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SEMI-ANNUAL REPORT  
June 30, 2010 (Unaudited)

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L O U   H O L L A N D  
G R O W T H   F U N D

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**Letter to  
Shareholders  
August 2010**

Dear Fellow Shareholder:

Thank you for your investment in the Lou Holland Growth Fund (the “Fund”).

**Fund Results**

Due to uncertainties about the global recovery, most of the major stock market indexes ended the first half of the year with negative returns. In this environment, the Fund performed better than its primary benchmark, returning -7.14% as compared to the -7.64% of the Russell 1000 Growth Index.

**Fund Performance**

The Fund’s good relative performance during the first six months of 2010 was driven by strong stock selection. Fund holdings fell in tandem with the market downturn, but did not perform as poorly in aggregate as holdings in its growth benchmark. This was true across most sectors, with significant contributions from technology and health care. The exception was within the energy and financial services sectors, where performance was relatively weak.

In technology, Apple, Inc. is the Fund’s largest holding and provided the largest contribution to Fund performance. Apple is continuing to perform reasonably well, after prior stellar performance, due to continued share gains, new product roll-outs, and better-than-expected operating results, despite a lackluster economic environment. American Tower also performed well based on the 4G build-out and new tower construction. Bandwidth constraints remain a positive for the company over time with the limitations gaining increased attention given the introduction of Apple’s iPhone 4 and iPad, and Google’s Android. Adobe, on the other hand, was hurt by concerns about its Flash platform and a perceived “fight” with Apple. An overweight in the stock magnified the impact of its poor relative performance, dampening the overall contribution of technology holdings in general. Yet, fundamentals for the company remain solid, growth prospects are reasonable given the economic environment, and the new upgrade cycle should be a positive for the stock. In health care, Hospira was the top contributor, moving higher on solid quarterly earnings, approval for a second biosimilar drug from the European Commission, and noticeable activity in its business development efforts. In addition, the Fund benefited from the strong performance of McKesson Corporation and a lack of exposure to several poor performing health care stocks that are heavily weighted in the benchmark.

Other holdings making solid contributions include Yum! Brands, Inc. and Mead Johnson Nutrition Co. Yum! Brands reported good results demonstrating strong earnings growth in China and improving U.S. comparable sales, albeit still negative. Positive news for Mead Johnson pushed its stock higher. Emerging market sales have been strong and they are regaining previous share losses in the U.S. The stock’s move

may be partly attributable to take-over speculation, although we do not buy securities for this reason.

In financials, good contributions by Berkshire Hathaway, Inc., Class B and IHS, Inc., Class A were offset by the poor performance of BlackRock, Inc. Berkshire Hathaway benefited from recent clarity regarding financial reform and recognition by investors of the value of their disciplined approach of deploying capital given the recent turmoil in Europe and the financial markets. IHS, a new position in 2010, gained on improved organic growth and reiteration of its annual guidance despite foreign exchange headwinds. Yet, BlackRock has suffered significantly as a result of its link to the financial markets and investor outflows due to the market correction. In addition, the company is planning to reinvest savings from the BGI transaction, which leaves no room for margin improvement.

An overweight in energy acted as a drag as worries about the global slowdown caused weakness in the sector. Several holdings also faced specific issues. For example, Range Resources Corp. which was hurt by political backlash against “fracking”, a process whereby fluid is injected at high pressure into oil or natural gas deposits to fracture the rock in order to release the liquid or gas contained in the deposit as there is some question as to whether the chemicals used in the process could taint drinking water.

### **Fund Changes**

We rely on fundamental, bottom-up research to identify stocks that meet our long-term, fundamental, conservative investment criteria of double-digit earnings growth rates and reasonable valuations. Our research identified several such stocks which were added to the Fund over the past six months.

Additions include Mead Johnson Nutrition Co., IHS Inc., Class A, and Waters Corp. Mead Johnson exhibits one of the best top line growth outlooks in the staples sector, with strong exposure to emerging markets and a reasonable number of competitors in the space. IHS, principally a subscription based data provider serving energy, infrastructure, environmental and security markets, has grown organically over time and was purchased due to its strong position in its core end markets and management’s history of effectively redeploying excess cash flow toward accretive merger & acquisition transactions. Waters, a manufacturer and designer of capital equipment for health care and industrial research has fundamentals that continue to improve, its balance sheet remains rock solid, and its shares had become relatively cheap. Berkshire Hathaway entered the portfolio when it replaced Burlington Northern Santa Fe due to its acquisition of the company.

Stocks are generally sold when they no longer meet our investment criteria or when replaced with a better idea. Several positions were sold, including Suntech Power which was exited because of concerns that the European debt crisis could impact credit for

solar projects and cause some countries to discontinue or reduce solar subsidies. AFLAC was sold because of concerns about its exposure to European hybrid securities. XTO Energy left the portfolio because it was taken over by Exxon Mobil Corp.

### **Outlook**

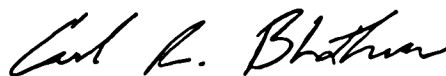
The stock market suffered its first correction since the March 2009 market low as headline events and economic news caused concerns about the sustainability of the global and domestic economic recoveries. The S&P 500 Index fell more than -15% from its peak on April 26 to June 30 and at the end of the period shows a -6.7% return for the first six months of the year. Major catalysts for the decline include the European debt crisis and a slowing of growth both globally and domestically. While the problems in the Eurozone, a slowdown in China, and other sluggishness have heightened concerns about growth outside the U.S., a number of underlying headwinds continue to pressure the domestic growth story, including unemployment and slow job creation, weak housing, and a growing budget deficit. While these headwinds will likely persist near-term, positives like low inflation, solid investment spending, and low interest rates should help sustain domestic growth, albeit at a slow and subpar pace. In our opinion, the economy and the stock market remain fragile. Until the economy is clearly out of the woods, we believe that stock market action will be choppy and that investors will continue to react to uneven or negative economic and financial news and events.

We cannot predict the direction of the stock market nor the exact path or extent of the recovery. However, we understand that corporate profitability and earnings are impacted by the pace of economic growth. Thus, we remain committed to using our thorough, high quality, bottom-up research to identify companies that best meet our fundamental investment criteria. In general, we believe that as the economy recovers and as corporate earnings growth normalizes, investors will remain cautious of lower quality stocks with lower quality or unsustainable earnings. Rather, we expect investors to shift their focus toward stocks of high quality companies with strong balance sheets and good management teams, that generate high quality, sustainable earnings with achievable estimates, which are metrics consistent with our bottom-up fundamental investment criteria. We believe that our extensive investment experience and our conservative growth strategy will accordingly produce superior results for long-term investors.

Sincerely,



Monica L. Walker  
CEO & Chief Investment Officer – Equity



Carl R. Bhathena  
Co-Portfolio Manager – Equity

LOU HOLLAND  
GROWTH FUND

**Performance Chart and Analysis**  
**June 30, 2010**

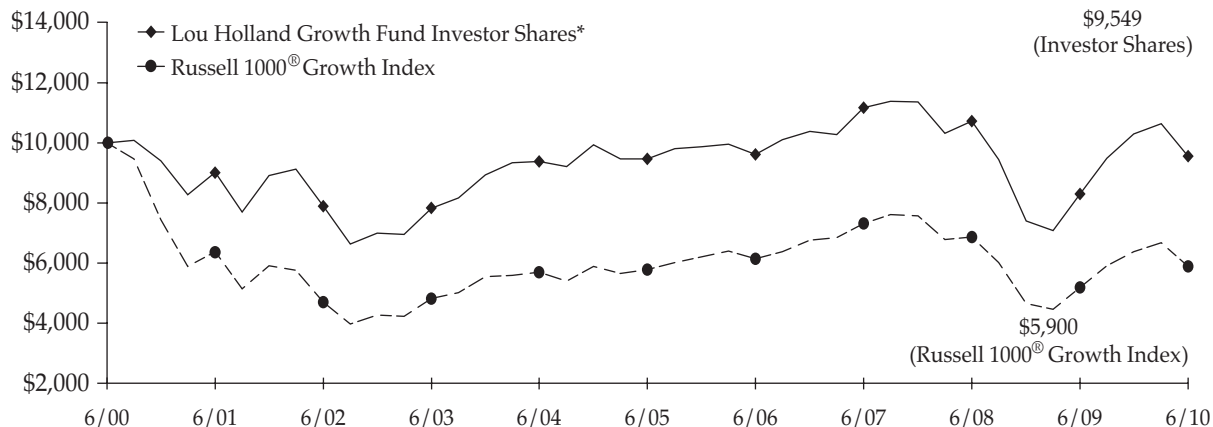
The following chart reflects the change in the value of a hypothetical \$10,000 investment in Investor Shares, including reinvested dividends and distributions, in the Lou Holland Growth Fund compared with the performance of the Russell 1000<sup>®</sup> Growth Index, over the past ten fiscal years. The Russell 1000<sup>®</sup> Growth Index, is an unmanaged index which measures the performance of a subset of approximately 622 of those Russell 1000 companies (that is, the 1,000 largest U.S. companies in terms of market capitalization) with higher price-to-book ratios and higher forecasted growth values. The total return of the Fund's classes includes the maximum sales charge of 5.75% (A Shares only) and operating expenses that reduce returns, while the total return of the Russell 1000<sup>®</sup> Growth Index does not include the effect of sales charges and expenses. A Shares are subject to a 1.00% contingent deferred sales charge on shares purchased without an initial sales charge and redeemed less than one year after purchase. The total return of the Russell 1000<sup>®</sup> Growth Index includes reinvestment of dividends and income. The total return of the Fund includes operating expenses that reduce returns, while the total return of the Russell 1000<sup>®</sup> Growth Index does not include expenses. The Fund is professionally managed while the Russell 1000<sup>®</sup> Growth Index is unmanaged and is not available for investment.

**Performance data quoted represents past performance and is no guarantee of future results.** Current performance may be lower or higher than the performance data quoted. Investment return and principal value will fluctuate so that shares, when redeemed, may be worth more or less than original cost. For the most recent month-end performance, please visit the website of the Fund's investment adviser at [http://www.hollandcap.com/lhgf\\_perf.html](http://www.hollandcap.com/lhgf_perf.html). As stated in the Fund's prospectus, the annual operating expense ratios (gross) for Investor Shares, Institutional Shares and A Shares, respectively are 1.79%, 1.81% and 36.77%, respectively. However, the Fund's adviser has agreed to contractually waive a portion of its fees and to reimburse expenses such that total operating expenses do not exceed 1.35% for Investor Shares through May 1, 2013, and 1.20% and 1.40% for Institutional Shares and A Shares, respectively, which is in effect until May 1, 2011. The performance table and graph do not reflect the deduction of taxes that a shareholder would pay on Fund distributions or the redemption of Fund shares. Returns greater than one year are annualized.

Average Annual Rate of Return for the Period Ended June 30, 2010

	<u>Year-to-Date</u>	<u>1 Year</u>	<u>5 Years</u>	<u>10 Years</u>
Lou Holland Growth Fund Investor Shares	(7.19)%	15.07%	0.18%	(0.46)%
Institutional Shares*	(7.14)%	15.14%	0.20%	(0.45)%
A Shares (with sales charge)*	(12.53)%	8.45%	(0.99)%	(1.05)%
Russell 1000 <sup>®</sup> Growth Index	(7.64)%	13.62%	0.38%	(5.14)%

\* For the Institutional Shares and the A Shares, performance for the above periods are blended average annual returns which include the returns of the Investor Shares prior to February 1, 2010, the commencement of operations of the Institutional Shares and A Shares.



\* Performance for Investor Shares prior to February 1, 2010, reflects performance for and expenses of Lou Holland Growth Fund, a series of Lou Holland Trust.

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Schedule of Investments  
June 30, 2010

<u>Shares</u>	<u>Security Description</u>	<u>Value</u>	<u>Shares</u>	<u>Security Description</u>	<u>Value</u>
	<b>COMMON STOCK - 97.7%</b>		15,900	Visa, Inc., Class A	<u>\$1,124,925</u>
	<b>Consumer Discretionary - 12.1%</b>				<u>4,341,724</u>
6,300	Amazon.com, Inc.(a)	\$ 688,338			
9,700	Costco Wholesale Corp.	531,851		<b>Health Care - 11.9%</b>	
6,050	Kohl's Corp.(a)	287,375	31,800	Covidien PLC	1,277,724
7,500	MSC Industrial Direct Co.	379,950	19,700	Genzyme Corp.(a)	1,000,169
13,950	NIKE, Inc., Class B	942,323	18,900	Hospira, Inc.(a)	1,085,805
17,650	The Walt Disney Co.	555,975	14,500	Laboratory Corp. of America Holdings(a)	1,092,576
12,850	Wal-Mart Stores, Inc.	617,700	14,450	McKesson Corp.	<u>970,462</u>
38,350	Yum! Brands, Inc.	<u>1,497,184</u>			<u>5,426,736</u>
		<u>5,500,696</u>			
	<b>Consumer Staples - 6.6%</b>			<b>Materials &amp; Processing - 2.1%</b>	
8,950	Diageo PLC, ADR	561,523	12,250	Praxair, Inc.	<u>930,877</u>
11,750	HJ Heinz Co.	507,835			
10,850	Mead Johnson Nutrition Co.	543,802		<b>Producer Durables - 9.4%</b>	
14,850	PepsiCo, Inc.	905,107	9,650	Automatic Data Processing, Inc.	388,509
8,000	The Procter & Gamble Co.	<u>479,840</u>	12,350	Expeditors International of Washington, Inc.	426,199
		<u>2,998,107</u>	23,100	Honeywell International, Inc.	901,593
	<b>Energy - 16.2%</b>		10,500	Roper Industries, Inc.	587,580
27,809	Exxon Mobil Corp.	1,587,081	7,600	United Parcel Service, Inc., Class B	432,363
37,900	Halliburton Co.	930,445	9,700	United Technologies Corp.	629,627
14,500	Noble Corp.	448,195	14,400	Waters Corp.(a)	<u>931,680</u>
20,200	Occidental Petroleum Corp.	1,558,430			<u>4,297,551</u>
43,900	Range Resources Corp.	1,762,585			
27,550	Southwestern Energy Co.(a)	<u>1,064,532</u>		<b>Technology - 28.8%</b>	
		<u>7,351,268</u>	44,450	Adobe Systems, Inc.(a)	1,174,813
			25,900	American Tower Corp., Class A(a)	1,152,550
	<b>Financial Services - 9.5%</b>		8,450	Apple, Inc.(a)	2,125,428
17,590	Berkshire Hathaway, Inc., Class B(a)	1,401,747	63,500	Cisco Systems, Inc.(a)	1,353,185
3,850	BlackRock, Inc.	552,090	49,300	Citrix Systems, Inc.(a)	2,081,939
9,100	IHS, Inc., Class A(a)	531,622	2,450	Google, Inc., Class A(a)	1,090,128
47,800	TD Ameritrade Holding Corp.(a)	731,340	31,700	Intel Corp.	616,565

See Notes to Financial Statements

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**Schedule of Investments (Continued)**  
**June 30, 2010**

<u>Shares</u>	<u>Security Description</u>	<u>Value</u>
9,850	International Business Machines Corp.	\$ 1,216,278
60,600	Microsoft Corp.	1,394,406
27,750	QUALCOMM, Inc.	911,310
		<u>13,116,602</u>
	<b>Utilities - 1.1%</b>	
11,000	Questar Corp.	<u>500,390</u>
	Total Common Stock (Cost \$40,240,800)	<u>44,463,951</u>
	<b>Total Investments - 97.7%</b> <b>(Cost \$40,240,800)*</b>	<u>\$44,463,951</u>
	<b>Other Assets and Liabilities, Net - 2.3%</b>	<u>1,065,957</u>
	<b>Total Net Assets - 100.0%</b>	<u>\$45,529,908</u>

ADR American Depository Receipt

PLC Public Limited Company

(a) Non-income producing security.

\* Cost for federal income tax purposes is substantially the same as for financial statement purposes and net unrealized appreciation consists of:

Gross Unrealized Appreciation	\$ 6,689,471
Gross Unrealized Depreciation	<u>(2,466,320)</u>
Net Unrealized Appreciation	<u>\$ 4,223,151</u>

The following is a summary of the inputs used to value the Fund's investments as of June 30, 2010:

The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities. For more information on valuation inputs, and their aggregation into the levels used in the table below, please refer to Note 2 - Security Valuation section in the accompanying Notes to Financial Statements.

<u>Valuation Inputs</u>	<u>Investments in Securities</u>
Level 1 - Quoted Prices	\$44,463,951
Level 2 - Other Significant Observable Inputs	—
Level 3 - Significant Unobservable Inputs	—
Total Investments	<u>\$44,463,951</u>

The Level 1 inputs displayed in this table are Common Stock. Refer to the Schedule of Investments for a further breakout of each security by type.

**PORTFOLIO HOLDINGS**

<b>% of Total Investments</b>	
Consumer Discretionary	12.4%
Consumer Staples	6.7%
Energy	16.5%
Financial Services	9.8%
Health Care	12.2%
Materials & Processing	2.1%
Producer Durables	9.7%
Technology	29.5%
Utilities	1.1%
	<u>100.0%</u>

See Notes to Financial Statements

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**Statement of Assets and Liabilities**  
**June 30, 2010**

**ASSETS**

Investments at value (cost \$40,240,800)	\$44,463,951
Cash	169,578
Receivables:	
Portfolio securities sold	1,264,236
Fund shares sold	49
Dividends and interest	25,627
Trustees fees and expenses	3,523
Prepaid expenses	21,612
Deferred offering costs	4,690
Total Assets	<u>45,953,266</u>

**LIABILITIES**

Payables:	
Portfolio securities purchased	308,146
Fund shares redeemed	35,759
Accrued Liabilities:	
Investment adviser fees	23,161
Compliance services fees	1,079
Fund service fees	9,299
Other expenses	45,914
Total Liabilities	<u>423,358</u>

**NET ASSETS**

\$45,529,908

**NET ASSETS REPRESENT**

Paid-in capital	\$41,127,825
Distributions in excess of net investment income	(72,327)
Accumulated net realized gain on investments	251,259
Net unrealized appreciation on investments	4,223,151

**NET ASSETS**

\$45,529,908

**Shares of Beneficial Interest at \$0.00 Par Value (Unlimited Shares Authorized)**

Investor Shares	2,663,522
Institutional Shares	69,543
A Shares	604

**Net Asset Value, Offering and Redemption Price Per Share**

Investor Shares (based on net assets of \$44,360,916)	\$ 16.65
Institutional Shares (based on net assets of \$1,158,934)	\$ 16.66
A Shares (based on net assets of \$10,058)	\$ 16.65
A Shares Maximum Public Offering Price Per Share (net asset value per share / 94.25%)	\$ 17.67

See Notes to Financial Statements

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**Statement of Operations**  
**For the Six Months Ended June 30, 2010**

**INVESTMENT INCOME**

Dividend income (net of foreign taxes withheld of \$113)	\$ 262,068
Interest income	<u>1,424</u>
Total Investment Income	<u>263,492</u>

**EXPENSES**

Investment adviser fees	211,831
Fund service fees	80,367
Compliance service fees	13,221
Distribution fees:	
Investor Class	50,556
A Shares Class	11
Transfer agency fees	
Investor Class	12,234
Institutional Class	392
A Shares Class	124
Offering costs	9,046
Professional fees	23,688
Custodian fees	2,838
Registration fees	6,759
Trustees' fees and expenses	3,058
Miscellaneous expenses	<u>21,109</u>
Total expenses before waiver and reimbursement	435,234
Less: Fees waived and reimbursed	<u>(99,415)</u>
Net Expenses	<u>335,819</u>

**NET INVESTMENT LOSS**

(72,327)

**NET REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS**

Net realized gain on investments	386,270
Net change in unrealized appreciation (depreciation) on investments	<u>(3,798,573)</u>

**NET REALIZED AND UNREALIZED LOSS ON INVESTMENTS**

(3,412,303)

**DECREASE IN NET ASSETS FROM OPERATIONS**

\$(3,484,630)

See Notes to Financial Statements

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Statements of Changes in Net Assets

	<b>For the Six Months Ended June 30, 2010</b>	<b>Year Ended December 31, 2009</b>
<b>OPERATIONS:</b>		
Net investment loss	\$ (72,327)	\$ (41,938)
Net realized gain on investments	386,270	806,897
Net change in unrealized appreciation (depreciation) on investments	<u>(3,798,573)</u>	<u>12,795,123</u>
Increase (Decrease) in Net Assets from Operations	<u>(3,484,630)</u>	<u>13,560,082</u>
<b>CAPITAL SHARE TRANSACTIONS:</b>		
Proceeds from sale of shares:		
Investor Shares	2,572,120	6,969,667
Institutional Shares	1,280,127	—
A Shares	10,500	—
Cost of shares redeemed:		
Investor Shares	(5,156,993)	(3,954,743)
Institutional Shares	(32,363)	—
A Shares	<u>—</u>	<u>—</u>
Increase (Decrease) in Net Assets from Capital Transactions	<u>(1,326,609)</u>	<u>3,014,924</u>
Increase (Decrease) in Net Assets	<u>(4,811,239)</u>	<u>16,575,006</u>
<b>NET ASSETS:</b>		
Beginning of period	<u>50,341,147</u>	<u>33,766,141</u>
End of period <sup>(a)</sup>	<u>\$45,529,908</u>	<u>\$50,341,147</u>
<b>SHARES ISSUED &amp; REDEEMED</b>		
Shares sold:		
Investor Shares	142,452	464,205
Institutional Shares	71,356	—
A Shares	604	—
Shares redeemed:		
Investor Shares	(285,794)	(274,993)
Institutional Shares	<u>(1,813)</u>	<u>—</u>
Increase (Decrease) in Shares	<u>(73,195)</u>	<u>189,212</u>
(a) Amount includes distributions in excess of net investment income	<u>\$ (72,327)</u>	<u>\$ —</u>

See Notes to Financial Statements

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## Financial Highlights

These financial highlights reflect selected data for a share outstanding throughout each period.

	For the Six Months Ended June 30, 2010	Years Ended December 31,				
		2009	2008	2007	2006	2005
<b>Investor Shares</b>						
Net asset value, beginning of period	\$ 17.94	\$ 12.90	\$ 19.81	\$ 18.65	\$ 17.99	\$ 18.23
<b>Income (loss) from investment operations:</b>						
Net investment income (loss) <sup>(a)</sup>	(0.03)	(0.02)	(0.04)	(0.04)	0.02	(0.03)
Net realized and unrealized gain (loss) on investments	(1.26)	5.06	(6.86)	1.79	0.92	(0.12)
Total from investment operations	(1.29)	5.04	(6.90)	1.75	0.94	(0.15)
<b>Less distributions:</b>						
Dividends from net investment income	—	—	—	(0.01)	(0.01)	—
Dividends from capital gains	—	—	(0.01)	(0.58)	(0.27)	(0.09)
Total distributions	—	—	(0.01)	(0.59)	(0.28)	(0.09)
Net asset value, end of period	\$ 16.65	\$ 17.94	\$ 12.90	\$ 19.81	\$ 18.65	\$ 17.99
Total return <sup>(b)</sup>	(7.19)%	39.07%	(34.83)%	9.40%	5.23%	(0.80)%
<b>Supplemental data and ratios:</b>						
Net assets, end of period	\$44,360,916	\$50,341,147	\$33,766,141	\$55,703,278	\$58,993,382	\$40,070,057
<b>Ratios of expenses to average net assets<sup>(c)</sup>:</b>						
Before expense waiver and reimbursement	1.73%	1.67%	1.71%	1.41%	1.47%	1.65%
After expense waiver and reimbursement	1.35%	1.35%	1.35%	1.35%	1.35%	1.35%
<b>Ratios of net investment income (loss) to average net assets<sup>(c)</sup>:</b>						
Before expense waiver and reimbursement	(0.67)%	(0.45)%	(0.61)%	(0.25)%	(0.02)%	(0.47)%
After expense waiver and reimbursement	(0.29)%	(0.11)%	(0.25)%	(0.19)%	0.10%	(0.17)%
Portfolio turnover rate <sup>(b)</sup>	12.00%	11.05%	34.98%	25.58%	31.64%	30.63%

See Notes to Financial Statements

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**Financial Highlights (Continued)**

	<b>February 1, 2010 (d) through June 30, 2010</b>	
	<b>Institutional Shares</b>	<b>A Shares</b>
<b>Net asset value, beginning of period</b>	\$ 17.15	\$ 17.15
<b>Income (loss) from investment operations:</b>		
Net investment loss <sup>(a)</sup>	(0.01)	(0.02)
Net realized and unrealized loss on investments	(0.48)	(0.48)
Total from investment operations	(0.49)	(0.50)
<b>Net asset value, end of period</b>	\$ 16.66	\$ 16.65
<b>Total return<sup>(b)</sup></b>	(7.14)%	(7.19)% <sup>(e)</sup>
<b>Supplemental data and ratios:</b>		
Net assets, end of period	\$1,158,934	\$10,058
<b>Ratios of expenses to average net assets<sup>(c)</sup>:</b>		
Before expense waiver and reimbursement	2.51%	32.67%
After expense waiver and reimbursement	1.20%	1.40%
<b>Ratios of net investment loss to average net assets<sup>(c)</sup>:</b>		
Before expense waiver and reimbursement	(1.47)%	(31.50)%
After expense waiver and reimbursement	(0.16)%	(0.24)%
<b>Portfolio turnover rate<sup>(b)</sup></b>	12.00%	12.00%

(a) Calculated based on average shares outstanding during the period.

(b) Not annualized for periods less than one year.

(c) Annualized for periods less than one year.

(d) Commencement of operations.

(e) Total return does not include the effect of front-end sales charges or contingent deferred sales charges.

See Notes to Financial Statements

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**Notes to the Financial Statements**  
**June 30, 2010**

**Note 1. Organization** The Lou Holland Growth Fund (the “Fund”) is a diversified portfolio of Forum Funds (the “Trust”). The Trust is a Delaware statutory trust that is registered as an open-end, management investment company under the Investment Company Act of 1940 (the “Act”), as amended. As of June 30, 2010, the Trust had twenty-two investment portfolios. Under its Trust Instrument, the Trust is authorized to issue an unlimited number of each Fund’s shares of beneficial interest without par value. The Fund currently offers three classes of shares: Investor Shares, Institutional Shares and A Shares. A Shares are offered at net asset value plus a maximum sales charge of 5.75%. A Shares are also subject to contingent deferred sales charge (“CDSC”) of 1.00% on purchases without an initial sales charge and redeemed less than one year after they are purchased. Investor Shares and Institutional Shares are not subject to a sales charge. Investor Shares commenced operations on April 26, 1996, and Institutional Shares and A Shares commenced operations on February 1, 2010. The Fund’s investment objective is to seek long term growth of capital, with the receipt of dividend income as a secondary consideration.

On January 22, 2010, at a Special Meeting of Shareholders of the Fund, formerly a series of the Lou Holland Trust, (the “Former Fund”), the shareholders approved a proposal to reorganize the Former Fund into the Lou Holland Growth Fund, a newly created series of the Forum Funds. The Fund is designed to be substantially similar from an investment perspective to the Former Fund. The primary purpose of the reorganization was to move the Former Fund to a newly created series of the Trust. As a result of the reorganization, the Fund is now operating under the supervision of a different board of trustees and the Lou Holland Trust was terminated. On February 1, 2010, the shares of the Former Fund were, in effect, exchanged on a tax-free basis for Investor Shares of the Fund with the same aggregate value. No sales load, commission or other transactional fees were imposed on shareholders in connection with the tax-free exchange of their shares.

**Note 2. Summary of Significant Accounting Policies** These financial statements are prepared in accordance with generally accepted accounting principles in the United States of America (“GAAP”), which require management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent liabilities at the date of the financial statements, and the reported amounts of increase and decrease in net assets from operations during the fiscal period.

**Notes to the Financial Statements (Continued)**  
**June 30, 2010**

Actual amounts could differ from those estimates. The following summarizes the significant accounting policies of the Fund:

**Security Valuation** — Exchange-traded securities and over-the-counter securities are valued using the last quoted sale or official closing price, provided by independent pricing services as of the close of trading on the market or exchange for which they are primarily traded, on each Fund business day. In the absence of a sale, such securities are valued at the mean of the last bid and asked price provided by independent pricing services. Non-exchange traded securities for which quotations are available are valued using the last quoted sales price, or in the absence of a sale at the mean of the last bid and asked prices provided by independent pricing services. Debt securities may be valued at prices supplied by a Fund’s pricing agent based on broker or dealer supplied valuations or matrix pricing, a method of valuing securities by reference to the value of other securities with similar characteristics such as rating, interest rate and maturity. Shares of open-end mutual funds are valued at net asset value (“NAV”). Short-term investments that mature in sixty days or less may be valued at amortized cost.

The Fund values its investments at fair value pursuant to procedures adopted by the Trust’s Board of Trustees (the “Board”) if (1) market quotations are insufficient or not readily available or (2) the adviser believes that the values available are unreliable. Fair valuation is based on subjective factors and as a result, the fair value price of an investment may differ from the security’s market price and may not be the price at which the asset may be sold. Fair valuation could result in a different NAV than a NAV determined by using market quotes.

The Fund has a three-tier fair value hierarchy. The basis of the tiers is dependent upon the various “inputs” used to determine the value of the Fund’s investments. These inputs are summarized in the three broad levels listed below:

Level 1 — quoted prices in active markets for identical assets

Level 2 — other significant observable inputs (including quoted prices of similar securities, interest rates, prepayment speeds, credit risk, etc.)

Level 3 — significant unobservable inputs (including the Fund’s own assumptions in determining the fair value of investments)

**Notes to the Financial Statements (Continued)**  
**June 30, 2010**

The aggregate value by input level, as of June 30, 2010, for the Fund's investments is included at the end of the Fund's Schedule of Investments.

**Security Transactions, Investment Income and Realized Gain and Loss** — Investment transactions are accounted for on trade date. Dividend income is recorded on the ex-dividend date. Foreign dividend income is recorded on the ex-dividend date or as soon as possible after the Fund determines the existence of a dividend declaration after exercising reasonable due diligence. Income and capital gains on some foreign securities may be subject to foreign withholding taxes, which are accrued as applicable. Interest income is recorded on an accrual basis. Premium and discount is amortized and accreted in accordance with GAAP. Identified cost of investments sold is used to determine the gain and loss for both financial statement and federal income tax purposes.

**Foreign Currency Translations** — Foreign currency amounts are translated into U.S. dollars as follows: (i) assets and liabilities at the rate of exchange at the end of the respective period; and (ii) purchases and sales of securities and income and expenses at the rate of exchange prevailing on the dates of such transactions. The portion of the results of operations arising from changes in the exchange rates and the portion due to fluctuations arising from changes in the market prices of securities are not isolated. Such fluctuations are included with the net realized and unrealized gain or loss on investments.

The Fund may enter into transactions to purchase or sell foreign currencies to protect the U.S. dollar value of its underlying portfolio securities against the effect of possible adverse movements in foreign exchange rates. Principal risks associated with such transactions include the movement in value of the foreign currency relative to the U.S. dollar and the ability of the counterparty to perform. Fluctuations in the value of such forward currency transactions are recorded daily as unrealized gain or loss; realized gain or loss includes net gain or loss on transactions that have terminated by settlement or by the Fund entering into offsetting commitments. These instruments involve market risk, credit risk, or both kinds of risks, in excess of the amount recognized in the Statement of Assets and Liabilities. Risks arise from the possible inability of counterparties to meet the terms of their contracts and from movement in currency and securities values and interest rates.

**Distributions to Shareholders** — Distributions to shareholders of net investment income and net capital gains, if any, are declared and paid at least annually. Distributions are based on amounts calculated in accordance with

**Notes to the Financial Statements (Continued)**  
**June 30, 2010**

applicable federal income tax regulations, which may differ from GAAP. These differences are due primarily to differing treatments of income and gain on various investment securities held by the Fund, timing differences and differing characterizations of distributions made by the Fund.

**Federal Taxes** — The Fund intends to qualify each year as a regulated investment company under Subchapter M of the Internal Revenue Code and distribute all of its taxable income to shareholders. In addition, by distributing in each calendar year substantially all its net investment income and capital gains, if any, the Fund will not be subject to a federal excise tax. Therefore, no federal income or excise tax provision is required.

As of June 30, 2010, there are no uncertain tax positions that would require financial statement recognition, de-recognition, or disclosure. The Fund's federal tax returns filed in the three-year period ended December 31, 2009, remain subject to examination by the Internal Revenue Service.

**Income and Expense Allocation** — The Trust accounts separately for the assets, liabilities and operations of each of its investment portfolios. Expenses that are directly attributable to more than one investment portfolio are allocated among the respective investment portfolios in an equitable manner.

The Fund's class specific expenses are charged to the operations of that class of shares. Income and expenses (other than expenses attributable to a specific class) and realized and unrealized gains or losses on investments are allocated to each class of shares based on the class' respective net assets to the total net assets of the Fund.

**Offering Costs** — Offering costs for the Fund of \$13,736 consist of fees related to the mailing and printing of the initial prospectus, certain startup legal costs, and initial registration filings. Such costs are amortized over a twelve-month period beginning with the commencement of operations of the Fund.

**Commitments and Contingencies** — In the normal course of business, the Fund enters into contracts that provide general indemnifications by the Fund to the counterparty to the contract. The Fund's maximum exposure under these arrangements is dependent on future claims that may be made against the Fund and, therefore, cannot be estimated; however, based on experience, the risk of loss from such claims is considered remote.

**Note 3. Advisory Fees, Servicing Fees and Other Transactions** **Investment Adviser** — Holland Capital Management LLC (the "Adviser"), is the investment adviser to the Fund. Pursuant to an investment advisory agreement, the Adviser receives an advisory fee monthly from the Fund at the

**Notes to the Financial Statements (Continued)**  
**June 30, 2010**

following annualized rates of 0.85% of the Fund's average daily net assets up to \$500 million, 0.75% of the Fund's average daily net assets up to the next \$500 million and 0.65% of the Fund's average daily net assets in excess of \$1 billion.

**Distribution** — Foreside Fund Services, LLC serves as the Fund's distributor (the "Distributor"). The Distributor is not affiliated with the Adviser or with Atlantic Fund Administration, LLC ("Atlantic") or their affiliates. The Fund has adopted a Distribution Plan (the "Plan") for Investor Shares and A Shares of the Fund in accordance with Rule 12b-1 of the Act. Under the Plan, the Fund pays the Distributor and/or any other entity as authorized by the Board a fee of up to 0.25% of the average daily net assets of Investor Shares and A Shares. The Distributor had no role in determining the investment policies or which securities are to be purchased or sold by the Trust or its Funds.

For the period ended June 30, 2010, there were no front-end or contingent deferred sales charges assessed on the sale of A Shares.

**Other Service Providers** — Atlantic provides fund accounting, fund administration, and transfer agency services to the Fund. Atlantic also provides certain shareholder report production, and EDGAR conversion and filing services. Pursuant to an Atlantic services agreement, the Fund pays Atlantic customary fees for its services. Atlantic provides a Principal Executive Officer, a Principal Financial Officer, a Chief Compliance Officer, and an Anti-Money Laundering Officer to the Fund, as well as certain additional compliance support functions.

**Trustees and Officers** — The Trust pays each independent Trustee an annual retainer fee of \$40,000 for service to the Trust (\$60,000 for the Chairman). In addition, the Chairman receives a monthly stipend of \$500 to cover certain expenses incurred in connection with his duties to the Trust. The Trustees and Chairman may receive additional fees for special Board meetings. Each Trustee is also reimbursed for all reasonable out-of-pocket expenses incurred in connection with his duties as a Trustee, including travel and related expenses incurred in attending Board meetings. The amount of Trustees' fees attributable to the Fund is disclosed in the Statement of Operations. Certain officers of the Trust are also officers or employees of the above named service providers, and during their terms of office received no compensation from the Fund.

**Note 4. Expense Reimbursements and Fees Waived**

The Adviser has contractually agreed to waive a portion of its fees and reimburse expenses through May 1, 2013, to the extent necessary to maintain the total operating expenses at 1.35% of average daily net assets of the

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**Notes to the Financial Statements (Continued)**  
**June 30, 2010**

Investor Shares. The Adviser has contractually agreed to waive a portion of its fees and reimburse expenses through May 1, 2011, to the extent necessary to maintain the total operating expenses at 1.20% and 1.40% of the Institutional Shares and A Shares, respectively. Other fund service providers have voluntarily agreed to waive a portion of their fees. The contractual waivers may be changed or eliminated at any time with consent of the Board and the voluntary fee waivers and expense reimbursements may be reduced or eliminated at any time. For the period ended June 30, 2010, fees waived and expenses reimbursed were as follows:

<u>Investment Adviser Waived</u>	<u>Investment Adviser Reimbursed</u>	<u>Other Waivers</u>	<u>Total Fees Waived and Reimbursed</u>
\$22,984	\$31,578	\$44,853	\$99,415

**Note 5. Security  
Transactions**

The cost of purchases and proceeds from sales of investment securities (including maturities), other than short-term investments for the period ended June 30, 2010, were \$5,769,819 and \$7,208,570, respectively.

**Note 6. Federal  
Income Tax and  
Investment  
Transactions**

As of December 31, 2009, distributable earnings (accumulated losses) on a tax basis were as follows:

Unrealized Appreciation	\$7,882,482
Undistributed Long Term Gain	<u>4,231</u>
Total	<u>\$7,886,713</u>

The difference between components of distributable earnings on a tax basis and the amounts reflected in the Statement of Assets and Liabilities are primarily due to timing differences in recognizing certain gains and losses on investment transactions.

At the close of business on May 2, 1996, the Partners of Holland Fund, L.P., transferred certain assets to the Fund. As a result of the tax-free transfer, the Fund acquired \$244,079 of unrealized appreciation for tax purposes. As of June 30, 2010, the Fund held securities with \$16,487 of net unrealized appreciation relating to the transfer.

**Note 7. Recent  
Accounting  
Pronouncements**

In January 2010, the Financial Accounting Standards Board issued Accounting Standards Update ("ASU") No. 2010-06 "Improving Disclosures about Fair Value Measurements." ASU No. 2010-06 clarifies existing disclosure and requires additional disclosures regarding fair value measurements. Effective for fiscal years beginning after December 15, 2010, and for interim periods within

**Notes to the Financial Statements (Continued)**  
**June 30, 2010**

those fiscal years, entities will need to disclose information about purchases, sales, issuances and settlements of Level 3 securities on a gross basis, rather than as a net number as currently required. Management is currently evaluating the impact ASU No. 2010-06 will have on financial statement disclosures.

**Note 8. Subsequent  
Events**

Subsequent events occurring after the date of this report have been evaluated for potential impact and the Fund has had no such events.

**Additional Information**  
**June 30, 2010**

**Investment Advisory Agreement Approval**

At the October 8, 2009 and March 19, 2010 Board meetings, the Board, including the Independent Trustees, considered the approval of the investment advisory agreement pertaining to the Fund (the “Advisory Agreement”). In evaluating the Advisory Agreement for the Fund, the Board reviewed materials furnished by the Adviser and the administrator, including information regarding the Adviser, its personnel, operations and financial condition. Specifically, the Board considered, among other matters: (1) the nature, extent and quality of the services to be provided to the Fund by the Adviser, including information on the investment performance of the Adviser; (2) the costs of the services to be provided and profitability to the Adviser with respect to its relationship with the Fund; (3) the advisory fee and total expense ratio of the Fund compared to relevant peer groups of funds; (4) the extent to which economies of scale would be realized as the Fund grows and whether the advisory fee would enable the Fund’s investors to share in the benefits of economies of scale; and (5) other benefits received by the Adviser from its relationship with the Fund. In their deliberations, the Board did not identify any particular information that was all-important or controlling and attributed different weights to the various factors. In particular, the Board focused on the factors discussed below.

*Nature, Extent and Quality of Services*

The Board met with representatives of the Adviser and discussed the Adviser’s personnel, operations and financial condition. The Board considered the quality of services to be provided by the Adviser under the Advisory Agreement. In this regard, the Board considered information regarding the experience, qualifications and professional background of the portfolio managers and other personnel at the Adviser with principal investment responsibility for the Fund’s investments; the investment philosophy and decision-making processes of those professionals; the capability and integrity of the Adviser’s senior management and staff; the quality of the Adviser’s services with respect to regulatory compliance and compliance with client investment policies and restrictions; and the financial condition and operational stability of the Adviser. The Board considered the adequacy of the Adviser’s resources and quality of services to be provided by the Adviser under the Advisory Agreement. The Board noted the Adviser’s representation that the firm is financially stable and able to provide investment advisory services to the Fund. The Board concluded that, overall,

**Additional Information (Continued)**  
**June 30, 2010**

it was satisfied with the nature, extent and quality of services to be provided to the Fund under the Advisory Agreement.

*Costs of Services and Profitability*

The Board then considered information provided by the Adviser regarding its estimated profitability with respect to the Fund. The Board noted that the Adviser anticipates that Fund expenses will be lowered by reorganizing the Fund into the Trust. The Board also considered that the Adviser has contractually agreed, through May 1, 2013, to reduce Fund expenses of Investor Shares to not exceed the annual rate of 1.35%. Based on a fee reduction and expense reimbursement agreement through the Adviser has contractually agreed, through May 1, 2011, to reduce Fund expenses of Institutional Shares and A Shares to not exceed the annual rate of 1.20% and 1.40%, respectively.

*Performance*

The Board considered the historical performance of The Lou Holland Growth Fund, a series of the Lou Holland Trust, and noted that the Adviser's capability and management of the Fund will be the same. Based on the foregoing, the Board determined that the Adviser's management of the Fund could benefit the Fund and its shareholders.

*Compensation*

The Board considered the Adviser's proposed compensation for providing advisory services to the Fund and analyzed comparative information on advisory fees and total expenses. The Board noted that the Adviser's proposed contractual advisory fee of 0.85% was lower than the median contractual advisory fees for its Lipper Inc. peer group. The Board also considered the Fund's total expense ratio, noting that the Adviser's proposed total expense ratio of 1.35% of average daily net assets for Investor Shares was lower than the median of 1.50% of its Lipper Inc. peer group. Based on the foregoing, the Board concluded that the Adviser's advisory fee to be charged to the Fund was reasonable.

*Economies of Scale*

The Board considered whether the Fund would benefit from any economies of scale. The Board noted that the Adviser's fee structure utilizes the breakpoints of 0.85% on average daily net assets up to \$500 million, 0.75% on average daily net assets of \$500 million to \$1 billion, and 0.65% on average daily net

**Additional Information (Continued)**  
**June 30, 2010**

assets in excess of \$1 billion. The Board considered the proposed breakpoints and the current assets of the Fund. The Board concluded that it would not be necessary to consider the implementation of fee breakpoints until the time that assets under management were larger.

*Other Benefits*

The Board noted the Adviser's representation that it anticipates using a portion of the brokerage commissions generated by the Fund to generate soft-dollars for use towards research services. Based on the foregoing representation, the Board concluded that other benefits received by the Adviser from its relationship with the Fund were not a material factor to consider in approving the Advisory Agreement.

*Conclusion*

The Board reviewed a memorandum from Trust counsel discussing the legal standards applicable to its consideration of the advisory agreement. Based on its review, including consideration of each of the factors referenced above, the Board determined, in the exercise of its business judgment, that the advisory arrangement, as outlined in the advisory agreement, was fair and reasonable in light of the services performed, expenses incurred and such other matters as the Board considered relevant in the exercise of its reasonable business judgment.

**Proxy Voting Information**

A description of the policies and procedures that the Fund uses to determine how to vote proxies relating to securities held in the Fund's portfolio is available, without charge and upon request, by calling (800) 295-9779, on the Fund's website at [www.hollandcap.com/lhgf.html](http://www.hollandcap.com/lhgf.html) and on the SEC's website at [www.sec.gov](http://www.sec.gov). The Fund's proxy voting record for the most recent twelve-month period ended June 30 is available, without charge and upon request, by calling (800) 295-9779 and on the SEC's website at [www.sec.gov](http://www.sec.gov).

**Availability of Quarterly Portfolio Schedules**

The Fund files its complete schedule of portfolio holdings with the SEC for the first and third quarters of each fiscal year on Form N-Q. The Fund's Forms N-Q are available, without charge and upon request on the SEC's website at [www.sec.gov](http://www.sec.gov) or may be reviewed and copied at the SEC's Public Reference Room in Washington, D.C. Information on the operation of the Public Reference Room may be obtained by calling 1-800-SEC-0330.

**Additional Information (Continued)**  
**June 30, 2010**

**Shareholder Expense Example**

As a shareholder of the Fund, you incur two types of costs: (1) transaction costs, including sales charges (loads) on purchase payments on certain classes, and (2) ongoing costs, including management fees, 12b-1 fees, and other Fund expenses. This example is intended to help you understand your ongoing costs (in dollars) of investing in the Fund, and to compare these costs with the ongoing costs of investing in other mutual funds.

The example is based on an investment of \$1,000 invested at the beginning of the period and held for the entire period from January 1, 2010, through June 30, 2010.

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

**Hypothetical Example for Comparison Purposes** — The second line under each share class 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 balance or expenses you paid for the period. You may use this information to compare the ongoing cost of investing in the Fund and other funds. To do so, compare this 5% hypothetical example with the 5% hypothetical examples that appear in the shareholder reports of other funds.

Please note that expenses shown in the table are meant to highlight your ongoing costs only and do not reflect any transactional costs, such as sales charges (loads) on certain classes. Therefore, the second line of the table is useful in comparing ongoing costs only, and will not help you determine the relative total costs of owning different funds. In addition, if these transactional costs had been included, your costs would have been higher.

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**Additional Information (Continued)**  
**June 30, 2010**

	<u>Beginning Account Value January 1, 2010</u>	<u>Ending Account Value June 30, 2010</u>	<u>Expenses Paid During Period*</u>	<u>Annualized Expense Ratio*</u>
<b>Investor Shares</b>				
Actual*	\$1,000.00	\$ 928.09	\$6.45	1.35%
Hypothetical (5% return before expenses)*	\$1,000.00	\$1,018.10	\$6.76	1.35%
<b>Institutional Shares</b>				
Actual	\$1,000.00	\$ 957.47	\$4.79	1.20%
Hypothetical (5% return before expenses)	\$1,000.00	\$1,018.84	\$6.01	1.20%
<b>A Shares</b>				
Actual	\$1,000.00	\$ 956.89	\$5.59	1.40%
Hypothetical (5% return before expenses)	\$1,000.00	\$1,017.85	\$7.00	1.40%

\* Expenses are equal to the Fund's annualized expense ratio as indicated above multiplied by the average account value over the period, multiplied by the number of days in the most recent fiscal half-year divided by 365 to reflect the half-year period.

\*\* Expenses are equal to the Fund's annualized expense ratio as indicated above multiplied by the average account value over the period, multiplied by the number of days in the most recent fiscal period divided by 365 to reflect the half-year period. (Except for the Fund's actual return information which reflects the 150-day period between February 1, 2010, the date of inception, through June 30, 2010.)

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**INVESTMENT ADVISER**

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This report is submitted for the general information of the shareholders of the Fund. It is not authorized for distribution to prospective investors unless preceded or accompanied by an effective prospectus, which includes information regarding the Fund's risks, objectives, fees and expenses, experience of its management and other information.

240-SAR-0610