
DF DENT PREMIER GROWTH FUND

A MESSAGE TO OUR SHAREHOLDERS

JUNE 30, 2008

Dear Fellow Shareholders:

Expense Ratio Reduction

We are pleased to report that your Fund's Adviser, D.F. Dent & Company, has agreed to reduce your Fund's expense ratio for the third consecutive year by waiving a portion of its management fee. As stated in the current prospectus, as of July 1, 2008, your Fund's effective total annual expense ratio (net) will decrease from 1.15% to 1.10% annually (with the gross expense ratio decreasing from 1.25% to 1.18%). The record of expense reimbursement and management fee waivers for the first 6 years of your Fund is as follows:

<u>Year Ending</u>	<u>Expense Reimbursement</u>	<u>Management Fee Waived</u>
6/30/02	\$60,201	\$ 60,019
6/30/03	38,066	90,163
6/30/04	0	129,060
6/30/05	0	141,907
6/30/06	0	142,664
6/30/07	0	161,128
6/30/08	0	95,665
Total	<u>\$98,267</u>	<u>\$820,606</u>

The expense ratio reduction is made possible as a result of the growth of assets and performance of the Fund. The upcoming reduction in the expense ratio will further increase the amount of fees contractually waived by the Adviser.

Performance

For the fiscal year ended June 30, 2008, your Fund achieved a total return of -4.88% versus -13.12% for the S&P 500 Index (the "Index"), which is the benchmark we have used for performance comparisons. Accordingly, your Fund outperformed the Index by 8.24% for this fiscal year. We take little comfort in a negative return even though this fiscal year was one of our better years versus some of the major indices such as the S&P 500, NASDAQ Composite, Russell 2000, and Dow Jones Industrial Averages, all of which recorded mid-teens negative returns for the 12 months ending June 30, 2008. *(Performance data quoted represents past performance and is no guarantee of future results. Current performance may be lower or higher than the performance data quoted. For the most recent month-end performance, please call 866-233-3368. Investment return and principal value will fluctuate so that an investor's shares, when redeemed, may be worth more or less than original cost. As stated in the current prospectus, the Fund's annual operating expense ratio (gross) is 1.25%. However, the Fund's adviser agreed to contractually waive a portion of its fees and/or reimburse expenses such that the total operating expense ratio does not exceed 1.15%, through June 30, 2008.)*

Since inception (7/16/2001) through June 30, 2008, your Fund had a cumulative return of +67.02% versus a cumulative return of +20.58% for the Index and an average annual return of +7.65% for your Fund versus an

DF DENT PREMIER GROWTH FUND

A MESSAGE TO OUR SHAREHOLDERS

JUNE 30, 2008

average annual Index return of +2.73%. For the 5 year cumulative return, your Fund achieved +82.53% versus a cumulative return of +44.12% for the Index; and a 5 year average annual return of +12.79% for your Fund versus an average annual Index return of +7.58%.

Portfolio Turnover

Portfolio turnover for the fiscal year was fairly constant at 21% versus 17% in the prior year. Involuntary turnover from sales pursuant to tender offers declined to 0.8% versus 5.0% in the prior year. Consequently, voluntary turnover was 20.2% compared to 12.0% in the prior year, which stayed within the historic range of prior years:

	<u>2002*</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Portfolio Turnover Rate**	0%	14%	20%	7%	25%	17%	21%

* The Fund commenced operations on July 16, 2001.

** Percentage calculated based on total value of investments.

Asset Allocation

	<u>6/30/06</u>	<u>6/30/07</u>	<u>6/30/08</u>
Large Capitalization	36.9%	36.1%	50.2%
Mid Capitalization	45.1%	43.5%	40.2%
Small Capitalization	10.3%	9.3%	9.4%
Reserve Funds	<u>7.7%</u>	<u>11.1%</u>	<u>0.2%</u>
Total Fund	<u>100%</u>	<u>100%</u>	<u>100%</u>

As you can see above, the allocation to Large Capitalization stocks has increased compared to the past two years. Larger companies have historically performed better during periods of economic weakness. This trend appears to be continuing since the S&P 500 has outperformed the Russell 2000, an index composed of smaller companies, during the past twelve months as the economy weakened. Anticipating continued economic weakness in the months ahead, we believe this is an appropriate asset allocation.

DF DENT PREMIER GROWTH FUND

A MESSAGE TO OUR SHAREHOLDERS

JUNE 30, 2008

Concentration

In the last Semi-Annual Report (12/31/2007), I indicated our intention to continue a methodical increase in the portfolio's concentration. The progress of this concentration in your Fund's top 10 holdings since that report compared to the past two fiscal year end reports follows:

<u>Top 10 Holdings</u>	<u>06/30/06</u>	<u>06/30/07</u>	<u>12/31/07</u>	<u>06/30/08</u>
% of Fund	26.2%	25.5%	33.7%	36.7%
Average Position Size of Top 10	2.6%	2.6%	3.4%	3.7%

Our strategy, which has been born out of experience, is that it makes more sense once adequate diversification is achieved to increase position sizes in what we deem as the strongest investments rather than to spread those investments across many less favored companies. Some managers weight portfolio holdings against various indices often to reduce variance against these market benchmarks. This assumes that the market benchmark is the proper weighting for a portfolio, which we view as pure nonsense. You are paying us a management fee **to manage**, not to follow some arbitrary index. We display your benchmark index solely as a comparison to report to you how your Fund is doing relative to the overall equity market.

Criticisms of the Mutual Fund Industry

Knowledgeable authorities such as David Swensen, the chief investment officer of Yale's endowment, and Jack Bogle, retired CEO of the Vanguard Group, in recent years have aired many criticisms of the mutual fund industry. The oversight and structure of your Fund have been designed from inception to align the adviser's interests with shareholders and to avoid conflicts of interest. What follows are your adviser's responses to some of the major criticisms of the mutual fund industry summarized in a book published this year by Louis Lowenstein, **The Investor's Dilemma** (*How Mutual Funds Are Betraying Your Trust and What to Do about It*):

1. Economies of scale not being passed along to shareholders –

As indicated above, your adviser will voluntarily reduce the net expense ratio on July 1, 2008 to an annual rate of 1.10%. This represents the third year in a row that your expense ratio has been reduced as a result of growth in assets in your Fund, thus passing along economies of scale to shareholders.

2. The adviser has only a token investment in the funds it manages –

On page 33 Lowenstein writes, "Managers willingness to put their own dollars alongside the public's may be the single best marker for their credibility and integrity." I would encourage shareholders to require this commitment on the part of all managers of mutual funds in which they invest.

The adviser is committed to this investment strategy. As they say, we "eat our own cooking." Each investment professional at D.F. Dent & Co. has co-invested in your Fund so that their total investments (including their

DF DENT PREMIER GROWTH FUND

A MESSAGE TO OUR SHAREHOLDERS

JUNE 30, 2008

families and the employer's retirement plan) represented \$12,687,423 or 5.2% of the Fund's net assets on June 30, 2008. The undersigned and his wife have personally invested \$820,000 in your Fund in the past fiscal year bringing their holdings up to \$5,348,053 as of June 30, 2008. The largest investment in your adviser's retirement plan, which constituted 33.0% of its equities on June 30, 2008, was the DF Dent Premier Growth Fund.

3. *12b-1 fees charged to shareholders via multiple classes of shares are used to market funds –*

Your Fund has only one class of shares for all shareholders. Since inception, it has never charged any such fees. No-load funds that charge 12b-1 fees are in effect "back-end loaded" with marketing fees at shareholder expense. I would also encourage you to request that independent directors of any other funds which you own vote against any 12b-1 fees. These fees should be outlawed in my opinion since they are paid by shareholders to market funds to bring in additional assets and management fees to the advisers. We believe this is a blatant conflict of interest.

4. *Excessive trading resulting in high portfolio turnover is costly to shareholders –*

The 21% portfolio turnover rate of your Fund previously reported is well below peer group averages, which often exceed 100%.

5. *Trustees and Directors of mutual funds are often employees of the management company that serves as a fund's adviser, thus creating a conflict of interest between shareholders and the adviser –*

The trustees of your Fund, which is one of the Forum Funds, are completely independent of your Fund's adviser, D.F. Dent & Co. The adviser serves at their pleasure, and they vote upon the renewal of the adviser's contract each year. It is an "arm's-length" relationship.

6. *Lowenstein documents a long history of performance deterioration after successful managers of mutual funds either sell out to financial buyers or go public enriching their executives, quoting Paul Cabot (on page 15), a founder of State Street Corporation, writing that a "fiduciary does not have the right to sell his job to somebody else at a profit."*

Cabot goes right to the heart of the adviser/client relationship. Your Fund's adviser, D.F. Dent & Co., has held for 32 years that it would remain 100% management owned and not entertain any affiliation with an outside owner. That is just as true today as it was at the firm's beginning in 1976.

7. *Mutual funds today have become so highly "compartmentalized" by sector, style, market capitalization, region, etc., that the managers no longer manage the funds but merely stay invested within a narrowly defined area leaving much of the investment decision to the shareholders by default.*

Your Fund has a multi-cap portfolio with broad latitude regarding the sectors and areas for investment. Thus, it is your adviser's responsibility to decide how to manage the portfolio to the best of its ability. Accordingly, you

DF DENT PREMIER GROWTH FUND

A MESSAGE TO OUR SHAREHOLDERS

JUNE 30, 2008

are not expected to figure out how much to invest in each of a long list of sectors or industries. We do this on a continuous basis within the parameters of the Prospectus.

Commentary

During the fiscal year ending June 30, 2008, this country experienced the greatest housing decline since the Great Depression; U.S. banks have written off a large portion of an estimated \$300 billion plus in sub-prime debt with probably more to come; the price of crude oil has increased 97% to \$140 per barrel and gasoline at the pump has followed; the price of natural gas has increased 97%; the dollar has fallen over 13% against both the Euro and the Yen; the price of gold increased by over 40%; a major Wall Street firm had to be rescued through Federal Reserve intervention; and the twin deficits (federal and trade) persisted at near record levels.

If your Fund's adviser had "perfect knowledge" of these events one year ago, what do you think it might have done? Most mutual fund managers would probably have become at the least extremely defensive. My point is that given "perfect knowledge," one could overreact and become overly defensive, avoiding even the companies that were strong performers. Your Fund's performance was up for the first 11 months of this fiscal year before turning negative in June in a very weak equity market. I wrote one year ago in the June 30, 2007 Annual Report:

Our job is not even to attempt to analyze the above crosscurrents in managing your Fund. Such a fruitless endeavor would most likely have led to an overly defensive strategy in response to perceived problems.

Our job for the past six years in managing the DF Dent Premier Growth Fund has been to invest your money in equities of well-managed growth companies with the potential for delivering a high rate of earnings growth sustained over many years. We seek "best in class"¹ managements possessing a passion for their businesses rather than large paychecks, dominance of niche markets, a highly profitable business model, and a corporate culture and work ethic which beget performance for shareholders.

Despite a -4.88% return for your Fund's fiscal year and some investment mistakes committed along the way as discussed in the "Management Discussion of Fund Performance" which follows later in this report, we believe the core holdings in your Fund performed well from an operational standpoint in a declining stock market. While as previously mentioned we take no solace in a negative return, even though this was our second best year against the S&P 500 benchmark, the companies in your Fund may have potential to continue to expand at growth rates above the market. We believe, that your Fund's growth company holdings strive to deliver attractive returns relative to the overall equity market.

¹ The determination of "best in class" is solely the opinion of the Fund's Adviser, and such opinion is subject to change.

DF DENT PREMIER GROWTH FUND

A MESSAGE TO OUR SHAREHOLDERS

JUNE 30, 2008

As always, we acknowledge the responsibility conveyed to us by entrusting your investment dollars to our supervision in the DF Dent Premier Growth Fund and will continue to work diligently on your behalf.

Respectfully submitted,



Daniel F. Dent

The S&P 500 Index is a broad-based, unmanaged measurement of changes in stock market conditions based on the average of 500 widely held common stocks. The NASDAQ Composite index is an unmanaged index representing the market cap weighted performance of approximately 5,000 domestic common stocks traded on the NASDAQ exchange. The Russell 2000 Index measures the performance of the 2,000 smallest companies in the Russell 3000 Index, which represents approximately 10% of the total market capitalization of the Russell 3000 Index. The Dow Jones Industrial Average consists of 30 stocks that are considered to be major factors in their industries and that are widely held by individuals and institutional investors. One cannot invest directly in an index.

The Fund invests in small and medium size companies. Investments in these companies, especially smaller companies, carry greater risk than is customarily associated with larger companies for various reasons such as increased volatility of earnings and prospects, narrower markets, limited financial resources and less liquid stock.

Before investing, you should carefully consider the Fund's investment objectives, risks, charges and expenses. This and other information is in the prospectus, a copy of which may be obtained by calling 866-233-3368. Please read the prospectus carefully before you invest.