

Large Cap Growth Fund

To invest wisely, you must employ both the telescope and the microscope.

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 12/31/11)*	Keystone Large Cap Growth Class A	Keystone Large Cap Growth Class I	Russell 1000® Growth Index**	S&P 500 Index**
Inception Date	8/7/2006	11/2/2009		
3 Month	10.96%	10.99%	10.61%	11.82%
YTD	-0.50%	-0.25%	2.64%	2.11%
1 Year	-0.50%	-0.25%	2.64%	2.11%
3 Year	18.38%	-	18.02%	14.11%
5 Year	1.81%	-	2.50%	-0.25%
Since Inception (8/7/06)	3.99%	-	4.57%	1.90%
Since Inception (11/2/09)	-	11.00%	12.96%	11.34%

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.

Effective March 1, 2010, the Class A shares 4.25% front end sales charge was eliminated. The effect of the sales load is not reflected in the total return figures. If it was, the performance quoted would be reduced.

*Returns one year and longer are annualized.

**Index returns do not reflect deductions for fees, expenses, or taxes.

GENERAL INFORMATION

	Class A	Class I
NAV (as of 12/31/11)	\$26.83	\$26.98
Maximum Sales Charge	None	None
Maximum Deferred Sales Charge	None	None
Dividends Paid	Quarterly	Quarterly
Initial Minimum Investment	\$2,500	\$100,000
Gross Expense Ratio	1.35%	1.10%
Net Expense Ratio [^]	1.42%	1.17%

[^]The Investment Advisor has contractually agreed to reduce its fees of the Fund until October 31, 2012. The Adviser may request recoupment for management fee waivers and/or Fund expense payments made in the prior three fiscal years.

Fund characteristics, holdings and sector weightings are subject to change and should not be considered a recommendation to buy or sell these securities.

FUND FACTS

	Class A	Class I
Inception Date	08/07/06	11/02/09
CUSIP	493522205	493522106
TICKER	KLGAX	KLGIX

FUND CHARACTERISTICS

Total Net Assets	\$273.3 million
Number of holdings	48
Weighted Average Market Cap	78.3 billion
Median Market Cap	21.7 billion
Est. 3-5 yrs. EPS Growth	15.96%
P/E (forward 4Q)	15.38x

EPS Growth is not a forecast of the fund's future performance.

TOP 10 HOLDINGS

Apple Computer, Inc.	7.71%
Qualcomm, Inc.	4.43%
Google, Inc.	4.38%
Johnson Controls, Inc.	4.00%
Gilead Sciences, Inc.	3.92%
ExxonMobil Corporation	3.37%
The Western Union Company	3.26%
General Mills, Inc.	3.07%
Diageo PLC ADR	2.90%
Visa, Inc.	2.77%

EQUITY SECTOR WEIGHTINGS

Technology Services	21.82%
Health Care Products	13.70%
Industrials	13.58%
Consumer Merchandising	12.61%
Energy	11.30%
Technology Software	10.93%
Consumer Staples	9.58%
Materials	4.85%
Financial Institutions	1.63%

COMMENTARY

Despite a slowly recovering US economy, equity market correlations remained high and macro factors made stock picking difficult in 2011. Who would have predicted that bond yields would drop after a downgrade of US government debt? The overly antagonistic environment toward business activity from the Obama administration and the dysfunction in Washington regarding budgets and deficit reduction, among other things, has detracted from the confidence that corporations and investors need to make long-term investments. Rising bond yields are forcing European leaders to address their unsustainable rates of deficit spending. Despite a high single digit rate of economic growth in China, investors fear that Chinese economic growth may slow to less than 6% (a "hard landing"). Investor sentiment oscillated wildly throughout the year based on each of these factors, ultimately causing US equity market indices to close the year near where they began the year.

We began the year with a bullish outlook and generated strong returns in the cyclical stocks of the Energy, Industrial, and Technology sectors. Our stock selection in the Technology, Healthcare, and Industrial sectors was particularly strong. Part of our success early in the year came from one of our Energy holdings, Petrohawk Energy Corp., which was acquired by BHP Billiton Ltd. for a 65% premium (as of 12/31/11 the fund did not hold either BHP Billiton or Petrohawk Energy Corp). We have been long-term shareholders of Petrohawk and one of the largest institutional shareholders premised on the value of their assets in some of the most prolific natural gas locations in the country.

The market began to roll over in late July, accelerating to the downside until October 3, all a result of the concerns mentioned above. By maintaining our investment discipline and exposures however, we generated strong returns from October 4 onward, led by the Energy and Industrial sectors and to a lesser extent the Consumer Staples and Materials sectors. Consequently, we regained some lost ground in the 4th Quarter, generating a return of 11.34% versus the Russell 1000 Growth Index return of 10.60%.

The stronger performance of US equities relative to foreign equity markets has been due to a deterioration of growth prospects elsewhere and, to a lesser extent, a flight to the safety of a stumbling sub-par economic recovery here in the US. The US equity market is still attractively priced – if we can get past our current issues.

In addition to our domestic issues, there are over €1.47 trillion of debt that must be rolled over from the 10 largest euro area countries in 2012. It seems reasonable to believe that within the next few months, one or more auctions of new notes may fail, ultimately resulting in a sovereign default which triggers Credit Default Swap (CDS). This increasingly likely circumstance has unknown consequences due to the magnitude of cross holdings throughout the world's financial system. It is our belief that ultimately the European Central Bank (ECB) will come to the rescue and a tighter political union will be formed among the euro zone countries which gives more power to the core. However, the path that the market may take during that potential calamitous transition could be very rocky indeed. As a result, as discussed above, we took some risk out of our portfolios this past quarter despite stabilization in leading indicators.

We have not been alone. Many investors have positioned their portfolios defensively in anticipation of a gathering storm. Are investors "overly prepared"? Are they too pessimistic? Much has been said about the \$2 trillion on corporate balance sheets and the \$3 trillion in sovereign funds – the majority of which is earning a negligible if not negative real rate of return. In addition, the valuation of the equity market is not demanding. In a near zero interest rate environment, with the prospect for 2% GDP growth in the US and more than 3% outside the US in 2012, with housing affordability the most attractive in decades, with labor productivity high, inflation receding, and leading indicators trending higher, trillions of dollars invested in cash or fixed income, short interest near record levels, and leverage ratios by many hedge funds low, the market should be trading at 15 – 17 x forward earnings. Instead, the S&P500 is trading at 12.3 x forward earnings and seems ripe for revaluation higher when we can get some clarity on the issues we face. We will remain vigilant, looking for signs of stabilization, ready to deploy assets more aggressively when investor pessimism is overly negative.

Thank you for your continuing support.

Thomas G. Kamp, CFA
President, Chief Investment Officer

A correlation coefficient is a measure of the interdependence of two random variables that ranges in value from -1 to +1, indicating perfect negative correlation at -1, absence of correlation at zero, and perfect positive correlation at +1. 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. Estimated EPS Growth is the projected earnings-per-share growth rate of the companies invested in by the Fund. Estimated EPS growth rates are consensus analyst forecasts; actual EPS growth rate may differ from estimated EPS growth rate. 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 S&P 500 Index is a broad based unmanaged index of 500 stocks, which is widely recognized as representative of the equity market in general. The indices are not available for investment and do not incur charges or expenses.

Earnings Growth is not a measure of the Fund's performance. Forward earnings are the profits that are expected to be generated during a future period of time and are not predictive or a guarantee of future performance.

The Quarterly Fund Commentary represents the opinion of Keystone Management and is not intended to be a forecast of future events, a guarantee of future results, nor investment advice.

While the funds are no-load, management and other expenses still apply. Please refer to the prospectus for further details.

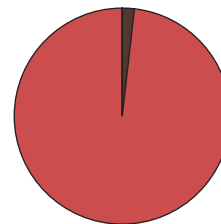
Current and future holdings are subject to risk.

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.

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ASSET ALLOCATION



Common Stock 98.2%
Mutual Fund Investments 1.8%

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 its 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.

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