

First Focus Funds

TAX GUIDE

2009

The information presented in this guide should not be considered a substitute for legal or tax advice. This information cannot be used for the purpose of avoiding penalties that may be imposed on a taxpayer. The rules governing the taxation of mutual fund distributions can be complex. Please consult your tax adviser regarding the proper characterization and reporting of fund distributions.

This guide is intended to help you better organize and understand the portion of your income tax return that involves your investments in the First Focus Funds (each a “Fund,” and together the “Funds”). If you need more assistance, please speak with your tax adviser or refer to relevant Internal Revenue Service (“IRS”) publications.

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WHAT INVESTORS SHOULD KNOW

Qualified Dividend Income (QDI)

The tax rate on certain ordinary dividends is 15% (0% for those in the 10% and 15% income tax brackets.) This rate applies to dividends received from domestic corporations and certain foreign corporations (referred to as qualified dividend income). Your Form 1099-DIV will show the amount of qualified dividend income that may be eligible for the reduced tax rate.

Note: Although the Form 1099-DIV shows the amount of dividends that may be eligible for the reduced tax rate, you must meet the holding period requirements for the shares you own to qualify for the reduced rate. Generally, to qualify for the reduced rate, you must have held your shares for at least 61 days during the 121-day period beginning 60 days before the Fund's ex-dividend date. Other special rules and considerations may apply. Refer to the instructions for line 9b "Qualified Dividends," on Form 1040 or Form 1040A and/or consult your tax adviser to determine the amount of dividends you received that qualify for the reduced rate.

Capital Gains

The maximum tax rate on long-term capital gains is 15% for most taxpayers and is 0% for taxpayers in the 10% and 15% income tax brackets. These rates apply only to shares you sold that were held more than one (1) year. Fund shares you sold that were held for one year or less are considered short term. Long-term capital gain distributions paid by the Fund are taxed at the maximum long-term rate regardless of how long you held your shares.

2009 TAX FORMS

Form 1099-DIV

If your Fund(s) paid a taxable distribution of capital gains and/or ordinary income of \$10 or more, or if Federal income tax has been withheld from your account as required by the IRS, a Form 1099-DIV will be sent to you. The Form 1099-DIV details all of your Fund's taxable distributions. All taxable distributions paid in 2009 must be reported on your Federal income tax return, regardless of whether they were paid in cash or reinvested.

Please refer to the instructions to Form 1099-DIV for information regarding the amounts reported on this form.

Form 1099-DIV is not issued for certain accounts, including those registered in the names of corporations, nonresident aliens, certain tax-exempt organizations, and certain financial institutions.

Note: IRS Regulations do not require issuing a Form 1099-DIV when taxable income on an account is less than \$10. However, you must report all of your distributions (including amounts less than \$10) on your tax return.

Form 1099-B

If you redeemed or exchanged shares in your Fund(s), a Form 1099-B will be sent to you. Form 1099-B is used to report gross proceeds from the redemption or exchange of shares of mutual funds. For Federal income tax purposes, the IRS treats an exchange of shares of one mutual fund to another as a redemption of shares from the first fund and a purchase of shares of the second fund.

Please refer to the instructions to Form 1099-B for information regarding the amounts reported on this form.

Form 1099-B is not issued for certain accounts, including those registered in the names of corporations, nonresident aliens, certain tax-exempt organizations, and certain financial institutions.

Cost Basis Information

If you redeemed or exchanged shares of your Fund(s) in 2009 and received a Form 1099-B there may be cost basis information on the form that may be useful in preparing your Federal income tax return. The information provided includes the cost basis, resulting gain or loss and the holding period of the shares redeemed or exchanged.

The information reported on the Forms 1099-B issued on behalf of the Funds uses the Average Cost/Single Category method of accounting. Although this accounting method is commonly used, it is one of four (4) IRS approved methods for calculating gains or losses on sales of mutual fund shares (see page 9). You are encouraged to consult your tax adviser to determine whether you are eligible to use the accounting information provided and whether this method is best for you. You can also refer to IRS Publication 564, "Mutual Fund Distributions," for help in determining which accounting method best fits your situation. Once you have selected a cost basis method for your mutual fund account, you must use that method for all of your accounts in that Fund. You cannot switch to one of the other methods for future calculations without permission from the IRS.

The cost basis information was provided to assist you in your tax reporting and is for information purposes only. This information is not reported to the IRS.

Please refer to the form instructions for information regarding the amounts reported on Form 1099-B.

FREQUENTLY ASKED QUESTIONS

Here are some of the most frequently asked shareholder tax questions and their answers.

What forms and other tax information might I receive and when can I expect them?

Type of Communication	What it Reports	Who Receives It*	Mail Date
2009 Year End Account Statement	All 2009 Fund distributions	All Fund shareholders	Early January
Form 1099-DIV	Taxable distributions of capital gains and/or ordinary income, and any federal income tax withheld as well as any foreign taxes paid	All Fund shareholders* who receive taxable distributions of \$10 or more	Late January
Form 1099-B	Gross proceeds from the redemption or exchange of shares, any federal income tax withheld, and cost basis information if available.	All Fund shareholders* who redeemed or exchanged shares in 2009	Late January

*Form 1099-DIV and Form 1099-B are not issued for certain accounts, including those registered in the names of corporations, nonresident aliens, certain tax-exempt organizations and certain financial institutions.

I misplaced my Form 1099. Can I get a duplicate?

You may receive a duplicate copy of Form 1099-DIV or Form 1099-B upon request.

If you purchased your shares directly from the Funds, you may obtain a duplicate copy of your Form 1099 by calling the **First Focus Funds** at 1-800-662-4203, Monday through Friday, 8:00 a.m. to 4:00 p.m. Central Time. You may also request a duplicate by logging into your account at www.firstfocusfunds.com.

If you purchased your shares of the Funds from a broker-dealer or through a financial adviser, you must call or write that firm to receive a duplicate copy of your Form.

What is qualified dividend income (QDI) and how do I find out how much qualified dividend income I received from my Fund in 2009?

Generally, qualified dividend income consists of dividends your Fund received in 2009 from domestic and certain foreign corporations. These dividends are eligible for a lower tax rate than other ordinary income and are generally reported in Box 1b of Form 1099-DIV.

NOTE: The amount reported in Box 1b represents the amount of dividends that may be eligible for the lower tax rate. To qualify for the lower tax rate you must have held your shares for at least 61 days during the 121-day period beginning 60 days before the Fund's ex-dividend date. In addition, other special rules and considerations may apply. Refer to the instructions for line 9b "Qualified Dividends," on Form 1040 or 1040A and/or consult your tax adviser to determine the amount of dividends you received that qualify for the reduced rate.

Form 1099-DIV reports ordinary dividends and capital gains in separate boxes. What do these amounts represent and where should they be reported?

Ordinary dividends may result from taxable income earned from securities, as well as, amounts realized upon the sale of securities held by your Fund for one (1) year or less (short-term capital gains). These amounts should be reported on Form 1040 or Form 1040A on line 9a (and Schedule B of Form 1040 or Form 1040A, if required). Long-term capital gains result from the sale or maturity of securities held by your fund for more than one (1) year and may need to be reported on Schedule D of Form 1040.

I received capital gain distributions from several funds in 2009. Do I need to report these distributions on Schedule D of Form 1040?

If the only capital gains you realized in 2009 resulted from capital gain distributions paid by mutual funds, you may qualify for a more simplified method of reporting these capital gain distributions on your 2009 tax return. To qualify for simplified reporting, both of the following must apply:

- (1) The only capital gains you have to report are the capital gain distributions reported in Box 2a of all of your Forms 1099-DIV or substitute statements.

- (2) No amounts are reported in Boxes 2b, 2c, or 2d of any Forms 1099-DIV or substitute statements.

If both of the above apply, enter your total capital gain distributions (from Box 2a of Form(s) 1099-DIV) on line 13 of Form 1040 (line 10 of Form 1040A) and check the box on that line. Also, you may use the Qualified Dividends and Capital Gain Tax Worksheet in the Form 1040/1040A instructions to figure your tax.

If any of the conditions listed above does not apply, you will need to report the total of all capital gain distributions on line 13 of Schedule D, Form 1040.

My Form 1099 indicates that federal income tax was withheld from my Fund's distribution. Why? How can I avoid this in the future?

Under federal law, there is a requirement to withhold 28% of federal taxable dividends, capital gain distributions, and proceeds from the sale of shares if:

- (1) you have not provided a correct and certified Social Security Number or Taxpayer Identification Number, or (2) the IRS has determined that you are subject to backup withholding for other reasons.

If you purchased your shares directly from the Funds, you may call the **First Focus Funds** at 1-800-662-4203, Monday through Friday, 8:00 a.m. to 4:00 p.m. Central Time, to request a Form W-9. By completing a new Form W-9 you may correct your Social Security Number or Taxpayer Identification Number. When you have completed a revised Form W-9, please mail the completed form to the following address:

First Focus Funds
P.O. Box 219022
Kansas City, MO 64121-9022

If you purchased your shares of the Funds from a broker-dealer or through a financial adviser, you must call or write that firm to receive a new Form W-9.

I redeemed shares in 2009. How do I determine the amount of a capital gain or loss?

The amount of gain or loss is the difference between the amount you "realize" and your "cost basis." If you realize more than your cost basis, you have a capital gain. If you realize less than your cost basis, you have a capital loss. The amount you realize is usually the money you receive for the shares minus any expenses paid on the redemption or exchange. It is reported on your Form 1099-B.

The cost basis of any shares redeemed or exchanged usually is the original price you paid for the shares, including any purchase cost and sales commissions you incurred. If you elected to have any of your dividends reinvested, be sure the cost basis of your shares have been properly adjusted to reflect dividend reinvestments prior to calculating the taxable gain or loss on the sale of your shares. You may wish to consult your tax adviser or IRS Publication 564, "Mutual Fund Distributions," for assistance in calculating the cost basis of your shares.

NOTE: For certain accounts, you will be provided with cost basis information on Form 1099-B.

Can First Focus provide me with cost basis information?

If you purchased and redeemed your shares directly with the First Focus Funds, you may receive cost basis information on Form 1099-B.

If you purchased your shares of the Funds from a broker-dealer or through a financial adviser, you must call or write that firm to receive cost basis information.

NOTE: The First Focus Funds use the Average Cost/Single Category Method in preparing the cost basis information (see page 9). This information is provided only to assist you at tax time. It is not sent to the IRS. You should consult your tax adviser to determine if you can use this information and whether this method for calculating cost basis is the most suitable for your situation.

What is a wash sale?

A "wash sale" occurs when shares are redeemed or exchanged at a loss and shares of the same Fund are purchased within a 61-day period beginning 30 days before the redemption or exchange and ending 30 days after the redemption or exchange. These losses are not currently deductible. These losses are deferred. The amount of the loss is added to the cost basis of the new shares acquired. Generally, your cost basis information provided on Form 1099-B will reflect all wash sale adjustments. However, if you redeemed or exchanged shares at a loss in December 2009 and reacquired shares of the same Fund in January 2010, you should consult your tax adviser.

Am I taxed on reinvested amounts of income and/or capital gain dividends?

Yes. All ordinary income and capital gain distributions are taxable, regardless of whether you receive them in cash or reinvest them in additional Fund shares.

METHODS OF CALCULATING COST BASIS

Listed below is a brief summary of the four acceptable methods that can be used to calculate your cost basis and resulting capital gains and losses on the redemption or exchange of mutual fund shares. Each method may give you a different tax result that may significantly impact your tax consequences. We strongly recommend that you consult your tax adviser to discuss the various methods and to determine which one best fits your individual circumstances.

Please note:

Once you have selected a cost basis method, you must use that method for all accounts in that Fund. You cannot switch to one of the other methods for future calculations without permission from the IRS.

Average Cost/Single Category Method – The average cost basis for each share is determined by adding the total purchase cost of all shares held at the time of sale and dividing the sum by the total number of shares in your account at the time of sale. When determining whether the character of the gain is short term or long term, you must assume (per an IRS requirement) that the first shares sold are the oldest available shares.

Average Cost/Double Category Method – Under this method all shares in the account are separated into two categories at the time of sale: short term (holding period of one year or less) and long term (holding period greater than one year). Similar to the Average Cost/Single Category Method the average cost per share in each category is determined by adding the cost basis of all shares in each category and dividing the sum by the total number of shares in each respective category.

Specific Identification – This is considered to be the most flexible method as it allows you to identify the specific shares you want sold. You must specify (in writing) to your broker-dealer or financial adviser: (1) the number of shares, (2) the purchase date, and (3) the purchase price of the shares you are selling. Your broker-dealer or financial adviser must provide you with written confirmation of the transaction within a reasonable time.

First In/First Out (FIFO) – This is often the easiest method to use. Basically, it calculates a capital gain or loss based on the assumption that the first shares purchased are the first shares sold.

IF YOU NEED MORE INFORMATION

If you need further assistance and have established your account directly with the First Focus Funds, you may call the **First Focus Funds** at 1-800-662-4203, Monday through Friday, 8:00 a.m. to 4:00 p.m. Central Time.

If you purchased your shares of the Funds from a broker-dealer or through a financial adviser, you should call or write that firm to receive additional information.

Internal Revenue Service

IRS representatives are available throughout the year to answer your questions. Call 1-800-829-1040 during normal business hours in your time zone to speak with an IRS representative. If you prefer to speak with someone in person, you can visit your local IRS office.

The IRS publishes free pamphlets on various subjects including Publication 564, "Mutual Fund Distributions." For a complete list of these publications and information on other free IRS services, call 1-800-829-3676 and ask for Publication 910, "IRS Guide to Free Tax Services." This information also is available online at www.irs.gov. In addition, many public libraries have copies of most IRS forms and publications.

Financial Professionals

This document is not meant to provide tax advice. Your financial adviser or tax professional also may be able to assist you. Your financial adviser can help you plan a sound investment tax strategy, while your tax professional can answer your tax questions and help prepare your income tax return.