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UNITED BANKSHARES INC/WV
Form DEF 14A
April 08, 2002

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the Securities
Exchange Act of 1934 (Amendment No.)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

CONFIDENTIAL, FOR USE OF THE
COMMISSION ONLY (AS PERMITTED BY
RULE 14A-6(E)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to (S) 240.14a-11(c) or (S) 240.14a-12

United Bankshares, Inc.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed
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Fee paid previously with preliminary materials.

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(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

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Notes:

Reg. (S) 240.14a-101.

SEC 1913 (3-99)

[LOGO] U N I T E D
BANKSHARES, INC.
THE CHALLENGE TO BE THE BEST NEVER ENDS

UNITED BANKSHARES, INC.
P. O. BOX 1508
UNITED SQUARE
FIFTH AND AVERY STREETS
PARKERSBURG, WEST VIRGINIA 26101

NOTICE OF 2002 ANNUAL MEETING OF SHAREHOLDERS

TO THE SHAREHOLDERS

NOTICE IS HEREBY GIVEN that, pursuant to the call of its Board of Directors, the 2002 Annual Meeting of Shareholders of UNITED BANKSHARES, INC. ("United") will be held at The University of Charleston, 2300 MacCorkle Avenue, S.E., Charleston, West Virginia on Monday, May 20, 2002, at 4:00 p.m., local time, for the purpose of considering and voting upon the following matters:

1. To elect eighteen (18) persons to serve as directors of United. The nominees selected by the current Board of Directors are listed in the accompanying Proxy Statement for this Annual Meeting.

2. To act upon any other business which may properly come before this Annual Meeting or any adjournment or adjournments thereof. The Board of

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Directors at present knows of no other business to come before this Annual Meeting.

The close of business on April 1, 2002 has been fixed by the Board of Directors as the record date for determining shareholders entitled to notice of and to vote at this Annual Meeting.

WE URGE YOU TO SIGN AND RETURN THE ENCLOSED PROXY AS PROMPTLY AS POSSIBLE REGARDLESS OF YOUR PLANS TO ATTEND THIS MEETING. IF YOU DO ATTEND, YOU MAY WITHDRAW YOUR PROXY AND VOTE IN PERSON.

TWO INDIVIDUALS, WHO ARE NOT DIRECTORS OF UNITED, HAVE BEEN NAMED IN THE PROXY TO VOTE THE SHARES REPRESENTED BY PROXY, IF YOU WISH TO CHOOSE SOME OTHER PERSON TO ACT AS YOUR PROXY, MARK OUT THE PRINTED NAME AND WRITE IN THE NAME OF THE PERSON YOU SELECT.

By Order of the Board of Directors
/s/ Richard M. Adams
Richard M. Adams
Chairman of the Board and
Chief Executive Officer

April 8, 2002

United Bankshares, Inc.
United Square
Fifth and Avery Streets
Parkersburg, West Virginia 26101

PROXY STATEMENT

These proxy materials are delivered in connection with the solicitation by the Board of Directors of United Bankshares, Inc. ("United," the "Company," "we," or "us"), a West Virginia corporation, of proxies to be voted at our 2002 Annual Meeting of Shareholders and at any adjournment or postponement.

You are invited to attend our Annual Meeting of Shareholders on May 20, 2002, beginning at 4:00 p.m. The Meeting will be held at The University of Charleston, 2300 MacCorkle Avenue, S.E., Charleston, West Virginia.

This Proxy Statement, form of proxy and voting instructions are being mailed on or about April 8, 2002.

Shareholders Entitled to Vote

Holders of record of United common shares at the close of business on April 1, 2002 are entitled to receive this notice and to vote their shares at the Annual Meeting. As of that date, there were 42,809,326 common shares outstanding. Each common share is entitled to one vote on each matter properly brought before the Meeting.

Proxies

Your vote is important. Shareholders of record may vote their proxies by mail or in person. A postage-paid envelope is provided for voting by mail.

Proxies may be revoked at any time before they are exercised by (1) written notice to the Secretary of the Company, (2) timely delivery of a valid,

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later-dated proxy or (3) voting at the Annual Meeting.

You may save us the expense of a second mailing by voting promptly. Choose one of the following voting methods to cast your vote.

Vote By Mail

If you choose to vote by mail, simply mark your proxy, date and sign it, and return it to us in the postage-paid envelope provided.

Vote at the Annual Meeting

The method by which you vote now will in no way limit your right to vote at the Annual Meeting if you later decide to attend in person. If your shares are held in the name of a bank, broker or other holder of record, you must obtain a proxy, executed in your favor, from the holder of record to be able to vote at the Meeting.

All shares that have been properly voted and not revoked will be voted at the Annual Meeting in accordance with your instructions. If you sign your proxy card but do not give voting instructions, the shares represented by that proxy will be voted as recommended by the Board of Directors.

1

PROPOSAL 1: ELECTION OF DIRECTORS

The Board of Directors consists of one class of eighteen (18) directors. Eighteen (18) directors will be elected at our 2002 Annual Meeting to serve for a one-year term expiring at our Annual Meeting in the year 2003. The Company's Bylaws provide that the number of directors shall be at least five (5) and no more than thirty-five (35) with the composition and number of nominees to be set at the discretion of the Board of Directors. For the election of directors at the 2002 Annual Meeting, the Board of Directors established the composition and number of nominees to be elected at eighteen (18).

The persons named in the enclosed proxy intend to vote the proxy for the election of each of the eighteen (18) nominees, unless you indicate on the proxy card that your vote should be withheld from any or all of such nominees. Each nominee elected as a director will continue in office until his successor has been elected or until his death, resignation or retirement.

The Board of Directors has proposed the following nominees for election as directors with terms expiring in 2003 at the Annual Meeting: Richard M. Adams, Robert G. Astorg, Thomas J. Blair, III, Joseph S. Bracewell, Harry L. Buch, W. Gaston Caperton, III, H. Smoot Fahlgren, Theodore J. Georgelas, F. T. Graff, Jr., Alan E. Groover, Russell L. Isaacs, John M. McMahon, G. Ogden Nutting, William C. Pitt, III, I. N. Smith, Jr., Warren A. Thornhill, III, P. Clinton Winter, Jr., and James W. Word, Jr.

The Board of Directors recommends a vote "FOR" the election of each of these nominees for director.

We expect each nominee for election as a director to be able to serve if elected. If any nominee is not able to serve, proxies will be voted in favor of the remainder of those nominated and may be voted for substitute nominees,

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unless the Board chooses to reduce the number of directors serving on the Board.

The principal occupation and certain other information about the nominees for director are set forth on the following pages.

Family Relationships

H. Smoot Fahlgren is the father-in-law of F. T. Graff, Jr.

Security Ownership of Directors and Officers

As of April 1, 2002, directors and the named executive officers of the Company:

owned beneficially, directly or indirectly, the number of shares of common stock indicated; and

held the number of options exercisable within sixty (60) days after that date, to purchase the number of shares indicated pursuant to the Company's Stock Option Plans.

All directors and executive officers as a group owned 6,657,124 shares or 15.38% of the Company's common stock.

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NOMINEES FOR DIRECTORS WHOSE TERMS EXPIRE IN 2002

Name and Age as of the May 20, 2002 Meeting Date	Position, Principal Occupation, Business Experience and Directorships/(a)/	Amount of Ownership Common Stock Shares/(b)/ Op
Richard M. Adams 55	Chairman and Chief Executive Officer of both United and United Bank (WV). Director of the Company since 1984.	492,645
Robert G. Astorg 58	CPA and Managing Director of American Express Tax and Business Services, Inc. Member of Astorg, Weyer & Daugherty, P.L.L.C.; Director of the Company since 1991.	25,895
Thomas J. Blair, III 70	Consulting Engineer and former President and Chief Executive Officer of Kelley, Gidley, Blair & Wolfe, Inc. Director of the Company since 1988.	167,510
Joseph S. Bracewell 55	Former Chairman of the Board, President and Chief Executive Officer of Century Bancshares, Inc. Vice-Chairman of United Bank (VA). Director of the Company since 2001.	91,126

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Harry L. Buch..... 71	Attorney and Partner with Bailey, Riley, Buch & Harman. Former partner with Gompers, Buch, McCarthy & McLure. Director of the Company since 1990.	24,126
W. Gaston Caperton, III.. 62	President of The College Board. Director of Owens Corning. President of the Caperton Group. Former Governor of West Virginia. Director of the Company since 1997.	24,476
H. Smoot Fahlgren 71	Chairman of the Board of Fahlgren, Inc. Director of the Company since 1984.	356,808
Theodore J. Georgelas ... 55	President of Georgelas & Sons, Inc. Chairman of the Board of Sector Communications. Former Chairman of the Board of United Bank (VA). Director of the Company since 1990.	47,914
F. T. Graff, Jr 63	Attorney and Managing Partner of Bowles Rice McDavid Graff & Love PLLC. Director of the Company since 1984.	24,000
Alan E. Groover 54	Former Chairman of the Board, President and Chief Executive Officer of Fed One Bancorp, Inc. Director of the Company since 1998.	97,003

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NOMINEES FOR DIRECTORS WHOSE TERMS EXPIRE IN 2002

Name and Age as of the May 20, 2002 Meeting Date	Position, Principal Occupation, Business Experience and Directorships/(a)/	Amount Ownershi Common St Shares/(b)/ O
Russell L. Isaacs69	Owner of Russell L. Isaacs and Company. Director of the Company since 1984.	40,716
John M. McMahon61	Chairman of the Board of Miller & Long Co., Inc. Director of United Bank (VA). Director of the Company since 1998.	239,025
G. Ogden Nutting66	President of The Ogden Newspapers, Inc. Director of the Company since 1986.	654,656
William C. Pitt, III57	Hotel and Resort Developer. Director of the Company since 1987.	3,250
I. N. Smith, Jr.69	Consultant for United. Former President of United. Former President of United Bank	377,153

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(WV). Director of the Company since 1986.

Warren A. Thornhill, III ..73	Attorney at Law. Director of the Company since 1992.	449,454
P. Clinton Winter, Jr54	President of Bray & Oakley Insurance Agency. Director of the Company since 1996.	551,754
James W. Word, Jr78	President of Beckley Loan Company. Vice President of Beckley Loan and Industrial Corporation. Director of the Company since 1992.	128,878
All Directors, Nominees and Executive Officers as a Group (25 persons)		6,182,375

* Indicates the director owns less than 1% of United's issued and outstanding shares.

- (a) Effective March 22, 2002, United National Bank (UNB) converted its national bank charter to a West Virginia state charter under the name United Bank, Inc. References in this proxy statement to United and its subsidiaries are as follows: United - United Bankshares, Inc.; United Bank (WV) - United Bank, Inc., a West Virginia corporation; and United Bank (VA) - United Bank, Inc., a Virginia corporation.
- (b) Includes shares held by United Bank's (WV) Trust Department as follows: Mr. Adams, 46,554 shares; Mr. Astorg, 6,035 shares; Mr. Buch, 12,600 shares; Mr. Fahlgren, 356,808 shares; Mr. Graff, 20,000 shares; Mr. Smith, 369,144 shares; non-director executive officers as a group, 36,180 shares; and 2,181,523 shares in which the voting authority is exercised by United Bank's (WV) Board of Directors.
- (c) Includes shares of Common Stock that may be acquired within sixty (60) days of April 1, 2002 through the exercise of stock options pursuant to United's Stock Option Plans.

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Voting of Other Matters

If any other matters are properly presented for consideration at the Annual Meeting, the persons named in the enclosed form of proxy will have the discretion to vote on those matters for you. At the date this proxy statement went to press, we do not know of any other matter to be raised at the Annual Meeting.

Required Vote

The presence, in person or by proxy, of the holders of a majority of the votes entitled to vote at the Annual Meeting is necessary to constitute a quorum. Abstentions and broker "non-votes" are counted as present and entitled to vote for purposes of determining a quorum. A broker "non-vote" occurs when a nominee holding shares for a beneficial owner does not vote on a particular proposal because the nominee does not have discretionary voting power for that particular item and has not received instructions from the beneficial owner.

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A plurality of the votes cast is required for the election of directors. Abstentions and broker "non-votes" are not counted for purposes of the election of directors.

In the election of directors, shareholders cast one (1) vote for each nominee for each share held. However, every shareholder has the right of cumulative voting, in person or by proxy, in the election of directors. Cumulative voting gives each shareholder the right to aggregate all votes which he or she is entitled to cast in the election of directors and to cast all such votes for one candidate or distribute them among as many candidates and in such a manner as the shareholder desires.

At our 2002 Annual Meeting, the number of directors to be elected is eighteen (18). Each shareholder has the right to cast eighteen (18) votes in the election of directors for each share of stock held on the record date. If you wish to exercise, by proxy, your right to cumulative voting in the election of directors, you must provide a proxy showing how your votes are to be distributed among one or more candidates. Unless contrary instructions are given by a shareholder who signs and returns a proxy, all votes for the election of directors represented by such proxy will be divided equally among the eighteen (18) nominees. If cumulative voting is invoked by any shareholder, the vote represented by the proxies delivered pursuant to this solicitation, which do not contain contrary instructions, may be cumulated at the discretion of the Board of Directors of United Bankshares, Inc. in order to elect to the Board of Directors the maximum nominees named in this proxy statement.

On the record date, there were 42,809,326 shares of common stock outstanding that are held by approximately 11,474 shareholders of record. A majority of the outstanding shares of United Bankshares, Inc. will constitute a quorum at the meeting.

Cost of Proxy Solicitation

We will pay the expenses of soliciting proxies. Proxies may be solicited on our behalf by directors, officers or employees in person or by telephone, electronic transmission, facsimile transmission or by telegram. Brokers, fiduciaries, custodians and other nominees have been requested to forward solicitation materials to the beneficial owners of the Company's common stock. Upon request we will reimburse these entities for their reasonable expenses.

In order to facilitate and expedite distribution of these proxy solicitation materials to brokers, fiduciaries, custodians, nominee holders and institutional investors, United has retained Georgeson Shareholder - New Jersey of Carlstadt, New Jersey ("Georgeson"). Pursuant to a retention letter dated March 1, 2002, Georgeson will contact all broker and other nominee accounts identified on United's shareholder mailing list in order to facilitate

determination of the number of sets of proxy materials such accounts require for purposes of forwarding the same to the beneficial owners. Georgeson will then assist in the delivery of proxy materials to these accounts for distribution. Georgeson will also assist in the distribution of proxy materials to institutional investors. Georgeson will follow-up with the brokers, other nominee accounts and institutional investors, requesting return of proxies. United is not retaining Georgeson to solicit proxies from registered holders or from non-objecting beneficial owners. Georgeson's fee for the above services is \$3,500 plus reasonable disbursements that may include the broker search, printing, postage, courier charges, filing reports, data transmissions and other expenses approved by United.

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Shareholder Account Maintenance

Mellon Investor Services LLC acts as our Transfer Agent. All communications concerning accounts of shareholders of record, including address changes, name changes, inquiries as to requirements to transfer common shares and similar issues can be handled by contacting the Shareholder Relations Department, (304) 424-8800, or by writing to us at the corporate offices located at United Square, Fifth and Avery Streets, Parkersburg, West Virginia 26101.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934 requires our directors and executive officers to file reports of holdings and transactions in United shares with the Securities and Exchange Commission ("SEC"). To our knowledge, based solely on our review of the copies of such reports furnished and written representations that no other reports were required during 2001, we believe that in 2001 our directors and executive officers met all applicable SEC filing requirements.

PRINCIPAL STOCKHOLDERS

Principal Shareholder of United

The following table lists each shareholder of United who is the beneficial owner of more than 5% of United's common stock, the only class of stock outstanding, as of April 1, 2002.

Title of Class	Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership (1)
Common Stock	United Bank (WV) Trust Department 514 Market Street, Parkersburg, WV 26101 (2,181,523 shares or 5.04% are registered under the nominee name of Parbanc Co.)	2,181,523

- (1) United Bank (WV) is a wholly-owned subsidiary of United and its Trust Department holds in fiduciary or agency capacity 3,028,844 shares or 6.98% of United's stock. The investment authority for these shares is held by the Trust Department and is exercised by United Bank's (WV) Board of Directors. Of these total shares, sole voting authority for 2,181,523 shares or 5.04% of United's outstanding common stock is held by the Trust Department and is exercised by United Bank's (WV) Board of Directors.

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GOVERNANCE OF THE COMPANY

Board and Committee Membership

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During 2001, the Board of Directors met six (6) times. The Board of Directors of the Company has three (3) standing committees: The Executive Committee, Audit Committee and Compensation Committee. During 2001, each director attended 75% or more of the aggregate of the total number of meetings of the Board of Directors and all committees of the Board on which he served except W. Gaston Caperton, III, Theodore J. Georgelas, Alan E. Groover, John M. McMahon and William C. Pitt, III.

The Executive Committee

During 2001, the Executive Committee was comprised of thirteen (13) directors, Richard M. Adams, Chairman, Thomas J. Blair, III, Harry L. Buch, W. Gaston Caperton, III, H. Smoot Fahlgren, Theodore J. Georgelas, F. T. Graff, Jr., Russell L. Isaacs, John M. McMahon, G. Ogden Nutting, William C. Pitt, III, I. N. Smith, Jr., and Warren A. Thornhill, III. The Executive Committee makes recommendations regarding nominees to the Board of Directors, and is responsible for the management of the budget, development of policies and implementation of such policies and review of personnel and salaries. The Executive Committee performs such duties and exercises the powers delegated to it by the Board of Directors. During 2001, the Executive Committee met three (3) times.

The Audit Committee

The Audit Committee has the primary responsibility to review and evaluate significant matters relating to audit, internal control and compliance. It reviews, with representatives of the independent auditors, the scope and results of the examination of financial statements, audit fees and any recommendations with respect to internal controls and financial matters. This committee is also responsible for monitoring trust activities, including the review of the assets in each trust as to their safety and current value, and the advisability of retaining or disposing of such assets. During 2001, members of this committee were Robert G. Astorg, Chairman, P. Clinton Winter, Jr., and James W. Word, Jr., and R. Terry Butcher, who is a director of one of United's subsidiary banks. The Audit Committee met four (4) times.

Compensation Committee

The Compensation Committee makes recommendations regarding officer compensation and budgetary matters to the Board of Directors. During 2001, members of this committee were Thomas J. Blair, III, Harry L. Buch, W. Gaston Caperton, III, H. Smoot Fahlgren, Theodore J. Georgelas, F. T. Graff, Jr., Russell L. Isaacs, Chairman, John M. McMahon, G. Ogden Nutting, William C. Pitt, III, and Warren A. Thornhill, III. The Compensation Committee met one (1) time during the year.

Related Transactions

United's subsidiaries have had, and expect to have in the future, banking transactions with United and with its officers, directors, principal shareholders, or their interests (entities in which they have more than a 10% interest). The transactions were in the ordinary course of business and, with respect to loans, were made on substantially the same terms, including interest rates, collateral and repayment terms as those prevailing at the time for comparable transactions. United's subsidiary banks are subject to federal statutes and regulations governing loans to officers and directors and extend loans in compliance with such laws and only with the approval of the Board of Directors.

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H. Smoot Fahlgren, a member of the Board of Directors of United, is Chairman of Fahlgren, Inc., an advertising agency with its headquarters in Parkersburg, West Virginia. The agency has provided the advertising for United since 1978. During 2001, payment for the advertising by United to Fahlgren, Inc. was less than 5% of that firm's revenues during the year 2001.

F. T. Graff, Jr., a member of the Board of Directors of United, is a partner in the law firm of Bowles Rice McDavid Graff & Love PLLC in Charleston, West Virginia. Bowles Rice McDavid Graff & Love PLLC rendered legal services to United and United Bank (WV) during 2001 and it is expected that the firm will continue to render certain services to both in the future. The fees paid to Bowles Rice McDavid Graff & Love PLLC represent less than 5% of that firm's revenues for the year 2001.

United Bank (WV) leases land to construct an approved but unopened Charleston branch from the Kanawha-Roxalana Company pursuant to a written lease agreement dated November 28, 2001 (the "Kanawha City Lease"). The Kanawha-Roxalana Company is a shareholder of United, and the voting and investment authority for its shares are beneficially owned by its President and Chief Executive Officer, I.N. Smith, Jr. who is a director of United. The Kanawha City Lease provides for an initial term of twenty-five (25) years commencing on December 1, 2001, with five (5) additional five (5) year renewal options after expiration of the initial twenty-five (25) year term. The Kanawha City Lease provides for the base rent to be paid by United Bank (WV) to be adjusted on December 1, 2006, and every five years thereafter following the commencement and any renewal option properly exercised by United Bank (WV). The adjusted amount of rent shall be calculated based on changes in the Consumer Price Index of the United States Bureau of Labor Statistics. Additionally, the Kanawha City Lease provides an option for United Bank (WV) to purchase the property after the expiration of the initial twenty-five year term at a purchase price equal to the average of three separate appraisals. Upon the expiration of the Kanawha City Lease for any cause, all improvements and structures shall become the property of the Kanawha-Roxalana Company. Management believes the Kanawha City Lease is on terms comparable to market terms for similar rental space in Charleston, West Virginia. United Bank (WV) anticipates the construction of the branch premises to be completed during the second quarter of 2002 with the branch opening shortly thereafter.

United Bank (WV) leases one of its Wheeling drive-in facilities from The Ogden Newspapers, Inc. pursuant to a written lease agreement dated August 1, 2000 (the "Wheeling Lease"). The Ogden Newspapers, Inc. is a shareholder of United, and the voting and investment authority for its shares are beneficially owned by its President, G. Ogden Nutting who is a director of United. Management believes the Wheeling Lease is on terms comparable to market terms for similar rental space in Wheeling, West Virginia. The Wheeling Lease provides for an initial term of ten (10) years with two (2) successive options to renew and extend the terms of the Lease for ten (10) additional years each. Additionally, the Wheeling Lease provides that The Ogden Newspapers, Inc. may, at its option, terminate the Lease upon nine (9) months advance written notice to United Bank (WV). Previously, United had leased its Wheeling branch premises and the drive-in facility from The Ogden Newspapers, Inc. pursuant to a written lease agreement dated August 1, 1979. The Wheeling Lease supercedes the prior lease agreements and only pertains to United Bank (WV)'s lease of the drive-in facility; United Bank (WV) no longer leases the Wheeling branch premises from The Ogden Newspapers, Inc.

In addition, during the year subsidiaries of United advertised, at market rates, in newspapers published by The Ogden Newspaper, Inc. The fees paid in such advertising and the rent paid to The Ogden Newspapers, Inc. represent less than 5% of that firm's revenue for the year 2000.

Directors Fees

Non-employee directors of the Company receive a retainer of \$675 per month regardless of meeting attendance.

Each non-employee director who serves on the Executive and Compensation Committees receives a fee of \$675 for each United Board Committee Meeting attended except for Mr. Isaacs. Mr. Isaacs, as Chairman of the Compensation Committee, receives a retainer payment of \$675 per quarter without regard to committee meeting attendance. Except for Mr. Astorg, each outside director who serves on the Audit Committee receives a fee of \$675 for each committee meeting attended. Mr. Astorg, as Chairman of the Audit Committee, receives a retainer payment of \$675 per month without regard to committee meeting attendance.

Beneficial Ownership of Named Executive Officers

The following table sets forth certain information regarding the named executive's beneficial ownership of common stock of United as of April 1, 2002:

Title of Class	Name of Officer	Shares of Common Stock of the Company Beneficially Owned (1)	
		Number of Shares	Percent of Class
Common Stock	Richard M. Adams	694,501	1.60%
Common Stock	Steven E. Wilson	143,516	0.33%
Common Stock	James B. Hayhurst, Jr.	109,749	0.25%
Common Stock	Kendal E. Carson	29,229	0.07%
Common Stock	Joe L. Wilson	103,426	0.24%

- (1) The amounts shown represent the total shares owned directly by such named executive officers together with shares, which are owned indirectly. The direct shares include shares that are issuable upon the exercise of all stock options currently exercisable. These individuals have the right to acquire the shares indicated after their names, upon exercise of such stock options: Mr. Adams, 201,856; Mr. S. Wilson, 51,056; Mr. Hayhurst, 65,915; Mr. Carson, 28,250; and Mr. J. Wilson, 47,837. The indirect shares include those shares owned by spouses and immediate family members, shares held in trust in which the executive is a beneficiary, and shares held by a corporation which the executive controls.

EXECUTIVE COMPENSATION

Cash Compensation

The following table is a summary of certain information concerning the compensation awarded or paid to, or earned by, the Company's chief executive

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officer and each of the Company's other four most highly compensated executive officers during the last three fiscal years.

Summary Compensation Table					
Name and Principal Position	Year	Annual Compensation			Long-t Compens
		Salary (\$)	Bonus (\$)	Other Compen- sation (\$)/(1)/	Securit Underly Options
Richard M. Adams Chairman of the Board and Chief Executive Officer	2001	476,608	260,000	0	3
	2000	446,600	300,000	0	2
	1999	419,832	250,000	0	2
Steven E. Wilson Executive Vice President, Chief Financial Officer and Treasurer	2001	204,808	81,000	0	1
	2000	198,833	85,000	0	1
	1999	190,151	76,000	0	1
James B. Hayhurst, Jr. Executive Vice President	2001	179,850	42,000	0	
	2000	176,167	50,000	0	
	1999	169,622	48,000	0	
Kendal E. Carson Executive Vice President	2001	177,083	42,000	0	
	2000	165,001	45,000	0	
Joe L. Wilson Executive Vice President	2001	169,792	42,000	0	
	2000	165,833	47,000	0	
	1999	157,163	45,000	0	

(1) The aggregate value of all perquisites and other personal benefits did not exceed either \$50,000 or 10% of the total annual salary and bonus reported for the named executive officers; therefore, no disclosure has been made.

(2) The amounts included in "All Other Compensation" consist entirely of United's contributions on behalf of the listed officers to the 401(K) Plan.

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STOCK OPTION GRANTS IN 2001

The following table sets forth information concerning individual grants of options to purchase the Company's Common Stock made to the named executives in

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2001.

Stock Option Grants in Last Fiscal Year				
Name	Number of Securities Underlying Options Granted (#)	% of Total Options Granted to All Employees in Fiscal Year	Exercise of Base Price (\$/Share)	Expiration Date
Richard M. Adams	30,000 / (1) /	11.57%	27.12	11/01/2011
Steven E. Wilson	14,400 / (1) /	5.56%	27.12	11/01/2011
James B. Hayhurst, Jr.	9,000 / (1) /	3.47%	27.12	11/01/2011
Kendal E. Carson	9,000 / (1) /	3.47%	27.12	11/01/2011
Joe L. Wilson	9,000 / (1) /	3.47%	27.12	11/01/2011

(1) Granted under the 2001 Incentive Stock Option Plan. The option exercise price is the market value of United's stock at the date the option was granted. All options granted under this plan are exercisable in accordance with a three-year vesting schedule: 50% after the first year; 75% after the second year; and 100% after three years.

(2) Calculated using the Black-Scholes pricing model. The assumptions used in determining the valuation of these options using this methodology are as follows: average expected life of options of 7 years; risk-free interest rate of 4.86%; a volatility factor of .217; and a dividend yield of 3.43%.

STOCK OPTION EXERCISES AND YEAR-END VALUE TABLE

The following table sets forth certain information regarding individual exercises of stock options during 2001 by each of the named executives.

Aggregate Stock Option Exercises in Last Fiscal Year and FY-End				
Name	Shares Acquired on Exercise (#)	Value Realized(\$)	Number of Unexercised Stock Options at FY-End # Exercisable/Unexercisable	V In-the-Ex
Richard M. Adams	30,000	630,300	201,856/48,000	
Steven E. Wilson	0	0	51,056/23,400	

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James B. Hayhurst, Jr.	8,000	160,960	69,915/14,625

Kendal E. Carson	0	0	28,250/14,250

Joe L. Wilson	0	0	59,837/14,625

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EXECUTIVE COMPENSATION COMMITTEE REPORT

Board Compensation Committee Report

The Compensation Committee is responsible for administration of United Bankshares, Inc.'s (United's) Executive Compensation programs. This includes recommendations related to base salary, short-term incentives and long-term stock option incentives for all Executive Officers of the Company.

The Compensation Committee's Executive Compensation policies, developed based on competitive information, are designed to provide competitive levels of compensation that integrate pay with United's annual and long-term performance goals and assist in attracting and retaining qualified executives.

Periodically the Committee retains the services of nationally recognized compensation consulting firms to do an extensive review of the compensation program for all Executive Officers.

Buck Consultants, a global human resources consulting firm, reported to the Committee that the total compensation plan for Executive Officers was reasonable and competitive in view of the Company's performance and the contribution of those officers to that performance. The Bank Compensation Strategies Group report indicated similar findings.

Executive Officers are paid base salaries determined by the value of their position compared to published survey data, information gathered on competing banks of similar size and the officer's individual performance level.

The short-term Incentive Plan stresses reward for achievement of performance goals set each year. Each Executive Officer participates in a pool of funds set aside for this purpose. Participation level is based on a rating system tied to accomplishment of assigned goals as well as a specific formula, which relates the incentive award to a percentage of salary range midpoint. Company performance must exceed peer performance to activate compensation incentives.

The United management team should share the same goals as its shareholders. Toward this end, the long-term Incentive Stock Option Plan is designed to provide an ownership opportunity to key management personnel. Stock ownership provides an ever-important stockholder perspective necessary for successful management of the company. Awards are based on industry guidelines, which relate base compensation to stock price. Grant calculations are tested for reasonableness against competitive industry data, keeping in mind cumulative

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ownership targets.

Buck Consultants and the Bank Compensation Strategies Group reported that stock option grants to Executive Officers have historically been conservative when compared to general industry and practices for major regional banking organizations. The most recent share allocations as a percentage of outstanding shares have been consistent with competitive practices in the banking industry.

Peer group performance analysis is a continual process at United. Data provided by the Federal Reserve Bank Holding Company Performance Report is analyzed quarterly. Proxy data on an appropriate group of individual financial institutions is used to evaluate operating performance and profitability. United consistently performs well compared to peer. The Committee concluded that for the year Company performance exceeded peer performance and activated compensation incentives.

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The Committee determined that the base pay for Richard Adams, Chief Executive Officer, was determined to be well within a competitive market range when compared to the published compensation survey from Watson Wyatt Data Services and proxy data from similar size bank holding companies.

Mr. Adams was awarded a pro-rata share of the established short-term incentive pool based on his performance rating assigned by the Committee. The Committee concluded that total cash compensation for the position of CEO is appropriate in view of performance levels attained for companies of similar size as presented in a report by Buck Consultants. The Bank Compensation Strategies Group report showed that cash compensation for the CEO was somewhat low based on the performance levels of the peer group.

Stock option shares granted to Mr. Adams were determined to be competitive when compared by the Committee to the grant practices of a broad spectrum of banking organizations as presented in a report by Buck Consultants.

Mr. Adams at age 55 has served the company for 33 years; 27 of those years he has been responsible for motivating and building the organization.

During the past 11 years UBSI stock has outperformed the S&P 500 and the KBW Bank Index. Over the past 27 years of the current administration dividends have increased each year for an annual compound growth rate of 10.6%. United's pay for performance compensation program emphasizing written performance objectives has been a major contributor to our ability to consistently enhance long-term shareholder value.

No member of the Committee is a former or current officer or employee of United.

COMPENSATION COMMITTEE

Thomas J. Blair, III	Harry L. Buch	W. Gaston Caperton, III
H. Smoot Fahlgren	Theodore J. Georgelas	F. T. Graff, Jr.
Russell L. Isaacs, Chairman	John M. McMahan	G. Ogden Nutting
William C. Pitt, III	Warren A. Thornhill, III	

Compensation Committee Interlocks and Insider Participation

F. T. Graff, Jr., a member of the Board of Directors of United, its

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Executive Committee and the Board's Compensation Committee, is a partner in the law firm of Bowles Rice McDavid Graff & Love in Charleston, West Virginia. Bowles Rice McDavid Graff & Love rendered legal services to United and United Bank (WV) during 2001 and it is expected that the firm will continue to render certain services to both in the future. The fees paid to Bowles Rice McDavid Graff & Love represent less than 5% of that firm's revenues for 2001.

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PERFORMANCE GRAPH

The following graph compares United's cumulative total shareholder return on its common stock for the five year period ending December 31, 2001, with the cumulative total return of the Standard and Poor's Midcap 400 Index and with the NASDAQ OTC Bank Index. There is no assurance that United's common stock performance will continue in the future with the same or similar trends as depicted in the graph. The graph shall not be deemed incorporated by reference by any general statement incorporating by reference this proxy statement into any filing under the Securities Act of 1933 or the Securities Exchange Act of 1934 except to the extent United specifically incorporates this graph by reference, and shall not otherwise be filed under such Acts.

UNITED BANKSHARES, INC.

[GRAPH]

	UBSI	NASDAQ BANK	S&P MIDCAP
1996	100.000	100.000	100.000
1997	149.411	163.587	147.263
1998	170.358	144.331	153.498
1999	158.725	132.811	173.985
2000	147.410	152.298	202.191
2001	207.302	167.645	198.885

United Bankshares, Inc. Plans

Officer Employment Contracts. Richard M. Adams, Chairman and Chief Executive Officer of United and United National Bank, now United Bank (WV), entered into an employment contract with United effective April 11, 1986, effective for a five year term from April 1, 1986, with the provision that the contract could be extended by one (1) year to maintain a rolling five (5) year contract. This contract was amended in November 2001. This most recent amendment superseded all other amendments and extended the initial term of the contract through March 31, 2007 with the provision for additional one (1) year term extensions by the Executive Committee with the approval of Mr. Adams. Under the amended contract Mr. Adams is required to devote his full-time energies to performing his duties as Chairman and CEO on behalf of United and its subsidiaries. The contract provides for a base compensation of \$536,000 and additional benefits consistent with the office. This base compensation may be increased but not decreased. If the contract is terminated for any reason other than mutual consent or cause based on (i) excessive, unapproved absences, (ii) gross or willful neglect of duty that results in some substantial loss to United, or (iii) fraud or commission of any criminal act, if proven, Mr. Adams, or his family or estate, is entitled to his base salary for a sixty (60) month period. If the contract is terminated by mutual consent, the amount due Mr.

Adams or his

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family or estate shall be the amount mutually agreed upon by Mr. Adams and United. In an instance of termination for cause based on (i), (ii), (iii) or any combination thereof, United shall pay Mr. Adams' base salary only for the period of his active full-time employment to the date of termination.

The contract between Mr. Adams and United also provides for an additional payment by United to Mr. Adams in the form of a gross-up payment in the event that a payment or distribution pursuant to the contract would be subject to the excise tax imposed by Section 4999 of the Internal Revenue Code of 1986, as amended. Any calculated gross-up payment amount shall be equal to one hundred percent (100%) of the excise tax plus one hundred percent (100%) of any federal, state and local income taxes plus the additional excise tax on the gross-up amount. Any gross-up payment pursuant to the contract shall be paid to Mr. Adams within 30 days of the receipt of the amount determined.

On July 27, 1990, United also entered into a Supplemental Retirement Agreement with Mr. Adams. The agreement was amended on November 1, 2001. This amended agreement provides for an annual supplemental retirement benefit upon his reaching age 65 or upon the later termination of his employment with United or an affiliated or successor entity to United, whichever last occurs. The annual benefit will be equal to seventy percent (70%) of the average of Mr. Adams' three highest base salaries, reduced by benefits actuarially calculated at the time the supplemental retirement benefit becomes payable under (i) the United Pension Plan; (ii) social security; and the United Savings and Stock Investment Plan. The amended agreement also provides for reduced benefits for early retirement before age 65 as well as payments to his spouse or his estate if unmarried in the event of his death. The benefits under the amended agreement are fully vested in Mr. Adams and shall survive his termination of employment from United or an affiliated or successor entity to United for whatever reason, including but not limited to, change in control, dismissal with or without cause, voluntary termination, expiration of contract or disability.

United and United National Bank, now United Bank (WV), entered into an employment agreement with I. N. Smith, Jr., the now former President of United, on December 17, 1985. The term of the agreement extends until Mr. Smith reaches the age of 75. In June of 1997, Mr. Smith retired from United. Until he reaches the age of 75, Mr. Smith shall render such consulting and advisory services as United may request, and shall receive for such services an annual fee of \$36,000 until he reaches age 70, and \$30,000 thereafter. In addition, Mr. Smith has agreed to serve as a director of United and United has agreed to use its best efforts to nominate and elect him.

On December 7, 2001, United and United Bank (VA) entered into an agreement (the "Agreement") with Joseph S. Bracewell, then Chairman of the Board, Chief Executive Officer, and President of Century Bancshares, Inc. (Century). Upon consummation of the acquisition of Century by United, the Agreement provided for the assumption of the obligations and liabilities of Century under an employment agreement dated September 1, 1996 between Mr. Bracewell and Century (the "Employment Agreement"), and for the termination of the Employment Agreement effective as of January 1, 2002. Upon termination of the Employment Agreement, United paid Mr. Bracewell \$250,000 as consideration for certain non-competition and non-solicitation provisions and \$500,000 for a change of control provision in accordance with the Employment Agreement. At the effective time of United's acquisition of Century, Mr. Bracewell was appointed to serve as Vice Chairman of the Board of United Bank (VA) and as a Director of United with duties and responsibilities commensurate with such positions, including promoting the

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products and services of United and United Bank (VA) to the customer base of Century, maintaining relationships and soliciting business with such former customers, general customer and employee relations, public relations, assisting in strategic planning and the full development of the potential of the strategic combination of United and Century, assisting in the smooth and orderly transition of management and employees from Century, and such other services and duties consistent with the foregoing as may be reasonably assigned to him from time to time by the Boards of Directors of United and United Bank (VA). In exchange for his services, Mr. Bracewell

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will receive cash compensation of \$75,000 to be paid in periodic monthly installments beginning January 31, 2002 and ending on December 31, 2002.

Change of Control Agreements. In March of 1994, United entered into agreements with Steven E. Wilson, James B. Hayhurst, Jr. and Joe L. Wilson to encourage those executive officers not to terminate their employment with United because of the possibility that United might be acquired by another entity. In August of 2000, United entered into similar change of control agreements with Richard M. Adams, Jr., Kendal E. Carson, James J. Consagra and John Neuner, III. The Board of Directors determined that such an arrangement was appropriate, especially in view of the recent entry of large regional bank holding companies into West Virginia. The agreements were not undertaken in the belief that a change of control of United was imminent.

Generally, the agreements provide severance compensation to those officers if their employment should end under certain specified conditions after a change of control of United. Compensation is paid upon any involuntary termination following a change of control unless the officer is terminated for cause. In addition, compensation will be paid after a change of control if the officer voluntarily terminates employment because of a decrease in the total amount of the officer's base salary below the level in effect on the date of consummation of the change of control, without the officer's consent; a material reduction in the importance of the officer's job responsibilities without the officer's consent; geographical relocation of the officer without consent to an office more than fifty (50) miles from the officer's location at the time of a change of control; failure by United to obtain assumption of the contract by its successor or any termination of employment within thirty-six (36) months after consummation of a change of control which is effected for any reason other than good cause.

Under the agreements, a change of control is deemed to occur in the event of a change of ownership of United which must be reported to the Securities and Exchange Commission as a change of control, including but not limited to the acquisition by any "person" (as such term is used in Sections 13(d) and 14(d) of the Securities and Exchange Act of 1934 (the "Exchange Act")) of direct or indirect "beneficial ownership" (as defined by Rule 13d-3 under the Exchange Act) of twenty-five percent (25%) or more of the combined voting power of United's then outstanding securities, or the failure during any period of two (2) consecutive years of individuals who at the beginning of such period constitute the Board for any reason to constitute at least a majority thereof, unless the election of each director who was not a director at the beginning of such period has been approved in advance by directors representing at least two-thirds (2/3) of the directors at the beginning of the period.

Under the agreements, severance benefits include: (a) cash payment equal to the officer's monthly base salary in effect on either (i) the date of termination; (ii) the date immediately preceding the change of control, whichever is higher, multiplied by the number of full months between the date of

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termination and the date that is thirty-six (36) months after the date of consummation of the change of control; (b) payment of cash incentive award, if any, under United's Incentive Plan; (c) continuing participation in employee benefit plans and programs such as retirement, disability and medical insurance for a period of thirty-six (36) months following the date of termination.

The agreements do not effect the right of United to terminate the officer, or change the salary or benefits of the officer, with or without good cause, prior to any change of control; provided, however, any termination or change which takes place after discussions have commenced which result in a change of control will be presumed to be a violation of the agreement and will entitle the officer to the benefits under the agreement, absent clear and convincing evidence to the contrary.

Employee Benefit Plans. No directors or principal shareholders of United and its subsidiaries, other than those persons who are salaried officers, participate in any type of benefit plan of United.

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United's subsidiaries provide, on a substantially non-contributory basis for all full-time employees, life, disability, health and dental insurance. Life insurance with value of 250% of base salary is provided to all full-time employees, including executive officers. The premiums paid by United for life insurance on any individual, which has a face value greater than \$50,000 is properly reported as compensation. These plans do not discriminate, in scope, terms or operation, in favor of the executive officers of United or its subsidiaries and are available generally to all salaried employees of United and its subsidiaries.

Each employee of United, or its participating subsidiaries, who completes one year of eligible service and is 21 years of age is eligible to participate in the Pension Plan. The plan is noncontributory on the part of the employee. Vesting is attained with five years of participation.

PENSION PLAN TABLE

Remuneration -----	Years of Service			
	15 ----	20 ----	25 ----	30 ----
\$ 125,000	\$ 30,744	\$ 40,992	\$ 51,241	\$ 51,241
150,000	37,307	49,742	62,178	62,178
175,000	37,307	49,742	62,178	62,178
200,000	37,307	49,742	62,178	62,178
225,000	37,307	49,742	62,178	62,178
250,000	37,307	49,742	62,178	62,178
275,000	37,307	49,742	62,178	62,178
300,000	37,307	49,742	62,178	62,178
325,000	37,307	49,742	62,178	62,178
350,000	37,307	49,742	62,178	62,178
375,000	37,307	49,742	62,178	62,178
400,000	37,307	49,742	62,178	62,178
425,000	37,307	49,742	62,178	62,178
450,000	37,307	49,742	62,178	62,178

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475,000	37,307	49,742	62,178	62,178
500,000	37,307	49,742	62,178	62,178

The table above illustrates the operation of United's Pension Plan and Supplemental Retirement Plan ("SERP") by showing various annual benefits, after reduction for Social Security retirement income, assuming various annual base salaries and years of credited service. Benefit figures shown are computed on the assumption that participants retire at the normal retirement age of 65. For purposes of the table, it is assumed each participant is receiving benefits from the Pension Plan in the form of a life annuity. Benefits under the SERP are paid in the form of a life annuity.

The SERP ensures that each participating executive officer, who retires at age 65, receives a level of retirement benefits, without regard to years of service, equal to 70% of the executive officer's average three highest base salary years during his employment with United or an affiliated or successor entity. At the time a participating executive officer retires, the benefit the participant is entitled to through the SERP is calculated, and then funds from the following sources are deducted to determine the amount, if any, of the payment due under the SERP:

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(i) the benefit under the Pension Plan; (ii) Social Security benefits payable; and (iii) any benefits under United's Savings and Stock Investment Plan.

The estimated credited years of service for each of the executive officers named in the Summary Compensation Table under the Pension Plan as of December 31, 2001, are as follows: Mr. Adams 33 years; Mr. S. Wilson 30 years; Mr. Hayhurst 30 years; Mr. Carson 10 years; and Mr. J. Wilson 31 years.

Each employee of United, who completes one year of eligible service, is eligible to participate in the United Savings and Stock Investment Plan, a deferred compensation plan under Section 401(k) of the Internal Revenue Code. Each participant may contribute from 1% to 15% of pretax earnings to his/her account that may be invested in any of four investment options chosen by the employee. United matches 100% of the first 2% of salary deferred and 25% of the second 2% of salary deferred with United stock. Vesting is 100% for employee deferrals and the company match at the time the employee makes his/her deferral.

United employees may participate in an employee stock purchase plan whereby its employees may purchase shares of United's common stock. Purchases made by employees under this plan are coordinated by the Trust Department of UB, and involve stock purchased at market price for this purpose.

 AUDIT COMMITTEE REPORT

The United Bankshares, Inc. Audit Committee reviews United's financial reporting process on behalf of the Board of Directors. Management has the primary responsibility for the financial statements and the reporting process including the systems of internal control. United's independent auditors are responsible for expressing an opinion on the conformity of the audited financial statements with generally accepted accounting principles in the United States. In fulfilling its oversight responsibilities, the Audit Committee reviewed and discussed with management and the independent auditors the 2001 audited financial statements. This discussion included the quality, not just the acceptability, of the accounting principles, the reasonableness of significant

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judgements and the clarity of disclosures in the financial statements.

The Audit Committee discussed with the independent auditors the matters required to be discussed by Statement on Auditing Standards No. 61 (Communications with Audit Committees). In addition, the Audit Committee received from the independent auditors the written disclosures required by Independence Standards Board No. 1 (Independence Discussions with Audit Committees) and discussed with them their independence from the Company and its management. And, the Audit Committee determined that the nonaudit services provided to the Company by the independent auditors are compatible with the auditors' independence.

In reliance on the reviews and discussions referred to above, the Audit Committee recommended to the Board of Directors, and the Board of Directors approved, that the audited financial statements be included in United's Annual Report on Form 10-K for the year ended December 31, 2001, for filing with the Securities and Exchange Commission.

No member of the Audit Committee is a former or current officer or employee of United.

AUDIT COMMITTEE

Robert G. Astorg, Chairman P. Clinton Winter, Jr.
James W. Word, Jr. R. Terry Butcher

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EXECUTIVE OFFICERS

Set forth below are the executive officers of United and relations that exist with affiliates and others for the past five years.

Name	Age	Present Position	Principal Occupation and Banking Experience During the Last Five Years
Richard M. Adams	55	Chairman of the Board & Chief Executive Officer - United; Chairman of the Board & Chief Executive Officer - United Bank (WV)	Chairman of the Board & Chief Executive Officer - United Bank (WV); Chairman of the Board & Chief Executive Officer - United Bank (WV)
Richard M. Adams, Jr.	33	Executive Vice-President - United; Executive Vice-President - United Bank (WV)	Senior Vice-President - United Bank (WV); President - United Bank (WV) Brokerage Co.
Kendal E. Carson	46	Executive Vice-President - United; President & Chief Executive Officer - United Bank (VA)	Executive Vice-President - United Bank (VA); Executive Vice-President - George Mason Bank (VA)

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James J. Consagra, Jr.	41	Executive Vice-President -United; Executive Vice-President & Chief Financial Officer-United Bank (VA)	Executive Vice-President - Executive Vice-President & Financial Officer-United B (VA); Treasurer - George M Bankshares, Inc.; Executiv Vice-President - George Ma
James B. Hayhurst, Jr.	55	Executive Vice-President -United; Executive Vice-President - United Bank (WV)	Executive Vice-President - Executive Vice-President - Bank (WV)
John Neuner, III	56	Executive Vice-President - United; Executive Vice-President - United Bank (WV)	Executive Vice-President - Executive Vice-President - Bank (WV)
Joe L. Wilson	54	Executive Vice-President -United; Executive Vice-President - United Bank (WV)	Executive Vice-President - Executive Vice-President - Bank (WV)
Steven E. Wilson	53	Executive Vice-President, Chief Financial Officer, Treasurer & Secretary -United; Executive Vice-President, Chief Financial Officer, Treasurer & Secretary - United Bank (WV)	Executive Vice-President, Financial Officer, Treasur Secretary -United; Executi Vice-President, Chief Fina Officer, Treasurer & Secre United Bank (WV)

Richard M. Adams and Richard M Adams, Jr. are father and son.

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REQUIREMENTS, INCLUDING DEADLINES, FOR SUBMISSION OF PROXY PROPOSALS,
NOMINATIONS OF DIRECTORS, AND OTHER BUSINESS OF SHAREHOLDERS

Nomination of Directors

Nominations may be made only if such nominations are made in accordance with the procedures set forth in Article II, Section 5 of the Restated Bylaws of United, which section, in full, is set forth below:

Section 5. Nomination of directors. Directors shall be nominated by the Board prior to the giving of notice of any meeting of shareholders wherein directors are to be elected. Additional nominations of directors may be made by any shareholder; provided that such nomination or nominations must be made in writing, signed by the shareholder and received by the Chairman or President no later than ten (10) days from the date the notice of the meeting of shareholders was mailed; however, in the event that notice is mailed less than thirteen (13) days prior to the meeting, such nomination or nominations must be received no later than three (3) days prior to any meeting of the shareholders wherein directors are to be elected.

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Stock Transfers

United Bankshares, Inc. common stock is listed on NASDAQ, National Association of Securities Dealers Quotation System, National Market System. The quotation symbol is "UBSI".

Independent Auditors

Ernst & Young LLP, Charleston, West Virginia, has served as the independent auditors for United and its subsidiaries since 1986 and has been selected by the Board of Directors to continue as the independent auditors for United and its subsidiaries for the next fiscal year. Representatives of Ernst & Young LLP will be present at the Annual Meeting and will have an opportunity to make a statement if they desire to do so. Such representatives of the firm will be available to respond to appropriate shareholder inquiries at the Annual Meeting.

Audit Fees

Fees for the most recent annual audit of United's consolidated financial statements were \$218,000.

All Other Fees

All other fees paid to United's independent auditor, Ernst & Young LLP, during 2001 included fees for the following services: regulatory, statutory, and compliance audits - \$114,400; merger and acquisition registration statement and consultation - \$33,300; accounting consultation - \$11,900; employee benefit related consultation - \$215,300; and tax compliance and consultation - \$137,150. The total of all other fees for the aforementioned services was \$512,050.

Shareholder Proposals for 2003 Annual Meeting

Presently, the next annual meeting of United shareholders is scheduled for May 19, 2003. Any shareholder proposals to be presented at that 2003 Annual Meeting must be received at the principal office of United no later than December 14, 2002. If the scheduled date for the 2003 Annual Meeting is changed by more than thirty (30) days, shareholders will be informed of the new meeting date and the revised date by which shareholder proposals must be received.

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FORM 10-K

The Company will furnish without charge to each person whose proxy is being solicited, upon the request of any such person, a copy of the Company's annual report on Form 10-K for 2001. Requests for copies of such report should be directed to Shareholder Relations, United Bankshares, Inc., P. O. Box 1508, Parkersburg, West Virginia 26102.

Whether or not you plan to attend the Meeting, please mark, sign, date and promptly return the enclosed proxy in the enclosed envelope. No postage is required for mailing in the United States.

By Order of the Board of Directors
Richard M. Adams
/s/ Richard M. Adams

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Chairman of the Board and
Chief Executive Officer

April 8, 2002

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UNITED BANKSHARES, INC.
PROXY FOR 2002 ANNUAL SHAREHOLDERS' MEETING

Know all men by these presents that the undersigned shareholder(s) of United Bankshares, Inc., Charleston, West Virginia does hereby nominate, constitute and appoint James J. Consagra, Jr. and Steven E. Wilson or either one of them, with full power to act alone as the true and lawful attorneys for the undersigned with full power of substitution for and in the name, place and stead of the undersigned to vote all the common stock of United Bankshares, Inc., standing in the undersigned's name on its books on April 1, 2002, at the 2002 Annual Meeting of Shareholders to be held at The University of Charleston, 2300 MacCorkle Avenue, S.E., Charleston, West Virginia, on May 20, 2002 at 4:00 p.m., local time or any adjournments thereof, with all the powers the undersigned would possess if personally present as follows:

The undersigned acknowledges receipt of the Notice and Proxy Statement dated April 8, 2002, and hereby revokes all proxies previously given by the undersigned for said meeting.

This proxy confers authority to vote "FOR" the propositions listed below unless otherwise indicated. The Board of Directors recommends a vote "FOR" the proposals below. If any matter shall properly come before the meeting, or any adjournments thereof, this proxy will be voted on such matters in accordance with the judgment of the above proxies, based upon the conditions then prevailing and any recommendation of the Board of Directors.

Unless a different allocation is indicated, the proxies will vote your total cumulative vote ratably for the directors for whom you are voting unless directed otherwise by the Board of Directors of United Bankshares, Inc.

This proxy is solicited on behalf of the Board of Directors of United Bankshares, Inc. and may be revoked prior to its exercise.

Continued, and to be marked, dated and signed, on the other side. All joint owners must sign.

When signing as attorney, executor, administrator, trustee or guardian, please give full title. If more than one trustee, all should sign.

. FOLD AND DETACH HERE .

--UBSI--

Annual Meeting
of United Bankshares, Inc.
Monday, May 20, 2002 at 4:00 p.m.

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University of Charleston
 2300 MacCorkle Avenue, S.E.
 Charleston, West Virginia

The Board of Directors recommends a vote FOR the following eighteen nominees:

1. Election of Directors.

FOR all nominees listed (except as marked to the contrary below) <input type="checkbox"/>	WITHHOLD AUTHORITY to vote for all nominees listed <input type="checkbox"/>	01. Richard M. Adams 02. Robert G. Astorg 03. Thomas J. Blair, III 04. Joseph S. Bracewell 05. Harry L. Buch 06. W. Gaston Caperton, III	07. H. Smoot Fahlgren 08. Theodore J. Georg 09. F. T. Graff, Jr. 10. Alan E. Groover 11. Russell L. Isaacs 12. John M. McMahon
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By checking the box to the right, I consent to future delivery of annual reports, proxy statements, prospectuses and other materials and shareholder communications electronically via the Internet at a webpage which will be disclosed to me. I understand that the Company may no longer distribute printed materials to me from any future shareholder meeting until such consent is revoked. I understand that I may revoke my consent at any time by contacting the Company's transfer agent, Mellon Investor Services LLC, Ridgfield Park, NJ and that costs normally associated with electronic delivery, such as usage and telephone charges as well as any costs I may incur in printing documents, will be my responsibility.

2. To transact other business that may properly come before the meeting.

If you wish to withhold your vote for any of the above, please indicate by striking the name of the nominee.

FOR AGAINST ABSTAIN

THIS PROXY
 VOTED IN
 UNDERSIGNED'S
 NAME AND
 NO OTHER ACTION
 IS MADE
 IN CONNECTION
 WITH THIS
 PROPOSAL

Dated: _____

"PLEASE MARK INSIDE BOXES SO THAT DATA PROCESSING EQUIPMENT WILL RECORD YOUR VOTES"

PLEASE
PROXY I

-FOLD AND DETACH HERE-
=====

Your Vote is IMPORTANT

Please complete, date and sign the above
proxy card and return it promptly
in the accompanying envelope.

=====

[LOGO] UNITED BANKSHARES, INC.
THE CHALLENGE TO BE THE BEST NEVER ENDS

MARGIN-RIGHT: 0pt" align="left">volatility of the foreign exchange rate between the security's currency and the underlying stock's currency. Convertible securities may trade less frequently and in lower volumes, or have periods of less frequent trading. Lower trading volume may also make it more difficult for the Fund to value such securiti

The Fund may invest in futures and options in order to remain fully invested during periods where the Sub-Adviser feels it is more advantageous to enter into these contracts. The primary risk of investing in futures is the chance that futures contracts may not track a particular segment of the market, as designed. Futures usually involve substantial leverage which could result in a substantial gain or loss due to the amount of leverage involved. The Fund will hold liquid securities such as cash instruments or short-maturity debt securities at least equal to the value of the contract in order to minimize this risk. Lastly, markets on futures and options may become illiquid, reducing the Sub-Adviser's ability to quickly sell a position.

The Fund may invest in dividend-paying equity securities. There can be no guarantee that companies that have historically paid dividends will continue to pay them or pay them at the current rates in the future. Dividend-paying equity securities, in particular those whose market price is closely related to their yield, may exhibit greater sensitivity to interest rate changes. The Fund's investment in such securities may also limit its potential for appreciation during a broad market advance.

The prices of equity securities, particularly of those issued by companies in the Greater China region, can be highly volatile. Investors should not assume that the Fund's investments in these securities will necessarily reduce the volatility of the Fund's net asset value or provide "protection," compared to other types of equity securities, when markets perform poorly.

The Fund may not invest (i) in securities of Taiwan issuers, the issuance of which has not been approved by or registered with the Taiwan SEC for offering to the public or (ii) in unregistered securities of U.S. issuers that must be registered before being publicly offered under the U.S. Securities Act of 1933, as amended, and as such the supply for securities available for investment by the Fund may be more limited than it would be if such investment restrictions were not in place.

The Fund may not borrow money within Taiwan, however, subject to the provisions of the Investment Company Act of 1940, as amended, the Fund may borrow from financial institutions outside Taiwan for temporary purposes (that, is, the borrowing must be repaid within 60 days) in amounts not exceeding 5% (taken at the lower of cost or current value) of its total assets (excluding amount borrowed) and may also pledge assets to secure such borrowings). Lastly, there is a chance that poor security selection will cause the Fund to underperform other mutual funds with similar investment objectives.

Management and Organization

Fund Management

The investment adviser for the Fund is Shelton Capital Management, a California limited partnership, located at 44 Montgomery Street, Suite 2100, San Francisco, CA 94104. Shelton Capital has \$814 million of assets under management of which \$773 million are mutual fund assets as of March 31, 2012. Shelton Capital has been managing mutual funds since 1985. Shelton Capital is responsible for managing the Fund and handling the administrative requirements of the Fund. As compensation for managing the Fund, Shelton Capital receives a management fee from the Fund of 1.25%. For the fiscal year ended December 31, 2011, Shelton Capital Management received fees, net of reimbursement of \$404,324.64. A discussion regarding the basis for the Board of Trustees approval of the investment advisory agreement is available in the Fund's semi-annual report for the six months ended June 30, 2011.

Shelton Capital has contractually delegated the day-to-day portfolio management responsibilities of the Fund to Nikko Asset Management Co. Ltd. Nikko and its affiliates have offices throughout Asia, including Tokyo,

Singapore and Mainland China. As of December 31, 2011, Nikko managed and advised approximately \$153 billion in assets globally.

The Fund's statement of additional information ("SAI") provides additional information about the Portfolio Manager's compensation, other accounts managed by the Portfolio Manager and the Portfolio Manager's ownership of securities of the Fund.

Additional Non-Principal Investment Related Risks

Portfolio Turnover

The Fund generally intends to purchase securities for long-term investment rather than short-term gains. However, a security may be held for a shorter than expected period of time if, among other things, the Fund needs to raise cash or feels that it is appropriate to do so. Portfolio holdings may also be sold sooner than anticipated due to unexpected changes in the markets. Buying and selling securities may involve incurring some expense to the Fund, such as commissions paid to brokers and other transaction costs. By selling a security, the Fund may realize taxable capital gains that it will subsequently distribute to shareholders. Generally speaking, the higher the Fund's annual portfolio turnover, the greater its brokerage costs and the greater likelihood that it will realize taxable capital gains. Increased brokerage costs may affect the Fund's performance. Also, unless you are a tax-exempt investor or you purchase shares through a tax-deferred account, the distributions of capital gains may affect your after-tax return. For some mutual funds, an annual portfolio turnover of 100% or more is considered high.

Temporary Defensive Positions

In drastic market conditions, the Sub-Adviser may sell all or some of the Fund's securities and temporarily invest the Fund's money in U.S. government securities or money market instruments backed by U.S. government securities, if it believes it is in the best interest of shareholders to do so. If this were to occur, the investment goals of the Fund may not be achieved.

Valuation Risk

The securities held by the Fund will generally be valued using market quotations; however, when such quotations are not readily available or deemed unreliable, securities may be valued using "fair value" techniques as set forth in this prospectus under "How Fund Shares Are Priced." Security values may differ depending on the methodology used to determine their values, and may differ from the last quoted sales or closing prices. No assurance can be given that use of these fair value procedures will always best represent the price at which the Fund could sell the affected portfolio security or result in a more accurate net asset value per share of the Fund.

Risks of Frequent Trading in Fund Shares

Frequent trading of significant portions of the Fund's shares may adversely affect Fund performance and therefore, the interests of long-term investors. Volatility in portfolio cash balances resulting from excessive purchases or sales or exchanges of Fund shares, especially involving large dollar amounts, may disrupt efficient portfolio management and make it difficult to implement long-term investment strategies. In particular, frequent trading of Fund shares may:

- Cause the Fund to keep more assets in money market instruments or other very liquid holdings than it would otherwise like to, causing the Fund to miss out on gains in a rising market,

- Force the Fund to sell some of its investments sooner than it would otherwise like to in order to honor redemptions, or
- Increase brokerage commissions and other portfolio transaction expenses if securities are constantly being bought and sold by the Fund as assets move in and out.

To the extent the Fund significantly invests in illiquid or restricted securities, including equities traded on foreign equity exchanges, investors may seek to trade Fund shares in an effort to benefit from their understanding of the value of these securities.

Procedures to Limit Short-Term Trading in Fund Shares

The Fund has adopted policies and procedures designed to discourage short-term trading. Although market-timing can take place in many forms, the Fund generally defines a market-timing account as an account that habitually redeems or exchanges Fund shares in an effort to profit from short-term movements in the price of securities held by the Fund. The Fund and RFS Partners (the "Fund's Distributor") do not accommodate such purchases and redemptions of the shares in the Fund by Fund shareholders and have taken steps that each deems to be reasonable to discourage such activity. The Fund's frequent trading policies and procedures seek to discourage frequent trading by monitoring purchase transactions into, and redemption or exchange transactions out of, the Fund, within certain periodic intervals and above certain dollar thresholds, requiring reporting of suspected transactions to the Board of Trustees, communication with relevant shareholders or financial intermediaries and, as permitted under applicable law, restrictions on Fund share transactions. The Fund reserves the right to reject any purchase order. While the Fund makes efforts to identify and restrict frequent trading that could impact the management of the Fund, the Fund receives purchase and sales orders through financial intermediaries and cannot always know or detect frequent trading that may be facilitated by the use of intermediaries or by the use of combined or omnibus accounts by those intermediaries.

If a shareholder, in the opinion of the Fund, continues to attempt to use the Fund for market-timing strategies after being notified by the Fund or its agent, the account(s) of that shareholder will be closed to new purchases or exchanges of Fund shares.

Additionally, if any transaction is deemed to have the potential to adversely impact the Fund, the Fund reserves the right to, among other things:

- Reject a purchase or exchange;
- Delay payment of immediate cash redemption proceeds for up to seven calendar days;
- Revoke a shareholder's privilege to purchase Fund shares (including exchanges);
- Limit the amount of any exchange; and
- Charge a Fund redemption fee for shares held for 90 days or less.

The restrictions above may not apply to shares held in omnibus accounts for which the Fund does not receive sufficient transactional detail to enforce such restrictions.

Disclosure of Portfolio Holdings

The Fund will make its portfolio holdings publicly available within 60 days from the end of each fiscal quarter. Shareholders will receive portfolio holdings information via the Fund's annual and semi-annual reports, which will be mailed to shareholders and posted on the Fund's web site. Additionally, a schedule of portfolio holdings will be filed with the SEC, which provides public viewing via EDGAR, in accordance

with the then current rules governing Form N-Q filings.

Portfolio holdings will be made available by the Fund's administrator as of the month end, calendar quarter end, and fiscal quarter end by releasing the information to ratings agencies. Shareholders may contact the Fund at (800) 955-9988 for a copy of this report.

A more complete description of the Fund's policies and procedures with respect to the disclosure of the Fund's portfolio securities is available in the SAI.

Opening an Account

Shares of the Fund may be purchased through the Fund's Distributor or through third party distributors, brokerage firms and retirement plans. The following information is specific to buying directly from the Fund's Distributor. If you invest through a party other than the Fund's Distributor, many of the policies, options and fees charged for the transaction may be different. You should contact them directly for information regarding how to invest or redeem through them.

You'll find all the necessary application materials included in the packet accompanying this prospectus or you may download an investment kit by accessing our website at www.sheltoncap.com. Additional paperwork may be required for corporations, associations, and certain other fiduciaries. The minimum initial investments and subsequent investments for the Fund are as follows:

	Minimum Initial Investment	Minimum Subsequent Investment	IRA Minimum
All Other Accounts	\$1,000	\$250	\$1,000
IRA Accounts with Automatic Investment Plan ("AIP")*	\$500		

* A minimum monthly contribution of \$100 is required through AIP accounts. For additional information on our AIP program, see section titled "Automatic Investment Plan" in this prospectus.

The Fund's Distributor may change the minimum investment amounts at any time or waive them at its discretion. To protect against fraud, it is the policy of the Fund not to accept unknown third party checks for the purposes of opening new accounts or purchasing additional shares. If you have any questions concerning the application materials, wire transfers, or our yields and net asset values, please call us, toll-free at (800) 955-9988. If you have any questions about our investment policies and objectives, please call us toll free at (800) 995-9988.

Buying, Selling and Exchanging Shares

If you need an account application call us at (800) 955-9988 or download an investment kit from our website at www.sheltoncap.com. Keep in mind the following important policies:

- The Fund may take up to seven days to pay redemption proceeds.
- If your shares were recently purchased by check, the Fund will not release your redemption proceeds until payment of the check can be verified which may take up to 15 days; however, please note that such redemption proceeds would be determined by reference to the next NAV determination following your request for redemption.

- Initial purchases and exchanges must meet the minimum investment amounts of the fund you are purchasing/exchanging shares for.
- You must obtain and read the prospectus of the fund you are buying/exchanging shares for prior to making the initial purchase/exchange.
- If you have not selected the convenient exchange privileges on your original account application, you must provide a medallion signature guaranteed letter of instruction to the Fund, directing any changes in your account.
- The Fund may refuse any purchase or exchange purchase transaction for any reason.

How to Buy Shares

Initial Purchase

Make your check payable to the name of the Fund and mail it with the application to the transfer agent of the Fund, ALPS Fund Services, Inc., at the address indicated below. Please note the minimum initial investments previously listed.

Shelton Greater China Fund
c/o Alps Fund Services, Inc.
P.O. Box 2482
Denver, CO 80201

You may also forward your check (and application, for new accounts) to the Fund's offices, which will in turn forward your check (and application, for new accounts) on your behalf to the Fund's agent for processing. You will receive the share price next determined after your check has been received by the agent. Please note that this means that the shares will be purchased at the next calculated price after receipt by the agent, which is typically the next business day following receipt at the Fund's offices. The Fund's office is located at the following address:

Shelton Greater China Fund
P.O. Box 387
San Francisco, CA 94104-0387

You also may buy shares of the Fund through selected securities brokers. Your broker is responsible for the transmission of your order to ALPS Fund Services, Inc., the Fund's transfer agent, and may charge you a fee. You will generally receive the share price next determined after your order is placed with your broker, in accordance with your broker's agreed upon procedures with the Fund. Your broker can advise you of specific details.

Purchasing by Exchange

You may purchase shares in the Fund by exchanging shares from an account in one of the other funds offered by Shelton Capital Management. Such exchanges must meet the minimum amounts required for initial or subsequent investments. When opening an account by exchanging shares, your new account must be established with the same registration as your other account and an exchange authorization must be in effect. If you have an existing account with us, call (800) 955-9988 during normal business hours (7:00 a.m. to 5:00 p.m. PST) to exchange shares.

You may also exchange shares by accessing our website at www.sheltoncap.com. You must complete the online access agreement in order to access your account online.

Each exchange actually represents the sale of shares of one Fund and the purchase of shares in another, which may produce a gain or loss for tax purposes. We will confirm each exchange transaction with you by mail.

All transactions are processed at the share price next calculated after receiving the instructions in good form (as defined below), normally at 4:00 p.m. Eastern time (1:00 p.m. PST).

Wire Instructions:

Provide your bank or broker with these instructions:

State Street Bank & Trust Co.
ABA # 011000028
For: Shelton Greater China Fund
Account # 00143305

For further credit
to:

Name of Fund: Shelton Greater China
Account Fund
Registration: (name on account here)
Account Number: (account number here)

In order to make your order effective, we must have your order in good form. "Good form" means that the Fund's transfer agent, ALPS Fund Services, Inc., has all the information and documentation it deems necessary to affect your order. All purchases are subject to screens as required by applicable federal and state regulations. Please note the Fund and the Adviser reserve the right to reject any purchase. Your purchase will be processed at the net asset value next calculated after your order has been received by the Fund's transfer agent. You will begin to earn dividends as of the first business day following the day of your purchase.

All your purchases must be made in U.S. dollars and checks must be drawn on banks located in the United States. We reserve the right to limit the number of investment checks processed at one time. If the check does not clear, we will cancel your purchase, and you will be liable for any losses and fees incurred in connection with the check that does not clear (i.e., the non-sufficient funds (NSF) check).

When you purchase by check, redemption proceeds will not be sent until we are satisfied that the investment has been collected (confirmation of clearance may take up to 15 days). Payments by check or other negotiable bank deposit will normally be effective within two business days for checks drawn on a member of the Federal Reserve System and longer for most other checks. While you may always redeem or exchange your shares of the Fund in accordance with the times set forth in this prospectus, wiring your money to us will generally reduce the time it takes for you to receive the proceeds of a redemption. You can wire federal funds from your bank or broker, which may charge you a fee.

The Fund does not consider the U.S. Postal Service or other independent delivery service to be its agent. Therefore, deposit in the mail or with such delivery services does not constitute receipt by the Fund's transfer agent or the Fund.

Purchasing Additional Shares

Make your check payable to the name of the Fund, in which you are investing, write your account number on the check, and mail your check with your confirmation stub to the address printed on your account statement. There is a \$250 minimum for subsequent investments, unless made through the AIP as detailed below.

After setting up your online account, you may obtain a history of transactions for your account(s) by accessing our website at www.sheltoncap.com.

Automatic Investment Plan

Using the Fund's AIP, you may arrange to make additional purchases (minimum \$100) automatically by electronic funds transfer (EFT) from your checking or savings account. Your bank must be a member of the Automated Clearing House. You can terminate the program with ten days written notice. There is no fee to participate in this program, however, a service fee of \$25.00 will be deducted from your account for any AIP purchase that does not clear due to insufficient funds, or if prior to notifying the Fund in writing or by telephone to terminate the plan, you close your bank account or take other action in any manner that prevents withdrawal of the funds from the designated checking or savings account. Investors may obtain more information concerning this program, including the application form, from the Fund.

The share price of the Fund is subject to fluctuations. Before undertaking any plan for systematic investment, you should keep in mind that such a program does not assure a profit or protect against a loss.

We reserve the right to suspend the offering of shares of the Fund for a period of time and to reject any specific purchase order in whole or in part.

How Fund Shares are Priced

The Fund is open for business every day that the New York Stock Exchange (the "NYSE") is open. The Fund will calculate its net asset value each day that it is open for processing of transactions, and may calculate its net asset value on certain other days as noted below. The net asset value of the Fund is computed by adding the value of all of its portfolio holdings and other assets, deducting its liabilities, and then dividing the result by its number of shares outstanding. Our Fund accounting service provider calculates this value as of market close, normally 4:00 p.m. Eastern time (1:00 p.m. Pacific time), on each day that the markets are open. However, the Fund may, but does not expect to, determine the net asset value on any other day the NYSE is closed for trading. Occasionally, the Pricing Committee, subject to the supervision of the Board of Trustees, will make a good faith estimate of a security's "fair value" when market quotations are not readily available or deemed unreliable.

The number of shares your money buys is determined by the share price of the Fund on the day your transaction is processed. Orders that are received in good form by the Fund's transfer agent are executed at the net asset value next calculated.

The share price of the Fund will vary over time as the value of its securities varies. Portfolio securities of the Fund that are listed on a securities exchange are valued at the last reported sale price. Securities with remaining maturities of 60 days or less are valued using the amortized cost method as reflecting fair value. All other securities are valued at their fair value as determined in good faith by the Board of Trustees using consistently applied procedures established by Board of Trustees. The effect of valuing securities held by the Fund at fair value may be that the price so determined may be different than the price that would be determined if reliable market quotations were available or if another methodology were used.

Performance Information

All performance information published in advertisements, sales literature and communications to investors, including various expressions of current yield, effective yield, tax equivalent yield, total return and distribution rate, is calculated and presented in accordance with the rules prescribed by the SEC. In each case, performance information will be based on past performance and will reflect all recurring charges against Fund income. Performance information is based on historical data and does not indicate the future performance of the Fund.

How to Sell Shares

You may redeem all or a portion of your shares on any day that the Fund is open for business. Your shares will be redeemed at the net asset value next calculated, less any applicable redemption fee, after we have received your redemption request in good form. Good form requires that we have clear, actionable instructions that are properly executed by authorized signers on the account. In cases where the transaction requires a medallion signature guarantee, this will be required to meet the good form standard. Remember that the Fund may hold redemption proceeds until we are satisfied that we have collected the funds which were deposited by check. To avoid these possible delays, which could be up to 15 days, you should consider making your investment by wire, following the instructions as described in the section titled “Wire Instructions” in this prospectus.

By Mail

If you have not elected telephone redemption or transfer privileges, you must send a “medallion signature-guaranteed letter of instruction” specifying the name of the Fund, the number of shares to be sold, your name, and your account number to the Fund's offices. If you have additional questions, please contact us at (800) 955-9988.

The Fund's transfer agent requires that signature(s) be guaranteed by an eligible signature guarantor such as a commercial bank, broker-dealer, credit union, securities exchange or association, clearing agency or savings association. This policy is designed to protect shareholders and their accounts.

By Exchange

You must meet the minimum investment requirement of the Fund into which you are exchanging. You can only exchange between accounts with identical registrations. Same day exchanges are accepted until market close, normally 4:00 p.m. Eastern time (1:00 p.m. PST).

By Wire

You must have applied for the wire feature on your account. We will notify you when this feature is active and you may then make wire redemptions by calling us before 4:00 p.m. Eastern time (1:00 p.m., PST). This means your money will be wired to your bank the next business day.

By Electronic Funds Transfer

You must have applied for the EFT withdrawal feature on your account. Typically, money sent by EFT will be sent to your bank within three days after the sales of your securities. There is no fee for this service.

Online

You can sell shares in a regular account by accessing our website at www.sheltoncap.com. You may not buy or sell shares in a retirement account using our online feature.

By Telephone

You must have this feature set up in advance on your account. Call the Fund at (800) 955-9988. Give the name of the Fund, the exact name in which your account is registered, your account number, the required identification information and the number of shares or dollar amount that you wish to redeem.

Unless you submit an account application that indicates that you have declined telephone and/or online exchange privileges, you agree, by signing your account application, to authorize and direct the Fund to accept and act upon telephone, on-line, telex, fax, or telegraph instructions for exchanges involving your account or any other account with the same registration. The Fund employs reasonable procedures in an effort to confirm the authenticity of your instructions, such as requiring a seller to give a special authorization number or password. Provided these procedures are followed, you further agree that neither the Fund nor the Fund's agent will be responsible for any loss, damage, cost or expense arising out of any instructions received for an account.

You should realize that by electing the telephone exchange or the online access options, you may be giving up a measure of security that you might otherwise have if you were to exchange your shares in writing. For reasons involving the security of your account, telephone transactions may be tape recorded.

Systematic Withdrawal Plan

If you own shares of the Fund with a value of \$10,000 or more, you may establish a Systematic Withdrawal Plan. You may receive monthly or quarterly payments in amounts of not less than \$100 per payment. Details of this plan may be obtained by calling the Fund at (800) 955-9988.

Other Redemption Policies

The Fund has committed itself to pay in cash all requests for redemption by any shareholder of record, limited in amount, however, during any 90-day period to the lesser of \$250,000 or 1% of the value of the Fund's net assets at the beginning of such period. Such commitment is irrevocable without the prior approval of the SEC. In the case of requests for redemption in excess of such amounts, the Adviser, subject to the supervision of the Board of Trustees, reserves the right to make payments in whole or in part in securities or other assets of the Fund from which the shareholder is redeeming in case of an emergency, or if the payment of such a redemption in cash would be detrimental to the existing shareholders of the Fund. In such circumstances, the securities distributed would be valued at the price used to compute the Fund's net asset value. Should the Fund do so, a shareholder would likely incur transaction fees in converting the securities to cash.

Retirement Plan shareholders should complete a Rollover Distribution Election Form in order to sell shares of the Fund so that the sale is treated properly for tax purposes.

Once your shares are redeemed, we will normally mail you the proceeds on the next business day, but no later than within seven days. When the markets are closed (or when trading is restricted) for any reason other than its customary weekend or holiday closing, or under any emergency circumstances as determined by the SEC to merit such action, we may suspend redemption or postpone payment dates. If you want to keep your account(s) open, please be sure that the value of your account does not fall below \$1,000 because of redemptions. The Adviser may elect to close an account and mail you the proceeds to the address of record. We will give you 30 days written notice that your account(s) will be closed unless you make an investment to increase your account balance(s) to the \$1,000 minimum. If you close your account, any accrued dividends will be paid as part of your redemption proceeds.

The share prices of the Fund will fluctuate and you may receive more or less than your original investment when you redeem your shares.

THE FUND AND THE ADVISER RESERVE CERTAIN RIGHTS, INCLUDING THE FOLLOWING:

- To automatically redeem your shares if your account balance falls below the minimum balance due to the sale of shares.
- To modify or terminate the exchange privilege on 60 days written notice.
- To refuse any purchase or exchange purchase order.
- To change or waive the Fund's minimum investment amount.
- To suspend the right to redeem shares, and delay sending proceeds, during times when trading on the principal markets for the Fund are restricted or halted, or otherwise as permitted by the SEC.
- To withdraw or suspend any part of the offering made by this prospectus.
- To automatically redeem your shares if you fail to provide all required enrollment information and documentation.

Other Policies

Tax-Saving Retirement Plans

We can set up your new account in the Fund under one of several tax-sheltered plans. The following plans let you save for your retirement and shelter your investment earnings from current income taxes:

IRAs/Roth IRAs: You can also make investments in the name of your spouse if your spouse has no earned income.

SIMPLE, SEP, 401(k)/Profit-Sharing and Money-Purchase Plans (Keogh): Open to corporations, self-employed people and partnerships, to benefit themselves and their employees.

403(b) Plans. Open to eligible employees of certain states and non-profit organizations.

Each IRA is subject to an annual custodial fee of \$10.00 per social security number. The annual custodial fee will be waived for IRAs with a balance greater than \$10,000. The Fund reserves the right to change, modify or eliminate this waiver at any time. This fee is normally assessed in the fall of each year.

We can provide you with complete information on any of these plans, including information that discusses benefits, provisions and fees.

Cash Distributions

Unless you otherwise indicate on the account application, we will reinvest all dividends and capital gains distributions back into your account. You may indicate on the application that you wish to receive either income dividends or capital gains distributions in cash. EFT is available to those investors who would like their dividends electronically transferred to their bank accounts. For those investors who do not request this feature, dividend checks will be mailed via regular mail.

If you elect to receive distributions by mail and the U.S. Postal Service cannot deliver your checks or if the

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checks remain uncashed for six months or more, we will void such checks and reinvest your money in your account at the then current net asset value and reinvest your subsequent distributions.

Statements and Reports

Shareholders of the Fund will receive statements at least quarterly and after every transaction that affects their share balance and/or account registration. A statement with tax information will be mailed to you by January 31 of each year, a copy of which will be filed with the IRS if it reflects any taxable distributions. Twice a year you will receive our financial statements, at least one of which will be audited.

The account statements you receive will show the total number of shares you own and a current market value. You may rely on these statements in lieu of share certificates which are not necessary and are not issued. You should keep your statements to assist in record keeping and tax calculations.

We pay for regular reporting services, but not for special services, such as a request for an historical transcript of an account. You may be required to pay a separate fee for these special services. After setting up your online account, you may also obtain a transaction history for your account(s) by accessing our website at www.sheltoncap.com.

Consolidated Mailings & Householding

Consolidated statements offer convenience to investors by summarizing account information and reducing unnecessary mail. We send these statements to all shareholders, unless shareholders specifically request otherwise. These statements include a summary of all funds held by each shareholder as identified by the first line of registration, social security number and zip code. Householding refers to the practice of mailing one prospectus, annual report and semi-annual report to each home for all household investors. The Fund will use this practice for all future mailings. If you would like extra copies of these reports, please download a copy from www.sheltoncap.com or call the Fund at (800) 955-9988.

Dividends & Taxes

Any investment in the Fund typically involves several tax considerations. The information below is meant as a general summary for U.S. citizens and residents. Because your situation may be different, it is important that you consult your tax advisor about the tax implications of your investment the Fund.

As a shareholder, you are entitled to your share of the dividends the Fund earns. The Fund distributes substantially all of its dividends quarterly. Shareholders of record on the second to last business day of the quarter will receive the dividends.

Capital gains are generally paid on the last day of November, to shareholders of record on the second to last business day of November of each year. At the beginning of each year, shareholders are provided with information detailing the tax status of any dividend the Fund has paid during the previous year.

After every distribution, the value of the Fund's shares drops by the amount of the distribution. If you purchase shares of the Fund before the record date of a distribution and elect to have distributions paid to you in cash, you will pay the full price for the shares and then receive some portion of that price back in the form of a taxable distribution. This is sometimes referred to as buying a dividend.

Revenue Sharing

The Adviser, out of its own resources, and without additional cost to the Fund or its shareholders, may provide

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additional cash payments or non-cash compensation to intermediaries who sell shares of the Fund. Such payments and compensation are in addition to any service fees paid by the Fund. 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 Fund on 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 Fund shareholders.

Identity Verification Procedures Notice

The USA PATRIOT Act requires financial institutions, including mutual funds, to adopt certain policies and programs to prevent money-laundering activities, including procedures to verify the identity of customers opening new accounts. When completing the account application, you will be required to supply the Fund with information, such as your taxpayer identification number, that will assist the Fund in verifying your identity. Until such verification is made, the Fund may temporarily limit additional share purchases. In addition, the Fund may limit additional share purchases or close an account if it is unable to verify a customer's identity. As required by law, the Fund may employ various procedures, such as comparing the information to fraud databases or requesting additional information or documentation from you, to ensure that the information supplied by you is correct. Your information will be handled by us as discussed in our privacy statement below.

Privacy Statement

General Privacy Policy

When you become a shareholder of Shelton Greater China Fund, you entrust us not only with your hard-earned assets but also with your non-public personal and financial information ("Shareholder Information"). We consider your Shareholder Information to be private and confidential, and we hold ourselves to the highest standards of trust and fiduciary duty in their safekeeping and use.

Our Privacy Principles:

- We do not sell Shareholder Information.
- We do not provide Shareholder Information to persons or organizations outside Shelton Greater China Fund who are doing business on our behalf (e.g., non-affiliated third parties), for their own marketing purposes.
- We afford prospective and former shareholders the same protections as existing shareholders with respect to the use of Shareholder Information.

Information We May Collect:

We collect and use information we believe is necessary to administer our business, to advise you about our products and services, and to provide you with customer service. We may collect and maintain several types of Shareholder Information needed for these purposes, such as:

- From you, (application and enrollment forms, transfer forms, distribution forms, checks, correspondence, or conversation), such as your address, telephone number, and social security number.

- From your transactions with our transfer agent or custodian, your transaction history, and account balance.
- From electronic sources, such as our website or e-mails.

How We Use Information About You:

The Fund will only use information about you and any other accounts to help us better serve your investment needs or to suggest services or educational materials that may be of interest to you.

Use Of E-Mail Address:

If you have requested information regarding the Fund's products and services or supplied your e-mail address to us, we may occasionally send you follow-up communications or information on additional products or services. Additionally, shareholders can subscribe to the following services:

- Prospectus and Shareholder Reports – Receive prospectuses and shareholder reports on line instead of by U.S. Mail.
- Paperless Statements – Receive an e-mail with a link to our Web site informing you that our client statements are available on line to view, print or download.
- Tax Form Alerts – Receive an e-mail in early January informing you if you will receive tax forms for your taxable Shelton mutual funds, including the approximate date they will be mailed.

We also include instructions and links for unsubscribing from e-mails. We do not sell e-mail addresses to anyone, although we may disclose e-mail addresses to third parties that perform administrative or marketing services for us. We may track receipt of e-mails to gauge the effectiveness of our communications.

Information Disclosure:

We do not disclose any non-public personal information about our shareholders or former shareholders to non-affiliated third parties without the shareholder's authorization. However, we may disclose Shareholder Information to persons or organizations inside or outside our family of funds, as permitted or required by law. For example, we will provide the information, as described above, to our transfer agent to process your requests or authorized transactions.

How We Protect Your Information:

We restrict access to your Shareholder Information to authorized persons who have a need for these records in order to provide products or services to you. We also maintain physical, electronic, and procedural safeguards to guard Shareholder Information. To further protect your privacy, our website uses the highest levels of internet security, including data encryption, Secure Sockets Layer protocol, user names and passwords, and other tools. As an added measure, we do not include personal or account information in non-secure e-mails that we send you via the Internet.

For shareholders with Internet access, Shelton Greater China Fund recommends that you do not provide your user name or password to anyone for any reason.

In the event that you hold shares of one or more of our funds through a financial intermediary, including, but not limited to, a broker-dealer, bank, or trust company, the privacy policy of that financial intermediary would govern how your nonpublic personal information would be shared with non-affiliated third parties.

Financial Highlights

The financial highlights set forth in the table below is intended to help you understand the Fund's performance for the past five fiscal years. The information reflects financial results of a single Fund share. The total returns in the table represent the rate that an investor would have earned (or lost) on an investment in the Fund (assuming reinvestment of all dividends and distributions). On October 10, 2011, the Fund was converted from a closed-end fund to an open-end fund. Therefore, the Fund's performance for periods prior to October 10, 2011 may not be representative of performance for future periods. The information for the period ending December 31, 2011 was audited by Tait, Weller & Baker, LLP, an independent registered public accounting firm. The information for the prior years was audited by other independent registered public accounting firms whose report, along with the Fund's financial statements, are included in the Fund's annual report, which is incorporated by reference herein and is available upon request.

	Year Ended December 31				
	2011	2010	2009	2008	2007
Net asset value, beginning of year	\$ 8.05	\$ 7.18	\$ 3.81	\$ 8.02	\$ 7.07
Income from investment operations:					
Net investment income (loss)(a)	(0.14)	(0.04)	(0.03)	0.15	0.02
Net gain (loss) on securities and translation of foreign currencies (both realized and unrealized)	(1.88)	0.90	3.39	(4.37)	0.91
Total from investment operations	(2.02)	0.86	3.36	(4.22)	0.93
Capital stock transactions:					
Share tender offer/repurchase	0.01	0.01 (a)	0.01 (a)	0.01 (a)	0.02 (a)
Paid-in capital from redemption fee	0.02 (a)	—	—	—	—
Total from capital stock transactions	0.03	0.01	0.01	0.01	0.02
Net asset value, end of year	\$ 6.06	\$ 8.05	\$ 7.18	\$ 3.81	\$ 8.02
Total investment return (based on net asset value)	(24.72)%(b)	12.12 %	88.45 %	(52.49)%	13.44 %
Total investment return (based on market price)	N/A	19.50 %	80.18 %	(51.18)%	9.38 %
Ratios and supplemental data					
Net assets, end of year (in 000's)	\$ 49,760	\$ 85,630	\$ 84,592	\$ 49,720	\$ 116,031
Ratio of expenses to average net assets	3.33 %(d)	3.15 %	2.80 %	2.37 %	2.30 %

Ratio of net investment income (loss) to average net assets	(1.88)%	(0.61)%	(0.64)%	2.29 %	0.28 %
Portfolio turnover	206 %(c)	5 %	11 %	22 %	26 %

(a) Calculated based upon average shares outstanding.

(b) 2011 investment return based on the Fund's closed-end fund market price return of -22.89% from the period of January 1, 2011 to October 7, 2011 and open-end fund NAV return of -2.10% from the period of October 10, 2011 to December 31, 2011 is -20.26%.

(c) Effective June 13, 2011, the Fund expanded its primary geographic scope from the Republic of China ("Taiwan") to the Greater China regions (this includes: Taiwan, Hong Kong, Singapore and the People's Republic of China) and has subsequently increased trading in the Greater China region. Portfolio turnover is high during the transition period and is not an indicator of future turnover rate.

(d) Ratio of extraordinary expenses to average net assets is 0.80%. Ratio of expenses to average net assets excluding impact of extraordinary fees is 2.53%.

To Learn More

This prospectus contains important information on the Fund and should be read and kept for future reference. You can also get more information from the following sources:

Annual and Semi-Annual Reports

These are automatically mailed to all shareholders without charge. In the Fund's annual report, you will find a discussion of market conditions and investment strategies that significantly affected the Fund's performance during its most recent fiscal year. The financial statements included in the Fund's annual report are incorporated by reference into this prospectus, making it a legal part of the prospectus.

Statement of Additional Information

This includes more details about the Fund, including a detailed discussion of the risks associated with the various investments. The SAI is incorporated by reference into this prospectus, making it a legal part of the prospectus.

You may obtain a copy of these documents free of charge by calling the Fund at (800) 955-9988, by accessing the Fund's website at www.sheltoncap.com, or by emailing the Fund at info@sheltoncap.com, or by contacting the SEC at the address noted below or via e-mail at publicinfo@sec.gov. The SEC may charge you a duplication fee. You can also review these documents in person at the SEC's public reference room, or by visiting the SEC's internet site at www.sec.gov.

Securities and Exchange Commission
Public Reference Section
Washington, DC 20549-01520
1-202-551-8090
www.sec.gov

The Fund's shares are not bank deposits and are not guaranteed, endorsed or insured by any financial institution or government entity such as the FDIC.

P.O. Box 387
San Francisco, CA 94104-0387
(800) 225-8778
www.sheltoncap.com

Investment Company Act File Number: 811-05617

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Shelton Greater China Fund

P.O. Box 387

San Francisco, California 94104-0387

(800) 955-9988

Statement of Additional Information – May 1, 2012

This statement of additional information relates to the Shelton Greater China Fund (the "Fund") of the Shelton Greater China Fund (the "Trust").

The prospectus for the Fund dated May 1, 2012, as it may be amended from time to time (the "Prospectus"), provides the basic information you should know before investing in the Fund, and may be obtained without charge from the Fund at the above address. This statement of additional information is not a prospectus. It contains information in addition to, and in certain cases more detailed than, the information set forth in the Prospectus. This statement of additional information is intended to provide you with additional information regarding the activities and operations of the Fund, and should be read in conjunction with the Prospectus.

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ABOUT THE SHELTON GREATER CHINA FUND

The Shelton Greater China Fund (the "Trust") is registered under the Investment Company Act of 1940, as amended (the "1940 Act"), and currently consists of one fund, the Shelton Greater China Fund (the "Fund"). The Trust issues its shares of beneficial interest, \$0.001 per share par value, of the Fund. Shares of the Fund represent equal proportionate interests in the assets of the Fund, and have identical voting, dividend, redemption, liquidation and other rights. Shareholders have no preemptive or other right to subscribe to any additional shares. The Fund is organized as a Massachusetts business trust. The Fund was operated as a closed-end management investment company under the name Taiwan Greater China Fund until October 10, 2011, at which time it was, with shareholder approval, converted into an open-end management investment company.

The Trust is not required, nor does it intend, to hold annual shareholder meetings. However, the Trust may hold special meetings for purposes such as electing trustees of the Trust (each a "Trustee" and collectively, the "Trustees"), changing fundamental policies, or approving a new investment management agreement. If in the future the Trust adds funds, you will have equal rights as to voting and to vote separately by fund as to issues affecting only your fund (such as changes in fundamental investment policies and objectives). Your voting rights are not cumulative, which means that the holders of more than 50% of the shares of the Trust voting in any election of Trustees can, if they choose to do so, elect all of the Trustees. Meetings of shareholders may be called by the Trustees in their sole discretion or upon demand of the holders of 10% or more of the outstanding shares of the Trust for the purpose of electing or removing Trustees.

INVESTMENT OBJECTIVE AND POLICIES OF THE FUND

The following information supplements the Fund's investment objective and basic policies as set forth in the Prospectus.

CCM Partners, LP dba Shelton Capital Management ("Shelton Capital" or the "Adviser") is the investment adviser to the Fund and has the authority to manage the Fund in accordance with the investment objective, policies, and restrictions of the Fund and subject to general supervision of the Fund's Board of Trustees (the "Board of Trustees").

Shelton Capital has delegated the day-to-day portfolio management responsibilities of the Fund to Nikko Asset Management Co. Ltd ("Nikko" or the "Sub-Adviser"). Nikko's investments in the Greater China region (which includes Taiwan, Hong Kong, Singapore and the People's Republic of China) are based on its assessment of the future development and growth prospects of economies and companies located in that region, and its belief that the region's countries are on paths toward economic development and, in general, deregulation and greater openness to market forces. As such, Nikko invests in companies it considers to be well-positioned to participate in the region's economic evolution, participating in the growth of the Greater China region.

Nikko researches the fundamental characteristics of individual companies to understand the foundation of a company's long-term growth, and to assess whether it is generally consistent with Nikko's expectations for the Greater China region's economic evolution. Nikko then evaluates potential portfolio holdings on the basis of their individual merits, and invests in those companies that it believes are positioned to help the Fund achieve its investment objectives. Portfolio holdings are adjusted in light of prevailing market conditions and other factors, including, among other things, economic, political or market events (e.g., changes in credit conditions or military action), changes in relative valuations (to both a company's growth prospects and to other issuers), liquidity requirements and management malfeasance or other unethical conduct.

Equity securities in which the Fund may invest include common stocks, preferred stocks, warrants, and securities convertible into common or preferred stocks, such as convertible bonds and debentures, and other equity-related

instruments (including, for example, investment trusts and other financial instruments),

convertible bonds and debentures, warrants and rights, equity interests in trusts, partnerships, joint ventures or similar enterprises and depository receipts of issuers, with at least 80% of such equity securities being common and preferred stocks of companies that (i) are located in the Greater China area or (ii) have derived or are expected to derive during the company's current fiscal year (measured as of the time of the original investment) a significant portion (at least 50%) of its revenues by exporting to or importing from, trading with or operating in mainland China. A company meeting the requirements of either items (i) or (ii) of the previous sentence is defined as a "Greater China Company."

The Fund may also invest in exchange traded funds ("ETFs"), futures contracts, options and options on futures contracts as a substitute for purchasing securities to gain exposure to sectors of the market, depository receipts and participation notes. To the extent that the security underlying such ETF, futures contract, option or option on futures contract is an equity security issued by a Greater China Company, the Fund will include such ETF, futures contract, option or option on futures contract for the purposes of determining compliance with the Fund's policy to invest at least 80% of its net assets in the common and preferred stocks of Greater China Companies.

The Fund may invest up to 20% of its total assets in convertible and non-convertible bonds and other debt securities, including securities issued by government entities and their political subdivisions. Provided, however, that the Fund may only invest in non-convertible bonds that are rated, at the time of investment, BBB or higher by Standard & Poor's Corporation ("S&P") or Fitch, Inc. ("Fitch") or Baa or higher by Moody's Investors Service, Inc. ("Moody's") or rated of equivalent credit quality by an internationally recognized statistical rating organization or, if not rated, are of equivalent credit quality as determined by Nikko. There is no objective standard against which Nikko may evaluate the credit and other risks of unrated securities. Nikko seeks to minimize the risks of investing in unrated securities through investment analysis and attention to current developments in interest rates and economic conditions.

Securities rated lower than BBB by S&P or Fitch or Baa by Moody's or of an equivalent credit quality by Nikko are considered to have speculative characteristics and may be characterized as "junk bonds."

DESCRIPTION OF INVESTMENT SECURITIES AND PORTFOLIO TECHNIQUES

The Fund may invest in securities of issuers of various sizes. Smaller companies often have limited product lines, markets or financial resources, and they may be dependent upon one or a few key people for management and may lack depth of management. Smaller companies may have less certain growth prospects, and be more sensitive to changing economic conditions than larger, more established companies. The Fund may have more difficulty obtaining information about smaller portfolio companies, or valuing or disposing of their securities, than it would if it focused on larger, more well-known companies. Transaction costs in stocks of smaller capitalization companies may be higher than those of larger capitalization companies. The securities of such companies generally are subject to more abrupt or erratic market movements and may be less liquid than securities of larger, more established companies or the markets in general, and can react differently to political, market and economic developments than more established companies.

The Fund may also invest in securities of non-U.S. issuers in the form of American Depositary Receipts ("ADRs") and International Depositary Receipts ("IDRs"), which are also known as Global Depositary Receipts ("GDRs"). Generally, ADRs in registered form are U.S. dollar-denominated securities designed for use in the U.S. securities markets, which may be converted into an underlying foreign security. ADRs represent the right to receive securities of foreign issuers deposited in a domestic bank or correspondent bank. ADRs do not eliminate all risk inherent in investing in the securities of foreign issuers. The Fund may also invest in European Depositary Receipts ("EDRs"), which are receipts evidencing an arrangement with a European bank similar to that for ADRs and are designed for use in the European securities markets.

IDRs and GDRs are similar to ADRs, with the exception that they are usually bearer securities (meaning they entitle the holder to rights under the security merely by holding the security) for investors or traders outside the U.S., and for

companies wishing to raise equity capital in securities markets outside the United States. Most IDRs have been used to represent shares although some represent bonds, commercial paper and

certificates of deposit. Additionally, some IDRs may be convertible to ADRs, making them particularly useful for arbitrage between markets.

Lending Portfolio Securities

From time to time, the Fund may lend securities (but not in excess of 33 1/3% of its total assets) from its portfolio of investments to brokers, dealers and financial institutions and, in turn, receive collateral in cash or securities believed by the Fund to be equivalent to securities rated investment grade by S&P, Moody's or Fitch. While the loan is outstanding, the Fund is required to maintain collateral at all times in an amount equal to at least 105% of the current market value of the securities loaned by the Fund, including any accrued interest or dividends receivable from these securities. Any cash collateral received by the Fund is to be invested in short-term, high quality debt securities, the income from which would increase the return to the Fund. The Fund retains all rights of beneficial ownership as to the loaned portfolio securities, including voting rights and rights to interest or other distributions, and has the right to regain record ownership of loaned securities to exercise such beneficial rights. Such loans are terminable at any time by either the Fund or the borrower. The Fund may be required to pay administrative, finders' and custodial fees to persons unaffiliated with the Fund in connection with the arranging of such loans and, if permitted under the 1940 Act or pursuant to an exemptive order thereunder, such fees may be paid to persons affiliated with the Fund. In the event of a default by the borrower, the Fund may suffer time delays and incur costs or possible losses in connection with the Fund's disposition of the collateral. The Sub-Adviser will review and monitor the creditworthiness of such borrowers on an ongoing basis if it elects to lend securities of the Fund.

Futures Contracts

The Fund may enter into agreements to "buy" or "sell" a stock index at a fixed price at a specified date. No stock actually changes hands under these contracts; instead, changes in the underlying index's value are settled in cash. The cash settlement amounts are based on the difference between the index's current value and the value contemplated by the contract. An option on a stock index futures contract is an agreement to buy or sell an index futures contract; that is, exercise of the option results in ownership of a position in a futures contract. Most stock index futures are based on broad-based common stock indices.

Additionally, the Fund may take advantage of opportunities in the area of futures contracts and options on futures contracts and any other derivative investments which are not presently contemplated for use by the Fund or which are not currently available but which may be developed, to the extent such opportunities are both consistent with the Fund's investment objective and legally permissible for the Fund.

Because the value of index futures depends primarily on the value of their underlying indices, the performance of broad-based contracts will generally reflect broad changes in common stock prices. The Fund's investments may be more or less heavily weighted in securities of particular types of issuers, or securities of issuers in particular industries, than the indexes underlying its index futures positions. Therefore, while the Fund's index futures positions should provide exposure to changes in value of the underlying indexes (or protection against declines in their value in the case of hedging transactions), it is likely that, in the case of hedging transactions, the price changes of the Fund's index futures positions will not match the price changes of the Fund's other investments. Other factors that could affect the correlation of the Fund's index futures positions with its other investments are discussed below.

Futures Margin Payments. Both the purchaser and seller of a futures contract are required to deposit "initial margin" with a futures broker (known as a "futures commission merchant," or "FCM"), when the contract is entered into. Initial margin deposits are equal to a percentage of the contract's value, as set by the exchange where the contract is traded, and may be maintained in cash or high quality liquid securities. If the value of either party's position declines, that party will be required to make additional "variation margin" payments to settle the change in value on a

daily basis. The party that has a gain may be entitled to receive all or a portion of this amount. Initial and variation margin payments are similar to good faith deposits or performance bonds, unlike margin extended by a securities broker, and initial and variation margin payments do not constitute purchasing securities on margin for purposes of the Fund's investment limitations. In the event of the

bankruptcy of a FCM that holds margin on behalf of the Fund, the Fund may be entitled to a return of margin owed to it only in proportion to the amount received by the FCM's other customers. The Sub-Adviser will attempt to minimize this risk by monitoring the creditworthiness of the FCMs with which the Fund does business.

Limitations on Futures Transactions. The Fund has filed a notice of eligibility for exclusion from the definition of the term "commodity pool operator" with the National Futures Association, which regulate trading in the futures markets. Pursuant to Rule 4.5 of the regulations promulgated under the Commodity Exchange Act, as amended, each Fund may use futures contracts for bona fide hedging purposes within the meaning of U.S. Commodities Futures Trading Commission ("CFTC") regulations; provided, however, that, with respect to positions in futures contracts which are not used for bona fide hedging purposes within the meaning of CFTC regulations, the aggregate initial margin required to establish such position will not exceed five percent of the liquidation value of the Fund's portfolio, after taking into account unrealized profits and unrealized losses on any such contracts into which the Fund has entered.

The Sub-Adviser also intends to follow certain other limitations on the Fund's futures activities. Under normal conditions, the Fund will not enter into any futures contract if, as a result, the sum of (i) the current value of assets hedged in the case of strategies involving the sale of securities, and (ii) the current value of the indexes or other instruments underlying the Fund's other futures positions would exceed 20% of the Fund's total assets. In addition, the Fund does not intend to enter into futures contracts that are not traded on exchanges or boards of trade.

The above limitations on the Fund's investments in futures contracts, and the Fund's policies regarding futures contracts discussed elsewhere in this statement of additional information, are not fundamental policies and may be changed as regulatory agencies permit. Non-fundamental policies may be changed without shareholder approval.

Various exchanges and regulatory authorities have undertaken reviews of futures trading in light of market volatility. Among the possible actions that have been presented are proposals to adopt new or more stringent daily price fluctuation limits for futures transactions, and proposals to increase the margin requirements for various types of strategies. It is impossible to predict what actions, if any, will result from these reviews at this time.

The Fund may purchase futures contracts in order to attempt to remain fully invested in equities market. For example, if the Fund had cash and short-term securities on hand that it wished to invest in common stocks, but at the same time it wished to maintain a highly liquid position in order to be prepared to meet redemption requests or other obligations, it could purchase an index futures contract in order to approximate the activity of the index with that portion of its portfolio. The Fund may also purchase futures contracts as an alternative to purchasing actual securities. For example, if the Fund intended to purchase stocks but had not yet done so, it could purchase a futures contract in order to participate in the index's activity while deciding on particular investments. This strategy is sometimes known as an anticipatory hedge. In these strategies the Fund would use futures contracts to attempt to achieve an overall return -- whether positive or negative -- similar to the return from the stocks included in the underlying index, while taking advantage of potentially greater liquidity than futures contracts may offer. Although the Fund would hold cash and liquid debt securities in a segregated account with a value sufficient to cover its open future obligations, the segregated assets would be available to the Fund immediately upon closing out the futures position, while settlement of securities transactions can take several days.

When the Fund wishes to sell securities, it may sell index futures contracts to hedge against stock market declines until the sale can be completed. For example, if the Sub-Adviser anticipated a decline in common stock prices at a time when the Fund anticipated selling common stocks, it could sell a futures contract in order to lock in current market prices. If stock prices subsequently fell, the futures contract's value would be expected to rise and offset all or a portion of the anticipated loss in the common stocks the Fund had hedged in anticipation of selling them. Of course, if prices subsequently rose, the futures contract's value could be expected to fall and offset all or a portion of any gains from those securities. The success of this type of

strategy depends to a great extent on the degree of correlation between the index futures contract and the securities hedged.

Asset Coverage for Futures Positions. The Fund will comply with guidelines established by the Securities Exchange Commission (the "SEC") with respect to coverage of futures strategies by mutual funds.

Correlation of Price Changes. As noted above, price changes of the Fund's futures positions may not be perfectly correlated with price changes of its other investments because of differences between the underlying indexes and the types of securities the Fund invests in. For example, if the Fund sold a broad-based index futures contract to hedge against a stock market decline while the Fund completed a sale of specific securities in its portfolio, it is possible that the price of the securities could move differently from the broad market average represented by the index futures contract, resulting in an imperfect hedge which could affect the correlation between the Fund's return and that of the respective benchmark index. In the case of an index futures contract purchased by the Fund either in anticipation of actual stock purchases or in an effort to be fully invested, failure of the contract to track its index accurately could hinder the Fund in the achievement of its objective.

Futures prices can also diverge from the prices of their underlying indexes. Futures prices are affected by such factors as current and anticipated short-term interest rates, changes in volatility of the underlying index, and the time remaining until expiration of the contract, which may not affect security prices the same way. Imperfect correlation may also result from differing levels of demand in the futures markets and the securities markets, from structural differences in how futures and securities are traded, or from imposition of daily price fluctuation limits for futures contracts. The Fund may sell futures contracts with a greater or lesser value than the securities it wishes to hedge in order to attempt to compensate for differences in historical volatility between the futures contract and the securities, although this may not be successful in all cases.

Liquidity of Futures Contracts. Because futures contracts are generally settled within a day from the date they are closed out, compared with a settlement period of up to five days for some types of securities, the futures markets can provide superior liquidity to the securities markets in many cases. Nevertheless, there is no assurance a liquid secondary market will exist for any particular futures contract at any particular time. In addition, futures exchanges may establish daily price fluctuation limits for futures contracts, and may halt trading if a contract's price moves upward or downward more than the limit in a given day. On volatile trading days when the price fluctuation limit is reached, it may be impossible for the Fund to enter into new positions or close out existing positions. Trading in futures can also be halted if trading in the underlying securities is halted. If the secondary market for a futures contract is not liquid because of price fluctuation limits or otherwise, it would prevent prompt liquidation of unfavorable futures positions, and potentially could require the Fund to continue to hold a futures position until the delivery date regardless of potential consequences. If the Fund must continue to hold a futures position, its access to other assets held to cover the position could also be impaired.

American Depositary Receipts (ADRs), European Depositary Receipts (EDRs) and Global Depositary Receipts (GDRs) (also known as International Depositary Receipts ("IDRs"))

The Fund may invest in sponsored and unsponsored ADRs, EDRs and GDRs. Such investments may subject the Fund to significant investment risks that are different than domestic markets. Unsponsored ADRs, EDRs and GDRs may involve additional risks in that they are organized without the cooperation of the issuer of the underlying securities. As a result, available information concerning the issuer may not be as current as that for sponsored ADRs, EDRs and GDRs.

The value of securities denominated in or indexed to foreign currencies and of dividends and interest from such securities can change significantly when foreign currencies strengthen or weaken relative to the U.S. dollar. Foreign

securities markets generally have less trading volume and less liquidity than the U.S. markets, and prices on some foreign securities can be highly volatile. In general ADRs, in registered form, are denominated in U.S. dollars and are designated for use in the U.S. securities markets, while EDRs and GDRs (also known as IDRs) in bearer form, may be denominated in other currencies and are designed for use in European markets and global markets, respectively.

Many foreign countries lack uniform accounting and disclosure standards comparable to those applicable to U.S. companies, and it may seem more difficult to obtain reliable information regarding an issuer's financial conditions and operations.

Settlement of transaction in some foreign markets may be delayed or may be less frequent than in the U.S., which could affect the liquidity of the Fund's investments. In addition, the cost of foreign investing, including withholding taxes, brokerage commissions and custodial costs, are generally higher than for U.S. investments.

Foreign markets may offer less protection to investors than U.S. markets. Foreign issuers, brokers, and securities markets may be subject to less government supervision. Foreign security trading practices, including those involving the release of assets in advance of payment, may involve increased risks in the event of a failed trade or the insolvency of the broker-dealer, which may result in substantial delays in settlement. It may also be more difficult to enforce legal rights in foreign countries.

Investing abroad also involves different political and economic risks. Foreign investments may be affected by actions of foreign governments adverse to the interests of U.S. investors, including the possibility of expropriation or nationalization of assets, confiscatory taxation, restriction on U.S. investments or on the ability to repatriate assets or convert currency into U.S. dollars, or other government intervention. There may be a greater possibility of default by foreign governments or foreign government sponsored enterprises. Investments in foreign countries also involve the risk of local political, economic, or social instability, military action or unrest, or adverse diplomatic developments. There is no assurance that the Sub-Adviser will be able to anticipate these potential events or counter their effects.

Options on Securities, Securities Indices and Currencies.

The Fund may purchase put and call options on securities in which it has invested, on foreign currencies represented in its portfolios and on any securities index based in whole or in part on securities in which the Fund may invest. In an effort to minimize risks, the Fund usually will not use options for speculative purposes or as leverage.

The Fund may purchase call options in anticipation of an increase in the market value of securities of the type in which it may invest or a positive change in the currency in which such securities are denominated. The purchase of a call option would entitle the Fund, in return for the premium paid, to purchase specified securities or a specified amount of a foreign currency at a specified price during the option period.

The Fund may purchase and sell options traded on U.S. and foreign exchanges. Although the Fund will generally purchase only those options for which there appears to be an active secondary market, there can be no assurance that a liquid secondary market on an exchange will exist for any particular option or at any particular time. For some options, no secondary market on an exchange may exist. In such event, it might not be possible to effect closing transactions in particular options, with the result that the Fund would have to exercise its options in order to realize any profit and would incur transaction costs upon the purchase or sale of the underlying securities.

Secondary markets on an exchange may not exist or may be illiquid for a variety of reasons including: (i) insufficient trading interest in certain options; (ii) restrictions on opening transactions or closing transactions imposed by an exchange; (iii) trading halts, suspensions or other restrictions may be imposed with respect to particular classes or series of options; (iv) unusual or unforeseen circumstances which interrupt normal operations on an exchange; (v) inadequate facilities of an exchange or the Options Clearing Corporation (the "OCC") to handle current trading volume at all times; or (vi) discontinuance in the future by one or more exchanges for economic or other reasons, of trading of options (or of a particular class or series of options), in which event the secondary market on that exchange (or in that class or series of options) would cease to exist, although outstanding options on that exchange that had been issued by the OCC as a result of trades on that exchange would continue to be exercisable in accordance with their terms.

There is no assurance that higher than anticipated trading activity or other unforeseen events might not, at times, render certain of the facilities of the OCC inadequate, and result in the institution by an exchange of special procedures that may interfere with the timely execution of the Fund's orders.

Securities of Other Investment Companies – Closed End Funds

The Fund may purchase closed-end funds that invest in foreign securities. Unlike open-end investment companies, closed-end funds issue a fixed number of shares that trade on major stock exchanges or over the counter. Additionally, closed-end funds do not stand ready to issue or redeem on a continuous basis. Closed-end funds often sell at a discount to net asset value.

Applicable provisions of the 1940 Act require that the Fund limit its investments so that, as determined immediately after a securities purchase is made: (a) not more than 10% of the value of that Fund's total assets will be invested in the aggregate in securities of investment companies as a group; and (b) either (i) that Fund and affiliated persons of that Fund not own together more than 3% of the total outstanding shares of any one investment company at the time of purchase (and that all shares of the investment company held by that Fund in excess of 1% of the company's total outstanding shares be deemed illiquid), or (ii) that Fund not invest more than 5% of its total assets in any one investment company and the investment not represent more than 3% of the total outstanding voting stock of the investment company at the time of purchase. As a shareholder in an investment company, the Fund bears its ratable share of that investment company's expenses, including advisory and administration fees, resulting in an additional layer of management fees and expenses for shareholders. This duplication of expenses would occur regardless of the type of investment company, i.e., open-end (mutual fund) or closed-end.

INVESTMENT RESTRICTIONS

Additional Fundamental Investment Policies

The Fund has adopted the following restrictions as additional fundamental policies of the Fund, which means that they may not be changed without the approval of a majority of the outstanding voting securities of the Fund. Under the 1940 Act, a "vote of a majority of the outstanding voting securities" of the Fund means the affirmative vote of the lesser of (1) more than 50% of the outstanding shares of the Fund, or (2) 67% or more of the shares of the Fund present at a meeting of shareholders if more than 50% of the outstanding shares of the Fund are represented at the meeting in

person or by proxy. The Fund may not:

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- a. Hold 25% or more of its gross assets in any single industry.
- b. Purchase any security (other than obligations of the U.S. government or its agencies or instrumentalities) if as a result of such purchase (i) as to 75% of the total assets (taken at their then current value), more than 5% of the total assets (taken at their then current value) would then be invested in the securities of a single issuer, (ii) as to the remaining 25% of the total assets (taken at their then current value), more than 10% of the total assets (taken at their then current value) would then be invested in the securities of a single issuer (except that the Fund may invest up to 25% of its total assets in obligations of the Taiwan government or its agencies or instrumentalities), (iii) more than 10% of the outstanding equity securities of any issuer (at the time of purchase) would be beneficially held by the Fund or (iv) 25% or more of the Fund's assets (taken at their then current value) would be invested in a single industry.
- c. Purchase any security on margin, except such short-term credits as are necessary for the clearance of purchases or sales of securities.
- d. Effect a short sale of any security, except in connection with an underwriting in which the Fund is a participant.
- e. Issue senior securities, except that the Fund may invest in currency forward contracts to hedge against currency fluctuations if Taiwan law is changed to so permit.
- f. Borrow money within Taiwan, however, subject to the provisions of the 1940 Act, the Fund may borrow from financial institutions outside Taiwan for temporary purposes (that, is, the borrowing must be repaid within 60 days) in amounts not exceeding 5% (taken at the lower of cost or current value) of its total assets (excluding amount borrowed) and may also pledge assets to secure such borrowings).
- g. Make loans to other persons (other than bank deposits or by investment in debt securities or entry into repurchase agreements), except that the Fund may lend its securities to the extent permitted by the 1940 Act, the rules or regulations thereunder or any exemption therefrom, as such statutes, rules or regulations may be amended or interpreted from time to time.
 - h. Invest (i) in securities of Taiwan issuers the issuance of which has not been approved by or registered with the Taiwan SEC for offering to the public or (ii) in unregistered securities of U.S. issuers that must be registered before being publicly offered under the U.S. Securities Act of 1933, as amended.
 - i. Buy or sell real estate or real estate mortgage loans.
- j. Apply the assets of the Fund to purchase beneficial certificates issued by the former manager in other funds managed by the former manager.
 - k. Underwrite the issue or sale of any securities.
 - l. Invest in securities issued by any person (except the Taiwan government) who beneficially owns more than 5% of, or takes any significant active role in the management of, the Fund's investment adviser.

Non-Fundamental Investment Policies

In addition, the Fund has adopted the following restrictions as operating policies, which are not fundamental policies, and may be changed without shareholder approval in accordance with applicable regulations. The Fund may not:

1. Invest in warrants, valued at the lower of cost or market, in excess of 5% of the value of the Fund's net assets. Included in such amount, but not to exceed 2% of the value of the Fund's net assets, may be warrants that are not listed on the New York Stock Exchange (the "NYSE") or American Stock Exchange. Warrants acquired by the Fund in units or attached to securities may be deemed to be without value.

2. Enter into any futures contract if, as a result, the sum of (i) the current value of assets hedged in the case of strategies involving the sale of securities, and (ii) the current value of the indexes or other instruments underlying the Fund's other futures positions would exceed 20% of the Fund's total assets. In addition, the Fund does not intend to enter into futures contracts that are not traded on exchanges or boards of trade.
3. The Fund will not purchase securities from or sell to the Trustees, or any firm of which any officer or Trustee is a member, as principal, or retain securities of any issuer if, to the knowledge of the Fund, one or more of the Fund's officers, the Trustees, the Adviser and the Sub-Adviser own beneficially more than 1/2 of 1% of the securities of such issuer and all such officers and the Trustees together own beneficially more than 5% of such securities.

If a percentage restriction is adhered to at the time of investment, a subsequent increase or decrease in a percentage resulting from a change in the values of assets will not constitute a violation of that restriction, except as otherwise noted.

Non-Fundamental Investment Policy

The Fund may not purchase any security if, as a result, more than 15% of its net assets would be invested in securities that are deemed to be illiquid because they are subject to legal or contractual restrictions on resale or because they cannot be sold or disposed of in the ordinary course of business at approximately the prices at which they are valued.

DISCLOSURE OF PORTFOLIO HOLDINGS

In accordance with the Fund's policies and procedures, the Fund's transfer agent and fund accountant, ALPS Fund Services, Inc. (the "Transfer Agent") is responsible for dissemination of information about the Fund's portfolio holdings. Only an officer of the Fund may authorize the Transfer Agent to disclose portfolio holdings information. The Fund, together with the Transfer Agent and the Adviser (together, the "Service Providers"), may only disclose information concerning securities held in the Fund's portfolios under the following circumstances:

1. Approximately 60 days following the end of each month, calendar quarter and fiscal quarter, each Fund's full portfolio holdings will be made publicly available by the following means:
 - a. The Fund shall send shareholders portfolio holdings in the Fund's annual and semi-annual reports, which are mailed to shareholders and posted on the Fund's website in accordance with the SEC guidelines. Additionally, quarterly reports are filed with the SEC.
 - b. The Transfer Agent shall send portfolio holding to nationally-recognized rating agencies via electronic transmission at least annually.
2. The Fund or a Service Provider may disclose the Fund's portfolio securities holdings to selected third parties when the Fund has a legitimate business purpose for doing so. Examples of legitimate business purposes in which selective disclosure of the Fund's portfolio securities may be appropriate include: disclosure for due diligence purposes to an investment adviser that is in merger or acquisition talks with the Adviser; disclosure to a newly hired investment adviser or sub-adviser prior to its commencing its duties; disclosure to third party service providers of accounting, auditing, custody, proxy voting and other services to the Fund; or disclosure to a rating or ranking organization.

3. As required by the federal securities laws, including the 1940 Act, the Fund will disclose its portfolio holdings in its applicable regulatory filings, including shareholder reports, reports on Form N-Q, Form N-CSR or such other filings, reports or disclosure documents as the applicable regulatory authorities may require.

In accordance with the Fund's policies and procedures, third parties are required to keep confidential any information disclosed to them and to not engage in trading based on such information in accordance with the foregoing and no compensation may be received by the Fund, a Service Provider or any affiliate in connection with disclosure of such information. The Board of Trustees will oversee disclosure under the foregoing policies and procedures by approval in advance of disclosures for legitimate business purposes and by regular review of reports on disclosures of the Fund's portfolio holdings.

TRUSTEES AND OFFICERS

The Board of Trustees has the responsibility for the overall management of the Fund, including general supervision and review of the Fund's investment activities. The Board of Trustees appoints the officers of the Fund who are responsible for the day-to-day operations of the Fund. The affiliations of the officers and Trustees and their principal occupations for the past five years are listed below.

Independent Trustees and their Qualifications

The Independent Trustees and their qualifications are noted in the table below. The Board of Trustees believes that each Trustee's experience, qualifications, attributes or skills on an individual basis and in combination with those of the other Trustees lead to the conclusion that each Trustee should serve in such capacity. Among other attributes common to all Trustees are their ability to review critically, evaluate, question and discuss information provided to them, to interact effectively with the adviser, other service providers, counsel and the independent registered public accounting firm, to exercise effective business judgment in the performance of their duties, and to represent the interests of all Fund shareholders. A Trustee's ability to perform his duties effectively may have been attained through his educational background or professional training; business, consulting or academic positions; experience from service as a Trustee, or in various roles at public companies, private entities or other organizations; and/or other life experiences. In addition to these shared characteristics, set forth below is a brief discussion of the specific qualifications, attributes or skills considered for each Trustee that support the conclusion that each person is qualified to serve as a Trustee.

Name (Age) and Address	Position(s) Held with the Fund	Term of Office and Length of Time Served	Principal Occupation(s) During the Past Five Years	Other Business Experience, Other Positions with Affiliated Persons of the Fund and Other Directorships Held by Nominee
Non-Interested Trustees				
James W. Miller, Jr. P.O. Box 387 San Francisco, California 94104 (5/28/66)	Trustee	Trustee since June 2011	Director, RREEF, 2006-present; Executive Vice President, Jones Lang LaSalle Americas, Inc., 1999-2006; Associate, Orrick Herrington &	Experience in real estate in both law and business.; J.D; Trustee, Shelton Funds, 2002- present

Sutcliffe LLP (law firm); 1996-1999; Associate, Gordon & Rees LLP (law firm), 1992-1993

<p>Kevin T. Kogler P.O. Box 387 San Francisco, California 94104 (2/21/66)</p>	<p>Trustee and Audit Committee Member</p>	<p>Trustee since June 2011</p>	<p>Principal, Robertson Piper Software Group, 2006-present; Senior Vice President, Investment Banking, Friedman, Billings Ramsey, 2003-2006; Director, Technology Investment Banking, Salomon Smith Barney, 2001-2002; Vice President, Technology Investment Banking, CS First Boston/ Donaldson Lufkin & Jenrette, 1997-2001; Associate, PaineWebber, Inc., 1995-1997</p>	<p>Experience in investment banking and technology industry; M.B.A.; Shelton Funds, 2006-present</p>
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<p>Stephen H. Sutro P.O. Box 387 San Francisco, California 94104 (4/9/69)</p>	<p>Trustee and Audit Committee Member</p>	<p>Trustee since June 2011</p>	<p>Partner, Duane Morris LLP (law firm), 2003-present; Associate, Duane Morris LLP (law firm) 2000-2002; Associate, Hancock Rotherth & Bunshoft LLP (law firm), 1994-1999</p>	<p>Experience in law and securities regulations; J.D.; Trustee, Shelton Funds, 2006-present</p>
<p>Frederick C. Copeland, Jr. 11 Deer Ridge Road Avon, Connecticut 06001 (9/2/41)</p>	<p>Trustee</p>	<p>Trustee since May 2004</p>	<p>Vice Chairman, Director, Chairman of the Executive Committee, Far East National Bank, since 2004; Chairman and Chief Executive Officer, Far East National Bank, 2008-2009; Principal, Deer Ridge Associates, LLC (financial consulting), 2001-2006</p>	<p>Director, Mercantile Commercial Bank Holding, since 2007; Director, Mercantile Commercial Bank, since, 2007; President, Chief Executive Officer and Chief Operating Officer, Aetna International (insurance), 1995-2001; Executive Vice President, Aetna, Inc. (insurance), 1997-2001; Chairman, President and Chief Executive Officer, Fleet Bank, N.A., 1993-1995; President and Chief Executive Officer, Citibank Canada Ltd., 1987-1993; Taiwan Country Head, Citibank, 1983-1987</p>
<p>Robert P. Parker 275 Battery Street Suite 400 San Francisco, California 94111 (8/9/41)</p>	<p>Trustee</p>	<p>Trustee since 1998 ; and Chairman from February to July 2004</p>	<p>Chairman, Parker Price Venture Capital, Inc., since prior to 2004</p>	<p>Director, NexFlash Technologies, Inc., 2001-2005; Partner, McCutchen, Doyle, Brown & Enersen (international law firm), 1988-1997</p>

<p>Edward B. Collins 765 Market Street, Suite 31A San Francisco, California 94103 (10/10/42)</p>	<p>Trustee and Audit Committee Chairman</p>	<p>Trustee since 2000</p>	<p>Member, General Partner of ChinaVest V, LLC and Chairman and Chief Executive Officer, ChinaVest, Inc. (venture capital investment), since prior to 2004</p>	<p>Chairman and Director, Branded Sprints, Ltd., 2009-present; Director, Oclaro, Inc. since May 2008; Chairman and Director, Medio Stream, Inc. since 2001; Director, California Bank of Commerce, since 2006; Partner, McCutchen Doyle, Brown & Enersen (international law firm), 1988-1995</p>
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Interested Trustee and Officers and their Qualifications

The Interested Trustee and Officers and their qualifications are noted in the table below. The Board of Trustees believes that the Interested Trustee's and each Officer's experience, qualifications, attributes or skills lead to the conclusion that the Interested Trustee and each Officer should serve in their respective capacity. Among other attributes common to the Independent Trustee and each of the Officers are their ability to review critically, evaluate, question and discuss information provided to them, to interact effectively with service providers, counsel and the independent registered public accounting firm, to exercise effective business judgment in the performance of their duties, and to represent the interests of all Fund shareholders. The Interested Trustee's and each of the Officer's ability to perform their respective duties effectively may have been attained through their educational background or professional training; business experience, or in various roles at public companies, private entities or other organizations; and/or other life experiences. In addition to these shared characteristics, set forth below is a brief discussion of the specific qualifications, attributes or skills considered for the Interested Trustee and Officers that support the conclusion that each person is qualified to serve in their respective capacity.

<p>Stephen C. Rogers P.O. Box 387 San Francisco, California 94104 (6/27/66)</p>	<p>Trustee, President</p>	<p>President, Chairman</p>	<p>Adviser, CCM Partners, doing business as (dba) Shelton Capital Management, 1993-1994; Administrative Officer, Shelton Capital Management, 1994-1997; Chief Operating Officer, Shelton Capital Management, 1997-1999; Chief</p>	<p>Chief Executive Officer, ETS Spreads since 2008; President, Secretary, Chairman and Trustee, Shelton Funds, 1998-present</p>
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Executive Officer,
1997-present. Mr.
Rogers is also the
portfolio manager of
the equity funds at
Shelton Capital
Management

William P. Mock P.O. Box 387 San Francisco, California 94104 (12/29/66)	Treasurer	Treasurer, since June 2011	Portfolio Manager, Shelton Capital Management, since 2010; Portfolio Manager, ETSpreads, 2007-present; Head Trader, TKI Capital Management, 2003-2006	N/A
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<p>Teresa K. Axelson P.O. Box 387 San Francisco, California 94104 (12/4/47)</p>	<p>Chief Compliance Officer</p>	<p>Chief Compliance Officer, since November 2011</p>	<p>Chief Compliance Officer, Shelton Capital Management, 2011 to present; Consultant, 2011; Vice President-Secretary, Chief Compliance Officer, Securities Management and Research, Inc.; SM&R Investments, Inc. (6 mutual funds) and American National Investment Accounts, Inc. (5 mutual funds), 1968-2010.</p>	<p>N/A</p>
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The Board of Trustees held eight meetings during the fiscal year ended December 31, 2011.

Board Leadership Structure and Standing Board Committees

The Board of Trustees is currently comprised of seven Trustees, six of whom (100%) are not “interested persons” (as that term is defined in the 1940 Act) of the Fund. The Board of Trustees has established the position of Chairman of the Board and has appointed Mr. Rogers the Chairman of the Board. The Chairman of the Board, among other responsibilities, chairs meetings of the Board of Trustees and serves as spokesperson for the Board of Trustees. The Board of Trustees has established three standing Committees: the Audit Committee, the Nominating Committee and the Pricing Committee, collectively, (the “Committees”). The responsibilities of each Committee and its members are described below.

The Board of Trustees and the members of the Committees annually evaluate the performance of the Board of Trustees and the Committees, which evaluation includes considering the effectiveness of the Committee structure. The Board of Trustees believes that its leadership structure is appropriate in light of the asset size of the Fund and the nature of its business, and is consistent with industry practices.

AUDIT COMMITTEE. The Board of Trustees has an Audit Committee established in accordance with Section 3(a)(58)(A) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”) and Rule 32a-4 under the 1940 Act. The current members of the Audit Committee are Messrs. Edward B. Collins (Chairman). Stephen H. Sutro and Kevin T. Kogler. The members of the Audit Committee are not interested persons of the Fund, as defined in the 1940 Act.

The responsibilities of the Audit Committee include, among other things, review and selection of the independent public accountants of the Fund, review of the Fund’s financial statements prior to their submission to the Board of Trustees and of other accounting matters of the Fund, and review of the administration of the Fund’s Codes of Ethics . The Audit Committee held four meetings during the fiscal year ended December 31, 2011.

NOMINATING COMMITTEE. The Board has a Nominating Committee, the current member is Mr. Robert P. Parker (Chair). The Nominating Committee is responsible for considering candidates for nomination or election to the Board of Trustees in the event a position is vacated or created. The Nominating Committee meets as necessary. The Nominating Committee held one meeting during the fiscal year ended December 31, 2011. The members of the Nominating Committee are not “interested persons” of the Fund, as defined in the 1940 Act.

PRICING COMMITTEE. The Board has a Pricing Committee, comprised of at least one Trustee, certain officers of the Fund and of the Sub-Adviser, which reviews and monitors the pricing policies adopted by the Board of Trustees. The Pricing Committee is responsible for determining the fair value of each Fund's securities as needed in accordance with the pricing policies and performs such other tasks as the Board of Trustees deems necessary. The Pricing Committee meets on an ad hoc basis to discuss issues relating to the valuation of securities held by the Fund. Committee members are required to report actions taken at their meetings at the next scheduled Board of Trustees meeting following the Pricing Committee's meeting. During the fiscal year ended December 31, 2011, there were three meetings of the Pricing Committee.

Risk Oversight by the Board

As part of its responsibilities for oversight of the Fund, the Board of Trustees oversees risk management of the Fund's investment program and business affairs. Day-to-day risk management functions are subsumed within the responsibilities of the Service Providers (depending on the nature of the risk). The Fund is subject to a number of risks, including investment, compliance, valuation and operational risks. The Board of Trustees interacts with and reviews reports from the investment adviser and sub-adviser, the independent registered public accounting firm for the Fund and administrator regarding risks faced by the Fund and the Service Providers' risk functions. The Board of Trustees performs its oversight responsibilities as part of its Board and Committee activities. The Board of Trustees has delegated to the Audit Committee oversight responsibility of the integrity of the Fund's financial statements, the Fund's compliance with legal and regulatory requirements as they relate to the financial statements, the independent auditor's qualifications and independence, the Fund's internal controls over financial reporting, the Fund's disclosure controls and procedures and the Fund's code of business conduct and ethics pursuant to the Sarbanes-Oxley Act of 2002. The Audit Committee reports areas of concern, if any, to the Board of Trustees for discussion and action.

As shown in the following table, the Fund pays the fees of the Trustees who are not affiliated with the Adviser, which are currently \$137 per Trustee per quarter. The table provides information regarding the Fund as of March 31, 2012.

Name/Position	Aggregate Fund group compensation	Pension or estimated retirement benefits accrued as Fund expenses	Annual benefits upon retirement	Total compensation respecting Registrant and Fund complex paid to Trustees
Stephen C. Rogers President, Secretary & Trustee	None	None	None	None
James W. Miller, Jr. Trustee	\$137.50	None	None	\$0

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Kevin T. Kogler Trustee	\$137.50	None	None	\$0
Stephen H. Sutro Trustee	\$137.50	None	None	\$0
Edward B. Collins Trustee	\$137.50	None	None	\$0
Robert P. Parker Trustee	\$137.50	None	None	\$0
Frederick C. Copeland, Jr. Trustee	\$137.50	None	None	\$0

Dollar Range of equity holdings in the Fund as of April 18, 2012:

James W. Miller, Jr.	None
Kevin T. Kogler	\$0 - \$10,000
Stephen H. Sutro	None
Edward B. Collins	\$10,001-\$50,000
Robert P. Parker	\$10,001-\$50,000
Frederick C. Copeland, Jr.	\$50,001-\$100,000

INVESTMENT ADVISORY AND OTHER SERVICES

Investment Advisory Services

Shelton Capital Management, a California Limited Partnership, is the investment adviser to the Fund pursuant to the Management Agreement dated May 27, 2011 and effective as of June 12, 2011, between the Fund and the Adviser (the "Advisory Agreement"). The Adviser is controlled by its general partner, RFS Partners, L.P., which in turn is controlled by its general partner, RFS Incorporated (a subchapter S corporation), which in turn is controlled by a private family trust of which Mr. Stephen C. Rogers is a co-trustee. Shelton Capital Management manages \$814 million in assets as of March 31, 2012. The assets under management are comprised of \$773 million in mutual fund assets and \$61 million in private client assets. Shelton Capital has been managing mutual funds since 1985.

Pursuant to the Advisory Agreement, the Adviser is required to provide investment research and portfolio management, including the selection of securities for the Fund to purchase, hold, or sell and the selection of brokers or dealers through whom the portfolio transactions of the Fund are executed. The Adviser has delegated these responsibilities to the Sub-Adviser, and under the Advisory Agreement, is required to supervise the activities of the Sub-Adviser. The Adviser's activities are subject to review and supervision by the Board of Trustees to which the Adviser renders periodic reports of the Fund's investment activities.

The Fund pays for its own operating expenses and for its share of the Fund expenses not assumed by the Adviser, including, but not limited to, legal fees and expenses of counsel to the Fund; auditing and accounting expenses; taxes and governmental fees; dues and expenses incurred in connection with membership in investment company organizations; fees and expenses of the Fund's custodian, sub-custodian, transfer agents and registrars; fees and expenses with respect to administration; expenses for portfolio pricing services by a pricing agent, if any; expenses of preparing share certificates and other expenses in connection with the issuance, offering and underwriting of shares issued by the Fund; expenses relating to investor and public relations; expenses of registering or qualifying securities of the Fund for public sale; freight, insurance and other charges in connection with the shipment of the Fund's portfolio securities; brokerage commissions or other costs of acquiring or disposing of any portfolio holding of the Fund; expenses of preparation and distribution of reports, notices and dividends to Fund shareholders; expenses of the Fund's dividend reinvestment and cash purchase plan; costs of stationery; any litigation expenses; costs of Fund shareholder's and other meetings and any advisory fee due to the Sub-Adviser for services provided by the Sub-Adviser pursuant to any sub-advisory agreement.

For the services provided pursuant to the Sub-Advisory Agreement, the Sub-Adviser is entitled to receive from the Adviser, an advisory fee at an annual rate of 0.50% of the average daily net asset value of the Fund. Such fees will be calculated daily and paid by the 30th day following the end of the quarter. The net asset value of the Fund's assets will be determined in the manner provided in the Prospectus or this statement of additional information, as applicable.

The Agreement is currently in effect until June 12, 2013, and will be in effect thereafter only if it is renewed for each Fund for successive periods not exceeding one year by (i) the Board of Trustees or a vote of a majority of the outstanding voting securities of the Fund, and (ii) a vote of a majority of the Trustees who are not parties to the Sub-Advisory Agreement or an interested person of any such party (other than as a Trustee), cast in person at a meeting called for the purpose of voting on the Sub-Advisory Agreement.

The Advisory Agreement is currently in effect until June 12, 2013, and will be in effect thereafter only if it is renewed for each Fund for successive periods not exceeding one year by (i) the Board of Trustees or a vote of a majority of the outstanding voting securities of the Fund, and (ii) a vote of a majority of the Trustees who are not parties to the Advisory Agreement or an interested person of any such party (other than as a Trustee), cast in person at a meeting called for the purpose of voting on the Advisory Agreement.

The Advisory Agreement may be terminated without penalty at any time by the Fund (either by the Board of Trustees or by a majority vote of the Fund's outstanding shares) with 60 day's written notice. The Advisory Agreement may also be terminated by the Adviser on 60-days' written notice and will automatically terminate in the event of its assignment as defined in the 1940 Act.

Investment Sub-Advisory Services

Nikko Asset Management Co. Ltd, a company incorporated and existing under the laws of Japan, is majority owned by Sumitomo Mitsui Trust Holdings, Inc. and is the investment sub-adviser to the Fund pursuant to the Discretionary Investment Management Agreement dated June 9, 2011 and effective as of June 12, 2011, between the Adviser and the Sub-Adviser (the "Sub-Advisory Agreement").

The Sub-Adviser is a registered investment adviser under the Investment Advisers Act of 1940, as amended, and, as of December 31, 2011, managed and advised approximately \$153 billion in assets globally. Its primary office is located at Tokyo; however, the Sub-Adviser and its affiliates have offices throughout Asia, including Tokyo, Singapore and Mainland China.

Pursuant to the Sub-Advisory Agreement, the Sub-Adviser's duties to the Fund include: investment decisions, supervising the acquisition and disposition of investments and selecting brokers or dealers to execute these transactions in accordance with the Fund's investment objective and policies. The Sub-Adviser's activities are subject to review and supervision by the Board of Trustees to which the Sub-Adviser renders periodic reports of the Fund's investment activities.

The Fund pays for its own operating expenses and for its share of the Fund expenses not assumed by the Sub-Adviser, including, but not limited to, taxes and governmental fees; fees and expenses of the Fund's custodian, agents, broker and dealers; expenses incurred in connection with the acquisition and disposal of the assets of the Fund, including brokerage commissions; expenses in connection with the exercise of the voting rights of the Fund's shares; expenses relating to interest charges; expenses incurred regarding registration and transfer; and any litigation expenses.

For the services provided pursuant to the Sub-Advisory Agreement, the Sub-Adviser is entitled to receive from the Adviser, an advisory fee at an annual rate of 0.50% of the average daily net asset value of the Fund. Such fees will be calculated daily and paid by the 30th day following the end of the quarter. The net asset value of the Fund's assets will be determined in the manner provided in the Prospectus or this statement of additional information, as applicable.

The Agreement is currently in effect until June 12th, 2013, and will be in effect thereafter only if it is renewed for each Fund for successive periods not exceeding one year by (i) the Board of Trustees or a vote of a majority of the outstanding voting securities of the Fund, and (ii) a vote of a majority of the Trustees who are not parties to the

Sub-Advisory Agreement or an interested person of any such party (other than as a Trustee), cast in person at a meeting called for the purpose of voting on the Sub-Advisory Agreement.

The Sub-Advisory Agreement may be terminated without penalty at any time by the Fund (either by the Board of Trustees or by a majority vote of the Fund's outstanding shares) upon sixty (60) days' written notice to the Sub-Adviser. The Agreement may also be terminated by the Sub-Adviser on 60-days' written notice and will automatically terminate in the event of its assignment as defined in the 1940 Act.

Administrative Services

Pursuant to the Fund Administration Servicing Agreement, Shelton Capital Management also serves as the Fund's Administrator (in such capacity, the "Administrator"). The Administrator is responsible for handling the administrative requirements of the Fund and, as compensation for these duties, receives fees of 0.10% on the first \$500 million in combined assets of the Fund, 0.08% on the next \$500 million in combined assets of the Fund, and 0.06% on the Fund for assets over \$1 billion.

Portfolio Manager

The table below includes details about the type, number, and assets under management for the various types of accounts, and total assets in the accounts with respect to which the advisory fee is based on the performance of the accounts that Mr. Fung Kwok On, managed as of March 30, 2012:

Fung Kwok On

Type of Account	Number of Accounts Managed	Total Assets Managed	Number of Accounts Managed for which Investment Advisory Fee is Performance-Based	Assets Managed for which Investment Advisory Fee is Performance-Based
Registered Investment Companies	1	29,519,451	0	-
Other Pooled Investment Vehicles	2	\$604,787,685	2	\$604,787,685
Other Accounts	0	-	0	-

Potential Conflicts

Individual portfolio managers may manage multiple funds. The Adviser and the Sub-Adviser manage potential conflicts between fund through allocation policies and procedures, internal review processes, including, but not limited to reports and oversight by management. The Adviser and the Sub-Adviser have developed trade allocation systems and controls to help ensure that no one fund, regardless of type, is intentionally favored at the expense of another. Allocation policies are designed to address potential conflicts in situations where two or more funds participate in investment decisions involving the same securities.

Portfolio Manager Securities Ownership

As of April 15, 2012, no individuals affiliated with the Adviser or Sub-Adviser held interests in the Fund.

Compensation of Portfolio Manager

The compensation of the Fund's portfolio manager, currently Mr. Fung Kwok On, (the "Portfolio Manager") includes a base salary, cash bonus, and a package of employee benefits that are generally available to all salaried employees.

Compensation is structured to emphasize the performance of each individual to increase corporate value in order to fulfill the expectations of stockholders of the Sub-Adviser. The Sub-Adviser does not have any “incentive compensation” or “deferred compensation” programs specifically designed for the Portfolio Manager. Compensation is not linked to the distribution of Fund shares or to the performance of any specific account or Fund. The Portfolio Manager may also participate in equity ownership of the Sub-Adviser. Each element of compensation is detailed below:

Base Salary. The Portfolio Manager is paid a fixed base salary that is intended to be competitive in light of the Portfolio Manager's experience and responsibilities.

Bonus. Bonus payments are based on a number of factors including the profitability of the firm and the employee's long-term contributions, Bonuses are not linked to the volume of assets managed or to measurements of relative or absolute investment returns.

Employee Benefit Program. The Portfolio Manager participates in benefit plans and programs available generally to all employees, which includes various insurance coverage and retirement programs, including a defined contribution pension plan.

The above information regarding compensation of the Portfolio Manager is current as of March 31, 2012.

Code of Ethics

The Fund, the Adviser and the Sub-Adviser have each adopted a separate codes of ethics pursuant to Section 17(j) of the 1940 Act and Rule 17j-1 thereunder (and Rule 204A-1 under the Investment Advisers Act of 1940, as amended) (the "Codes of Ethics"). The Codes of Ethics establish policies and procedures for their personal investment accounts, including securities that may be purchased or held by the Fund.

Proxy Voting Policies and Procedures

The Board of Trustees has delegated to the Sub-Adviser the authority to vote proxies of companies held in the Fund's portfolio. The Sub-Adviser intends to apply its pre-determined proxy voting guidelines when voting proxies on behalf of the Fund.

The Sub-Adviser recognizes that an investment adviser is a fiduciary that owes its clients, including the Fund, a duty of utmost good faith and full and fair disclosure of all material facts. An investment adviser's duty of loyalty requires an adviser to vote proxies in a manner consistent with the best interest of its clients and precludes the adviser from subrogating the clients' interests to its own. In addition, an investment adviser voting proxies on behalf of the Fund must do so in a manner consistent with the best interests of the fund and its shareholders. The Board of Trustees, in conjunction with the Sub-Adviser, seeks to balance the benefits of voting the proxies against the associated costs to the shareholders. The Board of Trustees will review its determination at least annually.

The Sub-Adviser seeks to avoid material conflicts of interest by voting in accordance with its pre-determined written proxy voting guidelines (the "Voting Guidelines") in an objective and consistent manner across client accounts, based on internal and external research and recommendations provided by a third party vendor, and without consideration of any client relationship factors. Further, the Sub-Adviser may engage a third party as an independent fiduciary, as required, to vote all proxies of the Fund, and may engage an independent fiduciary to vote proxies of other issuers at its discretion.

All proxies received by the Fund are reviewed, categorized, analyzed and voted in accordance with the Voting Guidelines. The guidelines are reviewed periodically and updated as necessary to reflect new issues and any changes in the Sub-Adviser's policies on specific issues. Items that can be categorized under the Voting Guidelines are voted in accordance with any applicable guidelines.

Proposals that cannot be categorized under the Voting Guidelines and raise a material conflict of interest between the Sub-Adviser and the Fund are referred to the Board of Trustees. Specifically, the Sub-Adviser will disclose the conflict to the Board of Trustees and obtain its consent to the proposed vote in question prior to voting the securities. The disclosure to the Board of Trustees will include sufficient detail regarding the matter to be voted on and the nature of the Sub-Adviser's conflict so that the Board of Trustees would be able to make an informed decision regarding the vote. When the Board of Trustees does not respond to such a conflict disclosure request or denies the request, the

Sub-Adviser will abstain from voting the securities held by the Fund.

With regard to voting proxies of foreign companies, the Sub-Adviser weighs the cost of voting and potential inability to sell the securities (which may occur during the voting process) against the benefit of voting the

proxies to determine whether or not to vote. With respect to securities lending transactions, the Sub-Adviser seeks to balance the economic benefits of continuing to participate in an open securities lending transaction against the inability to vote proxies.

When evaluating proposals, the Sub-Adviser recognizes that the management of a publicly-held company may need protection from the market's frequent focus on short-term considerations, so as to be able to concentrate on such long-term goals as productivity and development of competitive products and services. In addition, the Sub-Adviser generally supports proposals designed to provide management with short-term insulation from outside influences so as to enable them to bargain effectively with potential suitors to the extent such proposals are discrete and not bundled with other proposals. The Sub-Adviser believes that a shareholder's role in the governance of a publicly-held company is generally limited to monitoring the performance of the company and its management and voting on matters which properly come to a shareholder vote. However, the Sub-Adviser generally opposes proposals designed to insulate an issuer's management unnecessarily from the wishes of a majority of shareholders. Accordingly, the Sub-Adviser generally votes in accordance with management on issues that, at the sole discretion of the Sub-Adviser, it believes neither unduly limits the rights and privileges of shareholders nor adversely affects the value of the investment.

Information regarding how the Fund voted proxies relating to portfolio securities during the most recent 12-month period ended June 30, 2011 is available (1) by calling the Fund at (800) 955-9988, or (2) on the SEC's website at <http://www.sec.gov>.

Principal Underwriter

RFS Partners, a California limited partnership, is the principal underwriter of the Fund's shares under an underwriting agreement with the Fund, pursuant to which RFS Partners agrees to act as the Fund's distribution agent. The Fund's shares are sold to the public on a best efforts basis in a continuous offering without a sales load or other commission or compensation. RFS Partners is the general partner of the Adviser. The general partner of RFS Partners is Richard F. Shelton, Inc., a corporation that is controlled by a family trust, of which Stephen C. Rogers serves as a co-trustee. While the shares of the Fund are offered directly to the public with no sales charge, RFS Partners may, out of its own monies, compensate brokers who assist in the sale of the Fund's shares. In addition, the Adviser may, out of its own monies, make cash contributions to tax-exempt charitable organizations that invest in the Fund.

Other Services

ALPS Fund Services, Inc. acts as the shareholder servicing agent for the Fund and acts as the Fund's transfer and dividend-paying agent. In such capacities it performs many services, including portfolio and net asset valuation, bookkeeping, and shareholder record-keeping.

Brown Brothers Harriman. (the "Custodian") acts as custodian of the securities and other assets of the Fund. The Custodian does not participate in decisions relating to the purchase and sale of portfolio securities. Under the custodian agreement, the Custodian (i) maintains a separate account for the Fund, (ii) holds and transfers portfolio securities on account of the Fund, (iii) accepts receipts and makes disbursements of money on behalf of the Fund, (iv) collects and receives all income and other payments and distribution on account of the Fund's securities and (v) makes periodic reports to the Board of Trustees concerning the Fund's operations.

Effective as of June 15, 2011 KPMG LLP was dismissed as the Fund's independent registered public accounting firm and as of June 20, 2011 Tait, Weller & Baker, LLP (the "Auditor"), 1818 Market Street, Suite 2400, Philadelphia, PA 19103 is the independent registered public accounting firm for the Fund. The Auditor will provide audit services and assistance with respect to regulatory filings with the SEC. The Auditor will also audit the books of the Fund once each year.

The validity of shares of beneficial interest offered hereby has been passed on by Clifford Chance US LLP, 31 West 52nd Street, New York, NY 10019.

POLICIES REGARDING BROKER-DEALERS USED FOR PORTFOLIO TRANSACTIONS

Decisions to buy and sell securities for the Fund, assignment of its portfolio business, and negotiation of commission rates and prices are made by the Sub-Adviser, whose policy is to obtain the “best execution” available (i.e., prompt and reliable execution at the most favorable security price). If purchases made by the Fund are effected via principal transactions with one or more dealers (typically a market maker firm in the particular security or a selling group member in the case of an initial or secondary public offering) at net prices, the Fund will generally incur few or no brokerage costs. These dealers are compensated through the principal “spread,” and may also charge related transaction fees. Purchases of portfolio securities from underwriters may include a commission or concession paid by the issuer to the underwriter, and purchases from dealers will include a spread between the bid and asked price.

However, in order to obtain additional research and brokerage services on a “soft dollar” basis, and in order to obtain other qualitative execution services that the Sub-Adviser may believe are important to best execution, the Sub-Adviser may place over-the-counter (“OTC”) equity transactions and/or place fixed-income transactions with specialized broker-dealers with which the Adviser or Sub-Adviser has a “soft dollar” credit arrangement, and that execute such transactions on an agency basis (“Brokers”). If the Sub-Adviser uses Brokers to execute OTC equity transactions and/or fixed-income transactions on an agency basis, the Sub-Adviser takes steps to ensure that the prices obtained in such transactions are competitive with the prices that could have been obtained had the transactions been conducted on a principal basis, i.e., directly with the dealers. However, the total cost (i.e., price plus/minus commission) of executing an OTC equity transaction and/or a fixed income transaction through a Broker on an agency basis may be less favorable than that of executing that same transaction with a dealer because the Broker will receive a commission for its services, including for the provision of research products, services or credits. The Sub-Adviser will take steps to ensure that commissions paid are reasonable in relation to, among other things: (i) the value of all the brokerage and research products and services provided by that Broker and (ii) the quality of execution provided by that Broker. Accordingly, the Sub-Adviser uses Brokers to effect OTC equity transactions and/or fixed income transactions for the Fund where the total cost is, in the Sub-Adviser’s opinion, reasonable, but not necessarily the lowest total cost available.

In selecting broker-dealers and in negotiating commissions, the Sub-Adviser generally considers, among other things, the Broker's reliability, the quality of its execution services on a continuing basis, the financial condition of the Broker, and the research services provided, which include furnishing advice as to the value of securities, the advisability of purchasing or selling specific securities and furnishing analysis and reports concerning state and local governments, securities, and economic factors and trends, and portfolio strategy. The Sub-Adviser considers such information, which is in addition to and not in lieu of the services required to be performed by the Sub-Adviser under the Sub-Advisory Agreement, to be useful in varying degrees, but of indeterminable value.

The Fund may pay brokerage commissions in an amount higher than the lowest available rate for brokerage and research services as authorized, under certain circumstances, by the Securities Exchange Act of 1934, as amended. Where commissions paid reflect research services and information furnished in addition to execution, the Sub-Adviser believes that such services were bona fide and rendered for the benefit of its clients. For the fiscal years ended December 31, 2011, 2010, 2009 and 2008, respectively, commissions paid were \$851,133, \$20,127, \$26,494 and \$54,632, respectively

The Sub-Adviser does not currently use soft dollars but may do so in the future with respect to the Fund at its discretion, subject to oversight by the Board of Trustees.

If purchases or sales of securities of the Fund is considered at or about the same time, transactions in such securities will be allocated among the several funds in a manner deemed equitable to all by the Sub-Adviser, taking into account the respective sizes of the funds, and the amount of securities to be purchased or sold. It is

recognized that it is possible that in some cases this procedure could have a detrimental effect on the price or volume of the security so far as the Fund is concerned. In other cases, however, it is possible that the ability to participate in volume transactions and to negotiate lower brokerage commissions or net prices will be beneficial to the Fund.

ADDITIONAL INFORMATION REGARDING PURCHASES AND REDEMPTIONS OF FUND SHARES

Purchase Orders

The purchase price for shares of the Fund is the net asset value of such shares next determined after receipt and acceptance of a purchase order in proper form by the Transfer Agent. Once shares of the Fund are purchased, they begin earning income immediately, and income dividends, if any, will start being credited to the investor's account on the day following the effective date of purchase and continue through the day the shares in the account are redeemed. All checks are accepted subject to collection at full face value in U.S. funds and must be drawn in U.S. dollars on a U.S. bank. Checks drawn in U.S. funds on foreign banks will not be credited to the shareholder's account and dividends will not begin accruing until the proceeds are collected, which can take a long period of time.

Payments transmitted by wire and received by the Transfer Agent prior to the close of the Fund, normally at 4:00 p.m. Eastern time (1:00 p.m. PST) on any business day are effective on the same day as received. Wire payments received by the Transfer Agent after that time will normally be effective on the next business day and such purchases will be made at the net asset value next calculated after receipt of that payment.

Shareholder Accounting

All purchases of Fund shares will be credited to the shareholder in full and fractional shares of the Fund (rounded to the nearest 1/1000 of a share) in an account maintained for the shareholder by the Transfer Agent. Share certificates will not be issued for the Fund at any time. To open an account in the name of a corporation, a resolution of that corporation's board of directors will be required. Other evidence of corporate status or the authority of account signatories may be required.

The Fund reserves the right to reject any order for the purchase of shares of the Fund, in whole or in part. In addition, the offering of shares of the Fund may be suspended by the Fund at any time and resumed at any time thereafter.

Shareholder Redemptions

All requests for redemption and all share assignments should be sent to the Fund, P.O. Box 2482, Denver, Colorado 80201, or, for telephone redemptions, by calling the Fund at (800) 955-9988. For online redemptions, visit the Fund's website at www.sheltoncap.com.

Redemptions will be made in cash at the net asset value per share next determined after receipt by the Transfer Agent of a redemption request in proper form, including all share certificates, share assignments, signature guarantees, and other documentation as may be required by the transfer agent. As described below, the Fund may elect to make certain redemptions in kind. Any redemption for shares held 90 days or less from the date of purchase will be subject to a 2% redemption fee. The amount received upon redemption may be more or less than the shareholder's original investment.

The Trust will attempt to make payment for all redemptions within one business day, but in no event later than seven days after receipt of such redemption request in proper form. However, the Trust reserves the right to suspend redemptions or postpone the date of payment (1) for any periods during which the NYSE is closed (other than for the customary weekend and holiday closings), (2) when trading in the markets the Fund usually utilize is restricted or an

emergency exists, as determined by the appropriate regulatory body, so that disposal of the Fund's investments or the determination of the Fund's net asset value is not reasonably practicable, or (3) for such other periods as the SEC by order may permit for the protection of the Fund's shareholders. Also, the Trust will not mail redemption proceeds until checks used for the purchase of the shares have cleared, which can take up to 15 days.

As of the date of this statement of additional information, the Trust understands that the NYSE is closed for the following holidays: New Year's Day, Martin Luther King, Jr. Day, President's Day, Good Friday, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, and Christmas Day. On holidays in which the Custodian is closed, any transactions will be processed on the following business day.

Due to the relatively high cost of handling small investments, the Trust reserves the right to redeem, involuntarily, at net asset value, the shares of any shareholder whose accounts in the Fund have an aggregate value of less than \$1,000, but only where the value of such accounts has been reduced by such shareholder's prior voluntary redemption of shares. In any event, before the Trust redeems such shares and sends the proceeds to the shareholder, it will notify the shareholder that the value of the shares in that shareholder's account is less than the minimum amount and allow that shareholder 30 days to make an additional investment in an amount which will increase the aggregate value of that shareholder's accounts to at least \$1,000 before the redemption is processed.

In an effort to discourage market timing, the Trust has adopted certain controls and procedures, including policies regarding the use of the "exchange privilege" (as described in the Prospectus). In the event that a substantial portion of the Fund's shareholders should, within a short period, elect to redeem their shares of the Fund pursuant to the exchange privilege, the Fund might have to liquidate portfolio securities it might otherwise hold and incur the additional costs related to such transactions. The exchange privilege may be terminated or suspended by the Fund upon 60-days' prior notice to shareholders.

Redemptions In-Kind

The Trust has elected to rely on the provisions of Rule 18f-1 under the 1940 Act, pursuant to which it is obligated to pay in cash all requests for redemptions by any Shareholder of record, limited in amount with respect to each Shareholder during any 90-day period to the lesser of \$250,000 or 1% of the net asset value of the Trust at the beginning of such period. Such commitment is irrevocable without the prior approval of the SEC. In the case of requests for redemption in excess of such amounts, the Board of Trustees reserve the right to make payments in whole or in part in securities or other assets of the Fund from which the shareholder is redeeming in case of an emergency, or if the payment of such a redemption in cash would be detrimental to the existing shareholders of the Fund. In such circumstances, the securities distributed would be valued at the price used to compute the Fund's net asset value. Should the Fund do so, a shareholder would likely incur transaction fees in converting the securities to cash.

Determination of Net Asset Value Per Share ("NAV")

The portfolio securities of the Fund are generally valued at the last reported sale price on the principal exchange on which they were traded. In the case of the futures contracts held by the Fund, the valuation is determined using the settle price provided by the Chicago Mercantile Exchange, the Intercontinental Exchange, Inc. ("ICE") or other applicable exchange, depending on the exchange the contract trades on, typically as of 1:15 p.m., PST. Securities held by the Fund that have no reported last sale for any day that the Fund's NAV is calculated and securities and other assets for which market quotations are readily available are valued at the latest available bid price. All other securities and assets are valued at their fair value as determined in good faith by the Board of Trustees. Regardless of the method by which a security's value would otherwise be determined, if significant events affecting the security occur after the close of the exchange on which such security is traded, the Board of Trustees may determine in good faith the fair value of such security. Securities with remaining maturities of 60 days or less are valued on the amortized cost basis unless the Board of Trustees determines that such valuation does not reflect fair value. The Fund may also utilize a pricing service, bank, or broker/dealer experienced in such matters to perform any of the pricing functions.

TAXATION

General

The Fund is treated as a separate entity and intends to continue to qualify in each year to be treated as a separate "regulated investment company" under the Code. The Fund has elected such treatment and has so qualified during its last fiscal period ended December 31, 2011. To continue to qualify for the tax treatment afforded a regulated investment company under the Internal Revenue Code of 1986, as amended (the "Code"), the Fund must distribute for each fiscal year at least 90% of its investment company taxable income (including net realized short-term capital gains) and tax-exempt net investment income and meet certain source of income, diversification of assets and other requirements of the Code. Provided the Fund continues to qualify for such tax treatment, it will not be subject to federal income tax on the part of its net investment company taxable income and its net realized capital gains which it distributes to shareholders, nor will it be subject to Massachusetts income or excise taxation. The Fund must also meet certain Code requirements relating to the timing of its distributions, which generally require the distribution of substantially all of its taxable income and capital gains each calendar year, in order to avoid a 4% federal excise tax on certain retained amounts.

The Fund's transactions in forward contracts, options and futures contracts and certain other transactions may be subject to special tax rules that, among other things, may affect the amount, timing and character of income recognized by the Fund and of distributions to shareholders and may cause the Fund to recognize income without receiving cash with which to make distributions. For example, unless the Fund is eligible to make and makes a special election, certain futures contracts that are "Section 1256 contracts" (such as a futures contract the margin requirements for which are based on a marked-to-market system and which is traded on a "qualified board or exchange") will be "marked to market" for federal income tax purposes at the end of each taxable year, i.e., each futures contract will be treated as sold for its fair market value on the last day of the taxable year. In general, unless the special election is made, gain or loss from transactions in such futures contracts will be 60% long-term and 40% short-term capital gain or loss.

Dividends of net investment company taxable income (including net realized short-term capital gains) are taxable to shareholders as ordinary income to the extent of the Fund's current and accumulated earnings and profits, whether such distributions are taken in cash or reinvested in additional shares. Distributions of net long-term capital gains (i.e., the excess of net long-term capital gains over net short-term capital losses), if any, are taxable as long-term capital gains, whether such distributions are taken in cash or reinvested in additional shares, and regardless of how long shares of the Fund have been held. The current maximum federal individual tax rate applicable to ordinary income is 35.0%. The current maximum federal individual tax rate applicable to net long-term capital gains is 15.0%. Dividends declared by the Fund in October, November, or December of any calendar year to shareholders of record as of a record date in such a month will be treated for federal income tax purposes as having been received by shareholders on December 31 of that year if they are paid during January of the following year.

A portion of the Fund's ordinary income dividends may qualify for the dividends received deduction available to corporate shareholders under Code Section 243 to the extent that the Fund's income is derived from qualifying dividends. Availability of the deduction is subject to certain holding periods and debt-financing limitations. Because the Fund may also earn other types of income such as interest, income from securities loans, non-qualifying dividends, and short-term capital gains, the percentage of dividends from the Fund that qualify for the deduction generally will be less than 100%. The Fund will notify corporate shareholders annually of the percentage of Fund dividends that qualifies for the dividends received deduction.

For any fiscal year, the Fund may use the accounting practice called equalization in order to avoid the dilution of the dividends payable to existing shareholders. Under this procedure, that portion of the net asset value per share of the

Fund which is attributable to undistributed income is allocated as a credit to undistributed income in connection with the purchase of shares or a debit to undistributed income in connection with the redemption of shares. Thus, after every distribution, the value of a share drops by the amount of the distribution. The use of equalization accounting by the Fund may affect the amount, timing and character of its distributions to shareholders.

The Fund has historically maintained an election to be treated as a qualified business unit (QBU) whose functional currency is the New Taiwan Dollars ("NT\$") since substantially all of the Fund's securities transactions were denominated in NT\$. During 2011, the Fund expanded its primary geographic scope of investments to the Greater China regions and converted from a closed-end investment company to an open-end investment company with shareholders' transactions conducted in United States dollars ("USD"). Substantially, the Trust income is earned in NT\$ and Hong Kong dollars ("HKD") and its expenses are partially paid in USD, NT\$ and HKD. The cost and market value of securities, currency holdings and other assets and liabilities that are denominated in NT\$ and HKD are reported in the accompanying financial statements after translation into USD at the end of the year. At December 31, 2011, the exchange rates to USD 1.00 were NT\$30.279 and HKD7.767. Currency translation gains or losses are reported as a separate component of changes in net assets resulting from operations. The Fund has elected to discontinue the QBU election as of December 31, 2011.

The Fund is required to file information reports with the Internal Revenue Service (the "IRS") with respect to taxable distributions and other reportable payments made to shareholders. The Code requires backup withholding of tax at a rate of 28% on redemptions and other reportable payments made to non-exempt shareholders if they have not provided the Fund with their correct social security or other taxpayer identification number and made the certifications required by the IRS, or if the IRS or a broker has given notification that the number furnished is incorrect or that withholding applies as a result of previous underreporting. Therefore, investors should make certain that their correct taxpayer identification number and completed certifications are included in the application form when opening an account.

Upon the sale, exchange or redemption of its shares, a shareholder will realize a taxable gain or loss depending upon the amount realized and its basis in the shares. Such gain or loss will be treated as capital gain or loss if the shares are capital assets in the shareholder's hands, and will be long-term if the shareholder's holding period for the shares is more than 12 months and otherwise will be short-term. Any loss realized on a sale or exchange will be disallowed to the extent that the shares disposed of are replaced (including replacement through the reinvesting of dividends and capital gains distributions in the Fund) within a period of 61 days beginning 30 days before and ending 30 days after the disposition of the shares. In such a case, the basis of the shares acquired will be adjusted to reflect the disallowed loss. Any loss realized by a shareholder on the sale of Fund shares held by the shareholder for six months or less will be treated for federal income tax purposes as a long-term capital loss to the extent of any distributions of long-term capital gains received by the shareholder with respect to such shares.

The information above is only a summary of some of the tax considerations generally affecting the Fund and its shareholders. No attempt has been made to discuss individual tax consequences and this discussion should not be construed as applicable to all shareholders' tax situations. Investors should consult their own tax advisers to determine the suitability of a particular Fund and the applicability of any federal, state, local, or foreign taxation. Reed Smith, LLP has expressed no opinion in respect thereof. Foreign shareholders should consider, in particular, the possible application of U.S. withholding taxes on certain taxable distributions from the Fund at rates up to 30% (subject to reduction under certain income tax treaties) and the Foreign Account Tax Compliance provisions of the recently-enacted Hiring Incentive to Restore Employment Act of 2010.

Capital Loss Carryforwards

Pursuant to recently enacted legislation, net capital losses incurred in taxable years beginning after December 22, 2010 can be carried forward without expiration. Net capital losses incurred in taxable years beginning on or before December 22, 2010 can be carried forward for eight taxable years. Capital loss carryforwards as of December 31, 2011.

Expiring	2013	2017	Total
	\$3,691,414	\$10,930,578	\$14,621,992

Yield Disclosure and Performance Information

The Fund may from time to time quote various performance figures in advertisements and investor communications to illustrate the Fund's past performance. Performance information published by the Fund will be in compliance with rules adopted by the SEC. These rules require the use of standardized performance quotations or, alternatively, that every non-standardized performance quotation furnished by the Fund be accompanied by certain standardized performance information computed as required by the SEC. An explanation of the methods used by the Fund to compute or express performance is discussed below.

Average Annual Total Return

Total return for the Fund may be stated for any relevant period as specified in the advertisement or communication. Any statements of total return or other performance data for the Fund will be limited to or accompanied by standardized information on the Fund's average annual compounded rate of return over the

most recent four calendar quarters, five years, 10 years (if applicable) or over the life of the Fund (i.e., the period from the Fund's inception of operations through the end of the most recent calendar quarter). The average annual compounded rate of return is determined by reference to a hypothetical \$1,000 investment that includes capital appreciation and depreciation for the stated period and assumes reinvestment (on the reinvestment date) of all distributions at net asset value and redemption at the end of the stated period. It is calculated according to the following standardized formula:

$$P(1+T)^n = ERV$$

where:

P = a hypothetical initial payment of \$1,000

T = average annual total return

n = number of years

ERV = ending redeemable value of a hypothetical \$1,000 investment made at the beginning of a 1-, 5-, or 10- year periods at the end of a 1-, 5- or 10-year periods (or fractional portion).

Average Annual Total Return (after taxes on distributions):

The Fund computes its average annual total return after taxes on distributions by determining the average annual compounded rates of return during specified periods that equate the initial amount invested to the ending redeemable value of such investment after taxes on fund distributions:

$$P(1+T)^n = ATVD$$

where:

P = a hypothetical initial payment of \$1,000.

T = average annual total return (after taxes on distributions).

n = number of years

ATVD = ending value of a hypothetical \$1,000 payment made at the beginning of the 1-, 5-, or 10-year periods at the end of such periods, after taxes on fund distributions but not after taxes on redemptions.

Average Annual Total Return (after taxes on distributions and redemptions)

The Fund computes its average annual total return after taxes on distributions and redemptions by determining the average annual compounded rates of return during specified periods that equate the initial amount invested to the ending redeemable value of such investment after taxes on fund distributions and redemptions:

$$P(1+T)^n = ATVDR$$

where:

P = a hypothetical initial payment of \$1,000.

T = average annual total return (after taxes on distributions and redemptions).

n = number of years

ATVDR = ending value of a hypothetical \$1,000 payment made at the beginning of the 1-, 5-, or 10-year periods at the end of such periods, after taxes on fund distributions and

redemptions.

After-tax returns are 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 shown are not relevant to investors who hold their Fund shares through tax-deferred arrangements, such as 401(k) plans or individual retirement accounts.

Since performance will fluctuate, performance data for the Fund should not be used to compare an investment

in the Fund's shares with bank deposits, savings accounts and similar investment alternatives which often provide an agreed-upon or guaranteed fixed yield for a stated period of time. Shareholders should remember that performance is generally a function of the kind and quality of the instruments held in a portfolio, portfolio maturity, operating expenses and market conditions.

The average annual compounded rates of return, or total return, for the Fund for the following periods were:

	One Year Ended December 31, 2011	Five Years Ended December 31, 2011	Ten Years Ended December 31, 2011
Return Before Taxes	-24.72%	-3.04%	1.30%
Return After Taxes on Distributions	-24.72%	-3.04%	1.25%
Return After Taxes on Distributions and sale of Fund Shares	-16.07%	-2.56%	1.08%

Effective June 12, 2011, the Fund changed its investment focus from the Republic of China ("Taiwan") to the Greater China region. Therefore, returns for periods prior to June 12, 2011 may not be representative of returns for future periods.

Comparisons

From time to time, advertisements and investor communications may compare the Fund's performance to the performance of other investments as reported in various indices or averages, in order to enable an investor better to evaluate how an investment in a particular Fund might satisfy his investment objectives. The Fund may also publish an indication of past performance as measured by Lipper Analytical Services, Inc., Morningstar or other widely recognized independent services that monitor the performance of mutual funds. The performance analysis will include the reinvestment of dividends and capital gains distributions, but does not take any sales charges into consideration and is prepared without regard to tax consequences. Independent sources may include the American Association of Individual Investors, Weisenberger Investment Companies Services, Donoghue's Money Fund Report, Barron's, Business Week, Financial World, Money Magazine, Forbes, and The Wall Street Journal.

In assessing any comparisons of total return, an investor should keep in mind that the composition of the investments in a reported average is not identical to the Fund's portfolio, that such averages are generally unmanaged and that the items included in the calculations of such averages may not be identical to the formula used by the Fund to calculate its total return or yield. In addition, there can be no assurance that the Fund will continue its performance as compared to any such averages.

MISCELLANEOUS INFORMATION

Shareholders of Fund who so request may have their dividends paid out in cash. Dividends, if any will be paid out at least annually.

The Trust is currently structured as a single fund; however, under the Trust's Amended and Restated Declaration of Trust (the "Declaration"), the Board of Trustees has the ability to establish multiple funds (commonly referred to as series) to be housed under the Trust. In such a structure, the shares of each series would have access only to the securities held by such series and would be subject only to the liabilities of such series.

Under Massachusetts law, shareholders in certain circumstances, could be held personally liable for the obligations of the Fund. However, the Declaration contains an express disclaimer of shareholder liability for debts or obligations of

the Fund and requires that notice of such limited liability be given in each agreement, obligation or instrument entered into or executed by the Fund or the trustees. The Declaration further provides for indemnification out of the assets and property of the Fund for all loss and expense of any shareholder held personally liable for the obligations of the Fund solely by reason of his or her being a shareholder. In addition,

the Fund will assume the defense of any claim against a shareholder for personal liability at the request of the shareholder. Thus, the risk of a shareholder incurring financial loss on account of shareholder liability is limited to circumstances in which the Fund would be unable to meet its obligations. The Fund believes that the likelihood of such circumstances is remote.

As of April 11, 2012 the following shareholders, to the Fund's knowledge, owned beneficially more than 5% of the Fund's outstanding shares, as noted:

Name and Address of Beneficial Owner	Amount of Beneficial Ownership	Percent of Trust
Brown Brothers Harriman & Co. 525 Washington Blvd Jersey City, NJ	422,378	9.56%
Charles Schwab & Co, Inc. Attn Mutual Funds 101 Montgomery St San Francisco, CA	329,445	7.46%
State Street Bank and Trust Co. 225 Franklin St, Mae Co Boston, MA	300,541	6.80%
Mac & Co EMCF 0392002 525 William Penn Place Pittsburg, PA	252,976	5.73%
Mac & Co EMCF 1000002 525 William Penn Place Pittsburg, PA	239,026	5.41%

As of the calendar year ended December 31, 2011, the Trustees and officers of the Fund, as a group, beneficially owned less than 1% of the Fund.

FINANCIAL STATEMENTS

Prior to June 13, 2011, the Fund was operated under the name Taiwan Greater China Fund, at which time it was renamed the Shelton Greater China Fund. The audited financial statements for the fiscal year ended December 31, 2011 for the Fund as contained in the Annual Report to Shareholders for the fiscal year ended December 31, 2011 (the "Report") are incorporated herein by reference to the Report which has been filed with the SEC. Any person not receiving the Report with this statement of additional information should call or write the Fund to obtain a free copy.

Shelton Greater China Fund

FORM N-1A

PART C
OTHER INFORMATION

Item 28. Exhibits

- (a) Amended and Restated Agreement and Declaration of Trust, dated September 21, 2011. is incorporated by reference Pre-Effective Amendment No. 1 to the Registration Statement as filed on September 22, 2011.
- (b) Amended and Restated By-Laws of the Registrant, dated June 12th, 2011 is incorporated by reference to the Fund's registration statement filed on Form N-1A on August 4, 2011.
- (c) Inapplicable.
- (d)(1) Management Agreement, dated May 27, 2011. is incorporated by reference to the Fund's registration statement filed on Form N-1A on August 4, 2011.
- (d)(2) Discretionary Investment Management Agreement, dated June 9, 2011 is incorporated by reference to the Fund's registration statement filed on Form N-1A on August 4, 2011.
- (e) Underwriting Agreement, dated June 13, 2011. is incorporated by reference to the Fund's registration statement filed on Form N-1A on August 4, 2011.
- (f) Inapplicable.
- (g) Form of Custodian Agreement. is incorporated by reference Pre-Effective Amendment No. 1 to the Registration Statement as filed on September 22, 2011.
- (h) Other Material Contracts
 - (1) Form of Administration Agreement. is incorporated by reference Pre-Effective Amendment No. 1 to the Registration Statement as filed on September 22, 2011.
 - (2) Form of Expense Cap Agreement. is incorporated by reference Pre-Effective Amendment No. 1 to the Registration Statement as filed on September 22, 2011.
 - (3) Form of Fund Accounting and Services Agreement. is incorporated by reference to the Fund's registration statement filed on Form N-1A on August 4, 2011.
 - (4) Form of First Amendment to Fund Accounting and Services Agreement. is incorporated by reference to the Fund's registration statement filed on Form N-1A on August 4, 2011
 - (5) Form of Transfer Agency and Service Agreement. is incorporated by reference to the Fund's registration statement filed on Form N-1A on August 4, 2011

- (6) Form of First Amendment to Transfer Agency and Service Agreement. is incorporated by reference to the Fund's registration statement filed on Form N-1A on August 4, 2011

- (7) Form of Transfer Agent Interactive Client Services Agreement. is incorporated by reference to the Fund's registration statement filed on Form N-1A on August 4, 2011
- (8) Form of First Amendment to Transfer Agent Interactive Client Services Agreement. is incorporated by reference to the Fund's registration statement filed on Form N-1A on August 4, 2011
- (9) Form of Second Amendment to Transfer Agent Interactive Client Services Agreement. is incorporated by reference to the Fund's registration statement filed on Form N-1A on August 4, 2011
- (10) Form of Blue Sky Services Agreement. is incorporated by reference to the Fund's registration statement filed on Form N-1A on August 4, 2011
- (11) Form of First Amendment to the Blue Sky Services Agreement. is incorporated by reference to the Fund's registration statement filed on Form N-1A on August 4, 2011

(i)(1) Opinion and Consent of Counsel to the Registrant. is incorporated by reference Pre-Effective Amendment No. 1 to the Registration Statement as filed on September 22, 2011.

(2) Opinion and Consent of Local Counsel to the Registrant. is incorporated by reference Pre-Effective Amendment No. 1 to the Registration Statement as filed on September 22, 2011.

(j)(1) Powers of Attorney. Previously filed as an exhibit to the Fund's registration statement filed on Form N-1A on August 4, 2011.

(2) Consent of Independent Public Accountants (KPMG LLP). is incorporated by reference Pre-Effective Amendment No. 1 to the Registration Statement as filed on September 22, 2011.

(3) Consent of Independent Public Accountants (Tait, Weller & Baker, LLP). Filed herewith

(k) Inapplicable.

(l) Inapplicable.

(m) Inapplicable.

(n) Inapplicable.

(o) Reserved.

(p)(1) Code of Ethics, dated August 2010. Previously filed as an exhibit to the Fund's registration statement filed on Form N-1A on August 4, 2011.

(p)(2) Supplemental Code of Ethics, dated August 2010. Previously filed as an exhibit to the Fund's registration statement filed on Form N-1A on August 4, 2011.

Item 29. Persons Controlled by or under Common Control with Registrant.

Inapplicable.

Item 30. Indemnification.

The Fund is permitted by Massachusetts law and required by its Amended and Restated Declaration of Trust to indemnify any Trustee or officer of the Fund against all liability and against all expenses reasonably incurred or paid in connection with any claim, action, suit or proceeding in which the Trustee or officer becomes involved as a party or otherwise by virtue of his being or having been a Trustee or officer and against amounts paid or incurred by him in the settlement thereof unless, (i) by reason of a final adjudication, the Trustee or officer was found to have engaged in willful misfeasance, bad faith gross negligence or reckless disregard of the duties involved in the conduct of his office, (ii) with respect to any matter as to which he shall have been finally adjudicated not to have acted in good faith in the reasonable belief that his action was in the best interest of the Fund; or (iii) in the event of a settlement involving payment by the Trustee or officer or other disposition not involving a final adjudication as described in (i) and (ii) above resulting in a payment by the Trustee or officer, unless there has been either a determination that such Trustee or officer did not engage in willful misfeasance, bad faith, gross negligence or reckless disregard of the duties

involved in the conduct of his office by the court or other body approving the settlement or other disposition or a reasonable determination, based upon a review of readily available facts (as opposed to a full trial-type inquiry) that he did not engage in such conduct (a) by a vote of a majority of the disinterested Trustees acting on the matter

(provided that a majority of the disinterested Trustees then in officer act on the matter), or (b) by written opinion of independent legal counsel. The Fund may pay the expenses described above in advance of the final disposition of any such legal action provided that the person receiving the payment undertakes to repay such amount if it is ultimately determined that he is not entitled to indemnification provided that either such undertaking is secured by a surety bond or some other appropriate security or the Fund shall be insured against losses arising out of any such advances; or a majority of the disinterested Trustees acting on the matter (provided that a majority of the disinterested Trustees then in officer act on the matter) or an independent legal counsel in written opinion, shall determine, based upon review of readily available facts (as opposed to a full trial-type inquiry), that there is reason to believe that the recipient ultimately will be found entitled to indemnification.

The Management Agreement provides that, absent willful misfeasance, bad faith, gross negligence or reckless disregard of its duties and obligations, CCM Partners, L.P. (the "Manager") is entitled to indemnification from the Fund for any act or omission in the course of, or connected with, its rendering of services under the Management Agreement or for any losses that may be sustained in the purchase, holding or sale of any security by the Fund.

Insofar as indemnification for liability arising under the Securities Act of 1933, as amended, may be permitted to trustees, officers and controlling persons, if any, of the Fund pursuant to the foregoing provisions, or otherwise, the Fund has been advised that in the opinion of the SEC such indemnification is against public policy as expressed in the Securities Act of 1933, as amended (the "Act"), and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Fund of expenses incurred or paid by a trustee, officer or controlling person, if any, of the Fund in the successful defense of any action, suit or proceeding) is asserted by such trustee, officer or controlling person, if any, in connection with the securities being registered, the Fund will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

Item 31. Business and Other Connections of Investment Adviser.

CCM Partners, (dba Shelton Capital Management) a California limited partnership, is the Registrant's investment adviser. CCM Partners has been engaged during the past two fiscal years as the investment adviser of the Shelton Funds (and its predecessors), a diversified, open-end management investment company, which comprises the following series: California Tax-Free Income Fund, California Insured Intermediate Fund and California Tax-Free Money Market Fund U.S. Government Securities Fund, The United States Treasury Trust, S&P 500 Index Fund, S&P MidCap Index Fund, S&P SmallCap Index Fund, Shelton Core Value Fund, European Growth & Income Fund, Nasdaq-100 Index Fund, and Short-Term U.S. Government Bond Fund. The principal business address of Shelton Funds is 44 Montgomery Street, Suite 2100, San Francisco, California 94104.

From December, 1990 through February 27, 1993, CCM Partners also served as the investment adviser of the California Tax-Free Money Trust, a registered management investment company. The principal business address of California Tax-Free Money Trust is 6 St. James Avenue, Boston, Massachusetts 02116.

The officer of CCM Partners is Stephen C. Rogers. Mr. Rogers has also served as an officer of the Registrant since June 2011. Mr. Rogers was elected to the Board of CCM Partners as Secretary and Trustee in August 1998, and was elected as Chairman of the Board in October 1999. For additional information, please see Part A of this Registration Statement.

Item 32. Principal Underwriters

RFS Partners is the principal underwriter, and in that capacity distributes the shares of the Fund. Certain limited partners of RFS Partners also serve as officers and/or trustees of the Registrant.

Item 33. Locations of Accounts and Records.

The accounts, books or other documents required to be maintained by Section 31(a) of the Investment Company Act of 1940, as amended, and the rules thereunder are kept by Registrant's Shareholder Servicing and Transfer Agent, ALPS Fund Services, LLC, 1290 Broadway, Suite 1100, Denver, CO 80203.

Item 34. Management Services

All management-related service contracts are discussed in Part A or Part B of this Registration Statement.

Item 35. Undertakings.

Inapplicable.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, and the Investment Company Act of 1940, as amended, the Registrant has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of San Francisco, the State of California, on April 30, 2012.

Shelton Greater China Fund
(Registrant)

By /s/ Stephen C. Rogers
Stephen C. Rogers, President

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed below by the following persons in the capacities and on the dates indicated.

/s/ Stephen C. Rogers Stephen C. Rogers	President and Trustee	April 30, 2012
/s/ Kevin T. Kogler* Kevin T. Kogler	Trustee	April 30, 2012
/s/ James W. Miller, Jr.* James W. Miller, Jr.	Trustee	April 30, 2012
/s/ Stephen H. Sutro* Stephen H. Sutro	Trustee	April 30, 2012
/s/ Edward B. Collins * Edward B. Collins	Trustee	April 30, 2012
/s/ Frederick C. Copeland, Jr.* Frederick Copeland	Trustee	April 30, 2012
/s/ Robert P. Parker* Robert Parker	Trustee	April 30, 2012

* Signed by Stephen C. Rogers pursuant to Powers of Attorney previously filed as an exhibit to the Fund's registration statement filed on Form N-1A on August 4, 2011.

Index to Exhibits

28(j)(2) Consent of Independent Public Accountants (Tait, Weller & Baker, LLP).

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