

THE OLSTEIN STRATEGIC OPPORTUNITIES FUND

Letter to Shareholders

November 15, 2011

Dear Fellow Shareholders:

For the quarter ended September 30, 2011, Class A shares (load-waived) of the Olstein Strategic Opportunities Fund decreased 21.37%, compared to a return of -21.22% for the Russell 2500™ Index over the same time period. The quarter also marked a significant milestone—three years have passed since the collapse of Lehman Brothers in September 2008 triggered a sharp market correction and worsened what is now commonly referred to as the Great Recession. For the three-year period ending September 30, 2011, Class A shares (load-waived) of the Olstein Strategic Opportunities Fund have had an annualized total return of 2.77% compared to annualized returns of 2.25% for the Russell 2500 Index and 1.23% for the S&P 500® Index during the same time period.

Market Outlook

Deepening concern regarding the potential fallout from the European debt crisis coupled with Standard & Poor's downgrade of long-term U.S. debt on August 5, 2011 produced high levels of volatility in global equity markets throughout the third quarter. Following the downgrade of U.S. debt, equity markets have been fixated on European and American banks' exposure to high levels of sovereign debt worldwide, particularly exposure to Greek and Italian sovereign debt. Markets have reacted with extreme volatility to both positive and negative developments as European leaders work to find a solution to the sovereign debt crisis in order to prevent a broader credit crisis that could trigger a contraction in global economic growth.

In our opinion a great deal of investor fear and uncertainty stems from the question "Is the European debt crisis a replay of the U.S. financial crisis of 2008?" While we recognize the

seriousness of debt problems plaguing European economies as well as the broader implications for global economic growth, from our standpoint the answer to this question is "no". From our perspective it is important to understand what is driving current equity market uncertainty when comparing the European debt crisis of 2011 to the worldwide financial system collapse of 2008. The principal challenge that has fueled daily market volatility has been the sheer difficulty of formulating an effective policy response across the Eurozone's seventeen member nations. While European leaders may have been slow to respond to investor concerns as the crisis intensified throughout the summer, we believe the recently suggested creation of a TARP-like European bailout fund will go a long way to easing the stress in European financial markets as member nations embark on the longer term process of implementing austerity programs and greater fiscal discipline. Additionally, U.S. policymakers, armed with valuable lessons learned from the financial crisis of 2008, are ramping up efforts to protect the U.S. financial system from the European crisis. Specifically, the Financial Stability Oversight Council, an inter-agency group set up after the 2007–2009 financial crisis, has been working to identify which US financial firms could be compromised by their European exposure and considering ways to strengthen individual balance sheets.

Although the macroeconomic outlook remains clouded, we believe that the Fund's portfolio consists of strong companies with stable or growing free cash flow that are effectively utilizing capital to generate long-term shareholder value. While investors are understandably unsettled by the European crisis, we believe it is important to maintain a mindset that looks beyond daily market moves to recognize companies with strong fundamentals, stable cash flow, and above-average operating returns. As we move forward and the extent of European contagion settles into a comprehensible

The performance data quoted represents past performance and does not guarantee future results. The Olstein Strategic Opportunities Class A return as of 09/30/11 for the three-year period, one-year period, and since inception date of 11/01/06 assuming deduction of the Olstein Strategic Opportunities Class A maximum sales charge of 5.50% was 0.84%, -11.38%, and -11.89% respectively. As of 10/31/11, the gross expense ratio for the Olstein Strategic Opportunities Fund Class A Share was 2.06% and the net expense ratio was 1.60% after contractual expense waiver and/or reimbursement. Expense ratios for other share classes will vary. Performance for other share classes will vary due to differences in sales charge structure and class expenses. 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 lower or higher than performance quoted. To obtain performance data current to the most recent month end please go to our website at www.olsteinfunds.com.

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perspective, we expect the market to reward companies that have practiced sound capital management, focused their priorities during the prolonged downturn, and continued to deliver high-quality earnings to shareholders.

Portfolio Review

At September 30, 2011, the Fund's portfolio consisted of 36 holdings with an average weighted market capitalization of \$2.54 billion. Throughout the quarter ended September 30, 2011, we continued to modify the portfolio to maintain what we believed was the appropriate defensive posture in light of market volatility, while at the same time capitalizing on that volatility to take advantage of compelling buying opportunities in what we believe are well-run, well-capitalized companies selling at significant discounts to our determination of their intrinsic value.

During the quarter, the Fund initiated positions in six companies and strategically added to established positions in another six companies. Positions initiated during the reporting period include: Avery Dennison Corp.; Jones Lang LaSalle, Inc; Korn/Ferry International; Mistras Group, Inc.; Stein Mart Inc.; and Thor Industries Inc.

Over the same time period, the Fund eliminated its holdings in eight companies and strategically reduced its holdings in another two companies. The Fund eliminated or reduced its holdings in companies that either reached our valuation levels or where changing conditions or new information resulted, in our opinion, in additional risk and/or reduced appreciation potential. We redeployed proceeds from such sales into opportunities that we believe offer a more favorable risk/reward profile. Positions eliminated during the quarter include: AllianceBernstein Holding, L.P.; Barrett Business Services, Inc.; W.R. Berkley Corp.; Cheesecake Factory, Inc.; Cintas Corp.; DSW Inc.; Ferro Corp, and Oshkosh Truck Corp.

Review of Activist Holdings

As of September 30, 2011, the Fund was invested in seven activist situations, which represented approximately 22% of the Fund's equity investments and three of its top ten holdings. In general, these situations fit our definition of an activist investment where an outside investor, usually a hedge fund, private equity investor, or Olstein Capital Management seeks to influence company management to adopt strategic alternatives that we expect to unlock greater shareholder value.

The Fund's activist holdings as of September 30, 2011 include global asset management firm Legg Mason Inc.; audio products and electronic systems manufacturer Harman International; business technology and services company NCR Corp.; casual dining restaurant company Ruby Tuesday, Inc.; medical technology company CareFusion; musical instruments manufacturer Steinway Musical Instruments; and funeral services products company Hillenbrand, Inc. We continue

to monitor the progress of the activist investors involved in these situations as they work to increase shareholder value through a specific plan for improving each company's results. While each investment is at a different strategic stage, we believe the actions that have been proposed or implemented should increase shareholder value through improved future operating results.

With each of our activist situations, one of the most important variables we consider, especially during tough economic times, is "how long do we expect it to take for this company to improve its operations and results?" Although we know from experience that successful turnarounds don't happen overnight, we do expect specific improvements in operations to occur within a defined period of time (two years or less) notwithstanding the economic environment. Although a turnaround process may not be in full swing, if a company has adopted what we believe is the right strategy to increase shareholder value within two years, we are willing to wait beyond two years for operating results to start to improve if we are being sufficiently rewarded for the risk, and if our ongoing analysis of the company's financial statements tell us that the company is headed in the right direction.

Shifting the Focus to Investment Opportunities

While capital markets and the worldwide media remain intensely focused on Europe's financial woes, another increasingly important story has been unfolding across the Atlantic. The improving performance of the U.S. economy has garnered scant attention. Although the economic recovery hasn't accelerated considerably during 2011, the U.S. economy has experienced sustained growth. At this stage of the economic recovery we continue to believe that investors can find significant opportunities in greatly improved corporate financial performance – a development that we expect to result in greater shareholder returns as the U.S. economic picture continues to improve in 2012.

Corporate balance sheets have improved significantly since the start of the Great Recession, particularly through decreased debt loads and the accumulation of sizeable cash positions. In a report issued earlier this year, *A Cash Buildup and Business Investment*, by Robert Sadowski of the Federal Reserve Bank of Cleveland, cash holdings and other liquid assets as a share of total corporate assets increased by approximately 2 percentage points since the start of the most recent recession. That share, 7.4% as of September 2010, is the highest relative cash percent for U.S. corporations since the mid-1950s.¹ As we have continually pointed out throughout Olstein's 16-year history, companies with excess cash can not only withstand economic downturns without adopting harmful short-term strategies, they also have the potential to enhance shareholder value by increasing dividend payments, repurchasing company shares, reducing outstanding debt, engaging in strategic acquisitions, or by being acquired.

¹*A Cash Buildup and Business Investment*, Robert J. Sadowski, Federal Reserve Bank of Cleveland, January 10, 2011, <http://www.clevelandfed.org/research/trends/2011/0111/01regact.cfm>

Whether company management decides to return cash to shareholders through dividends or share repurchases, or to allocate capital to internal initiatives expected to improve overall returns and ultimately the company's stock price, we continually assess the impact of these strategic decisions on the company's ability to generate future free cash flow. It is our opinion that, overall, the management teams of the companies in our portfolio have proven themselves to be shrewd allocators of capital during the downturn and recovery.

We believe the best approach for an uneven economic and investment environment is to buy companies that have the ability to generate free cash flow, have little or no debt or are aggressively paying down debt, and to buy such companies at a significant discount to their intrinsic value. These valuation gaps should eventually close as market volatility subsides and investors take their minds off the day-to-day news and focus on the fact that such companies are building meaningful shareholder value over time.

We continue to invest our money alongside yours, value your trust, and thank you for your perseverance. We look forward to writing to you again at the close of the next quarter and remind you that we are working diligently to achieve the Fund's investment objectives.

Sincerely,



Eric R. Heyman
Co-Portfolio Manager



Robert A. Olstein
Chairman,
Chief Investment Officer
and Co-Portfolio Manager

The above commentary represents the opinion of the Manager, and is not intended to be a forecast of future events, a guarantee of future results, or investment advice. This information should be preceded or accompanied by a current prospectus, which contains more complete information, including investment objectives, risks, and charges and expenses of the Fund and should be read carefully before investing. A current prospectus may be obtained by calling (800) 799-2113 or by visiting the Fund's website at www.olsteinfunds.com.

As of 09/30/11, the Olstein Strategic Opportunities Fund maintained a position in the following securities mentioned, and is subject to change: Avery Dennison Corp. (2.21%); Jones Lang LaSalle Inc. (2.28%); Korn/Ferry International (1.01%); Mistras Group Inc. (3.09%); Stein Mart Inc. (1.27%); Thor Industries Inc. (0.73%); Legg Mason (4.24%); Harman International (3.62%); NCR Corp. (2.69%); Ruby Tuesday (5.04%); CareFusion (2.11%); Steinway Musical Instruments (1.42%); and, Hillenbrand Inc. (2.43%). As of 09/30/11, the Olstein Strategic Opportunities Fund did not maintain a position in the following securities mentioned, and is subject to change: Alliance Bernstein Holding, Barrett Business Services Inc., WR Berkeley, Cheesecake Factory, Cintas Corp., DSW Inc., Ferro Corp., and Oshkosh Truck Corp.. The references to securities are not buy or sell recommendations. The references are intended to be descriptive examples of the Olstein Strategic Opportunities Fund's investment philosophy. Do not make investments based on the securities referenced above.

An investment in a portfolio containing small- and mid-cap companies is subject to additional risks, as the share prices of small- and mid-cap companies are often more volatile than those of larger companies due to several factors, including limited trading volumes, products, financial resources, management inexperience, and less publicly available information. Investing in a non-diversified, narrowly focused fund may entail greater risks than are normally associated with more widely diversified funds. 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.

There is no assurance that the Olstein Funds will achieve their investment objective. 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. The activist strategy invests in stocks of underperforming companies and any shareholder activism might not result in a change in performance or corporate governance. These stocks could also experience less liquidity and higher share price and trading volume volatility than stocks of other companies.

The S&P 500 Index is an unmanaged index created by Standard & Poor's Corporation that includes a representative sample of 500 leading companies in leading industries of the U.S. economy and is considered to represent the U.S. stock-market performance in general. The S&P 500 Index is not an investment product available for purchase. The Russell 2500™ Index is an unmanaged index created by The Russell Investment Group. The Russell 2500 is constructed to provide a comprehensive and unbiased barometer for the small- to mid-cap segment and is completely reconstituted annually to ensure larger stocks do not distort the performance and characteristics of the true small- to mid-cap opportunity set. The Russell 2500 includes the smallest 2500 securities in the Russell 3000®. The Russell 2500 Index is not an investment product available for purchase.

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