

Diversified Large Cap Value Fund

The Spirit of America Large Cap Value Fund's objective is to seek long-term growth primarily through capital appreciation with a secondary objective of current income. We look for companies with low valuations, stable earnings and strong financial statements.

What is your investment philosophy and how do you use that to leverage or build your investment strategy?

The overall philosophy of the Spirit of America Large Cap Value Fund focuses on the large cap value segment of the U.S. equity market. To earn income, the Fund will invest in companies that have a proven history of paying consistent dividends.

We like to invest in quality companies with a long term investment horizon. We believe companies with a good earnings track record, strong balance sheets and superior managements, would ultimately perform, regardless of market environment. We make our investment decision one company at a time.

Spirit of America was created to fit into an overall investment philosophy of David Lerner Associates. The products that we've created under Spirit of America are designed to compliment both the investment philosophy of the firm and the other products that we were already doing at David Lerner Associates.

How long is your long term horizon and what kind of value are you seeking?

When we say long-term, we have a horizon of several years. However, if there's something that we're not comfortable with or we feel doesn't perform the way that we had hoped or isn't doing the things



WILLIAM MASON is Managing Director of Spirit of America and is responsible for the oversight of the all Spirit of America products. In addition he is the portfolio manager of both the Spirit of America High Yield Fund and Spirit of America Value Fund.

Mason's career began in back office operations in 1980 until 1983 at Merrill Lynch. He then moved to Morgan Stanley where he was Manager of Trading Operations from 1983 until 1985, when he became an Institutional Trader. In 1988 Mason left Morgan Stanley and started working at David Lerner Associates, Inc. where he became Head of the Trading Department. He currently serves as a member of the Board of Directors at David Lerner Associates, Inc. He is also a member of the Municipal Bond Club of New York.

“One thing that is important to all of us in our decision making process is communication and teamwork. It is more than just a cliché for us; it is something that we believe in strongly. This strategy has proved well for us as Morningstar has upgraded us from a 2-star rating to a 4-star rating.”

ALPANA SEN is Portfolio Advisor for the Spirit of America Value Fund. She joined David Lerner Associates in September 2008. Sen's function includes making buy, sell and hold recommendations for the fund.

Prior to David Lerner, Sen worked at Morgan Stanley Investment Management for approximately 11 years. Her last title held was Vice President in the Quantitative Strategies Group where she was responsible for fundamental analyses on equity securities. She received her MBA in Finance from Pace University in 1997. In addition, she passed the CFA Level I exam and owns the Series 7 license.

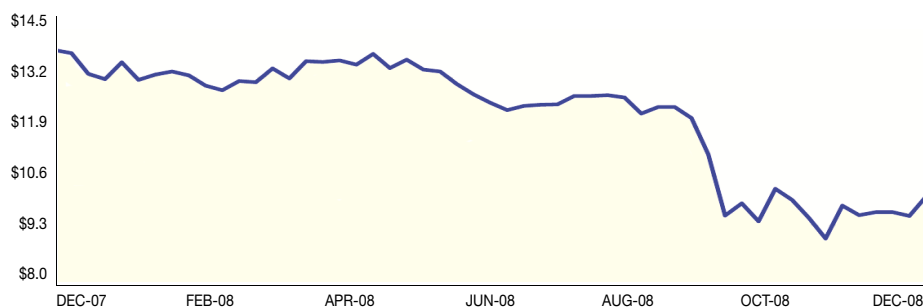


RAYMOND A. MATHIS is Portfolio Manager of the Spirit of America Real Estate Fund. He is also Portfolio Advisor of the Spirit of America Value Fund. Mathis joined David Lerner Associates in November 2007.

Prior to joining the Adviser, Mathis was a securities analyst with Standard & Poor's from 2001 until 2007, covering the Consumer Cyclical and Consumer Staples sectors in addition to Real Estate Investment Trusts. After receiving his MBA from the University of New Orleans in 1998, he worked as a Project Controller for Starwood Hotels & Resorts Worldwide's Design and Construction group.

Performance - Price History N.A.V.

Spirit of America Large Cap Value Fund (SOAVX)



	2006	2007	2008
S&P 500 Index	15.79%	5.49%	-37.00%
Spirit of America Large Cap Value Fund	4.60%	4.80%	-0.90%

that we thought it would, we have no trouble either trimming that position back or eliminating it.

The value we are seeking is depicted in our top-down approach. We review the economy and its trends and try to pick companies that are best positioned in the current environment.

What is the investment rationale for owning General Electric?

At one point, General Electric was one of the flagship positions. However, currently we are under weighted GE. The company's forward P/E ratio, at 6x is below its dividend yield of approximately 10%. Additionally, we believe as credit thaws, the company could benefit. We are constantly reviewing our portfolio and have no problem further trimming or selling out of the position, if we see further deterioration.

How do you define value?

We define value based on several factors. We compare price to earnings ratios, PEG ratios, price-to-book, price-to-sales, free cash flow, and return on equity to their respective historic

five year average. We also evaluate them relative to their peers and to the benchmark index, S&P 500.

If we see a company with strong fundamentals, yet trading below its historical averages, that would be a perfect stock of our portfolio.

What is your research process?

First, we begin with a top-down approach. We review the economy and its trends. Then, we evaluate sectors and industries that would benefit in the current environment. Lastly, we do a thorough fundamental analysis to seek companies that would fit our philosophy.

For example, Wal-Mart is currently our third largest position in the fund. We think that Wal-Mart is going to gain market share in the current market environment. They have good traffic, strong earnings, and the same store sales data is better than the industry average. Their price points on the groceries, toys, electronics are lower than their competitors. They're doing a great job with tightening up their

inventories. They're expanding the key brands and cleaning up their stores. They have quick checkouts and a strong marketing campaign. In addition, they have good currency headwinds coming up.

One thing that is important to all of us in our decision making process is communication and teamwork. It is more than just a cliché for us; it is something that we believe in strongly. We are constantly reviewing our portfolio and discussing new ideas. We then come to a consensus and then implement the decision in a timely manner. This strategy has proved well for us as Morningstar* has upgraded us from a 2-star rating to a 4-star rating.

When you buy a stock, do you have any price targets or time frames?

Once we have decided on a company, we are vigilant to make sure that the stocks are performing as we expect. If they're not, we're quick to recognize that and either trim some or sell it altogether.

Our sell discipline is based on several factors: if a stock becomes too expensive or reaches our internal price target. In addition, if we believe the fundamentals are becoming weaker, the company is consistently reporting weaker numbers; we look to sell the holding.

One of the problems that everybody has with GE is their financial. It is a black box, and very few people outside the company understand. Are you worried about that, or are you comfortable with that?

When we were assessing GE, it was clear to us that the financial business was having difficulty. Eventually that began to outweigh the positives the company had demonstrated over the

*Morningstar lists the Value Fund's category as "Large Blend" and ranks 2,250 other funds in this category. The rating change was effective October 31, 2008. A fund's Morningstar star rating is relative to other offerings that operate within the same category and takes into consideration how the fund has balanced risk and return in the past. Past performance is no guarantee of future results.

long-term in its other segments. When the stock started to fall and the financial holdings were clearly the problem, we started to look into that a little more.

In the final analysis, we decided to trim the position. Our conclusion was bolstered when the Federal government rolled out the TARP program. The banks were in rough shape and we thought, that all things being equal, GE Financial was probably in a better financial position relative to other lenders. After the Treasury rolled out the TARP program and began to help other financial institutions, we thought that put GE Financial at a disadvantage. We trimmed back our position significantly.

We have owned GE for about five years. GE, if you do sum of the parts analysis one can see that the company has hard assets and they do have a value that is higher than the current stock price. We believe the problems they're having in GE Financial are fully discounted into the stock and you're getting the other segments at a discount and the GE Financial portion for free, so it doesn't make sense to go all the way to zero on our position.

How do you view the portfolio?

We try to stay disciplined. We take a stand on whether or not we're bearish, neutral, or bullish. We then try to make sure we are managing the portfolio in a way that truly reflects that. There have been times when we've been cautious. For example, in mid October we had a cash position of over 20%. Currently, we see many value opportunities and have taken advantage of that bringing down our cash position to 9%.

We are over weighted consumer staples, healthcare, and utilities. At the same time, we are under weighted consumer discretionary, technology and financials. We think this structure reflects a cautious-to-neutral approach.

How many holdings generally do you have in the fund?

We currently have 62 holdings and would be comfortable holding up to 75-80 positions.

Do you have a holding limit per company or per sector?

No, we do have some latitude. The size of the fund puts a heavy emphasis on us to make sure that we take a bigger position in a smaller number of companies. We are not going to own the majority of the S&P 500 stocks. Our largest holding is a little under 4%.


The over and under weighting of each sector reflects our opinion of the market and economy. For example, we believe we are in a recession and thus overweight consumer staples and underweight consumer discretionary. However, this may reverse as we see signs of economic recovery.

What is your view on the risks and how do you control them?

The Fund is managed to avoid any major blowups. If we see a position deteriorate, we are quick to correct that and not let it get too far out of the performance range of either the sector or the rest of the fund. From a management stand point that is something that is closely monitored.

If we don't understand a company's business model or products, we do not invest in the stock.

We concentrate on domestic companies where we believe there is more financial transparency.

In addition, we have an internal Compliance Department along with a third party, PNC, reviewing our portfolios to make sure we are in line with the prospectus and other regulations. 

Spirit of America Large Cap Value Fund

Symbol	SOAVX
Website	www.davidlerner.com
Address	David Lerner Associates Inc. 477 Jericho Turnpike Syosset, NY 11791
Telephone	516-921-4200
Inception	08/01/2002

PORTFOLIO	
Total Net Assets*	\$44.3
Avg Mkt Cap (\$ Weighted) *	\$68,300
Average Price/Earnings Ratio	12.32x
Average Price/Book Ratio	3.09x
Turnover Ratio	N/A

INVESTMENT INFORMATION	
New Investment	Open
Min Initial Investment	\$500
Min Subsequent Investment	\$50
Min Initial IRA Investment	N/A

RISK (AGAINST S&P 500 DAILY REINV IX - 3 YEARS)	
Alpha	0.08
Beta	0.73
R-Squared	0.94
Ann Std Deviation	11.59
Sharpe Ratio	-0.70

RETURNS VS. S&P 500 DAILY REINV INDEX		
	SOAVX	Index
1 Year (Cum.)	-34.43%	-37.00%
3 Year (Ann.)	-6.90%	-8.36%
5 Year (Ann.)	-1.75%	-2.19%

RETURNS VS. LIPPER LG-CAP CORE INDEX		
	SOAVX	Index
1 Year (Cum.)	-34.43%	-37.07%
3 Year (Ann.)	-6.90%	-8.31%
5 Year (Ann.)	-1.75%	-2.73%

FEES AND EXPENSES	
Max Sales Charge - Front	5.25%
Max Sales Charge - Deferred	0.00%
Max Redemption Fee	0.00%
Total Expense Ratio	1.97%

PORTFOLIO MANAGER	
William Mason (Portfolio Manager)	2008
Ray Mathis (Portfolio Advisor)	2008
Alpana Sen (Portfolio Advisor)	2008

*millions
12/31/2008; Source: Company Documents; Lipper

About Ticker Q&A

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