

# ETF Market Opportunity Fund

## ANNUAL REPORT

April 30, 2011

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June 1, 2011

Dear Shareholders:

Enclosed for your review is the Annual Report of the *ETF Market Opportunity Fund* for its fiscal year ended April 30, 2011. The Fund commenced operation on May 3, 2004 and this report covers the Fund's seventh year of operation.

My proprietary model quantitatively ranks all actively traded ETF's which first pass my fundamental review. The ranking is based upon risk adjusted return, as measured by each ETF's Sharpe Ratio for two different time periods. The holdings of the Fund are rotated so that the ETF's showing strength in the model are purchased and held. Those showing weakness in the model are sold or not considered for purchase. The goal of the Fund's investment process is to produce above market returns while assuming below market risk. The Fund's Alpha of +5.48 and Beta of 0.93 [Morningstar 3 year data] demonstrate that I have been accomplishing my goal.

Allocation selections and market performance were the factors that contributed to the Fund's performance during the last fiscal year. The Fund's benchmark [S&P 500 Index] gained 17.24% for the 12 months ended April 30, 2011. The Fund gained 21.26% during the same one-year period. The Fund moved to a more aggressive allocation in late August 2010 as mandated by my model. I will continue to follow my proprietary model in order to attempt to achieve the Fund's investment goals.

I invite you to visit the Fund's web site at [www.ETFMutualFund.com](http://www.ETFMutualFund.com). There is contact information on the web site for anyone with questions or comments.

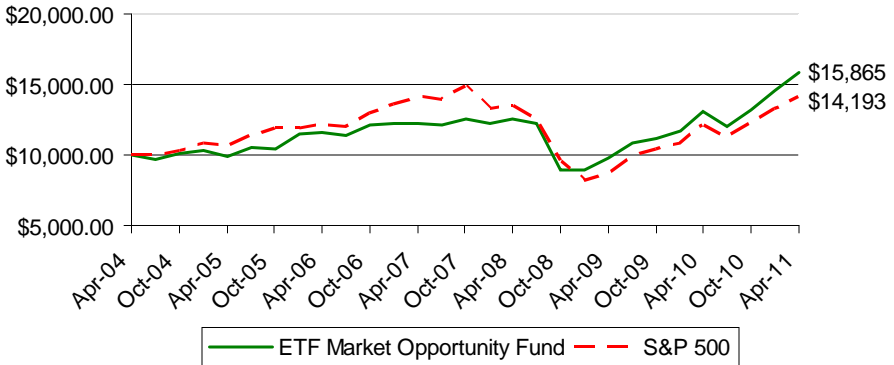
Very truly yours,



Paul M. Frank

# ETF Market Opportunity Fund (Unaudited)

## The Value of a \$10,000 Investment In ETF Market Opportunity Fund From May 3, 2004 to April 30, 2011 As Compared To The Standard & Poor's 500 Index



### PERFORMANCE INFORMATION

April 30, 2011 NAV \$13.13

Average annual total returns for the periods ended April 30, 2011.

	<u>1 Year*</u>	<u>3 Year*</u>	<u>5 Year*</u>	<u>Since Inception*</u>
ETF Market Opportunity Fund	21.26%	8.25%	6.40%	6.81%
Standard & Poor's 500 Index**	17.24%	1.74%	2.95%	5.13%

Total Annual Fund Operating Expense Ratio (from 8/31/10 Prospectus): 2.04%

\* 1 Year, 3 Year, 5 Year and Since Inception returns include change in share prices and in each case includes reinvestment of any dividends and capital gain distributions. The inception date of the ETF Market Opportunity Fund was May 3, 2004.

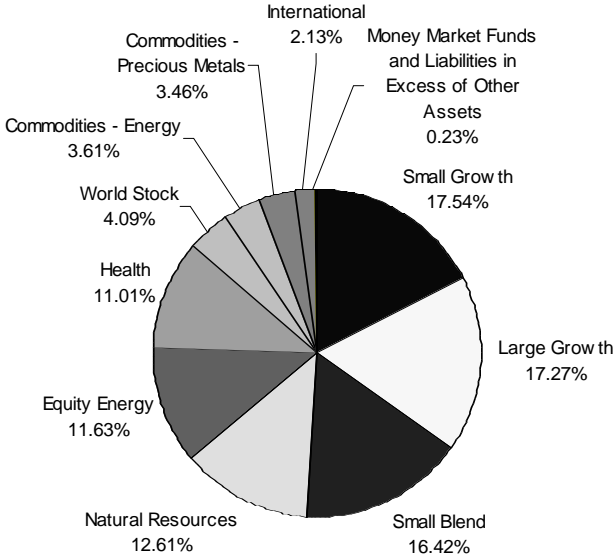
\*\*The S&P 500 Index is a broad market-weighted average index dominated by blue-chip stocks and is an unmanaged group of stocks whose composition is different from the Fund.

**PAST PERFORMANCE DOES NOT GUARANTEE FUTURE RESULTS. INVESTMENT RETURN AND PRINCIPAL VALUE WILL FLUCTUATE SO THAT SHARES, WHEN REDEEMED, MAY BE WORTH MORE OR LESS THAN THEIR ORIGINAL COST. RETURNS DO NOT REFLECT THE DEDUCTION OF TAXES THAT A SHAREHOLDER WOULD PAY ON FUND DISTRIBUTIONS OR THE REDEMPTION OF FUND SHARES. CURRENT PERFORMANCE MAY BE LOWER OR HIGHER THAN THE PERFORMANCE DATA QUOTED. TO OBTAIN PERFORMANCE DATA CURRENT TO THE MOST RECENT MONTH END, PLEASE CALL 1-800-239-9136.**

# ETF Market Opportunity Fund (Unaudited)

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## ETF Market Opportunity Fund (as a percentage of Net Assets)



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### PROXY VOTING

Aviemo Asset Management, LLC, the Fund's Adviser, is responsible for exercising the voting rights associated with the securities held by the Fund. A description of the policies and procedures used by the Adviser in fulfilling this responsibility is available without charge on the Fund's website at [www.aviemorefund.com](http://www.aviemorefund.com) and is also available without charge, upon request, by calling our toll free number (1-800-239-9136). It is also included in the Fund's Statement of Additional Information, which is available on the Securities and Exchange Commission's website at <http://www.sec.gov>.

Information regarding how the Fund voted proxies, contained on Form N-PX, relating to portfolio securities during the most recent 12-month period ended June 30 is available without charge, upon request, by calling our toll free number (1-800-239-9136). This information is also available on the Securities and Exchange Commission's website at <http://www.sec.gov>.

### Availability of Quarterly Schedule of Investments (Unaudited)

The Fund files its complete schedule of portfolio holdings with the Securities and Exchange Commission ("SEC") for the first and third quarters of each fiscal year on Form N-Q. The Fund's Forms N-Q are available on the SEC's Web site at <http://www.sec.gov>. The Fund's Forms N-Q also may be reviewed and copied at the SEC's Public Reference Room in Washington, DC. Information on the operation of the Public Reference Room may be obtained by calling 1-800-SEC-0330.

### Expense Example (Unaudited)

Shareholders of this Fund incur ongoing operating expenses consisting solely of management fees. The following example is intended to help you understand your ongoing costs (in dollars) of investing in the Fund and to compare these costs with similar costs of investing in other mutual funds. The example is based on an investment of \$1,000 invested in the Fund on November 1, 2010 and held through April 30, 2011.

The first line of the table below provides information about actual account values and actual expenses. In order to estimate the expenses a shareholder paid during the period covered by this report, shareholders can divide their account value by \$1,000 (for example, an \$8,600 account value divided by \$1,000 = 8.6) and then multiply the result by the number in the first line under the heading entitled "Expenses Paid During the Period."

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 paid by a shareholder for the period. Shareholders may use this information to compare the ongoing costs of investing in this Fund and other funds. To do so, compare this 5% hypothetical example with the 5% hypothetical examples that appear in other funds' shareholder reports.

	Beginning Account Value November 1, 2010	Ending Account Value April 30, 2011	Expenses Paid During the Period* November 1, 2010 to April 30, 2011
Actual	\$1,000.00	\$1,198.41	\$9.54
Hypothetical (5% annual return before expenses)	\$1,000.00	\$1,016.12	\$8.75

- \* Expenses are equal to the Fund's annualized expense ratio of 1.75%, multiplied by the average account value over the period, multiplied by 181/365 (to reflect the one-half year period).

# ETF Market Opportunity Fund

## Schedule of Investments April 30, 2011

Shares		Fair Value	% of Net Assets
<b>EXCHANGE TRADED FUNDS</b>			
<b>Exchange Traded Funds</b>			
215,000	First Trust Dow Jones Select MicroCap Index Fund	\$ 5,209,450	
60,000	iShares Silver Trust *	2,812,800	
120,000	Market Vectors Rare Earth/Strategic Metals ETF *	3,321,600	
105,000	PowerShares QQQ Trust, Series 1	6,203,400	
40,000	ProShares Short 20+ Year U.S. Treasury ETF *	1,729,200	
100,000	SPDR S&P Metals & Mining ETF	7,559,000	
35,000	United States Brent Oil Fund, LP *	2,929,885	
80,000	Vanguard Energy ETF	9,447,200	
118,000	Vanguard Growth ETF	7,822,220	
140,000	Vanguard Health Care ETF	8,944,600	
30,000	Vanguard Materials ETF	2,688,300	
100,000	Vanguard Small-Cap ETF	8,131,000	
160,000	Vanguard Small-Cap Growth ETF	14,265,600	
<b>Total for Exchange Traded Funds</b>		<u>81,064,255</u>	99.77%
(Cost \$63,334,540)			
<b>Money Market Funds</b>			
8,956,875	First American Treasury Obligation Fund Class Y 0.00% ** (Cost \$8,956,875)	<u>8,956,875</u>	11.03%
Total Investments (Cost \$72,291,415)		<u>90,021,130</u>	110.80%
Liabilities in Excess of Other Assets		<u>(8,773,175)</u>	-10.80%
Net Assets		<u>\$ 81,247,955</u>	100.00%

\* Non-Income Producing Securities.

\*\* Variable Rate Security; The Yield Rate shown represents the rate at April 30, 2011.

The accompanying notes are an integral part of these financial statements.

# ETF Market Opportunity Fund

## Statement of Assets and Liabilities

April 30, 2011

Assets:	
Investment Securities at Fair Value	\$ 90,021,130
(Cost - \$72,291,415)	
Cash	8,071
Receivables:	
For Securities Sold	3,475,005
Fund Shares Sold	129,049
Total Assets	<u>93,633,255</u>
Liabilities:	
Management Fees Payable	113,584
Securities Purchased	9,571,490
Due to Custodian	2,513,972
Fund Shares Redeemed	186,254
Total Liabilities	<u>12,385,300</u>
Net Assets	<u>\$ 81,247,955</u>
Net Assets Consist of:	
Paid In Capital	\$ 58,407,879
Accumulated Undistributed Realized Gain on Investments - Net	5,110,361
Unrealized Appreciation in Value	
of Investments Based on Identified Cost	17,729,715
Net Assets, for 6,186,077 Shares Outstanding	<u>\$ 81,247,955</u>
(Unlimited number of shares authorized without par value)	
Net Asset Value, Offering and Redemption Price	
Per Share (\$81,247,955/6,186,077 shares)	<u>\$ 13.13</u>

## Statement of Operations

For the fiscal year ended April 30, 2011

Investment Income:	
Dividends and Interest	\$ 553,713
Total Investment Income	553,713
Expenses:	
Management Fees (Note 4)	1,085,436
Total Expenses	<u>1,085,436</u>
Net Investment Income (Loss)	<u>(531,723)</u>
Realized and Unrealized Gain (Loss) on Investments:	
Realized Gain on Investments	5,936,457
Net Change In Unrealized Appreciation on Investments	6,862,344
Net Realized and Unrealized Gain (Loss) on Investments	<u>12,798,801</u>
Net Increase/(Decrease) in Net Assets from Operations	<u>\$ 12,267,078</u>

The accompanying notes are an integral part of these financial statements.

# ETF Market Opportunity Fund

## Statements of Changes in Net Assets

	5/1/2010 to 4/30/2011	5/1/2009 to 4/30/2010
From Operations:		
Net Investment Income (Loss)	\$ (531,723)	\$ (408,157)
Net Realized Gain (Loss) on Investments	5,936,457	10,560,522
Net Change in Unrealized Appreciation (Depreciation)	6,862,344	7,273,379
Increase (Decrease) in Net Assets from Operations	<u>12,267,078</u>	<u>17,425,744</u>
From Distributions to Shareholders:		
Net Investment Income	0	(49,969)
Net Realized Gain from Security Transactions	(6,113,613)	0
Change in Net Assets from Distributions	<u>(6,113,613)</u>	<u>(49,969)</u>
From Capital Share Transactions:		
Proceeds From Sale of Shares	31,886,874	38,478,081
Shares Issued on Reinvestment of Dividends	6,108,806	49,969
Cost of Shares Redeemed	<u>(23,437,938)</u>	<u>(40,600,537)</u>
Net Increase/(Decrease) from Shareholder Activity	<u>14,557,742</u>	<u>(2,072,487)</u>
Net Increase/(Decrease) in Net Assets	20,711,207	15,303,288
Net Assets at Beginning of Period	60,536,748	45,233,460
Net Assets at End of Period (Including Accumulated Undistributed Net Investment Income of \$0 and \$0, respectively)	<u>\$ 81,247,955</u>	<u>\$ 60,536,748</u>
Share Transactions:		
Issued	2,583,605	3,924,426
Reinvested	511,197	4,498
Redeemed	<u>(2,042,737)</u>	<u>(3,916,487)</u>
Net Increase in Shares	1,052,065	12,437
Shares Outstanding, Beginning of Period	5,134,012	5,121,575
Shares Outstanding, End of Period	<u>6,186,077</u>	<u>5,134,012</u>

## Financial Highlights

Selected data for a share outstanding throughout the period:	5/1/2010 to 4/30/2011	5/1/2009 to 4/30/2010	5/1/2008 to 4/30/2009	5/1/2007 to 4/30/2008	5/1/2006 to 4/30/2007
Net Asset Value - Beginning of Period	\$ 11.79	\$ 8.83	\$ 11.65	\$ 11.49	\$ 11.56
Net Investment Income/(Loss) <sup>(a) (b)</sup>	(0.10)	(0.07)	0.03	0.04	0.13
Net Gains or Losses on Investments <sup>(d)</sup> (realized and unrealized)	2.50	3.04	(2.59)	0.21	0.46
Total from Investment Operations	2.40	2.97	(2.56)	0.25	0.59
Distributions (From Net Investment Income)	0.00	(0.01)	(0.08)	(0.03)	(0.07)
Distributions (From Capital Gains)	(1.06)	0.00	(0.18)	(0.06)	(0.59)
Total Distributions	<u>(1.06)</u>	<u>(0.01)</u>	<u>(0.26)</u>	<u>(0.09)</u>	<u>(0.66)</u>
Net Asset Value - End of Period	<u>\$ 13.13</u>	<u>\$ 11.79</u>	<u>\$ 8.83</u>	<u>\$ 11.65</u>	<u>\$ 11.49</u>
Total Return	21.26%	33.63%	(21.72)%	2.20%	5.21%

## Ratios/Supplemental Data

Net Assets - End of Period (Thousands)	\$ 81,248	\$ 60,537	\$ 45,233	\$ 13,994	\$ 8,696
Ratio of Expenses to Average Net Assets <sup>(c)</sup>	1.75%	1.75%	1.75%	1.75%	1.75%
Ratio of Net Investment Income (Loss) to Average Net Assets <sup>(b) (c)</sup>	-0.86%	-0.67%	0.34%	0.36%	1.18%
Portfolio Turnover Rate	200.66%	195.51%	517.18%	573.04%	404.77%

(a) Per share amounts were calculated using the average shares method.

(b) Recognition of net investment income by the Fund is affected by the timing of the declaration of dividends by the underlying investment companies in which the Fund invests.

(c) These ratios exclude the impact of expenses of the underlying security holdings listed in the Schedule of Investments.

(d) Realized and unrealized gains and losses per share in this caption are balancing amounts necessary to reconcile the change in net asset value for the period, and may not reconcile with the aggregate gains and losses in the Statement of Operations due to share transactions for the period.

The accompanying notes are an integral part of these financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

## ETF MARKET OPPORTUNITY FUND

April 30, 2011

### 1.) ORGANIZATION

ETF Market Opportunity Fund (the "Fund"), is a non-diversified series of the Aviemore Funds (the "Trust"), which is registered under the Investment Company Act of 1940 as an open-end management investment company. The Trust was organized in Ohio as a business trust on January 2, 2004, and may offer shares of beneficial interest in a number of separate series, each series representing a distinct fund with its own investment objectives and policies. At present, the Fund is the only series authorized by the Trust. The Fund commenced operations on May 3, 2004. The Fund's investment adviser is Aviemore Asset Management, LLC (the "Adviser"). The Fund's investment objective is capital appreciation.

### 2.) SIGNIFICANT ACCOUNTING POLICIES

All investments in securities are recorded at their estimated fair value, as described in note 3.

**FEDERAL INCOME TAXES:** The Fund's policy is to continue to comply with the requirements of Subchapter M of the Internal Revenue Code that are applicable to regulated investment companies and to distribute all of its taxable income to shareholders. The Fund intends to distribute sufficient net investment income and net capital gains, if any, so that it will not be subject to excise tax on undistributed income and gains. Therefore, no federal income or excise tax provision is required.

The Fund recognizes the tax benefits of certain tax positions only where the position is "more likely than not" to be sustained assuming examination by tax authorities. Management has analyzed the Fund's tax positions, and has concluded that no liability for unrecognized tax benefits should be recorded related to uncertain tax positions taken on returns filed for open tax years (2007-2009), or expected to be taken on the Fund's 2010 tax return. The Fund identifies its major tax jurisdictions as U.S. Federal tax authorities; however the Fund is not aware of any tax positions for which it is reasonably possible that the total amounts of unrecognized tax benefits will change materially in the next twelve months. The Fund recognizes interest and penalties, if any, related to unrecognized tax benefits as income tax expense on the Statement of Operations. During the year ended April 30, 2011, the Fund did not incur any interest or penalties.

**USE OF ESTIMATES:** The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of increases and decreases in net assets from operations during the reporting period. Actual results could differ from those estimates.

**DISTRIBUTIONS TO SHAREHOLDERS:** Distributions to shareholders, which are determined in accordance with income tax regulations, are recorded on the ex-dividend date. The treatment for financial reporting purposes of distributions made to shareholders during the year from net investment income or net realized capital gains may differ from their ultimate treatment for federal income tax purposes. These differences are caused primarily by differences in the timing of the recognition of certain components of income, expense, or realized capital gain for federal income tax purposes. Where such differences are permanent in nature, they are reclassified in the components of the net assets based on their ultimate characterization for federal income tax purposes. Any such reclassifications will have no effect on net assets, results of operations, or net asset values per share of the Fund. At April 30, 2011, accumulated net investment loss was increased by \$531,723; accumulated realized gain on investments was decreased by \$534,867; and paid-in capital was increased by \$3,144.

**OTHER:** The Fund records security transactions based on a trade date. Dividend income is recognized on the ex-dividend date, and interest income is recognized on an accrual basis. Long-term capital gain distributions from underlying investments are recorded on the ex-date and are recorded as capital gain distributions from investment companies. Discounts and premiums on securities purchased are amortized over the lives of the respective securities. Withholding taxes on foreign dividends have been provided for in accordance with the Fund's understanding of the applicable country's tax rules and rates.

Through its investments in exchange traded funds ("ETFs"), the Fund may hold investments in master limited partnerships ("MLPs"). It is common for distributions from MLPs to exceed taxable earnings and profits resulting in the excess portion of such dividends being designated as a return of capital. Annually, income or loss from the MLPs is reclassified upon receipt of the MLPs' K-1s. For financial reporting purposes, management does not estimate the tax character of MLP distributions for which actual information has not been reported.

## Notes to the Financial Statements - continued

### 3.) SECURITIES VALUATIONS

The Fund utilizes various methods to measure the fair value of its investments on a recurring basis. GAAP establishes a hierarchy that prioritizes inputs to valuation methods. The three levels of inputs are:

Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities that the Fund has the ability to access.

Level 2 - Observable inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly or indirectly. These inputs may include quoted prices for the identical instrument on an inactive market, prices for similar instruments, interest rates, prepayment speeds, credit risk, yield curves, default rates and similar data.

Level 3 - Unobservable inputs for the asset or liability, to the extent relevant observable inputs are not available, representing the Fund's own assumptions about the assumptions a market participant would use in valuating the asset or liability, and would be based on the best information available.

The availability of observable inputs can vary from security to security and is affected by a wide variety of factors, including, for example, the type of security, whether the security is new and not yet established in the marketplace, the liquidity of markets, and other characteristics particular to the security. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments categorized in level 3.

The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the level in the fair value hierarchy within which the fair value measurement falls in its entirety, is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

#### *FAIR VALUE MEASUREMENTS*

A description of the valuation techniques applied to the Fund's major categories of assets and liabilities measured at fair value on a recurring basis follows.

*Equity securities (including exchange traded funds).* Equity securities that are traded on any exchange or on the NASDAQ over-the-counter market are valued at the last quoted sale price. Lacking a last sale price, a security is valued at its last bid price except when, in the Adviser's opinion, the last bid price does not accurately reflect the current value of the security. All other securities for which over-the-counter market quotations are not readily available are valued at their last bid price. Generally, if the security is traded in an active market and is valued at the last sale price, the security is categorized as a level 1 security. When the security position is not considered to be part of an active market or when the security is valued at the bid price, the position is generally categorized as a level 2. When market quotations are not readily available, when the Adviser determines the last bid price does not accurately reflect the current value or when restricted securities are being valued, such securities are valued as determined in good faith by the Adviser, in conformity with guidelines adopted by and subject to review of the Board of Trustees and are generally categorized in level 2 or level 3, when appropriate, of the fair value hierarchy.

*Fixed income securities.* Fixed income securities generally are valued by using market quotations, but may be valued on the basis of prices furnished by a pricing service when the Adviser believes such prices accurately reflect the fair value of such securities. A pricing service utilizes electronic data processing techniques based on yield spreads relating to securities with similar characteristics to determine prices for normal institutional-size trading units of debt securities without regard to sale or bid prices. If the Adviser decides that a price provided by the pricing service does not accurately reflect the fair value of the securities, when prices are not readily available from a pricing service or when restricted or illiquid securities are being valued, securities are valued at fair value as determined in good faith by the Adviser, in conformity with guidelines adopted by and subject to review of the Board of Trustees. Short term investments in fixed income securities with maturities of less than 60 days when acquired, or which subsequently are within 60 days of maturity, are valued by using the amortized cost method of valuation, which the Board of Trustees has determined will represent fair value. Generally, fixed income securities are categorized as level 2.

In accordance with the Trust's good faith pricing guidelines, the Adviser is required to consider all appropriate factors relevant to the value of securities for which it has determined other pricing sources are not available or reliable as described above. There is no single standard for determining fair value controls, since fair value depends upon the circumstances of each individual case. As a general principle, the current fair value of an issue of securities being valued by the

## Notes to the Financial Statements - continued

Adviser would appear to be the amount which the owner might reasonably expect to receive for them upon their current sale. Methods which are in accordance with this principle may, for example, be based on (i) a multiple of earnings; (ii) a discount from market of a similar freely traded security (including a derivative security or a basket of securities traded on other markets, exchanges or among dealers); or (iii) yield to maturity with respect to debt issues, or a combination of these and other methods.

The following table summarizes the inputs used to value the Fund's assets measured at fair value as of April 30, 2011:

<u>Valuation Inputs of Assets</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Exchange Traded Funds	\$81,064,255	\$0	\$0	\$81,064,255
Money Market Funds	<u>8,956,875</u>	\$0	\$0	<u>8,956,875</u>
Total	<u>\$90,021,130</u>	\$0	\$0	<u>\$90,021,130</u>

The Fund did not hold any Level 3 assets during the fiscal year ended April 30, 2011. There were no transfers into or out of level 1 and level 2 during the fiscal year ended April 30, 2011. It is the Fund's policy to consider transfers into or out of level 1 and level 2 as of the end of the reporting period. The Fund did not invest in derivative instruments during the fiscal year ended April 30, 2011.

### 4.) INVESTMENT ADVISORY AGREEMENT

The Fund has entered into a management agreement (the "Agreement") with the Adviser. Under the Agreement, the Adviser, at its own expense and without reimbursement from the Trust, furnishes office space and all necessary office facilities, equipment and executive personnel necessary for managing assets of the Fund. The Adviser pays all operating expenses of the Fund, with the exception of taxes, borrowing expenses (such as (a) interest and (b) dividend expenses on securities sold short), brokerage commissions and extraordinary expenses. For its services, the Adviser receives an annual investment management fee of 1.75% of the average daily net assets of the Fund up to and including \$100 million and 1.50% of the average daily net assets in excess of \$100 million. For the fiscal year ended April 30, 2011, the Adviser earned management fees totaling \$1,085,436 of which \$113,584 was due to the Adviser at April 30, 2011.

### 5.) INVESTMENT TRANSACTIONS

For the fiscal year ended April 30, 2011, purchases and sales of investment securities other than U.S. Government obligations and short-term investments aggregated \$127,364,788 and \$118,712,839, respectively. Purchases and sales of U.S. Government obligations aggregated \$0 and \$0, respectively.

For Federal income tax purposes, the cost of investments owned at April 30, 2011 was \$72,398,671. At April 30, 2011, the composition of unrealized appreciation (the excess of value over tax cost) and depreciation (the excess of tax cost over value) was as follows:

<u>Appreciation</u>	<u>(Depreciation)</u>	<u>Net Appreciation (Depreciation)</u>
\$17,747,062	(\$124,603)	\$17,622,459

### 6.) RELATED PARTY TRANSACTIONS

Paul Michael Frank is the control person of the Adviser and also serves as a trustee and officer of the Fund. This individual receives benefits from the Adviser resulting from management fees paid to the Adviser by the Fund.

The Trustees who are not interested persons of the Fund received \$2,000 each in Trustee fees, in aggregate, from the Adviser through the fiscal year ended April 30, 2011.

### 7.) CAPITAL SHARES

The Trust is authorized to issue an unlimited number of shares. Paid in Capital at April 30, 2011 was \$58,407,879, representing 6,186,077 shares outstanding.

### 8.) DISTRIBUTIONS TO SHAREHOLDERS

The tax character of distributions paid during the fiscal year ended April 30, 2011 and the fiscal year ended April 30, 2010 were as follows:

Distributions paid from:

	<u>Year ended April 30, 2011</u>	<u>Year ended April 30, 2010</u>
Ordinary Income	\$ 0	\$ 49,969
Short-term Capital Gain	5,453,925	0
Long-term Capital Gain	<u>659,688</u>	<u>0</u>
	\$6,113,613	\$ 49,969

**Notes to the Financial Statements - continued**

As of April 30, 2011, the components of distributable earnings / (accumulated losses) on a tax basis were as follows:

Undistributed ordinary income/ (accumulated losses)	\$ 1,737,629
Undistributed long-term capital gain/ (accumulated losses)	3,479,988
Unrealized appreciation/(depreciation) - net	<u>17,622,459</u>
	<u>\$22,840,076</u>

The differences between book basis and tax basis unrealized appreciation/(depreciation) are attributable to the tax deferral of losses on wash sales and grantor trusts.

**9.) CONTROL OWNERSHIP**

The beneficial ownership, either directly or indirectly, of more than 25% of the voting securities of a fund creates a presumption of control of the Fund, under Section 2(a)(9) of the Investment Company Act of 1940. As of April 30, 2011, National Financial Services, LLC, for the benefit of their customers held, in aggregate, 69.36% of the Fund shares and thus may be deemed to control the Fund.

## ADDITIONAL INFORMATION

April 30, 2011

(UNAUDITED)

### 1.) APPROVAL OF INVESTMENT ADVISORY AGREEMENT

On April 13, 2011, the Trustees met to consider the renewal of the Agreement. In reviewing the Agreement, the Trustees received materials from the Adviser addressing the following factors: (i) the investment performance of the Fund and the Adviser; (ii) the nature, extent and quality of the services provided by the Adviser to the Fund; (iii) the cost of the services to be provided and the profits to be realized by the Adviser and its affiliates from the relationship with the Fund; (iv) the extent to which economies of scale will be realized as the Fund grows; and (v) whether the fee levels reflect these economies of scale to the benefit of shareholders.

As to the performance of the ETF Market Opportunity Fund, the materials from the Adviser included information regarding the Fund's performance compared to a group of funds of similar size, style and objective, categorized by Morningstar (the "Peer Group"). The Adviser noted that he does not advise individual clients with mandates comparable to the ETF Market Opportunity Fund. For the 12-month period ended December 31, 2010, the ETF Market Opportunity Fund showed a total return of 18.70%, compared to a 12-month return of 16.69% for the Peer Group and a 12-month return of 15.09% for the S&P 500 Index, the Fund's comparative benchmark index. Additionally, the average annualized 5 year return was 5.53% for the ETF Market Opportunity Fund compared to 2.29% for the S&P 500 and 2.66% for the Peer Group. As to the costs of the services to be provided, the Board reviewed the fees under the Agreement compared to other mutual funds with similar investment objectives and asset levels and noted that the expense ratio of 1.75% was above the category average of 1.14%, but within the range of its Peer Group. The Trustees then reviewed the management fee ratio of the Fund compared its Peer Group and noted that the management fee ratio of 1.75% was above the category average of 0.99%. The Trustees recognized the expense ratio was within the range of its Peer Group and the management fee was at the top end of the Peer Group; however, they also recognized that the Adviser is responsible under the Agreement for paying all but a few of the Fund's expenses out of the management fee. The Adviser also stated that in addition to advisory services, the Adviser also provides the Fund with officers, including the CCO, and office space. The Trustees also recognized that the Adviser has been covering the Fund's expenses since 2004 and started to make a profit during the last two fiscal years. The Adviser also stated that he is committed to reducing fees as economies of scale are realized noting that effective August 28, 2009 fees payable under the Agreement between the Trust and the Adviser are fixed at 1.75% of the Fund's average daily net assets up to \$100 million and 1.50% of such assets in excess of \$100 million.

As to the nature, extent and quality of the services provided by the Adviser, the Trustees analyzed the Adviser's experience and capabilities. The Adviser summarized the information provided to the Board. The Trustees discussed the Adviser's financial condition, the portfolio manager's background and investment management experience. The representatives of the Adviser reviewed and discussed with the Board the Adviser's Form ADV and the Rule 17j-1 Code of Ethics certifications. The Adviser discussed the Adviser's financial stability and stated that as president and majority owner of the Adviser, he has consistently funded the Adviser with sufficient capital to pay all operating expenses of the Fund. Furthermore, the Adviser stated that there was no relationship between the Adviser, the transfer agent, the fund accountant or the custodian bank.

Next, the independent Trustees met in executive session to discuss the continuation of the Agreement. The officers of the Trust were excused during this discussion.

Upon reconvening the meeting, the Trustees reported that after further consideration, they were satisfied with the performance of the Fund. They concluded that the nature and extent of services provided by the Adviser was consistent with the Board's expectations. The Trustees also concluded that the Adviser had sufficient resources and had provided quality advisory services to the Fund. The Board agreed that that the fees in the Agreement were reasonable and that the Adviser was not overly profitable. The Trustees agreed that economies of scale would not be a material consideration until the Fund was substantially larger. It was the consensus of the Trustees, including the independent Trustees, that renewal of the Agreement would be in the best interests of the Fund and its shareholders.

Cohen Fund Audit Services, Ltd.  
Certified Public Accountants

800 Westpoint Pkwy, Ste 1100  
Westlake, Ohio 44145  
Phone: (440) 835-8500  
Fax: (440) 835-1093  
[www.cohenfund.com](http://www.cohenfund.com)

## **REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Shareholders and Board of Trustees  
Aviemo Funds

We have audited the accompanying statement of assets and liabilities, including the schedule of investments, of Aviemo Funds, comprising the ETF Market Opportunity Fund (the "Fund") as of April 30, 2011 and the related statement of operations for the year then ended, the statements of changes in net assets for each of the two years in the period then ended, and the financial highlights for each of the five years in the period then ended. These financial statements and financial highlights are the responsibility of Fund 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. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Our procedures included confirmation of securities owned as of April 30, 2011 by correspondence with the custodian and broker. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. 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 the Fund as of April 30, 2011, the results of its operations for the year then ended, the changes in its net assets for each of the two years in the period then ended, and the financial highlights for each of the five years in the period then ended, in conformity with accounting principles generally accepted in the United States of America.

*Cohen Fund Audit Services*

COHEN FUND AUDIT SERVICES, LTD.  
Westlake, Ohio  
June 27, 2011

## TRUSTEES AND OFFICERS Unaudited

The Board of Trustees supervises the business activities of the Trust. The names of the Trustees and executive officers of the Trust are shown below. Each Trustee serves until the Trustee sooner dies, resigns, retires or is removed. Officers hold office for one year and until their respective successors are chosen and qualified.

The Trustees and officers of the Trust and their principal business activities during the past five years are:

### Interested Trustee and Officers

Name, Address <sup>(1)</sup> , and Age	Position with the Trust	Length of <u>Time Served</u>	Principal Occupation(s) During <u>Past 5 Years</u>	Number of Portfolios Overseen <u>By Trustee</u>	Other Directorships Held By Trustee
Paul Michael Frank <sup>(2)</sup> , 49	President, Treasurer, CCO and Trustee	Since 2004	President of Avimore Asset Management, LLC (1993 to pre- sent).	1	None
Donna Rand Frank <sup>(2)</sup> , 42	Secretary	Since 2004	Homemaker.	N/A	N/A

<sup>(1)</sup> The address of each Trustee and officer is c/o Avimore Funds, 20 Phelps Road, Old Chatham, NY 12136.

<sup>(2)</sup> Paul Michael Frank is considered an "interested person" as defined in Section 2(a)(19) of the Investment Company Act of 1940 by virtue of his affiliation with the Adviser. Paul Michael Frank and Donna Rand Frank are married.

### Independent Trustees

Name, Address <sup>(3)</sup> , and Age	Position with the Trust	Length of <u>Time Served</u>	Principal Occupation(s) During <u>Past 5 Years</u>	Number of Portfolios Overseen <u>By Trustee</u>	Other Directorships Held By Trustee
Sophie DeVennish Sisler, 57	Trustee	Since 2004	Retired.	1	None
Sharyn Finkelstein, 57	Trustee	Since 2004	Attorney for the City and State of New York (1988 to present).	1	None

<sup>(3)</sup> The address of each Trustee is c/o Avimore Funds, 20 Phelps Road, Old Chatham, NY 12136.

The Statement of Additional Information contains additional and more detailed information about the trustees and is available without charge by calling the transfer agent at 1-800-595-3166.

**Board of Trustees**

Paul Michael Frank  
Sophie DeVennish Sisler  
Sharyn Finkelstein

**Investment Adviser**

Aviemoore Asset Management, LLC

**Counsel**

Thompson Hine LLP

**Custodian**

U.S. Bank, NA

**Dividend Paying Agent,  
Shareholders' Servicing Agent,  
Transfer Agent**

Mutual Shareholder Services, LLC

**Fund Administrator**

Premier Fund Solutions, Inc.

**Independent Registered  
Public Accounting Firm**

Cohen Fund Audit Services, Ltd.

**Distributor**

Rafferty Capital Markets, LLC

This report is provided for the general information of the shareholders of the ETF Market Opportunity Fund. This report is not intended for distribution to prospective investors in the Fund, unless preceded or accompanied by an effective prospectus.