The Masters' Select Funds Trust

First Quarter Report 2009

The Masters' Select Equity Fund
The Masters' Select International Fund
The Masters' Select Value Fund
The Masters' Select Smaller Companies Fund
The Masters' Select Focused Opportunities Fund

March 31, 2009

LITMAN/GREGORY FUND ADVISORS, LLC

www.mastersfunds.com

Performance as of 3/31/2009	Year to Date Return	One Year	Three-Year	Five-Year	Ten-Year	Since Inception
		Average Annual Total Returns				
Masters' Select Equity Fund (12/31/1996)	**-4.51%**	**-43.83%**	**-17.68%**	**-7.72%**	**-1.00%**	**2.75%**
Custom Equity Index	-12.09%	-38.74%	-13.85%	-4.48%	-1.62%	2.47%
Russell 3000 Index	-10.80%	-38.20%	-13.55%	-4.59%	-2.25%	2.46%
Lipper Multi Cap Core Fund Index	-8.85%	-39.08%	-14.17%	-4.60%	-1.63%	2.18%
Gross Expense Ratio: 1.25% Net Expense Ratio as of 4/30/09: 1.24%						
Masters' Select International Fund (12/1/1997)	**-8.66%**	**-44.95%**	**-11.76%**	**0.16%**	**4.50%**	**5.75%**
S&P Global (ex US) LargeMid Cap Index	-10.30%	-45.51%	-12.29%	0.00%	1.07%	2.59%
Lipper International Fund Index	-12.36%	-45.45%	-13.52%	-1.48%	0.67%	1.84%
Gross Expense Ratio: 1.22% Net Expense Ratio as of 4/30/09: 1.07%						
Masters' Select Value Fund (6/30/2000)	**-5.99%**	**-42.81%**	**-18.97%**	**-8.43%**	**n/a**	**-1.48%**
Russell 3000 Value Index	-17.00%	-42.14%	-15.60%	-4.97%	n/a	-0.53%
Lipper Multi-Cap Value Index	-11.57%	-38.70%	-15.31%	-5.42%	n/a	-0.52%
Gross Expense Ratio: 1.29% Net Expense Ratio as of 4/30/09: 1.27%						
Masters' Select Smaller Companies Fund (6/30/2003)	**-11.17%**	**-44.07%**	**-21.02%**	**-8.44%**	**n/a**	**-3.19%**
Russell 2000 Index	-14.95%	-37.50%	-16.80%	-5.24%	n/a	0.24%
Lipper Small Cap Core Index	-11.45%	-37.20%	-16.03%	-4.53%	n/a	0.63%
Gross Expense Ratio: 1.40% Net Expense Ratio as of 4/30/09: 1.39%						
Masters' Select Focused Opportunities Fund (6/30/2006)	**-9.49%**	**-48.03%**	**n/a**	**n/a**	**n/a**	**-19.84%**
S&P 500	-11.01%	-38.09%	n/a	n/a	n/a	-13.70%
Gross Expense Ratio: 1.36% Net Expense Ratio as of 4/30/09: 1.28%						

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

The performance quoted does not include a deduction for taxes that a shareholder would pay on distributions or the redemption of fund shares. Indexes are unmanaged, do not incur expenses, taxes or fees and cannot be invested in directly. See page 17 for the index definitions.

Each of the funds may invest in foreign securities. Investing in foreign securities exposes investors to economic, political and market risks and fluctuations in foreign currencies. Each of the funds may invest in the securities of small companies. Small-company investing subjects investors to additional risks, including security price volatility and less liquidity than investing in larger companies. Masters' Select Value and Masters' Select Focused Opportunities are non-diversified funds, which means that each respective fund may concentrate more of its assets in fewer individual holdings than a diversified fund. Though primarily equity funds, the Value and Focused Opportunities funds may invest portions of assets in securities of distressed companies. Debt obligations of distressed companies typically are unrated, lower rated, in default or close to default and may become worthless.

Gross and net expense ratios are for the institutional share class and are per the Prospectus dated April 30, 2009. Through April 30, 2010, Litman/Gregory has contractually agreed to waive a portion of its advisory fees effectively reducing total advisory fees to approximately 0.97% of the average daily net assets of the International Fund, 1.08% of the average daily net assets of the Value Fund and 1.02% of the Focused Opportunities Fund. Litman/Gregory may voluntarily waive a portion of its advisory fee in addition to those fees that are contractually waived. Litman/Gregory has agreed not to seek recoupment of advisory fees waived. Through 4/30/09, Litman/Gregory has voluntarily agreed to waive a portion of its management fee to pass through any costs benefits resulting from sub-advisor breakpoints, changes in the sub-advisory fee schedules or allocations within the Equity Fund, the International Fund, the Value Fund, the Smaller Companies Fund, and the Focused Opportunities Fund.

Dear Fellow Shareholder,

Investors have been understandably skittish in the aftermath of the worst year for the global stock markets since 1931. Emotions ranged from extreme fear to hope during the first quarter as the S&P 500 dropped another 25% in the first 10 weeks of the year but then rallied 18% from its low in early March. The rally left most stock markets down a bit more than 10% for the quarter.

Though it was another bad quarter for stocks in general, each of the Masters' Select Funds performed better than its benchmark in the first quarter, and in most cases the performance was significantly better. For Value, Equity, Smaller Companies and International this strong relative performance started late in 2008. The table below depicts the outperformance relative to benchmarks in the first quarter and also the performance of each fund from the date the outperformance started. (See page 2 for historic absolute returns for each fund and its benchmark.)

Masters' Select Recent Performance Versus Benchmarks			
Fund	**Q1 Masters' Select Outperformance**	**Full Period Masters' Select Outperformance Through March 31, 2009**	**Date Full Period Outperformance Started**
Equity	6.29%	6.86%	Dec. 30, 2008
International	1.64%	3.33%	Dec. 23, 2008
Value	11.01%	15.86%	Nov. 26, 2008
Smaller Companies	3.78%	4.83%	Nov. 14, 2008
Focused Opportunities	1.52%	8.71%	Jan. 21, 2009

Short term performance, in particular, is not a good indication of the Funds' future performance, and an investment should not be made solely on returns.

The benchmark for the Masters Select Equity Fund is the Russell 3000 Index; for the Masters' Select International Fund, the S&P Global Ex-U.S. LargeMidCap Index; for the Masters' Select Value Fund, the Russell 3000 Value; for the Masters' Select Smaller Companies Fund, the Russell 2000; and for the Masters' Select Focused Opportunities Fund, the S&P 500.

The magnitude of each fund's recent outperformance has been extreme, just as the magnitude of underperformance during much of the market sell-off in 2008 was extreme. What explains these extremes? We continue to believe forced selling by hedge funds, mutual funds and others led to dysfunctional markets in the second half of last year that explain at least some of the poor relative performance. This forced selling was exaggerated relative to other cycles because of 1) leverage and 2) the investor fear that was triggered by the clear and enormous threat to the financial system and global economy, which went beyond what most investors imagined as possible. We think the improved relative performance resulted in part from opportunities created when this forced selling drove some stocks down to levels that were not consistent with their fundamentals. This subsequently resulted in better performance relative to the broader market as (we believe) rationality gradually began to increase as reflected in securities prices.

As we look forward we are aware of an unusual inconsistency between Litman/Gregory's view of the long-term stock market opportunity and the bottom-up views of most of the Masters' Select sub-advisors.

The Stock-pickers' View: The majority of our sub-advisors have been telling us that they are finding tremendous opportunities with potential returns that they believe could exceed anything they have experienced in their careers. In our calls and meetings with them we have discussed numerous stocks that they believe have the potential to double, triple or more from recent price levels. They don't claim to know when market prices will reflect what they believe is the true underlying business value for these companies, but they are highly confident that owners of these stocks will be very well rewarded over the next few years.

Litman/Gregory's View: Our market views are heavily influenced by five-year scenario analysis we conduct that considers an array of outcomes for earnings and price-to-earnings ratios (P/Es). We have not experienced simultaneous massive wealth destruction in both the housing and stock markets since the 1930s. We believe this wealth destruction, coupled with high debt levels, is likely to result in subpar economic growth for several years as households reduce their spending in order to reduce debt and increase savings. If we are correct, corporate earnings growth during the coming recovery is likely to be lower than it otherwise would be. In addition, we believe investors may enter a period of unusually high risk avoidance. This caution could result in lower price-to-earnings ratios than we've seen in the last few cycles. Heightened aversion to risk often lingers for years after major bear markets like the one we have been experiencing. So, even though stocks have suffered an enormous decline since they peaked in late 2007, we don't believe that high returns over our five-year decision horizon are likely for the stock market averages. Based on our scenario analysis (which incorporates a variety of scenarios we believe are plausible) stocks closed the first quarter at the upper end of our fair-value range. Even if we are right in our outlook, we could still see some powerful market rallies. Our study of past bear markets in and outside of the U.S. suggests that strong bear market rallies are not uncommon and we may be in the midst of one as we write this in early April. So over the short-term anything is possible including significant upside and/or significant temporary downside if stocks ultimately sell off to levels that are in line with the most severe bear markets in history. (Note: our market views don't impact the management of Masters' Select—the portfolios are entirely driven by the bottom-up stock picking of the sub-advisors. Litman/Gregory's stock market analysis is relevant to other parts of our business.)

Several important caveats to our market view are in order. First, our conclusion is based on a five-year horizon. Over a longer time period the heightened risk aversion we view as possible is likely to gradually dissipate resulting in higher return potential for stocks as the time horizon is extended. So, we believe stocks look much more attractive over longer periods—say 10 years as opposed to five. Second, we look at a variety of possible scenarios and while the majority of the scenarios we have considered suggest that stock returns are not likely to be high over the next five years or so, there are potential scenarios we believe are possible in which equity returns could be quite high (in excess of 15% per year). Finally, it is possible that our analysis is overly pessimistic and that we will be wrong. The majority of the many market analysts we follow are somewhat more bullish than we are based on their stated opinions of fair value for the stock market.

What could explain the difference between our top-down view and the bottom-up view of our investors? The caveats above offer possible explanations. It is also possible that the sub-advisors, on average, are overly optimistic in the assumptions they are using to value the businesses they own. Another possibility is the beginning of a reversal of the market dysfunction that occurred last year. As mentioned above, we believe this is part of the reason for the prior period of underperformance and more recently the outperformance of the Masters' Select Funds. Along a similar line of thinking, we believe that some of the discrepancy between our overall market opinion and the view of the Masters' sub-advisors has to do with the variation in opportunities in individual stocks. This conclusion is influenced by data (which we presented in past reports) showing an extreme valuation disparity between the cheapest and most expensive stocks based on a variety of metrics. It is also based on what we have been hearing for a number of months from many of our managers. Finally, it is based on the massive selling by hedge funds, investment banks and others who had no choice but to sell a portion of their holdings at any price irrespective of any analysis. Time will tell if we are right, but we continue to believe that the environment over the next few years could be a good one for skilled active managers as valuation discrepancies we believe are reflected in the market, gradually dissipate. If we are right, investors could end up capturing quite satisfactory returns or better.

Investing In a Changed World

Over the past few months we have had numerous discussions with the Masters' Select sub-advisors about their analysis and assumptions in an environment unlike any they have experienced in their careers. In recent months your stock pickers have been adjusting their analysis in the aftermath of the financial crisis and in light of the highly stressed economy. While staying consistent with their investment process, it has been typical for the managers to adjust their assumptions to reflect the severe recession we are experiencing. Most are assuming higher risk premiums (lower P/E multiples) over their investment horizon. They are stress-testing their companies against what they believe to be worst-case scenarios for each business. They are carefully assessing company balance sheets with detailed analysis of all liabilities to make sure that companies can survive. Evaluating the ripple effects to areas such as pension liabilities is part of the analysis. And carefully weighing the potential near-term risk factors (as well as the longer-term upside potential) of stocks that compete for space in the portfolio is more common. As we've discussed individual stocks, we've been impressed and encouraged by the managers' analysis and the apparent opportunity in some stocks.

A Silver Lining

Stock declines coupled with a smaller shareholder base have resulted in sizable realized capital losses for tax purposes in all of the Masters' Select Funds. Moreover, each of the funds also has sizable unrealized losses. Consequently, it is extremely unlikely that any of the Masters' Select funds will distribute capital gains in 2009. In fact, the realized and unrealized losses are of a magnitude that suggests no gains will be distributed for several years for most, if not all of the funds. Thus, the losses are likely to provide valuable tax deferral for gains earned from here forward for taxable shareholders.

Realized and Unrealized Losses as a % of Net Assets (as of 3/31/2009)	
Masters' Select Equity	69%
Masters' Select International	103%
Masters' Select Value	107%
Masters' Select Smaller Companies	156%
Masters' Select Focused Opportunities	126%

FINAL THOUGHTS

Investors have been through a horrible market experience and Masters' Select went through its own struggles through part of this period. It's been a humbling experience for many in the industry. Investors who have had decades of success have suffered losses far beyond anything they had experienced before. In this environment having a good process isn't enough. Having the discipline to follow that process is critical but even that is not enough. The ability to learn new lessons and to understand the unique risks and opportunities facing individual companies is necessary for good analysis. A willingness to adjust assumptions is part of this process. This requires intellectual honesty and flexible thinking to understand and be open to outcomes that might be outside an investor's frame of reference. Investing in this environment is also helped by a very strong competitive fire and drive to succeed. We believe these characteristics are abundant in our sub-advisor group and that gives us much reason for optimism as we look forward to the years to come.

Litman/Gregory partners, employees and the Masters' Select independent trustees continue to be sizable investors in the funds. As of March 31 the total investment amounted to $7.5 million.

As always, we are thankful for your investment in Masters' Select and we will continue to do our best to reward your confidence.

Sincerely,

Ken Gregory and Jeremy DeGroot

Litman/Gregory Fund Advisors, LLC
Advisor to the Masters' Select Funds

Past performance does not guarantee future results.

Mutual fund investing involves risk, loss of principal is possible

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

Opinions expressed are subject to change, are not guaranteed and should not be considered recommendations to buy or sell any security. Fund holdings and/or sector allocations are subject to change at any time and are not recommendations to buy or sell any security.

Investors must consult their tax advisor or legal counsel for advice and information concerning their particular situation. Neither the Fund nor any of its representatives may give legal or tax advice.

Please see page 17 for index definitions
Please see page 18 for industry definitions

Masters' Select Equity Fund

The first quarter was another down period for stocks. Though having a down quarter is not satisfying, at least Masters' Select Equity's loss was significantly less than that of its benchmark. For the quarter, the fund was down 4.51% as opposed to the 10.80% loss posted by its benchmark, the Russell 3000 Index. The stock market decline intensified in early March and at its low on March 9th, the Russell Index was down 24.74% for the year. From that point stocks rallied, rising 18.51% during the rest of the month, and they have continued to rise into early April. Masters' Select Equity outperformed its benchmark in the down period by 3.79 percentage points and also during the rebound through March 31, by 2.30 percentage points.

The recent rally has been a relief and it has been good to see Masters' Select Equity outperforming again after its earlier struggles. However, as always we focus primarily on longer term performance. Over the past 10 years Masters' Select Equity has outperformed its Russell 3000 benchmark by an annualized 1.25%. The fund has also outperformed the benchmark since inception by an annualized 0.29%.

Noteworthy facts from the first quarter:

- Information technology was the only sector in the Russell 3000 Index with a positive return for the quarter; it gained 3.5%. The remaining sectors had losses for the quarter and the range of negative returns was wide. Financials and industrials were the hardest-hit sectors, losing 27.0% and 20.8%, respectively. Based on our attribution analysis, stock selection was the primary driver of the fund's outperformance compared to the Russell 3000 Index during the quarter, although the fund's sector exposure also helped. Specifically, the sub-advisors' stock picks in the telecom, technology, and financial sectors added the most value.
- The sub-advisors' performance relative to their respective benchmarks improved markedly during the first quarter. Five of the fund's seven sub-advisors led their respective benchmarks for the quarter. Longer term, all four with tenures of at least three years with Masters' Select have outperformed their benchmarks since their inception, and we believe over time all of the fund's sub-advisors will ultimately outperform. (Of course, while this is our belief, there is no guarantee that we will be right.)
- In the first quarter, six of the fund's sub-advisors had at least one holding on the list of the 10 biggest contributors to performance and four sub-advisors had at least one holding among the 10 biggest detractors from performance. Mason Hawkins of Southeastern Asset Management and the team from Sands Capital Management were each responsible for three of the names on the top 10 leaders list for the quarter.
- Half of the top 10 contributors came from the information technology sector, including Google, Broadcom, Apple, Corning, and Sun Microsystems, which was the largest contributor to performance during the first quarter. The biggest detractors from performance came from the energy, consumer discretionary and financial sectors.
- The fund's sector exposure changed little since year-end 2008. At quarter-end, the fund was largely concentrated in five sectors (any significant over- or underweighting is noted). Technology was the largest sector exposure at 19%, followed by financials at 16%, which reflected a four percentage point overweighting to the sector compared to the Russell 3000 Index. Energy and consumer discretionary each accounted for 16% and for consumer discretionary, this reflected a six-point overweight relative to the benchmark. Health care also accounted for 12% of the fund at quarter-end. Consumer staples (a 6% weighting) and industrials (a 5% weighting) were underweighted in the fund by five percentage points compared to the benchmark.
- The fund's mid-cap exposure increased during the quarter from 31% to 40% while large-cap exposure decreased from 35% to 25%. The remainder of the portfolio was allocated to small-caps (20%), foreign stocks (10%) and cash (5%).

Final Comments

Though the challenges facing the global economy are sizable, our primary source of optimism about the potential for the fund in coming years comes from talking to the Masters' Select Equity sub-advisors about the stock-picking opportunities they are finding in the rubble following the worst year for the stock market since 1931. We believe the upheaval last year resulted in material mis-pricing of many stocks. Their analysis of company fundamentals typically factors in the impact of a brutal recession and the possibility of a subpar recovery. But in spite of the big picture, in many cases the stock pickers are finding stocks that they believe are now priced to deliver tremendous returns at some point. Time will tell if they are right. But we are encouraged with what we are hearing as we grill them with questions about their analysis, their underlying assumptions and the rationale behind the return potential they believe is in the stocks they hold for Masters' Select.

Masters' Select Equity, a fund with a benchmark-beating record over the long run, has not rewarded shareholders over the last few years. The worst stock market collapse since the Great Depression was certainly part of the reason. But the fund also underperformed its benchmarks. As we discussed in the Shareholder Letter on page 3 of this report, we believe there are good reasons to be optimistic about the future of this fund (and other Masters' Select funds). The reasons start with the team of stock pickers, each of whom we believe, for a variety of reasons, is among the best in the business. The improved relative performance of late is, we believe, a better reflection of the fund's potential. We also hope it is an early sign of a return to strong performance relative to its benchmarks (at one point the fund outperformed its benchmark for six consecutive years, from 1999 through 2004).

Masters' Select International Fund

In another rough quarter for global equities, Masters' Select International was ahead of its benchmark. The fund experienced a loss of 8.66%, while its benchmark, the S&P Global (ex-US) LargeMid Cap Index, declined 10.30% in the first quarter. Of most importance to us is the fund's long-term record. Over the trailing 10 years, the fund outperformed its benchmark by a significant margin of 3.43 percentage points per year. Since its inception over 11 years ago, the fund's average annual return of 5.75% was also well ahead of its benchmark's 2.59% return.

Masters' Select International's strong performance over the years is reflected in its high peer group rankings. Within the Morningstar Foreign Large Blend peer group, the fund ranks in the top 15% or better for the trailing three-, five- and 10-year periods. For the trailing 10 years the fund ranks in the top 3% within its peer group.

Morningstar Foreign Large Blend Category Ranking Based On Total Fund Returns[1]

	Trailing Periods as of 3/31/2009			
	One Year	Three Years	Five Years	Ten Years
% Rank in Category	30%	13%	15%	3%
Funds in Category	789	584	455	241

Noteworthy facts from the first quarter:

As with all Masters' Select funds, the primary focus of Masters' Select International is to generate superior long-term returns, and in pursuit of that objective, the fund's portfolio continues to look very different from its benchmark. Over 40% of the fund's holdings are not in the benchmark. We believe one explanation for the fund's success over the years is the willingness on the part of the fund's stock pickers to hold the stocks they believe offer the most compelling risk/return potential over their investment horizon, irrespective of whether the stocks are in the fund's benchmark.

The following are portfolio highlights and performance attribution comments relating to the first quarter:

- In a quarter when the broad market was down over 10%, the fund's average cash weighting of about 6% was a notable positive contributor to the fund's relative performance. This cash weighting is slightly below the fund's historical average of around 7%.

[1] Morningstar, Inc., is an independent mutual fund research and rating service. Each Morningstar category represents a universe of funds with similar investment objectives. Rankings for the period shown are based on fund total returns with dividends and distributions reinvested and do not reflect sales charges. The highest percentile rank is 1 and the lowest is 100. The information contained herein: (1) is proprietary to Morningstar; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information.

- Excluding cash, our attribution analysis versus the S&P Global (ex-US) LargeMid Cap Index shows that the fund's individual sector exposures, a byproduct of the managers' bottom-up stock picking, had a positive impact on the fund's relative performance. An overweighting to technology, the best-performing sector during the quarter, contributed positively to fund performance. Stock selection's impact was also positive and roughly of the same magnitude as sector selection. It was particularly strong in the health care and financial sectors.
- Among the largest contributors to absolute performance were Petrobras (a Brazilian oil company) and United Micro Electronics (a Taiwanese semiconductor firm). Other notable performers were Credit Suisse Group (a Swiss financial firm) and Gazprom (a Russian oil and gas company).
- The quarter's worst performers included Precision Drilling (a Canadian oil-services company) and Ichiyoshi Securities (a Japanese financial company). The former was sold during the quarter.
- Five of the fund's six sub-advisors beat their respective benchmarks for the quarter; three did so by more than four percentage points. There are five sub-advisors who have been with the fund for at least three years. All have beaten their benchmarks over their full tenure with Masters' Select International.
- Regional exposures have changed since the end of 2008. The fund's allocation to Japan decreased from 20% to 15%. This compares to the index weighting of 17% in the country. Overall exposure to emerging markets increased significantly from 18% to 26%. This is the highest exposure to emerging markets during the fund's 11-year history. The fund's weighting to Europe stood at 43%, below the 48% weighting in the index.
- Changes in sector exposures since the end of 2008 have been slight. Of note is an increase in the technology weighting from 11.8% to 14.4%. The fund is now overweighted to this sector by nearly eight percentage points versus its benchmark. Exposure to financials decreased from 21.8% to 19.3%. This weighting compares to 22.7% for the benchmark. The fund remains underweighted to energy (8% versus 13% for the index) and materials (5% versus 10%).
- The fund's market-cap exposure changed slightly since the end of 2008. Its exposure to large-caps (defined as market cap greater than $10 billion) was unchanged at about 52% of fund assets, mid-caps ($2 billion to $10 billion in market cap) increased slightly from 28% to 31%, and small-cap exposure (under $2 billion) decreased from 14% to 9% (with the remainder in cash).

Closing Comments

Though the challenges facing the global economy are sizable, our primary source of optimism about the potential for the fund in coming years comes from talking to the Masters' Select International sub-advisors about the stock-picking opportunities they are finding in the aftermath of the worst year for the stock market since 1931. We believe the upheaval last year resulted in material mis-pricing of many stocks. Their analysis of company fundamentals typically factors in the impact of a brutal recession and the possibility of a subpar recovery. But in spite of the big picture, in many cases the fund's stock pickers are finding stocks that they believe are now priced to deliver tremendous returns at some point. Time will tell if they are right.

What we can say now is that while we believe the near-term road ahead for the stock markets is likely to be bumpy, we are encouraged with what we are hearing as we grill the Masters' Select sub-advisors with questions about their underlying assumptions and the rationale behind their analysis of the return potential they believe is in the stocks they hold for the fund.

Despite a strong relative record over the long-term and intermediate-term, Masters' Select International has suffered along with the markets in what has been the worst stock market collapse since the Great Depression. As we discussed in the Shareholder Letter on page 3 of this report, we believe there are good reasons to be optimistic about the potential of this fund to continue to build on its strong performance record relative to competing funds and its benchmark. The reasons start with the team of stock pickers, all of whom we believe, for a variety of reasons, are among the best in the business. As we look forward at the end of the first quarter, significant returns can be generated by the fund before it will have to make a capital gain distribution given realized losses (during the current period and a prior period loss carry forward) equal to 59% of the fund's net assets in addition to unrealized losses in excess of 40% of net assets.

Masters' Select Value Fund

The first quarter was another down period for stocks with value stocks performing particularly poorly. Though having a down quarter is disappointing, Masters' Select Value's loss was significantly less than that of its benchmark. For the quarter, the fund was down 5.99% as opposed to the 17.00% loss posted by its benchmark, the Russell 3000 Value Index. The stock market decline intensified in early March and at its low on March 9, the Russell Index was down 31.22% for the year. From that point stocks rallied, rising 20.68% during the rest of the month, and they have continued to rise into early April. Masters' Select Value outperformed its benchmark in the down period by 8.91 percentage points and also slightly during the rebound through March 31, by 0.34 percentage points.

It has been good to see Masters' Select Value outperforming again after its struggles over the last few years. However, as always we focus primarily on longer-term performance and there the fund has more catching up to do. Since Value's inception in June of 2000 it trails its Russell 3000 Value benchmark by an annualized 0.95%. We nevertheless remain confident in the fund's potential, which it delivered on in its early years. In our many years of studying stock pickers, we've observed that a good long-term performance record almost always includes occasional periods of underperformance along the way. We are encouraged by the recent period of outperformance, though it only encompasses a few months. The outperformance began on November 26 and since that time through March 31, Value beat its benchmark by a substantial margin of 15.9 percentage points.

Noteworthy facts from the first quarter:

- All sectors in the Russell 3000 Value Index had negative returns for the quarter, although the range of returns was wide. Information technology led the pack, losing only 0.3%, compared to industrials and financials, which were the worst-performing sectors and lost 27% and 29%, respectively. Based on our attribution analysis, both stock selection and sector exposure contributed meaningfully to the fund's outperformance compared to the Russell 3000 Value Index during the quarter. In particular, the fund's overweighting to technology and consumer discretionary and the sub-advisors' stock picks within those sectors boosted performance.
- The sub-advisors' performance relative to their respective benchmarks improved dramatically during the first quarter. All four of the fund's sub-advisors led their respective benchmarks; the margin of outperformance varied from 2.5% to 20%. Two of the three sub-advisors with long-term records have outperformed their respective benchmarks since inception. There is no guarantee that we will be right, but we believe all four of the fund's sub-advisors will ultimately outperform their benchmarks over their tenure with Masters' Select.
- In the first quarter, all four of the fund's sub-advisors had at least one holding on the list of the top five biggest contributors to performance and three of the four sub-advisors had at least one holding among the five biggest detractors from performance. The largest contributor to performance was technology company Sun Microsystems, which nearly doubled in value during the quarter after it was announced that IBM was in talks to buy the company. At quarter-end Sun Microsystems was the second-largest position in the fund.
- Most of the top 10 contributors to performance came from the technology and consumer sectors, including Liberty Media, CVS Caremark, and Advance Auto Parts, in addition to Sun. Notably, half of the biggest detractors from performance came from the consumer sector, including News Corp and Walt Disney. The biggest detractor from performance was cement producer Cemex. At quarter-end, all of the top and bottom contributors except for News Corp remained in the portfolio.
- The fund's sector exposure changed little since year-end 2008. At quarter-end, the largest sector in the fund was consumer discretionary at 24% compared to 9% for the Russell 3000 Value Index. Technology accounted for 18% of the fund, which reflected a 14 percentage point overweight to the sector compared to the benchmark. Health care and consumer staples were the next largest sectors in the fund at 12% and 11%, respectively. Financials (at 7%), energy (at 7%), and utilities (at zero) were all significantly underweighted in the fund by 14, 9, and 7 percentage points, respectively, compared to the benchmark.

- The fund's mid-cap exposure increased from year-end 2008 to finish the quarter at 31% while large-cap exposure decreased to 22%. The remainder of the portfolio was allocated to small caps (17%), foreign stocks (25%) and cash (5%).

Change at Franklin Mutual

One of Masters' Select Value's sub-advisors is Franklin Mutual Advisors. The portion of the portfolio run by Franklin Mutual has been co-managed by Michael Embler and Peter Langerman since 2005 (prior to 2005 other individuals at Franklin Mutual were responsible for the Masters' Select Value portfolio). Recently, Embler announced that he is resigning from Franklin Mutual for personal reasons. Effective May 1, Anne Gudefin will be joining Langerman as co-manager of the portion of the Masters' portfolio run by Franklin Mutual. Gudefin has been in the investment industry for 17 years and joined the Franklin Mutual team in 2000. She is also the portfolio manager for the Mutual Qualified Fund and the co-portfolio manager of the Mutual Discovery Fund.

We have been very pleased with Franklin Mutual's work including their investment performance for Masters' Select Value since the fund's inception in 2000. Though we are disappointed to see Embler go, we continue to have a high degree of confidence in Langerman and the Franklin Mutual team. As part of our ongoing due diligence we've had a series of conversations with Gudefin over the years, forming a positive impression. Our deep knowledge of the Franklin Mutual organization, their continued commitment to Masters' Select, and the excellent job they have done for us over the past nine years are, collectively, the source of our confidence.

Final Comments

Though the challenges facing the global economy are sizable, our primary source of optimism about the potential for the fund in coming years comes from talking to the Masters' Select Value sub-advisors about the stock-picking opportunities they are finding in the rubble left behind after the worst year for the stock market since 1931. We believe the upheaval last year resulted in material mis-pricing of many stocks. Their analysis of company fundamentals typically factors in the impact of a brutal recession and the possibility of a subpar recovery. But in spite of the big-picture challenges, in many cases the stock pickers are finding stocks that they believe are now priced to deliver tremendous returns at some point. Time will tell if they are right.

What we can say now is that while we believe the near-term road ahead for the stock markets is likely to be bumpy, we are encouraged with what we are hearing as we grill the Masters' Select sub-advisors with questions about their underlying assumptions and the rationale behind their analysis of the return potential they believe is in the stocks they hold for the fund.

Masters' Select Value has not rewarded shareholders over the last few years. The worst stock market collapse since the Great Depression was certainly part of the reason. But until the last few months, the fund also performed poorly compared to its benchmarks. As we discuss in the Shareholder Letter on page 3 of this report, we believe there are good reasons to be optimistic about the future of this fund (and other Masters' Select funds). We don't believe the past few years will ultimately be reflective of the fund's long-term standing compared to its competitors and its benchmark. The reasons for our confidence start with the team of sub-advisors, each of whom we believe, for a variety of reasons, is among the best in the business. The improved relative performance of late is, we believe, a better reflection of the fund's potential. We also hope it is an early sign of a return to strong performance relative to its benchmarks and peer group.

Masters' Select Smaller Companies Fund

The first quarter was another down period for stocks and generally speaking, small-cap stocks were hit harder than stocks of larger companies. Though having a down quarter is disappointing, Masters' Select Smaller Companies' loss was significantly less than that of its benchmark. For the quarter the fund was down 11.17% as opposed to the 14.95% loss posted by its benchmark, the Russell 2000 Index.

It has been good to see Masters' Select Smaller Companies outperforming again after its struggles over the last few years. However, as always we focus primarily on longer-term performance, and there the fund has more catching up to. Since Smaller Companies' inception in June of 2003, it trails its Russell 2000 benchmark by an annualized 3.44%.

We nevertheless remain confident in the fund's potential, which it delivered on in its early years. In our many years of studying stock pickers, we've observed that a good long-term performance record almost always includes occasional periods of underperformance along the way. We are encouraged by the recent period of outperformance, though it only encompasses a few months. The outperformance began on November 14 and since that time through March 31 the fund is ahead of its benchmark by a healthy margin of 4.83 percentage points.

Noteworthy facts from the first quarter:

- All sectors in the Russell 2000 Index had negative returns for the quarter, ranging from a 1% loss for the technology sector to a 25% loss for financials. Industrials and energy also suffered meaningfully during the quarter, losing 24% and 20%, respectively. Based on our attribution analysis, sector exposure was a major contributor to the fund's outperformance compared to the Russell 2000 Index during the quarter. In particular, the fund's underweighting to financials and its overweighting to consumer discretionary stocks, which held up relatively well with a 5% loss in the quarter, added the most value. Stock selection also contributed to the fund's outperformance relative to the benchmark, especially the sub-advisors' stock picks within the consumer staples and technology sectors.
- The sub-advisors' performance relative to their respective benchmarks improved during the first quarter. Three of the fund's five sub-advisors led their respective benchmarks; the margin of outperformance varied from 3% to 13%. One of the three sub-advisors with long-term records has outperformed his respective benchmark since inception. There is no guarantee that we will be right, but we believe all five of the fund's sub-advisors will ultimately outperform their benchmarks over their full tenure with Masters' Select.
- In the first quarter, all five of the fund's sub-advisors had at least one holding on the list of the 10 biggest contributors to performance and four of the five sub-advisors had at least one holding among the 10 detractors from performance. The team from Copper Rock deserves kudos as they were responsible for nearly half of the top contributors to performance during the quarter.
- Most of the top 10 contributors to performance came from the technology and consumer sectors, including Central Garden & Pet, Foot Locker, DTS (an electronic goods company), and Neutral Tandem, a wireless communications network company. The biggest detractors from performance came from various sectors, but the worst by far was insurance company Conseco. Behavioral health care provider Psychiatric Solutions was also costly to performance during the quarter, although it had been sold from the portfolio by quarter-end.
- The fund's sector exposure changed little since year-end 2008 and it continues to be very different than the exposures present in the fund's Russell 2000 benchmark. At quarter-end, the largest sector exposure in the fund was consumer discretionary at 24% compared to 12% for the Russell 2000 Index. Several sectors accounted for 10 – 12% each of the fund's exposure, including energy (six percentage points more than the benchmark weighting), industrials (five points less than the benchmark weighting), and technology (seven points less than the benchmark allocation). Financials also accounted for about 12% of the fund (below the 21% weighting in the benchmark). Health care was also significantly underweighted at 8% of the fund compared to 16% for the benchmark.
- The fund's domestic small-cap exposure dropped to end the quarter at 64% (compared to 77% at year-end). Mid-cap and foreign stock exposure both increased to 21% and 7%, respectively. The remaining 8% of the portfolio was allocated to cash.

Final Comments

Though the challenges facing the global economy are sizable, our primary source of optimism about the potential for the fund in coming years comes from talking to the Masters' Select Smaller Companies' sub-advisors about the stock-picking opportunities they are finding in the rubble left behind after the worst year for the stock market since 1931. We believe the upheaval last year resulted in material mis-pricing of many stocks. Their analysis of company fundamentals typically factors in the impact of a brutal recession and the possibility of a subpar recovery. But in spite of the big-picture challenges, in many cases the stock pickers are finding stocks that they believe are now priced to deliver tremendous returns at some point. Time will tell if they are right.

What we can say now is that while we believe the near-term road ahead for the stock markets is likely to be bumpy, we are encouraged with what we are hearing as we grill the Masters' Select sub-advisors with questions about their underlying assumptions and the rationale behind their analysis of the return potential they believe is in the stocks they hold for the fund.

Masters' Select Smaller Companies has not rewarded shareholders over the last few years. The worst stock market collapse since the Great Depression was certainly part of the reason. But until the last few months, the fund also performed poorly compared to its benchmarks. As we discuss in the Shareholder Letter on page 3 of this report, we believe there are good reasons to be optimistic about the future of this fund (and other Masters' Select funds). We don't believe the past few years will ultimately be reflective of the fund's long-term standing compared to its competitors and its benchmark. The reasons for our confidence start with the team of sub-advisors, each of whom we believe, for a variety of reasons, is among the best in the business. The improved relative performance of late is, we believe, a better reflection of the fund's potential. We also hope it is an early sign of a sustained period of good performance relative to its benchmarks and peer group.

Masters' Select Focused Opportunities Fund

In the backdrop of a down quarter for the stock market, Masters' Select Focused Opportunities outperformed its benchmark with a loss of 9.49% versus an 11.01% loss for the S&P 500 Index.

Noteworthy facts from the first quarter:

- There was a wide dispersion in sector returns for the S&P 500 Index during the quarter and only one sector—information technology—had a positive return. The hardest-hit sectors by far were financials, which lost 29%, and industrials, which lost 21%. Other poorly performing sectors included energy (-12%) and utilities and consumer staples, which were both down 11%. The fund's sector exposure was a drag on performance, but it was more than offset by the positive contribution to relative performance from stock selection. (We expect stock selection to usually have a larger impact on the fund's performance than sector exposure, given the concentrated nature of this portfolio.) The fund's significant overweighting to financials hurt performance from a sector-exposure perspective, but the sub-advisors' stock picks within financials more than offset that. The managers' stock picks within the energy sector, in particular, also helped relative performance.
- Two of the three sub-advisors outperformed their respective benchmarks by several percentage points for the quarter. All three sub-advisors are trailing their respective benchmarks since their inception dates on the fund—though the fund is still relatively new so this is a short time period. While there is no guarantee that we will be right, we believe over time all of the fund's sub-advisors will ultimately outperform their respective indexes.
- The three stocks that contributed the most to performance came from different sectors, but they were all owned by the team from Sands Capital Management. Those stocks were Amazon.com, which gained 19% during the quarter, and National Oilwell Varco and Apple, which gained 17% each. By quarter-end, Amazon.com had been sold from the portfolio.
- On the negative side, each of the three sub-advisors was responsible for one of the three biggest detractors from performance. This includes E.ON, an energy service provider that lost 30% during the quarter, resort and casino builder Las Vegas Sands, which lost 49%, and American Express, which was down 26%. All of these stocks were still held in the portfolio at quarter-end.
- The fund's sector exposure changed a bit from year-end. As of 3/31/09, financials were the biggest sector exposure at 22% of the fund compared to 11% for the S&P 500 Index. The fund's technology exposure increased eight percentage points to end the quarter at 20%. Other big sector weightings included energy at 16% of the fund and consumer staples at 13% (both of these weightings were similar to the index weightings). The fund continued to have substantial underweighting to health care; at quarter-end that sector accounted for 5% of the fund compared to 15% for the S&P 500 Index.

- As of 3/31/09, 35% of the fund was invested in mid-cap stocks and 29% was invested in large caps. Exposure to foreign stocks accounted for 24% of the fund. The remainder of the portfolio was invested in small-cap stocks and cash, each of which accounted for 6%.

Change at Franklin Mutual

One of Masters' Select Focused Opportunities sub-advisors is Franklin Mutual Advisors. The portion of the portfolio run by Franklin Mutual has been co-managed by Michael Embler and Peter Langerman. Recently, Embler announced that he is resigning from Franklin Mutual for personal reasons. Effective May 1, Anne Gudefin will be joining Langerman as co-manager of the portion of the Masters' portfolio run by Franklin Mutual. Gudefin has been in the investment industry for 17 years and joined the Franklin Mutual team in 2000. She is also the portfolio manager for the Mutual Qualified Fund and the co-portfolio manager of the Mutual Discovery Fund.

We have been very pleased with Franklin Mutual's work including their investment performance for Masters' Select Focused Opportunities (our experience with them goes back to the 2000 inception of another fund they sub-advise for us, Masters' Select Value). Though we are disappointed to see Embler go, we continue to have a high degree of confidence in Langerman and the Franklin Mutual team. As part of our ongoing due diligence we've had a series of conversations with Gudefin over the years, forming a positive impression. Our deep knowledge of the Franklin Mutual organization, their continued commitment to Masters' Select, and the excellent job they have done for us over the past nine years are, collectively, the source of our confidence.

Final Comments

Though the challenges facing the global economy are sizable, our primary source of optimism about the potential for the fund in coming years comes from talking to the Masters' Select Focused Opportunities sub-advisors about the stock-picking opportunities they are finding in the rubble left behind after the worst year for the stock market since 1931. We believe the upheaval last year resulted in material mis-pricing of many stocks. The sub-advisors' analysis of company fundamentals typically factors in the impact of a brutal recession and the possibility of a subpar recovery. But in spite of the big-picture challenges, in many cases the stock pickers are finding stocks that they believe are now priced to deliver tremendous returns at some point. Time will tell if they are right.

What we can say now is that while we believe the near-term road ahead for the stock markets is likely to be bumpy, we are encouraged with what we are hearing as we grill the Masters' Select sub-advisors with questions about their underlying assumptions and the rationale behind their analysis of the return potential they believe is in the stocks they hold for the fund.

Masters' Select Focused Opportunities has not rewarded shareholders since it was launched in 2006. The worst stock market collapse since the Great Depression was certainly part of the reason. But the fund also performed poorly compared to its benchmark in 2008. As we discuss in the Shareholder Letter on page 3 of this report, we believe there are good reasons to be optimistic about the future of this fund (and other Masters' Select funds). We don't believe the last year will ultimately be reflective of the fund's long-term standing compared to its competitors and its benchmark. The reasons for our confidence start with the team of sub-advisors, each of whom we believe, for a variety of reasons, is among the best in the business. The improved relative performance of late is, we think, a better reflection of the fund's potential. (The improved performance we are referring to was the period from January 21 through the end of the quarter when the fund out-returned the S&P 500 Index by over 8.7 percentage points).

Portfolio Details
(as of 3/31/2009)

Masters' Select Equity Fund

Sector Weightings	%
Consumer Discretionary	15.6%
Consumer Staples	6.2%
Energy	15.6%
Finance	16.4%
Health Care & Pharmaceuticals	12.4%
Industrials	5.0%
Technology	19.1%
Telecom	2.1%
Utilities	0.5%
Materials	2.4%
Notes & Bonds	0.0%
Cash	4.7%
	100.0%

Portfolio Composition	%
Foreign Equities	9.8%
Small Cap Domestic Equities < $2.5 Billion	20.3%
Mid-Cap Domestic Equities	40.6%
Large Cap Domestic Equities > $18.3 Billion	24.5%
Cash and Other Assets	4.7%
	100.0%

Top Ten Holdings

Liberty Media Corp New	3.7%	EOG Resources Inc	2.9%
Sun Microsystems Inc	3.4%	Dell Inc	2.9%
Bank New York Mellon Corp	3.4%	Google Inc	2.8%
Berkshire Hathaway Inc Del	3.1%	Fairfax Financial Holdings Ltd	2.6%
Chesapeake Energy Corp	3.1%	Disney Walt Co	2.0%

Masters' Select International Fund

Sector Weightings	%
Consumer Discretionary	12.9%
Consumer Staples	5.2%
Energy	8.0%
Finance	19.3%
Health Care & Pharmaceuticals	12.2%
Industrials	10.0%
Technology	14.4%
Telecom	5.4%
Utilities	0.0%
Materials	5.4%
Cash & Other Assets	7.2%
	100.0%

Portfolio Composition	%
Emerging Markets Equities	25.7%
Developed Small-Cap Equities < $2.0 Billion	6.6%
Developed Large-Cap Equities > $2.0 Billion	60.4%
Cash & Other Assets	7.2%
	100.0%

Small-Cap Equities < $2.0 Billion	9.3%
Mid-Cap Equities $2 Billion to $10 Billion	31.3%
Large-Cap Equities > $10.0 Billion	52.2%
Cash & Other Assets	7.2%
Total	100.0%

Regional Weightings	%
Africa	0.0%
Australia/New Zealand	0.0%
Asia ex	18.0%
Japan	14.7%
Western Europe and UK	42.8%
Latin Am	7.0%
North America	5.4%
Middle East	4.9%
Cash & Other Assets	7.2%
	100.0%

Top Ten Holdings

Teva Pharmaceutical Inds Ltd	4.9%	Potash Corp of Saskatchewan, Inc	2.1%
Actelion	2.9%	Gazprom	2.1%
Lonza Group AG	2.7%	Millicom Internationalcellular	2.0%
Petroleo Brasileiro SA	2.6%	China Mobile Ltd	2.0%
Credit Suisse Grp AG	2.3%	Infosys Technologies Ltd	2.0%

Masters' Select Value Fund

Sector Weightings	*%*
Consumer Discretionary	23.6%
Consumer Staples	11.3%
Energy	7.2%
Finance	7.3%
Health Care & Pharmaceuticals	11.6%
Industrial	6.9%
Technology	18.0%
Telecom	3.3%
Utilities	0.0%
Materials	5.8%
Cash and Other Assets	5.1%
	100.0%

Portfolio Composition	*%*
Foreign	24.9%
Small Cap Domestic Equities < $2.5 Billion	16.6%
Mid-Cap Domestic Equities	31.3%
Large Cap Domestic Equities > $18.3 Billion	22.0%
Cash and Other Assets	5.1%
	100.0%

Top Ten Holdings

Liberty Media Corp New	7.3%	Rhoen Klinikum AG	3.6%
Sun Microsystems Inc	5.0%	Siemens AG	3.6%
Dell Inc	4.8%	Weyerhaeuser Co	3.4%
CVS Caremark Corp	4.5%	Imperial Tobacco	3.4%
Chesapeake Energy Corp	3.9%	Japan Tobacco Inc	3.4%

Masters' Select Smaller Companies Fund

Sector Weightings	*%*
Consumer Discretionary	24.1%
Consumer Staples	8.0%
Energy	10.7%
Finance	11.8%
Health Care & Pharmaceuticals	7.7%
Industrials	10.5%
Technology	11.5%
Telecom	3.0%
Utilities	3.8%
Materials	1.3%
Cash and Other Assets	7.7%
	100.0%

Asset Allocation	*%*
Micro-Cap < $711 Million	30.2%
Small-Cap $711 Million to $2.5 Billion	41.2%
Small-Mid Cap $2.5 Billion to $7 Billion	19.4%
Mid-Cap $7.0 Billion to $18.3 Billion	1.5%
Large-Cap $18.3 Billion to $50 Billion	0.0%
Cash and Other Assets	7.7%
	100.0%

Top Ten Holdings

Central Garden + Pet Co	4.5%	Wendys/Arbys Group Inc	2.1%
AES Corp	2.5%	DTS Inc	2.1%
Jo Ann Stores Inc	2.5%	Sybase Inc	2.0%
Avnet Inc	2.4%	Alleghany Corp Del	2.0%
White Mountains Ins Group Ltd	2.2%	Liberty Media Corp New	1.9%
			24.17%

Masters' Select Focused Opportunities Fund

Sector Weightings	*%*
Consumer Discretionary	4.8%
Consumer Staples	13.4%
Energy	15.9%
Finance	21.7%
Health Care & Pharmaceuticals	5.2%
Industrials	4.5%
Technology	20.2%
Telecom	0.0%
Utilities	4.4%
Materials	3.8%
Cash and Other Assets	6.1%
	100.0%

Asset Allocation	*%*
Foreign	24.2%
Small Cap Domestic Equities < $2.5 Billion	5.5%
Mid-Cap Domestic Equities	35.1%
Large Cap Domestic Equities > $18.3 Billion	29.2%
Cash and Other Assets	6.1%
	100.0%

Top Ten Holdings

Bank New York Mellon Corp	7.1%	Intercontinentalexchange Inc	5.8%
Canadian Natural Resources Ltd	6.7%	Japan Tobacco Inc	5.2%
Google Inc	6.2%	Intuitive Surgical Inc	5.2%
National Oilwell Varco Inc	6.2%	Siemens AG	4.5%
Apple Inc	6.1%	E On AG	4.4%
			57.40%

Fund holdings, sector allocations and portfolio composition are subject to change and should not be considered investment advice. Current and future portfolio holdings are subject to risk.

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

The Custom Equity Index is composed of a 70% weighting in the S&P 500 Index, a 20% weighting in the Russell 2000 Index, and a 10% weighting in the MSCI EAFE Index. **The S&P 500 Index** consists of 500 stocks that represent a sample of the leading companies in leading industries. This index is widely regarded as the standard for measuring large-cap U.S. stock market performance. **The Russell 2000 Index** measures the performance of the 2,000 smallest companies in the Russell 3000 Index. **The MSCI EAFE Index** measures the performance of all of the publicly traded stocks in 21 developed non-U.S. markets.

The Lipper International Equity Fund Index measures the performance of the 30 largest mutual funds in the international equity fund objective, as determined by Lipper, Inc.

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

The Lipper Multi-Cap Value Fund Index measures the performance of the 30 largest mutual funds that invest in a variety of market capitalization ranges without concentrating 75% or more of their assets in any one market capitalization range over an extended period of time, as determined by Lipper, Inc. Value Funds seek long-term growth of capital by investing in companies that are considered to be undervalued relative to a major unmanaged stock index based on a price-to-earnings, price-to-book value, asset value or other factors.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

"Growth" stocks are generally considered to be stocks of companies with high expected earnings growth compared to "value" stocks. Because of this higher expected growth, growth stocks tend to be priced at a higher multiple of their current earnings than value stocks. However, the premium paid for growth stocks compared to value stocks can vary dramatically depending on the market environment.

Price to earnings ratio (P/E Ratio) is a common tool for comparing the prices of different common stocks and is calculated by dividing the current market price of a stock by the earnings per share. Similarly, multiples of earnings and cash flow are means of expressing a company's stock price relative to its earnings per share or cash flow per share, and are calculated by dividing the current stock price by its earnings per share or cash per share. Forecasted earnings growth is the projected rate that a company's earnings are estimated to grow in a future period.

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

References to other mutual funds should not be interpreted as an offer of these securities.

The following table presents the Masters' Select Investment Managers and their individual benchmarks:

Manager	Fund	Index
Bronchick/Kerr	Smaller Companies	Russell 2000 Value
D'Alonzo	Equity/Smaller Companies	Russell 2500 Growth/Russell 2000 Growth
Davis/Feinberg	Equity/Focused Opportunities	S&P 500
Embler/Langerman	Value/Focused Opportunities	Russell 3000 Value
Fries/Walden	International	MSCI All Countries World Ex US
Gendelman	International	MSCI All Countries World Ex US Growth
Hawkins	Equity/Value	Russell 3000 Value
Herro	International	MSCI World Value ex US
Walsh	Smaller Companies	Russell 2000 Growth
McGregor	Equity/Value	Russell 3000 Value
Northern Cross Team	International	S&P Global ex US LargeMid Cap
Nygren	Value	Russell 3000 Value
Rodriguez	Smaller Companies	Russell 2000 Value
Sands/Sramek	Equity/Focused Opportunities	Russell 1000 Growth
Turner/McHugh/McVail	Equity	Russell 1000 Growth
Tyson/Allen	International	MSCI All Countries World Ex US Growth
Wadhwaney	International	MSCI All Countries World Ex US Value
Weiss	Equity/Smaller Companies	Russell 2000

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

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

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Masters' Select Funds

(v.1Q09/r)