

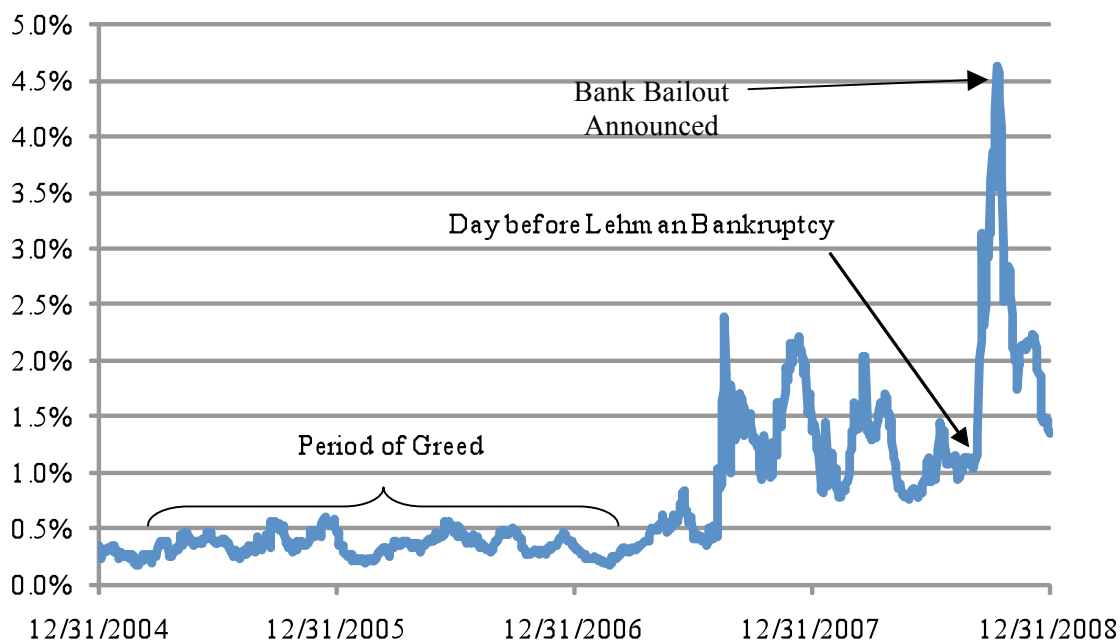
December 31, 2008

The only good thing we can say about 2008 is that it's over. While the Grisanti Brown Value Fund performed better than the market in the fourth quarter, the Fund was still down sharply. Unless you were born before Lindbergh crossed the Atlantic, you have no memory of a year like this in the U.S. equity markets. A few statistics: The Dow Jones Industrial Average had its worst year since 1931, and the broad S&P 500 Index was down 37%. Over \$8 trillion of net worth was lost in the U.S. equity markets alone, and the losses in most overseas markets were worse, at least on a percentage basis. 93% of stocks on the New York Stock Exchange were down for the year. The economic picture is ugly and continues to deteriorate. The question that needs to be asked is whether the bad economic news is now reflected in equity prices that in many cases have been cut in half or more. History supports the notion that the stock market will discount better times before they arrive, but clearly 2008 has few historical precedents. In spite of 2008's unique nature, however, our best guess for the future remains unchanged since our last quarterly update: for long-term investors, we are finding exceptional bargains, and we are judiciously using our cash reserves to buy them. This is *not* to say that the worst is over in the short term, or that we were fortunate enough to buy each investment at its low. But the initial results of investing in this pessimistic quarter are promising: of the eight new investments we have made since October 1st (a record for us in any one quarter), seven are up since purchase, and all eight of these investments have outperformed the S&P 500.

While no one knows what the short term future holds, we think the most likely scenario is continued economic decline, but also a slow thawing of the credit markets. This last part is extremely important, as we think it holds the key for equity performance in 2009. It's often said that Wall Street can be understood as an eternal battle between greed and fear. If you're wise and patient enough to take the other side of the trade when one of these emotions is dominant, you usually make money in the long term. Obviously fear has been ascendant lately, especially in the fourth quarter. Far from being amorphous, the level of fear can be measured in different ways. We do it by tracking credit spreads. Our favorite fear index is called the "TED Spread" which measures the difference between the rate on loans made among major private banks and the rate on three month U.S. Treasury bills. In times of greed, major banks will lend to each other at a tiny spread over the government rate. But in times of fear, banks are wary of lending, even to each other, and the TED Spread¹ widens as investors prefer U.S. Treasury debt over private bank obligations. Below is a chart of the TED Spread for the last four years:

¹ TED stands for the difference between Treasury and Euro Dollar, the latter being the rates at which banks lend to each other in the London interbank offering market, otherwise known as LIBOR.

TED Spread 12/31/04 - 12/31/08



Source: Bloomberg

As you can see, credit spreads were calm for most of this “Period of Greed” (2005 to mid-2007), reflecting easy money, the housing boom and no fear in sight. But, starting in August of 2007, spreads became elevated, and in the last quarter they soared with the bankruptcy of Lehman Brothers. Spreads peaked just before Congress approved the \$700 billion bank bailout package, and reached a record high -- at almost ten times their normal level -- in early October. Not coincidentally, this measure of Fear peaked as the stock market was hitting its lows, which is why we are so interested in this graph. The good news, fragile as it may be, is that the last two months have witnessed slow improvement, so that now spreads are almost back to pre-Lehman levels. This is not happening by accident -- things were too far gone to have healed on their own. Government actions have been astounding: direct Federal investment into all major U.S. banks and investment banks, the Fed Funds Rate driven to zero, and direct purchases of private commercial paper and mortgage bonds by the Federal Reserve, to name just a few. To emphasize how significant these measures have been, note that the Federal Reserve had taken 95 years to grow its balance sheet to \$900 billion dollars by September 2008. In the last three months, as it has bought private securities and established numerous monetary stimulus programs, the size of assets at the Fed has tripled to more than \$2.5 trillion. We believe these actions will slowly draw the credit markets towards normalcy over a number of months. Besides the TED spread, we see spreads of mortgages, commercial and auto loans improving as well. We believe healthier credit markets will enable investors to feel more comfortable taking even mild amounts of risk. Greed will eventually be coaxed out of his hiding place, where he cowers with record amounts of cash that have been removed from liquid markets like U.S. equities. History

of past cycles shows that when Greed does finally emerge, he acts quickly because by his very nature he doesn't want to miss out on an opportunity. Markets tend to rise sharply from bottoms, and we intend to be invested wisely.

We are seeing the most opportunity in several areas, including strong cash flow investments, certain insurance companies and high quality, early-cycle cyclicals. The strong cash flow stories are defensive names like the pharmaceutical company **Pfizer**, which produces about \$18 billion of free cash flow a year (almost 20% of its total market value). It returns some of that cash to shareholders in the form of an 8% dividend, and sells at less than 7 times earnings. It has patent expiration issues starting in late 2011, but should grow its earnings in 2009 (not an easy feat for most companies) and 2010. It remains one of the six AAA rated companies in the United States. This was one of our October purchases, and is up 10% since the initial purchase date of October 13, 2008, more than 19% ahead of the S&P 500 during the same period.

Well positioned, conservatively managed insurance companies are some of the few firms that could actually benefit from the current financial crisis. Insurance companies have large investment portfolios, which they invest and hope to grow in order to pay future claims. Some of those investments have performed terribly of late, and so some insurance companies have suffered sharp declines. American International Group, down 97% in 2008, and Hartford Financial Services, down 81% are only two of the biggest examples. Plunging investment portfolios as well as a large catastrophe year (including hurricane Ike) have decreased capital reserves at these and other insurance firms, and prevent them from writing as much insurance business as they otherwise might. Thus, this is one of the few industries that will actually have *significantly less* supply of product in 2009, even as demand is fairly stable. We have identified two insurance companies (we are looking for more) that have both conservative investment portfolios and, in October, were selling at or below book value, a rare occurrence for well-managed insurance firms. Our investments in **Chubb** and **Axis** have both performed well, as both are up more than 15% since purchase and more than 14% ahead of the S&P 500. While these results are short term, we are confident we paid a very attractive price for these companies. In fact, it was the first time Chubb had traded below tangible book value in at least 25 years.

We are especially attracted to the shares of certain early-cycle cyclicals. These are well managed companies with superior market position that are being devastated in the current economic environment and will probably have a tough time in 2009 as well. Typically, though, the stock market will start to look through softness and tries to identify those economically-sensitive companies that will thrive in the next upcycle, and these shares tend to lead the way out of recessions (hence the 'early cyclical' label). In the Fund we already own **Target**, and in the fourth quarter we initiated positions in both **Walgreens** and **Federal Express**. All three of these companies have excellent management and have been able to grow their businesses at very attractive rates until this year. We have always liked them, but until recently they have been far too expensive to justify buying using our value-based investment criteria -- their ten year average price-earnings ratio is over 20 times. But all three are economically sensitive and their share prices have fallen sharply in the current downturn. We would put these in the category of

more volatile investments, but with a higher reward potential over a three year period. Walgreens is up since purchase, FedEx and Target have declined (though all three are beating the S&P 500 since they were added to the Fund).

Finally we have increased our exposure to the financial sector by buying two quality names that have been pummeled. We believe **Goldman Sachs** and **Northern Trust** will survive these horrible times and are extremely undervalued. Goldman Sachs was down almost 80% from its highs a year ago to its November lows. We think that there will be IPOs, debt offerings and mergers in the future, and that Goldman Sachs will be advising an even greater share of these than before, since several of its major competitors are out of business or merged away (e.g., Lehman Brothers, Bear Stearns, Merrill Lynch). We paid 85% of tangible book value for Goldman Sachs in December; Warren Buffett invested in October, and paid 120%. We think we'll both make a good return over a three year period. We began building a position in Northern Trust in the quarter, on the heels of the gripping fear of further losses in the banking market. Northern Trust is not a traditional bank. Instead, it derives the majority of its revenues from trust and custody fees assessed on the assets of global financial institutions and wealthy individuals. Northern is an A+ rated, conservatively managed firm that has directly benefited from the confidence crisis in wealth management and asset quality problems at competitors. This should allow it to exit this period stronger than when it entered, especially relative to its peers. Again, our purchase price was extremely attractive.

These are trying times. In fact, one friend sent along this tidbit: the Earth took an extra second to circle the sun this past year, and since it was also a leap year, 2008 turns out to have been the longest year ever. No disagreements here! But in all seriousness, the time to get bearish on the U.S. stock market was 18 months ago, not now, after prices are down by half since the market peak in 2007. Bargains are found not in greedy times, but in fearful times. We continue to add securities to the Fund, but in a cautious way, as the economic environment remains perilous, and ugly headlines can drive stocks down sharply on any given day. We continue to focus on fundamentals: quality balance sheets, strong managements and competitively advantaged businesses. Our initial position sizes are smaller, and we are phasing in over time. We are hoping that 2009 is a year like 2003. In that year, the S&P 500 recovered from a horrible 2002 and was up 29%.

We hope that you have a wonderful new year and we are looking forward to a more prosperous 2009. Remember, if history's any guide, the market will turn *before* the economy recovers.

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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.

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Past performance is no guarantee of future results. All investing involves risk, including the possible loss of principal. 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 December 31, 2008

Ticker	Security Description	Percentage of Market Value
FISV	FISERV INC.	5.8%
SCHW	SCHWAB (CHARLES) CORP.	5.8%
CMCSA	COMCAST CORP. CL. A	5.4%
PFE	PFIZER INC.	5.2%
SHW	SHERWIN WILLIAMS	4.8%
WLP	WELLPOINT INC.	4.5%
NLY	ANNALY CAPITAL MGMT	4.2%
TWX	TIME WARNER	4.0%
HPQ	HEWLETT-PACKARD	4.0%
CB	CHUBB CORP.	3.9%

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* Holdings are subject to change