

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

## WCOMX

### **ANNUAL REPORT**

**For the year ended:  
September 30, 2010**

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

**800-595-4922 • 404-437-7420**

**WorldCommodity<sup>SM</sup> Fund**  
**September 30, 2010 (Unaudited)**

<b>Top Holdings*</b> <b>(% of Net Assets)</b>	
Cliffs Natural Resources Inc.	20.12
WPG Resources Ltd.	11.45
St. Andrew Goldfields Ltd.	7.93
New Gold Inc. Warrants (6/28/2017)	7.07
Western Refining, Inc.	6.60
Birchcliff Energy Ltd.	4.29
Chinook Energy Inc.	4.17
CF Industries Holdings, Inc.	4.06
Mosaic Co.	3.70
Franco-Nevada Corp. Warrants (6/16/2017)	3.47
Great Basin Gold Ltd. Warrants (10/15/2010)	3.23
Insignia Energy Ltd.	3.09
New Gold Inc. Warrants (4/3/2012)	2.31
Franco-Nevada Corp. Warrants (3/13/2012)	2.31
Ivernia Inc.	2.20
	86.00%

<b>Country Holdings*</b> <b>(% of Net Assets)</b>	
Canada	46.94
United States	34.72
Australia	11.45
Sweden	4.21
Bermuda	1.35
New Zealand	0.38
	99.05

<b>Commodity Sectors</b> <b>(% of Net Assets)</b>	
Metals	64.94
Energy	21.33
Agriculture	10.59
Multi-Sector & Misc.	2.19
Cash**	0.95
	100.00%

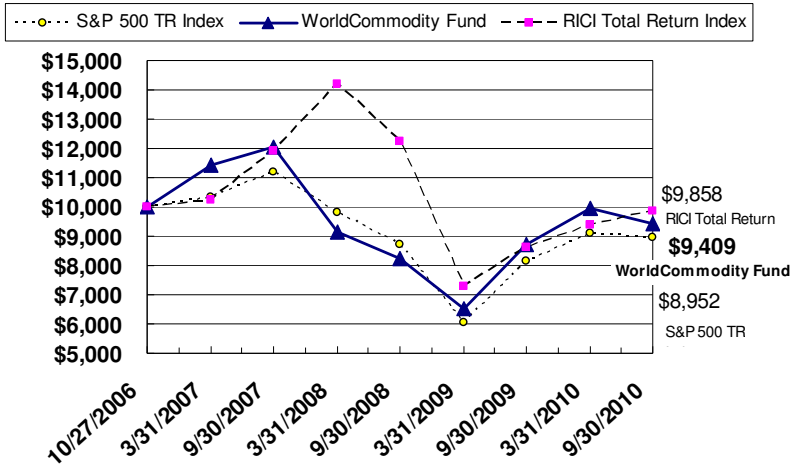
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\*Excludes cash and cash equivalents

\*\*Includes money market funds and other assets net of liabilities

# Investment Performance Graph (Unaudited)

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



The chart above covers the period from inception of the Fund (October 27, 2006) to the end of the most recent period (September 30, 2010).

*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 37 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.*

## Investment Performance (Unaudited)

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, 2010.

	Six Months Ended	One Year Ended	Since Inception 10/27/2006 to 9/30/2010**
	9/30/2010*	9/30/2010	9/30/2010**
<b>WorldCommodity<sup>SM</sup> Fund (WCOMX)</b>	<b>-5.37%</b>	<b>8.41%</b>	<b>-1.54%</b>
Rogers International Commodity Index® Total Return	5.04%	14.07%	-0.36%
S&P 500® Total Return Index	-1.42%	10.16%	-2.78%

\*Returns are cumulative, not annualized

\*\*Returns are annualized

*Note: 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 RICI® TR is an unmanaged, total return index representing 37 exchange-traded commodities. The S&P 500® and RICI® TR incur no fees, expenses or tax effects and are shown solely for comparative purposes. The WorldCommodity Fund<sup>TM</sup> is not designed to track the S&P 500® or the RICI®TR indexes and its performance will differ from these benchmarks.*

## Management Discussion & Analysis For the Year Ended September 30, 2010

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WorldCommodity Fund  
November 29, 2010

To the Shareholders and Directors of the WorldCommodity Fund:

In managing the Fund, our 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, 64% of the Fund's portfolio is invested in securities which we believe will perform well with rising metals prices. However, the best performing commodity sector for the six month period ending September 30, 2010 (as measured by the Rogers Commodity Indexes) was the *agriculture* sector:

Rogers International Commodity Index® Agriculture Total Return  
RICI®-A™ 23.41%

Rogers International Commodity Index® Metals Total Return  
RICI®-M™ 5.97%

Rogers International Commodity Index® Energy Total Return  
RICI®-E™ -8.76%

### ***What factors influenced performance?***

The WorldCommodity Fund's (WCOMX) return of negative -5.37% for the six months ended September 30, 2010, underperformed the Rogers International Commodity Index®, two of the RICI® sub-indexes as shown above, and the S&P 500® Total Return Index.

The Fund's performance can be attributed to the following:

#### **Strengths:**

- Exposure to precious metals especially gold
- Exposure to iron ore
- Low exposure to crude oil sector
- Fully invested; lack of cash
- High exposure to strong Australian & Canadian dollars

#### **Weaknesses:**

- Reduced exposure to agriculture sector
- High exposure to natural gas sector

## Management Discussion & Analysis (Continued) For the Year Ended September 30, 2010

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This month, I begin my fifth year managing your Fund's portfolio. I would like to take this opportunity to review some of the highlights, including a review of the major investment themes and resulting positions taken in the Fund's portfolio over the last four years.

### **2006-2007 Major Sector Bets: Agriculture and Fertilizer**

Our benchmark index, the Rogers International Commodity Index® is composed of 37 individual commodities ranging from azuki beans to zinc. While the broader index may be up or down in any given time period, typically there are individual commodities whose prices are rising strongly and several others which may be depressed. As investors, we are in search of value. As such, our preferred strategy in managing the Fund's portfolio is to identify those individual commodities which are depressed or whose prices are underperforming relative to the broad index. Naturally, for companies operating in that sector (cotton, or sugar, for example) commodity prices typically drive revenues and profitability of an entire industry group both domestically and globally.

When the Fund opened in 2006, we found more value and less downside risk in the agricultural commodities themselves and their associated industries. Our largest investments in the agriculture sector at that time were the Rogers Agriculture Index (RICI®-A™) and producers of fertilizer especially CF Industries, Inc. - as well as Terra Industries, Mosaic Co. and Agrium.

### **2008-2009 Major Sector Bets: Metals and Small-Cap Miners**

Coming into September 2008, we had patiently waited for two years with very little exposure to metals or mining of any kind and no exposure to energy. In a world where the average natural resources focused fund carried 60-90% of its assets in energy and metals/mining, that was somewhat unusual. Instead, we entered September 2008 with 40% cash, 0% weighting to energy and 35% to agriculture, which served us well in the coming months.

### **Mining Crisis**

The financial crisis [Oct/2008 to March/2009] which began with the world's banks coincided with a selloff in all commodities which then became a real life 'mining crisis' as funding for the capital intensive business of building a mine evaporated. Recognizing this as a tremendous opportunity to build our positions in several important metals we aggressively accumulated shares in smaller mining companies around the world. Our analysis showed that while prices of the physical metals were very attractive, the shares of mining companies themselves (representing ownership in their resource reserves) were far cheaper on a \$/oz of gold or \$/ton of iron ore basis.

## **Management Discussion & Analysis (Continued) For the Year Ended September 30, 2010**

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Our preferred mining company was one which had not begun production, or had stopped for some reason (ie. WPG Resources, St. Andrew Goldfields, Ivernia Inc.). Also, we preferred companies where the prevailing market perception was they might have some trouble financing their project due the global credit crisis (ie. WPG Resources, Katanga Mining, New Gold, Great Basin Gold). We finished 2009 with positions in mining companies involved in gold, platinum group metals, lead, nickel, zinc and iron ore.

### **2010 Major Sector Bets: Natural Gas Producers**

Coming into 2010, one of the most depressed commodities in the RIC<sup>®</sup> since it's inception in 1998 was, and remains, natural gas. In December 2009, we initiated a new position in the natural gas sector, exclusively with Canadian-based producers of natural gas and natural gas liquids. In the last semi-annual report we outlined the reasons why we prefer Canadian production areas and operators over those based in the United States. The British Petroleum deep water accident in the Gulf of Mexico, its effects, and the U.S. Government's response only strengthened our view that Canada can be an excellent source of investment ideas for those looking for producers with expertise and reserves. As I write this, the general outlook for both natural gas prices and prospects for companies that produce it is quite negative. We don't share that view, and expect the market to reevaluate its opinion of the prospects for natural gas in the coming years.

In the future, perhaps we can write more at length about the strengths of our favorite producer in the group, Birchcliff Energy, Ltd. Until then, in the most recent quarter managers at Birchcliff reported:

- record production volumes, [16,000 boe/day]
- significant increases in proven developed producing reserves
- significant increases in proved plus probable reserve additions
- drilling of 27 wells with a 100% success rate
- significantly lower costs per barrel of oil equivalent [\$7.53 boe]
- completion of construction and start-up of gas processing plant
- continuing to aggressively add to their undeveloped land base

### **2011 Major Sector Bets: Gasoline, Diesel-Petroleum Refiners**

The only new position added to the portfolio in the previous six months was Western Refining, Inc. (WNR). While WNR represented only 6.6% of the Fund at the end of September, we expect both WNR and other companies in this sector to represent a large portion of the portfolio in 2011. WNR is an independent refiner of crude petroleum. Refiners typically buy crude petroleum and process sour, sweet, or light sweet crude oil into refined products. Refined products are commodities like unleaded gasoline, diesel fuel/gas oil, heating oil, kerosene. At the

## **Management Discussion & Analysis (Continued) For the Year Ended September 30, 2010**

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moment we believe the refining sector as a whole (in the United States, Europe et al) to be among the most undervalued industries in the world. Major integrated oil companies are actively liquidating and or shutting down many of their refinery assets worldwide. Indeed, the economics of the refinery business are disastrous when spreads for the refined products are thin as they have been the last 24 months. Again, we have been closely following the refining industry for several years now. In that time, these low operating margins have suffocated the entire industry. When we opened our position in WNR in August 2010, the industry as whole was characterized by:

- ✓ huge amounts of debt on the balance sheets,
- ✓ very old/ancient infrastructure,
- ✓ low spreads/negative profit margins,
- ✓ historically low sales volumes,
- ✓ marketplace with 'glut of refined products', etc.

We formed an opinion that these trends are highly likely to reverse themselves. Also, while the business economics of the refining business are terrible when spreads are narrow - when they widen the picture changes dramatically. Another factor which favors the group is the incredible dearth of new supply/manufacturing capacity coming online in both the United States and Europe. The economics of the refining industry closely resemble those of another chemical industry, the fertilizer producers. We believe over the next 24 months the balance sheets and operating margins of the independent crude oil refiners will begin to look more like those of our favorite nitrogen fertilizer producers.

### ***What changes in the portfolio were made?***

During the last six months of the year the Fund materially acquired the following security that was not owned at March 31, 2010 which is listed as a portfolio investment at September 30, 2010:

- Western Refining Inc.

Fund shareholders should keep in mind that the above discussion applies to the Fund's portfolio as of September 30, 2010 and may not reflect changes occurring subsequent to the end of the period.

Sincerely,

Jim Llewellyn  
Portfolio Manager

## Expense Illustration (Unaudited) September 30, 2010

### Expense Example

As a shareholder of the WorldCommodity Fund, you incur two types of costs: (1) transaction costs, which may include, but are not limited to, transaction fees at some broker-dealers, custodial fees for retirement accounts, redemption fees, and wire transfer fees; and (2) ongoing costs, such as the advisory and administration fees paid to the adviser of the Fund.

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, April 1, 2010 through September 30, 2010.

### Actual Expenses

The first line of 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 this period.

### Hypothetical Example for Comparison Purposes

The second line of the table below provides information about hypothetical account values and hypothetical expenses based on the Fund's actual expense ratio and an assumed rate of return of 5% per year before expenses which is not the Fund's actual return. The hypothetical account values and expenses may not be used to estimate the actual ending account balance or expenses you paid for the period. You may use this information to compare the ongoing costs of investing in this Fund and other funds. To do so, compare this 5% hypothetical example with the 5% hypothetical examples that appear in the shareholder reports of the other funds.

Please note that the expenses shown in the table are meant to highlight your ongoing costs only and do not reflect any transactional costs. 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 costs were included, your costs would have been higher.

	<b>Beginning Account Value</b>	<b>Ending Account Value</b>	<b>Expenses Paid During Period*</b>
	<b><u>April 1, 2010</u></b>	<b><u>Sep 30, 2010</u></b>	<b><u>April 1, 2010 to Sep 30, 2010</u></b>
Actual	\$1,000.00	\$946.29	\$7.95
Hypothetical (5% return before expenses)	\$1,000.00	\$1,016.90	\$8.24

\* Expenses are equal to the Fund's annualized expense ratio of 1.63%, multiplied by the average account value over the period, multiplied by 183/365 (to reflect the one-half year period).

**WorldCommodity Fund**  
**Schedule of Investments**  
**September 30, 2010**

<u>Shares</u>	<u>Country</u>	<u>Value</u>	<u>% Net Assets</u>
<b>COMMON STOCKS</b>			
<b>Agricultural Chemicals - Fertilizer</b>			
338 CF Industries Holdings, Inc.	United States	\$32,279	
500 Mosaic Co.	United States	<u>29,380</u>	
		<u>61,659</u>	7.76%
<b>Agricultural Production</b>			
3 JG Boswell Co.	United States	1,920	
7,414 PGG Wrightson Ltd.	New Zealand	<u>3,047</u>	
		<u>4,967</u>	0.63%
<b>Crude Petroleum &amp; Natural Gas</b>			
4,000 Birchcliff Energy Ltd. *	Canada	34,053	
9,900 Cequence Energy Ltd. *	Canada	17,125	
15,500 Insignia Energy Ltd. *	Canada	24,553	
14,077 Chinook Energy, Inc. *	Canada	<u>33,106</u>	
		<u>108,837</u>	13.70%
<b>Crude Petroleum Refining</b>			
10,000 Western Refining, Inc. *	United States	<u>52,400</u>	6.60%
<b>Mining - Iron Ore</b>			
100,000 WPG Resources Ltd. *	Australia	90,909	
2,500 Cliffs Natural Resources, Inc.	United States	<u>159,800</u>	
		<u>250,709</u>	31.56%
<b>Mining - Lead</b>			
60,000 Ivernia, Inc. *	Canada	<u>17,493</u>	2.20%
<b>Mining - Precious Metals</b>			
45,000 St. Andrew Goldfields Ltd. *	Canada	62,974	
350,000 Starfield Resources, Inc. *	Canada	<u>15,306</u>	
		<u>78,280</u>	9.86%
<b>Resource Royalties - Mining and Energy</b>			
400 Franco-Nevada Corp.	Canada	<u>12,583</u>	1.59%
<b>Transportation - Air</b>			
119 Groupe Aeroplan, Inc.	Canada	<u>1,462</u>	0.18%
<b>TOTAL COMMON STOCKS (Cost \$397,165)</b>		<u>588,390</u>	74.08%

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