

KEYSTONE Large Cap Growth Fund



2nd Quarter 2009

OBJECTIVES AND PHILOSOPHY

The Keystone Large Cap Growth Fund's investment objective is long-term growth of capital.

Keystone's investment philosophy is grounded in principles of long-term investing. We understand that markets as well as investment styles are cyclical, but believe that over the long-term an investor prospers by maintaining a disciplined and focused approach. We believe investment success can be achieved by purchasing high quality growth stocks when our research identifies one or more under appreciated opportunities.

PERFORMANCE

RETURNS (AS OF 6/30/09)*

		3 Month	YTD	1 Year	3 Year	Since Inception 8/7/06
Class A	NAV	17.40%	18.99%	-23.42%	-	-4.09%
	POP	12.38%	13.90%	-26.67%	-	-5.52%
Class C	NAV	17.23%	18.56%	-23.93%	-	-4.68%
	POP	16.23%	17.56%	-24.69%	-	-4.68%
Russell 1000® Growth Index		16.32%	11.53%	-24.50%	-	-4.93%

Performance data quoted represent past performance, which 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 may be higher or lower than quoted. Most recent month-end performance may be obtained by calling 877-224-7071.

Performance data shown at POP reflects the maximum sales charge of 4.25% for Class A and the maximum deferred sales charge of 1.00% for Class C. Performance data shown at NAV does not reflect the deduction of the sales loads or fees. If reflected, the load or fee would reduce the performance quoted.

*Returns one year and longer are annualized.

GENERAL INFORMATION

	CLASS A	CLASS C
NAV (as of 6/30/09)	\$20.24	\$19.87
Maximum Sales Charge	4.25%	None
Maximum Deferred Sales Charge	None	1.00%
Dividends Paid	Quarterly	Quarterly
Initial Minimum Investment	\$2,500	\$2,500
Gross Expense Ratio	1.64%	2.34%
Net Expense Ratio [^]	1.50%	2.20%

[^]The Investment Advisor has contractually agreed to reduce its fees of the Fund until November 1, 2009. Investment performance reflects fee waivers, in the absence of such waivers, total return would be reduced.

FUND FACTS CLASS A CLASS C

Inception date	08/07/06	08/07/06
CUSIP	493522205	493522304
Ticker	KLGAX	KLGCX

FUND CHARACTERISTICS

Total Net Assets	\$106.2 million
Number of holdings	47
Weighted Average Market Cap	\$47 Billion
Median Market Cap	\$25 Billion
Est. 3-5 yrs. EPS Growth	13.66
P/E (forward 4Q)	16.59

TOP 10 HOLDINGS

Apple Computer, Inc.	5.00%
Adobe Systems, Inc.	4.96%
Qualcomm, Inc.	4.22%
Celgene Corp.	3.90%
Google, Inc.	3.88%
Teva Pharmaceutical Industries Ltd.	3.83%
Union Pacific Corp.	3.76%
Gilead Sciences, Inc.	3.70%
Hewlett-Packard Co.	3.56%
Hess Corporation	3.11%

EQUITY SECTOR WEIGHTINGS

Technology Software	21.08%
Health Care Products	16.23%
Technology Services	15.55%
Consumer Merchandising	13.75%
Industrials	10.95%
Energy	8.62%
Consumer Staples	5.86%
Financial Institutions	4.08%
Materials	2.83%
Utilities	1.05%

QUARTERLY FUND COMMENTARY

During the market downturn last year, we kept our focus on individual stock selection and concentrated the portfolio into the best opportunities we could find. We positioned the portfolio aggressively into the market bottom. This has allowed us year-to-date to outperform our benchmark as the market has climbed.

We are “short term contrarians within the context of being long term fundamental investors.” We use short term bits of bad news to aggressively buy into the weakness of companies whose fundamentals are temporarily impaired. This concentrates the portfolio into a smaller number of names with larger position sizes, assuming the long term fundamentals have changed less than the prices offered in the market. We do the opposite in periods of strength when the market or a given stock moves ahead of the long term fundamentals. In this manner, we seek to build risk into the portfolio during periods of anxiety and take risk out during periods of euphoria. We call this active trading methodology “V-Factor trading”.

Stock prices declined last autumn even more than the long term fundamentals due to fears of a widening financial crisis. We positioned the portfolio into just 38 companies that were generating strong cash flows and were not facing a liquidity pinch by the time the market found a bottom.

The disconnect between prices and long term value last November was greatest in financial stocks. Consequently, we had 9% in financial stocks vs. just 4% in the Index. We believed that these companies would survive the downturn with manageable, if any, dilution and would dominate their industries in the aftermath of the crisis. As the stocks rallied sharply recently, we significantly paired back our positions, in an effort to remove risk from the portfolio. The technology sector, with record free cash flow yields, became our largest sector weight at over 35%.

We believe this active trading around core positions and the concentration of the portfolio into periods of weakness significantly aided performance in the last 7 months, as it has in prior significant downturns. As the market has moved higher, we trimmed back some of the aggressiveness in order to prepare for what could be a choppy summer trading environment.

We believe the economy is entering a long work out phase where consumer expenditures and industrial production will start to grow again off of very depressed levels. Unlike the past 50 years when US consumers with abundant credit were the engine of global economic growth, in our opinion the current recovery may be driven by resource rich emerging market countries that continue to build their infrastructure and whose middle classes develop meaningful purchasing power for the latest (western) consumer electronics, fashions, and entertainment.

We have maintained the barbell approach in our portfolio. At one extreme, we have invested in large, industry dominant companies with large cash balances that are able to cut costs and weather a choppy economic recovery. At the other extreme, we have invested in some smaller, more volatile names that would benefit from a cyclical upturn in the economy. A common theme across the portfolio is strong cash flow generation.

Price to Book (P/B) Ratio compares a stock's market value to the value of total assets less total liabilities. The P/B ratio is calculated by dividing the current price of the stock by the company's book value per share. Price/earnings (P/E) ratio is calculated by taking the average of the earnings per share of each stock in the Fund's portfolio divided by its per-share market value for the next four quarters. Earnings per share (EPS) is calculated by taking the total earnings divided by the number of shares outstanding. Alpha is an annualized return measure of how much better or worse a fund's performance is relative to an index of funds in the same category, after allowing for differences in risk. Basis point is a unit that is equal to 1/100th of 1%, and is used to denote the change in a financial instrument. Cash flow measures the cash generating capability of a company by adding non-cash charges (e.g. depreciation) and interest expense to pretax income. The Russell 1000 Growth Index is an unmanaged index that measures the performance of those Russell 1000 companies with higher price-to-book ratios and higher forecasted growth values. The indices are not available for investment and do not incur charges or expenses. Fund characteristics, holdings and sector weightings are subject to change and should not be considered a recommendation to buy or sell these securities.

Current and future holdings are subject to risk.

Mutual fund investing involves risk; principal loss is possible. The fund may concentrate its assets in fewer holdings which will expose it to increased individual stock volatility. The Fund may also purchase foreign securities or use derivatives, which involve additional risks. Please refer to the prospectus for details.

Must be preceded or accompanied by a prospectus.

Distributed by Quasar Distributors, LLC.

ASSET ALLOCATION



Common stock 97.1%
Interest Bearing Short Term 2.9%

PORTFOLIO MANAGEMENT

Thomas G. Kamp President and
Chief Investment Officer of the advisor

ABOUT THE ADVISOR

Keystone Mutual Fund's investment advisor is Cornerstone Capital Management, Inc. CCM has been providing investment advisory services to institutional and high net worth clients since it's founding in Minneapolis in 1993.

At the heart of Cornerstone is a collection of senior investors who have left larger firms for the opportunity to work in a nimbler, more personal environment. Our goal is to achieve long-term investment success for our clients by identifying under appreciated opportunities: quality companies, with strong fundamentals and tremendous growth opportunities, that our research shows to be undervalued.

And importantly, we will earn your trust by operating at the highest levels of professionalism and integrity, by offering the highest level of personalized service—and of course by striving to consistently deliver superior investment performance.

Keystone Mutual Funds
7101 West 78th Street, Suite 201
Bloomington, MN 55439
Phone: 952-229-8100

