

After a strong fourth quarter, the SteepleView Fund ended the first quarter of 2007 with a modest decline. On the plus side, a lucrative restructuring propelled portfolio holding **American Standard** up more than 15%, and plans for the largest corn crop since World War II helped new investment **Archer Daniels Midland** by controlling its ethanol costs. These gains were offset by the poor performance of our financial stocks. The long-anticipated ugly ending of the subprime mortgage cycle caused the market to punish all companies even remotely connected with the financial business. (Fund holding **American International Group**, the largest U.S. insurance company, with no subprime mortgage exposure, was down 6% in the quarter even though it posted a terrific earnings report.) When these broad-brush overreactions occur, they cause us great frustration but also create opportunity, as well managed companies with bright prospects are unfairly penalized. We remain confident in the Fund's holdings, we are excited about the new investments discussed below, and we are pleased to provide you with the following investment outlook and Fund update.

A Little History: Stability is not so Bad

The Fund is managed from our offices in Rockefeller Center, a complex of more than a dozen buildings built during the Great Depression. As opposed to the post-modern monoliths that line nearby Sixth Avenue, each Rockefeller Center building has a character of its own: some austere, others quirky (like the British Empire Building) and some opulent (like Radio City Music Hall). The centerpiece is 30 Rockefeller Plaza, soaring 66 stories above midtown Manhattan with its iconic, art deco façade. Its front door is the focal point of the complex, just a few feet from the skating rink and the spot where the Christmas tree is placed each year. Above these doors is carved the keystone message of Rockefeller Center: "Wisdom and Knowledge Shall Be the Stability of Thy Times." (Isaiah 33:6) When we stop to read it, the words seem uninspiring, especially when surrounded by such dramatic architecture. Certainly the aspirations of our society, as immortalized on our grandest commercial monuments, should be loftier than just *stability*.

But, as any archeologist will tell you, context is everything when deciphering inscriptions found on old buildings (even if they are written in your native tongue). When Rockefeller Center was built – the first Christmas tree was stuck by workers into a muddy lot at the construction site in 1931 -- stability was in short supply. Unemployment was 35%, the economy was suffering its worst plunge in history, banks were failing, and no private citizen except John D. Rockefeller Jr. had the combination of courage and wherewithal to undertake such a major building project. Our guess is that both John D. and the workers sticking the first tree in the mud thought stability was as desirable as it was absent in 1931. The choice of "Wisdom and Knowledge" – instead of other possible virtues like, "Abundance" or "Democracy" or "Industry" -- to secure that missing stability also tells a lot about the era. We concur with John D. (and of course Isaiah) that wisdom and knowledge can restore stability. Moreover, in times of financial stress, wisdom (gained from past experience) and knowledge (gained from diligent research) can deliver not just stability but also opportunity.

Interest Rates, Liquidity and Opportunity

Meanwhile, *inside* the buildings at Rockefeller Center, where we find ourselves investing for the Fund, we are trying to use what wisdom and knowledge we can get our hands on to respond to the current financial uncertainty. What we find is not disastrous – this is emphatically not 1931. The system suffers bouts of financial stress every few years, and they are caused by two factors, one intuitive and one not so obvious. First, excess almost always leads to financial strain. This time, to put it broadly but accurately, too many mortgages with initially low interest rates were made to too many unqualified borrowers. When creditworthiness was ignored, and home prices ceased rising every month, and mortgages were made with little or no money down, the end was near. The second factor that causes a financial crisis – in fact the catalyst for the pricking of the bubble – is, ironically, the system’s response to financial excess. In our financial structure, that response is *restriction of liquidity through higher interest rates*. Excesses such as loose lending standards create higher financial growth than is sustainable by our growing population on a natural basis. That in turn could cause inflation, so to prevent that, the Federal Reserve will raise interest rates. Money becomes harder to come by, and in our current situation, adjustable mortgage rates rise as well. The marginal borrower who can barely make the payments on her new home now sees payments go up by 50 or 100 percent. These loans may still be held by the original lender, but more often they have been bundled into mortgage-backed securities and sold to a myriad of institutions, where they lie in portfolios like time bombs, slowly ticking away. As rates rise, borrowers start to default, and the institutions that made the bad loans (or bought the mortgage-backed securities later) find themselves in trouble, and so the credit crunch gets into full swing.

Liquidity is the oxygen of the financial markets. As the Federal Reserve raises rates, it sucks the air out of the system, eventually causing the weakest participants to collapse in a financial crisis of one variety or another. The last three interest rate cycles all ended this way: In 1994 the Mexican Peso collapsed. In 1998 the hedge fund Long Term Capital Management imploded along with Russian debt. In March of 2000 the stock market finally gave in to reality and declined 47% over the next 30 months. Each of these events occurred after a period of prolonged interest rate hikes. And each of these events caused the Federal Reserve to reverse course and lower interest rates, confident that the preceding excess had been wrung from the system. We believe that, after 17 successive rate hikes since June 2004, we are close to one of these inflection points. What will the crisis be this time? We’ve already seen about two dozen small subprime mortgage providers go bankrupt. Would it be a huge surprise if a good-sized lending institution with a large mortgage business failed? What about a large hedge fund with exotic derivative securities tied to underlying mortgage assets? What about both in succession? While the exact events are unknowable at this time, we continue to believe that something will give. At that time of dislocation, fear will replace greed as the dominant emotion in the financial markets. And when that happens, real value opportunities present themselves, so long as you have acted prudently up to that point to protect capital.

We are constantly re-examining our current portfolio holdings for financial vulnerabilities. Just as important, we are trying to calculate the effect the current mortgage scare is having on companies we do not own that have declined sharply in price. Do they all deserve such harsh treatment? Our average holding period is more than four years, and before we make an investment we typically spend a month or more researching it. We have not entered the financial sector to exploit the current dislocation yet, both because our research is not finished and because we believe more turbulence lies ahead, but it would be consistent with our style to identify opportunities among the ruins. Stay tuned.

Fund Update

After a strong fourth quarter, the SteepleView Fund lost a small amount of ground in the first quarter. A restructuring was announced at **American Standard** that effectively divides the company into three parts. This sent the stock up by more than 15% in the quarter. Such a division was always part of our investment thesis, and we were pleased to see it come to pass. We are now focusing on valuing each of the parts, and we continue to see further investment opportunities in some of these pieces going forward. More on this in future letters as the details of the division become announced.

The Fund was hurt in the quarter by the heavy weighting in financial stocks, as the mortgage problem illogically (but not surprisingly) tainted all financial intermediaries in the Fund, including insurance companies (**American International Group**), asset managers (**Legg Mason**) and money center banks with relatively little mortgage exposure (**JP Morgan**). We find this development frustrating but not either worrisome or unexpected at this point in the cycle. As mentioned, as higher interest rates cause financial strains, stocks in that industry suffer at first. Then, those companies that survive the liquidity crunch proceed into the next cycle stronger, with weakened competition. They stand to reap the benefits of lower interest rates in the future. Our task is to make sure we own the companies that will survive relatively unscathed. We think we have done that for you. The Fund contains a number of financial stocks, but only three have any mortgage exposure. Of these, **Fannie Mae** has rock-solid credit, with virtually no subprime exposure. That leaves **Washington Mutual** and **Capital One**. Each do own some subprime mortgages, but these are most emphatically not “subprime lenders.” The subprime category is a small percentage of all their mortgages (6% for Washington Mutual; 1% for Capital One), and mortgages are only one of several large businesses for each of these multi-line financial service companies. In fact, in the face of the current liquidity crisis, Capital One just announced a \$1.5 billion share buy-back (for 5% of its outstanding shares). We know and respect the management at Capital One, and are convinced they would not execute such a large plan if they were at all concerned about the company’s liquidity.

In short, we are never pleased when the Fund languishes, as it did in the first quarter. However, this is a marathon, not a sprint, and we are convinced that the companies we own are strong investments over the long term. It is not surprising given the current credit environment that our financial holdings are suffering, but their valuations are also incredibly low, and when normalcy returns, if these stocks were to

simply trade back to their average price-earnings ratios, the appreciation should be substantial. In fact, we are hoping for increased earnings and higher multiples, so we would be disappointed if the actual return over our investment horizon wasn't significantly higher than simply returning to the mean.

Meanwhile, here is an update on a new security purchased in the first quarter, **Archer Daniels Midland**, purchased during the worst of the market turmoil in late February. We believe that grains – soybeans, wheat and especially corn – are being transformed into *strategic* commodities, akin to crude oil or natural gas, rather than orange juice or pork bellies. Grains are now used to make fuel, and President Bush in his most recent State of the Union speech called for a tripling in the use of ethanol (made from corn) in the next ten years. Archer Daniels Midland is the only large, public U.S. company that operates in all the grain markets. In the short term everyone focuses on the spread between ADM's input costs (grain prices) and its selling price of grain derivatives like ethanol, animal feed, biodiesel, and high fructose corn syrup. Recently, negative margin pressures (high corn costs together with lower ethanol prices) have driven the stock down 25% since mid-2006. While short-term movements in commodity prices are impossible to predict, we believe that by taking a longer view, we can say with some conviction that two major secular trends are in place which would drive volumes at ADM significantly higher, and should be good for margins as well. The first is the desire of the United States to find ever greater alternatives to foreign-sourced gasoline, thus making (U.S. corn-sourced) ethanol a more viable alternative. The second trend, less focused upon, is the development of large, formerly impoverished economies like China and India, and the resulting changes in the local diets to include more seed oil, grains and especially meat and poultry, which require grain feed. The world needs more energy and more food: ADM can answer both needs. But just as important as the positive investment thesis is *always* the reasonable valuation: At our purchase price, ADM trades at about 12 times next year's earnings, 40% below its 10-year average. Its prospects have never been better for taking advantage of global trends and the strong populist movement towards cleaner energy. We are excited about this investment. It is already up over 7%, from date of purchase through March 31, 2007, due to the huge corn crop expected in 2007, which will drive down ADM's largest raw material cost.

The second investment of the quarter is still being bought as we write, so we are unable to mention it by name in this letter. It is a company in the construction business and, like our highly successful investment **Foster Wheeler**, it specializes in large infrastructure and energy projects. The developed world has underinvested in power plants, pipe lines, transportation depots and refineries for so long that massive spending is required to both upgrade current capacity and answer the burgeoning needs of the growing global economy. We look forward to telling you more about this idea next quarter.

Looking ahead, we continue to spend our time identifying those few companies that have exceptional appreciation potential coupled with limited risk. While clearly this combination depends on identifying a company with a bright future, just as important is finding it at the right valuation. There is no investment so wonderful that it can't be

ruined by a high enough entry price. In times of financial distress, we will search among the ruins, looking for companies unfairly grouped with failed, mismanaged businesses. In times of exuberance, we will look at those areas that seem forgotten and passé – it seemed old-fashioned to forsake the technology stocks in 2000 for the financials, for example, but it was quite profitable. Over the past eight years we have built a strong investment record by following those principles, and we will continue to adhere to them in the future. We appreciate your business and look forward to our second quarter update.

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For the period from its inception date of October 21, 2005 through March 31, 2007, the SteepleView Fund's performance was +13.75% (annualized). Also, performance for the one year period ended March 31, 2007 was +10.48%. *Past performance is not indicative of future returns. Investment returns will fluctuate so that an investor's shares, when redeemed, may be worth more or less at redemption than their original cost. Current performance may be higher or lower than the performance data quoted. Periods shorter than one year are unannualized. For performance current to the most recent month-end, please visit our website at www.steepleviewfund.com or call 1-866-SPL-VIEW. As stated in the current prospectus, the Fund's gross operating expense ratio is 1.67%. The Fund's adviser has agreed to voluntarily waive a portion of its fee and/or reimburse expenses such that the total operating expense ratio does not exceed 0.99%.*

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.steepleviewfund.com or by calling 1-866-SPL-VIEW. Please read the prospectus carefully before you invest.

The views presented in the letter were those of the Fund managers as of March 31, 2007 and may not reflect their views on the date this letter is first published or at anytime thereafter. These views are intended to assist the shareholders in understanding their investment in the Fund and do not constitute investment advice. None of the information presented should be construed as an offer to sell or recommendation of any security mentioned herein.

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. 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.

Top 10 Holdings

as of March 31, 2007

Ticker	Security Description	Percentage of Market Value
AIG	AMERICAN INTERNATIONAL GROUP	6.29%
FLWT	FOSTER WHEELER LTD	5.47%
ACE	ACE LTD	5.23%
HON	HONEYWELL INTERNATIONAL	5.06%
FNM	FANNIE MAE	5.01%
LM	LEGG MASON	5.00%
CMCSA	COMCAST CORP - A	4.84%
TWX	TIME WARNER INC.	4.56%
MSFT	MICROSOFT CORP.	4.29%
JPM	JP MORGAN CHASE	4.25%

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