

Our patience will achieve more than our force.

-- Edmund Burke

There are periods when good money management demands forceful decision making and dynamic portfolio shifts. The third quarter of 2006 was not one of those times. We believe we are on the right course, and that patience – always with vigilance – will be the most rewarding posture. The Fund bought one new stock in the third quarter, and sold none. The Fund performed poorly in July, as energy prices surged and the overall market, especially with the Fund’s heavy weighting in financial stocks, suffered. But in August and September, in what we believe is a harbinger of things to come, energy and other commodities started to roll over, the Federal Reserve stopped raising interest rates, and the Fund performed quite strongly, more than making up for July’s shortcomings.

Spears Grisanti & Brown’s investment thesis for the past few years has been as follows: In late 2002 our analysis led us to a number of hard asset (commodity) investments that we believed were selling far below their asset value. These would include shares of coal, oil, gas, chemical, refining, steel, iron ore and energy drilling companies. We try to buy these companies early in the cycle, before prices for the underlying commodities start to appreciate, and then as valuations climb past what we believe to be fair value, we sell them. These hard asset investments were for the most part very successful. By early 2005 our exposure to oil and gas alone had grown to over 30% of the portfolio. When other hard asset stocks, like coal, refining, chemicals and iron ore are included, almost two-thirds of the Adviser’s portfolios relied on this hard asset appreciation theme.

Success for good value investors, however, is a double-edged sword. As an investment appreciates, it simultaneously becomes more expensive and less attractive. We sell stocks at fair value, and frequently our assessment of “fair value” has little to do with the *peak* prices that these shares might obtain, especially if a group of stocks captures the public imagination, as was the case with technology stocks in the late 1990s. Similarly, “fair value” seemed to have little to do with the high prices that energy-related stocks achieved this year, in many cases after we had parted ways with them. We wish to be clear about our position: We believe that most energy and other commodity related stocks have more potential risk than expected return reflected in their current share prices. We have moved the Fund towards other stocks that we think stand a much better chance of multi-year appreciation – and a much lower chance of capital loss – than a hard asset related portfolio. This decision hurt the Fund in July and helped the Fund greatly in August and September. We believe it is the correct choice, and will lead to above average capital appreciation for the Fund.

There are clearly crosscurrents in the economy, and this too calls for patience. The well-publicized housing slowdown is undoubtedly a drag on economic growth, and we think the slump will be more prolonged and deeper than the current consensus

opinion. Housing weakness, affecting a huge swath of consumers, will keep downward pressure on commodity prices. More importantly, it should provide incentive for the Federal Reserve to lower interest rates sooner rather than later. While we see the economy slowing, we do not see a recession ahead. There are a number of indicators that remain robust. For example, the technology sector, usually a leading indicator of economic growth, is quite strong. The Fund's three technology stocks – **Level 3 Communications, Microsoft** and **Hewlett Packard** – were respectively the first, second and fourth best holdings of the quarter. In a mirror image of the housing market, the technology sector has languished for the last few years, and is now emerging towards a more normalized growth rate.

Several financial stocks also appear quite inexpensive, and we own them in size. **Legg Mason, American International Group, and Washington Mutual** are all new additions to the Fund this year, each selling well below its average valuation, and each a leader in its respective field. If, as we expect, the Federal Reserve becomes more accommodative, and as the earnings for these companies continue to come through, we expect market sentiment to improve. We believe that earnings growth will be coupled with expansion of their 10-year-low price/earnings multiples, producing a leveraged appreciation to the shares over the next two to three years.

As we sell companies that depend on assets from the 20th (and even 19th) century, like oil, coal and iron ore, we have become attracted to a distinctly 21st century asset. The Fund's one new investment for the quarter was Level 3 Communications, which owns and operates one of the world's largest internet communications systems. The company owns an extensive intercity network covering approximately 48,000 miles in North America and roughly 3,600 miles in Europe. The simplest way to think of Level 3 is as the highway (or more accurately the "toll road") of the internet. Our interest in Level 3 was sparked by several factors. First there is evidence that much of the overcapacity that was created in the "bubble" years is now absorbed and pricing has begun to stabilize after massive declines. Second, tremendous consolidation has occurred over the last few years via bankruptcies and acquisition of competitors. Today there are seven internet communication companies down from 30 and we expect there to be even fewer. In our view, this should lead to a much more rational competitive landscape and a better pricing environment. Finally, over time, we believe most forms of data and communication will move over the internet using Internet Protocol (IP). Many bandwidth hungry consumer and business applications are now emerging. While many see the internet as an e-mail delivery service, we see voice, video and high definition television being delivered in vast quantities via the internet backbone. Through the Fund's investments in **Comcast** and **Time Warner** we have witnessed the early success of moving voice to the internet. When video starts going over the internet in large amounts, we believe explosive demand for broadband capacity will occur. For example, a typical email size is 6 kb (kilobytes), while a full screen half-hour television show is 450,000 kB and the same show in high definition (HDTV) is 2,250,000 kB, or almost half a million times larger than the e-mail. Level 3 is well positioned to benefit from this trend. The company recently refinanced its 2008 debt maturities and has no major debt due until 2010.

An investment in Level 3 requires a long-term view of the world, one in which an investor needs to make assumptions about how people will communicate and entertain themselves over time. The Fund's investment style necessitates those types of judgments, as securities at Spears Grisanti & Brown are typically held for multi-year periods, with the expectation of significant appreciation (50% or more). If we are to be successful, Spears Grisanti & Brown must be able to get those types of judgments right considerably more often than we get them wrong, and we need to understand that the market environment can change drastically over the lifetime of our investment. Five years ago we wrote our third quarter letter from our new offices in Rockefeller Center, just a couple of weeks after September 11th. The stock market had just reopened after having been closed for a week. The future was unknowable and frightening. Five years later, while utopian visions of a brave new world have not come to pass, neither have our worst fears, which frankly seemed the more likely scenario back then. Patient investing has paid off in the intervening years, and we think it will again in the future. We do not profess deep insights into the workings of the world, but we do remain committed to methodical analysis of individual companies, argumentative internal discussions about investments, and patience.

For the period from its inception date of October 21, 2005 through September 30, 2006, the SteepleView Fund's performance was +11.78% (unannualized). *Past performance is not indicative of future results. Investment returns and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than the performance data quoted. For the most recent month-end performance, please visit the Fund's website at www.steepleviewfund.com. or call 1-866-SPL-VIEW.*

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.steepleview.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 September 30, 2006, 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 September 30,2006

| Ticker | Security Description | Percentage of Market Value |
|--------|------------------------------|----------------------------|
| LM | Legg Mason | 5.72% |
| FNM | Fannie Mae | 5.48% |
| ACE | Ace Ltd | 5.37% |
| AIG | American International Group | 5.13% |
| DD | Dupont (E I) de Nemours | 4.95% |
| CMCSA | Comcast Corp. Class A | 4.89% |
| BAC | Bank of America Corp. | 4.88% |
| HON | Honeywell International | 4.80% |
| TWX | Time Warner Inc. | 4.51% |
| MSFT | Microsoft Corp. | 4.49% |

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Spears Grisanti & Brown LLC – Adviser of the SteepleView Fund