

A vintage-style background featuring a detailed map of the world, including the Southern Hemisphere with labels like 'MARE AUSTRALE' and 'TERRA VITA'. A large, ornate compass rose is visible in the lower right, and a portion of a navigational instrument, possibly a sextant or similar, is shown in the upper left. The overall color palette is warm, with shades of gold, brown, and sepia.

BISHOP STREET FUNDS®

SEMI-ANNUAL FINANCIALS AND OTHER INFORMATION

JUNE 30, 2024

HAWAII MUNICIPAL BOND FUND

INVESTMENT ADVISER

**BISHOP STREET CAPITAL
MANAGEMENT**

The logo for Bishop Street Funds, consisting of the words 'BISHOP STREET FUNDS' in a white, serif font, stacked vertically within a black square. The square is partially framed by a gold-colored L-shaped graphic element on the right and top edges.

**BISHOP
STREET
FUNDS**

The Fund files its complete schedule of Fund holdings for the first and third quarters of each fiscal year or as an exhibit to its reports on Form N-PORT. The Fund's Form N-PORT is available on the Fund's website at <http://www.bishopstreetfunds.com>.

A description of the policies and procedures that Impact Shares, Corp. uses to determine how to vote proxies relating to Fund securities, as well as information relating to how a Fund voted proxies relating to Fund securities during the most recent 12-month period ended June 30, is available (i) without charge, upon request, by calling 1-800-262-9565; and (ii) on the Fund's website at https://www.bishopstreetfunds.com/assets/pdfs/proxy_voting.pdf.

BISHOP STREET

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Hawaii Municipal Bond Fund

Schedule of Investments

Face Amount <u>(000)</u>		Value <u>(000)</u>
<i>MUNICIPAL BONDS — 98.1%</i>		
<i>Hawaii — 98.0%</i>		
	Hawaii County, GO	
\$ 525	5.000%, 09/01/40	\$ 587
1,060	4.000%, 09/01/42	1,059
	Hawaii County, Ser A, GO	
825	5.000%, 09/01/30	847
675	5.000%, 09/01/32	693
940	5.000%, 09/01/33	978
100	5.000%, 09/01/35	108
345	5.000%, 09/01/36	357
1,500	4.000%, 09/01/35	1,509
130	4.000%, 09/01/36	134
1,500	4.000%, 09/01/40	1,505
	Hawaii County, Ser B, GO	
145	4.000%, 09/01/26	147
	Hawaii County, Ser C, GO	
125	5.000%, 09/01/27	129
	Hawaii County, Ser D, GO	
800	4.000%, 09/01/31	813
	Hawaii State, Airports System Authority, Ser A, RB, AMT	
390	5.000%, 07/01/31	405
1,000	5.000%, 07/01/36	1,084
2,040	5.000%, 07/01/41	2,050
1,735	5.000%, 07/01/43	1,777
7,335	5.000%, 07/01/45	7,357
2,600	5.000%, 07/01/48	2,645
1,500	5.000%, 07/01/51	1,554
2,800	4.000%, 07/01/39	2,757
	Hawaii State, Airports System Authority, Ser B, RB, AMT	
400	5.000%, 07/01/24	400
	Hawaii State, Airports System Authority, Ser D, RB	
100	5.000%, 07/01/28	107
1,025	5.000%, 07/01/29	1,113
475	5.000%, 07/01/33	523
325	5.000%, 07/01/34	358
1,000	4.000%, 07/01/37	1,028
260	4.000%, 07/01/39	263

Schedule of Investments

Face Amount <u>(000)</u>		<u>Value (000)</u>
<i>Hawaii – (continued)</i>		
	Hawaii State, Department of Budget & Finance, RB	
\$	1,040 5.000%, 07/01/27	\$ 1,085
	2,700 5.000%, 07/01/28	2,854
	1,960 5.000%, 07/01/29	2,103
	500 5.000%, 07/01/31	548
	1,920 5.000%, 07/01/34	2,157
	5,000 5.000%, 07/01/35	5,059
	275 4.000%, 01/01/25	274
	140 4.000%, 01/01/26	139
	665 4.000%, 01/01/27	663
	350 4.000%, 01/01/28	349
	250 4.000%, 01/01/31	248
	270 4.000%, 01/01/32	268
	1,200 4.000%, 07/01/43	1,190
	435 3.000%, 01/01/34	391
	600 3.000%, 01/01/35	533
	585 3.000%, 01/01/36	512
	Hawaii State, Department of Budget & Finance, Ser A, RB	
	75 5.000%, 07/01/29	76
	515 5.000%, 07/01/30	521
	185 5.000%, 07/01/35	187
	1,805 4.000%, 07/01/40	1,757
	Hawaii State, Department of Hawaiian Home Lands, Kapolie Office Facilities, Ser A, COP	
	150 5.000%, 11/01/24	151
	530 5.000%, 11/01/26	550
	Hawaii State, Department of Hawaiian Home Lands, Kapolie Office Facilities, Ser A, RB	
	35 5.000%, 11/01/25	36
	680 5.000%, 11/01/29	715
	500 5.000%, 11/01/30	526
	350 5.000%, 11/01/31	367
	Hawaii State, Department of Hawaiian Home Lands, RB	
	935 5.000%, 04/01/25	945
	75 5.000%, 04/01/26	77
	630 5.000%, 04/01/27	659
	320 5.000%, 04/01/29	332
	715 5.000%, 04/01/30	741

Hawaii Municipal Bond Fund

Schedule of Investments

Face Amount <u>(000)</u>		<u>Value (000)</u>
<i>Hawaii – (continued)</i>		
\$ 960	5.000%, 04/01/31	\$ 993
800	5.000%, 04/01/32	826
30	3.000%, 04/01/32	29
	Hawaii State, Department of Transportation, Airports System, COP, AMT	
510	5.250%, 08/01/25	511
1,055	5.000%, 08/01/27	1,056
2,075	5.000%, 08/01/28	2,076
	Hawaii State, Department of Transportation, RB, AMT	
1,420	5.250%, 08/01/24	1,422
2,570	5.250%, 08/01/26	2,577
	Hawaii State, Harbor System Revenue, Ser A, RB, AMT	
755	5.000%, 07/01/24	755
750	5.000%, 07/01/26	768
520	4.000%, 07/01/36	521
	Hawaii State, Harbor System Revenue, Ser C, RB	
1,260	4.000%, 07/01/32	1,304
1,000	4.000%, 07/01/37	1,017
85	4.000%, 07/01/38	86
2,160	4.000%, 07/01/39	2,180
3,405	4.000%, 07/01/40	3,419
	Hawaii State, Highway Revenue, RB	
40	5.000%, 01/01/35	44
1,265	5.000%, 01/01/37	1,399
30	5.000%, 01/01/38	33
380	5.000%, 01/01/40	415
1,265	5.000%, 01/01/41	1,375
	Hawaii State, Highway Revenue, Ser A, RB	
610	5.000%, 01/01/30	658
1,045	5.000%, 01/01/33	1,046
460	5.000%, 01/01/36	496
720	4.000%, 01/01/32	723
1,250	4.000%, 01/01/34	1,255
1,360	4.000%, 01/01/35	1,365
330	4.000%, 01/01/36	331
	Hawaii State, Housing Finance & Development, Ser A, RB, FHLMC Insured	
80	3.300%, 01/01/26	79

Schedule of Investments

Face Amount <u>(000)</u>		<u>Value (000)</u>
<i>Hawaii – (continued)</i>		
	Hawaii State, Housing Finance & Development, Ser A, RB	
\$ 3,000	4.950%, 04/01/29	\$ 3,066
1,780	4.750%, 10/01/27	1,803
4,560	4.000%, 09/01/33	4,562
4,035	3.750%, 01/01/31	4,035
	Hawaii State, Ser EO, GO	
610	5.000%, 08/01/24, Pre-Refunded @ 100(A)	611
1,605	5.000%, 08/01/30	1,607
	Hawaii State, Ser EP, GO	
65	5.000%, 08/01/24, Pre-Refunded @ 100(A)	65
	Hawaii State, Ser ET, GO	
735	5.000%, 10/01/25, Pre-Refunded @ 100(A)	750
1,000	4.000%, 10/01/26	1,006
	Hawaii State, Ser FB, GO	
50	4.000%, 04/01/29	50
	Hawaii State, Ser FG, GO	
150	5.000%, 10/01/27	156
125	5.000%, 10/01/28	130
715	5.000%, 10/01/30	739
375	5.000%, 10/01/31	388
	Hawaii State, Ser FH, GO	
125	5.000%, 10/01/27	130
270	4.000%, 10/01/31	270
	Hawaii State, Ser FK, GO	
1,525	5.000%, 05/01/29	1,598
525	5.000%, 05/01/34	548
1,100	4.000%, 05/01/36	1,108
	Hawaii State, Ser FN-REF, GO	
1,100	5.000%, 10/01/29	1,158
915	5.000%, 10/01/30	963
	Hawaii State, Ser FT, GO	
215	5.000%, 01/01/30	228
1,215	5.000%, 01/01/31	1,285
400	5.000%, 01/01/36	423
	Hawaii State, Ser FW, GO	
620	5.000%, 01/01/33	669
2,040	5.000%, 01/01/37	2,203
2,045	5.000%, 01/01/39	2,190

Hawaii Municipal Bond Fund

Schedule of Investments

Face Amount <u>(000)</u>		Value <u>(000)</u>
<i>Hawaii – (continued)</i>		
\$ 650	4.000%, 01/01/37 Honolulu Hawaii City & County, Board of Water Supply, RB	\$ 660
215	5.000%, 07/01/34	248
140	5.000%, 07/01/36	161
400	5.000%, 07/01/42 Honolulu Hawaii City & County, Board of Water Supply, Ser A, RB	443
100	5.000%, 07/01/24	100
25	5.000%, 07/01/24, Pre-Refunded @ 100(A)	25
100	5.000%, 07/01/27	105
900	5.000%, 07/01/28	965
1,470	5.000%, 07/01/29	1,604
100	5.000%, 07/01/30	111
400	5.000%, 07/01/34	455
600	5.000%, 07/01/43	667
400	4.000%, 07/01/36	411
1,000	4.000%, 07/01/38	1,026
1,000	4.000%, 07/01/40	1,020
1,000	4.000%, 07/01/44	1,001
2,075	4.000%, 07/01/46 Honolulu Hawaii City & County, GO	2,045
265	4.000%, 09/01/33	271
200	4.000%, 09/01/43	200
1,085	3.250%, 07/01/35	1,061
785	3.000%, 07/01/33	744
1,330	3.000%, 07/01/34	1,252
3,165	Honolulu Hawaii City & County, RB, HUD SECT 8 Insured 5.000%, 06/01/27(B)	3,228
	Honolulu Hawaii City & County, Ser A, GO	
555	5.000%, 10/01/29	565
800	5.000%, 10/01/31	814
1,010	5.000%, 09/01/32	1,057
1,440	5.000%, 10/01/32	1,464
1,280	5.000%, 09/01/33	1,340
580	5.000%, 09/01/35	605
275	5.000%, 10/01/36	279
1,970	5.000%, 10/01/37	1,995
1,390	5.000%, 09/01/38	1,476

Schedule of Investments

Face Amount <u>(000)</u>		<u>Value (000)</u>
<i>Hawaii – (continued)</i>		
\$ 1,100	5.000%, 09/01/42	\$ 1,153
1,015	4.000%, 07/01/33	1,057
785	4.000%, 07/01/34	816
1,220	4.000%, 09/01/37	1,225
1,035	4.000%, 07/01/41	1,046
	Honolulu Hawaii City & County, Ser B, GO	
85	5.250%, 07/01/45	94
650	5.000%, 07/01/37	734
	Honolulu Hawaii City & County, Ser C, GO	
890	5.000%, 08/01/34	970
1,060	5.000%, 07/01/38	1,155
2,400	5.000%, 08/01/44	2,529
620	5.000%, 07/01/45	657
1,000	4.000%, 10/01/32	1,011
2,140	4.000%, 10/01/33	2,161
1,355	4.000%, 08/01/39	1,369
585	4.000%, 07/01/40	590
170	3.000%, 10/01/28	166
	Honolulu Hawaii City & County, Ser F, GO	
625	5.000%, 07/01/33	691
	Honolulu Hawaii City & County, Wastewater System Revenue, RB	
1,000	5.000%, 07/01/25, Pre-Refunded @ 100(A)	1,017
1,000	5.000%, 07/01/32	1,086
175	5.000%, 07/01/33	190
610	5.000%, 07/01/34	698
2,100	4.000%, 07/01/39	2,126
	Honolulu Hawaii City & County, Wastewater System Revenue, Ser A, RB	
385	5.000%, 07/01/31	397
500	5.000%, 07/01/34	568
1,545	5.000%, 07/01/36	1,590
90	5.000%, 07/01/47	98
2,750	5.000%, 07/01/49	2,886
1,965	4.000%, 07/01/37	1,999
3,000	4.000%, 07/01/38	3,029
920	4.000%, 07/01/39	930
1,000	4.000%, 07/01/44	1,000

Hawaii Municipal Bond Fund

Schedule of Investments

Face Amount <u>(000)</u>		<u>Value (000)</u>
<i>Hawaii – (continued)</i>		
\$ 2,990	4.000%, 07/01/49 Honolulu Hawaii City & County, Wastewater System Revenue, Ser B, RB	\$ 2,911
240	5.000%, 07/01/35	247
275	4.000%, 07/01/29	278
115	4.000%, 07/01/32 Honolulu Hawaii City & County, Wastewater System Revenue, Ser S, RB	116
795	5.000%, 07/01/25, Pre-Refunded @ 100(A) Kauai County, Community Facilities District, RB	809
1,300	5.000%, 05/15/49	1,306
1,000	5.000%, 05/15/51 Kauai County, GO	1,005
175	5.000%, 08/01/26	181
175	5.000%, 08/01/27	185
140	5.000%, 08/01/28	148
25	5.000%, 08/01/30	26
340	5.000%, 08/01/37	353
225	4.000%, 08/01/32	228
125	4.000%, 08/01/33	127
10	3.000%, 08/01/38 Kauai County, Ser A, GO	9
30	5.000%, 08/01/24 Maui County, GO	30
500	5.000%, 03/01/29	542
245	5.000%, 09/01/29	263
165	5.000%, 03/01/30	182
1,605	5.000%, 03/01/34	1,795
65	5.000%, 03/01/35	72
60	5.000%, 03/01/36	66
400	5.000%, 03/01/38	445
500	4.000%, 03/01/36	515
675	4.000%, 03/01/37	691
65	3.125%, 06/01/31	62
500	3.000%, 06/01/27	491
400	3.000%, 03/01/31	383
150	3.000%, 09/01/33	143

Schedule of Investments

Face Amount <u>(000)</u>		Value <u>(000)</u>
<i>Hawaii – (continued)</i>		
\$ 1,020	Maui County, RB 3.250%, 09/01/36	\$ 972
1,000	University of Hawaii, RB 5.000%, 10/01/31	1,031
1,510	University of Hawaii, Ser B, RB 5.000%, 10/01/34	1,535
1,030	University of Hawaii, Ser D, RB 3.000%, 10/01/28	1,003
700	University of Hawaii, Ser E, RB 4.000%, 10/01/32	720
325	University of Hawaii, Ser F, RB 4.000%, 10/01/33	334
100	University of Hawaii, Ser G, RB 3.000%, 10/01/30	96
750	University of Hawaii, Ser H, RB 3.000%, 10/01/36	690
1,450	University of Hawaii, Ser I, RB 5.000%, 10/01/32	1,492
600	University of Hawaii, Ser J, RB 5.000%, 10/01/33	634
2,425	University of Hawaii, Ser K, RB 5.000%, 10/01/35	2,564
		205,916
<i>Oklahoma – 0.0%</i>		
19	Oklahoma State, Development Finance Authority, RB 5.000%, 06/01/44	19
<i>Wisconsin – 0.1%</i>		
250	Public Finance Authority, Ser A, RB 5.000%, 07/01/28(C)	260
TOTAL MUNICIPAL BONDS (Cost \$214,262)		206,195
<u>Shares</u>		
724,337	CASH EQUIVALENT — 0.3% First American Treasury Obligations Fund, CI X, 5.21% (D) (Cost \$724)	724
TOTAL INVESTMENTS (Cost \$214,986) —98.4%		\$ 206,919

Hawaii Municipal Bond Fund

Schedule of Investments

Percentages are based on Net Assets of \$210,176 (000).

- (A) *Pre-Refunded Security* —The maturity date shown is the pre-refunded date.
- (B) *Variable or floating rate security.* The rate shown is the effective interest rate as of period end. The rates on certain securities are not based on published reference rates and spreads and are either determined by the issuer or agent based on current market conditions; by using a formula based on the rates of underlying loans; or by adjusting periodically based on prevailing interest rates.
- (C) *Security exempt from registration under Rule 144A of the Securities Act of 1933.* These securities may be resold in transactions exempt from registration, normally to qualified institutions. At June 30, 2024, these securities amounted to \$261 (\$ Thousands), representing 0.12% of net assets of the Fund.
- (D) *The rate reported is the 7-day effective yield as of June 30, 2024.*

AMT—Alternative Minimum Tax

Cl— Class

COP—Certificate of Participation

FHLMC—Federal Home Loan Mortgage Corporation

GO—General Obligation

RB—Revenue Bond

Ser—Series

Cost figures are shown in thousands.

The following is a summary of the inputs used as of June 30, 2024, in valuing the Fund's investments carried at value (000):

Hawaii Municipal Bond Fund

Investments in Securities	Level 1	Level 2	Level 3	Total
Municipal Bonds	\$ —	\$ 206,195	\$ —	\$ 206,195
Cash Equivalent	724	—	—	724
Total Investments in Securities	<u>\$ 724</u>	<u>\$ 206,195</u>	<u>\$ —</u>	<u>\$ 206,919</u>

Amounts designated as "-" are either \$0 or have been rounded to \$0.

For more information on valuation inputs, see Note 2 in the Notes to Financial Statements.

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

Statement of Assets and Liabilities (000)

June 30, 2024

	Hawaii Municipal Bond Fund
Assets:	
Investments, at Cost	\$ 214,986
Investments, at Value	\$ 206,919
Dividends and Interest Receivable	3,749
Prepaid Expenses	15
Total Assets	210,683
Liabilities:	
Income Distribution Payable	174
Payable for Investment Securities Purchased	100
Shareholder Servicing Fees Payable	58
Advisory Fees Payable (Note 3)	40
Payable for Fund Shares Redeemed	23
Distribution Fees Payable, Class A	23
Administrative Fees Payable	12
Chief Compliance Officer Fees Payable	1
Other Accrued Expenses Payable	76
Total Liabilities	507
Commitments and Contingencies †	
Net Assets	\$ 210,176
Paid-in Capital	\$ 231,761
Total Accumulated Losses	(21,585)
Net Assets	\$ 210,176
Institutional Shares:	
Net Assets	\$ 88,749
Outstanding Shares of Beneficial Interest (unlimited authorization — no par value)	9,017
Net Asset Value, Offering and Redemption Price Per Share — Institutional (Net Assets / Shares Outstanding)	\$ 9.84
Class A Shares:	
Net Assets	\$ 121,427
Outstanding Shares of Beneficial Interest (unlimited authorization — no par value)	12,335
Net Asset Value, Offering and Redemption Price Per Share — Class A (Net Assets / Shares Outstanding)	\$ 9.84
Maximum Offering Price Per Shares — Class A (\$9.84/ 97.00%)	\$ 10.14

† See Note 3 in the Notes to Financial Statements.

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

Statement of Operations (000)*For the six-month period ended June 30, 2024*

	Hawaii Municipal Bond Fund
Investment Income:	
Interest Income	\$ 3,070
Total Investment Income	3,070
Expenses:	
Investment Adviser Fees	382
Shareholder Servicing Fees	252
Administrative Fees	218
Distribution Fees, Class A	158
Chief Compliance Officer Fees	4
Transfer Agent Fees	86
Audit Fees	19
Trustees' Fees (Form N-CSRS Item 10)	18
Legal Fees	18
Printing Fees	15
Pricing Fees	11
Registration Fees	9
Custody Fees	5
Miscellaneous Expenses	11
Total Expenses	1,206
Less Waivers:	
Shareholder Servicing Fees	(164)
Investment Adviser Fees	(142)
Administrative Fees	(142)
Total Waivers	(448)
Total Net Expenses	758
Net Investment Income	2,312
Net Realized Loss	(1,451)
Net Change in Unrealized	
Depreciation	(1,024)
Net Realized and Unrealized Loss	(2,475)
Decrease in Net Assets Resulting from Operations	\$ (163)

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

Bishop Street Funds

Statements of Changes in Net Assets (000)

For the six-month period ended June 30, 2024 (unaudited) and the year ended December 31, 2023

	Hawaii Municipal Bond Fund	
	2024	2023
Investment Activities from Operations:		
Net Investment Income	\$ 2,312	\$ 2,341
Net Realized Loss	(1,451)	(3,365)
Net Change in Unrealized Appreciation (Depreciation)	(1,024)	5,196
Increase (Decrease) in Net Assets Resulting from Operations	(163)	4,172
Distributions:		
Institutional Shares	(1,050)	(1,934)
Class A Shares	(1,296)	(376)
Total Distributions	(2,346)	(2,310)
Capital Share Transactions:		
Institutional Shares:		
Proceeds from Shares Issued	1,503	5,847
Reinvestments of Cash Distributions	240	320
Cost of Shares Redeemed	(7,371)	(16,778)
Total Institutional Capital Share Transactions	(5,628)	(10,611)
Class A Shares:		
Proceeds from Shares Issued	151	151
Reinvestments of Cash Distributions	966	271
Cost of Shares Redeemed	(12,081)	(3,786)
Merger (Note 11)	—	123,227
Total Class A Capital Share Transactions	(10,964)	119,863
Net Increase (Decrease) in Net Assets from Capital Share Transactions	(16,592)	109,252
Total Increase (Decrease) in Net Assets	(19,101)	111,114
Net Assets:		
Beginning of Period/Year	229,277	118,163
End of Period/Year	\$ 210,176	\$ 229,277
Share Transactions:		
Institutional Shares:		
Shares Issued	152	591
Shares Issued in Lieu of Cash Distributions	24	32
Shares Redeemed	(746)	(1,708)
Total Institutional Transactions	(570)	(1,085)
Class A Shares:		
Shares Issued	15	15
Shares Issued in Lieu of Cash Distributions	98	27
Shares Redeemed	(1,224)	(382)
Shares Contributed in Merger (Note 11)	—	12,524
Total Class A Transactions	(1,111)	12,184
Net Increase (Decrease) in Shares Outstanding from Share Transactions	(1,681)	11,099

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

Bishop Street Funds

Financial Highlights

For a share outstanding throughout the six-month period ended June 30, 2024 (unaudited) and the years ended December 31,

	Investment Activities			Dividends and Distributions		
	Net Asset Value, Beginning of Period	Net Investment Income ⁽¹⁾	Net Realized and Unrealized Gain(Loss) on Investments	Total Investment Activities from Operations	Net Investment Income	Capital Gains
HAWAII MUNICIPAL BOND FUND						
Institutional Shares:						
2024	\$ 9.95	\$ 0.11	\$ (0.11)	\$ —	\$ (0.11)	\$ —
2023	9.90	0.19	0.05	0.24	(0.19)	—
2022	10.78	0.16	(0.88)	(0.72)	(0.16)	—
2021	10.90	0.16	(0.10)	0.06	(0.16)	(0.02)
2020	10.73	0.20	0.21	0.41	(0.20)	(0.04)
2019	10.39	0.25	0.34	0.59	(0.25)	—
Class A Shares:						
2024	\$ 9.96	\$ 0.09	\$ (0.11)	\$ (0.02)	\$ (0.10)	\$ —
2023	9.90	0.16	0.06	0.22	(0.16)	—
2022	10.77	0.13	(0.87)	(0.74)	(0.13)	—
2021	10.90	0.14	(0.11)	0.03	(0.14)	(0.02)
2020	10.74	0.17	0.20	0.37	(0.17)	(0.04)
2019	10.39	0.22	0.35	0.57	(0.22)	—

* Annualized

† Total return is for the period indicated and has not been annualized. Returns shown do not reflect the deduction of taxes that a shareholder would pay on Fund distributions or the redemption of Fund shares. Fee waivers are in effect; if they had not been in effect, performance would have been lower.

- (1) Per share net investment income calculated using average shares.
- (2) Portfolio turnover rate is for the period indicated and periods of less than one year have not been annualized. Excludes effect of in-kind transfers.

Amounts designated as "-" are either \$0 or have been rounded to \$0.

Total Dividends and Distributions	Net Asset Value, End of Period	Total Return†	Net Assets End of Period (000)	Ratio of Expenses to Average Net Assets	Ratio of Expenses to Average Net Assets (Excluding Waivers)	Ratio of Net Investments Income (Loss) to Average Net Assets	Portfolio Turnover Rate(2)
\$ (0.11)	\$ 9.84	0.03%	\$88,749	0.55%*	0.96%*	2.26%*	7%
(0.19)	9.95	2.46	95,422	0.55	1.08	1.96	23
(0.16)	9.90	(6.68)	105,663	0.55	1.04	1.59	15
(0.18)	10.78	0.62	118,341	0.55	1.03	1.49	14
(0.24)	10.90	3.85	108,718	0.55	1.04	1.85	31
(0.25)	10.73	5.69	111,254	0.55	1.04	2.31	36
\$ (0.10)	\$ 9.84	(0.19)%	\$121,427	0.80%*	1.21%*	2.01%*	7%
(0.16)	9.96	2.30	133,855	0.80	1.33	1.75	23
(0.13)	9.90	(6.83)	12,500	0.80	1.29	1.33	15
(0.16)	10.77	0.27	16,955	0.80	1.28	1.25	14
(0.21)	10.90	3.50	16,726	0.80	1.29	1.60	31
(0.22)	10.74	5.48	17,059	0.80	1.29	2.06	36

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

Bishop Street Funds

Notes to Financial Statements

June 30, 2024

The amounts included in the Notes to Financial Statements are in thousands unless otherwise noted.

1. ORGANIZATION

The Bishop Street Funds (the “Trust”) is registered under the Investment Company Act of 1940, as amended, as an open-end, management investment company. The Bishop Street Funds consists of the Hawaii Municipal Bond Fund (the “Fund”). The Fund is non-diversified. Class A Shares of the Fund are subject to a sales load as disclosed in the prospectus. The assets of the Fund are segregated, and a shareholder’s interest is limited to the Fund in which shares are held. The Fund’s prospectus provides a description of the Fund’s investment objectives, policies and strategies.

2. SIGNIFICANT ACCOUNTING POLICIES

The following are significant accounting policies, which are consistently followed in the preparation of the financial statements of the Fund. The Fund is an investment company that applies the accounting and reporting guidance issued in Topic 946 by the U.S. Financial Accounting Standards Board (“FASB”).

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with U.S. generally accepted accounting principles (“U.S. GAAP”) requires management to make estimates and assumptions that affect the fair value of assets, 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 and such differences could be material.

Security Valuation

The Fund’s investments in equity securities listed on a securities exchange, market or automated quotation system for which quotations are readily available (except for securities traded on the NASDAQ Stock Market (the “NASDAQ”)) including securities traded over the counter, are valued at the last quoted sale price on an exchange or market (foreign or domestic) on which they are traded on valuation date (or at approximately 4:00 pm ET if a security’s primary exchange is normally open at that time), or, if there is no such reported sale on the valuation date, at the most recent quoted bid price. For securities traded on NASDAQ, the NASDAQ Official Closing Price will be used. Debt securities are priced based upon valuations provided by independent, third-party pricing agents, if available. Investment companies are valued at Net Asset Value.

Such values generally reflect the last reported sales price in the most advantageous market, if the security is actively traded. The third-party pricing agents may also value debt securities at an evaluated bid price by employing methodologies that utilize actual market transactions, broker-supplied valuations, or other methodologies designed to identify the fair value for such securities. Such methodologies typically include matrix systems which reflect such factors as security prices, yields, maturities and ratings. Debt obligations with remaining maturities of sixty days or less may be valued at their amortized cost, which approximates market value provided that it is determined the amortized cost continues to approximate fair value. Should

existing credit, liquidity or interest rate conditions in the relevant markets and issuer specific circumstances suggest that amortized cost does not approximate fair value, then the amortized cost method may not be used. Prices for most securities held in the Fund is provided daily by recognized independent pricing agents.

If a security price cannot be obtained from an independent, third-party pricing agent, the Fund seeks 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 (the “Fair Value Procedures”) established by Bishop Street Capital Management (the “Adviser”) and approved by the Trust’s Board of Trustees (the “Board”). Pursuant to Rule 2a-5 under the 1940 Act, the Board has designated the Adviser as the “valuation designee” to determine the fair value of securities and other instruments for which no readily available market quotations are available. The Fair Value Procedures are implemented through a Fair Value Committee (the “Committee”) of the Adviser.

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.

In accordance with the authoritative guidance on fair value measurement under U.S. GAAP, the Fund discloses fair value of its 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 liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy 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 — Other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment speeds, credit risk, referenced indices, quoted prices in inactive markets, adjusted quoted prices in active markets, etc.); and
- Level 3 — Prices, inputs or modeling techniques which are both significant to the fair value measurement and unobservable (supported by little or no market activity).

Bishop Street Funds

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.

Federal Income Taxes

It is the Fund's intention to continue to qualify as a regulated investment company for Federal income tax purposes by complying with the appropriate provisions of Sub-chapter M of the Internal Revenue Code of 1986, as amended, and to distribute substantially all of its income to shareholders. Accordingly, no provision for Federal income taxes has been made in the financial statements.

The Fund evaluates tax positions taken or expected to be taken in the course of preparing the Fund's 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 Fund 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 open tax year ends, as applicable), 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 net realized capital gains and losses on the sale of securities are on the basis of specific identification. Interest income is recorded on the accrual basis from settlement date and dividend income is recorded on ex-dividend date.

Discounts and premiums are accreted or amortized using the effective interest method over the life of each security and are recorded as interest income. Realized gains (losses) on paydowns of mortgage-backed and asset-backed securities are recorded as an adjustment to interest income.

Classes

Class-specific expenses are borne by the applicable class of shares. Income, realized and unrealized gains/losses and non-class-specific expenses are allocated to the respective class on the basis of relative daily net assets. Distribution fees are the only class-specific expense.

Expenses

Expenses that are directly related to the Fund are charged directly to that Fund. Other operating expenses of the Trust are prorated to the Fund on the basis of relative net assets.

Dividends and Distributions to Shareholders

Dividends from net investment income are declared daily and paid on a monthly basis for the Fund. Any net realized capital gains will be distributed at least annually for the Fund. Distributions to shareholders are recorded on the ex-dividend date.

Front-End Sales Commission

Front-end sales commissions (the “sales charges”) are not recorded as expenses of the Fund. Sales charges are deducted from proceeds from the sales of Fund shares prior to investment in Class A Shares.

Cash Overdraft Charges

U.S. Bank, N.A. serves as custodian (the “Custodian”) for the Fund. The Custodian plays no role in determining the investment policies of the Fund or which securities are to be purchased or sold by the Fund. If the Fund has a cash overdraft on a given day, it will be assessed an overdraft charge of the Prime Rate plus 4.00%. Cash overdraft charges are included in miscellaneous expenses on the Statement of Operations. For the six-month period ended June 30, 2024, there were no cash overdraft charges.

3. INVESTMENT ADVISORY AGREEMENT

Investment advisory services are provided to the Fund by the Adviser, a registered adviser and wholly owned subsidiary of First Hawaiian Bank. First Hawaiian Bank is a wholly owned subsidiary of First Hawaiian Inc. The Adviser is entitled to receive an annual fee of 0.35% of the average daily net assets of the Fund. The Adviser has contractually agreed, through April 30, 2025, to waive a portion of its advisory fee (excluding interest, taxes, brokerage commissions, acquired fund fees and expenses and extraordinary expenses (collectively, excluded expenses) to the extent necessary to keep operating expenses at or below certain percentages of the respective average daily net assets.

The contractual expense limitations are as follows:

Hawaii Municipal Bond Fund, Institutional Shares	0.55%
Hawaii Municipal Bond Fund, Class A Shares	0.80%

If at any point it becomes unnecessary for the Adviser to reduce fees and make expense reimbursements, the Board may permit the Adviser to retain the difference between the Total Annual Fund Operating Expenses and contractual expense limitations to recapture all or a portion of its prior expense reductions or reimbursements made during the preceding three year period during which this agreement was in place. During the six-month period ended June 30, 2024, the Adviser did not recapture any previously waived fees.

As of June 30, 2024, fees which were previously waived by the Investment Manager which may be subject to possible future reimbursement to the Adviser were as follows:

Bishop Street Funds

Hawaii Municipal Bond Fund	Expires
\$268	6/30/2025
273	6/30/2026
245	6/30/2027

4. ADMINISTRATIVE, CUSTODIAN, TRANSFER AGENT, DISTRIBUTION AND SHAREHOLDER SERVICES

The Fund and the Administrator are parties to an Administration Agreement under which the Administrator provides administrative services to the Fund. For these services, the Administrator is paid an asset based fee which will vary depending on the number of share classes and the average daily net assets of the Fund. The Administrator has voluntarily agreed to waive a portion of its fee equal to 0.13% of the Fund's average daily net assets. These fee waivers are voluntary and may be discontinued at any time. For the six-month period ended June 30, 2024, the Fund was charged \$218 for these services. For the six-month period ended June 30, 2024, the Administrator waived \$142 for these services to the Fund. These fees and waivers are labeled as "Administrative Fees/Waivers" on the Statement of Operations.

The Custodian plays no role in determining the investment policies of the Fund or which securities are to be purchased or sold by the Fund. These fees are labeled on the Statement of Operations as "Custody Fees."

SS&C Global Investor Distribution Solutions, Inc. ("SS&C") acts as the Transfer Agent of the Fund. As such, SS&C provides transfer agency, dividend disbursing and shareholder services to the Fund. These fees are disclosed on the Statement of Operations as "Transfer Agent Fees."

SEI Investments Distribution Co. ("SIDCO"), the "Distributor" a wholly owned subsidiary of SEI Investments Company, acts as the Trust's Distributor pursuant to the distribution agreement. The Fund has adopted a Distribution Plan (the "Plan") on behalf of Class A Shares pursuant to Rule 12b-1 under the Investment Company Act of 1940. The Plan provides that Class A Shares will bear the cost of their distribution expenses. SIDCO, as compensation for its services under the Plan, receives a distribution fee, computed daily and payable monthly, of 0.25% of the average daily net assets attributable to the Fund's Class A Shares. This fee is disclosed as "Distribution Fees, Class A" on the Statement of Operations.

The Trust has adopted and entered into a shareholder service plan and agreement with SIDCO. The Fund pays to SIDCO a shareholder servicing fee not to exceed an annual rate of 0.25% of the average daily net asset value of all shares of the fund, which is computed daily and paid monthly. Under the shareholder service plan, SIDCO may perform, or may compensate other service providers for performing various shareholder and administrative services. SIDCO may also retain as profit any difference between the fee it receives and amount it pays to third parties. For the year, SIDCO paid the entire amount of fees received under the shareholder service plan to First Hawaiian Bank, the Parent Company of Bishop Street Capital Management, for shareholder services performed by First Hawaiian Bank on behalf of SIDCO for the benefit of certain shareholders to the Fund. SIDCO has voluntarily agreed to

waive a portion its fee equal 0.15% of average daily net asset value. These fees and waivers are represented as “Shareholder Servicing Fees/Waivers” on the Statement of Operations.

5. TRANSACTIONS WITH AFFILIATES

Certain officers of the Trust are also officers of SEI Investments Global Funds Services (the “Administrator”), a wholly owned subsidiary of SEI Investments Company, and/or SIDCO. Such officers are paid no fees by the Trust other than the Chief Compliance Officer (“CCO”) as described below, for serving as officers of the Trust.

A portion of the services provided by the CCO and his staff, who 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 and expenses have been approved by and are reviewed by the Board. These fees are disclosed on the Statement of Operations as “Chief Compliance Officer Fees.”

6. INVESTMENT TRANSACTIONS

The cost of security purchases and the proceeds from the sale and maturities of securities, other than short-term investments, for the six-month period ended June 30, 2024 are presented below for the Fund.

	<u>Hawaii Municipal Bond Fund</u>
Purchases	
Other	\$ 15,575
Sales and Maturities	
Other	\$ 25,322

For the six-month period ended June 30, 2024, 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 to be paid, if any, are determined in accordance with Federal income tax regulations, which may differ from U.S. GAAP.

The tax character of dividends and distributions declared during the years ended December 31, 2023 and 2022 were as follows:

	Ordinary Income	Tax Exempt Income	Total
2023	\$ 80	\$ 2,230	\$ 2,310
2022	20	1,908	1,928

Bishop Street Funds

As of December 31, 2023, the components of Accumulated Losses on a tax basis were as follows:

	Hawaii Municipal Bond Fund
Capital Loss Carryforwards	\$ (11,762)
Unrealized Depreciation	(7,181)
Other Temporary Differences	<u>(133)</u>
Total Accumulated Losses	<u>\$ (19,076)</u>

For Federal income tax purposes, capital loss carryforwards may be carried forward indefinitely and applied against all future gains. As of December 31, 2023, the Fund had \$1,908 and \$9,854 in short-term and long-term capital loss carryforwards, respectively. The utilization of capital losses to offset future realized gain will likely be subject to an annual limitation.

For Federal income tax purposes, the cost of securities owned at June 30, 2024 is different from amounts reported for financial reporting purposes. The Federal tax cost and aggregate gross unrealized appreciation and depreciation for the investments held by the Fund at June 30, 2024, were as follows:

	Hawaii Municipal Bond Fund
Federal Tax Cost	\$ 214,986
Gross Unrealized Appreciation	317
Gross Unrealized Depreciation	(8,384)
Net Unrealized Depreciation	<u>\$ (8,067)</u>

8. RISKS

The Fund invests primarily in debt instruments in the state of Hawaii. The issuers' ability to meet their obligations may be affected by economic developments in that state. In addition, the Fund's investments in debt securities are subject to "credit risk," which is the risk that an issuer will be unable, or will be perceived to be unable, to repay its obligations at maturity and "interest rate risk" which is the potential for fluctuations in bond prices due to changing interest rates. Funds that invest primarily in high quality debt securities generally are subject to less credit risk than funds that invest in lower quality debt securities.

Certain debt securities are backed by credit enhancements from various financial institutions and financial guarantee assurance agencies. These credit enhancements reinforce the credit quality of the individual securities; however, if any of the financial institutions or financial guarantee assurance agencies' credit quality should deteriorate, it could cause the individual security's credit quality to change. Additionally, if the Fund concentrates its credit enhancements in any one financial institution, the risk of credit quality deterioration increases. The following tables provide detail on the approximate percentage of the Fund's investments in securities with these types of enhancements, as well

as the name of the entity providing the largest proportion of enhancements in the Fund.

% of investments in securities with credit enhancements or liquidity enhancements	1.56%
Largest % of investments in securities with credit enhancements or liquidity enhancements from a single institution	1.56%
	(Public School Fund Guarantee)

The value of asset-backed securities may be affected by the credit risk of the servicing agent for the pool, the originator of the loans or receivables, or the financial institution(s) providing the credit support. In addition to credit risk, asset-backed securities and other securities with early redemption features are subject to pre-payment risk. During periods of declining interest rates, prepayment of loans underlying asset-backed securities can be expected to accelerate or an issuer may retire an outstanding bond early to reduce interest costs. The Fund's ability to maintain positions in such securities will be affected by reductions in the principal amount of such securities resulting from prepayments, and its ability to reinvest the returns of principal at comparable yields is subject to the general prevailing interest rates at that time.

The market value of the Fund's investments in fixed income securities may change in response to interest rate changes and other factors. During periods of falling interest rates, the values of fixed income securities generally rise. Conversely, during periods of rising interest rates, the values of such securities generally decline. Changes by recognized rating agencies in the ratings of any fixed income security and in the ability of an issuer to make payments of interest and principal may also affect the value of these investments.

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

9. LINE OF CREDIT

Through June 30, 2024, the Fund, had entered into an agreement which enabled it to participate in a \$5 million unsecured committed revolving line of credit on a first come, first served basis, with U.S. Bank, N.A. The proceeds from the borrowings are permitted to be used to finance the Fund's short term general working capital requirements, including the funding of shareholder redemptions.

For the six-month period ended June 30, 2024 the Fund did not have borrowings under the line of credit.

10. OTHER

At June 30, 2024, the percentage of total shares outstanding held by shareholders owning 10% or greater of total shares outstanding of the Fund, which comprised omnibus accounts that were held on behalf of several individual shareholders, was as follows:

Bishop Street Funds

	<u>Number of Shareholders</u>	<u>% of Outstanding Shares</u>
Hawaii Municipal Bond Fund, Institutional Shares	1	64%
Hawaii Municipal Bond Fund, Class A Shares	–	–

11. FUND MERGER

At a meeting held on August 22, 2023, the Trust's Board considered a proposal for the reorganization of the Hawaii Municipal Fund, a series of the Lee Financial Mutual Fund, Inc. series trust (the "Merged Fund"), into the Hawaii Municipal Bond Fund, a series of the Trust managed by Bishop Street Capital Management (the "Acquiring Fund"). Following review, the Board approved the reorganization of the Hawaii Municipal Fund managed by Lee Financial Group Hawaii, Inc. ("Lee Financial") into the Hawaii Municipal Bond Fund managed by Bishop Street Capital Management (the "Reorganization"). The investment objectives of the Merged Fund and the Acquiring Fund were similar. The investment objective of the Merged Fund was to provide a high level of current income exempt from federal and Hawaii state income taxes, consistent with preservation of capital and prudent investment management, while the Acquiring Fund's investment objective is to provide high current income exempt from federal and Hawaii state income taxes. The principal investment strategies of the Merged Fund and Acquiring Fund shared a number of similarities.

The Board of Trustees of the Lee Financial Mutual Fund, Inc. series trust determined that the Reorganization was in the best interest of the Merged Fund's shareholders and approved an Agreement and Plan of Reorganization (the "Plan of Reorganization"), which was subsequently approved by the Trust's Board on August 22, 2023. The shareholders of the Merged Fund approved the Reorganization at a special shareholders meeting held on November 28, 2023. The transfer of shareholder assets under the Reorganization was tax-free, meaning that neither the shareholders of the Merged Fund nor the Acquiring Fund realized any gains or losses for federal income tax purposes as a result of the transaction. The Reorganization occurred following the close of business on December 1, 2023, whereby the assets and the stated liabilities of the Merged Fund were transferred to the corresponding Acquiring Fund.

<u>Merged Fund</u>	<u>Shares Outstanding</u>	<u>Acquiring Fund</u>	<u>Shares Converted</u>	<u>Merged Fund Net Asset Value of Converted Shares</u>
		Bishop Street Hawaii Municipal Bond Fund		
Hawaii Municipal Fund	12,496		12,524	\$ 123,227

The net assets before acquisition were as follows:

<u>Merged Fund</u>	<u>Net Assets</u>	<u>Unrealized Appreciation (Depreciation) on Investments</u>	<u>Acquiring Fund</u>	<u>Net Assets</u>
			Bishop Street Hawaii Municipal	
Hawaii Municipal Fund	\$ 123,227	\$ (5,379)	Bond Fund	\$ 104,315

The net assets of the Acquiring Fund immediately following the acquisition were \$227,542.

Assuming the acquisition had been completed on January 3, 2023, the Acquiring Fund's pro-forma results of operations for the period ended December 31, 2023, would have been as follows:

Net investment income (a)	\$ 4,836
Net realized and unrealized gain on investments (b)	(1,133)
Net increase in net assets resulting from operations	3,703

(a) \$2,340, as reported in the Statement of Operations, plus \$2,496 Net investment income from the Merged Fund pre-merger.

(b) \$1,832, as reported in the Statement of Operations, plus \$(2,965) Net realized and unrealized gain (loss) on investments from the Merged Fund pre-merger.

Because the Merged Fund and Acquiring Fund have been managed as an integrated single Fund since the completion date it is not feasible to separate the income/(losses) and gains/(losses) of the Merged Fund that have been included in the Acquiring Fund's Statement of Operations since December 1, 2023.

12. SUBSEQUENT EVENTS

The Fund has evaluated the need for additional disclosures and/or adjustments resulting from subsequent events through the date the financial statements were issued. Based on this evaluation, no adjustments were required to the financial statements.

Bishop Street Funds

Renewal of Investment Advisory Agreement I Form N-CSRS Item 111

Bishop Street Hawaii Municipal Bond Fund

Pursuant to Section 15 of the Investment Company Act of 1940 (the “1940 Act”), the Fund’s advisory agreement (the “Agreement”) must be renewed at least annually after its initial two-year term: (i) by the vote of the Board of Trustees (the “Board” or the “Trustees”) of Bishop Street Funds (the “Trust”) or by a vote of a majority of the shareholders of the Fund; and (ii) by the vote of a majority of the Trustees who are not parties to the Agreement or “interested persons” of any party thereto, as defined in the 1940 Act (the “Independent Trustees”), cast in person at a meeting called for the purpose of voting on such renewal.

A Board meeting was held on February 27–28, 2024 to decide whether to renew the Agreement for an additional one-year term. In preparation for the meeting, the Trustees requested that the Adviser furnish information necessary to evaluate the terms of the Agreement. Prior to the meeting, the Independent Trustees of the Fund met to review and discuss the information provided and submitted a request for additional information to the Adviser, and information was provided in response to this request. The Trustees used this information, as well as other information that the Adviser and other service providers of the Fund presented or submitted to the Board at the meeting and other meetings held during the prior year, to help them decide whether to renew the Agreement for an additional year.

Specifically, the Board requested and received written materials from the Adviser and other service providers of the Fund regarding: (i) the nature, extent and quality of the Adviser’s services; (ii) the Adviser’s investment management personnel; (iii) the Adviser’s operations and financial condition; (iv) the Adviser’s brokerage practices (including any soft dollar arrangements) and investment strategies; (v) the Fund’s advisory fee paid to the Adviser and overall fees and operating expenses compared with a peer group of mutual funds; (vi) the level of the Adviser’s profitability from its relationship with the Fund, including both direct and indirect benefits accruing to the Adviser and its affiliates; (vii) the Adviser’s potential economies of scale; (viii) the Adviser’s compliance program, including a description of material compliance matters and material compliance violations; (ix) the Adviser’s policies on and compliance procedures for personal securities transactions; and (x) the Fund’s performance compared with a peer group of mutual funds and the Fund’s benchmark index.

Representatives from the Adviser, along with other Fund service providers, presented additional information and participated in question and answer sessions at the Board meeting to help the Trustees evaluate the Adviser’s services, fee and other aspects of the Agreement. The Independent Trustees received advice from independent counsel and met in executive sessions outside the presence of Fund management and the Adviser.

At the Board meeting, the Trustees, including all of the Independent Trustees, based on their evaluation of the information provided by the Adviser and other service providers of the Fund, renewed the Agreement. In considering the renewal of the Agreement, the Board considered various factors that they determined were relevant, including: (i) the nature, extent and quality of the services provided by the Adviser; (ii) the investment performance of the Fund and the Adviser; (iii) the costs of the services provided and profits realized by the Adviser from its relationship with the Fund, including both direct and indirect benefits accruing to the Adviser and its affiliates; (iv) the extent to which economies of scale are being realized by the Adviser; and (v) whether fee levels reflect such economies of scale for the benefit of Fund investors, as discussed in further detail below.

Nature, Extent and Quality of Services Provided by the Adviser

In considering the nature, extent and quality of the services provided by the Adviser, the Board reviewed the portfolio management services provided by the Adviser to the Fund, including the quality and continuity of the Adviser’s portfolio management personnel, the resources of the Adviser, and the Adviser’s compliance history and compliance program. The Trustees reviewed the terms of the Agreement. The Trustees also reviewed the Adviser’s investment and risk management approaches for the Fund. The most recent

investment adviser registration form ("Form ADV") for the Adviser was available to the Board, as was the response of the Adviser to a detailed series of questions which included, among other things, information about the investment advisory services provided by the Adviser to the Fund.

The Trustees also considered other services provided to the Fund by the Adviser such as selecting broker-dealers for executing portfolio transactions, monitoring adherence to the Fund's investment restrictions, and monitoring compliance with various Fund policies and procedures and with applicable securities laws and regulations. Based on the factors above, as well as those discussed below, the Board concluded, within the context of its full deliberations, that the nature, extent and quality of the services provided to the Fund by the Adviser were sufficient to support renewal of the Agreement.

Investment Performance of the Fund and the Adviser

The Board was provided with regular reports regarding the Fund's performance over various time periods. The Trustees also reviewed reports prepared by the Fund's administrator comparing the Fund's performance to its benchmark index and a peer group of mutual funds as classified by Lipper, an independent provider of investment company data, over various periods of time. Representatives from the Adviser provided information regarding and led discussions of factors impacting the performance of the Fund, outlining current market conditions and explaining their expectations and strategies for the future. The Trustees determined that the Fund's performance was satisfactory, or, where the Fund's performance was materially below its benchmark and/or peer group, the Trustees were satisfied by the reasons for the underperformance and/or the steps taken by the Adviser in an effort to improve the performance of the Fund. Based on this information, the Board concluded, within the context of its full deliberations, that the investment results that the Adviser had been able to achieve for the Fund were sufficient to support renewal of the Agreement.

Costs of Advisory Services, Profitability and Economies of Scale

In considering the advisory fee payable by the Fund to the Adviser, the Trustees reviewed, among other things, a report of the advisory fee paid to the Adviser. The Trustees also reviewed reports prepared by the Fund's administrator comparing the Fund's net and gross expense ratios and advisory fee to those paid by a peer group of mutual funds as classified by Lipper. The Trustees reviewed the management fees charged by the Adviser to other clients with comparable mandates. The Trustees considered any differences in management fees and took into account the respective demands, resources and complexity associated with the Fund and other client accounts as well as the extensive regulatory, compliance and tax regimes to which the Fund is subject. The Board concluded, within the context of its full deliberations, that the advisory fee was reasonable in light of the nature and quality of the services rendered by the Adviser.

The Trustees reviewed the costs of services provided by and the profits realized by the Adviser from its relationship with the Fund, including both direct benefits and indirect benefits, such as research and brokerage services received under soft dollar arrangements, accruing to the Adviser and its affiliates. The Trustees considered how the Adviser's profitability was affected by factors such as its organizational structure and method for allocating expenses. The Trustees concluded that the profit margins of the Adviser with respect to the management of the Fund were not unreasonable. The Board also considered the Adviser's commitment to managing the Fund and its willingness to continue its expense limitation and fee waiver arrangement with the Fund.

The Trustees considered the Adviser's views relating to economies of scale in connection with the Fund as Fund assets grow and the extent to which the benefits of any such economies of scale are shared with the Fund and Fund shareholders. The Board considered the existence of any economies of scale and whether those were passed along to the Fund's shareholders through a graduated advisory fee schedule or other means, including fee waivers. The Trustees recognized that economies of scale are difficult to identify and quantify and are rarely identifiable on a fund-by-fund basis. Based on this evaluation, the Board concluded

that the advisory fee was reasonable in light of the information that was provided to the Trustees by the Adviser with respect to economies of scale.

Renewal of the Agreement

Based on the Board's deliberations and its evaluation of the information described above and other factors and information it believed relevant in the exercise of its reasonable business judgment, the Board, including all of the Independent Trustees, with the assistance of Fund counsel and Independent Trustees' counsel, unanimously concluded that the terms of the Agreement, including the fees payable thereunder, were fair and reasonable and agreed to renew the Agreement for another year. In its deliberations, the Board did not identify any absence of information as material to its decision, or any particular factor (or conclusion with respect thereto) or single piece of information that was all-important, controlling or determinative of its decision, but considered all of the factors together, and each Trustee may have attributed different weights to the various factors (and conclusions with respect thereto) and information.

INVESTMENT ADVISER

**BISHOP STREET CAPITAL MANAGEMENT
HONOLULU, HI 96813**

ADMINISTRATOR

**SEI INVESTMENTS GLOBAL FUNDS SERVICES
ONE FREEDOM VALLEY DRIVE
OAKS, PA19456**

DISTRIBUTOR

**SEI INVESTMENTS DISTRIBUTION CO.
ONE FREEDOM VALLEY DRIVE
OAKS, PA19456**

TRANSFER AGENT

**SS&C GIDS, INC.
KANSAS CITY, MO 64105**

CUSTODIAN

**U.S. BANK, N.A.
MILWAUKIE, OR 97222**

LEGAL COUNSEL

**MORGAN, LEWIS & BOCKIUS LLP
2222 MARKET STREET
PHILADELPHIA, PA 19103**

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

**PRICEWATERHOUSECOOPERS LLP
PHILADELPHIA, PA 19103**



**FOR MORE INFORMATION ABOUT BISHOP STREET FUNDS, CALL
1-800-262-9565 OR YOUR INVESTMENT SPECIALIST
VISIT US ONLINE AT WWW.BISHOPSTREETFUNDS.COM**

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BISHOP STREET FUNDS

P.O. Box 219721

KANSAS CITY, MO 64121-9721



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