



Frank Value Fund

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Frank Capital Partners LLC

First Quarter, 2007

To our fellow shareholders,

The Frank Value Fund ended the first quarter of 2007 up 3.08% year-to-date, versus a 0.64% gain for the S&P 500. The Fund has returned 36.43% since its inception on July 21, 2004 (with dividends reinvested). That compares to 34.21% for the S&P 500 during the same period.

Rising defaults on subprime mortgages and the housing slump dominated the headlines in the quarter. These woes and geopolitical tensions contributed to increasing volatility in the market. Notably, on February 27 the S&P 500 index declined over 3% in a single day. However, in a pattern that repeated itself on other days this quarter, the effects of these sharp drops on the Fund were mitigated by our focus on downside protection and our cash reserve. As an added bonus, the cash we have on hand is ready to be invested in stocks that were unjustly punished by indiscriminate selling.

One of our newest positions in the Fund is a company everyone will recognize: Wal-Mart Stores. A variety of factors have caused Wal-Mart shares to become very cheap, such as saturation of stores in the U.S. market, bad publicity and activism by outside labor unions. Value investors have a maxim that says "if it's in the headlines, it's in the stock price." This means that if an issue is being continually reported by the mainstream media and Wall Street pundits, the current stock price reflects this reality and investors are essentially compensated for being exposed to these risks. The negative noise has drowned out positive factors like strong international expansion in countries like Mexico and China. We purchased shares of the world's #1 retailer at their cheapest price relative to earnings in over ten years, while the company continues to churn out impressive growth in sales and profits.

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