

Eagle Capital Appreciation Fund

FIRST QUARTER | 3/31/11

Management

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Goldman Sachs Asset Management
Portfolio Co-manager

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Goldman Sachs Asset Management
Portfolio Co-manager

Characteristics

Total net assets (millions)	\$654.83
Number of holdings	34

Top Holdings

Apple
Schlumberger
Qualcomm
American Tower
St. Jude Medical
Lowe's
Google
CB Richard Ellis
Costco Wholesale
Oracle

Please consider the investment objectives, risks, charges, and expenses of any fund carefully before investing. Contact Eagle at 800.421.4184 or your financial advisor for a prospectus, which contains this and other important information about the funds. Read the prospectus carefully before you invest or send money.

Market Overview

U.S. equities continued their positive momentum from 2010, posting the best first quarter in more than a decade as the S&P 500 returned 5.92 percent in the first quarter of 2011. While all sectors made gains, energy stocks dominated returns as the benchmark Brent Crude oil price reached almost \$120 per barrel on supply disruption fears stemming from escalating unrest across North Africa and the Middle East. The industrials sector also generated good performance during the period. However, the rising price of oil and other commodities weighed on the utilities and consumer staples sectors, which face higher input costs. Strong returns from U.S. equities over the quarter reflected optimism on improving trends in labor, housing, manufacturing and consumer confidence early in the period. This outweighed less decisive macroeconomic data and rising gasoline prices in March. The U.S. market also benefited from investors shifting assets toward developed markets amidst concerns of high inflation and geopolitical unrest in many emerging markets countries. During the quarter, small- and mid-capitalization stocks continued to generally outperform large-capitalization stocks, while the Russell 1000 Value Index modestly outperformed the Russell 1000 Growth Index.

Portfolio Review

The fund lagged the benchmark index in the first quarter. Weakness in select consumer discretionary and consumer staples holdings detracted from relative returns, while positive stock selection in the materials sector and information technology contributed to relative performance.

Within consumer staples, Avon Products detracted from performance during the period. Its shares declined after the company reported weaker-than-expected earnings,

which were driven by disappointing sales and softer margins due to higher input costs. In addition, management lowered its sales guidance for the 2011 calendar year. Despite these near term headwinds, we continue to believe Avon Products is poised to deliver higher operating margins over the next few years as its broad geographic footprint, particularly in Latin American, provides exposure to numerous growing markets.

Office supply company Staples also detracted from performance. Its shares fell after the company reported fiscal fourth-quarter results that were below consensus estimates as winter storms hurt sales. In addition, the company offered weak first-quarter guidance for 2011. We remain constructive on the company, as we believe management's emphasis on cutting costs and expanding its geographic footprint will continue to drive earnings growth. We also believe Staples should benefit from pent-up demand given the drawdown of inventory in its corporate client base.

CME Group, the world's largest futures and options exchange, detracted from relative returns after the company reported soft trading volumes. Despite these near-term headwinds, we believe CME Group will benefit from the migration of over-the-counter (OTC) derivatives markets to exchanges. Furthermore, we believe CME Group's interest-rate OTC clearing platform will be a long-term growth driver for the company as it meets its customers' demands for more transparency and less counterparty risk.

Within materials, shares of Praxair, one of the largest industrial gas companies in the world, contributed to performance during the period as the company reported fiscal fourth-quarter earnings and first-quarter 2011 guidance in line with consensus

expectations. Praxair benefited from stronger sales in all of its core end markets, as well as volume growth in emerging markets. New project activity and backlogs remain healthy across all geographies and we expect activity to improve. In our view, Praxair is well positioned with its extensive global production and distribution network, broad product suite and globally diverse customer base.

St. Jude Medical, a global medical device company, contributed to performance during the quarter. Its shares were weak in January after an article in the Journal of the American Medical Association suggested that implantable cardioverter-defibrillators (ICDs) may be overused. While we feel this evidence could be a headwind for sales, we believe the stock price reaction overstated the impact to the company's end markets and meaningfully added to the position. Subsequently, the market began to have a greater appreciation for St. Jude's product pipeline and revenue potential and, thereby, its shares rebounded.

Oil well services company Schlumberger contributed to performance during the quarter. Its shares rose as the company reported that international activity is recovering faster than the market expected. We continue to have high conviction in the company, as Schlumberger holds dominant market share in most of its product lines and offers a technological advantage vs. many of its competitors. We believe growth in global demand for oil will continue to grow as supply growth becomes more challenging, leading to significant opportunities for Schlumberger.

Outlook

In the first quarter of 2011, equity markets extended their momentum rally, which began in September after the Federal Reserve Board announced its most recent quantitative easing program. In our view, companies are exhibiting

strong fundamentals, with improving corporate profits and balance sheets, and aggregate valuations are compelling on both an absolute and relative basis. High cash levels on corporate balance sheets bode well for capital expenditures, merger and acquisition activity, buybacks, dividends and deleveraging of balance sheets, providing further catalysts for the equity markets. Additionally, we believe that this year will be a favorable stock-picking environment. Whereas margin expansion drove earnings last year, we believe that in the current environment of rising commodity costs, companies are facing increasing margin pressure. In our view, the companies with strong brands and pricing power will be well positioned to pass along these rising costs and maintain margins throughout the recovery. We believe this process will separate high-quality growth companies, which can maintain margins and grow revenue, from momentum stocks that benefit from a general equity-market tailwind.

International investing presents specific risks, such as currency fluctuations, differences in financial accounting standards, and potential political and economic instability. Investing in small- and mid-cap stocks may involve greater risks than investing in larger, more established companies. These companies often have narrow markets and more limited managerial and financial resources. Growth companies are expected to increase their earnings at a certain rate. When these expectations are not met, investors may punish the stocks excessively, even if earnings showed an absolute increase. Growth company stocks also typically lack the dividend yield that can cushion stock prices in market downturns. Because the fund normally will hold a core portfolio of stocks of fewer companies than many other diversified funds, the increase or decrease of the value of a single stock may have a greater impact on the fund's net asset value and total return.

Past performance is not indicative of future results and investing involves risk, including the risk of loss. All information as of March 31, 2011.

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Benchmark Index:

The Russell 1000 Growth Index measures the performance of those Russell 1000 companies with higher price-to-book ratios and higher forecasted growth values and is representative of U.S. securities exhibiting growth characteristics.

Goldman Sachs Asset Management is the subadviser to the Eagle Capital Appreciation Fund.

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