



California Tax Exempt Bond Fund

SERVICING CLASS QUARTERLY MUTUAL FUND REPORT

Symbol: **CNTIX**

TOTAL RETURN - as of December 31, 2011

| | 1 Month | 3 Month | YTD | 1 Year | 3 Year | 5 Year | 10 Year |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| ▶ California Tax Exempt Bond Fund | 1.26% | 1.60% | 6.16% | 6.16% | 4.86% | 4.20% | 3.93% |
| Barclays Capital CA Intmdt-Sht Muni Index | 1.52% | 1.79% | 7.10% | 7.10% | 5.55% | 5.16% | 4.52% |
| Lipper CA Short-Intermediate Muni Debt | 0.75% | 1.07% | 4.12% | 4.12% | 4.89% | 3.31% | 3.47% |

The performance data quoted represents past performance. Past performance does not guarantee future results. The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than the performance quoted. For performance data current to the most recent month end, please call (888) 889-0799, or visit our website at cnicharterfunds.com.

Returns for periods greater than 1 year are annualized. Certain shareholders may be subject to the Alternative Minimum Tax (AMT). Federal income tax rules apply to any capital gains distributions.

Investment performance may reflect voluntary fee waivers in effect. In the absence of such fee waivers, total return and yield would be reduced. Fee waivers may be discontinued at any time.

RECENT TRADING DATA

| | |
|---------------------------|------------|
| Net Asset Value (NAV) | \$10.70 |
| Average Weighted Maturity | 4.79 Years |
| Duration | 4.13 |

FEES & EXPENSES

| | |
|--------------------------------------|-------|
| Total Annual Fund Operating Expenses | 0.63% |
| Average Expenses for December 2011 | 0.54% |

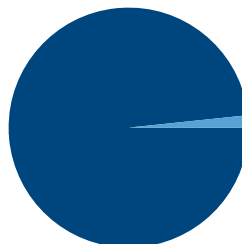
Reflects the average of the actual daily expenses incurred for this share class over a one month period and may reflect waivers in effect. Expenses incurred over different or longer time periods may vary.

TOP TEN HOLDINGS

| | |
|---------------------------------------|------|
| California Development, 6/15/13 | 4.4% |
| Riverside County, CA, 11/1/17 | 2.9% |
| California State, 3/1/16 | 2.8% |
| Southern California, 7/1/17 | 2.4% |
| Orange County, CA, 7/1/17 | 2.1% |
| California State, 11/1/22 | 2.0% |
| California State, 9/1/20 | 2.0% |
| Imperial IRR District Water, 7/1/23 | 2.0% |
| Modesto IRR District Electric, 7/1/17 | 2.0% |
| California State, 11/1/16 | 2.0% |

Total Number of Securities Held: 91

SECTORS (Percentages are based on total investments)



CREDIT QUALITY*

| | |
|-----------|-------|
| AAA | 15.0% |
| AA | 36.2% |
| A | 41.3% |
| BBB | 6.7% |
| Not Rated | 0.8% |

COMPOSITION

| | |
|------------------|-------|
| Fixed Income | 98.3% |
| Cash Equivalents | 1.7% |

Fund holdings are subject to change.

* The credit quality breakdown depicts the credit quality ratings of the Fund's portfolio securities that are rated by one or both of two major nationally recognized statistical rating organizations ("NRSRO"). The two NRSROs currently utilized are Standard & Poor's (S&P) and Moody's. When a bond is rated by S&P that rating is utilized. If it is not rated by S&P, the Moody's rating is utilized. When a security is rated by neither, it is classified as "Not Rated". For bonds, these credit quality ratings are shown without regard to gradations within a given rating category. For example, securities rated "AA-" or "AA+" have been included in the "AA" rated category. Long-term ratings are measured on a scale that generally ranges from AAA (highest) to D (lowest).

California Tax Exempt Bond Fund

SERVICING CLASS QUARTERLY MUTUAL FUND REPORT

INVESTMENT OBJECTIVE

The Fund seeks to provide current income exempt from federal and California state income tax (as the primary component of a total return strategy) by investing primarily in California municipal bonds.

INVESTMENT STRATEGY

The Fund purchases a portfolio of which at least 80% consists of intermediate-term municipal bond obligations, including general obligation bonds, revenue bonds, notes and obligations from various other sectors in the California municipal bond market. The Fund may also invest in short-term tax exempt commercial paper, floating rate notes or the shares of money market mutual funds whose objectives are consistent with those of the Fund. The average duration of the portfolio is actively managed in accordance with the Fund's Investment Manager's expectations of interest rate changes as driven by economic trends. The average duration of the portfolio will typically range from three to eight years.

INCEPTION DATE:

CUSIP:

January 14, 2000

125977785

ABOUT FUND MANAGEMENT

City National Asset Management, Inc., a subsidiary of City National Corporation, is the investment manager of the Fund.

Portfolio Managers:

Gregory Kaplan & Kathleen Meyer

FOR MORE INFORMATION

To request a prospectus or for additional information, please call (888) 889-0799, or visit cnicharterfunds.com.

To determine if this Fund is an appropriate investment for you, carefully consider the Fund's investment objectives, risk factors, and charges and expenses before investing. This and other information can be found in the Fund's prospectus, which may be obtained by calling (888) 889-0799, or by visiting our website at cnicharterfunds.com. Read the prospectus carefully before investing.

Investing involves risk including loss of principal. Current and future holdings are subject to risk.

Bonds and bond funds will decrease in value as interest rates rise.

Because the Fund invests primarily in California securities, it may be more volatile and susceptible to a single adverse economic or regulatory occurrence affecting those obligations.

The Barclays Capital California Intermediate-Short Municipal Bond Index and Lipper California Short-Intermediate Municipal Debt Funds Classification[®] are not affiliated with CNI Charter Funds. It is not possible to invest in an index or a classification.

CNI Charter Funds are distributed by SEI Investments Distribution Co., which is not affiliated with the investment manager.

Shares of CNI Charter Funds:

- are not FDIC insured
- are not Bank guaranteed
- may lose value

CNI CHARTER FUNDS™

