



# PROSPECTUS

March 30, 2009

**PIA BBB Bond Fund (PBBBX)  
Managed Account Completion Shares (MACS)**

**PIA MBS Bond Fund (PMTGX)  
Managed Account Completion Shares (MACS)**

**(each a “Fund,” together, the “Funds”)**

**Each, a series of**

**Advisors Series Trust**

This Prospectus describes the PIA BBB Bond Fund (“BBB Bond Fund”) and the PIA MBS Bond Fund (“MBS Bond Fund”). Currently, the Funds offer the MACS class. The Funds are two mutual funds in the PIA Mutual Fund family.

**As with all mutual funds, the U.S. Securities and Exchange Commission has not approved or disapproved these securities or determined if this Prospectus is accurate or complete. Any representation to the contrary is a criminal offense.**

**PIA BBB Bond Fund**  
**PIA MBS Bond Fund**  
615 East Michigan Street  
Milwaukee, Wisconsin 53202

This Prospectus sets forth basic information about the Funds that you should know before investing. It should be read and retained for future reference. More detailed information on all subjects covered in this Prospectus is contained in the Funds' Statement of Additional Information dated March 30, 2009 (the "SAI").

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Pacific Income Advisers, Inc. ("PIA" or the "Adviser") is the investment adviser to the Funds and is located at 1299 Ocean Avenue, Suite 210, Santa Monica, California 90401. This Prospectus discusses the MACS class of both Funds. The Funds are each a separate series of Advisors Series Trust (the "Trust"). Other than the PIA Moderate Duration Bond Fund and the PIA Short-Term Securities Fund which are offered in a separate prospectus, the Funds do not hold themselves out as related to any other series of the Trust for purposes of investment and investor services, nor do they share the same investment adviser with any other series.

The date of this Prospectus is March 30, 2009.

**Please find the Funds' Privacy Notice inside the back cover of this Prospectus.**

# **RISK RETURN SUMMARY: INVESTMENTS, RISKS AND PERFORMANCE**

## **Investment Objectives/Goals**

### **PIA BBB Bond Fund**

The BBB Bond Fund's investment objective is to seek to provide a total rate of return that approximates that of bonds rated within the BBB category by Standard & Poor's Rating Group ("Standard & Poor's"), the Baa category by Moody's Investors Services ("Moody's") or the BBB category by Fitch, Inc. ("Fitch"). A bond index which generally reflects these return characteristics is the Barclays Capital U.S. Credit Baa Bond Index, formerly known as the Lehman Brothers U.S. Baa Credit Index.

### **PIA MBS Bond Fund**

The MBS Bond Fund's investment objective is to seek to provide a total rate of return that approximates that of mortgage-backed securities ("MBS") included in the Barclays Capital U.S. MBS Fixed Rate Index (the "MBS Index"), formerly known as the Lehman Brothers U.S. MBS Fixed Rate Index. The MBS Bond Fund may change its investment objective without obtaining shareholder approval.

## **Principal Investment Strategies**

### **PIA BBB Bond Fund**

Under normal market conditions, the BBB Bond Fund invests at least 80% of its net assets (plus any borrowings for investment purposes) in bonds rated BBB by Standard & Poor's, Baa by Moody's or BBB by Fitch. This non-fundamental policy may only be changed upon 60 days' notice to shareholders.

The weighted average duration of the BBB Bond Fund will generally range from five to eight years. Duration is a measure of a debt security's price sensitivity. Higher duration indicates bonds that are more sensitive to interest rate changes. Bonds with shorter duration reduce the risk associated with interest rates. Duration takes into account a debt security's cash flows over time, including the possibility that a debt security might be prepaid by the issuer or redeemed by the holder prior to its stated maturity date. In contrast, maturity measures only the time until final payment is due.

In selecting investments for the BBB Bond Fund, the Adviser will primarily consider credit quality, duration and yield. The BBB Bond Fund's annual portfolio turnover rate may exceed 100%.

In its effort to provide a total rate of return that approximates that of bonds rated within the BBB category by Standard & Poor's, Baa by Moody's or BBB by Fitch, the BBB Bond Fund may invest up to 20% of its net assets in futures, options and other derivatives. The BBB Bond Fund may sometimes use derivatives as a substitute for taking a position in bonds rated BBB or Baa and/or as part of a strategy designed to reduce exposure to other risks.

### **PIA MBS Bond Fund**

Under normal market conditions, the MBS Bond Fund invests at least 80% of its net assets (plus any borrowings for investment purposes) in bonds that meet the criteria for inclusion in the MBS Index. The MBS Index represents the universe of mortgage-backed securities issued by the Government National Mortgage Association (GNMA), Federal National Mortgage Association (FNMA) and Federal Home Loan Mortgage Corporation (FHLMC) with a minimum issue size of \$150 million. In pursuing its objective, the Adviser attempts to provide a return that may exceed the total rate of return of the MBS Index, although there is no guarantee that the Adviser will be able to do so. The Fund seeks to approximate the returns of the MBS Index. The Adviser will primarily consider credit quality, effective duration and yield in selecting investments for the MBS Bond Fund's portfolio.

In its effort to provide a total rate of return that approximates that of the MBS Index, the MBS Bond Fund may invest up to 20% of its net assets in futures, options and other derivatives. The MBS Bond Fund may sometimes use derivatives as a substitute for taking positions in bonds and/or as part of a strategy designed to reduce exposure to other risks. The MBS Bond Fund may also utilize the “To Be Announced” (“TBA”) market for MBS for up to 100% of its net assets. The TBA market allows investors to gain exposure to MBS securities with certain broad characteristics (maturity, coupon, age) without taking delivery of the actual securities until the settlement day which is once every month. In addition, the MBS Bond Fund may utilize the dollar roll market, in which one sells, in the TBA market, the security for current month settlement, while simultaneously committing to buy the same TBA security for next month settlement. The MBS Bond Fund may utilize the dollar roll market for extended periods of time without taking delivery of the physical securities. The PIA MBS Bond Fund may also invest up to 20% of its net assets in collateralized mortgage obligations (“CMOs”), asset-backed securities, commercial mortgage-backed securities and other mortgage-related securities that are not part of the MBS Index.

## Principal Risks of Investing in the Funds

### PIA BBB Bond Fund and PIA MBS Bond Fund

Investors in the BBB Bond Fund and the MBS Bond Fund may lose money. The success of the Funds cannot be guaranteed. There are risks associated with investments in the types of securities in which the Funds invest. These risks include:

- **Market Risk:** The prices of the securities in which the Funds invest may decline for a number of reasons, including in response to economic developments and perceptions about the creditworthiness of individual issuers.
- **Management Risk:** The Funds are subject to management risk because they are actively managed portfolios. The Adviser’s management practices and investment strategies might not work to produce the desired results.
- **Interest Rate Risk:** In general, the value of bonds and other debt securities falls when interest rates rise. Longer term obligations are usually more sensitive to interest rate changes than shorter term obligations.
- **Credit Risk:** The issuers of the bonds and other debt securities held by the Funds may not be able to make interest or principal payments.
- **Prepayment Risk:** Issuers of securities held by a Fund may be able to prepay principal due on these securities, particularly during periods of declining interest rates. Securities subject to prepayment risk generally offer less potential for gains when interest rates decline, and may offer a greater potential for loss when interest rates rise. Prepayment risk is a major risk of mortgage-backed securities.
- **Liquidity Risk:** Low or lack of trading volume may make it difficult to sell securities held by the Funds at quoted market prices.
- **Derivatives Risk:** The Funds may invest in derivative securities for both bona fide hedging purposes and for speculative purposes. A derivative security is a financial contract whose value is based on (or “derived from”) a traditional security (such as a bond) or a market index. Derivatives involve the risk of improper valuation, the risk of ambiguous documentation and the risk that changes in the value of the derivative may not correlate perfectly with the underlying security.
- **Portfolio Turnover Risk:** A high portfolio turnover rate (100% or more) has the potential to result in the realization and distribution to shareholders of higher capital gains. This may subject you to a higher tax liability.
- **Leverage Risk:** Leverage risk is the risk that losses from a derivative instrument may be greater than the amount invested in the derivative instrument. Certain derivatives have the potential for unlimited losses, regardless of the size of the initial investment.

## PIA BBB Bond Fund Only

- **Risks Associated with High Yield Securities:** The BBB Bond Fund may hold high yield securities as a result of credit rating downgrades. Securities with ratings lower than BBB or Baa are known as “high yield” securities (commonly known as “junk bonds”). High yield securities provide greater income and a greater opportunity for gains than higher-rated securities but entail greater risk of loss of principal.
- **Foreign Securities Risk:** The BBB Bond Fund may invest up to 30% of its total assets in securities of foreign issuers denominated in U.S. dollars. Foreign economies may differ from domestic companies in the same industry.

## PIA MBS Bond Fund Only

- **Government-Sponsored Entities Risk:** The MBS Bond Fund invests in securities issued or guaranteed by government-sponsored entities, including GNMA, FNMA and FHLMC. However, these securities may not be guaranteed or insured by the U.S. Government and may only be supported by the credit of the issuing agency.
- **Risks Associated with Mortgage-Backed Securities:** These risks include Market Risk, Interest Rate Risk, Credit Risk and Prepayment Risk, as well as the risk that the structure of certain mortgage-backed securities may make their reaction to interest rates and other factors difficult to predict, which may cause their prices to be very volatile. In particular, the recent events related to the U.S. housing market has had a severe negative impact on the value of some mortgage-backed securities and resulted in an increased risk associated with investments in these securities.

## Who Should Invest in the Funds?

Because of the above risks, prospective investors who are uncomfortable with an investment that will fluctuate in value should not invest in the BBB Bond Fund or the MBS Bond Fund.

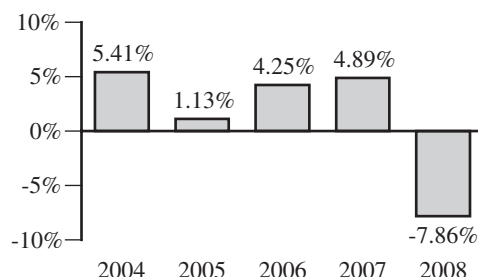
By themselves, the Funds are not complete, balanced investment plans and no fund can guarantee that it will achieve its investment objective. When you sell your shares, you may have lost money from your initial investment.

## Performance Information

The BBB Bond Fund began operations on September 25, 2003, as a mutual fund organized as a series of PIA Mutual Funds, a Massachusetts business trust (the “Predecessor BBB Bond Fund”), and was reorganized into a newly formed series of the Trust on December 23, 2004. The BBB Bond Fund adopted an investment objective and certain investment strategies and policies identical to those of the Predecessor BBB Bond Fund. The MBS Bond Fund commenced operations on February 28, 2006, as a separate series of the Trust.

The following performance information indicates some of the risks of investing in the Funds. The bar charts illustrate how the total return of each Fund’s shares has varied from year to year. The tables illustrate each Fund’s average annual total return over time compared with broad-based market indices. Both assume that all dividends and distributions are reinvested in the Funds. Each Fund’s past performance (before and after taxes) is not necessarily an indication of its future performance. The Funds may perform better or worse in the future.

**PIA BBB Bond Fund**  
**Calendar Year Total Returns as of December 31**



Note: During the period shown on the bar chart, the BBB Bond Fund’s highest total return for a quarter was 4.73% (quarter ended September 30, 2006) and the lowest total return for a quarter was -5.25% (quarter ended September 30, 2008).

<b>Average Annual Total Returns (for the periods ended December 31, 2008)</b>	<b>1 Year</b>	<b>5 Years</b>	<b>Since Inception (09/25/2003)<sup>(6)</sup></b>
<b>PIA BBB Bond Fund</b>			
Return before taxes	-7.86%	1.44%	1.39%
Return after taxes on distributions <sup>(1)</sup>	-9.84%	-0.41%	-0.42%
Return after taxes on distributions and sale of Fund shares <sup>(1)(2)</sup>	-5.06%	0.20%	0.18%
<b>Barclays Capital U.S. Credit Baa Bond Index<sup>(3)</sup></b> (reflects no deduction for fees, expenses or taxes)			
	-8.67%	1.48%	1.85%
<b>Barclays Capital U.S. Baa Corporate Index<sup>(4)</sup></b> (reflects no deduction for fees, expenses or taxes)			
	-9.60%	1.08%	1.27% <sup>(5)</sup>

(1) The after-tax returns were calculated using the historical highest individual federal marginal income tax rates and do not reflect the impact of state and local taxes. Actual after-tax returns depend on an investor’s tax situation and may differ from those shown, and after-tax returns are not relevant to investors who hold shares of the Fund through tax-deferred arrangements, such as 401(k) plans or individual retirement accounts.

(2) The return after taxes on distributions and sale of Fund shares may be higher than its return before taxes when a net capital loss occurs upon the redemption of Fund shares.

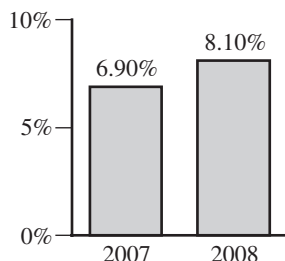
(3) Effective November 3, 2008, the Lehman Brothers U.S. Baa Credit Index was renamed the Barclays Capital U.S. Credit Baa Bond Index. The Barclays Capital U.S. Credit Baa Bond Index is an unmanaged index consisting of bonds rated Baa. The issues must be publicly traded and meet certain maturity and issue size requirements. Bonds are represented by the Industrial, Utility, Finance and non-corporate sectors. Non-corporate sectors include sovereign, supranational, foreign agency and foreign local government issuers. A direct investment in an index is not possible.

(4) Effective November 3, 2008, the Lehman Brothers Baa Corporate Index was renamed the Barclays Capital U.S. Baa Corporate Index. The Barclays Capital U.S. Baa Corporate Index is an unmanaged index consisting of bonds rated Baa. The issues must be publicly traded and meet certain maturity and issue size requirements. Bonds are represented by the Industrial, Utility, and Finance sectors. Non-corporate sectors are not included in this index. A direct investment in an index is not possible.

(5) Performance shown for the “since inception” period for the Barclays Capital U.S. Baa Corporate Index is for the period September 30, 2003, through December 31, 2008.

- (6) The Fund was invested primarily in U.S. Treasury securities on the inception date in September 2003 following a \$200,000 investment by the Adviser. The Fund remained invested primarily in U.S. Treasury securities until mid January 2004 when PIA clients commenced investing in the Fund. At that time, the Fund began investing in BBB-rated bonds. U.S. Treasury securities held in the Fund provided a lower return than BBB-rated bonds for the period from inception to January 13, 2004 (1.62% for the Fund compared to 3.95% for the Barclays Capital U.S. Credit Baa Bond Index), as Baa spreads over Treasuries narrowed from 166 basis points to 136 basis points.

**PIA MBS Bond Fund**  
**Calendar Year Total Returns as of December 31**



Note: During the period shown on the bar chart, the MBS Bond Fund's highest total return for a quarter was 4.22% (quarter ended December 31, 2008) and the lowest total return for a quarter was -0.76% (quarter ended June 30, 2008).

**Average Annual Total Returns**  
**(for the periods ended December 31, 2008)**

**PIA MBS Bond Fund**

	<b>1 Year</b>	<b>Since Inception (02/28/2006)</b>
Return before taxes	8.10%	6.87%
Return after taxes on distributions <sup>(1)</sup>	4.34%	4.40%
Return after taxes on distributions and sale of Fund shares <sup>(1)</sup>	5.65%	4.49%
<b>Barclays Capital U.S. MBS Fixed Rate Index<sup>(2)</sup></b> (reflects no deduction for fees, expenses or taxes)	8.52%	7.02%

- (1) The after-tax returns were calculated using the historical highest individual federal marginal income tax rates and do not reflect the impact of state and local taxes. Actual after-tax returns depend on an investor's tax situation and may differ from those shown, and after-tax returns are not relevant to investors who hold shares of the Fund through tax-deferred arrangements, such as 401(k) plans or individual retirement accounts.
- (2) Effective November 3, 2008, the Lehman Brothers U.S. MBS Fixed Rate Index was renamed the Barclays Capital U.S. MBS Fixed Rate Index. The Barclays Capital U.S. MBS Fixed Rate Index (the "MBS Index") is an unmanaged index that covers the mortgage-based pass-through securities of Ginnie Mae ("GNMA"), Fannie Mae ("FNMA") and Freddie Mac ("FHLMC"). The MBS Index is formed by grouping the universe of over 600,000 individual fixed rate MBS pools into approximately 3,500 generic aggregates. Each aggregate is a proxy for the outstanding pools for a given agency, program, issue year and coupon. The index maturity and liquidity criteria are then applied to these aggregates to determine which qualify for inclusion in the index. Over 600 of these generic aggregates meet the criteria. A direct investment in an index is not possible.

## Fees and Expenses

This table describes the fees and expenses that you may pay if you buy and hold shares of the Funds.

	<u>BBB</u> <u>Bond Fund</u>	<u>MBS</u> <u>Bond Fund</u>
<b>SHAREHOLDER FEES<sup>(1)</sup></b>		
<b>(fees paid directly from your investment)</b>		
Maximum Sales Charge (Load) Imposed on Purchases .....	None	None
Maximum Deferred Sales Charge (Load) .....	None	None
Maximum Sales Charge (Load) Imposed on Reinvested Dividends and Distributions .....	None	None
Redemption Fee .....	None	None
Exchange Fee .....	None	None
<b>ANNUAL FUND OPERATING EXPENSES</b>		
<b>(expenses that are deducted from Fund assets)</b>		
Management Fees <sup>(2),(3)</sup> .....	0.41%	0.41%
Other Expenses .....	0.18%	0.19%
Total Annual Fund Operating Expenses <sup>(4)</sup> .....	0.59%	0.60%
Less: Management Fee Waiver <sup>(3)</sup> .....	-0.41%	-0.41%
Net Annual Fund Operating Expenses <sup>(4)</sup> .....	<u>0.18%</u>	<u>0.19%</u>

(1) Although no sales loads or transaction fees are charged, you will be assessed a \$15 fee for outgoing wire transfers, and \$25 for returned checks and stop payment orders by U.S. Bancorp Fund Services, LLC, the Funds' transfer agent. Please note that these fees are subject to change.

(2) The Adviser does not charge management fees to the Funds. However, investors in the Funds will be charged management fees by the Adviser and persons other than the Adviser, as described below. The following are eligible to invest in the Funds: (a) investment advisory clients of the Adviser and (b) participants in "wrap-fee" programs sponsored by investment advisers unaffiliated with the Funds or the Adviser ("sponsors") that are advised by the Adviser and (c) clients of affiliated companies. Clients of the Adviser pay the Adviser an investment management fee to manage their assets, including assets invested in the Funds. Clients of the Adviser should read carefully any investment advisory agreement with the Adviser, which will disclose the investment management fee charged by the Adviser. Participants in "wrap-fee" programs should read carefully the "wrap-fee" brochure for these programs provided by the sponsor. The brochure is required to include information about the fees charged by the sponsor and the fees paid by the sponsor to the Adviser. Investors pay no additional fees or expenses to purchase shares of the Funds.

(3) The management fees represent the amount that the Adviser currently believes it would charge for providing similar portfolio management services to other similar mutual fund portfolios. This amount is offset by a "Management Fee Waiver" in the table above because the Adviser does not charge any management fees to the Funds.

(4) The Adviser has agreed to voluntarily reimburse expenses of the Funds to the extent necessary to ensure that the Net Annual Fund Operating Expenses do not exceed 0.00%. The Adviser will continue the expense reimbursement for an indefinite period, but may discontinue reimbursing the Funds at any time. The Adviser may discontinue reimbursing the Funds as long as it provides Fund shareholders with written notice six months in advance of the

discontinuance. The Adviser may not recoup expense reimbursements in future periods. With the voluntary reimbursement, the Net Annual Fund Operating Expenses are:

<u>Fund</u>	<u>Amount</u>
<b>BBB Bond Fund</b>	<b>0.00%</b>
<b>MBS Bond Fund</b>	<b>0.00%</b>

## Example

This example is intended to help you compare the cost of investing in the Funds with the cost of investing in other mutual funds.

The example assumes that you invest \$10,000 in a Fund for the time periods indicated and then redeem all of your shares at the end of those periods. The example also assumes that your investment has a 5% return each year and that each Fund’s operating expenses remain the same. The voluntary fee waiver is not assumed in the example. Although your actual costs may be higher or lower based on these assumptions, your costs would be:

<u>Fund</u>	<u>1 Year</u>	<u>3 Years</u>	<u>5 Years</u>	<u>10 Years</u>
BBB Bond Fund .....	\$60	\$189	\$329	\$738
MBS Bond Fund .....	\$61	\$192	\$335	\$750

## INVESTMENT OBJECTIVES, PRINCIPAL INVESTMENT STRATEGIES AND RELATED RISKS

### PIA BBB Bond Fund

The BBB Bond Fund’s investment objective is to seek to provide a total rate of return that approximates that of bonds rated within the BBB category by Standard & Poor’s, the Baa category by Moody’s or the BBB category by Fitch (collectively, “BBB-rated bonds”). The BBB Bond Fund’s investment objective is fundamental and may not be changed without shareholder approval. Please remember that an investment objective is not a guarantee and there is no assurance that the BBB Bond Fund’s investment objective can be achieved. An investment in the BBB Bond Fund might not earn income and investors could lose money.

The BBB Bond Fund has a non-fundamental policy to normally invest at least 80% of its net assets, plus any borrowings for investment purposes, in BBB-rated bonds. If the BBB Bond Fund decides to change this policy, it will provide 60 days’ prior notice of its decision to shareholders. The BBB Bond Fund considers a BBB-rated bond to be any debt instrument, other than a money market debt instrument, that has a rating of BBB by Standard & Poor’s, Baa by Moody’s or BBB by Fitch **at the time of purchase**.

### How We Invest Our Assets – First We Allocate Among Types of BBB-Rated Bonds

Bonds are represented by the industrial, utility, finance and non-corporate sectors. Non-corporate sectors include sovereign, supranational, foreign agency and foreign local government issuers. In determining the relative investment attractiveness of the various BBB-rated bonds, the Adviser considers risk as well as yield. Usually investing in securities with a high yield involves more risk of loss than investing in securities with a low yield. The Adviser attempts to keep the BBB Bond Fund’s portfolio risk (or volatility) and allocations to the types of BBB-rated bonds approximately equal to that of the Barclays Capital U.S. Credit Baa Bond Index over a full market cycle. The two principal components of risk of a BBB-rated bond are duration (a measure of a debt security’s price sensitivity) and credit quality.

## **How We Invest Our Assets – Next We Target Portfolio Duration**

In assembling the BBB Bond Fund portfolio, the Adviser first determines a target duration for the BBB Bond Fund. Duration is a measure of a debt security's price sensitivity. Duration takes into account a debt security's cash flows over time, including the possibility that a debt security might be prepaid by the issuer or redeemed by the holder prior to its stated maturity date. In contrast, maturity measures only the time until final payment is due. The following are examples of the relationship between a bond's maturity and its duration. A 5% coupon bond having a ten-year maturity will have a duration of approximately 7.8 years. Similarly, a 5% coupon bond having a three-year maturity will have a duration of approximately 2.8 years. The weighted average duration of the BBB Bond Fund will range from 5 years to 8 years.

## **How We Invest Our Assets – Finally We Select Individual Securities**

After having determined the types of BBB-rated bonds in which to invest and the target duration, the Adviser looks for the most attractive yields in the various asset classes. For a number of reasons bonds in one industry may have higher or lower yields, on a risk-adjusted basis, than bonds in another industry. The Adviser will attempt to take advantage of the yield differentials among industries.

The Adviser will sell a security as part of its overall investment decision to:

- Remove an overvalued security; or
- Reposition a Fund's assets into a more attractive security.

## **Derivative Securities**

In its effort to provide a total rate of return that approximates that of BBB-rated bonds, the BBB Bond Fund may invest up to 20% of its net assets in futures, options and other derivatives. These investments may be in bond futures contracts, option contracts, options on securities, options on debt futures, credit swaps, interest rate swaps and other derivative securities. The BBB Bond Fund may sometimes use derivatives as a substitute for taking a position in BBB-rated bonds and/or as part of a strategy designed to reduce exposure to other risks, such as interest rate risk.

The reasons for which the BBB Bond Fund will invest in futures, options and other derivatives are:

- To keep cash on hand to meet shareholder redemption or other needs while simulating full investment in BBB-rated bonds;
- To reduce the BBB Bond Fund's transaction costs or for hedging purposes; and
- To add value when these instruments are favorably priced.

Certain derivative transactions may be considered to constitute borrowing transactions for purposes of the Investment Company Act of 1940, as amended, (the "1940 Act"). The 1940 Act requires that the BBB Bond Fund's assets exceed 300% of any borrowings by the BBB Bond Fund. A derivative transaction will not be considered to constitute the issuance of a "senior security" by the BBB Bond Fund, and therefore will not be subject to the 300% asset coverage requirement otherwise applicable to borrowings by the BBB Bond Fund, if the BBB Bond Fund covers the transaction or segregates sufficient liquid assets in accordance with the requirements of the 1940 Act.

## **PIA MBS Bond Fund**

The MBS Bond Fund's investment objective is to seek to provide a total rate of return that approximates that of mortgage-backed securities included in the Barclays Capital U.S. MBS Fixed Rate Index (the "MBS Index"). The MBS Bond Fund's investment objective is not fundamental and may be changed without obtaining shareholder approval. Please remember that an investment objective is not a guarantee. An investment in the MBS Bond Fund might not earn income and investors could lose money.

The MBS Bond Fund has a non-fundamental policy to normally invest at least 80% of its net assets, plus any borrowings for investment purposes, in MBS. If the MBS Bond Fund decides to change this policy, it will provide 60 days' prior notice of its decision to shareholders. In pursuing its objective, the Adviser attempts to provide a return that may exceed the total rate of return of the MBS Index, although there is no guarantee that the Adviser will be able to do so. The MBS Bond Fund considers an MBS to be any debt instrument that is collateralized by residential mortgages and has the general characteristics in terms of maturity, coupon and age that would make it eligible for inclusion in the MBS Index. The MBS Bond Fund may also enter into to be announced ("TBA") transactions. A TBA transaction is a contract for the purchase or sale of an MBS for future settlement at an agreed upon date but does not include a specified pool number and number of pools or precise amount to be delivered. TBA transactions include most MBS represented in the MBS Index and may also include mortgages that do not yet exist. The MBS Bond Fund may also use the dollar roll market to postpone delivery when TBA investments are made.

### **How We Invest Our Assets – First We Allocate Among Types of MBS Rated Bonds**

The MBS Bond Fund purchases securities that are eligible to be included in the MBS Index. The MBS Index represents the universe of mortgage-backed securities issued by GNMA, FNMA and FHLMC with a minimum issue size of \$150 million. The MBS Index uses non-traded "generics" to track returns. Generics reflect the characteristics and/or experience of the total universe of a coupon of MBS sector type in contrast to a specific pool or collateral group, as in a specific CMO issue. Each of the hundreds of thousands of actual mortgage pools is mapped to a generic according to its program, origination year and coupon. The MBS Bond Fund decides to invest in a combination of actual pools and TBA generics to structure a portfolio with overall characteristics that approximate those of the MBS Index. In determining the relative investment attractiveness of the various MBS, the Adviser considers risk as well as yield. Generally, investing in securities with a higher yield involves more risk of loss than investing in securities with a lower yield. The Adviser attempts to keep the MBS Bond Fund's portfolio risk (or volatility) and allocations to the types of MBS similar to that of the MBS Index over a full market cycle. The two principal components of risk of an MBS are duration (a measure of a debt security's price sensitivity) and negative convexity (a measure of the deviation of the security's price sensitivity from that implied by its duration).

### **How We Invest Our Assets – Next We Target Portfolio Effective Duration**

In assembling the MBS Bond Fund's portfolio, the Adviser first determines a target effective duration for the MBS Bond Fund. Duration is a measure of a debt security's price sensitivity. Higher duration indicates bonds are more sensitive to interest rate changes. Bonds with shorter duration reduce risk associated with interest rates. Effective duration takes into account a debt security's cash flows over time, including the possibility that a debt security might be prepaid prior to its stated maturity date resulting in cash flows to the MBS Bond Fund sooner than scheduled. In contrast, maturity measures only the time until final payment is due. Following are examples of the relationship between a bond's maturity and its duration. A new origination 4.5% coupon MBS having a thirty-year maturity will have an effective duration of approximately 2.5 years (as of February 11, 2009). Similarly, a new origination 5% coupon bond having a fifteen-year maturity will have an effective duration of approximately 2.6 years (as of February 11, 2009). The weighted average effective duration of the MBS Bond Fund will normally be in a range of plus or minus one year of the effective duration of the MBS Index.

### **How We Invest Our Assets – Finally We Select Individual Securities**

After having determined the types of MBS-rated bonds in which to invest and the target duration, the Adviser looks for the most attractive yields in the various asset classes, while attempting to approximate the MBS Index coupon distribution, as well as the distribution of other characteristics. For a number of reasons, bonds in one sector of the MBS Bond Fund may have higher or lower yields, on a risk-adjusted basis, and higher or lower allocations than bonds in the equivalent sector of the MBS Index. The Adviser will attempt to take advantage of additional strategies, such as dollar rolls,

the use of cash enhancing investing, and the investment of up to 20% of the MBS Bond Fund's net assets in CMOs and other securities that are not part of the MBS Index, in order to generate return in addition to those offered by the MBS Index.

The Adviser will sell a security as part of its overall investment decision to:

- Remove an overvalued security; or
- Reposition a Fund's assets into a more attractive security.

## **Derivative Securities**

In its effort to provide a total rate of return that approximates that of the MBS Index, the MBS Bond Fund may invest up to 20% of its net assets in futures, options and other derivatives. These investments may be in bond or note futures contracts, option contracts, options on securities, options on debt futures, interest rate swaps, and other derivative securities.

The reasons for which the MBS Bond Fund will invest in futures, options, and other derivatives are:

- To keep cash on hand to meet shareholder redemption or other needs while simulating full investment in MBS;
- To reduce the MBS Bond Fund's transaction costs or for hedging purposes; and
- To add value when these instruments are favorably priced.

Certain derivative transactions may be considered to constitute borrowing transactions for purposes of the 1940 Act. The 1940 Act requires that the MBS Bond Fund's assets exceed 300% of any borrowings by the MBS Bond Fund. A derivative transaction will not be considered to constitute the issuance of a "senior security" by the MBS Bond Fund, and therefore will not be subject to the 300% asset coverage requirement otherwise applicable to borrowings by the MBS Bond Fund, if the MBS Bond Fund covers the transaction or segregates sufficient liquid assets in accordance with the requirements of the 1940 Act.

## **Temporary Defensive Investment Strategies**

For temporary defensive purposes, the Adviser may invest up to 100% of each Fund's total assets in high-quality, short-term debt securities and money market instruments. These short-term debt securities and money market instruments include shares of other mutual funds, commercial paper, certificates of deposit, bankers' acceptances, U.S. Government securities and repurchase agreements. Taking a temporary defensive position may result in the Funds not achieving their investment objectives. Furthermore, to the extent that a Fund invests in money market mutual funds for its cash position, there will be some duplication of expenses because the Fund would bear its pro rata portion of such money market funds' management fees and operational expenses.

## **Portfolio Turnover**

The Adviser actively trades each Fund's portfolio. It does so to take advantage of the inefficiencies of the markets for debt securities. Each Fund's annual portfolio turnover rate may exceed 100%. (Generally speaking, a turnover rate of 100% occurs when a Fund replaces securities valued at 100% of its average portfolio value within a one-year period.) Higher portfolio turnover (100% or more) will result in a Fund incurring more transaction costs such as mark-ups or mark-downs. Payment of these transaction costs reduces total return. Higher portfolio turnover could result in the payment by a Fund's shareholders of increased taxes on realized gains. Distributions to a Fund's shareholders, to the extent they are short-term capital gains, will be taxed at ordinary income tax rates for Federal income tax purposes, rather than at lower capital gains tax rates.

## Related Risks

There are a number of risks associated with the various securities in which the Funds will at times invest. These include:

- **Market Risk:** The prices of the securities in which the Funds invest may decline for a number of reasons, including in response to economic developments and perceptions about the creditworthiness of individual issuers.
- **Management Risk:** The Funds are subject to management risk because they are actively managed portfolios. The Adviser's management practices and investment strategies might not work to produce the desired results.
- **Interest Rate Risk:** In general, the value of bonds and other debt securities falls when interest rates rise. Longer term obligations are usually more sensitive to interest rate changes than shorter term obligations. Historically, there have been extended periods of increases in interest rates that have caused significant declines in bond prices.
- **Credit Risk:** The issuers of the bonds and other debt securities held by the Funds may not be able to make interest or principal payments. Even if these issuers are able to make interest or principal payments, they may suffer adverse changes in financial condition that would lower the credit quality of the security, leading to greater volatility in the price of the security.
- **Prepayment Risk:** Issuers of securities held by a Fund may be able to prepay principal due on these securities, particularly during periods of declining interest rates. Securities subject to prepayment risk generally offer less potential for gains when interest rates decline, and may offer a greater potential for loss when interest rates rise. Rising interest rates may cause prepayments to occur at a slower than expected rate thereby increasing the duration of the security and making the security more sensitive to interest rate changes.
- **Liquidity Risk:** Low or lack of trading volume may make it difficult to sell securities held by the Funds at quoted market prices.
- **Derivatives Risk:** The Funds may invest in derivative securities for both bona fide hedging purposes and for speculative purposes. A derivative security is a financial contract whose value is based on (or "derived from") a traditional security (such as a bond) or a market index. The Funds' use of derivative instruments involves risks greater than the risks associated with investing directly in the securities in which they primarily invest. Derivatives involve the risk of improper valuation, the risk of ambiguous documentation and the risk that changes in the value of the derivative may not correlate perfectly with the underlying security. Derivatives are also subject to market risk, interest rate risk, credit risk, counterparty risk and liquidity risk. A Fund could lose more than the principal amount that it invests in derivative securities. Also, suitable derivative transactions may not be available in all circumstances and there can be no assurance that the Funds will engage in these transactions to reduce exposure to other risks when that would be beneficial. In addition, the Funds' use of derivatives may increase the taxes payable by shareholders.
- **Portfolio Turnover Risk:** A high portfolio turnover rate (100% or more) has the potential to result in the realization and distribution to shareholders of higher capital gains. This may subject you to a higher tax liability. Distributions to shareholders of short-term capital gains are taxed as ordinary income under Federal tax laws. A high portfolio turnover rate also leads to higher transactions costs, which could negatively affect the Funds' performance. The Funds' annual portfolio turnover rate is expected to be greater than 100%.
- **Leverage Risk:** Leverage risk is the risk that losses from a derivative instrument may be greater than the amount invested in the derivative instrument. Certain derivatives have the potential for unlimited losses, regardless of the size of the initial investment.

- **Risks Associated with Inflation and Deflation:** The Funds are subject to inflation and deflation risk. Inflation risk is the risk that the rising cost of living may erode the purchasing power of an investment over time. As inflation increases, the value of the Funds’ portfolio could decline. Deflation risk is the risk that prices throughout the economy decline over time — the opposite of inflation. Deflation may have an adverse affect on the creditworthiness of issuers and may make issuer defaults more likely, which may result in a decline in the value of the Funds’ portfolio.

## PIA BBB Bond Fund

- **Risks Associated with High Yield Securities:** While the BBB Bond Fund does not purchase securities without one rating of at least BBB by Standard & Poor’s or Baa by Moody’s, a portfolio holding’s highest rating could be downgraded to less than a BBB or Baa rating, as the case may be. Securities with ratings lower than BBB or Baa are known as “high yield” securities (commonly known as “junk bonds”). It is the policy of the BBB Bond Fund to sell securities with ratings below BBB or Baa in an orderly manner. High yield securities provide greater income and a greater opportunity for gains than higher-rated securities, but entail greater risk of loss of principal. High yield securities are predominantly speculative with respect to the issuer’s capacity to pay interest and repay principal in accordance with the terms of the obligation. The market for high yield securities is generally thinner and less active than the market for higher quality securities. This may limit the ability of the BBB Bond Fund to sell high yield securities at the prices at which they are being valued for purposes of calculating net asset value (“NAV”) per share.
- **Foreign Securities Risk:** The BBB Bond Fund may invest up to 30% of its total assets in securities of foreign issuers. Foreign economies may differ from domestic companies in the same industry. Foreign companies or entities are frequently not subject to accounting and financial reporting standards applicable to U.S. companies, and there may be less information available about foreign issuers. Securities of foreign issuers are generally less liquid and more volatile than those of comparable domestic issuers.

## PIA MBS Bond Fund

- **Risks Associated with Real Estate and Regulatory Actions:** The securities that the MBS Bond Fund owns are dependent on real estate prices. Although some of the securities in the MBS Bond Fund are expected to either have a U.S. Government sponsored entity guarantee or be AAA rated by Moody’s Investors Service, Standard & Poor’s Corporation and/or Fitch, Inc., if real estate experience a significant price decline, this could adversely affect the prices of the securities the MBS Bond Fund owns. In particular, the recent events related to the U.S. housing market have had a severe negative impact on the value of some MBS and resulted in an increased risk associated with investments in these securities. Default rates on mortgages underlying many MBS have increased, which has resulted in depressed valuations for the investments. Liquidity has also sometimes been impaired. Also FNMA and FHLMC, the issuers for the majority of the securities the MBS Bond Fund is expected to own, are subject to government supervision and regulation but these securities are not insured or guaranteed by the U.S. Government. Any adverse regulatory action could impact the prices of the securities the MBS Bond Fund owns.

## Portfolio Holdings Information

A description of the Funds’ policies and procedures with respect to the disclosure of the Funds’ portfolio securities is available in the Funds’ Statement of Additional Information (“SAI”). Currently, disclosure of the Funds’ holdings is required to be made quarterly within 60 days of the end of each fiscal quarter in the Annual Report and Semi-Annual Report to Fund shareholders and in the quarterly holdings report on Form N-Q. The Annual and Semi-Annual Reports are available by contacting the Funds, c/o U.S. Bancorp Fund Services, LLC, P.O. Box 701, Milwaukee, Wisconsin 53201-0701, or calling 1-800-251-1970 and at the SEC’s website at [www.sec.gov](http://www.sec.gov). A complete list of the Funds’ portfolio holdings as of each month-end is also available on the Funds’ website at [www.piamutualfunds.com](http://www.piamutualfunds.com) within five to ten business days after the month-end.

# MANAGEMENT OF THE FUNDS

## Investment Adviser

Pacific Income Advisers, Inc., 1299 Ocean Avenue, Suite 210, Santa Monica, California 90401, is the investment adviser to the Funds. The Adviser has been in business since 1987. As the investment adviser to the Funds, the Adviser manages the investment portfolios for the Funds. It makes the decisions as to which securities to buy and which securities to sell. The Funds do not pay the Adviser an annual investment management fee. The management fees shown in the “Fees and Expenses” table of 0.41% for each Fund represent the amount that the Adviser believes it would charge for providing similar portfolio management services to other similar mutual fund portfolios.

A discussion regarding the basis for the Trust’s Board of Trustees’ (the “Board’s”) approval of the Funds’ investment advisory agreement is available in the Funds’ Semi-Annual Report to shareholders dated May 31, 2008.

## Portfolio Managers

The following individuals are primarily responsible for the day-to-day management of each Fund’s portfolio:

### **Lloyd McAdams, CFA, CEBS, *Chairman and Chief Investment Officer (Both Funds)***

Mr. McAdams has been a portfolio manager of the Funds since each Fund’s inception. Mr. McAdams has been the Chairman of the Board and Chief Investment Officer of PIA since its formation. From 1996 to December 2004, Mr. McAdams also served as the Chairman and CEO of the PIA Mutual Funds. Mr. McAdams is also the Chairman and CEO of Anworth Mortgage Asset Corp., a publicly-traded company which manages a portfolio of mortgage securities for its shareholders. Mr. McAdams is also Chairman of Syndicated Capital, Inc., the former distributor of the BBB Bond Fund. He is a Chartered Financial Analyst, Chartered Investment Counselor and a Certified Employee Benefit Specialist, and he has a B.S. in Statistics from Stanford University and an M.B.A. from the University of Tennessee.

### **H. Mitchell Harper, CFA, CMT, *Senior Vice President (BBB Bond Fund)***

Mr. Harper has been a portfolio manager of the BBB Bond Fund since its inception. From May 2001 to September 2002 he worked as an independent consultant. His prior experience includes serving as a senior investment officer at Chase Asset Management from July 1987 to May 2001. Mr. Harper earned a B.A. in Business Administration from the University of Arizona and an M.B.A. in accounting, marketing and finance from Northwestern University.

### **Evangelos Karagiannis, Ph.D., CFA, *Senior Vice President (Both Funds)***

Mr. Karagiannis has been a portfolio manager with PIA since 1995. He has been a portfolio manager of the BBB Bond Fund since 2005, and of the MBS Bond Fund since its inception. He has been employed with PIA since January 1992, and he has 17 years of investment experience. Mr. Karagiannis has a B.S. in Physics from the University of Athens, Greece and an M.S. and Ph.D. in Physics from the University of California at Los Angeles where he studied as a Fulbright Scholar and served as a Post Doctoral Fellow.

The SAI provides additional information about the portfolio managers’ compensation, other accounts managed by the portfolio managers and the portfolio managers’ ownership of securities in the Funds.

## THE FUNDS’ SHARE PRICE

The price at which investors purchase and redeem shares of the Funds is called its NAV per share. The Funds normally calculate their NAV per share as of the close of regular trading on the New York Stock Exchange (the “NYSE”) (normally, 4:00 p.m. Eastern time) on each day the NYSE is open for trading. Shares of the Funds will not be priced and are not available for purchase when the NYSE and/or Federal Reserve are closed, including the following days: New Year’s Day, Martin Luther King, Jr. Day, Washington’s Birthday/Presidents’ Day, Good Friday, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, and Christmas Day. The Funds calculate their NAV per share

based on the market prices or official closing price of the securities (other than money market instruments) they hold. The Funds value most money market instruments they hold at their amortized cost. Securities for which current market values are not readily available are valued at fair value, as determined in good faith under procedures set by the Board. The Board has procedures in place to monitor the policies and operations of third party providers of fair value prices.

The Funds will process purchase orders that they receive in good order and accept redemption orders that they receive in good order prior to the close of regular trading on a day in which the NYSE is open at the NAV per share determined **later that day**. They will process purchase orders that they receive and accept and redemption orders that they receive **after** the close of regular trading at the NAV per share determined at the close of regular trading on the **next day** the NYSE is open.

Good order means that your purchase request includes (1) the name of the Fund, (2) the dollar amount of shares to be purchased, (3) your purchase application, and (4) a check payable to the applicable Fund.

## PURCHASING SHARES

Shares of the Funds are only offered to investment advisory clients of the Adviser either directly by the Adviser or through special arrangements entered into on behalf of the Funds with certain broker-dealers, financial institutions or other service providers (“Servicing Agents”). These Servicing Agents will become shareholders of record of the Funds and have established procedures that investors must follow in purchasing shares. Such procedures need not be identical among Servicing Agents. These procedures should be carefully reviewed by investors.

Servicing Agents may charge fees to their customers for the services they provide them. Also, the Funds and/or the Adviser may pay fees to Servicing Agents to compensate them for the services the Servicing Agents provide to their customers. Further, the Funds may authorize Servicing Agents to receive purchase orders on behalf of the Funds and to designate other Servicing Agents to receive purchase orders on the Funds’ behalf. This means that the Funds will process the purchase order at the NAV per share that is determined following the Servicing Agent’s (or its designee’s) acceptance of the purchase order.

Investments in the Funds are subject to a \$1,000 minimum initial investment, and subsequent investments are subject to a \$50 minimum investment (other than subsequent investments pursuant to dividend reinvestment). Purchase orders placed with a Servicing Agent prior to the close of regular trading on the NYSE will be priced at the applicable NAV per share determined that day.

If you are purchasing shares through a Servicing Agent, it is the responsibility of the Servicing Agent to place your order with the Funds on a timely basis. If the Servicing Agent does not, or if it does not pay the purchase price to the Funds within the period specified in its agreement with the Funds, it may be held liable for any resulting fees or losses.

In compliance with the USA PATRIOT Act of 2001, please note that the Funds’ transfer agent, U.S. Bancorp Fund Services, LLC (the “Transfer Agent”) will verify certain information on your account application as part of the Trust’s Anti-Money Laundering Program. As requested on the account application, you should supply your full name, date of birth, social security number and permanent street address. Mailing addresses containing only a P.O. Box will not be accepted. Please contact the Transfer Agent at 1-800-251-1970, if you need additional assistance when completing your account application.

If we do not have a reasonable belief of the identity of an investor, the account will be rejected or the investor will not be allowed to perform a transaction on the account until such information is received. The Funds may also reserve the right to close the account within five business days if clarifying information/documentation is not received. Accounts may only be opened by persons with a valid social security number or tax identification number and permanent U.S. street address.

All checks must be in U.S. dollars drawn on a domestic bank. The Funds will not accept payment in cash or money orders. The Funds also do not accept cashier's checks in amounts of less than \$10,000. To prevent check fraud, the Funds will not accept third party checks, Treasury checks, credit card checks, traveler's checks or starter checks for the purchase of shares. The Funds are unable to accept post dated checks, post dated on-line bill pay checks, or any conditional order or payment.

The Transfer Agent will charge a \$25.00 fee against a shareholder's account, in addition to any loss sustained by the Funds, for any payment that is returned. It is the policy of the Funds not to accept applications under certain circumstances or in amounts considered disadvantageous to shareholders. The Funds reserve the right to reject any application.

*Investing directly by mail or by overnight delivery.* If you are an investment advisory client of the Adviser and wish to invest by mail, simply complete the account application and mail it with a check (made payable to "PIA BBB Bond Fund" or "PIA MBS Bond Fund") to:

**Regular Mail**

PIA BBB Bond Fund or  
PIA MBS Bond Fund  
c/o U.S. Bancorp Fund Services, LLC  
P.O. Box 701  
Milwaukee, Wisconsin 53201-0701

**Overnight Delivery**

PIA BBB Bond Fund or  
PIA MBS Bond Fund  
c/o U.S. Bancorp Fund Services, LLC  
615 East Michigan Street, Third Floor  
Milwaukee, Wisconsin 53202

Note: The Funds do not consider the U.S. Postal Service or other independent delivery services to be their agents. Therefore, deposit in the mail or with such services, or receipt at the post office box, of account applications or redemption requests does not constitute receipt by the Transfer Agent.

The Funds may reject any share purchase application for any reason. The Funds will send investors a written confirmation for all purchases of shares.

*Investing by wire.* If you are making your first investment in the Funds, before you wire funds, the Transfer Agent must have a completed account application. You can mail or overnight deliver your account application to the Transfer Agent at the address indicated above. You may also fax the account application by calling the Transfer Agent at 1-800-251-1970 for a fax number. Upon receipt of your completed account application, the Transfer Agent will establish an account for you. The account number assigned will be required as part of the instructions that should be given to your bank to send the wire payment. Your bank must include both the name of the Fund you are purchasing and your name so that monies can be correctly applied. Your bank should transmit immediately available funds by wire to:

U.S. Bank N.A.  
777 East Wisconsin Avenue  
Milwaukee, Wisconsin 53202  
ABA No. 075000022  
Credit: U.S. Bancorp Fund Services, LLC  
Account No. 112-952-137  
Further Credit: PIA Funds [PIA BBB Bond Fund or PIA MBS Bond Fund]  
Shareholder Registration  
Shareholder Account Number

If you are making a subsequent purchase, your bank should wire funds as indicated above. Before each wire purchase, please contact the Transfer Agent at 1-800-251-1970 to advise them of your intent to wire funds. This will ensure prompt and accurate credit upon receipt of your investment. *It is important that your bank include complete information about your account in all wire transactions.* If you have questions about how to invest by wire, you may call the Transfer Agent. Your bank may charge you a fee for sending a wire to the Funds.

## **Telephone Purchase**

Investors may purchase additional shares of the Funds by calling 1-800-251-1970. If you elected this option on your account application, and your account has been open for at least 15 days, telephone orders will be accepted via electronic funds transfer from your bank account through the Automated Clearing House (“ACH”) network. You must have banking information established on your account prior to making a purchase. Each telephone purchase must be in the amount of \$50 or more. Your shares will be purchased at the NAV per share calculated on the day your order is placed, provided that your order is received prior to 4:00 p.m. Eastern time.

## **Automatic Investment Plan**

The Funds offer an automatic investment plan (“AIP”) allowing shareholders to make purchases on a regular or continued basis. There is a maximum purchase amount of \$50,000 per day per Fund through the ACH network.

- Automatic purchases of Fund shares can be made for as little as \$50 per purchase.
- You may elect to have your automatic purchase made on any day of the month. If these dates fall on a weekend or legal holiday, purchases will be made on the following business day.
- The Funds do not currently charge a fee for an AIP, however, the Funds may charge a \$25 fee if the automatic investment cannot be made for any reason.
- If you redeem an account with an AIP to a zero balance, the AIP will be discontinued.
- In order to participate in the AIP your bank must be a member of the ACH network.
- Any change or termination of the AIP should be provided to the Transfer Agent at least five days prior to the effective date.

## **REDEEMING SHARES**

### **How to Redeem (Sell) Shares**

You or your Servicing Agent have the right to redeem all or any portion of your shares of the Funds at their NAV per share on each day the NYSE is open for trading. All redemption requests must be made directly or through the Servicing Agent from whom you purchased your shares. The Servicing Agents have established procedures that investors must follow in selling (redeeming) shares. Such procedures need not be identical among Servicing Agents. These procedures should be carefully reviewed by investors.

Redemption requests placed with a Servicing Agent prior to the close of regular trading on the NYSE will be priced at the applicable NAV per share determined that day. If a Servicing Agent receives the redemption request after the close of regular trading on the NYSE, or on a holiday, weekend or a day the NYSE is closed, then the Servicing Agent will process the redemption on the next business day.

If any portion of the shares to be redeemed represents an investment recently made by check, the Funds may delay the payment of redemption proceeds until the Transfer Agent is reasonably satisfied that the check has been collected. This may take up to 15 calendar days from the purchase date.

### **Other Redemption Considerations**

When redeeming shares of the Funds, shareholders should consider the following:

1. The redemption may result in a taxable gain.
2. Payment of redemption proceeds will be made promptly, and in no event later than seven calendar days after the receipt of a redemption request.

3. There are certain times when a shareholder may be unable to sell the Fund shares or receive proceeds. Specifically, the Funds may suspend the right to redeem shares or postpone the date of payment upon redemption for more than three business days (1) for any period during which the NYSE is closed (other than customary weekend or holiday closings) or trading on the NYSE is restricted; (2) for any period during which an emergency exists as a result of which disposal by the Funds of securities owned by them is not reasonably practicable or it is not reasonably practicable for the Funds fairly to determine the value of their net assets; or (3) for such other periods as the SEC may permit for the protection of the Funds' shareholders.
4. If your account balance falls below \$500 because you redeem shares, you will be given 60 days to make additional investments so that your account balance is \$500 or more. If you do not, the Funds may close your account and mail the redemption proceeds to you.

The Funds may pay redemption requests "in kind." This means that the Funds will pay redemption requests entirely or partially with securities rather than with cash. Specifically, if the amount you are redeeming is in excess of the lesser of \$250,000 or 1% of a Fund's net assets, the Fund has the right to redeem your shares by giving you the amount that exceeds \$250,000 or 1% of the Fund's net assets in securities instead of cash. If the Funds pay your redemption proceeds by a distribution of securities, you could incur brokerage or other charges in converting the securities to cash, and will bear any market risks associated with such securities until they are converted into cash.

### **How to Redeem (Sell) Shares by Telephone**

*Redemptions by telephone.* If you have completed the Telephone and Internet Options portion of the account application and your Fund shares are held directly in your name, you may redeem shares up to \$50,000 directly on any business day the NYSE is open by calling the Transfer Agent at 1-800-251-1970 before 4:00 p.m. Eastern time. Redemption proceeds will be mailed or wired, at your direction, on the next business day to the bank account you designated. Redemption proceeds may also be sent to your designated bank account via electronic funds transfer through the ACH network. To utilize the ACH network, you must have bank information on your account. There is no charge for this service. Proceeds are normally credited within three business days. The minimum amount that may be wired is \$1,000 (wire charges will be deducted from redemption proceeds for complete redemptions. In the case of a partial redemption, the \$15 fee will be deducted from the remaining account balance.) Telephone redemptions cannot be made for retirement plan accounts.

By using telephone redemption privileges, you authorize the Funds and their Transfer Agent to act upon the instruction of any person who makes the telephone call to redeem shares from your account and transfer the proceeds to the bank account designated in the account application. The Funds and the Transfer Agent will use procedures to confirm that redemption instructions received by telephone are genuine, including recording of telephone instructions and requiring a form of personal identification before acting on these instructions. If these normal identification procedures are followed, neither the Funds nor the Transfer Agent will be liable for any loss, liability, or cost that results from acting upon instructions of a person believed to be a shareholder with respect to the telephone redemption privilege. The Funds may change, modify, or terminate these privileges at any time upon at least 60 days' notice to shareholders.

Telephone trades must be received by or prior to market close. During periods of high market activity, shareholders may encounter higher than usual call wait times. Please allow sufficient time to ensure that you will be able to complete your telephone transaction prior to market close.

You may request telephone redemption privileges after your account is opened; however, the authorization form may require a separate signature guarantee. Once a telephone transaction has been placed, it cannot be canceled or modified.

## **Systematic Withdrawal Plan**

As another convenience, you may redeem your Fund shares through the Systematic Withdrawal Plan (“SWP”). If you elect this method of redemption, the applicable Fund will send you a check in a minimum amount of \$100. You may choose to receive a check on any day of the month you designate on the account application. If the day you designate falls on a weekend or legal holiday, the distribution will take place on the following business day. You may alternatively choose to receive a check each calendar quarter or annually. Your Fund account must have a value of at least \$10,000 in order to participate in the SWP. This program may be terminated at any time by the Funds. You may also elect to change or terminate your participation in the SWP at any time by contacting the Transfer Agent five days prior to effective date of the next withdrawal by calling 1-800-251-1970 or writing to:

PIA BBB Bond Fund or  
PIA MBS Bond Fund  
c/o U.S. Bancorp Fund Services, LLC  
P.O. Box 701  
Milwaukee, Wisconsin 53201-0701

A withdrawal under the SWP involves a redemption of shares and may result in a gain or loss for federal income tax purposes. In addition, if the amount withdrawn exceeds the dividends credited to your account, the account ultimately may be depleted.

## **Tools To Combat Frequent Transactions**

The Board has adopted policies and procedures with respect to frequent purchases and redemptions of the Funds’ shares by Fund shareholders. The Funds discourage excessive, short-term trading and other abusive trading practices that may disrupt portfolio management strategies and harm the Funds’ performances. The Funds take steps to reduce the frequency and effect of these activities in the Funds. These steps include monitoring trading activity and using fair value pricing. Although these efforts (which are described in more detail below) are designed to discourage abusive trading practices, these tools cannot eliminate the possibility that such activity may occur. Further, while the Funds make efforts to identify and restrict frequent trading, the Funds receive purchase and sale orders through financial intermediaries and cannot always know or detect frequent trading that may be facilitated by the use of intermediaries or the use of group or omnibus accounts by those intermediaries. The Funds seek to exercise their judgment in implementing these tools to the best of their abilities in a manner that the Funds believe is consistent with shareholder interests.

### *Monitoring Trading Practices*

The Funds monitor selected trades in an effort to detect excessive short-term trading activities. If, as a result of this monitoring, the Funds believe that a shareholder has engaged in excessive short-term trading, it may, in its discretion, ask the shareholder to stop such activities or refuse to process purchases in the shareholder’s accounts. In making such judgments, the Funds seek to act in a manner that they believe is consistent with the best interests of shareholders. Due to the complexity and subjectivity involved in identifying abusive trading activity and the volume of shareholder transactions the Funds handle, there can be no assurance that the Funds’ efforts will identify all trades or trading practices that may be considered abusive. In addition, the Funds’ ability to monitor trades that are placed by individual shareholders within group or omnibus accounts maintained by financial intermediaries is limited because the Funds do not have simultaneous access to the underlying shareholder account information.

In compliance with Rule 22c-2 of the 1940 Act, Quasar Distributors, LLC, the Funds’ distributor, on behalf of the Funds, has entered into written agreements with each of the Funds’ financial intermediaries, under which the intermediary must, upon request, provide the Funds with certain shareholder and identity trading information so that the Funds can enforce their market timing policies.

## *Fair Value Pricing*

The Funds employ fair value pricing selectively to ensure greater accuracy in their daily NAV per share and to prevent dilution by frequent traders or market timers who seek to take advantage of temporary market anomalies. The Board has developed procedures which utilize fair value pricing when reliable market quotations are not readily available or the Funds' pricing service does not provide a valuation (or provides a valuation that in the judgment of the Adviser to the Fund does not represent the security's fair value), or when, in the judgment of the Adviser, events have rendered the market value unreliable. Valuing securities at fair value involves reliance on judgment. Fair value determinations are made in good faith in accordance with procedures adopted by the Board and are reviewed by the Board. There can be no assurance that a Fund will obtain the fair value assigned to a security if it were to sell the security at approximately the time at which the Fund determines its NAV per share.

Fair value pricing may be applied to non-U.S. securities. The trading hours for most non-U.S. securities end prior to the close of the NYSE, the time that each Fund's NAV per share is calculated. The occurrence of certain events after the close of non-U.S. markets, but prior to the close of the NYSE (such as a significant surge or decline in the U.S. market) often will result in an adjustment to the trading prices of non-U.S. securities when non-U.S. markets open on the following business day. If such events occur, the Funds may value non-U.S. securities at fair value, taking into account such events, when they calculate their NAV per share. Other types of securities that the Funds may hold for which fair value pricing might be required include, but are not limited to: (a) investments which are not frequently traded and/or the market price of which the Adviser believes may be stale; (b) illiquid securities, including "restricted" securities and private placements for which there is no public market; (c) securities of an issuer that has entered into a restructuring; (d) securities whose trading has been halted or suspended; and (e) fixed income securities that have gone into default and for which there is not a current market value quotation.

## **Distribution and Service Fees – Other Payments to Third Parties**

The Funds may pay service fees to intermediaries such as banks, broker-dealers, financial advisors or other financial institutions, for sub-administration, sub-transfer agency and other shareholder services associated with shareholders whose shares are held of record in omnibus, other group accounts or accounts traded through registered securities clearing agents.

The Adviser, out of its own resources, and without additional cost to the Funds or their shareholders, may provide additional cash payments or non-cash compensation to intermediaries who sell shares of the Funds. Such payments and compensation are in addition to service fees paid by the Funds. These additional cash payments are generally made to intermediaries that provide shareholder servicing, marketing support and/or access to sales meetings, sales representatives and management representatives of the intermediary. Cash compensation may also be paid to intermediaries for inclusion of the Funds on a sales list, including a preferred or select sales list, in other sales programs or as an expense reimbursement in cases where the intermediary provides shareholder services to the Funds' shareholders. The Adviser may also pay cash compensation in the form of finder's fees that vary depending on the Fund and the dollar amount of the shares sold.

## **DIVIDENDS, DISTRIBUTIONS AND TAXES**

The Funds distribute substantially all of their net investment income monthly and substantially all of their capital gains annually. You have two distribution options:

- **Automatic Reinvestment Option** – Both dividend and capital gains distributions will be reinvested in additional Fund shares.
- **All Cash Option** – Both dividend and capital gains distributions will be paid in cash.

You may make this election on the account application. You may change your election by writing to the Transfer Agent or by calling 1-800-251-1970.

The Funds' distributions, whether received in cash or additional shares of the Funds, may be subject to federal and state income tax. These distributions may be taxed as ordinary income and capital gains (which may be taxed at different rates depending on the type of shareholder and the length of time the Funds hold the assets generating the capital gains, but not depending on the length of time you held your shares). In managing the Funds, the Adviser considers the tax effects of its investment decisions to be of secondary importance.

If you elect to receive distributions and capital gains paid in cash, and the U.S. Postal Service cannot deliver the check, or if a check remains outstanding for six months, the Funds reserve the right to reinvest the distribution check in your account, at a Fund's current NAV per share, and to reinvest all subsequent distributions.

## FINANCIAL HIGHLIGHTS

The financial highlights tables are intended to help you understand each Fund's financial performance for the past five years (or the period of the Fund's operations). Certain information reflects financial results for a single Fund share. The total returns in the tables represent the rate that an investor would have earned (or lost) on an investment in a Fund (assuming reinvestment of all dividends and distributions). The information for the BBB Bond Fund for the fiscal years ended November 30, 2005 through November 30, 2008, and for the MBS Bond Fund for the fiscal years ended November 30, 2006 through November 30, 2008, in the tables below has been audited by Tait, Weller & Baker LLP, the Funds' independent registered public accounting firm. Another independent registered public accounting firm provided audit services for the BBB Bond Fund for the fiscal year ended November 30, 2004. The report of Tait, Weller & Baker LLP, along with the Funds' financial statements are included in the Annual Report, which is available upon request.

### PIA BBB Bond Fund

	Year Ended November 30,				
	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
<b>Per Share Operating Performance</b>					
(For a fund share outstanding throughout each year)					
Net asset value, beginning of year . . . . .	\$ 9.53	\$ 9.69	\$ 9.62	\$ 9.94	\$ 9.93
<b>INCOME FROM INVESTMENT OPERATIONS:</b>					
Net investment income . . . . .	0.55	0.52	0.53	0.49	0.38
Net realized and unrealized gain/(loss) on investments . . . . .	<u>(1.79)</u>	<u>(0.16)</u>	<u>0.06</u>	<u>(0.31)</u>	<u>0.06</u>
Total from investment operations . . . . .	<u>(1.24)</u>	<u>0.36</u>	<u>0.59</u>	<u>0.18</u>	<u>0.44</u>
<b>LESS DISTRIBUTIONS:</b>					
Distributions from net investment income . . . . .	(0.53)	(0.52)	(0.52)	(0.49)	(0.43)
Distributions from net realized gain on investments . . . . .	<u>—</u>	<u>—</u>	<u>—</u>	<u>(0.01)</u>	<u>—</u>
Total distributions . . . . .	<u>(0.53)</u>	<u>(0.52)</u>	<u>(0.52)</u>	<u>(0.50)</u>	<u>(0.43)</u>
Net asset value, end of year . . . . .	<u>\$ 7.76</u>	<u>\$ 9.53</u>	<u>\$ 9.69</u>	<u>\$ 9.62</u>	<u>\$ 9.94</u>
<b>TOTAL RETURN</b> . . . . .	(13.58)%	3.87%	6.44%	1.75%	4.57%
<b>RATIOS/SUPPLEMENTAL DATA:</b>					
Net assets, end of year (in 000's) . . . . .	\$165,352	\$189,038	\$75,805	\$81,847	\$49,228
Ratio of expenses to average net assets:					
Net of expense reimbursement . . . . .	0.00%	0.00%	0.00%	0.00%	0.00%
Before expense reimbursement . . . . .	0.18%	0.19%	0.22%	0.28%	0.72%
Ratio of net investment income to average net assets:					
Net of expense reimbursement . . . . .	6.06%	5.65%	5.49%	5.09%	4.86%
Before expense reimbursement . . . . .	5.88%	5.46%	5.27%	4.81%	4.14%
Portfolio turnover rate . . . . .	39%	226%	112%	104%	202%

## PIA MBS Bond Fund

	<u>Year Ended November 30,</u> <u>2008</u>	<u>2007</u>	<u>February 28, 2006*</u> <u>through</u> <u>Nov. 30, 2006</u>
<b>Per Share Operating Performance</b>			
(For a fund share outstanding throughout each period)			
Net asset value, beginning of period . . . . .	\$ 10.25	\$10.14	\$ 10.00
<b>INCOME FROM INVESTMENT OPERATIONS:</b>			
Net investment income . . . . .	0.59	0.51	0.34
Net realized and unrealized gain on investments . . . . .	<u>0.07</u>	<u>0.11</u>	<u>0.13</u>
Total from investment operations . . . . .	<u>0.66</u>	<u>0.62</u>	<u>0.47</u>
<b>LESS DISTRIBUTIONS:</b>			
Distributions from net investment income . . . . .	(0.56)	(0.51)	(0.33)
Distributions from net realized gain on investments . . . . .	<u>(0.00)#</u>	<u>(0.00)#</u>	<u>—</u>
Total distributions . . . . .	<u>(0.56)</u>	<u>(0.51)</u>	<u>(0.33)</u>
Net asset value, end of period . . . . .	<u>\$ 10.35</u>	<u>\$ 10.25</u>	<u>\$ 10.14</u>
<b>TOTAL RETURN</b> . . . . .	6.64%	6.30%	4.86% <sup>++</sup>
<b>RATIOS/SUPPLEMENTAL DATA:</b>			
Net assets, end of period (in 000's) . . . . .	\$108,337	\$344,801	\$95,795
Ratio of expenses to average net assets:			
Net of expense reimbursement . . . . .	0.00%	0.00%	0.00% <sup>+</sup>
Before expense reimbursement . . . . .	0.19%	0.17%	0.48% <sup>+</sup>
Ratio of net investment income to average net assets:			
Net of expense reimbursement . . . . .	5.33%	5.39%	5.46% <sup>+</sup>
Before expense reimbursement . . . . .	5.14%	5.22%	4.98% <sup>+</sup>
Portfolio turnover rate . . . . .	126%	139%	19% <sup>++</sup>

\* Commencement of operations.

+ Annualized for periods less than one year.

++ Not annualized for periods less than one year.

# Amount is less than \$0.01.

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**Investment Adviser**

Pacific Income Advisers, Inc.  
1299 Ocean Avenue, Suite 210  
Santa Monica, California 90401

**Distributor**

Quasar Distributors, LLC  
615 East Michigan Street  
Milwaukee, Wisconsin 53202

**Custodian**

U.S. Bank National Association  
Custody Operations  
1555 North River Center Drive, Suite 302  
Milwaukee, Wisconsin 53212

**Transfer Agent**

U.S. Bancorp Fund Services, LLC  
615 East Michigan Street  
Milwaukee, Wisconsin 53202

**Independent Registered Public Accounting Firm**

Tait, Weller & Baker LLP  
1818 Market Street, Suite 2400  
Philadelphia, Pennsylvania 19103

**Legal Counsel**

Paul, Hastings, Janofsky & Walker LLP  
75 East 55th Street  
New York, New York 10022

## PRIVACY NOTICE

The Funds collect non-public information about you from the following sources:

- Information we receive about you on applications or other forms;
- Information you give us orally; and
- Information about your transactions with us or others

**We do not disclose any non-public personal information about our customers or former customers without the customer's authorization, except as permitted by law or in response to inquiries from governmental authorities. We may share information with affiliated parties and unaffiliated third parties with whom we have contracts for servicing the Funds. We will provide unaffiliated third parties with only the information necessary to carry out their assigned responsibilities. We maintain physical, electronic and procedural safeguards to guard your non-public personal information and require third parties to treat your non-public information with the same high degree of confidentiality.**

**In the event that you hold shares of the Funds through a financial intermediary, including, but limited to, a broker-dealer, bank, or trust company, the privacy policy of your financial intermediary would govern how your non-public personal information would be shared with unaffiliated third parties.**

**PIA BBB Bond Fund  
PIA MBS Bond Fund**

**Each, a series of Advisors Series Trust**

**FOR MORE INFORMATION**

To learn more about the Funds you may want to read the Funds' Statement of Additional Information (or "SAI") which contains additional information about the Funds. The Funds have incorporated by reference the SAI into the Prospectus. This means that you should consider the contents of the SAI to be part of the Prospectus.

You also may learn more about the Funds' investments by reading the Funds' Annual and Semi-Annual Reports to shareholders (the "Shareholder Reports"). The Annual Report includes a discussion of the market conditions and investment strategies that significantly affected the performance of the Funds during the Funds' fiscal year.

The SAI and the Shareholder Reports are all available to shareholders and prospective investors without charge on the Funds' website at [www.piamutualfunds.com](http://www.piamutualfunds.com).

Prospective investors and shareholders who have questions about the Funds may also call the following number or write to the following address:

PIA BBB Bond Fund or  
PIA MBS Bond Fund  
c/o U.S. Bancorp Fund Services, LLC  
615 East Michigan Street, Third Floor  
Milwaukee, Wisconsin 53202  
1-800-251-1970

The general public can review and copy information about the Funds (including the SAI) at the Securities and Exchange Commission's Public Reference Room in Washington, D.C. (Please call (202) 551-8090 for information on the operations of the Public Reference Room.) Reports and other information about the Funds are also available on the EDGAR Database at the Securities and Exchange Commission's Internet site at <http://www.sec.gov> and copies of this information may be obtained, upon payment of a duplicating fee, by electronic request at the following E-mail address: [publicinfo@sec.gov](mailto:publicinfo@sec.gov), or by writing to:

Public Reference Section  
Securities and Exchange Commission  
Washington, D.C. 20549-0213

(The Trust's SEC Investment Company Act file number is 811-07959.)

**PIA BBB Bond Fund  
MACS**

**PIA MBS Bond Fund  
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**PROSPECTUS**

**March 30, 2009**