

Fear cannot be without hope nor hope without fear.

-- Spinoza

The past several weeks have no equal in the memories of anyone currently on Wall Street. Even by the time you receive this letter, it is likely that additional events will have moved the markets in some dramatic fashion. We believe the most important point to communicate with you is our principles for operating in this environment. In the short term, things have never seemed so bad, and the market continues to decline. Again, in the short term, panic and fear are the predominant (or only) emotions moving share prices. While we are long-term investors, we are also mindful that emotions can overwhelm attractive valuations and money can be lost very quickly in the current market. In addition, we do think the investing environment has fundamentally changed in the last few weeks leading to a mass exodus from financially weaker companies. For these reasons, we have a higher than normal cash position, and in the first week of October we have raised more cash by selling positions in those companies whose long term fundamentals we very much like, but whose balance sheets are not investment grade. Because the markets are exhibiting exceptional volatility right now, certain facts in this letter could have changed after the letter's completion.

But, with that proviso of caution for handling the short term panic, as we write truly great American companies are reaching valuation levels not seen for more than a generation. This is a frightening moment, but two points need to be made. First, it is a "moment" in our financial history. While the mood (and the facts) are awful right now, the question needs to be asked, what do we think they will be like in three to five years? Second, our job is to buy high quality investments at bargain prices. But bargains don't surface when people are feeling happy, optimistic and wealthy. They occur at terrible times like this. As Warren Buffett said several days ago when announcing his \$3 billion investment in General Electric, he makes money over the long term by being fearful when others are greedy, but also greedy when others are fearful. We recall no more fearful time than now.

Every value manager has a secret dream to own the best managed, most conservatively financed, highest growth companies at cheap prices. Because these companies are normally richly valued, and because we adhere to strict valuation limits on our purchases, we seldom get to own them. Now, though, we are seeing a number of these companies at very attractive valuations. The Fund had a terrible quarter due to a stunning decline in commodity prices affecting several long-time holdings (discussed at length below), but our newest investments -- the ones made over the last six months which reflect this movement towards higher growth, better positioned firms -- have performed well. The following nine stocks have been bought since April 1st: **Target, Sherwin Williams, Calpine, Energizer, FiServ, Carnival Cruise Lines, Charles Schwab, Marriott and Wellpoint.** Four of these stocks are actually up during this difficult environment. These companies have good balance sheets, impressive managements, and leading market positions. Most are normally the domain of growth

managers, because they typically have both high growth rates and high price earnings ratios, and thus fall outside our valuation parameters. But each had fallen sharply prior to purchase. They may go down more in the short term (in early October they certainly have), and in some cases we have left room to add to positions at even more attractive prices, but our test is where these stocks will sell in three years. If there is any good news in this market, it is that we believe more such opportunities lie ahead. We have some cash and we are awaiting further market dislocation.

As mentioned above – and as is obvious from performance results -- the Fund had a miserable quarter. While we do not manage for quarterly performance, it is extremely frustrating to deliver such disappointing results when we have been cautious regarding the credit crisis. Since last year we have had very little financial stock exposure, and we sold our last credit sensitive financial, AIG, in the high 20s in July (the stock is now \$3 a share). We have also kept a larger than average cash position. So what hurt returns? It was the Fund's indirect exposure to the price of oil and natural gas. The Fund's underperformance is due entirely to just five stocks (**Williams, Foster Wheeler, KBR, Calpine and Dynegy**). Most are successful long-term holdings that you'll recognize as past winners. While each company's business operated as we expected during the quarter, each was affected by the unprecedented commodity price decline. Except for Williams Companies (which derives half its revenues from natural gas production), these firms are not classified by Standard & Poors' as being in the energy or commodity business. Two are construction companies that build large energy infrastructure projects overseas, and two are electricity generating companies operating in the United States. We purposely favored this 'indirect' involvement with the energy business, because we believed it would insulate these shares from sharp declines if the price of the underlying commodities dropped. We were clearly wrong about that downside protection, but we don't believe that we are wrong about the long term appeal of these companies.

Perhaps the most graphic example of the frustration is our largest loser for the quarter, Foster Wheeler. We have written about Foster Wheeler before. It builds refineries, pipelines, and other facilities and is enjoying a multi-year boom in the construction and refurbishment of energy infrastructure around the world. Almost none of its revenues comes from projects in the United States. While the stock is still well above where we initially purchased it three years ago, it declined an incredible 46% in the third quarter. Here are the facts:

Foster Wheeler has declined to \$36 a share from a high of \$75 in late June on fears that falling oil prices will lead to cancellation of many of its energy construction projects. It is now selling at less than 9 times its 2009 earnings estimate of \$4.00 a share, whereas it usually trades (along with its construction peers) at 17 times. We believe these earnings will not disappear (in fact we believe they may be even higher than anticipated). That is because, even though oil has declined in price from its highs in the spring (although it is still up from a year ago), the multi-year projects that Foster Wheeler builds remain economic if oil remains over \$60 a barrel (it is now at \$90 a barrel). And recall that these are multi-year, multi-billion dollar projects that will not be cancelled for a short

term commodity price decline. Furthermore, Foster Wheeler's business has been doing so well that the company has paid off virtually all of its debt and now has over \$9 a share -- or about a quarter of its \$36 share price -- in cash on its balance sheet. For that reason, it is now buying back its shares on the open market. Foster Wheeler's customers are for the most part extremely creditworthy entities, including many sovereign nations. It makes compelling economic sense to spend, say, \$4 billion to upgrade a refinery that can then produce more gasoline more quickly. The payback comes extremely quickly for the owner. Many of these resource-affected stocks were darlings of the hedge fund community and we think part of the reason for their sharp decline in the quarter was their forced sale in order to cover redemptions from these funds. We like the management; we believe the business is sustainable; we love the balance sheet; and we have bought more of this stock at these levels.

The five commodity-related stocks were each down at least 30% in the quarter. In fact, all of our other, non-energy related stocks, comprising more than two-thirds of the Fund and including the successful new investments mentioned at the beginning of the letter, were down as a group only 3%, much less than the market, which was down 8.5%, as measured by the S&P 500. While we have added to the Foster Wheeler position, we have reduced our overall exposure to this group of stocks that is affected by falling commodity prices as the global economy slows. The retained positions are at compelling valuations and looking forward, even through a global slowdown, we think current prices reflect panic and hedge fund selling. We believe we have endured the brunt of the losses and will make money from here.

With respect to the new positions in the Fund, we are optimistic given the combination of strong businesses and managements with very compelling valuations. We also like the balance that these names add to the Fund. For example, Energizer (batteries, Playtex products), FiServ (backoffice outsourcing), and Charles Schwab (asset gatherer) all provide stability from strong cash flows. Each has a large portion of either recurring or non-discretionary revenue that provides a strong base of consistent cash flow in many different economic environments. With respect to Sherwin Williams and Marriott, both are high quality players in cyclically weak industries (housing and lodging, respectively), which when compared with today's dire views we believe will look quite different 12 to 24 months from now. Finally, Wellpoint is among the highest quality and largest health maintenance organizations in America, and provides exposure to a demographically driven growth market that will only strengthen over the next few decades, despite a stock price that is less than half where it traded just a year ago. It is trading at less than seven times earnings and represents our only healthcare exposure. In all, we feel confident about the stocks we have added to the Fund, and expect they will be powerful drivers of future Fund growth when the market returns to a focus on fundamentals.

Finally, we would like to spend a couple of moments explaining why, with the economy clearly going into a recession, we would want to initiate positions in **Target** (a terrific, upscale Walmart-like retailer), and **Carnival Cruise Lines**, two companies that depend on the consumer for their revenues. Especially after the events of the last few

weeks, the consensus opinion is that we are entering a recession, and we certainly agree, but crucially, these stocks already reflect that consensus opinion. Looking back to the economy in recession after September 11, 2001, or looking further back to the recession of 1991-2, these stocks hit bottom *at the very start of the recession*, as everyone flees from securities that rely on consumer spending. Three years after the *start* of each of those two recessions, these two stocks were both up over 100%. If you think, as we do, that the recession is starting now (or has already started), now is the time to buy these stocks. We expect to live through a year or more of poor earnings, but that does not mean the stocks will not anticipate, sooner or later, better times ahead. For the first time in at least a decade, these high growth, well managed companies are now within our valuation parameters for purchase. And Carnival has a 5.2% yield which has not been lowered in at least 20 years, even through recessions.

We realize that these are difficult times for each of our clients, and assure you that we do not take the responsibility of managing your capital lightly. And while much will likely change over the coming months, it is important to emphasize what will not change. We will continue with our long-term focus to identify and invest in great companies at very attractive prices, forcing ourselves to avoid the emotional urges that come in times like these and, instead, capitalizing on the fear pervasive in the market. We will also continue to construct the Fund with a relatively small number of companies which we know and understand well. And, you can expect us to do both of these with a high level of intensity and integrity. We strongly believe that looking through the daily swings and *investing* for the long-term will yield superior results for you over the next three to five years. It is likely that we all will look back at this crisis as an enormous opportunity. Sometimes, though, opportunities are painful, frightening and recognized only with hindsight.

Thank you for your trust and we welcome any questions you might have.

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Before investing you should carefully consider the Fund's investment objective, risks, charges and expenses. This and other information is in the prospectus, a copy of which may be obtained by visiting our website at www.gbpfunds.com or by calling 1-866-775-8439. Please read the prospectus carefully before you invest.

The views presented in the letter were those of the Fund managers as of September 30, 2008 and may not reflect their views on the date this letter is first published or at anytime thereafter. These views are intended to assist the shareholders in understanding their investment in the Fund and do not constitute investment advice. None of the information presented should be construed as an offer to sell or recommendation of any security mentioned herein.

As a non-diversified fund, the Fund may focus a larger percentage of its assets in the securities of fewer issuers. Concentration of the Fund in a limited number of securities exposes the Fund to greater market risk than if its assets were diversified among a greater number of issuers. Investments in smaller companies generally carry greater risk than is customarily associated with larger companies for various reasons such as narrower markets, limited financial resources and less liquid stock.

Top 10 Holdings*

as of September 30, 2008

Ticker	Security Description	Percentage of Market Value
HPQ	HEWLETT-PACKARD	7.2%
SCHW	SCHWAB (CHARLES) CORP.	6.3%
MSFT	MICROSOFT CORP.	6.1%
BA	BOEING	5.9%
TGT	TARGET CORP.	5.4%
CMCSA	COMCAST CORP. CL. A	5.0%
IR	INGERSOLL RAND	4.8%
TWX	TIME WARNER	4.1%
CCL	CARNIVAL CORP.	4.0%
CSCO	CISCO SYSTEMS INC.	4.0%

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* Holdings are subject to change