

The Advisors' Inner Circle Fund II

SmartGrowth Funds

SmartGrowth® Lipper™ Optimal Conservative Index Fund

SmartGrowth® Lipper™ Optimal Moderate Index Fund

SmartGrowth® Lipper™ Optimal Growth Index Fund

Annual Report

January 31, 2010



Investment Adviser:

Hennion & Walsh Asset Management, Inc.

TABLE OF CONTENTS

Shareholders' Letter	1
Schedules of Investments	9
Statements of Assets and Liabilities	15
Statements of Operations	16
Statements of Changes in Net Assets	17
Financial Highlights	20
Notes to Financial Statements	23
Report of Independent Registered Public Accounting Firm	33
Trustees and Officers of The Advisors' Inner Circle Fund II	34
Disclosure of Fund Expenses	44

The Funds file their complete schedule of fund holdings with the Securities and Exchange Commission for the first and third quarters of each fiscal year on Form N-Q within sixty days after the end of each period. The Funds' Forms N-Q are available on the Commission's website at <http://www.sec.gov>, and may be reviewed and copied at the Commission's Public Reference Room in Washington, D.C. Information on the operation of the Public Reference Room may be obtained by calling 1-800-SEC-0330.

A description of the policies and procedures that the Funds use to determine how to vote proxies relating to portfolio securities, as well as information relating to how the Funds voted proxies relating to portfolio securities during the most recent 12-month period ended June 30, is available (i) without charge, upon request, by calling 1-888-465-5722; and (ii) on the Commission's website at <http://www.sec.gov>.

SHAREHOLDERS' LETTER

Dear Shareholders:

The SmartGrowth® family of mutual funds currently consists of three strategies, whose inception dates are June 1, 2007:

SmartGrowth® Lipper™ Optimal Conservative Index Fund (LPCAX)

The Fund's investment objective is to track the performance of the Lipper™ Optimal Conservative Index which is a target risk benchmark consisting of a select group of ETFs, rebalanced quarterly, designed to maximize returns given a low degree of volatility.

SmartGrowth® Lipper™ Optimal Moderate Index Fund (LPMAX)

The Fund's investment objective is to track the performance of the Lipper™ Optimal Moderate Index which is a target risk benchmark consisting of a select group of ETFs, rebalanced quarterly, designed to maximize returns given a moderate degree of volatility.

SmartGrowth® Lipper™ Optimal Growth Index Fund (LPGAX)

The Fund's investment objective is to track the performance of the Lipper™ Optimal Growth Index which is a target risk benchmark consisting of a select group of ETFs, rebalanced quarterly, designed to maximize returns given a high degree of volatility.

Each of the three SmartGrowth® funds is categorized in the Lipper™ Multi-Cap Core Funds classification. Performance comparisons against this Index are as follows:

Fund/Benchmark	One Year Performance Through January 31, 2010
LPCAX	
Without Load	-0.05%
With Load	-4.82%
<i>Lipper Multi-Cap Core Funds Index</i>	40.24%
LPMAX	
Without Load	1.82%
With Load	-2.98%
<i>Lipper Multi-Cap Core Funds Index</i>	40.24%
LPGAX	
Without Load	7.14%
With Load	2.11%
<i>Lipper Multi-Cap Core Funds Index</i>	40.24%

The fourth quarter of 2009 marked the end of a year that was a dramatic reversal from the devastation that took place in the capital markets during 2008. However, we all should not forget the shaky ground upon which the year started. In fact, the 1st quarter of 2009 marked the single worst quarterly performance, in percentage terms, of the Dow Jones Industrial Average (“DJIA”) since 1939. Yet, since the bottom of this most recent bear market was reached on March 9, 2009, every component of the capital markets machine has churned full speed ahead, resulting in some of the most significant gains the stock market has seen in quite some time. In the process, I believe that investors have conveniently overlooked some concerning economic data, or rather the lack of consistent, positive data, in the hopes of trying to quickly recover what many investors lost during the 15 month period starting in January 2008. This belief, along with the cooling off of the red-hot stock market rally that took place in the 4th quarter of 2009, suggests to me that we are now heading into a transition year where economic and stock market growth will likely be muted and stock market volatility heightened.

In terms of the major equity indices, the S&P 500 Index (“S&P 500”) gained 6.04% in the 4th quarter of 2009 on top of the 15.61% that it returned in the 3rd quarter of 2009. For the year, the S&P 500 advanced 26.46% as of December 31, 2009. This level of performance certainly is not enough to offset the S&P 500 loss of 37.00% in 2008 but it does represent significant progress in the right direction. Similarly, the DJIA gained 8.10% in the 4th quarter of 2009 and posted a 22.68% return for the year. Interestingly, the technology heavy NASDAQ led all of the major U.S. equity indices with an advance 45.32% return for 2009.

In terms of asset classes, outside of Convertible and High Yield Bonds, Equities outperformed Bonds in the 4th quarter of 2009 as well as for all of 2009. Defying their historically non-correlated relationship, Bonds and Equities both advanced during 2009 which highlights the apparent trepidation among investors with respect to what amount of risk they are comfortable assuming in the market following the historic declines of 2008. Convertible Bonds, which basically represent an Equity/Bond hybrid investment, perhaps best embody an appropriate investment for this type of sentiment. The Merrill Lynch Convertible Securities Index returned 5.58% in the 4th quarter of 2009 and gained 47.19% in 2009. Following a similar path of bond strategy specific outperformance, the Merrill Lynch High Yield Master II Index returned 57.51% for the year. Municipal Bonds were also a noteworthy story for fixed income

securities in 2009 and returned 12.91% for the year, based on the performance of the Barclays Capital Muni Bond Index.

Commodities are an often overlooked asset class by individual investors. This was not the case in 2009 as commodities, notably Gold investment strategies, were frequently in the headlines throughout the year. Specific commodities, such as Steel and Coal, based on the performance of their associated ETFs; Market Vectors Coal (Ticker: KOL) and Market Vectors Steel (Ticker: SLX), led the commodity markets through their triple digit positive returns for the year and stand poised, in my opinion, to offer additional opportunities for growth and portfolio diversification in 2010.

In terms of sub-asset classes, Mid-Cap beat out its Small Cap and Large Cap counterparts in the 4th quarter of 2009 and for the year 2009. Additionally, during the 4th quarter of 2009 as well as for the entire year of 2009, Growth outpaced Value. These are both positive indicators pointing towards a building market recovery, as smaller capitalized companies generally tend to outperform larger capitalized companies during recovery periods, as do growth-oriented companies when compared against value-oriented companies.

Looking to the different geographies of the world, there was clearly one frontrunner: International – Emerging Market Equities. Emerging Markets, notably the BRIC countries, which include Brazil, Russia, India and China, significantly outperformed International – Developed Markets and U.S. Equities in 2009. To help better illustrate this outperformance, consider that the MSCI Emerging Market Index (in U.S. Dollar terms) gained 8.55% in the 4th quarter of 2009 and rose 78.51% for the year. International Emerging Markets present investors with a different set of risks to consider in comparison to International Developed Markets. For the year of 2009, this risk premium appears to have equated to around 47% as the MSCI EAFE Index (in U.S. Dollar terms) gained 31.78% for the year as of December 31, 2009.

Finally, in terms of sectors, all sectors generally moved upward in 2009, but the Information Technology sector, in particular, stood out for its stellar performance. In general, technology is one of the sectors that tend to lead economic recovery efforts.

The story for the SmartGrowth® Funds over the past year was a very different one when compared against the previously described story of the overall capital markets. While maintaining their associated risk profile throughout the past twelve month period, the target-risk SmartGrowth® Mutual Funds were not able to keep pace, from a performance perspective, with the rapid ascent

that took place in the equity markets once the bottom of this particular bear market was reached on March 9, 2009. The primary reason for this can be attributed to the Funds defensive positioning during the second and third quarters of the year. Interestingly, the Funds adopted more of a selective bullish posture during the fourth quarter of 2009 and continue to retain this posture at the beginning stages of 2010.

Leading into the 1st Quarter of 2010, the SmartGrowth® Lipper Mutual Funds have taken a strategically weighted bullish stance with respect to their Exchange-traded product (“ETP”) allocations for the first quarter of the New Year.

Overall, for the next three months, the SmartGrowth® Mutual Funds have long allocations that range between 85%-91% and short allocations that range between 9%-15%.

In terms of equities allocations, the Growth, Moderate and Conservative Funds have reduced their allocations to equities from the previous quarter to 69%, 61% and 63%, respectively.

- o The majority of the long equity allocations are U.S. based and primarily associated with health care, transportation, financial preferreds and technology (specifically semiconductors).
- o The majority of the short equity allocations focus on international markets – notably China and to a lesser extent developed international markets as captured by the EAFE Index.

In terms of fixed income allocations, the Growth, Moderate and Conservative Funds have increased their allocations from the previous quarter to 24%, 17% and 13%, respectively. The bond-oriented strategy utilized this quarter to satisfy the bulk of these fixed income allocations is an Exchange-traded fund (“ETF”) focused on convertible bonds.

In terms of alternative asset allocations, the Growth, Moderate and Conservative Funds have increased their allocations from the previous quarter to 7%, 23% and 24%, respectively, driven by weightings to ETFs focused on gold and certain foreign – notably emerging market – currencies.

Despite the challenging market environment that is likely to persist throughout 2010, I am confident that the SmartGrowth® Mutual Funds will continue to

strive to provide attractive risk-adjusted returns for the next twelve month period and beyond.

Sincerely,



Kevin D. Mahn
Chief Investment Officer & Portfolio Manager

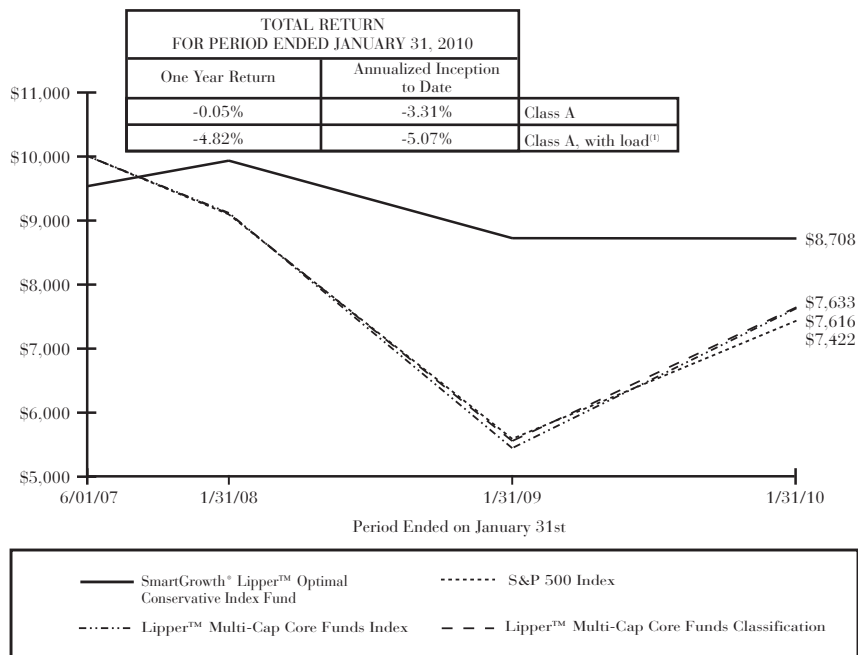
This represents the manager's assessment of the Portfolio and the market environment at a specific point in time and should not be relied upon by the reader as research or investment advice.

Definition of Comparative Index

The **Lipper Multi-Cap Core Funds Index** tracks funds that invest in a variety of market capitalization ranges without concentrating 75% of their equity assets in any one market capitalization range over an extended period of time.

S&P 500 Index is an unmanaged index containing common stocks of 500 industrial, transportation, utility and financial companies, regarded as generally representative of the U.S. stock market. The return per the total return index reflects the reinvestment of income dividends and capital gain distributions, if any, but does not reflect fees, brokerage commissions, or other expenses of investing.

Growth of a \$10,000 Investment



The Fund commenced operations on June 1, 2007. Lipper™ returns are from May 31, 2007.

⁽¹⁾ Reflects maximum sales charge of 4.75%.

The performance data quoted herein represents past performance and the return and value of an investment in the Fund will fluctuate so that, when redeemed, may be worth less than its original cost.

Past performance is no guarantee of future performance and should not be considered as a representation of the future results of the Fund.

The Fund's performance assumes the reinvestment of dividends and capital gains.

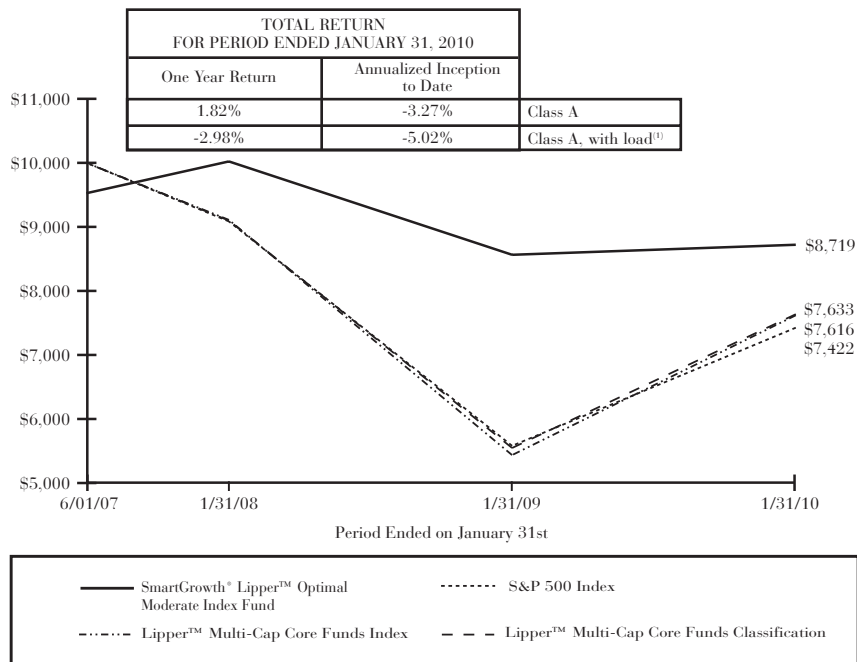
Index returns assume reinvestment of dividends and, unlike a fund's returns, do not reflect any fees or expenses. If such fees and expenses were included in the index returns, the performance would have been lower. Please note that one cannot invest directly in an unmanaged index.

There are no assurances that the Fund will meet its stated objectives. The Fund's holdings and allocations are subject to change because it is actively managed and should not be considered recommendations to buy individual securities.

Returns shown do not reflect the deduction of taxes that a shareholder would pay on Fund distributions or the redemption of Fund shares. If the Adviser had not limited certain expenses, the Fund's total return would have been lower.

See definition of comparative indices on page 5.

Growth of a \$10,000 Investment



The Fund commenced operations on June 1, 2007. Lipper™ returns are from May 31, 2007.

⁽¹⁾ Reflects maximum sales charge of 4.75%.

The performance data quoted herein represents past performance and the return and value of an investment in the Fund will fluctuate so that, when redeemed, may be worth less than its original cost.

Past performance is no guarantee of future performance and should not be considered as a representation of the future results of the Fund.

The Fund's performance assumes the reinvestment of dividends and capital gains.

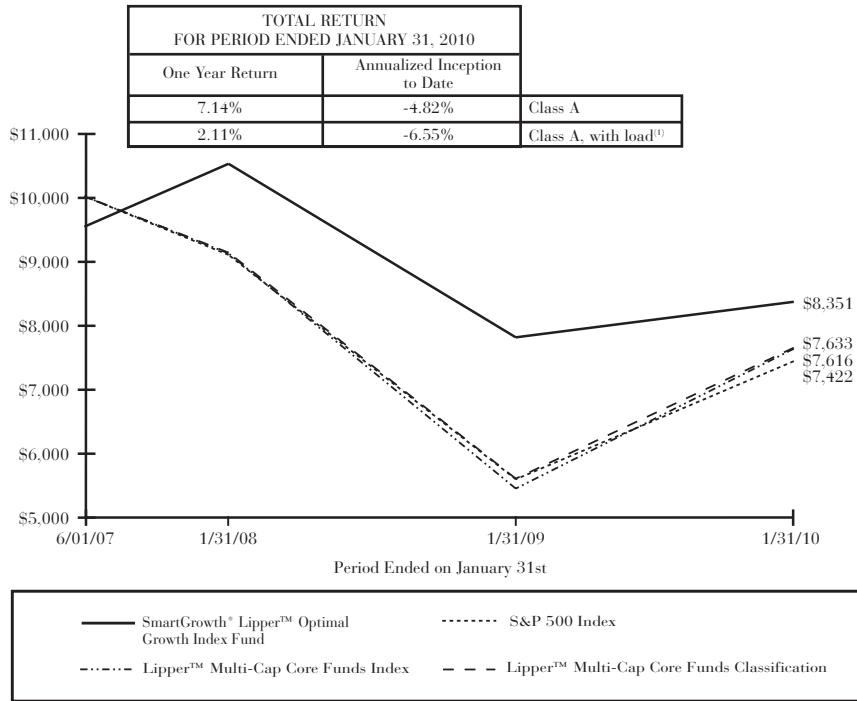
Index returns assume reinvestment of dividends and, unlike a fund's returns, do not reflect any fees or expenses. If such fees and expenses were included in the index returns, the performance would have been lower. Please note that one cannot invest directly in an unmanaged index.

There are no assurances that the Fund will meet its stated objectives. The Fund's holdings and allocations are subject to change because it is actively managed and should not be considered recommendations to buy individual securities.

Returns shown do not reflect the deduction of taxes that a shareholder would pay on Fund distributions or the redemption of Fund shares. If the Adviser had not limited certain expenses, the Fund's total return would have been lower.

See definition of comparative indices on page 5.

Growth of a \$10,000 Investment



The Fund commenced operations on June 1, 2007. Lipper™ returns are from May 31, 2007.

⁽¹⁾ Reflects maximum sales charge of 4.75%.

The performance data quoted herein represents past performance and the return and value of an investment in the Fund will fluctuate so that, when redeemed, may be worth less than its original cost.

Past performance is no guarantee of future performance and should not be considered as a representation of the future results of the Fund.

The Fund's performance assumes the reinvestment of dividends and capital gains.

Index returns assume reinvestment of dividends and, unlike a fund's returns, do not reflect any fees or expenses. If such fees and expenses were included in the index returns, the performance would have been lower. Please note that one cannot invest directly in an unmanaged index.

There are no assurances that the Fund will meet its stated objectives. The Fund's holdings and allocations are subject to change because it is actively managed and should not be considered recommendations to buy individual securities.

Returns shown do not reflect the deduction of taxes that a shareholder would pay on Fund distributions or the redemption of Fund shares. If the Adviser had not limited certain expenses, the Fund's total return would have been lower.

See definition of comparative indices on page 5.

THE ADVISORS' INNER CIRCLE FUND II

**SMARTGROWTH®
LIPPER™ OPTIMAL
CONSERVATIVE
INDEX FUND
JANUARY 31, 2010**

SECTOR WEIGHTINGS (Unaudited)†:

████████████████████	17.4% Bear Market
████████████████████	10.5% Convertibles
████████████████████	10.4% Currency
████████████████████	8.3% Large Blend
████████████████████	8.1% Health
████████████████████	7.8% Miscellaneous
████████████████████	6.1% Specialty Financial
████████████████████	5.2% Technology
████████████████████	4.9% Commodities Precious Metals
████████████████████	4.2% Consumer Discretionary
████████████████████	4.1% Specialty Utilities
████████████████████	3.9% Industrials
████████████████████	2.7% Foreign Large Blend
████████████████████	2.5% Municipal National Short
████████████████████	2.1% Europe Stock
████████████████████	1.3% Small Blend
████████████████████	0.5% Commodities Energy

† Percentages are based on total investments

SCHEDULE OF INVESTMENTS

EXCHANGE TRADED FUNDS — 100.7%

	<u>Shares</u>	<u>Value</u>
BEAR MARKET — 17.5%		
ProShares UltraShort FTSE/Xinhua China 25	9,040	\$ 89,406
ProShares UltraShort MSCI	1,870	78,970
UltraShort MidCap 400 ProShares	2,551	59,566
		<u>227,942</u>
COMMODITIES ENERGY — 0.5%		
United States Gasoline Fund L.P.	210	7,075
COMMODITIES PRECIOUS METALS — 4.9%		
PowerShares Deutsche Bank Gold Fund	1,654	64,076
CONSUMER DISCRETIONARY — 4.3%		
SPDR S&P Retail Fund	1,606	55,600
CONVERTIBLES — 10.6%		
SPDR Barclays Capital Convertible Bond Fund	3,770	138,284
CURRENCY — 10.5%		
CurrencyShares Canadian Dollar Trust	418	38,953
WisdomTree Dreyfus China Yuan Fund	2,151	54,485
WisdomTree Dreyfus Emerging Currency Fund	1,959	42,608
		<u>136,046</u>
EUROPE STOCK — 2.1%		
Vanguard European Fund	599	27,219

The accompanying notes are an integral part of the financial statements.

THE ADVISORS' INNER CIRCLE FUND II

**SMARTGROWTH®
LIPPER™ OPTIMAL
CONSERVATIVE
INDEX FUND
JANUARY 31, 2010**

EXCHANGE TRADED FUNDS — (continued)

	<u>Shares</u>	<u>Value</u>
FOREIGN LARGE BLEND — 2.7%		
iShares MSCI EAFE Index Fund	672	\$ 35,267
HEALTH — 8.1%		
iShares Dow Jones US Health Care Providers Index Fund	1,718	83,237
PowerShares Dynamic Biotechnology & Genome Portfolio	1,337	22,635
		<u>105,872</u>
INDUSTRIALS — 3.9%		
iShares Dow Jones US Transportation Index Fund	724	50,709
LARGE BLEND — 8.4%		
SPDR Trust Series 1	663	71,186
Vanguard Total World Stock Index Fund	920	37,619
		<u>108,805</u>
MISCELLANEOUS — 7.8%		
iPath S&P 500 VIX Mid-Term Futures Note	1,379	101,798
MUNICIPAL NATIONAL SHORT — 2.6%		
iShares S&P Short-Term National Municipal Bond Fund	316	33,303
SMALL BLEND — 1.3%		
iShares S&P SmallCap 600 Index Fund	319	16,932
SPECIALTY FINANCIAL — 6.1%		
PowerShares Financial Preferred Portfolio	4,854	79,751
SPECIALTY UTILITIES — 4.2%		
Utilities Select Sector SPDR Fund	1,851	54,567
TECHNOLOGY — 5.2%		
SPDR S&P Semiconductor Fund	1,611	67,775
TOTAL EXCHANGE TRADED FUNDS (Cost \$1,340,040)		<u>1,311,021</u>
TOTAL INVESTMENTS — 100.7% (Cost \$1,340,040)		<u>\$1,311,021</u>

Percentages are based on Net Assets of \$1,301,515.

EAFE Europe, Australasia, Far East Index
 FTSE Financial Times and London Stock Exchange
 L.P. Limited Partnership
 MSCI Morgan Stanley Capital International
 S&P Standard & Poor's
 SPDR Standard & Poor's Depository Receipts
 VIX Volatility Index

The accompanying notes are an integral part of the financial statements.

THE ADVISORS' INNER CIRCLE FUND II

**SMARTGROWTH®
LIPPER™ OPTIMAL
MODERATE INDEX FUND
JANUARY 31, 2010**

SECTOR WEIGHTINGS (Unaudited)†:

████████████████████	16.1% Convertibles
████████████████████	12.0% Bear Market
████████████████████	10.5% Health
████████████████████	9.9% Miscellaneous
████████████████████	8.8% Specialty Financial
████████████████████	7.9% Technology
████████████████████	7.6% Commodities Precious Metals
████████████████████	7.3% Large Blend
████████████████████	5.3% Consumer Discretionary
████████████████████	5.2% Currency
████████████████████	4.8% Industrials
████████████████████	4.0% Specialty Utilities
████████████████████	0.6% Foreign Large Blend

† Percentages are based on total investments

SCHEDULE OF INVESTMENTS

EXCHANGE TRADED FUNDS — 100.1%

	<u>Shares</u>	<u>Value</u>
BEAR MARKET — 12.0%		
ProShares UltraShort FTSE/Xinhua China 25	103,387	\$1,022,498
ProShares UltraShort MSCI	4,123	174,114
		<u>1,196,612</u>
COMMODITIES PRECIOUS METALS — 7.6%		
PowerShares Deutsche Bank Gold Fund	19,569	758,103
CONSUMER DISCRETIONARY — 5.3%		
SPDR S&P Retail Fund	15,144	524,285
CONVERTIBLES — 16.1%		
SPDR Barclays Capital Convertible Bond Fund	43,615	1,599,798
CURRENCY — 5.2%		
CurrencyShares Canadian Dollar Trust	2,089	194,674
WisdomTree Dreyfus China Yuan Fund	6,366	161,251
WisdomTree Dreyfus Emerging Currency Fund	7,231	157,274
		<u>513,199</u>
FOREIGN LARGE BLEND — 0.6%		
iShares MSCI EAFE Index Fund	1,120	58,778

The accompanying notes are an integral part of the financial statements.

THE ADVISORS' INNER CIRCLE FUND II

**SMARTGROWTH®
LIPPER™ OPTIMAL
MODERATE INDEX FUND
JANUARY 31, 2010**

EXCHANGE TRADED FUNDS — (continued)		
	<u>Shares</u>	<u>Value</u>
HEALTH — 10.5%		
iShares Dow Jones US Health Care Providers Index Fund	19,627	\$ 950,928
PowerShares Dynamic Biotechnology & Genome Portfolio	5,451	92,285
		<u>1,043,213</u>
INDUSTRIALS — 4.8%		
iShares Dow Jones US Transportation Index Fund	6,797	476,062
LARGE BLEND — 7.3%		
SPDR Trust Series 1	5,240	562,619
Vanguard Total World Stock Index Fund	3,921	160,329
		<u>722,948</u>
MISCELLANEOUS — 9.9%		
iPath S&P 500 VIX Mid-Term Futures Note	13,296	981,511
SPECIALTY FINANCIAL — 8.8%		
PowerShares Financial Preferred Portfolio	53,103	872,482
SPECIALTY UTILITIES — 4.1%		
Utilities Select Sector SPDR Fund	13,710	404,171
TECHNOLOGY — 7.9%		
SPDR S&P Semiconductor Fund	18,782	790,159
TOTAL EXCHANGE TRADED FUNDS		
(Cost \$10,117,995)		<u>9,941,321</u>
TOTAL INVESTMENTS – 100.1%		
(Cost \$10,117,995)		<u>\$9,941,321</u>

Percentages are based on Net Assets of \$9,927,502.

- EAFE Europe, Australasia, Far East Index
- FTSE Financial Times and London Stock Exchange
- MSCI Morgan Stanley Capital International
- S&P Standard & Poor's
- SPDR Standard & Poor's Depositary Receipts
- VIX Volatility Index

The accompanying notes are an integral part of the financial statements.

THE ADVISORS' INNER CIRCLE FUND II

**SMARTGROWTH®
LIPPER™ OPTIMAL
GROWTH INDEX FUND
JANUARY 31, 2010**

SHORT-TERM INVESTMENT — 0.5%

	<u>Shares</u>	<u>Value</u>
Fidelity Money Management Fund, Institutional Class, 0.240% (A) (Cost \$57,615)	57,615	<u>\$ 57,615</u>
TOTAL INVESTMENTS — 100.4% (Cost \$13,166,404)		<u><u>\$ 12,811,425</u></u>

Percentages are based on Net Assets of \$12,764,320.

(A) The rate shown is the 7-day effective yield as of January 31, 2010.

FTSE Financial Times and London Stock Exchange

S&P Standard & Poor's

SPDR Standard & Poor's Depositary Receipts

The accompanying notes are an integral part of the financial statements.

THE ADVISORS' INNER CIRCLE FUND II

**SMARTGROWTH® FUNDS
JANUARY 31, 2010**

STATEMENTS OF ASSETS AND LIABILITIES

	SmartGrowth® Lipper™ Optimal Conservative Index Fund	SmartGrowth® Lipper™ Optimal Moderate Index Fund	SmartGrowth® Lipper™ Optimal Growth Index Fund
Assets			
Investments at Value (Cost \$1,340,040, \$10,117,995, and \$13,166,404, respectively) . . .	\$1,311,021	\$ 9,941,321	\$12,811,425
Receivable for Investment Securities Sold	22,302	684,602	5,486
Receivable from Investment Adviser	8,673	20,650	21,115
Prepaid Expenses	4,588	7,761	10,036
Dividends Receivable	1	15	15
Receivable for Capital Shares Sold	—	5,714	13,669
	<u>1,346,585</u>	<u>10,660,063</u>	<u>12,861,746</u>
Liabilities			
Payable to Custodian	15,236	596,317	—
Payable due to Administrator	1,133	10,554	11,244
Payable due to Distributor	268	2,045	2,601
Chief Compliance Officer Fees Payable	181	1,785	1,795
Payable due to Trustees	181	1,785	1,794
Payable for Investment Securities Purchased	—	43,558	—
Payable for Capital Shares Redeemed	—	32,383	36,794
Other Accrued Expenses	28,071	44,134	43,198
	<u>45,070</u>	<u>732,561</u>	<u>97,426</u>
Net Assets	<u>\$1,301,515</u>	<u>\$ 9,927,502</u>	<u>\$12,764,320</u>
Net Assets Consist of:			
Paid-in Capital	\$1,427,602	\$10,918,059	\$17,812,515
Distributions in Excess of Net Investment Income . .	(6,919)	(72,736)	(97,390)
Accumulated Net Realized Loss on Investments . . .	(90,149)	(741,147)	(4,595,826)
Net Unrealized Depreciation on Investments	(29,019)	(176,674)	(354,979)
	<u>\$1,301,515</u>	<u>\$ 9,927,502</u>	<u>\$12,764,320</u>
Class A Shares:			
Outstanding Shares of Beneficial Interest (unlimited authorization — no par value)	<u>159,901</u>	<u>1,211,296</u>	<u>1,754,883</u>
Net Asset Value and Redemption			
Price Per Share	<u>\$ 8.14</u>	<u>\$ 8.20</u>	<u>\$ 7.27</u>
Maximum Offering Price per Share			
(net asset value ÷ 95.25%)	<u>\$ 8.55</u>	<u>\$ 8.61</u>	<u>\$ 7.63</u>

The accompanying notes are an integral part of the financial statements.

THE ADVISORS' INNER CIRCLE FUND II

**SMARTGROWTH® FUNDS
FOR THE YEAR ENDED
JANUARY 31, 2010**

STATEMENTS OF OPERATIONS

	SmartGrowth® Lipper™ Optimal Conservative Index Fund	SmartGrowth® Lipper™ Optimal Moderate Index Fund	SmartGrowth® Lipper™ Optimal Growth Index Fund
Investment Income:			
Dividends from Investment Company Shares	\$ 16,840	\$ 188,759	\$ 285,489
Dividend income	127	1,148	890
Less: Foreign taxes withheld	(22)	(300)	(386)
Total Investment Income:	<u>16,945</u>	<u>189,607</u>	<u>285,993</u>
Expenses:			
Administration Fees	11,200	111,414	147,386
Investment Advisory Fees	5,574	55,393	71,515
Distribution Fees	2,787	27,697	35,758
Trustees' Fees	834	8,217	11,596
Chief Compliance Officer Fees	607	5,967	7,389
Shareholder Servicing Fees	99	2,755	4,170
Transfer Agent Fees	29,734	53,133	56,534
Audit Fees	16,491	17,685	18,380
Registration Fees	14,166	16,370	17,687
Custodian Fees	5,697	13,884	7,777
Printing Fees	2,944	18,477	23,496
Legal Fees	2,314	22,647	34,330
Other Expenses	2,798	7,434	8,982
Total Expenses	<u>95,245</u>	<u>361,073</u>	<u>445,000</u>
Less:			
Waiver of Investment Advisory Fees	(5,574)	(55,393)	(71,515)
Reimbursement by Investment Advisor	(72,948)	(139,496)	(158,935)
Net Expenses	<u>16,723</u>	<u>166,184</u>	<u>214,550</u>
Net Investment Income	<u>222</u>	<u>23,423</u>	<u>71,443</u>
Net Realized Gain on Investments	3,002	85,284	142,018
Net Realized Gain Distributions from Investment Company Shares	6,886	61,971	65,157
Net Change in Unrealized Appreciation (Depreciation) on Investments	<u>(8,692)</u>	<u>175,569</u>	<u>778,201</u>
Net Realized and Unrealized Gain (Loss) on Investments	<u>1,196</u>	<u>322,824</u>	<u>985,376</u>
Increase in Net Assets Resulting from Operations	<u>\$ 1,418</u>	<u>\$ 346,247</u>	<u>\$1,056,819</u>

The accompanying notes are an integral part of the financial statements.

THE ADVISORS' INNER CIRCLE FUND II

**SMARTGROWTH®
LIPPER™ OPTIMAL
CONSERVATIVE
INDEX FUND**

STATEMENT OF CHANGES IN NET ASSETS

	Year Ended January 31, 2010	Year Ended January 31, 2009
Operations:		
Net Investment Income	\$ 222	\$ 4,748
Net Realized Gain (Loss) on Investments	9,888	(51,828)
Net Change in Unrealized Depreciation on Investments	(8,692)	(26,120)
Net Increase (Decrease) in Net Assets Resulting from Operations	1,418	(73,200)
Dividends and Distributions*:		
Dividends from Net Investment Income	(7,022)	(5,883)
Distributions from Net Realized Gains	—	(54,280)
Total Dividends and Distributions	(7,022)	(60,163)
Capital Share Transactions:		
Issued	984,454	947,468
Reinvestment of Distributions	4,438	53,440
Redeemed	(265,277)	(673,262)
Net Increase from Capital Share Transactions	723,615	327,646
Total Increase in Net Assets	718,011	194,283
Net Assets:		
Beginning of Period	583,504	389,221
End of Period	<u>\$1,301,515</u>	<u>\$ 583,504</u>
Undistributed Net Investment Income/(Distributions in Excess of Net Investment Income)	<u>\$ (6,919)</u>	<u>\$ 7,481</u>
Share Transactions:		
Issued	120,749	93,442
Reinvestment of Distributions	546	6,180
Redeemed	(32,597)	(66,010)
Net Increase in Shares Outstanding from Share Transactions	88,698	33,612

* Certain distributions from net investment income, for the year ended January 31, 2009, for federal income tax purposes have been reclassified to distributions from realized gains for financial reporting purposes.

The accompanying notes are an integral part of the financial statements.

THE ADVISORS' INNER CIRCLE FUND II

**SMARTGROWTH®
LIPPER™ OPTIMAL
MODERATE INDEX
FUND**

STATEMENT OF CHANGES IN NET ASSETS

	Year Ended January 31, 2010	Year Ended January 31, 2009
Operations:		
Net Investment Income	\$ 23,423	\$ 24,658
Net Realized Gain (Loss) on Investments	147,255	(445,410)
Net Change in Unrealized Appreciation (Depreciation) on Investments	175,569	(403,418)
Net Increase (Decrease) in Net Assets Resulting from Operations	346,247	(824,170)
Dividends and Distributions*:		
Dividends from Net Investment Income	(42,118)	(35,033)
Distributions from Net Realized Gains	—	(576,907)
Return of Capital	(149)	—
Total Dividends and Distributions	(42,267)	(611,940)
Capital Share Transactions:		
Issued	10,710,273	5,252,583
Reinvestment of Distributions	38,531	584,541
Redemption Fees	101	500
Redeemed	(7,409,654)	(750,041)
Net Increase From Capital Share Transactions	3,339,251	5,087,583
Total Increase in Net Assets	3,643,231	3,651,473
Net Assets:		
Beginning of Period	6,284,271	2,632,798
End of Period	<u>\$ 9,927,502</u>	<u>\$ 6,284,271</u>
Undistributed Net Investment Income/(Distributions in Excess of Net Investment Income)	<u>\$ (72,736)</u>	<u>\$ 41,831</u>
Share Transactions:		
Institutional Class Shares:		
Issued	1,330,058	535,077
Reinvestment of Distributions	4,757	67,668
Redeemed	(901,560)	(77,055)
Net Increase in Shares Outstanding from Share Transactions	433,255	525,690

* Certain distributions from net investment income, for the year ended January 31, 2009, for federal income tax purposes have been reclassified to distributions from realized gains for financial reporting purposes.

The accompanying notes are an integral part of the financial statements.

THE ADVISORS' INNER CIRCLE FUND II

**SMARTGROWTH®
LIPPER™ OPTIMAL
GROWTH INDEX
FUND**

STATEMENT OF CHANGES IN NET ASSETS

	Year Ended January 31, 2010	Year Ended January 31, 2009
Operations:		
Net Investment Income	\$ 71,443	\$ 28,358
Net Realized Gain (Loss) on Investments	207,175	(2,940,331)
Net Increase from Payment by Affiliate*	—	6,415
Net Change in Unrealized Appreciation (Depreciation) on Investments	778,201	(1,248,747)
Net Increase (Decrease) in Net Assets Resulting from Operations	1,056,819	(4,154,305)
Dividends and Distributions**:		
Dividends from Net Investment Income	(255,723)	(39,336)
Distributions from Net Realized Gains	—	(1,880,955)
Return of Capital	(187)	—
Total Dividends and Distributions	(255,910)	(1,920,291)
Capital Share Transactions:		
Issued	4,003,534	12,460,006
Reinvestment of Distributions	244,114	1,799,160
Redemption Fees	—	729
Redeemed	(4,948,571)	(2,412,748)
Net Increase (Decrease) From Capital Share Transactions ..	(700,923)	11,847,147
Total Increase in Net Assets	99,986	5,772,551
Net Assets:		
Beginning of Period	12,664,334	6,891,783
End of Period	<u>\$12,764,320</u>	<u>\$12,664,334</u>
Undistributed Net Investment Income/(Distributions in Excess of Net Investment Income)	\$ (97,390)	\$ 245,978
Share Transactions:		
Issued	577,158	1,228,876
Reinvestment of Distributions	34,577	234,015
Redeemed	(689,248)	(262,049)
Net Increase (Decrease) in Shares Outstanding from Share Transactions	(77,513)	1,200,842

* See Note 3 in Notes to Financial Statements.

** Certain distributions from net investment income, for the year ended January 31, 2009, for federal income tax purposes have been reclassified to distributions from realized gains for financial reporting purposes.

The accompanying notes are an integral part of the financial statements.

THE ADVISORS' INNER CIRCLE FUND II

**SMARTGROWTH®
LIPPER™ OPTIMAL
CONSERVATIVE
INDEX FUND**

FINANCIAL HIGHLIGHTS

**Selected Per Share Data & Ratios
For a Share Outstanding Throughout the Period**

	Class A Shares		
	Year Ended January 31, 2010	Year Ended January 31, 2009	Period Ended January 31, 2008 ⁽¹⁾
Net Asset Value, Beginning of Period	\$ 8.19	\$10.35	\$10.00
Income (Loss) from Operations:			
Net Investment Income ⁽²⁾	—††	0.09	0.07
Net Realized and Unrealized Gain (Loss) on Investments	—††	(1.31)	0.35
Total from Operations	—	(1.22)	0.42
Dividends and Distributions:			
Net Investment Income	(0.05)	(0.09) ⁽³⁾	(0.06)
Net Realized Gains	—	(0.85) ⁽³⁾	(0.01)
Total Dividends and Distributions	(0.05)	(0.94)	(0.07)
Net Asset Value, End of Period	\$ 8.14	\$ 8.19	\$10.35
Total Return †	<u>(0.05)%</u>	<u>(12.22)%</u>	<u>4.20%</u>
Ratios and Supplemental Data			
Net Assets, End of Period (Thousands)	\$1,302	\$ 584	\$ 389
Ratio of Expenses to Average Net Assets	1.50%	1.50%	1.50%*
Ratio of Expenses to Average Net Assets (excluding waivers and reimbursements)	8.54%	16.87%	52.47%*
Ratio of Net Investment Income to Average Net Assets	0.02%	0.88%	1.10%*
Portfolio Turnover Rate	381%	411%	260%**

† Total return is for the period indicated and has not been annualized. Total return would have been lower had certain fees not been waived and expenses assumed by the Adviser during the period. Returns shown do not reflect the deduction of taxes that a shareholder would pay on Fund distributions or the redemption of Fund shares. Total return excludes applicable sales charges.

†† Amount shown represents less than \$ 0.01.

* Annualized

** Not Annualized

⁽¹⁾ Commenced operations on June 1, 2007.

⁽²⁾ Per share data calculated using average shares method.

⁽³⁾ Certain distributions from net investment income, for the year ended January 31, 2009, for federal income tax purposes have been reclassified to distributions from realized gains for financial reporting purposes.

Amounts designated as “—” are \$0 or have been round to \$0.

The accompanying notes are an integral part of the financial statements.

THE ADVISORS' INNER CIRCLE FUND II

**SMARTGROWTH®
LIPPER™ OPTIMAL
MODERATE INDEX
FUND**

FINANCIAL HIGHLIGHTS

**Selected Per Share Data & Ratios
For a Share Outstanding Throughout the Period**

	Class A Shares		
	Year Ended January 31, 2010	Year Ended January 31, 2009	Period Ended January 31, 2008 ⁽¹⁾
Net Asset Value, Beginning of Period	\$ 8.08	\$10.43	\$10.00
Income (Loss) from Operations:			
Net Investment Income ⁽²⁾	0.02	0.06	0.04
Net Realized and Unrealized Gain (Loss) on Investments	0.13	(1.53)	0.48
Total from Operations	0.15	(1.47)	0.52
Redemption Fees	—††	—††	—
Dividends and Distributions:			
Net Investment Income	(0.03)	(0.06) ⁽³⁾	(0.04)
Net Realized Gains	—	(0.82) ⁽³⁾	(0.05)
Return of Capital	—††	—	—
Total Dividends and Distributions	(0.03)	(0.88)	(0.09)
Net Asset Value, End of Period	\$ 8.20	\$ 8.08	\$10.43
Total Return †	<u>1.82%</u>	<u>(14.56)%</u>	<u>5.22%</u>
Ratios and Supplemental Data			
Net Assets, End of Period (Thousands)	\$9,928	\$6,284	\$2,633
Ratio of Expenses to Average Net Assets	1.50%	1.50%	1.50%*
Ratio of Expenses to Average Net Assets (excluding waivers and reimbursements)	3.26%	5.59%	16.52%*
Ratio of Net Investment Income to Average Net Assets	0.21%	0.60%	0.57%*
Portfolio Turnover Rate	444%	396%	256%**

† Total return is for the period indicated and has not been annualized. Total return would have been lower had certain fees not been waived and expenses assumed by the Adviser during the period. Returns shown do not reflect the deduction of taxes that a shareholder would pay on Fund distributions or the redemption of Fund shares. Total return excludes applicable sales charges.

†† Amount shown represents less than \$0.01.

* Annualized

** Not Annualized

⁽¹⁾ Commenced operations on June 1, 2007.

⁽²⁾ Per share data calculated using average shares method.

⁽³⁾ Certain distributions from net investment income, for the year ended January 31, 2009, for federal income tax purposes have been reclassified to distributions from realized gains for financial reporting purposes.

Amounts designated as “—” are \$0 or have been rounded to \$0.

The accompanying notes are an integral part of the financial statements.

THE ADVISORS' INNER CIRCLE FUND II

**SMARTGROWTH®
LIPPER™ OPTIMAL
GROWTH INDEX
FUND**

FINANCIAL HIGHLIGHTS

**Selected Per Share Data & Ratios
For a Share Outstanding Throughout the Period**

	Class A Shares		
	Year Ended January 31, 2010	Year Ended January 31, 2009	Period Ended January 31, 2008 ⁽¹⁾
Net Asset Value, Beginning of Period	\$ 6.91	\$ 10.91	\$10.00
Income (Loss) from Operations:			
Net Investment Income (Loss) ⁽²⁾	0.04	0.02	(0.03)
Net Realized and Unrealized Gain (Loss) on Investments	0.45	(2.71)	1.06
Total from Operations	0.49	(2.69)	1.03
Redemption Fees	—	—††	—
Dividends and Distributions:			
Net Investment Income	(0.13)	(0.03) ⁽³⁾	—
Net Realized Gains	—	(1.28) ⁽³⁾	(0.12)
Return of Capital	—††	—	—
Total Dividends and Distributions	(0.13)	(1.31)	(0.12)
Net Asset Value, End of Period	\$ 7.27	\$ 6.91	\$10.91
Total Return †	<u>7.14%</u>	<u>(25.83)%</u>	<u>10.33%</u>
Ratios and Supplemental Data			
Net Assets, End of Period (Thousands)	\$12,764	\$12,664	\$6,892
Ratio of Expenses to Average Net Assets	1.50%	1.50%	1.50%*
Ratio of Expenses to Average Net Assets (excluding waivers and reimbursements)	3.11%	4.17%	14.23%*
Ratio of Net Investment Income (Loss) to Average Net Assets	0.50%	0.21%	(0.36)%*
Portfolio Turnover Rate	433%	433%	225%**

† Total return is for the period indicated and has not been annualized. Total return would have been lower had certain fees not been waived and expenses assumed by the Adviser during the period. Returns shown do not reflect the deduction of taxes that a shareholder would pay on Fund distributions or the redemption of Fund shares. Total return excludes applicable sales charges.

†† Amount shown represents less than \$0.01.

* Annualized

** Not Annualized

⁽¹⁾ Commenced operations on June 1, 2007.

⁽²⁾ Per share data calculated using average shares method.

⁽³⁾ Certain distributions from net investment income, for the year ended January 31, 2009, for federal income tax purposes have been reclassified to distributions from realized gains for financial reporting purposes.

Amounts designated as “—” are \$0 or have been rounded to \$0.

The accompanying notes are an integral part of the financial statements.

NOTES TO FINANCIAL STATEMENTS**1. Organization:**

The Advisors' Inner Circle Fund II (the "Trust") is organized as a Massachusetts business trust under an Amended and Restated Agreement and Declaration of Trust dated July 24, 1992. The Trust is registered under the Investment Company Act of 1940, as amended, as an open-end management investment company with twenty-nine funds. The financial statements herein are those of the SmartGrowth® Lipper™ Optimal Conservative Index Fund, the SmartGrowth® Lipper™ Optimal Moderate Index Fund and the SmartGrowth® Lipper™ Optimal Growth Index Fund (each, a "Fund," and collectively, the "Funds"). The financial statements of the remaining funds are presented separately. The investment objective of the SmartGrowth® Lipper™ Optimal Conservative Index Fund is to track the performance of the Lipper™ Optimal Conservative Index. The investment objective of the SmartGrowth® Lipper™ Optimal Moderate Index Fund is to track the performance of the Lipper™ Optimal Moderate Index. The investment objective of the SmartGrowth® Lipper™ Optimal Growth Index Fund is to track the performance of the Lipper™ Optimal Growth Index. The Trust is registered to offer Class A Shares and Institutional Class Shares of all Funds. As of January 31, 2010, the Institutional Class Shares of the SmartGrowth Funds had not yet commenced operations. The assets of each fund of the Trust are segregated, and a shareholder's interest is limited to the fund of the Trust in which shares are held.

2. Significant Accounting Policies:

The following is a summary of the significant accounting policies followed by the Funds:

Use of Estimates — The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of increases and decreases in net assets from operations during the reporting period. Actual results could differ from those estimates.

Security Valuation — Securities listed on a securities exchange, market or automated quotation system for which quotations are readily available (except for securities traded on NASDAQ), including securities traded

over the counter, are valued at the last quoted sale price on the primary exchange or market (foreign or domestic) on which they are traded, or, if there is no such reported sale, at the most recent quoted bid price. For securities traded on NASDAQ, the NASDAQ Official Closing Price will be used. The prices for foreign securities are reported in local currency and converted to U.S. dollars using currency exchange rates. Prices for most securities held in the Funds are provided daily by recognized independent pricing agents. If a security price cannot be obtained from an independent, third-party pricing agent, the Funds seek to obtain a bid price from at least one independent broker.

Securities for which market prices are not “readily available” are valued in accordance with Fair Value Procedures established by the Funds’ Board of Trustees (the “Board”). The Funds’ Fair Value Procedures are implemented through a Fair Value Committee (the “Committee”) designated by the Board. Some of the more common reasons that may necessitate that a security be valued using Fair Value Procedures include: the security’s trading has been halted or suspended; the security has been de-listed from a national exchange; the security’s primary trading market is temporarily closed at a time when under normal conditions it would be open; the security has not been traded for an extended period of time; the security’s primary pricing source is not able or willing to provide a price; or trading of the security is subject to local government-imposed restrictions. When a security is valued in accordance with the Fair Value Procedures, the Committee will determine the value after taking into consideration relevant information reasonably available to the Committee. As of January 31, 2010, there were no fair valued securities.

In accordance with the authoritative guidance on fair value measurements and disclosure under U.S. generally accepted accounting principles, ASC 820 (formerly FASB Statement No. 157), the Funds disclose fair value of their investments in a hierarchy that prioritizes the inputs to valuation techniques used to measure the fair value. The objective of a fair value measurement is to determine the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price). Accordingly, the fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or abilities (Level 1) and

the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy under ASC 820 are described below:

- Level 1 — Unadjusted quoted prices in active markets for identical, unrestricted assets or liabilities that the Fund has the ability to access at the measurement date;
- Level 2 — Quoted prices which are not active, or inputs that are observable (either directly or indirectly) for substantially the full term of the asset or liability; and
- Level 3 — Prices, inputs or exotic modeling techniques which are both significant to the fair value measurement and unobservable (supported by little or no market activity).

Investments are classified within the level of the lowest significant input considered in determining fair value. Investments classified within Level 3 whose fair value measurement considers several inputs may include Level 1 or Level 2 inputs as components of the overall fair value measurement.

For the year ended January 31, 2010, there have been no significant changes to the Trust's fair valuation methodology.

As of January 31, 2010, all of the investments in each of the Funds' are Level 1. For details of investment classifications, reference each Fund's respective the Schedule of Investments.

Federal Income Taxes — It is each Fund's intention to continue to qualify as a regulated investment company for Federal income tax purposes by complying with the appropriate provisions of the Subchapter M of the Internal Revenue Code of 1986, as amended. Accordingly, no provisions for Federal income taxes have been made in the financial statements.

The Funds evaluate tax positions taken or expected to be taken in the course of preparing the Funds' tax returns to determine whether it is "more-likely-than-not" (i.e., greater than 50-percent) that each tax position will be sustained upon examination by a taxing authority based on the technical merits of the position. Tax positions not deemed to meet the more-likely-than-not threshold are recorded as a tax benefit or expense in the current year. The Funds did not record any tax provision in the current period. However, management's conclusions regarding tax positions taken may be subject to review and

adjustment at a later date based on factors including, but not limited to, examination by tax authorities (i.e., the last 3 tax year ends), on-going analysis of and changes to tax laws, regulations and interpretations thereof.

Security Transactions and Investment Income — Security transactions are accounted for on trade date. Costs used in determining realized gains and losses on the sales of investment securities are based on specific identifications. Dividend income is recognized on the ex-dividend date.

Expenses — Most expenses of the Trust can be directly attributed to a particular fund. Expenses that cannot be directly attributed to a fund are apportioned among the funds of the Trust based on the number of funds and/or relative net assets. In addition to the expenses reflected on the statements of operations, the Funds indirectly bear the investment advisory fees and other expenses of the exchange traded funds (ETFs) in which they invest. Because each of the ETFs has varied expense and fee levels, and the Funds may own different amounts of shares of these funds at different times, the amount of fees and expenses incurred indirectly will vary.

Dividends and Distributions to Shareholders — Dividends from net investment income, if any, are declared and paid annually by the Funds. Any net realized capital gains are distributed to shareholders at least annually. All distributions are recorded on ex-dividend date.

Redemption Fees — The Funds retain a redemption fee of 2.00% on redemptions of capital shares held for less than 7 days. Redemption Fees are included in capital share transactions on the Statement of Changes in Net Assets.

3. Transactions with Affiliates:

Certain officers and a trustee of the Trust are also officers of SEI Investments Global Funds Services (the “Administrator”), a wholly owned subsidiary of SEI Investments Company, and/or SEI Investments Distribution Co. (the “Distributor”). Such officers are paid no fees by the Trust for serving as officers of the Trust.

A portion of the services provided by the Chief Compliance Officer (“CCO”) and his staff, whom are employees of the Administrator, are paid for by the Trust as incurred. The services include regulatory oversight of the Trust’s advisers and service providers as required by SEC regulations. The CCO’s services have been approved by and are reviewed by the Board.

Payment by Affiliate — During the year ended January 31, 2009, the SmartGrowtlf® Lipper™ Optimal Growth Index Fund was reimbursed by the adviser for losses incurred of \$6,415 due to the purchase of shares in a specific company in excess of the amount permitted under applicable Securities and Exchange Commission rules. The reimbursement had no impact on the Fund's total return.

4. Administration, Distribution, Transfer Agent and Custodian Agreements:

The Funds and the Administrator are parties to an Administration Agreement under which the Administrator provides management and administrative services to the Funds at an annual rate of:

- 0.10% on the first \$500 million of the Funds' average daily net assets;
- 0.08% between \$500 million and \$2 billion of the Funds' average daily net assets; and
- 0.06% on the Fund's average daily net assets over \$2 billion.

The Funds are subject to a minimum annual administration fee of \$90,000 per fund.

The Trust and Distributor are parties to a Distribution Plan dated May 31, 2000, amended and restated on November 16, 2004. The Funds have adopted the Distribution Plan (the "Plan") for Class A Shares. Under the Plan, the Distributor, or third parties that enter into agreements with the Distributor, may receive up to 0.25% of the Funds' average net assets attributable to Class A Shares as compensation for distribution services.

Effective May 31, 2009, the Funds adopted a shareholder servicing plan that provides that the Funds may pay financial intermediaries for shareholder servicing services in an amount not to exceed 0.25% based on the average daily net assets of the Class A Share.

UMB Fund Services, Inc. serves as the transfer agent and dividend disbursing agent for the Funds under a transfer agency agreement with the Trust.

U.S. Bank, N.A. acts as custodian (the "Custodian") for the Funds. The Custodian plays no role in determining the investment policies of the Funds or which securities are to be purchased or sold by the Funds.

5. Investment Advisory Agreement:

Under the terms of an investment advisory agreement, Hennion & Walsh Asset Management, Inc. (the “Adviser”), provides investment advisory services to the Funds at a fee, which is calculated daily and paid monthly at an annual rate of 0.50% of each Fund’s average daily net assets. The Adviser has voluntarily agreed to waive a portion of its advisory fees and to assume expenses, if necessary, in order to keep the Funds’ total annual operating expenses from exceeding 1.50% of the Class A shares average daily net assets. The Adviser may discontinue the expense limitation at any time. In addition, if at any point during the first three years after the expense was incurred it becomes unnecessary for the Adviser to make expense limitation reimbursements, the Board may permit the Adviser to retain the difference between the “Total Annual Fund Operating Expenses” and 1.50% to recapture any of its prior fee reductions or expense reimbursements. At January 31, 2010, the amount the Adviser may seek reimbursement of previously waived fees and reimbursed expenses for the Funds was \$224,822, \$536,256, and \$771,488 for the SmartGrowth® Lipper™ Optimal Conservative Index Fund, the SmartGrowth® Lipper™ Optimal Moderate Index Fund and the SmartGrowth® Lipper™ Optimal Growth Index Fund, respectively.

The Adviser has entered into a licensing agreement with Lipper™ to obtain the right to offer shares of a registered investment company that pursues an investment program that seeks to track certain Lipper™ Indices and to obtain information and assistance from Lipper™ to facilitate the operations of the Funds. Fees payable to Lipper™ under this agreement are paid by the Adviser and not by the Funds.

6. Investment Transactions:

For the year ended January 31, 2010, the purchases and sales of investment securities other than long-term U.S. Government and short-term investments were:

	<u>Purchases</u>	<u>Sales</u>
SmartGrowth® Lipper™ Optimal Conservative Index Fund	\$ 4,911,085	\$ 4,155,723
SmartGrowth® Lipper™ Optimal Moderate Index Fund	51,147,596	47,137,082
SmartGrowth® Lipper™ Optimal Growth Index Fund	60,880,864	60,993,066

There were no purchases or sales of long-term U.S. Government securities.

7. Federal Tax Information:

The amount and character of income and capital gain distributions, if any, to be paid are determined in accordance with Federal income tax regulations, which may differ from U.S. generally accepted accounting principles. As a result, net investment income (loss) and net realized gain (loss) on investment transactions for a reporting period may differ significantly from distributions during such period. These book/tax differences may be temporary or permanent. To the extent these differences are permanent in nature, they are charged or credited to undistributed net investment income (loss), accumulated net realized gain (loss) or paid-in capital, as appropriate, in the period that the differences arise.

Each of the Funds has a tax year that ends on December 31. The following tax disclosure is representative as of December 31, 2009, except for the tax character of distributions and federal tax cost and aggregate tax gross unrealized appreciation and depreciation on investments. Permanent book and tax differences resulted in the following reclassifications. These differences are due to reclass of distributions and investments in partnerships and grantor trust securities. These reclassifications had no impact on the net assets or net asset value of the Funds.

	<u>Paid-in Capital</u>	<u>Undistributed Net Investment Income/(Loss)</u>	<u>Accumulated Net Realized Gain/(Loss)</u>
SmartGrowth® Lipper™ Optimal Conservative Index Fund	\$ —	\$ (7,600)	\$ 7,600
SmartGrowth® Lipper™ Optimal Moderate Index Fund	(15,540)	(95,872)	111,412
SmartGrowth® Lipper™ Optimal Growth Index Fund	(14,364)	(159,088)	173,452

The tax character of dividends and distributions paid during the last two fiscal years were as follows:

	<u>Ordinary Income</u>	<u>Long-Term Capital Gain</u>	<u>Return of Capital</u>	<u>Total</u>
SmartGrowth® Lipper™ Optimal Conservative Index Fund				
2010	\$ 7,022	\$ —	\$ —	\$ 7,022
2009	58,810	1,353	—	60,163

THE ADVISORS' INNER CIRCLE FUND II

SMARTGROWTH® FUNDS

	<u>Ordinary Income</u>	<u>Long-Term Capital Gain</u>	<u>Return of Capital</u>	<u>Total</u>
SmartGrowth® Lipper™ Optimal Moderate Index Fund				
2010	\$ 42,118	\$ —	\$149	\$ 42,267
2009	599,323	12,617	—	611,940
SmartGrowth® Lipper™ Optimal Growth Index Fund				
2010	\$ 255,723	\$ —	\$187	\$ 255,910
2009	1,891,106	29,185	—	1,920,291

As of December 31, 2009, the components of distributable earnings on a tax basis were as follows:

	<u>SmartGrowth® Lipper™ Optimal Conservative Index Fund</u>	<u>SmartGrowth® Lipper™ Optimal Moderate Index Fund</u>	<u>SmartGrowth® Lipper™ Optimal Growth Index Fund</u>
Undistributed Ordinary Income	\$ 1,344	\$ —	\$ —
Capital Loss			
Carryforwards	(135,102)	(1,256,222)	(5,509,041)
Post October Losses	(4,492)	(45,885)	(11,588)
Net Unrealized Appreciation	22,409	442,288	724,111
Other Temporary Differences	—	—	—
Total Distributable Earnings	<u>\$(115,841)</u>	<u>\$ (859,819)</u>	<u>\$(4,796,518)</u>

Post-October losses represent losses realized on investment transactions from November 1, 2009 through December 31, 2009 that, in accordance with Federal income tax regulations, the Funds may differ and treat as having arisen in the following fiscal year.

For Federal income tax purposes, capital loss carryforwards represent realized losses of the Funds that may be carried forward for a maximum period of eight years and applied against future capital gains. As of December 31, 2009, the Funds had the following capital loss carryforwards:

THE ADVISORS' INNER CIRCLE FUND II

SMARTGROWTH® FUNDS

	<u>Years Expiring</u>	<u>Amounts</u>
SmartGrowth® Lipper™ Optimal Conservative Index Fund	2017	\$ 101,131
	2016	33,971
		<u>\$ 135,102</u>
SmartGrowth® Lipper™ Optimal Moderate Index Fund	2017	\$ 987,076
	2016	269,146
		<u>\$1,256,222</u>
SmartGrowth® Lipper™ Optimal Growth Index Fund	2017	\$2,645,698
	2016	2,863,343
		<u>\$5,509,041</u>

The Federal tax cost and aggregate gross unrealized appreciation and depreciation on investments held by the Funds at January 31, 2010 were as follows:

<u>SmartGrowth® Funds</u>	<u>Federal Tax Cost</u>	<u>Appreciated Securities</u>	<u>Depreciated Securities</u>	<u>Net Unrealized Depreciation</u>
SmartGrowth® Lipper™ Optimal Conservative Index Fund	\$ 1,335,491	\$ 28,732	\$ (53,202)	\$ (24,470)
SmartGrowth® Lipper™ Optimal Moderate Index Fund	10,115,416	215,475	(389,570)	(174,095)
SmartGrowth® Lipper™ Optimal Growth Index Fund	13,059,865	267,744	(516,184)	(248,440)

8. Other:

At January 31, 2010, the percentage of total shares outstanding held by shareholders for the SmartGrowth® Lipper™ Optimal Conservative Index Fund, the SmartGrowth® Lipper™ Optimal Moderate Index Fund and the SmartGrowth®

Lipper™ Optimal Growth Index Fund, which were comprised of omnibus accounts that were held on behalf of several individual shareholders, was as follows:

	<u>No. of Shareholders</u>	<u>% Ownership</u>
SmartGrowth® Lipper™ Optimal Moderate Index Fund	2	28%

In the normal course of business, the Funds enter into contracts that provide general indemnifications. The Funds' maximum exposure under these arrangements is dependent on future claims that may be made against the Funds and, therefore, cannot be established; however, based on the Trust's experience, the risk of loss from such claim is considered remote.

9. New Accounting Pronouncement

In January 2010, The FASB issued Accounting Standards Update (ASU) No. 2010-6, Fair Value Measurements and Disclosures (Topic 820): Improving Disclosures about Fair Value Measurements. ASU No. 2010-6 enhances and clarifies existing fair value measurement disclosure requirements and is effective for interim and annual periods beginning after December 15, 2009. The Fund is currently evaluating the impact, if any, of applying the provisions of ASU No. 2010-6.

10. Subsequent Event:

The Funds have evaluated the need for disclosures and/or adjustments resulting from subsequent events through the date the financial statements were available to be issued.

**THE ADVISORS' INNER CIRCLE FUND II SMARTGROWTH® FUNDS
JANUARY 31, 2010**

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and Board of Trustees
SmartGrowth Funds of The Advisors' Inner Circle Fund II

We have audited the accompanying statements of assets and liabilities, including the schedules of investments, of the SmartGrowth Lipper Optimal Conservative Index Fund, SmartGrowth Lipper Optimal Moderate Index Fund, and SmartGrowth Lipper Optimal Growth Index Fund (three of the series constituting The Advisors' Inner Circle Fund II (the "Trust")), as of January 31, 2010, and the related statements of operations for the year then ended, the statements of changes in net assets for each of the two years in the period then ended, and the financial highlights for each of the two years in the period then ended and the period June 1, 2007 (commencement of operations) through January 31, 2008. These financial statements and financial highlights are the responsibility of the Trust's management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. We were not engaged to perform an audit of the Trust's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements and financial highlights, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our procedures included confirmation of securities owned as of January 31, 2010, by correspondence with the custodian and brokers. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of the SmartGrowth Lipper Optimal Conservative Index Fund, SmartGrowth Lipper Optimal Moderate Index Fund, and SmartGrowth Lipper Optimal Growth Index Fund of The Advisors' Inner Circle Fund II at January 31, 2010, the results of their operations for the year then ended, the changes in their net assets for each of the two years in the period then ended, and their financial highlights for each of the two years in the period then ended and the period June 1, 2007 (commencement of operations) through January 31, 2008, in conformity with U.S. generally accepted accounting principles.

Ernst & Young LLP

Philadelphia, Pennsylvania
March 29, 2010

TRUSTEES AND OFFICERS OF THE ADVISORS' INNER CIRCLE FUND II (Unaudited)

Set forth below are the names, age, position with the Trust, length of term of office, and the principal occupations for the last five years of each of the persons currently serving as Trustees and Officers of the Trust. Trustees who are deemed not to be "interested persons" of the Trust are referred to as "Independent Board Members." Messrs. Nesher and Doran are Trustees who may be deemed to be

Name, Address, Age ¹	Position(s) Held with the Trust	Term of Office and Length of Time Served ²
INTERESTED BOARD MEMBERS		
ROBERT A. NESHER 63 yrs. old	Chairman of the Board of Trustees	(Since 1991)

¹ Unless otherwise noted, the business address of each Trustee is SEI Investments Company, 1 Freedom Valley Drive, Oaks, Pennsylvania 19456.

² Each Trustee shall hold office during the lifetime of this Trust until the election and qualification of his or her successor, or until he or she sooner dies, resigns or is removed in accordance with the Trust's Declaration of Trust.

THE ADVISORS' INNER CIRCLE FUND II

SMARTGROWTH® FUNDS

“interested” persons of the Trust as that term is defined in the 1940 Act by virtue of their affiliation with the Trust’s Distributor. The Trust’s Statement of Additional Information (“SAI”) includes additional information about the Trustees and Officers. The SAI may be obtained without charge by calling 1-888-465-5722. The following chart lists Trustees and Officers as of January 31, 2010.

Principal Occupation(s) During Past 5 Years	Number of Funds in The Advisors’ Inner Circle Fund II Overseen by Board Member	Other Directorships Held by Board Member ³
Currently performs various services on behalf of SEI Investments for which Mr. Nesher is compensated.	29	Trustee of The Advisors’ Inner Circle Fund, Bishop Street Funds, SEI Asset Allocation Trust, SEI Daily Income Trust, SEI Institutional International Trust, SEI Institutional Investments Trust, SEI Institutional Managed Trust, SEI Liquid Asset Trust, SEI Tax Exempt Trust, and SEI Alpha Strategy Portfolios, L.P., Director of SEI Global Master Fund, plc, SEI Global Assets Fund, plc, SEI Global Investments Fund, plc, SEI Investments Global, Limited, SEI Investments — Global Fund Services, Limited, SEI Investments (Europe), Limited, SEI Investments — Unit Trust Management (UK), Limited, SEI Global Nominee Ltd., SEI Opportunity Fund, L.P., SEI Structured Credit Fund, L.P., SEI Multi-Strategy Funds plc and SEI Islamic Investments Fund plc.

³ Directorships of companies required to report to the Securities and Exchange Commission under the Securities Exchange Act of 1934 (i.e., “public companies”) or other investment companies registered under the 1940 Act.

TRUSTEES AND OFFICERS OF THE ADVISORS' INNER CIRCLE FUND II *(Unaudited)*

Name, Address, Age ¹	Position(s) Held with the Trust	Term of Office and Length of Time Served ²
INTERESTED		
BOARD MEMBERS <i>(continued)</i>		
WILLIAM M. DORAN 1701 Market Street, Philadelphia, PA 19103 69 yrs. old	Trustee	(Since 1992)

**INDEPENDENT
BOARD MEMBERS**

JAMES M. STOREY 78 yrs. old	Trustee	(Since 1994)
---------------------------------------	---------	--------------

¹ Unless otherwise noted, the business address of each Trustee is SEI Investments Company, 1 Freedom Valley Drive, Oaks, Pennsylvania 19456.

² Each Trustee shall hold office during the lifetime of this Trust until the election and qualification of his or her successor, or until he or she sooner dies, resigns or is removed in accordance with the Trust's Declaration of Trust.

THE ADVISORS' INNER CIRCLE FUND II

SMARTGROWTH® FUNDS

Principal Occupation(s) During Past 5 Years	Number of Funds in The Advisors' Inner Circle Fund II Overseen by Board Member	Other Directorships Held by Board Member ³
Self-employed Consultant since 2003 Partner, Morgan, Lewis & Bockius LLP (law firm) from 1976-2003, counsel to the Trust, SEI, SIMC, the Administrator and the Distributor. Director of SEI Investments since 1974; Secretary of SEI Investments since 1978.	29	Trustee of The Advisors' Inner Circle Fund, Bishop Street Funds, SEI Asset Allocation Trust, SEI Daily Income Trust, SEI Institutional International Trust, SEI Institutional Investments Trust, SEI Institutional Managed Trust, SEI Liquid Asset Trust, SEI Tax Exempt Trust, and SEI Alpha Strategy Portfolios, L.P., Director of SEI since 1974. Director of the Distributor since 2003. Director of SEI Investments — Global Fund Services, Limited, SEI Investments Global, Limited, SEI Investments (Europe), Limited, SEI Investments (Asia), Limited and SEI Asset Korea Co., Ltd., SEI Global Nominee Limited and SEI Investments — Unit Trust Management (UK) Limited.
Attorney, solo Practitioner since 1994. Partner, Dechert, Price & Rhoads, (law firm) September 1987- December 1993.	29	Trustee of The Advisors' Inner Circle Fund, Bishop Street Funds, and U.S. Charitable Gift Trust, SEI Asset Allocation Trust, SEI Daily Income Trust, SEI Institutional International Trust, SEI Institutional Investments Trust, SEI Institutional Managed Trust, SEI Liquid Asset Trust, SEI Tax Exempt Trust, and SEI Alpha Strategy Portfolios, L.P.

³ Directorships of companies required to report to the Securities and Exchange Commission under the Securities Exchange Act of 1934 (i.e., "public companies") or other investment companies registered under the 1940 Act.

TRUSTEES AND OFFICERS OF THE ADVISORS' INNER CIRCLE FUND II (Unaudited)

Name, Address, Age ¹	Position(s) Held with the Trust	Term of Office and Length of Time Served ²
INDEPENDENT BOARD MEMBERS (continued)		
GEORGE J. SULLIVAN, JR. 67 yrs. old	Trustee	(Since 1999)
BETTY L. KRIKORIAN 67 yrs. old	Trustee	(Since 2005)
CHARLES E. CARLBOM 75 yrs. old	Trustee	(Since 2005)
MITCHELL A. JOHNSON 67 yrs. old	Trustee	(Since 2005)

¹ Unless otherwise noted, the business address of each Trustee is SEI Investments Company, 1 Freedom Valley Drive, Oaks, Pennsylvania 19456.

² Each Trustee shall hold office during the lifetime of this Trust until the election and qualification of his or her successor, or until he or she sooner dies, resigns or is removed in accordance with the Trust's Declaration of Trust.

THE ADVISORS' INNER CIRCLE FUND II

SMARTGROWTH® FUNDS

Principal Occupation(s) During Past 5 Years	Number of Funds in The Advisors' Inner Circle Fund II Overseen by Board Member	Other Directorships Held by Board Member ³
Self-Employed Consultant, Newfound Consultants, Inc. since April 1997.	29	Trustee of The Advisors' Inner Circle Fund, Bishop Street Funds, State Street Navigator Securities Lending Trust, SEI Asset Allocation Trust, SEI Daily Income Trust, SEI Institutional International Trust, SEI Institutional Investments Trust, SEI Institutional Managed Trust, SEI Liquid Asset Trust, SEI Tax Exempt Trust, and SEI Alpha Strategy Portfolios, L.P., Director of SEI Opportunity Fund, L.P., and SEI Structured Credit Fund, L.P., member of the independent review committee for SEI's Canadian-registered mutual funds.
Vice President Compliance, AARP Financial, Inc. since 2008. Self-Employed Legal and Financial Services Consultant since 2003. Counsel to State Street Bank Global Securities and Cash Operations from 1995 to 2003.	29	Trustee of The Advisors' Inner Circle Fund and Bishop Street Funds.
Self-Employed Business Consultant, Business Project Inc. since 1997. CEO and President, United Grocers Inc. from 1997 to 2000.	29	Director, Oregon Transfer Co. and Trustee of The Advisors' Inner Circle Fund, Bishop Street Funds
Retired.	29	Director, Federal Agricultural Mortgage Corporation. Trustee of The Advisors' Inner Circle Fund, Bishop Street Funds, SEI Asset Allocation Trust, SEI Daily Income Trust, SEI Institutional International Trust, SEI Institutional Investments Trust, SEI Institutional Management Trust, SEI Liquid Asset Trust, SEI Tax Exempt Trust and SEI Alpha Strategy Portfolios, L.P.

³ Directorships of companies required to report to the Securities and Exchange Commission under the Securities Exchange Act of 1934 (i.e., "public companies") or other investment companies registered under the 1940 Act.

TRUSTEES AND OFFICERS OF THE ADVISORS' INNER CIRCLE FUND II *(Unaudited)*

Name, Address, Age ¹	Position(s) Held with the Trust	Term of Office and Length of Time Served ²
INDEPENDENT BOARD MEMBERS (continued)		
JOHN K. DARR 65 yrs. old	Trustee	(Since 2008)
OFFICERS		
PHILIP T. MASTERSON 45 yrs. old	President	(Since 2008)
MICHAEL LAWSON 49 yrs. old	Treasurer, Controller and Chief Financial Officer	(Since 2005)
RUSSELL EMERY 47 yrs. old	Chief Compliance Officer	(Since 2006)

¹ The business address of each officer is SEI Investments Company, 1 Freedom Valley Drive, Oaks, Pennsylvania 19456.

² Each Trustee shall hold office during the lifetime of this Trust until the election and qualification of his or her successor, or until he or she sooner dies, resigns or is removed in accordance with the Trust's Declaration of Trust.

THE ADVISORS' INNER CIRCLE FUND II

SMARTGROWTH® FUNDS

Principal Occupation(s) During Past 5 Years	Number of Funds in The Advisors' Inner Circle Fund II Overseen by Board Member	Other Directorships Held by Board Member/Officer ³
CEO, Office of Finance, FHL Banks from 1992 to 2007.	29	Director of Federal Home Loan Bank of Pittsburgh and Manna, Inc. and Trustee of The Advisors' Inner Circle Fund and Bishop Street Funds.
Managing Director of SEI Investments since 2006, Vice President and Assistant Secretary of the Administrator from 2004 to 2006. General Counsel of Citco Mutual Fund Services from 2003 to 2004. Vice President and Associate Counsel for the Oppenheimer Funds from 2001 to 2003.	N/A	N/A
Director, SEI Investments, Fund Accounting since July 2005. Manager, SEI Investments AVP from April 1995 to February 1998 and November 1998 to July 2005.	N/A	N/A
Chief Compliance Officer of The Advisors' Inner Circle Fund, The Advisors' Inner Circle Fund II, the Bishop Street Funds, SEI Structured Credit Fund, LP and SEI Alpha Strategy Portfolios, LP since June 2007. Chief Compliance Officer of SEI Opportunity Fund, LP, SEI Institutional Managed Trust, SEI Asset Allocation Trust, SEI Institutional International Trust, SEI Institutional Investments Trust, SEI Daily Income Trust, SEI Liquid Asset Trust, and SEI Tax Exempt Trust Since March 2006. Director of Investment Product Management and Development, SEI Investments from February 2003 to March 2006. Senior Investment Analyst, Equity Team, SEI Investments from March 2000 to February 2003.	N/A	N/A

³ Directorships of companies required to report to the Securities and Exchange Commission under the Securities Exchange Act of 1934 (i.e., "public companies") or other investment companies registered under the 1940 Act.

TRUSTEES AND OFFICERS OF THE ADVISORS' INNER CIRCLE FUND II *(Unaudited)*

Name, Address, Age ¹	Position(s) Held with the Trust	Term of Office and Length of Time Served
OFFICERS (continued)		
JOSEPH GALLO 36 yrs. old	Vice President and Secretary	(Since 2007)
CAROLYN E. MEAD 52 yrs. old	Vice President and Assistant Secretary	(Since 2007)
JAMES NDIAYE 41 yrs. old	Vice President and Assistant Secretary	(Since 2004)
TIMOTHY D. BARTO 41 yrs. old	Vice President and Assistant Secretary	(Since 2000)
MICHAEL BEATTIE 44 yrs. old	Vice President	(Since 2008)
ANDREW S. DECKER 46 yrs. old	AML Officer	(Since 2008)

¹ The business address of each officer is SEI Investments Company, 1 Freedom Valley Drive, Oaks, Pennsylvania 19456.

THE ADVISORS' INNER CIRCLE FUND II

SMARTGROWTH® FUNDS

Principal Occupation(s) During Past 5 Years	Number of Funds in The Advisors' Inner Circle Fund II Overseen by Board Member	Other Directorships Held by Officer
Corporate Counsel of SEI since 2007; Associate Counsel, ICMA Retirement Corporation, 2004-2007; Federal Investigator, U.S. Department of Labor, 2002-2004; U.S. Securities and Exchange Commission — Department of Investment Management, 2003.	N/A	N/A
Corporate Counsel of SEI since 2007; Associate, Stradley, Ronon, Stevens & Young, 2004-2007; Counsel ING Variable Annuities, 1999-2002.	N/A	N/A
Employed by SEI Investments Company since 2004. Vice President, Deutsche Asset Management from 2003-2004. Associate, Morgan, Lewis & Bockius LLP from 2000-2003. Counsel, Assistant Vice President, ING Variable Annuities Group from 1999-2000.	N/A	N/A
General Counsel, Vice President and Assistant Secretary of SEI Investments Global Funds Services since 1999; Associate, Dechert Price & Rhoads (law firm) from 1997-1999; Associate, Richter, Miller & Finn (law firm) from 1994-1997.	N/A	N/A
Director of Client Services at SEI since 2004.	N/A	N/A
Compliance Officer and Product Manager, SEI, 2005-2008. Vice President, Old Mutual Capital, 2000-2005. Operations Director, Prudential Investments, 1998-2000.	N/A	N/A

DISCLOSURE OF FUND EXPENSES *(Unaudited)*

We believe it is important for you to understand the impact of fees regarding your investment. All mutual funds have operating expenses. As a shareholder of a mutual fund, you incur ongoing costs, which include costs for fund management, administrative services, and shareholder reports (like this one), among others. Operating expenses, which are deducted from a mutual fund's gross income, directly reduce the investment return of a mutual fund. A mutual fund's expenses are expressed as a percentage of its average net assets. This figure is known as the expense ratio. The following examples are intended to help you understand the ongoing fees (in dollars) of investing in your Fund and to compare these costs with those of other mutual funds. The examples are based on an investment of \$1,000 made at the beginning of the period shown and held for the entire period.

The table on the next page illustrates your Fund's costs in two ways.

- **Actual Portfolio Return.** This section helps you to estimate the actual expenses after fee waivers that you paid over the period. The "Ending Account Value" shown is derived from the Fund's actual return, and the fourth column shows the dollar amount that would have been paid by an investor who started with \$1,000 in the Fund. You may use the information here, together with the amount you invested, to estimate the expenses that you paid over the period.

To do so, simply divide your account value by \$1,000 (for example, an \$8,600 account value divided by \$1,000 = 8.6), then multiply the result by the number given for your Fund under the heading "Expenses Paid During Period."

- **Hypothetical 5% Return.** This section is intended to help you compare your Fund's costs with those of other mutual funds. It assumes that the Fund had a return of 5% before expenses during the period, but that the expense ratio is unchanged. In this case, because the return used is not the Fund's actual return, the results do not apply to your investment. The example is useful in making comparisons because the Securities and Exchange Commission requires all mutual funds to calculate expenses based on a 5% return. You can assess your Fund's costs by comparing this hypothetical example with the hypothetical examples that appear in shareholder reports of other mutual funds.

DISCLOSURE OF FUND EXPENSES *(Unaudited)*

Please note that the expenses shown in the table are meant to highlight and help you compare ongoing costs only and do not reflect any transactional costs such as sales charges (loads) and redemption fees, which are described in the Prospectus. If this fee were applied to your account, your costs would be higher.

Note: Because the hypothetical return is set at 5% for comparison purposes — NOT your Fund's actual return — the account values shown may not apply to your specific investment.

	Beginning Account Value 08/01/09	Ending Account Value 01/31/10	Annualized Expense Ratios	Expense Paid During Period ⁽¹⁾
<i>SmartGrowth® Lipper™ Optimal Conservative Index Fund</i>				
Actual Fund Return				
Class A Shares	\$1,000.00	\$1,009.30	1.50%	\$7.60
Hypothetical 5% Return				
Class A Shares	1,000.00	1,017.64	1.50	7.63
<i>SmartGrowth® Lipper™ Optimal Moderate Index Fund</i>				
Actual Fund Return				
Class A Shares	\$1,000.00	\$1,023.30	1.50%	\$7.65
Hypothetical 5% Return				
Class A Shares	1,000.00	1,017.64	1.50	7.63
<i>SmartGrowth® Lipper™ Optimal Growth Index Fund</i>				
Actual Fund Return				
Class A Shares	\$1,000.00	\$1,045.60	1.50%	\$7.73
Hypothetical 5% Return				
Class A Shares	1,000.00	1,017.64	1.50	7.63

⁽¹⁾ Expenses are equal to the Fund's annualized expense ratio multiplied by the average account value over the period, multiplied by 184/365 (to reflect the one-half year period).

SmartGrowth® Funds
P.O. Box 2085
Milwaukee, WI 53201-2085
1-888-465-5722

Investment Adviser:
Hennion & Walsh Asset Management, Inc.
2001 Route 46, Waterview Plaza
Parsippany, NJ 07054

Distributor:
SEI Investments Distribution Co.
One Freedom Valley Drive
Oaks, PA 19456

Administrator:
SEI Investments Global Funds Services
One Freedom Valley Drive
Oaks, PA 19456

Legal Counsel:
Morgan, Lewis & Bockius LLP
1111 Pennsylvania Ave., N.W.
Washington, DC 20004

Independent Registered Public Accounting Firm:
Ernst & Young, LLP
Two Commerce Square
2001 Market Street, Suite 4000
Philadelphia, PA 19103

This information must be preceded or accompanied by a current prospectus for the Funds described.

HWM-AR-001-0300