



## **Frank Value Fund**

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**NAV: 10.80**

**Frank Capital Partners LLC**

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Third Quarter, 2005

To our shareholders,

The third quarter was not a pleasant time for the stock market or our country. Hurricanes Katrina and Rita took their toll on our nation, causing energy prices to spike and consumer confidence to fall. Stocks continued to move sideways and the fund ended this quarter at about the same value as last.

While our recent performance is disappointing, we have been deploying cash into new investments. Presently, cash is about 7% of the total value of the Frank Value Fund. The fund is at the lowest level of cash in its short history because we are finding many investments that meet our strict value criteria. While returns have been sluggish in 2005, the undervalued stocks we own today bode well for the long-term.

An integral part of our value investing strategy is patience. Although some of the issues in the fund are trailing our benchmark, we remain confident that over the long-term these stocks will outperform. Buying stocks on the cheap usually means we make our purchases when the businesses are temporarily out of favor, and a stigma can remain on a company for some time. As long as the firm has good underlying fundamentals, we are very likely to be rewarded for our persistence in due time. We thank you for your patience and pledge not to waiver from our principles and chase performance in the short-term.

Thank you for your investment, we look forward to continuing to work with you.

Sincerely,

Alfred and Brian Frank  
Frank Value Fund Portfolio Managers