fund designates the following as a percentage of taxable ordinary income distributions, or up to the maximum amount allowable, for the calendar year ended December 31, 2012:

Dividends Received Deduction	Qualified Dividend Income
0.00%	49.48%

In early 2013, if applicable, shareholders of record received this information for the distributions paid to them by the Fund during the calendar year 2012 via Form 1099. The Fund will notify shareholders in early 2014 of amounts paid to them by the Fund, if any, during the calendar year 2013.

Please consult a tax advisor if you have questions about federal or state income tax laws, or how to prepare your tax returns.

The Fund designates foreign taxes paid in the amount of $32,362 and foreign source income in the amount of $373,041 for federal income tax purposes for the year ended April 30, 2013.

April 30, 2013 (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 72	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.	26	Ms. Anstine is a Trustee of ALPS ETF Trust (13 funds); ALPS Variable Investment Trust (7 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.*

** *This is the period for which the Trustee/Officer began serving the Trust. Each Trustee/Officer serves an indefinite term, until his successor is elected.*

*** *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 (currently 26) and any other investment companies for which Seafarer Capital Partners, LLC provides investment advisory services (currently none).*

April 30, 2013 (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
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.	26	None.

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 36	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 Operations 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.	26	Mr. Deems is a Trustee of ALPS ETF Trust (13 funds); ALPS Variable Investment Trust (7 funds) and Reaves Utility Income 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
Jerry G. Rutledge, age 68	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.	26	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).

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 42	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.	26	None.

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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
Edmund J. Burke, age 52	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 President 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 ALPS Portfolio Solutions Distributor, Inc. ("APSD") and from 2001-2008, was President of AAI, ADI, AFS and APSD. Because of his positions with AHI, AAI, ADI, AFS and APSD, 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.	26	Mr. Burke is a Trustee of Clough Global Allocation Fund (1 fund); Clough Global Equity Fund (1 fund); Clough Global Opportunities 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***
Kimberly R. Storms, age 40	Treasurer	Ms. Storms was elected Treasurer of the Trust at the March 12, 2013 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 Treasurer of BPV Family of Funds and ALPS Series Trust; Assistant Treasurer of Liberty All-Star Equity Fund and Liberty All-Star Growth Fund, Inc.; Assistant Treasurer of Tilson Funds; and Chief Financial Officer of The Arbitrage Funds.
David T. Buhler, age 41	Secretary	Mr. Buhler was elected Secretary of the Trust at the September 11, 2012 meeting of the Board of Trustees.	Mr. Buhler joined ALPS in June 2010, and is currently Vice President and Associate Counsel of ALPS, AAI, ADI and APSD. Prior to joining ALPS, Mr. Buhler served as Associate General Counsel and Assistant Secretary of Founders Asset Management LLC from 2006 to 2009. Because of his position with ALPS, Mr. Buhler is deemed an affiliate of the Trust as defined under the 1940 Act. Mr. Buhler is also the Secretary of ALPS Variable Investment Trust and Westcore Trust.
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 Transparent Value Trust.

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