

## Report to Dorfman Value Fund Shareholders Fourth Quarter 2008

Dear Fellow Shareholder,

As tough as the third quarter was for our fund, the fourth quarter was worse. The country was dealing simultaneously with a financial crisis, a recession, and a slow-motion crash in the stock market. The S&P 500 declined 21.94% (including reinvested dividends) as the U.S. stock market finished its worst year since 1931. We managed to do better than the Standard & Poor's 500 Index for the quarter, but only by about a percentage point.

On November 20, 2008 stocks hit a bottom, after falling 50.71% from their peak on October 9, 2007. It remains to be seen whether the November 20 low was truly the end of a brutal bear market. Nevertheless, unlike some of my peers, I am constructive in my outlook for 2009.

<b>Dorfman Value Fund Performance through December 31, 2008</b>			
Performance Measurement Period	Fourth Quarter 2008	One Year 2008	From Inception (December 31, 2007)
Dorfman Value Fund	(20.70%)	(32.43%)	(32.43%)
Standard & Poor's 500	(21.94%)	(37.00%)	(37.00%)
<p><b>The fund's net expense ratio is 1.99%* and the gross expense ratio is estimated in the prospectus at 2.03%.</b></p> <p><i>Performance data represent past performance and do not guarantee future results. Investment returns and principal will fluctuate. When sold, fund shares may be worth more or less than their original cost. Performance current to the most recent month-end may be lower or higher than the performance quoted and can be obtained by calling 1-888-6-DORFMAN.</i></p>			

Figures are total returns net of fees, including reinvested dividends. Returns for the fund are calculated by US Bancorp, returns for the S&P 500 by Bloomberg LP. \*The Advisor has contractually agreed to waive certain fees indefinitely, as described in the prospectus.

The U.S. economic recession officially began in December 2007. Accordingly, it was already 13 months old as we entered 2009. This is significant because the two longest recessions since World War II have been 16 months apiece. The current recession seems unusually severe, and some people are even talking about it turning into a 1930s-style depression. I respect their opinion, but I doubt that we will see a replay of the 1930s. I believe that the economy will begin to recover at some point during 2009. For the stock market, which usually moves three to nine months ahead of the economy, I believe most of the pain is probably over.

### **Fourth Quarter Developments**

Five of the fund's holdings declined by 40% or more in the quarter. Listed alphabetically, these were Ceradyne (a maker of body armor and advanced ceramics), Gannett (a chain of newspapers and other media), St. Mary Land & Exploration (a natural gas producer), Twin Disk (a maker of transmissions and other parts of boats), and US Steel (a steel maker that was once among the largest U.S. corporations). I think all five have substantial recovery potential. For the time being we are holding onto all of them.

Only three of our stocks showed gains in the quarter. The three gainers (up 1% to 11%) were Banco Latinoamericano (a bank that finances imports and exports in Latin America), Cal-Maine Foods (the largest U.S. producer of eggs), and King Pharmaceuticals (a drug company).

Our energy and metals stocks continued to perform weakly, extending their third-quarter slide. For example, Apache shares fell 28% and Commercial Metals 29%. We had lightened up a bit in these stocks at mid-year. Now we are inclined to hold them; I believe the supply and demand picture is favorable for both energy and metals over the next three to five years.

Dorfman Value Fund was launched primarily through a roll-up of 55 separate accounts previously managed by Thunderstorm Capital LLC. These accounts had held certain energy and metals stocks for several years, and had gains on them. The fund realized some of these gains in mid-2008. Partly in order to offset those gains, the fund sold Palm and AUO Optronics in the fourth quarter at a loss.

We purchased six stocks in the fourth quarter. All six were larger-cap stocks, balancing out our portfolio, which had been heavily in mid-cap stocks. The new additions were Carnival, General Dynamics, Merck, Microsoft, Mosaic and Time Warner.

I strongly favor the big, traditional drug stocks. They have some defensive characteristics, in that people continue to take medicine during recessions at a pace not too much different than in good times. They have attractive dividend yields, especially Pfizer, which yields 7%. And I believe they have capital appreciation potential, especially now that some of them have declined six years in a row. I refuse to believe that these companies have completely lost their research prowess, as many investors seem to think. As of December 31, our three biggest equity holdings were pharmaceutical stocks -- AstraZeneca, Merck and Pfizer.

### **Fund Facts**

As of December 31, Dorfman Value Fund's had 81 shareholder accounts and net assets of \$9.1 million.

### **Portfolio Strategy**

During most of 2008 Dorfman Value Fund held a substantial cash reserve. In October and November, we redeployed most of that cash into stocks. Subject to change, our plan is to run with normal cash levels during 2009.

We remain overweight financial stocks, but not as heavily as a few months ago. Valuations on many stocks have fallen into an attractive range, and I have used this opportunity to broaden and diversify our holdings.

We remain underweight consumer stocks, as we still believe the U.S. consumer is strained by falling home prices and high debt. However, energy costs have come down, lightening one burden.

Most of the investors in Dorfman Value Fund have stayed the course through an extraordinarily difficult year, and I want to express my appreciation. In addition to valuing their loyalty, I also believe they are doing the right thing. More than half of my personal securities portfolio is invested in Dorfman Value Fund. In 2008 I shared the bad times with all of you. It is my hope that we will share a more constructive investment experience in 2009.

Cordially,

John Dorfman  
Portfolio Manager

### **Past performance does not guarantee future results.**

Opinions expressed are subject to change at any time, are not intended to be a forecast or future events, a guarantee of future results, nor investment advice.

*Must be preceded or accompanied by a prospectus. Read and consider it carefully before investing. You may obtain a hard copy of the prospectus by calling 1-888-6- DORFMAN, or by visiting [www.dorfmanvalue.com](http://www.dorfmanvalue.com).*

**Mutual fund investing involves risk. Principal loss is possible. Investments in smaller companies involve additional risks such as limited liquidity and greater volatility. Investments in foreign securities involve greater volatility, political, economic and currency risks and differences in accounting methods.**

Fund holdings and sector allocations are subject to change at any time and are not recommendations to buy or sell any security. **Current and future portfolio holdings are subject to risk.** Please view the [fund fact sheet](#) for the fund's top 10 holdings.

Investment performance reflects fee waivers in effect. In the absence of such waivers, total return would be reduced.

The S&P 500 Index is a broad based unmanaged index of 500 stocks, which is widely recognized as representative of the equity market in general. You cannot invest directly in an index.

The Dorfman Value Fund is distributed by Quasar Distributors, LLC. 2/09