



Frank Value Fund

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NAV:11.81

Frank Capital Partners LLC

Third Quarter, 2006

To our fellow shareholders,

The Frank Value Fund ended the third quarter up 6.40% for the year, versus 8.53% for the S&P 500. The fund has returned 21.16% since its inception on July 21, 2004 (with dividends reinvested). That compares to 25.03% for the S&P 500.

The price of oil is down over 23% from its high of \$78 per barrel. Hedge fund Amaranth lost over 50% of its value due to losses in natural gas during September. Numerous other energy funds, such as the Fidelity Select Energy mutual fund, are off over 20% from their 2006 highs. We accurately predicted this energy decline and the Frank Value Fund avoided these potential back-breaking losses. However, we believe this is only the beginning.

Whether or not energy prices return to their historical averages, which are still well below current prices, the Frank Value Fund stands to benefit from the shift in investors' attention. While the financial world was enamored with the energy market, we quietly picked up ignored quality companies at multi-year lows. Now that energy is no longer the booming profit-maker, money inevitably flows from the most expensive stocks to the cheapest. This, of course, takes time, and while we have seen modest gains in our holdings, we believe it will be only a matter of time before we surpass our benchmark, the S&P 500.

Value investing is a humbling craft. During the energy market bonanza we sure looked foolish. Other investors were making easy money while we were the doomsayers trailing on the sidelines. Now, after the correction, we avoided large energy-related losses (remember that a 50% loss takes a 100% gain to get back to zero) and we are in an excellent position to outperform. By being highly selective in our stock-picking, we stayed close to our benchmark during the irrational run-up, and now that reality seems to be returning to the markets (with its inevitable focus on fundamentals) we are ready to pounce.

Thank you for your investment. We look forward to continue working with you.

Very truly yours,

Alfred and Brian Frank
Frank Value Fund Portfolio Managers