



Leuthold Hedged Equity Fund

(LHEQX, LHEIX)

January 27, 2010: Report for 4th Quarter 2009

Investment Objective

The Leuthold Hedged Equity Fund seeks capital appreciation and income.

Investment Strategy

The Leuthold Hedged Equity Fund pursues its investment objective by establishing long and short positions in common stocks and other equity securities.

Investment Guidelines

The Fund does not employ leverage, may include U.S. and foreign stocks, and will generally try to maintain equal weightings of gross long exposure and gross short exposure.

Symbol / CUSIP

LHEQX / 527289847

LHEIX / 527289839

Assets under Mgmt.
\$5,930,993

Portfolio Managers

Steve Leuthold
Eric Bjorgen, CFA
James Floyd, CFA
Matthew Paschke, CFA
Greg Swenson, CFA

Shareholder Services

1-800-273-6886

Investment Suitability

The Fund may be appropriate for:

- ◆ *Long term investment goal.*
- ◆ *Investors attempting to neutralize upside/downside price volatility.*
- ◆ *Investors with a tolerance for fluctuation in share value and high portfolio turnover.*
- ◆ *Investment professionals implementing complex, proprietary methodologies.*

Note: Short Selling has additional risks including Market Risk, Short Sale Risk, Rising Stock Market Risk, and High Portfolio Turnover Risk. These additional risks are explained in more detail in Leuthold Funds' prospectus, call Toll-Free 1-800-273-6886.

Portfolio Components

For the **long-stock exposure**, the Fund intends to primarily use a disciplined, unemotional, quantitative investment approach that is based on the belief that investors can achieve superior investment performance through group selection and rotation. This is being achieved by employing the equity strategy of the Leuthold Select Industries Fund. However, the Leuthold Hedged Equity Fund may also use other quantitative investment strategies for its long-stock exposure.

In attaining the Leuthold Hedged Equity Fund's **short-stock exposure**, the Fund will generally employ the investment strategy of the Grizzly Short Fund. This short-selling strategy is a quantitatively-driven, disciplined approach designed to assess the underlying health of individual securities, in order to attempt to identify stocks that appear poised to fall in price, or underperform the broad market.

Portfolio Performance Since Inception

The Leuthold Hedged Equity Fund had a total return loss of -2.20% during the fourth quarter (ended 12/31/09), with the S&P 500¹ turning in a total return gain of +6.04% over the same time frame. With one-half of the portfolio held in stocks sold short, investors should not expect the Fund to match – or compete with – a 100% long portfolio during market advances. Ironically, however, the Fund's performance during the fourth quarter was impeded by its long-stock exposure. The Leuthold Select Industries equities (the Fund's long-stock exposure) was down -0.62% total return while the market rose strongly (S&P 500 up +6.04% total return) through the fourth quarter. Conversely, the Fund's short-stock exposure was additive from a market inverse perspective, losing -3.79% total return, which is more than 2% better than the S&P 500 inverse over that same time frame.

Since the Fund's inception date of 7/22/09, through 12/31/09, the Hedged Equity Fund had a total return loss of -6.50%, compared to the S&P 500's total return gain of +17.97%. While we would much prefer to be on the positive side at this point, considering the makeup of this Fund's portfolio and the unusual whip-sawing market dynamics over the past year, we remain patient and confident in the longer term prospects of the Leuthold Hedged Equity Fund.

Note: Performance data quoted herein represents past performance. Past performance is no guarantee of future results. Investment returns and principal will fluctuate so that investors' shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than performance data quoted. For performance data current to the most recent month-end, please call Leuthold Fund Shareholder Services, toll-free: 1-800-273-6886.

The annual expense ratio for the Fund is capped at 2.20%. Per Prospectus dated 7/22/09, annual net operating expense prior to reimbursement, for LHEQX, was 3.02%. The Advisor may recover reimbursements in subsequent years; however this recovery period is limited to three fiscal years, beginning on the date of first recovery.

Long Stock Dynamics

During the fourth quarter, the disappointing loss with the long-stock exposure was due to a number of industry group concentrations. In particular, the largest portfolio losses were the result of holdings in Airlines stocks and Biotechnology stocks. Two other primary themes were evident, which resulted in additional portfolio weakness: Financials stocks and Consumer Discretionary stocks.

There was a strong attempt to minimize the damage, from the long-stock exposure to various Information Technology stock groups, but the IT gains were simply not enough to overcome the losses. As we begin the first quarter of 2010, the long-stock exposure continues to have an emphasis on groups within the Information Technology sector. There are also larger concentrations in investments from the Financials sector, and the Health Care sector.

Short Stock Dynamics

Not surprisingly, the Leuthold Hedged Equity Fund's short-stock exposure during the fourth quarter benefited from concentrations in stocks that were performance detractors to the Fund's long-stock exposure: Health Care and Financials. Short-stock exposure also profited from exposure to Utilities stocks. There was no consistent theme among the Fund's short-side performance detractors. This is because all other market sectors (besides Health Care, Financials, and Utilities), gained ground during the last 3-months of 2009 – an environment (much like the prior two quarters) which is not constructive for our short-selling strategy.

We believe the fourth quarter may have marked a turn for our short-selling strategy, as performance dynamics appear to have returned to a more normal relationship, having produced an additive result, overall, from a market inverse perspective. This is the behavior that is more typical, based on the strategy's history, and we anticipate coming quarters may be more reflective of this, rather than the perverse characteristics demonstrated for most of 2009. Entering 2010, we have a constructive outlook for the stock market, at least for the first half of the year, as the bull market transitions into its mature phase. Despite the abnormal dynamics of our long-stock exposure during the fourth quarter, we still believe we are well-positioned to attempt to take advantage of continued stock strength in coming months.

¹ The S&P 500 is an unmanaged index and cannot be invested in directly. Exposure to a market index is potentially available through index funds and ETFs (Exchange Traded Funds).

Leuthold Hedged Equity Fund

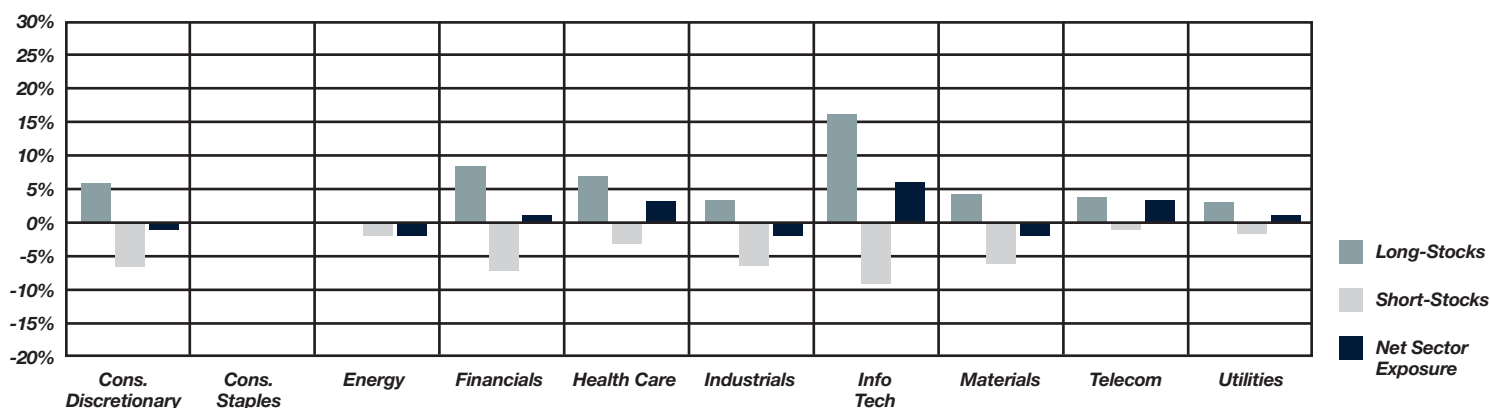
Net Broad Sector Weights vs. S&P 500

	Fund	S&P 500
Information Technology	6%	20%
Telecommunications	4%	3%
Health Care	3%	13%
Utilities	1%	4%
Financials	1%	14%
Consumer Staples	0%	11%
Consumer Discretionary	(1%)	10%
Materials	(2%)	4%
Energy	(2%)	12%
Industrials	(2%)	10%

Source: FactSet Research Systems
Data as of 12/31/09

Fund's Long/Short Equity Exposure By Sector (as of 12/31/09)

Note: Short Selling has additional risks including Market Risk, Short Sale Risk, Rising Stock Market Risk, and High Portfolio Turnover Risk. These additional risks are explained in more detail in Leuthold Funds' prospectus, call Toll-Free 1-800-273-6886.



Total Returns Periods Ended December 31, 2009	Q4 2009	Since Inception (07/22/09)
Leuthold Hedged Equity (Retail-LHEQX)	-2.20%	-6.50%
Leuthold Hedged Equity* (Institutional-LHEIX)	-2.09	-6.30
S&P 500	6.04	17.97
Citigroup 90-Day T-Bill	0.02	0.04 [†]

Note: Institutional share class (LHEIX) requires a minimum initial investment of \$1 million.

[†] 7/31/09 through 12/31/09

* S&P 500 is a capitalization-weighted index of 500 stocks. The index is designed to measure performance of the broad domestic economy based on the changing aggregate market value of these 500 stocks.

The S&P 500 is an index only and cannot be invested in directly. Fund performance return figures are historical and reflect the change in share price, reinvested distributions, change in net asset value, and capital gains distributions, if any.

Expense Ratio Disclosure:

The annual expense ratio for each share class is capped at 2.20%. Per Prospectus dated 7/22/09, annual net operating expenses for LHEQX and LHEIX prior to reimbursement were 3.02% and 2.77%, respectively. The Advisor may recover reimbursements in subsequent years, however this recovery period is limited to three fiscal years, beginning on the date of first recovery.

Direct Shareholder Services and Account Inquiries:

Call Toll-Free: 1-800-273-6886

Leuthold Funds
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Milwaukee WI 53201-0701

Performance Disclosure:

Performance data quoted represents past performance. Past performance is no guarantee of future results. Investment returns and principal will fluctuate so that investors' shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than performance data quoted.

For performance data current to the most recent month-end, please call Leuthold Fund Shareholder Services, toll-free: 1-800-273-6886.

Questions On Investment Disciplines:

Please contact: • Ed Favreau
• Paula Mikl
• Hilary Van de Streek

Telephone: 612-332-9141

Leuthold Weeden Capital Management serves as Advisor to Leuthold Funds.

Investors should consider the investment objectives, risks, charges and expenses of the investment company carefully before investing. The Prospectus contains this and other information about the Fund. For current Prospectus, call toll-free 800-273-6886, or go to www.LeutholdFunds.com. Please read the Prospectus carefully before you invest.

Not FDIC Insured ~ No Bank Guarantee ~ May Lose Value

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