

# WORLD COMMODITY<sup>SM</sup> FUND

## **ANNUAL REPORT**

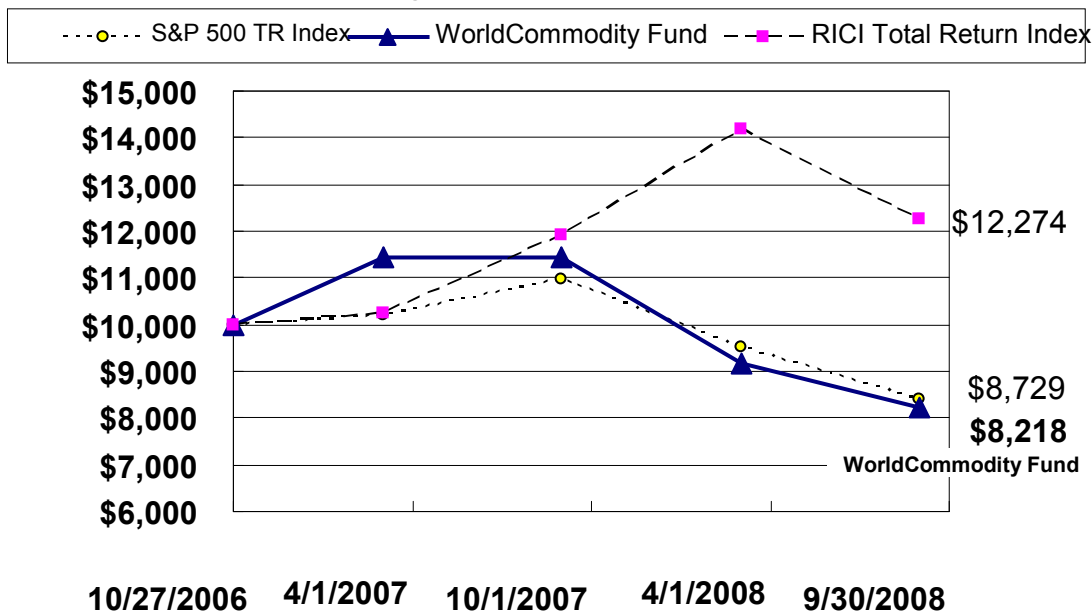
For the fiscal year ended:  
**September 30, 2008**

**[www.worldcommodityfunds.com](http://www.worldcommodityfunds.com)**

**800-595-4922 • 404-437-7420**

---

## Value of \$10,000 Invested At Inception WorldCommodity Fund vs. S&P 500 and RIC1 (Unaudited)



The chart above covers the period from inception of the Fund (October 27, 2006) to the end of the most recent fiscal year (September 30, 2008).

*Note: The following notes pertain to the chart above as well as the performance table included below. Performance information in this report represents past performance and is not a guarantee of future results. The investment return and principal value of an investment in the Fund will fluctuate, so that an investor's shares when redeemed may be worth more or less than their original cost. Current performance may be higher or lower than performance quoted within. Any questions you have, including obtaining the latest month-end performance, can be answered by calling the Fund at 1-800-595-4922.*

*The S&P 500® Total Return Index is an unmanaged index comprised of 500 stocks selected for market capitalization, liquidity, and industry group representation. The RIC1™ TR is an unmanaged, total return index representing 36 exchange-traded commodities. The S&P 500® and RIC1™ TR are used for comparative purposes. The WorldCommodity Fund™ is not designed to track the S&P 500® or the RIC1™ TR indexes and its performance will differ from these benchmarks.*

Below is a comparison of the WorldCommodity<sup>SM</sup> Fund's performance with that of two unmanaged, total return indexes, (both with dividends reinvested), that of the *Standard & Poor's 500® Total Return Index* and the *Rogers International Commodity Index® Total Return* from the inception of the Fund through September 30, 2008:

	One Year Ended 09/30/2008	Since Inception 10/27/2006 to 09/30/08*
<b>WorldCommodity<sup>SM</sup> Fund</b>	<b>(31.80)%</b>	<b>(9.66)%</b>
Rogers International Commodity Index® Total Return	2.93%	11.09%
S&P 500® Total Return Index	(21.98)%	(6.79)%

\*Returns are annualized

**Management Discussion & Analysis (Unaudited)  
For the Fiscal Year Ended September 30, 2008**

**Top Ten Holdings\*  
(% of Net Assets)**

ABN AMRO Bank, NV Rogers International Commodity Index® - Agriculture Excess Return (RICIA) Linked Securities	6.21
GoldCorp Inc.	5.24
JG Boswell Co.	4.63
MESCO, Inc.	4.47
CF Industries Holdings, Inc.	4.33
Namoi Cotton Cooperative Ltd.	3.92
Maryborough Sugar Factory Ltd.	3.85
Swedish Export Credit Corp Elements Rogers International Commodity Index® - Agriculture Total Return <sup>SM</sup> Linked Securities	3.20
Franco Nevada Corp. Warrants (March, 2012)	3.19
UAL Corp.	<u>2.91</u>
	41.95 %

**Country Holdings\*  
(% of Net Assets)**

Canada	14.57
United States	12.32
United Kingdom	9.52
Australia	7.77
Sweden	5.12
Japan	4.47
China	2.33
New Zealand	1.79
<u>Hong Kong</u>	<u>0.81</u>
	58.70 %

**Commodity Sectors  
(% of Investments)**

Cash **	40.61
Agriculture	34.63
Metals	18.72
Miscellaneous	6.04
Energy	<u>0.00</u>
	100.00 %

*\*Excludes cash and cash equivalents    \*\*Includes money market funds*

## Management Discussion & Analysis (Unaudited) For the Fiscal Year Ended September 30, 2008

---

November 16, 2008

To the Shareholders and Directors of the WorldCommodity Fund:

In managing the Fund, the Adviser's strategy is to look globally among all equity markets for companies, countries, and currencies that will benefit from the continued rise of global commodity prices, as measured best by the Rogers International Commodity Index®.

As shown in the preceding table "Commodity Sectors", over 34% of the Fund's portfolio remained invested in securities which the Adviser believes will perform well with rising agricultural prices. However, the best performing commodity sector for 12 months ending September 30, 2008 (as measured by the Rogers Commodity Indices) was once again the energy sector, up 25%:

Rogers International Commodity Index® Energy Total Return	RICIE TR	25.23%
Rogers International Commodity Index® Agriculture Total Return	RICIA TR	(12.36)%
Rogers International Commodity Index® Metals Total Return	RICIM TR	(16.65)%

### What factors influenced performance?

From an investor's perspective, this has been a historic year for every major asset class on a worldwide basis, including real estate, bonds, equities, and commodities. Prices of physical commodities and many commodity-related equities reached all-time highs in June 2008 only to make near record reversals by the end of September. Moreover, while the performance figures mentioned above are as of September 30<sup>th</sup>, commodity prices as measured by the Rogers Commodity Indexes have continued to fall, now down in excess of 30% year to date.

In this respect the Fund's portfolio benefited from the following positioning in 2008:

- Low exposure to energy
- Low exposure to metals
- High cash levels of 11% to 41%;
- High agriculture sector exposure relative to energy and metals

### Capital allocation:

To paraphrase Warren Buffett's recent comment:

*'The job of a capital allocator is not so much to look forward.. where the world is going; but look where the world is leaving- for sure.'*<sup>1</sup>

Since opening in October 2006, the Adviser has favored the agriculture sector in the Fund's portfolio weightings at the expense of both energy and metals exposure. The decision to favor agricultural-based investments was determined in part based on the Adviser's view that high metals and energy prices had created too much interest in the stocks of these companies worldwide. For the fiscal year ending in September, the Fund's weighting toward agricultural holdings contributed to lower performance relative to both commodity indexes and other natural resource funds as prices for global agricultural commodities as a group continue to lag behind the energy sector. However, in 2008, with most funds dedicated to natural resources devoting 80-100% of assets to oil, gas, and mining-related companies, and crude oil prices reaching \$146 per barrel, the portfolio manager formed a view that prices could fall substantially if the investors decided to 'leave' the energy sector. As of June 30, the WorldCommodity Fund was zero percent (0%) invested in the energy sector having disposed of a small position in Penn West Energy Trust; and prices for crude oil closed at \$141 per barrel, falling to \$100 at September 30.

## Management Discussion & Analysis (Unaudited) For the Fiscal Year Ended September 30, 2008

---

### Portfolio positioning at year-end

The Fund's portfolio began October 2008 holding a large cash position of 41% of net assets, and zero percent (0%) allocation to the energy sector. With crude oil prices in the \$50-\$60 range in November, the Adviser anticipates making significant investments in the metals/mining and energy sectors.

### **Metals and Mining - Franco Nevada Corp.**

The Adviser is excited to introduce the fund's largest investment in the metals/mining sector at period end, Franco Nevada Corp. At the time of this writing, the United States Federal Deposit Insurance Corporation (FDIC) has put 19 banks into receivership year to date. This spike in the number of failed banks stands in contrast to previous years with only three banks seized in 2007 and no failures in all of 2005 & 2006<sup>2</sup>. Franco-Nevada's business model is perfectly suited for this environment where debt financing of all types for the very capital intensive mining industry is either prohibitively expensive or impossible to acquire. Over the coming years, Franco-Nevada, seeks to build a portfolio of royalty interests in properties mining precious metals, platinum group metals, as well as crude oil and natural gas. The company has one of the best management teams and execution plans in the industry. In the Adviser's opinion, Franco-Nevada will be a prime beneficiary of the global banking crisis and today's lower commodity prices.

1 Source: January 20<sup>th</sup>, 2007 CNBC interview with Berkshire Hathaway's Warren Buffett.

2 Source: [www.fdic.gov](http://www.fdic.gov); "Failed Bank List".

During the six months beginning April 1<sup>st</sup> and ending September 30<sup>th</sup>, 2008, the Fund acquired the following securities that were not owned at March 31, 2008 and which are listed as portfolio investments at September 30:

- CF Industries Holdings, Inc.
- Denison Mines Corp.
- Franco Nevada Corp.
- Franco Nevada Corp. Warrants
- Goldcorp Inc.
- Barclays Bank, PLC  
iPath Dow Jones-AIG **Coffee** Total Return Sub-Index  
ETN, Medium-Term Notes, Series A, 06/24/2038
- Deutsche Bank, AG  
Powershares DB Agriculture Double Long ETNs,  
Global Notes, Series A, 04/1/2038
- Swedish Export Credit Corp. ELEMENTS<sup>SM</sup>  
Rogers International Commodity Index® -**Metals** Total Return<sup>SM</sup> Linked Securities  
Medium-Term Notes, 10/24/2022
- **Warrants in Hong Kong and China:**  
Air China Ltd. (12/12/2008) and (2/26/2009)  
Beijing Capital International Airport (1/23/09)  
Chaoda Modern Agriculture Holdings (3/06/09)  
Cathay Pacific Airways, Ltd., (12/19/2008)  
China Southern Airlines, (2/27/2009)  
Sinofert Holdings Ltd. (2/27/2009) & (3/16/2009)

Also, during the six months ended September 30, 2008, the Fund disposed of positions listed at March 31, 2008 and for which no shares were held on September 30, 2008 as follows:

- AMR Corp.
- MF Global Ltd.
- Northwest Airlines Corp.
- Penn West Energy Trust

Fund shareholders should keep in mind that the above discussion applies to the Fund's portfolio as of September 30, 2008 and may not reflect changes occurring subsequent to the end of the fiscal year.

Sincerely,

Jim Llewellyn  
President