Litman Gregory Funds Trust

Third Quarter Report 2011

Litman Gregory Masters Equity Fund
Litman Gregory Masters International Fund
Litman Gregory Masters Value Fund
Litman Gregory Masters Smaller Companies Fund
Litman Gregory Masters Focused Opportunities Fund
Litman Gregory Masters Alternative Strategies Fund

September 30, 2011

LITMAN GREGORY FUND ADVISORS, LLC

www.mastersfunds.com

October 2011

Dear Fellow Shareholder,

During the past quarter, stock markets around the world plunged as debt-related stresses in the U.S. and Europe continued to make headlines, and concern grew about a property bubble triggering an unexpectedly sharp economic slowdown in China. Most equity market indexes suffered declines in the mid-teens, with some (like the small-cap Russell 2000 and emerging markets) falling by more than 20%. The Litman Gregory Masters Funds suffered along with the markets. During the quarter, two of the funds beat their benchmarks while three lagged. For the year, three of the five are outperforming; but, like the markets, the numbers are in the red. Over three years, currently four of the five funds are beating their benchmarks.

A major challenge faced by stock investors involves reconciling the micro (company fundamentals), against the macro risk facing the global economy. Macro factors can and do impact company fundamentals. They can also impact investor sentiment and stock valuations/prices. On the one hand, companies are flush with cash; they have controlled costs; many are increasingly selling to the parts of the world that are growing; and many appear to be in a good position to manage through the macro headwinds faced by a global economy that is deleveraging. A number of valuation metrics suggest reasonably good value and some suggest stocks are cheap. On the other hand, there is concern about the level of overall consumer demand for goods and services that businesses produce, given high debt levels and unemployment throughout the developed world. So the outlook for revenue and profit growth in coming years seems more uncertain than is typically the case. Complicating the analysis is the potential large impact of politics and policy decisions in the U.S. and Europe. The result, in our view, is a macro environment with a wide range of possible outcomes, some that are severe enough to more than offset the positives. This may explain the historically high stock price correlations that suggest stock prices in general are reacting strongly to the daily flow of macro news, and that individual company fundamentals are, for now, a secondary influence. (In September the correlation of S&P 500 stocks to the overall S&P 500 Index hit .86 at one point, an all-time high—before the financial crisis this measure was rarely above .60 and usually below .50.)

The wide-range-of-outcomes issue isn't addressed in the right way by many in our industry, in our opinion. The high level of uncertainty does get discussed. But what isn't acknowledged often enough is that nobody can be certain about how the environment and markets will play out, and when the range of potential outcomes is this wide, optimal portfolio positioning is elusive. Investors need to decide which "risk" they are most concerned about over the next few years: 1) the risk of further temporary and potentially severe losses if stocks continue to decline; or 2) the risk of missing out on strong returns if risks don't fully materialize and markets react positively. Our analysis suggests that if we enter a period of sustained mild deflation, we could be looking at small negative annualized returns for stocks, on average, over five years. This probably means that we would see a sharp market decline at some point along the way, followed by a rebound. On the other hand, we have also analyzed more optimistic scenarios that suggest stocks could generate low double-digit returns on average. In either scenario, we believe investment-grade bonds are set to deliver very low returns as they would in more likely scenarios that fall between these extremes.

So what is an investor to do in terms of portfolio positioning? At one extreme, they can bide their time holding bonds and/or cash but in doing so they risk being left behind earning minimal returns if things play out reasonably well. Or they can take more risk in the stock market, riding through the difficult periods, as they seek to be rewarded over a longer time horizon. For the truly long-term investor, based on our analysis, we believe some equity exposure makes sense. We believe a hypothetical investor in the stock market (for example, the S&P 500) who could come back 10 years from now, not having paid attention to what happened along the way, would likely have at least an adequate return and perhaps substantially better (this view is based on our long-term historical and forward looking analysis of earnings growth, dividends and price-earnings ratios and the current price level of the overall stock market). But many investors are not wired this way. They obsess about shorter-term performance and often succumb to fear, or jump back in at just the wrong time. This is why mutual fund investors, on average, capture much lower returns than the average fund—generally, they sell funds after they have performed poorly and buy them after a run of strong performance. We believe that the environment that we may continue to experience is likely to present the level of volatility and scary headlines that increases the risk of investor whipsaw.

In assessing risk, one more important point must be made. Many of the stock pickers we follow are telling us that the discrepancy between price and value in the companies they own is sizable. They say that even taking into account global macro challenges, they are finding some companies that are operationally lean and have sources of demand that have significant upside.

For example, Acme Packet is a stock owned by the Turner team for the Litman Gregory Masters Equity Fund. Turner has told us that the company has a growth profile that is as attractive as any he has seen in his 30-year career. The company provides a range of applications and services that improve the transmission of wireless data. Turner's thesis is that wireless data transmission is exploding, and the company is poised to take advantage of that growth. He cites supporting third-party analysis that estimates a 30-fold increase in wireless data by 2015 and 100-fold increase by 2020.

Currently, most data transmissions are based on traditional packet-and-switch systems, where a document that is sent over the Internet is broken into a thousand packets with the source and destination stamped on each packet. These packets are then delivered without any way of optimizing the path of transmission based on economics or quality or recipient preference. By allowing users to select the path and implement high-quality transmission of data over the Internet, Acme Packet offers a superior alternative. This changeover is resulting in 50% earnings growth for Acme Packet, Turner estimates, and he says the company has an 80% market share.[1] Turner views Acme Packet's technology as far superior to the competition at this point in time—something they are monitoring closely. Meanwhile, Turner is highly confident that the industry will continue to grow rapidly and he estimates that the market is only 20% penetrated.

Prior to the recent downturn, Turner says the company's stock was trading at 45x earnings with a 50% growth rate. Now though, after the recent market decline, the P/E based on trailing earnings at the end of the third quarter was 28x. Going forward, Turner believes the catalyst for a higher stock price will be still-strong quarterly earnings, and a higher P/E given the compressed valuation. If a global recession is avoided Turner believes Acme has significant upside. Alternatively, he believes a global recession could further suppress the stock price in the short term but the earnings growth is likely to ultimately drive it higher.

So perhaps the next few years could turn out to be a great opportunity for skilled active stock pickers, an environment we believe should be quite helpful to Masters. Active managers won't avoid the pain of a bear market, but over time fundamentals matter. In periods of great pessimism, when investors want to sell everything rather than attempt to differentiate based on company fundamentals, active managers may get set up for very strong future relative performance.

Litman Gregory Masters Alternative Strategies Fund

Given the macro risks, clearly it continues to be an unusually challenging time for investors. Macro headwinds create risks for stocks. And very low investment-grade bond yields make it clear that nominal bond returns should be quite low over the next five years. As discussed above, cautious investors could wait it out in cash at around a 0% yield and look forward to a potentially better entry point if stocks decline further. But knowing when to pull the trigger to invest is always tougher than it seems because the bottom in stock prices is at the point of maximum pessimism, when it can feel like stocks will likely fall yet another 20%. In those times it can take an iron will to buy stocks. And if the markets do better than expected it can be even more difficult to get invested because doing so requires a willingness to invest at higher prices—something that is psychologically hard to do. Holding high-quality bonds is another option but again, the interest yield is extremely low, and if rates rise the return will be even lower. We believe investing a portion of one's portfolio in stocks at current prices seems sensible for long-term investors, but near-term risks remain high with some scenarios that also could play out in a bad way even over the intermediate term. And there is the question of how much to allocate to stocks. Most investors settle for some mix of global stocks and bonds including exposure to different sectors and regions in each market—some of which offer better value. This seems like a sensible approach.

[1] ***Earnings growth is not a measure of the fund's future performance***

Also appealing, in theory, are so-called alternative strategies that seek a low correlation to stocks and bonds, relatively low risk, and the potential for strong risk-adjusted returns. The key though is in the execution. What is appealing in theory is not necessarily easy to implement in the real world, something we've seen over and over again with various financial products.

As we've searched through the alternatives world over the last few years we have found a few interesting funds but not many. So, despite the fact that there is enormous demand, as evidenced by money flows, we believe the universe of alternatives funds is mostly mediocre. This made us think about creating our own fund because we wanted to offer a diversified, very high-quality alternative fund option to the clients of our wealth management affiliate. We didn't believe it existed in the marketplace so we set out to see if we could build a better fund ourselves.

As we moved forward with this idea our thinking was that if we launched a fund, we had to be confident that we had skilled managers running the money; managers who, based on our analysis, we believed were likely to deliver strong risk-adjusted returns. Importantly, we wanted to accomplish that with relatively low volatility and relatively low correlation to stocks and bonds. Our performance goals relative to a portfolio weighted 60% to investment-grade bonds and 40% to stocks include: lower volatility, better down market performance, fewer negative 12-month losses, and higher returns over a market cycle.

We launched the Litman Gregory Masters Alternative Strategies Fund on September 30 and we believe we have put together a team that has the experience and skill to deliver on our goals. We have known each of the managers for years and invested with them in either their public and/or private funds. We've given each a mandate to run a portfolio that is different and in some cases significantly different than what they are doing in their own public funds. We believe the diversification across the strategies and their historical relatively low correlations with each other will contribute to risk control and result in a portfolio that is relatively low risk and has a relatively low correlation to stocks and bonds. Risk is managed not only via manager diversification but also based on our assessment of either the risk inherent in the manager's investment universe, strategy and/or their conservative risk mindset. Our assessment of the fund's potential is based on our extensive history with and qualitative assessment of the managers and their firm capabilities, and also our close examination of what they have been able to accomplish over their investment careers. Moreover, we believe the two exceptionally deep bear markets in the last 10 years were a good stress test for their skill and strategies and helped inform our opinion of their risk-management capabilities.

The four firms/managers we have hired to run the fund portfolio are:

DoubleLine Capital, LP—Jeffrey Gundlach, who will be running an Opportunistic Income strategy.

First Pacific Advisors (FPA), LLC—Steve Romick, Brian Selmo, and Mike Landecker who will be running the Contrarian Opportunity Strategy.

Loomis Sayles & Company, LP—Matt Eagan, Kevin Kearns, and Todd Vandam who will be running the Absolute Return Fixed Income strategy.

Water Island Capital, LLP—John Orrico, Todd Munn, Roger Foltynowicz, and Gregg Loprete who will be running the Arbitrage strategy.

We believe the fund is well suited to serve as a core alternative holding in a broadly diversified portfolio or as a core holding for an investor seeking a fund that has the potential to deliver attractive risk-adjusted return in a variety of market cycle environments.

There is more to know about the Litman Gregory Masters Alternative Strategies Fund. Information is available at www.mastersfunds.com or you can call 1-800-960-0188.

In Closing

Macro risks remain a significant concern. However, it is important to remember that the macro concerns have been in the headlines for some time. So clearly, some of the macro related risk is already reflected in stock prices. This is why stocks suffered large price declines in the third quarter of this year and have delivered minimal returns over the last one and three years (and longer), and why most benchmarks are in the red over five years and going back to the market peak in 2000. Based on our analysis of earnings and valuation, we believe that even if the economy continues to struggle but avoids a deflationary spiral, stocks are likely to generate materially higher returns than bonds over the next five years, though nominal returns may not be compelling. We also believe that high recent stock price correlations suggest that there is opportunity at the stock picking level to do better in coming years than the return of the broader market—a message that is also being strongly communicated by the Masters managers. So a weak, subpar growth economy, while not great for stocks given current pricing, still could be reasonably attractive over five years compared to other investment options, and we believe successful stock pickers could deliver quite satisfying returns. But this is also a time to exercise some caution given the size and complexity of the problems facing the global economy. For most investors some diversification away from stocks probably makes sense.

We continue to believe our investment in our funds is one way of expressing our confidence in the Litman Gregory Masters Funds. As of September 30, 2011 Litman Gregory partners, employees as well as the Independent Trustees of the Litman Gregory Funds Trust held $13.8 million in the Litman Gregory Masters Funds. As always, we are grateful for your confidence and take very seriously our responsibility in overseeing each of our funds.

Sincerely,

Ken Gregory and Jeremy DeGroot

Litman Gregory Fund Advisors, LLC
Advisor to the Litman Gregory Masters Funds

Past performance does not guarantee future results.
Mutual fund investing involves risk; loss of principal is possible.

Though not an international fund, the Alternative Strategies Fund may invest in foreign securities. Investing in foreign securities exposes investors to economic, political and market risks, and fluctuations in foreign currencies. Investments in debt securities typically decrease when interest rates rise. This risk is usually greater for longer-term debt securities. Investments in mortgage-backed securities include additional risks that investor should be aware of including credit risk, prepayment risk, possible illiquidity, and default, as well as increased susceptibility to adverse economic developments. Investments in lower-rated and non-rated securities present a greater risk of loss to principal and interest than higher-rated securities. Derivatives may involve certain costs and risks such as liquidity, interest rate, market, credit, management, and the risk that a position could not be closed when most advantageous. Investing in derivatives could lose more than the amount invested. The fund may make short sales of securities, which involves the risk that losses may exceed the original amount invested. Merger arbitrage investments risk loss if a proposed reorganization in which the fund invests is renegotiated or terminated.

Some of the comments are based on current management expectation and are considered “forward-looking statements”. Actual future results, however, may prove to be different from our expectations. You can identify forward-looking statement by words such as “estimate”, “may”, “expect”, “should”, “could”, “believe”, “plan”, and similar terms. We cannot promise future returns and our opinions are a reflection of our best judgment at the time this report is compiled.

Opinions expressed are subject to change, are not guaranteed and should not be considered recommendations to buy or sell any security.

See the “Portfolio Composition” on pages 8, 10, 13, 15 and 17 for each fund’s top contributors. Fund holdings and/or sector allocations are subject to change at any time and are not recommendations to buy or sell any security.

Diversification does not assure a profit or protect against a loss in a declining market.

Please see pages 18 - 19 for index definitions. You cannot invest directly in an index.

Please see page 20 for industry definitions.

Institutional Class Performance as of 9/30/2011	3-Month Return	Year-to Date	Average Annual Total Returns 1-Year	3-Year	5-Year	10-Year	Since Inception
Litman Gregory Masters Equity Fund (12/31/1996)	**-18.23%**	**-11.49%**	**0.61%**	**2.26%**	**-1.60%**	**3.18%**	**5.57%**
Russell 3000 Index	-15.28%	-9.90%	0.55%	1.44%	-0.92%	3.48%	4.96%
Custom Equity Index	-16.01%	-10.96%	-0.78%	0.83%	-1.24%	3.84%	4.92%
Lipper Multi-Cap Core Funds Index	-17.03%	-12.00%	-1.96%	1.99%	-0.87%	3.73%	4.76%
Gross Expense Ratio: 1.29% Net Expense Ratio* as of 4/29/11: 1.27%							
Litman Gregory Masters International Fund (12/1/1997)	**-22.16%**	**-19.00%**	**-12.40%**	**-0.81%**	**-1.08%**	**7.25%**	**7.39%**
S&P Global (ex U.S.) LargeMidCap Index	-19.71%	-16.49%	-10.33%	1.22%	-0.84%	7.26%	5.07%
Lipper International Large-Cap Core Funds Index	-20.91%	-17.08%	-11.42%	-2.72%	-3.89%	4.24%	3.51%
MSCI EAFE Index	-18.96%	-14.63%	-8.95%	-0.67%	-3.00%	5.48%	3.78%
Gross Expense Ratio: 1.28% Net Expense Ratio* as of 4/29/11: 1.14%							
Litman Gregory Masters Value Fund (6/30/2000)	**-16.35%**	**-6.87%**	**0.88%**	**2.76%**	**-3.19%**	**3.08%**	**3.00%**
Russell 3000 Value Index	-16.63%	-11.85%	-2.22%	-1.62%	-3.50%	3.58%	3.11%
Lipper Large-Cap Value Funds Index	-17.01%	-12.47%	-3.41%	-0.82%	-3.10%	2.31%	0.84%
Gross Expense Ratio: 1.40% Net Expense Ratio* as of 4/29/11: 1.37%							
Litman Gregory Masters Smaller Companies Fund (6/30/2003)	**-23.37%**	**-14.01%**	**-0.36%**	**4.39%**	**-1.06%**	**n/a**	**4.86%**
Russell 2000 Index	-21.87%	-17.02%	-3.53%	-0.37%	-1.02%	n/a	5.83%
Lipper Small-Cap Core Funds Index	-20.46%	-15.54%	-2.54%	2.08%	0.26%	n/a	6.43%
Gross Expense Ratio: 1.56% Net Expense Ratio* as of 4/29/11: 1.55%							
Litman Gregory Masters Focused Opportunities Fund (6/30/2006)	**-13.23%**	**-6.41%**	**3.23%**	**5.27%**	**-1.01%**	**n/a**	**-0.63%**
S&P 500 Index	-13.87%	-8.68%	1.14%	1.22%	-1.18%	n/a	-0.09%
Gross Expense Ratio: 1.45% Net Expense Ratio* as of 4/29/11: 1.35%							

Performance quoted represents past performance and does not guarantee future results. The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance of the funds may be lower or higher than the performance quoted. To obtain the performance of the funds as of the most recently completed calendar month, please visit www.mastersfunds.com. The funds impose a 2.00% redemption fee on shares held less than 180 days. Performance does not reflect the redemption fee. If reflected, performance would be lower.

The performance quoted does not include a deduction for taxes that a shareholder would pay on distributions or the redemption of fund shares. Indexes are unmanaged, do not incur expenses, taxes or fees and cannot be invested in directly. See pages 18 - 19 for the index definitions.

Each of the funds may invest in foreign securities. Investing in foreign securities exposes investors to economic, political and market risks and fluctuations in foreign currencies. The Litman Gregory Masters International Fund will invest in emerging market countries, which involve additional risks such as government dependence on a few industries or resources, government-imposed taxes on foreign investment or limits on the removal of capital from a country, unstable government, and volatile markets. Each of the funds may invest in the securities of small companies. Small-company investing subjects investors to additional risks, including security price volatility and less liquidity than investing in larger companies. Litman Gregory Masters Value and Litman Gregory Masters Focused Opportunities are non-diversified funds, which means that each respective fund may concentrate more of its assets in fewer individual holdings than a diversified fund. Though primarily equity funds, the Value and Focused Opportunities funds may invest portions of assets in securities of distressed companies. Debt obligations of distressed companies typically are unrated, lower rated, in default or close to default and may become worthless.

*Gross and net expense ratios are for the institutional share class and are per the Prospectus dated April 29, 2011. Through April 30, 2012, Litman Gregory has contractually agreed to waive a portion of its advisory fees effectively reducing total advisory fees to approximately 0.95% of the average daily net assets of the International Fund, 1.08% of the average daily net assets of the Value Fund and 1.02% of the Focused Opportunities Fund. Litman Gregory may voluntarily waive a portion of its advisory fee in addition to those fees that are contractually waived. Litman Gregory has agreed not to seek recoupment of advisory fees waived. Through April 30, 2012, Litman Gregory has voluntarily agreed to waive a portion of its management fee to pass through any costs benefits resulting from sub-advisor breakpoints, changes in the sub-advisory fee schedules or allocations within the Equity Fund, the International Fund, the Value Fund, the Smaller Companies Fund, and the Focused Opportunities Fund.

Litman Gregory Masters Equity Fund

Litman Gregory Masters Equity Fund lost 18.2% in the three-month period ended September 30.[i] The Russell 3000 Index benchmark's lost 15.3% over the same period while the Lipper Multi-Cap Core Funds Index was down 17.0%. Year-to-date through September 30, the fund is down 11.5%, compared to the Russell 3000 Index's 9.9% loss and a 12.0% loss for the Lipper Index. Over the past three years, the fund returned 2.3% per year compared to 1.4% for the Russell index and 2.0% for the Lipper index. Over ten years, the fund trails the Russell 3000 Index by 0.30 percentage points per year and the Lipper Index by 0.55 percentage points. Since the fund's inception nearly 15 years ago (12/31/1996), it has returned 5.6%, outperforming the Russell 3000 Index return of 5.0% and the Lipper Multi-Cap Core Funds Index return of 4.8%.

Performance quoted represents past performance and does not guarantee future results. The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance of the fund may be lower or higher than the performance quoted. To obtain the performance of the fund as of the most recently completed calendar month, please visit www.mastersfunds.com.

The fund's largest sector allocation at the end of September was information technology at just over 22.0%, which compared to an 18.8% weight for the benchmark. Financials were the second largest sector, representing 20% of the portfolio versus 14.8% for the benchmark. The portfolio's largest sector underweights were consumer staples, which represented less than 2% of the fund versus 10.1% for the benchmark, and utilities, which were not represented in the portfolio, compared to a 4% weight in the Russell 3000 index. All other sector weights were within two percentage points of benchmark weights.

Based on attribution for the third quarter, the financial sector contributed the most to performance primarily because of strong performance of the fund's holdings in the sector (as opposed to the amount allocated to the sector). The biggest detractor at the sector level was information technology, which was largely due to poor stock-price performance of the fund's holdings. Performance was also hurt by the sizable underweight to consumer staples, which was the best performing sector in the index during the period, despite losing 4.5%. Telecom service, although only a small weight in the fund and benchmark (less than 3% for both), was another meaningful detractor as the only sector holding (Level 3 Communications, Inc.) was down nearly 40% in the period. An average cash position of 4.5% benefited performance in a declining market. At the individual security level, the 10 largest contributors were spread across sectors, with Pharmasset, Inc. (a clinical-stage pharmaceutical company) posting the largest quarterly gain at nearly 47%. Bank of New York Mellon Corp. was the largest individual detractor in the three-month period, as it was among the fund's largest weights and it declined 27%.

In terms of market-cap, the weighted-average size of the portfolio holdings increased from $27 billion to $32 billion in the three-month period ended September. Geographically, foreign holdings remained largely unchanged at nearly 13% of the portfolio.

As of September 30, the fund's tax-loss carry-forward was 6.7% of assets. It is unlikely that the fund will make a capital gains distribution in 2011.[ii]

[i] All performance discussion is based on the Litman Gregory Masters Equity Fund Institutional share class.

[ii] Any tax or legal information provided is merely a summary of our understanding and interpretation of some of the current income tax regulations and it is not exhaustive. Investors must consult their tax advisor or legal counsel for advice and information concerning their particular situation. Neither the Fund nor any of its representatives may give legal or tax advice.

Litman Gregory Masters Equity Fund Contribution by Holding
For the Quarter Ended September 30, 2011

Top Contributors

Security	*Portfolio Contribution*
Pharmasset, Inc.	0.23%
Netlogic Microsystems, Inc.	0.21%
Apple, Inc.	0.10%
CF Industries Holdings, Inc.	0.10%
Newmont Mining Corp.	0.08%
Imagination Technologies Group Plc	0.07%
Mistras Group, Inc.	0.06%
Range Resources Corp.	0.05%
Jabil Circuit, Inc.	0.05%
Visa, Inc. - Class A	0.05%

Bottom Contributors

Security	*Portfolio Contribution*
Bank of New York Mellon Corp.	-1.01%
Level 3 Communications, Inc.	-0.96%
Cemex S.A.B. de C.V. - ADR	-0.86%
Canadian Natural Resources Ltd.	-0.62%
Snap-on, Inc.	-0.53%
EOG Resources, Inc.	-0.49%
Cheung Kong Holdings Ltd. - ADR	-0.46%
Chesapeake Energy Corp.	-0.43%
Schlumberger Ltd.	-0.42%
Omnivision Technologies, Inc.	-0.42%

Portfolio contribution for a holding represents the product of the average portfolio weight and the total return earned by the holding during the period.

Litman Gregory Masters Equity Fund Portfolio Composition as of September 30, 2011

By Sector

Sector Allocation	Fund As of 9/30/11	Fund As of 12/31/10	Russell 3000 Index as of 9/30/11
Consumer Discretionary	13.1%	14.7%	11.8%
Consumer Staples	2.0%	4.6%	10.1%
Energy	10.6%	13.6%	10.7%
Finance	20.0%	16.6%	14.8%
Health Care & Pharmaceuticals	11.8%	11.5%	12.2%
Industrials	9.2%	5.5%	10.8%
Materials	3.0%	5.9%	3.9%
Technology	22.3%	20.4%	18.8%
Telecom	1.8%	1.0%	3.0%
Utilities	0.0%	0.0%	4.1%
Cash Equivalents & Other	6.2%	6.2%	0.0%
	100.0%	100.1%	100.0%

Top Ten Holdings	
Visa, Inc. - Class A	3.2%
Bank of New York Mellon Corp.	3.2%
Apple, Inc.	2.9%
American Express Co.	2.8%
Chesapeake Energy Corp.	2.8%
Dell, Inc.	2.5%
Iron Mountain, Inc.	2.5%
HSN, Inc.	2.5%
Fairfax Financial Holdings Ltd.	2.2%
Omnicare, Inc.	2.1%

Allocation By Market Capitalization as of 9/30/11

Micro-Cap Equities	2.1%
Small-Cap Equities	18.5%
Small/Mid-Cap Equities	11.9%
Mid-Cap Equities	21.3%
Large-Cap Equities	40.0%
Cash Equivalents & Other	6.2%
Total	100.0%

Allocation By Domicile as of 9/30/11

Foreign Equities	12.8%
Domestic Equities	80.9%
Cash Equivalents & Other	6.2%
Total	100.0%

Market Capitalization:
- Micro-Cap < $668 million
- Small-Cap $668 million - $2.97 billion
- Small/Mid-Cap $2.97 billion - $7.12 billion
- Mid-Cap $7.12 billion - $18.3 billion
- Large-Cap > $18.3 billion

Totals may not add up to 100% due to rounding

Litman Gregory Masters International Fund

Litman Gregory Masters International Fund was down 22.2% in the three months ending September 30, 2011, while its benchmark, the S&P Global (ex U.S.) LargeMidCap Index, lost 19.7%.[i] The MSCI EAFE Index was down 19% over the same period and the Lipper International Large-Cap Core Funds Index lost 20.9%. Year-to-date through September 30, the fund is down 19.0%, compared to the loss of 16.5% for the S&P benchmark, 14.6% for the EAFE index and 17.1% for the Lipper benchmark. Over the past three years, the fund is down 0.8% (annualized) versus a gain of 1.2% for the S&P index, a loss of 0.7% for the EAFE index and a loss of 2.7% for the Lipper index. Over the trailing 10 years, the fund has matched the S&P benchmark while beating the MSCI EAFE Index by 1.77 percentage points per year and also beating the Lipper Index by 3.01 percentage points per year. The fund has beaten each benchmark soundly since its December 1, 1997 inception. Since its inception, the fund has compounded returns at an annualized rate of 7.4%, compared to 5.1% for S&P, 3.8% for EAFE and 3.5% for Lipper.

Performance quoted represents past performance and does not guarantee future results. The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance of the fund may be lower or higher than the performance quoted. To obtain the performance of the fund as of the most recently completed calendar month, please visit www.mastersfunds.com.

The fund's largest sector overweighting relative to the benchmark's portfolio as of September 30, 2011 was to technology (13% of the portfolio vs. 6.9% for the benchmark). The fund's largest sector underweighting was to energy (5.8% vs. 11.3%). The fund's largest regional overweighting was to Western Europe & the U.K. (56.8% of the portfolio vs. 43.4% for the benchmark). The weighting in Europe is in line with its historical average. The fund's largest regional underweighting was Asia (ex-Japan), which represented 9.2% of the portfolio vs. 18.6% for the benchmark.

Based on attribution data, excluding cash, stock selection was the primary driver behind the fund's relative performance for the quarter. Stock selection was weak in the consumer discretionary, financial, and industrial sectors. Among the worst performers during the quarter was Xstrata Plc, a diversified mining company. It declined over 40% during the quarter due in part to concerns about an economic slowdown in China. Imax Corp., a digital and film-based motion picture company, was down over 50% during the quarter because of quarterly numbers that came in below consensus expectations. ING Groep N.V., a Dutch bank, was the biggest detractor from performance as the sovereign debt crisis in Europe worsened (it was a top contributor over the six months ending June 30, 2011). All three stocks remained in the portfolio at the end of the third quarter as our managers continue to believe in their long-term potential. It is important to understand that the fact that a stock has lost (or made) money in a shorter period, such as a quarter or a year, tells us nothing about how successful the holding was or will ultimately become.

Among the winners was Sega Sammy Holdings, Inc., a Japanese manufacturer of games, up over 20% during the quarter. Telstra Corp. Ltd., an Australian telecommunications and media company, was the next best performer. From a geographic standpoint, stock picking within Europe was the primary detractor from performance. The fund's average cash position of 7.8% was a positive contributor to relative performance. This cash weighting is in line with the fund's history.

As of September 30, the fund continues to have a large tax-loss carry-forward of 18.4% of assets. The fund will not make a capital gains distribution in 2011 and may avoid a distribution in 2012.[ii]

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[i] All performance discussion is based on the Litman Gregory Masters International Fund Institutional share class.

[ii] Any tax or legal information provided is merely a summary of our understanding and interpretation of some of the current income tax regulations and it is not exhaustive. Investors must consult their tax advisor or legal counsel for advice and information concerning their particular situation. Neither the Fund nor any of its representatives may give legal or tax advice.

Litman Gregory Masters International Fund Contribution by Holding
For the Quarter Ended September 30, 2011

Top Contributors

Security	*Portfolio Contribution*
Sega Sammy Holdings, Inc.	0.32%
Telstra Corp. Ltd.	0.08%
BRF - Brasil Foods S.A.	0.05%
Rolls-Royce Holdings Plc	0.02%
KT&G Corp.	0.02%
Ichiyoshi Securities Co. Ltd.	0.01%

Bottom Contributors

Security	*Portfolio Contribution*
ING Groep N.V.	-1.23%
Xstrata Plc	-0.89%
Imax Corp.	-0.78%
Adecco S.A.	-0.67%
Vallourec S.A.	-0.62%
OGX Petroleo e Gas Participacoes S.A.	-0.53%
BNP Paribas S.A.	-0.52%
Cyrela Brazil Realty S.A. Empreedimentos e Participacoes	-0.52%
Erste Group Bank AG	-0.51%
Yara International ASA	-0.51%

Portfolio contribution for a holding represents the product of the average portfolio weight and the total return earned by the holding during the period.

Litman Gregory Masters International Fund Portfolio Composition as of September 30, 2011

Top Ten Holdings	
ING Groep N.V.	3.3%
SAP AG	3.1%
Anheuser-Busch InBev N.V.	2.8%
Roche Holdings AG	2.5%
Rohm Co. Ltd.	2.3%
Daiwa Securities Group, Inc.	2.3%
Sega Sammy Holdings, Inc.	2.2%
BRF - Brasil Foods S.A.	2.1%
Transocean Ltd.	1.9%
Credit Suisse Group AG	1.8%

Sector Allocation	Fund As of 9/30/11	Fund As of 12/31/10	S&P Global (ex U.S.) LargeMidCap Index as of 9/30/11
Consumer Discretionary	14.6%	13.6%	9.0%
Consumer Staples	10.8%	8.1%	9.7%
Energy	5.8%	9.0%	11.3%
Finance	19.6%	27.1%	23.5%
Health Care & Pharmaceuticals	6.9%	4.4%	7.1%
Industrials	11.4%	12.3%	10.2%
Materials	6.4%	7.5%	11.5%
Technology	13.0%	7.9%	6.9%
Telecom	3.4%	3.5%	6.4%
Utilities	0.0%	0.0%	4.3%
Cash Equivalents & Other	8.1%	6.5%	0.0%
	100.0%	100.0%	100.0%

Regional Allocation	Fund As of 9/30/11	Fund As of 12/31/10	S&P Global (ex U.S.) LargeMidCap Index as of 9/30/11
Africa	0.0%	0.9%	1.9%
Australia/New Zealand	0.0%	1.4%	5.7%
Asia (ex Japan)	9.2%	11.9%	18.6%
Japan	10.8%	8.5%	15.8%
Western Europe & UK	56.8%	57.0%	43.4%
Latin America	6.4%	8.8%	5.1%
North America	7.5%	3.3%	8.5%
Middle East	1.1%	1.7%	1.0%
Cash Equivalents & Other	8.1%	6.5%	0.0%
	100.0%	100.0%	100.0%

Allocation By Asset Class as of 9/30/11

Emerging Markets	15.7%
Developed Markets Small-Cap	5.6%
Developed Markets Large/Mid-Cap	70.7%
Cash Equivalents & Other	8.1%
Total	100.0%

Market Capitalization:
Developed Markets Small-Cap < $2.0 billion
Developed Markets Large and Mid-Cap > $2.0 billion

Totals may not add up to 100% due to rounding

Allocation By Market Capitalization as of 9/30/11

Large-Cap	52.9%
Mid-Cap	30.6%
Small-Cap	8.4%
Cash Equivalents & Other	8.1%
Total	100.0%

Market Capitalization:
Small-Cap < $2.0 billion
Mid-Cap $2.0 billion - $10.0 billion
Large-Cap > $10.0 billion

Totals may not add up to 100% due to rounding.

Litman Gregory Masters Value Fund

Litman Gregory Masters Value Fund lost 16.4% for the three months ending September 30, 2011, in line with the Russell 3000 Value Index benchmark's loss of 16.6% and the Lipper Large-Cap Value Funds Index's loss of 17.0%. For the year through September 30, the fund is down 6.9%, better than the loss of 11.9% for the Russell index and the loss of 12.5% for the Lipper index. Over the last three years, the fund has an average annual return of 2.8%, considerably better than the annualized 1.6% loss of the Russell index or the 0.8% loss annualized loss posted by the Lipper index. Over the longer term, the fund's average annual total return over 10 years is 3.1%, and since its June 30, 2000 inception the fund has a 3.0% annualized return, compared to 3.6% and 3.1% for the Russell benchmark, respectively. Since inception and over 10 years, the fund has outperformed a second benchmark, the Lipper Large-Cap Value Funds Index, by 2.16 percentage points per year (3.00% vs. 0.84%) and 0.77 percentage points per year (3.08% vs. 2.31%), respectively.

Performance quoted represents past performance and does not guarantee future results. The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance of the fund may be lower or higher than the performance quoted. To obtain the performance of the fund as of the most recently completed calendar month, please visit www.mastersfunds.com.

At the end of the third quarter, the fund's largest sector overweighting relative to the benchmark was to technology, which represented 15.2% of the fund vs. 9.0% for the benchmark. The fund's largest sector underweighting relative to the benchmark was to financials, which represented 16.6% of the portfolio vs. 25.6% for the benchmark. The fund held 5.4% in cash at quarter end.

Based on attribution analysis, the fund's financials exposure had the largest positive contribution to performance relative to the benchmark, driven by both good stock picking and the overall portfolio underweight to this poor-performing sector. The materials sector was a significant drag on performance for the quarter, almost entirely due to poor stock selection. On an individual security basis, only a few holdings managed to generate positive returns in the quarter. The top contributors to performance were Bristol Myers Squibb Co., Imperial Tobacco Group Plc and Visa, Inc. Level 3 Communications, Inc. – the fund's top contributor over the first half of the year -- was the biggest detractor from performance in the third quarter, followed by Cemex S.A.B. de C.V. and ThyssenKrupp AG. The tables on the next page provide more detailed information on the fund's portfolio.

As of September 30, the fund continues to have a very large tax-loss carry-forward of 44.1% of assets. The fund will not make a capital gains distribution in 2011 and is likely to avoid capital gains distributions for several years.[i]

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[i] Any tax or legal information provided is merely a summary of our understanding and interpretation of some of the current income tax regulations and it is not exhaustive. Investors must consult their tax advisor or legal counsel for advice and information concerning their particular situation. Neither the Fund nor any of its representatives may give legal or tax advice.

Litman Gregory Masters Value Fund Contribution by Holding
For the Quarter Ended September 30, 2011

Top Contributors

Security	*Portfolio Contribution*
Bristol Myers Squibb Co.	0.11%
Imperial Tobacco Group Plc	0.07%
Visa, Inc. - Class A	0.03%
HSN, Inc.	0.02%
Exelon Corp.	0.01%

Bottom Contributors

Security	*Portfolio Contribution*
Level 3 Communications, Inc.	-1.49%
Cemex S.A.B. de C.V. - ADR	-1.44%
ThyssenKrupp AG	-1.15%
Dell, Inc.	-0.78%
DIRECTV - Class A	-0.73%
Bank of New York Mellon Corp.	-0.61%
E. ON AG	-0.61%
Deutsche Boerse AG	-0.61%
Chesapeake Energy Corp.	-0.57%
Snap-on, Inc.	-0.54%

Portfolio contribution for a holding represents the product of the average portfolio weight and the total return earned by the holding during the period.

Litman Gregory Masters Value Fund Portfolio Composition as of September 30, 2011

Sector Allocation	**Fund As of 9/30/11**	**Fund As of 12/31/10**	**Russell 3000 Value Index as of 9/30/11**
Consumer Discretionary	13.2%	15.5%	9.0%
Consumer Staples	11.4%	11.3%	7.8%
Energy	6.6%	6.3%	11.3%
Finance	16.6%	18.5%	25.6%
Health Care & Pharmaceuticals	12.1%	13.5%	12.6%
Industrials	3.6%	3.3%	9.2%
Materials	3.7%	3.9%	2.7%
Technology	15.2%	13.2%	9.0%
Telecom	6.1%	6.2%	4.7%
Utilities	6.1%	4.9%	8.1%
Cash Equivalents & Other	5.4%	3.3%	0.0%
	100.0%	100.0%	100.0%

Top Ten Holdings	
Dell, Inc.	5.4%
DIRECTV - Class A	4.1%
CVS Caremark Corp.	4.0%
Exelon Corp.	3.7%
Fairfax Financial Holdings Ltd.	3.6%
Chesapeake Energy Corp.	3.6%
ACE Ltd.	3.5%
Medtronic, Inc.	3.3%
Vodafone Group Plc	3.3%
Imperial Tobacco Group Plc	3.2%

Allocation By Market Capitalization as of 9/30/11

Micro-Cap Equities	0.0%
Small-Cap Equities	12.2%
Small/Mid-Cap Equities	4.4%
Mid-Cap Equities	25.0%
Large-Cap Equities	52.9%
Cash Equivalents & Other	5.4%
Total	100.0%

Allocation By Domicile as of 9/30/11

Foreign Equities	26.5%
Domestic Equities	68.0%
Cash Equivalents & Other	5.4%
Total	100.0%

Market Capitalization:
Micro-Cap < $668 million
Small-Cap $668 million - $2.97 billion
Small/Mid-Cap $2.97 billion - $7.12 billion
Mid-Cap $7.12 billion - $18.3 billion
Large-Cap > $18.3 billion

Totals may not add up to 100% due to rounding

Litman Gregory Masters Smaller Companies Fund

Litman Gregory Masters Smaller Companies declined 23.4% in the three-month period ended September 30. The Russell 2000 Index benchmark lost 21.9% over the same period. Year-to-date through September 30, the fund is down 14.0%, compared to a loss of 17.0% for the Russell index. Over the past three years the fund's annualized return of 4.4% compares favorably to -0.4% for the Russell benchmark. Since the fund's June 30 2003 inception, the fund's 4.9% annual return trails the benchmark's return of 5.8%.

Performance quoted represents past performance and does not guarantee future results. The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance of the fund may be lower or higher than the performance quoted. To obtain the performance of the fund as of the most recently completed calendar month, please visit www.mastersfunds.com.

The fund's largest sector overweights at the end of September were consumer discretionary (nearly 26% of the portfolio) and energy (12.1%). Both sector weights were nearly twice that of the Russell 2000 benchmark. The largest sector underweight was financials, representing 9% of the portfolio compared to 22% for the benchmark. Health care (9%) and industrials (11.8%) were also meaningful underweights relative to the index weights of 12.9% and 15.1%, respectively.

Based on attribution for the third quarter, the consumer discretionary sector was the only meaningful contributor to performance, and was due to strong performance of the fund's holdings in the sector as opposed to the amount allocated to the sector. Other sectors contributed only marginally or detracted from performance. The largest detractor was information technology, the result of poor performance of the fund's stocks in this sector during the period. The portfolio's financial exposure was also a large detractor. Here, the significant underweight did not benefit performance, as the sector was among the better relative-performing sectors in the three-month period, though it was down over 17% (the relative performance of financial stocks was much worse in large-cap indexes, where they were an underperforming sector). Stock selection within financials also hurt performance, as names such as insurance provider Symetra Financial Corp. lost nearly 40% in the period. The portfolio's average cash weighting of nearly 10% benefited performance amid the stock market's sharp decline in the three-month period. At the individual security level, the 10 largest contributors were spread across sectors with no one holding contributing meaningfully to performance. The largest detractors in the period were concentrated in energy and industrial names, where energy-service companies such as Patterson-UTI Energy, Inc. and OYO Geospace Corp. posted losses in excess of 40% in the three-month period.

As of September 30, the fund continues to have a very large tax-loss carry-forward of 99.6% of assets. The fund will not make a capital gains distribution in 2011 and is likely to avoid capital gains distributions for several years.[i]

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[i] Any tax or legal information provided is merely a summary of our understanding and interpretation of some of the current income tax regulations and it is not exhaustive. Investors must consult their tax advisor or legal counsel for advice and information concerning their particular situation. Neither the Fund nor any of its representatives may give legal or tax advice.

Litman Gregory Masters Smaller Companies Fund Contribution by Holding
For the Quarter Ended September 30, 2011

Top Contributors

Security	*Portfolio Contribution*
Avago Technologies Ltd.	0.13%
Mistras Group, Inc.	0.11%
Cooper Cos, Inc.	0.10%
Jabil Circuit, Inc.	0.08%
DSW, Inc. - Class A	0.07%
athenahealth, Inc.	0.05%
Spirit Airlines, Inc.	0.02%
HSN, Inc.	0.02%
Genesco, Inc.	0.01%

Bottom Contributors

Security	*Portfolio Contribution*
Omnivision Technologies, Inc.	-0.86%
OYO Geospace Corp.	-0.80%
Trinity Industries, Inc.	-0.80%
Symetra Financial Corp.	-0.77%
Patterson-UTI Energy, Inc.	-0.75%
WESCO International, Inc.	-0.72%
Robbins & Myers, Inc.	-0.67%
Sykes Enterprises, Inc.	-0.64%
Magma Design Automation, Inc.	-0.63%
Central Garden & Pet Co.	-0.60%

Portfolio contribution for a holding represents the product of the average portfolio weight and the total return earned by the holding during the period.

Litman Gregory Masters Smaller Companies Fund Portfolio Composition as of September 30, 2011

By Sector

Sector Allocation	Fund As of 9/30/11	Fund As of 12/31/10	Russell 2000 Index as of 9/30/11
Consumer Discretionary	25.6%	16.6%	13.1%
Consumer Staples	2.3%	3.4%	3.8%
Energy	12.1%	12.1%	6.2%
Finance	8.9%	12.5%	22.1%
Health Care & Pharmaceuticals	8.6%	7.1%	12.9%
Industrials	11.8%	12.1%	15.1%
Materials	1.1%	4.5%	4.5%
Technology	19.4%	26.0%	17.2%
Telecom	0.0%	0.6%	1.0%
Utilities	0.0%	0.0%	4.0%
Cash Equivalents & Other	10.2%	5.2%	0.0%
	100.0%	100.0%	100.0%

Top Ten Holdings	
White Mountains Insurance Group Ltd.	4.5%
Wendy's/Arby's Group, Inc.	3.6%
Cooper Cos, Inc.	2.8%
Central Garden & Pet Co.	2.3%
Coinstar, Inc.	2.2%
HSN, Inc.	2.1%
Liberty Media Corp. - Interactive	1.9%
Rowan Companies, Inc.	1.9%
Trinity Industries, Inc.	1.7%
Avnet, Inc.	1.7%

Allocation By Market Capitalization as of 9/30/11

Micro-Cap Equities	9.5%
Small-Cap Equities	50.3%
Small/Mid-Cap Equities	23.2%
Mid-Cap Equities	4.5%
Large-Cap Equities	2.2%
Cash Equivalents & Other	10.2%
Total	100.0%

Allocation By Domicile as of 9/30/11

Foreign Equities	6.7%
Domestic Equities	83.1%
Cash Equivalents & Other	10.2%
Total	100.0%

Market Capitalization:
Micro-Cap < $668 million
Small-Cap $668 million - $2.97 billion
Small/Mid-Cap $2.97 billion - $7.12 billion
Mid-Cap $7.12 billion - $18.3 billion
Large-Cap > $18.3 billion

Totals may not add up to 100% due to rounding

Litman Gregory Masters Focused Opportunities Fund

Litman Gregory Masters Focused Opportunities Fund lost 13.2% during the third quarter, slightly less than the 13.9% loss of the S&P 500. For the nine months through September 30, the fund was down 6.4%. This compared to a larger loss of 8.7% for the S&P 500. On a trailing three-year basis, the fund has had strong relative performance with a return of 5.3% compared to 1.2% for the S&P 500. Despite this strong three-year performance, the fund still slightly trails its S&P 500 Index benchmark since its June 30 2006 inception by a half percentage point.

Performance quoted represents past performance and does not guarantee future results. The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance of the fund may be lower or higher than the performance quoted. To obtain the performance of the fund as of the most recently completed calendar month, please visit www.mastersfunds.com.

The fund's sector allocation continues to vary significantly from that of its S&P 500 Index benchmark, which comes as no surprise given the highly concentrated nature of the fund. The fund continues to be underweight relative to the benchmark in the consumer discretionary, industrials, and technology sectors with a corresponding overweight to financials. The fund also continues to have a sizable weighting of 21% in foreign stocks and maintains its mid-cap and large-cap focus. One new holding, Marathon Oil Corp., was added to the portfolio during the quarter.

In terms of performance drivers, the most significant areas of positive contribution were in the industrials, technology and consumer discretionary sectors. The sectors with the most significant performance drag were the materials and energy sectors, and this negative contribution was a result of poor stock performance in our portfolio as opposed to the performance of the broader sector. At the stock-picking level, Apple, Inc., VISA, Inc. and Amazon.com, Inc. were the best-performing stocks in the portfolio, while ThyssenKrupp AG, Canadian Natural Resources Ltd., Schlumberger Ltd., Bank of New York Mellon Corp. and E.ON AG were the biggest drags on performance during the quarter. The fund's exposure to foreign stocks was a net detractor to performance as four of the five largest detractors for the quarter were among its overseas holdings.

As of September 30, the fund continues to have a sizable tax-loss carry-forward of 44% of net assets that will be used to offset future realized capital gains, probably for several years. We view this loss carry-forward as a significant benefit for taxable shareholders.[i]

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[i] Any tax or legal information provided is merely a summary of our understanding and interpretation of some of the current income tax regulations and it is not exhaustive. Investors must consult their tax advisor or legal counsel for advice and information concerning their particular situation. Neither the Fund nor any of its representatives may give legal or tax advice.

Litman Gregory Masters Focused Opportunities Fund Contribution by Holding For the Quarter Ended September 30, 2011

Top Contributors

Security	*Portfolio Contribution*
Apple, Inc.	0.57%
Amazon.com, Inc.	0.26%
Visa, Inc. - Class A	0.07%

Bottom Contributors

Security	*Portfolio Contribution*
ThyssenKrupp AG	-2.63%
Canadian Natural Resources Ltd.	-1.61%
Schlumberger Ltd.	-1.41%
Bank of New York Mellon Corp.	-1.24%
E. ON AG	-1.15%
BM&FBovespa S.A.	-1.10%
Loews Corp.	-0.91%
CVS Caremark Corp.	-0.86%
Marathon Oil Corp.	-0.71%
American Express Co.	-0.69%

Portfolio contribution for a holding represents the product of the average portfolio weight and the total return earned by the holding during the period.

Litman Gregory Masters Focused Opportunities Fund Portfolio Composition as of September 30, 2011

By Sector

Sector Allocation	**Fund As of 9/30/11**	**Fund As of 12/31/10**	**S&P 500 Index as of 9/30/11**
Consumer Discretionary	4.9%	5.2%	10.6%
Consumer Staples	12.3%	13.8%	11.7%
Energy	11.7%	16.6%	11.6%
Finance	19.8%	18.2%	13.6%
Health Care & Pharmaceuticals	9.9%	13.5%	12.1%
Industrials	4.8%	0.0%	10.3%
Materials	2.8%	0.0%	3.4%
Technology	14.2%	14.2%	19.4%
Telecom	5.2%	6.3%	3.3%
Utilities	4.4%	8.6%	4.0%
Cash Equivalents & Other	10.2%	3.5%	0.0%
	100.0%	100.0%	100.0%

Top Ten Holdings	
CVS Caremark Corp.	8.3%
Apple, Inc.	5.3%
Vodafone Group Plc	5.2%
Pfizer, Inc.	5.1%
American Express Co.	5.1%
Amazon.com, Inc.	4.9%
Loews Corp.	4.8%
Iron Mountain, Inc.	4.8%
Intuitive Surgical, Inc.	4.7%
Visa, Inc. - Class A	4.6%

Allocation By Market Capitalization as of 9/30/11

Micro-Cap Equities	0.0%
Small-Cap Equities	0.0%
Small/Mid-Cap Equities	4.8%
Mid-Cap Equities	20.3%
Large-Cap Equities	64.8%
Cash Equivalents & Other	10.2%
Total	100.0%

Allocation By Domicile as of 9/30/11

Foreign Equities	20.7%
Domestic Equities	69.1%
Cash Equivalents & Other	10.2%
Total	100.0%

Market Capitalization:
- Micro-Cap < $668 million
- Small-Cap $668 million - $2.97 billion
- Small/Mid-Cap $2.97 billion - $7.12 billion
- Mid-Cap $7.12 billion - $18.3 billion
- Large-Cap > $18.3 billion

Totals may not add up to 100% due to rounding

The Custom Equity Index is composed of a 70% weighting in the S&P 500 Index, a 20% weighting in the Russell 2000 Index, and a 10% weighting in the MSCI EAFE Index. **The S&P 500 Index** consists of 500 stocks that represent a sample of the leading companies in leading industries. This index is widely regarded as the standard for measuring large-cap U.S. stock market performance. **The Russell 2000 Index** measures the performance of the 2,000 smallest companies in the Russell 3000 Index. **The MSCI EAFE Index** measures the performance of all of the publicly traded stocks in 22 developed non-U.S. markets.

The Lipper International Large-Cap Core Funds Index measures the performance of the 30 largest mutual funds in the international large cap core fund objective, as determined by Lipper, Inc.

The Lipper Multi-Cap Core Funds Index measures the performance of the 30 largest mutual funds that invest in a variety of capitalization ranges, without concentrating 75% or more of their equity assets in any one market capitalization range over an extended period of time, as determined by Lipper, Inc.

The Lipper Large-Cap Value Funds Index measures the performance of the 30 largest mutual funds that invest in the large-cap value range, as determined by Lipper, Inc. Lipper categorizes Value Funds as those that seek long-term growth of capital by investing in companies that are considered to be undervalued relative to a major unmanaged stock index based on a price-to-earnings, price-to-book value, asset value or other factors.

The Lipper Small-Cap Core Funds Index measures the performance of the 30 largest mutual funds in the small capitalization range, as determined by Lipper, Inc.

The MSCI All Country World ex U.S. Index is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed and emerging markets, excluding the United States.

The MSCI All Country World ex U.S. Growth Index is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed and emerging markets, excluding the United States. It includes companies with higher price-to-book ratios and higher forecasted growth values.

The MSCI All Country World ex U.S. Value Index is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed and emerging markets, excluding the United States. It includes companies with lower price-to-book ratios and lower forecasted growth values.

The MSCI EAFE Index (Europe, Australasia, Far East) is a free float-adjusted market capitalization index that is designed to measure the equity market performance of developed markets, excluding the US & Canada. As of May 27, 2010 the MSCI EAFE Index consisted of the following 22 developed market country indices: Australia, Austria, Belgium, Denmark, Finland, France, Germany, Greece, Hong Kong, Ireland, Israel, Italy, Japan, the Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, and the United Kingdom.

The MSCI World ex U.S. Index is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed markets, excluding the United States.

The Russell 1000 Growth Index measures the performance of the large-cap growth segment of the U.S. equity universe. It includes those Russell 1000 companies with higher price-to-book ratios and higher forecasted growth values.

The Russell 2000 Index measures the performance of the 2,000 largest companies in the Russell 3000 Index.

The Russell 2000 Growth Index measures the performance of the small-cap growth segment of the U.S. equity universe. It includes those Russell 2000 companies with higher price-to-value ratios and higher forecasted growth values.

The Russell 2000 Value Index measures the performance of the small-cap value segment of the U.S. equity universe. It includes those Russell 2000 companies with lower price-to-book ratios and lower forecasted growth values.

The Russell 2500 Growth Index measures the performance of the small to mid-cap growth segment of the U.S. equity universe. It includes those Russell 2500 companies with higher price-to-book ratios and higher forecasted growth values.

The Russell 3000 Index measures the performance of the 3,000 largest U.S. companies as measured by total market capitalization, and represents about 98% of the U.S. stock market.

The Russell 3000 Value Index is a broad-based index that measures the performance of those companies within the 3,000 largest U.S. companies, based on total market capitalization, that have lower price-to-book ratios and lower forecasted growth rates.

The S&P 500 Index is widely regarded as the standard for measuring large-cap stock performance, and consists of 500 stocks that represent a sample of the leading companies in leading industries.

S&P Global (ex U.S.) LargeMidCap Index is a broad-based index that represents the largest 80% of investable companies in 52 developed and emerging market countries.

Indexes are unmanaged, do not incur fees, and cannot be invested in directly.

The following table presents the Litman Gregory Masters Investment Managers and their individual benchmarks:

Manager	Fund	Index
Bronchick	Smaller Companies	Russell 2000 Value
D'Alonzo	Equity/Smaller Companies	Russell 2500 Growth/Russell 2000 Growth
Davis/Feinberg	Equity/Focused Opportunities	S&P 500
Langerman/Brugere-Trelat	Value/Focused Opportunities	Russell 3000 Value
Fries/Walden	International	MSCI All Countries World ex US
Gendelman	International	MSCI All Countries World ex US Growth
Hawkins	Equity/Value	Russell 3000 Value
Herro	International	MSCI All Countries World ex US Value
Walsh	Smaller Companies	Russell 2000 Growth
McGregor	Equity/Value	Russell 3000 Value
Northern Cross Team	International	S&P Global (ex U.S.) LargeMidCap
Nygren	Value	Russell 3000 Value
Bryan/Ekstrand	Smaller Companies	Russell 2000 Value
Sands/Sramek	Equity/Focused Opportunities	Russell 1000 Growth
Turner/Sustersic/Schrotberger	Equity	Russell 1000 Growth
Tyson/Allen	International	MSCI All Countries World ex US Growth
Wadhwaney	International	MSCI All Countries World ex US Value
Weiss	Equity/Smaller Companies	Russell 2000

Litman Gregory Fund Advisors, LLC has ultimate responsibility for the performance of the funds due to its responsibility to oversee the investment managers and recommend their hiring, termination and replacement.

The funds' investment objectives, risks, charges and expenses must be considered carefully before investing. The prospectus contains this and other important information about the investment company, and it may be obtained by calling 1-800-656-8864 or visiting www.mastersfunds.com. Read it carefully before investing.

Price to Earnings (P/E) Ratio

1. The **price to earnings (P/E) ratio** reflects the multiple of earnings at which a stock sells.
2. The **price to earnings (P/E) ratio** is calculated by dividing current price of the stock by the company's trailing 12 months' earnings per share.
3. **Price to earnings ratio** is a common tool for comparing the prices of different common stocks and is calculated by dividing the current market price of a stock by the earnings per share.
4. The **price-earnings ratio (P/E)** is the most common measure of how expensive a stock is.
5. Synonymous with the term **absolute price to earnings (P/E) ratio**.

Correlation is a statistical measure of how two securities move in relation to each other.

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