



Frank Value Fund

www.frankfunds.com

Ph: 973.887.7698

Toll Free: 866.706.9790

NAV:13.15

Frank Capital Partners LLC

Third Quarter, 2007

To our fellow shareholders,

The Frank Value Fund ended the third quarter of 2007 up 6.74% year-to-date, versus a 9.13% gain for the S&P 500. The Fund has returned 41.20% since its inception on July 21, 2004 (with dividends reinvested). That compares to 46.63% for the S&P 500 during the same period.

Although it was a difficult quarter, your portfolio managers felt like two kids on Christmas morning. Our excitement level was high because we were able to purchase many businesses at very cheap prices. Of course, the long hours of research involved in acquiring these new toys made us quite tired, but it was a small price to pay.

It is fascinating how quickly the stock market changes. In the second quarter, stocks were hitting new highs and your portfolio managers had a very hard time finding undervalued investments. Then, the subprime mortgage crisis hit, causing significant declines.

We find it ironic that our absolute and relative performance was better in the second quarter versus the third. However, if you recall our previous letter, we had great difficulty finding attractively priced investments and our cash reserves were high. So, although our recent performance is less favorable than three months earlier, we believe the new purchases set us up for much stronger performance in the next year or two.

The past three years have been difficult for value investors. While our results using this conservative and time-tested investment philosophy have been respectable, we are not satisfied with our performance relative to our benchmark. Interestingly, we are not alone in our struggles, as other prominent value funds (some with superb ten-year and greater records) have had similar results. The hot sectors remain energy and materials, as they have been for the past several years. While it can be tempting to invest in what has done well recently, time and time again this has proven to be a poor long-term strategy. We stick to the fundamentals and firmly believe we will be vindicated. As always, our personal money is invested alongside yours.

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