

# 2nd Quarter 2010 Century Funds Update

## PERFORMANCE

The Century Small Cap Select Fund (CSCSF) Institutional Shares and Investor Shares returned -6.22% and -6.30%, respectively, besting the -9.22% posted by the Russell 2000 Growth (R2000G) Index, the Fund's benchmark. Century Shares Trust (CST) Institutional Shares and Investor Shares returned -11.83% and -11.88%, respectively, trailing the S&P 500 Index return of -11.43% for the second quarter of 2010.

Century Small Cap	Annualized Returns Through 6/30/10					
	Qtr 2	YTD	1 Year	3 Years	5 Years	10 Years
Institutional Shares	-6.22%	-0.22%	19.70%	-9.28%	-1.99%	8.07%
Investor Shares	-6.30	-0.40	19.27	-9.62	-2.33	7.72
Russell 2000G Index	-9.22	-2.31	17.96	-7.54	1.14	-1.72
Russell 2000® Index	-9.92	-1.95	21.48	-8.60	0.37	3.00

Century Shares Trust	Annualized Returns Through 6/30/10						Since Inception
	Qtr 2	YTD	1Year	3 Years	5 Years	10 Years	
Institutional Shares	-11.83%	-7.88%	10.46%	-8.82%	-1.56%	4.56%	
Investor Shares	-11.88	-8.03	10.14	-9.04	N/A	N/A	-2.16%*
S&P 500 Index	-11.43	-6.65	14.43	-9.81	-0.79	-1.59	-1.31*
Russell 1000G® Index	-11.75	-7.64	13.62	-6.91	0.38	-5.14	-0.28*

\*Investor Shares Inception Date 7/18/2005

## TOP TEN HOLDINGS as of June 30, 2010

### Century Small Cap Select Fund:

Bruker Corp. 3.2%, Signature Bank 3.2%, NxStage Medical, Inc. 3.1%, J2 Global Communications, Inc. 3.1%, BJ's Wholesale Club, Inc. 2.9%, Monro Muffler Brake, Inc. 2.7%, Par Pharmaceutical Cos., Inc. 2.5%, Capella Education Co. 2.5%, Core Laboratories N.V. 2.5% and Quality Systems, Inc. 2.4%

### Century Shares Trust:

Express Scripts, Inc. 4.5%, Apple, Inc. 4.4%, Oracle Corp. 4.1%, Amerisource Bergen Corp. 3.9%, Cisco Systems, Inc. 3.6%, Google, Inc. - Class A 3.0%, Microsoft Corp. 2.9%, Fastenal Co. 2.8%, NII Holdings, Inc. 2.8% and Discovery Communications, Inc. 2.4%

*Past performance is no guarantee of future results. Current performance may be lower or higher than the performance data quoted. Investment return and principal value will fluctuate so that an investor's shares, when redeemed, may be worth more or less than original cost. For the most recent month-end performance, please call 800-303-1928. Performance returns include the reinvestment of dividend and capital gain distribution. Returns less than one year are not annualized. Shares held less than 90 days may be subject to a 1% redemption fee. As stated in the Funds' current prospectus, the CST annual operating expense ratio (gross) for Institutional and Investor shares are 1.22% and 2.66%, respectively. However, the adviser has agreed to contractually limit operating expenses for CST's Investor Shares to 1.45% through February 28, 2011. Otherwise, actual returns for these Shares would have been lower. The annual operating expense ratio (gross) for CSCSF's Institutional and Investor shares are 1.16% and 1.55%, respectively. Returns since inception and for the 10-year period would have been lower if certain fees had not been waived or expenses reimbursed.*

*The recent growth rate in the stock market has helped to produce short-term returns for some asset classes that are not typical and may not continue in the future. Because of ongoing market volatility, fund performance may be subject to substantial short-term changes.*

## MARKET REVIEW

The markets seemed eager to sustain the first quarter's momentum into April. The S&P 500, along with other major indices, marched higher, closing at 1217.28 on April 23, its high water mark for 2010. While market performance for the month was generally positive, the tail-end of the month saw the heightened concern over sovereign debt issues rattle the market and initiate a decline that carried through the remainder of the quarter.

Uncertainty about a weakening recovery was the dominant theme as the quarter came to a close. On the positive side of the equation was a strong first quarter earnings season. Many companies beat earnings expectations and demonstrated revenue growth. Also, inflation continued to be a non-factor. The Leading Economic Index results in May showed the economy continues to grow, though at a slow pace. Finally, the ISM reports for both manufacturing and non-manufacturing sectors continued to show an economy in recovery mode.

Alternatively, the expiration of first time home buyer incentives in April revealed a housing market that continues to struggle. First quarter GDP came in at 2.7%, the third downward revision. June unemployment was 9.5%, down from 9.7% in May. Investors were concerned by the small amount of new jobs being added in the private sector. The quarter closed with a huge dip in consumer confidence sentiment.

Higher quality stocks regained market leadership as investors focused their attention on the strength of the economic recovery and the prospects for earnings growth in 2011. Small-cap stocks, with their reduced exposure to global economies, slightly outperformed large-cap stocks for the quarter.

The S&P 500 Index declined -11.43% for the quarter. All sectors were negative for the quarter with Utilities (-4.82%), Telecom (-5.65%), and Consumer Staples (-8.85%), the only areas not recording double digit losses.

The Russell 2000G posted a loss of -9.22% for the second quarter. Consumer Staples (-5.97%), Industrials (-6.42%), and Technology (-7.83%) were the top performing sectors within the Index.

### Century Small Cap Select Fund Performance Attribution

Health Care was the largest contributor to performance during the quarter, through a combination of an underweight position and stock selection. Stock selection also led the Consumer Discretionary and Energy sectors to be top contributors. Materials, which was an overweight position within the portfolio, was the only detractor among the sectors as a result of stock selection.

## Stocks That Contributed To Fund Performance

**Cornell Companies, Inc. (CRN)** is a provider of correctional services to government agencies for adults and juveniles. The stock appreciated +47.7% during the quarter. It was announced that the company would be acquired by a competitor, the Geo Group.

**NxStage Medical Inc. (NXTM)** manufactures and distributes an in-home hemodialysis machine to clinics serving patients suffering from kidney disease. During the quarter the firm reported strong financial results and initiated several new distribution arrangements that are expected to strengthen their share of the home hemodialysis market. The stock price rose +29.6%.

**Core Laboratories N.V. (CLB)** is a fluid lab analysis company which enhances the recovery rate of an oil producing field over its useful life. It also manufactures equipment primarily used to improve the productivity of onshore natural gas wells. The stock appreciated +12.9% in the most recent quarter as all segments delivered upside to forecast, driven by a cyclical rebound in its natural gas products segment.

**Polypore International (PPO)** is a maker of filters used in lead acid and lithium batteries for electric and hybrid vehicle battery manufacturers. The stock returned +30.2% during the quarter. The company reported strong quarterly results and provided upward revisions to revenue and earnings guidance.

**Monro Muffler Brake, Inc. (MNRO)** is a provider of auto repair services. The stock outperformed in the most recent quarter on the heels of better than expected sales and earnings results and increased market share. Shares rose +11.0% during the quarter.

## Stocks That Detracted From CSCSF's Performance

**Brookdale Senior Living Inc. (BKD)** is the nation's largest provider of private pay, senior living facilities. The company has very little exposure to Medicare reimbursement but does have exposure to the housing market. While the company did report solid financial results, concerns surrounding the state of the housing market caused the share price to decline -27.9% during the quarter.

**IPC The Hospitalist Company Inc. (IPCM)** is a provider of "hospitalist" physicians, support staff, and technology for inpatient care. During the quarter, they reported first quarter revenues that were below expectations. The firm also reported that the Department of Justice was investigating past billing practices. These combined events led to a drop of -28.5% in the stock's price.

**Bruker Corporation (BRKR)** develops, manufactures, and sells high performance scientific instruments and molecular and materials analysis. The majority of the company's customers are European. While we believe the company fundamentals remain solid, the stock price declined -17.0% on fears of a renewed global recession.

**Schnitzer Steel Industries Inc. (SCHN)** is the second largest exporter of scrap metal in the US. Renewed fears of a global economic slowdown during the quarter caused commodity prices to decline. The stock returned -25.4% as a result.

**Woodward Governor Company (WGOV)** designs and manufactures a wide range of components for aircraft, turbines and power system equipment. The share price dropped -20.0% during the quarter on general fears of a double-dip recession with the U.S. and abroad.

#### Century Shares Trust Performance Attribution

Health Care, a result of stock selection, was the leading contributor during the quarter. Industrials and Technology were also contributors primarily due to stock selection as well. Telecommunications and Materials were laggards. Stock selection led to the underperformance in these areas.

#### Stocks That Contributed To CST's Performance

**AmerisourceBergen Corporation (ABC)** is a pharmaceutical services company, with operations in the United States and Canada. The company provides drug distribution and related services to both healthcare providers and pharmaceutical manufacturers. The stock price climbed +10.1% during the quarter. The company beat Fiscal Year (FY) 2Q10 earnings expectations and showed strong revenue growth. Management also increased its full year EPS guidance.

**Apple Inc. (AAPL)** designs, manufactures, and markets personal computers, mobile communication devices, and portable digital music and video players, and sells a variety of related software, services, peripherals, and networking solutions. The company announced FY2Q10 earnings that were significantly ahead of analysts' forecasts though the company did lower guidance for the third quarter. Sales of iPhones and Mac computers remained strong. The stock price rose +7.0%.

**Fastenal Company (FAST)** is a national distributor of industrial and construction supplies. The stock returned +4.6% in the second quarter. The company beat expectations on both earnings and revenues for its FY2Q10 results and management stated that it was optimistic about improved sales growth for the balance of the year.

**Discovery Communications Inc. (DISCA)** is a global media and entertainment company that provides original and purchased programming across multiple distribution platforms in the United States and over 170 other countries. First quarter earnings, revenues, and sales all beat expectations and management raised its guidance for the full 2010 fiscal year. The share price increased +5.7%.

**Staples, Inc. (SPLS)** is an office products company. The stock price appreciated 4.2% during the second quarter. The company reported solid first quarter earnings results but management comments worried investors about the strength of the economic recovery and its impact on the Consumer sector.

#### Stocks That Detracted From CST's Performance

**Cisco Systems, Inc. (CSCO)** is a supplier of data networking equipment to enterprise, carrier and government customers. CSCO shares declined -18.1% during the quarter despite posting strong FY3Q10 earnings and revenue results in May. The market was concerned about contracting margins.

**Microsoft Corporation (MSFT)** develops, manufactures, licenses and supports a range of software products. The company reported solid earnings and showed improved revenue growth. However, investor concern with the firm's competitive position and general weakness in the Technology sector impacted the stock price, which fell -21.1%.

**Guess?, Inc. (GES)** designs, markets, distributes, and licenses apparel and accessories for men, women and children. The shares declined -33.2% on concerns about European sales, which account for some 34% of total sales. The company's strong first quarter earnings were overshadowed by the European debt issues and management's subsequent lowering of guidance for FY2Q11 revenue and full fiscal year 2011 earnings.

**Oracle Corporation (ORCL)** is an enterprise software company. The stock declined -16.4%. The stock sold off during the quarter, suffering along with the technology sector as a whole. Investors worried about an announced plan by CEO Ellison to reduce his equity position over the coming months and by a reticence among companies to commit to Oracle until a clear plan is established for its products after the Sun integration. These concerns overshadowed strong FY4Q10 earnings released at the end of this quarter.

**Google Inc. (GOOG)** is an internet search engine. The stock price suffered throughout the quarter as the company engaged in an active debate with the Chinese government over censorship and security. When the company withdrew from the Chinese market, investors reappraised the company's future growth prospects. The shares dropped -8.5% in the quarter.

## CENTURY FUNDS OUTLOOK & STRATEGY

We are at an interesting crossroads of our continued economic recovery, where investor optimism may diverge from rising investor expectations about future growth. The term “double dip” recession has become commonplace. Our confidence in a fragile economic optimism perseveres even as we discuss internally whether the pace of the recovery will be slower than originally anticipated. The positioning of the Funds over the past quarter reflects our outlook.

We have positioned the portfolios with a mix of companies that we believe offer the quality franchise growth characteristics that we expect will benefit at this stage of the recovery. Our exposure to the Information Technology, Consumer Discretionary, and Industrial sectors reflects our confidence in the recovery’s sustainable fundamentals. We believe this mix will enable the portfolios to better withstand market volatility, while also participating in market appreciation.

Though consumers have wavered in their confidence, we still like certain segments within the Consumer Discretionary going forward such as apparel, home improvement and restaurants. As companies begin to hire again and the unemployment rate begins to decline, we believe the average consumer will return to stores and increase their spending. With companies operating in a leaner fashion today, increased revenue from even a modestly higher demand for goods and services should drive meaningful improvements in profit margins.

We continue to believe that the Industrial sector will play an important role in helping the U.S. economy get back on its feet. We also believe that technology companies will benefit from increased spending by corporations seeking to improve productivity and efficiency through the use of software and hardware solutions.

Even as we remain positioned for recovery, we stand vigilant for long-term growth risks that may impact equity markets in the coming years. Public debt concerns both home and abroad are worrisome, particularly without a clear prospect for a sustainable acceleration in job growth. We believe that the cost of this deficit spending may result in lower spending and higher taxes, which will have a direct impact on the consumer and the economy.

As these events play out over time we will likely lean heavily on our investment philosophy, which emphasizes a focus on higher quality companies. It is our belief that these firms possess innovative leaders who can adapt to adverse market conditions and thrive, offering growth in revenues, market share, and profitability at rates that exceed those of their struggling peers.

*The opinions expressed herein are those of the Fund managers as of June 30, 2010 and may not reflect their views on the date this was first published or any time thereafter. These views are intended to assist with understanding the investments. None of the information presented should be construed as investment advice. There is no assurance that either Fund continues to hold the securities mentioned, or that securities sold have not been repurchased. The data contained herein has been obtained from financial reporting services, periodicals, and other sources believed to be reliable, but accuracy cannot be guaranteed.*

## Disclosure

Prior to 2001, **Century Shares Trust** concentrated its investments in equity securities issued by insurance companies and brokers, banks, and other companies providing services to such companies. In 2001, the Fund adopted a fundamental investment policy not to concentrate in any particular industry or industries; however, long-term holdings in insurance companies continued to comprise more than 25% of the Fund's total assets until 2007.

**Century Shares Trust** may invest a significant portion of assets in securities of companies within the same market sector. If the Fund's portfolio is over weighted in a sector, any negative development affecting that sector will have a greater impact on the Fund than a fund that is not over weighted in that sector. **Century Small Cap Select Fund** invests in smaller companies which pose greater risks than those associated with larger, more established companies. **Century Small Cap Select Fund** concentrates its investments in the financial services and health care group of industries. Concentration in a particular industry subjects the Fund to the risks associated with that industry and, as a result, the Fund may be subject to greater price volatility than funds with less concentrated portfolios.

The performance benchmark for **Century Small Cap Select Fund** is the Russell 2000 Growth<sup>©</sup> Index. The Russell 2000 Growth<sup>©</sup> Index is a market capitalization-weighted index of the stocks of the 2,000 smallest companies included in the Russell 3000 Growth<sup>®</sup> Index, which comprises the 3,000 largest U.S. domiciled companies that exhibit growth-oriented characteristics. The Russell 2000<sup>®</sup> Index measures the performance of the 2,000 smallest companies in the Russell 3000<sup>®</sup> Index, which represents approximately 10% of the total market capitalization of the Russell 3000<sup>®</sup> Index. Index returns reflect no deduction for fees, expenses or taxes. **Century Shares Trust's** performance benchmark is the S&P 500<sup>®</sup> Index which is a broad-based, unmanaged measurement of changes in stock market conditions based on the average of 500 widely held common stocks. The Russell 1000<sup>®</sup> Growth Index measures the performance of the large-cap growth segment of the U.S. equity universe . It includes those Russell 1000 companies with higher price-to-book ratios and higher forecasted growth values. One cannot invest directly in an index. P/B ratio is used to compare a stock's market value to its book value. It is calculated by dividing the current closing price of the stock by the latest quarter's book value per share. Book Value is the total asset of a company minus total liability. Price to earnings (P/E) ratio is the value of a company's stock price relative to company earnings. Estimated earnings growth is the year over year growth in earnings per share. ROE (return on equity) is a measure of a corporation's profitability that reveals how much profit a company generates with the money shareholders have invested and is calculated as Net Income/Shareholder's Equity. EPS (earnings per share) is the portion of a company's profit allocated to each outstanding share of common stock. EPS serves as an indicator of a company's profitability. Alpha measures the difference between a fund's actual returns and its expected performance, given its level of risk (as measured by beta). Beta is a measure of a fund's sensitivity to market movements. A portfolio with a beta greater than 1 is more volatile than the market, and a portfolio with a beta less than 1 is less volatile than the market. PEG (P/E to Growth) ratio is used to determine a stock's value while taking into account earnings growth.

**Before investing you should carefully consider the Funds' investment objectives, risks, charges, and expenses. This and other information is in the prospectus, a copy of which may be obtained by calling 800-303-1928 or visiting the Funds' website [www.centuryfunds.com](http://www.centuryfunds.com). Please read the prospectus carefully before you invest. Century Funds, 100 Federal Street, Boston, MA 02110. Foreside Fund Services, LLC, Distributor.**