OAK VALUE FUND

Investment Adviser's Review – Third Quarter 2008

"If you can keep your head when all about you are losing theirs and blaming it on you,
If you can trust yourself when all men doubt you, but make allowance for their doubting too,
If you can wait and not be tired by waiting…Yours is the Earth and everything that's in it."

- Rudyard Kipling

Eventually, there will come another time when loaning money to someone who cannot pay you back will seem like a good idea. Eventually, there will emerge another asset class so attractive that investors will not care about such distractions as cash flow or cost of carry. Eventually, greed will once again supplant fear as the driving force behind investor behavior, and investors will determine that there is no risk that cannot be mitigated with the right amount of rationalization. And soon after that time, the last will be first and the first will be last.

Assigning blame for the financial debacle is, in the words of *Apocalypse Now's* Captain Willard, "like handing out speeding tickets at the Indy 500." If blame were currency, there would be no need for a federal bailout. Just about everybody seems culpable. Even so, amid all the cacophony and tumult, it is easy for many market observers to lose focus on the more important matters: what has changed and where do we go from here?

Here at Oak Value, while we are always looking for changes in the economic environment that could impact the Oak Value Fund (the "Fund"), we have certainly not changed our investment approach. We have been at this for quite some time, and while the fear in the market is evident, requiring constant vigilance, extreme market volatility is not without precedent. Frankly, we find it a bit disingenuous whenever we hear someone refer to recent events as "totally unforeseeable" or "a perfect storm." Isn't it amazing how many 100-year storms happen every year?

We have long held that the investments we make on behalf of the Fund are in businesses with strong underlying economics and staying power, and that a byproduct of this approach would be that these businesses would perform reasonably well during periods of stress. This is not by accident—although some of the businesses in the Fund are financial companies, we tend to steer clear of businesses that are overly dependent on the capital markets. We also

Quarter-End Performance For Periods Ended September 30, 2008

	3 Month	1 Year	5 Year [1]	10 Year [1]	Since Inception 01/18/93[1]
Oak Value Fund	-3.22%	-18.74%	3.61%	4.36%	9.28%
S&P 500 Index	-8.37%	-21.98%	5.17%	3.06%	8.49%

1) Annualized.

The performance information quoted above represents past performance and past performance does not guarantee future results. Investment return 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. Performance data, current to the most recent month end, may be found at the Oak Value Fund ("Fund")'s website www.oakvaluefund.com. An investor should consider the Fund's investment objectives, risks, and charges and expenses carefully before investing. The Fund's prospectus contains this and other important information. ***The Fund's annualized gross expense ratio as of fiscal year-end (06/30/08) was 1.37%.***

The Fund imposes a 2% redemption fee on shares redeemed within 90 days of their purchase date. See the Fund's current Prospectus for more information on the Fund's redemption fee. Please keep in mind the performance information above does not reflect the imposition of a 2% redemption fee. You may obtain a copy of the Fund's prospectus at www.oakvaluefund.com or by calling 1-800-622-2474. Please read the prospectus carefully before you invest or send money.

tend to avoid highly leveraged companies, companies involved in rapidly evolving business models or industries, and companies facing regulatory or reporting problems or changes. These risk factors do not necessarily preclude our investment in a business on an individual basis, but in our experience, when they exist in concert, trouble usually follows.

So, where do we go from here? For us, the trip is not particularly arduous. We remain busy searching for great businesses that can be purchased at attractive prices. In our quest for those opportunities, we feel a bit like beachcombers after a violent storm. An ocean of liquidity has receded, and experience tells us there is treasure to be had.

The Fund significantly outperformed the declining broader market averages during the quarter. Driving the Fund's performance during the quarter were advances of more than 30 percent in the shares of Apollo Group and Capital One. Additionally, the shares of Berkshire Hathaway posted an impressive eight percent gain as this longtime holding performed well amid the current market turmoil. Moody's and 3M, though they declined slightly, also contributed to the Fund's outperformance vs. the market. Notable among the Fund's laggards during the period were Praxair, Cadbury, eBay, Coach and Tiffany, all posting double-digit percentage declines. On balance, although we would prefer positive returns, we were pleased that the Fund performed relatively well in an environment filled with fear and loathing. Most of the stocks held in the Fund outperformed the broader market.

Regarding broader market performance, the financial sector actually posted positive returns during the period, and our particular exposures there boosted the Fund's performance vs. the market. Also driving our outperformance during the quarter was weakness in the energy sector which accounted for nearly half of the overall market decline. The Oak Value Fund had no direct exposure to energy.

Update on Largest Holdings…

Berkshire Hathaway – After many years of owning Berkshire during a myriad of market environments, Fund shareholders are now being rewarded for our view on risk and for our belief that Berkshire represents important risk mitigation in difficult times. For years, the company's shareholders patiently watched as Berkshire's large cash position earned a below-market yield, with the understanding that at some point Mr. Market would serve up delectable opportunities. We must admit that it is with some satisfaction that we notice the quiet nature of all those who posited that Berkshire had lost its way. All those who defined risk as some small spread over treasuries now sing a different tune as true risk is revealed to be an implosion of a business model too dependent on the capital markets to survive.

We note with great humility how superior businesses such as Berkshire, that possess sustainable business models, appear to be in an especially advantaged position relative to their competition. Many of Berkshire's longstanding competitors in the insurance business have been greatly damaged. We believe the next few years portend a better environment for Berkshire's insurance operations and uses of its ongoing strong cash flow. The war chest the company spent years amassing has recently allowed it to have its pick of attractive investment opportunities in high quality businesses—Constellation Energy, Goldman Sachs, and General Electric. As we have noted for some time, Berkshire possesses a business model that sources cash from its insurance operations and deploys this capital into opportune investments. We expect that the market will more appropriately recognize these attributes and the opportune investments made during these troubled times. In our opinion, Berkshire's recent allocations of capital are seeds sown for future harvest, as they should meaningfully strengthen the company's earnings power.

Apollo Group – We added Apollo to the Fund's portfolio in the second quarter of 2008. As the largest private educational institution in the U.S. Apollo has historically been a rapid grower and has led the industry in the application of online delivery to the traditional university experience. Our renewed investment in Apollo was based on our continued belief that the company had established itself as a leader in an industry that has high barriers to entry, solid growth potential, demonstrated pricing power, high profit margins, attractive returns on capital and significant cash flow generation. Apollo's business model leverages its size and scale in numerous operational capacities such as marketing and faculty support.

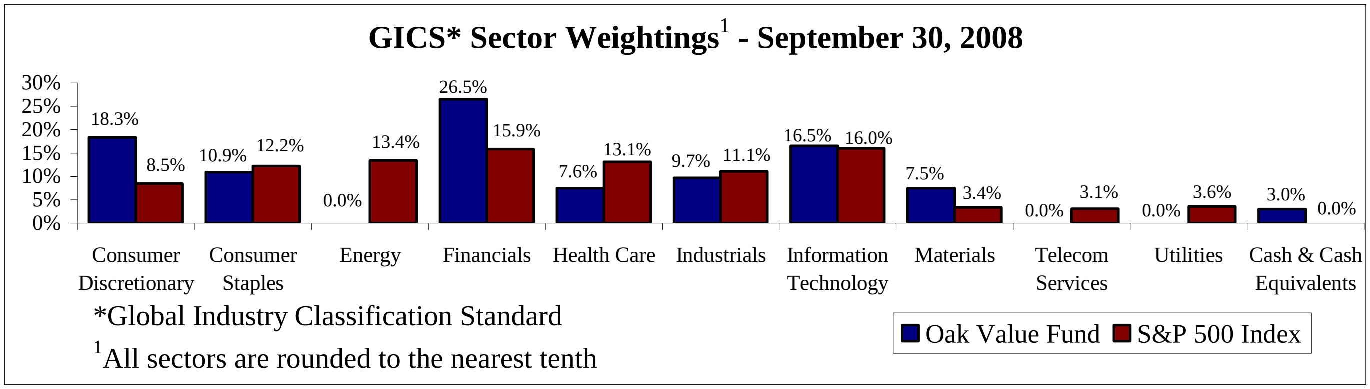
Top Ten Holdings As of September 30, 2008		
Company	**Primary Business**	**S&P Sector**
3M	Manufacturing & Marketing Technology Products/Services	Industrials
Apollo Group	Education & Training Services	Consumer Discretionary
Berkshire Hathaway	Insurance, Reinsurance & Capital Allocation	Financials
Coach	Handbags & Accessories	Consumer Discretionary
Diageo	Global Premium Alcohol Business	Consumer Staples
Medtronic	Medical Device Manufacturer	Health Care
Microsoft	Computer Software Developer and Manufacturer	Information Technology
Praxair	Industrial Use Atmospheric & Process Gases	Materials
Tiffany	Designer, Manufacturer, and Retailer of Fine Jewelry	Consumer Discretionary
United Technologies	Diversified Manufacturing and Service	Industrials

Apollo became one of the Fund's top five holdings during the quarter, as the shares dramatically outperformed the overall market, appreciating more than 30 percent. Though the shares have retreated somewhat during the early days of the new quarter, we believe the company should continue to experience solid growth as a result of a broad and effective product offering for its student base. The demographic profile of the company's students suggests that many professionals will seek additional education during economic weakness. Apollo's entrance into online high school in the United States and the company's entry into other countries over time should provide additional growth opportunities for online education. A conservative balance sheet and an advantaged value proposition should complement the company's excellent product offering to yield high returns on investment for its students and its shareholders, amid both favorable and unfavorable economic scenarios.

Medtronic – Medtronic remains one of the Fund's top holdings. We believe the company is poised to benefit from the investments it has been making to solidify its position as a leader in numerous medical device categories, including spinal products, neuromodulation, diabetes, and vascular disease. In our view, the market undervalues these growth drivers, and instead values the company only on the merits of its core business. During the quarter, Medtronic held an analyst day where the company discussed annual goals for all businesses and management reiterated its commitment to grow and develop these other key franchises. We believe that over time these new business initiatives will be more appropriately valued. Management also outlined its cost-cutting efforts which the company estimates will generate nearly $2 billion in savings. Medtronic indicated that a portion of these savings will be invested into these faster growing segments, and also that the company would begin to return approximately 40-50% of excess free cash flow to shareholders over the next five years. Medtronic is a market leader in its key franchises, and due to the company's financial strength, it is able to grow both organically and via acquisitions and still reward Medtronic shareholders with cash. In our view, that is a good business.

Praxair – We increased the Fund's position in Praxair during the quarter, elevating it to one of the top five holdings. Praxair is one of the largest industrial gas companies in the world. We believe Praxair has an especially predictable revenue model and we have taken the recent market dislocation related to energy prices as an opportunity to add to the name. Praxair is much more defensive in its profile than other pure chemical, energy, and industrial names whose margins are quickly affected by the spot price fluctuations of a single commodity.

The company produces gases for the health care, food and beverage, chemicals, metal fabrication, and electronics industries and for energy-related products. Praxair has shown the ability to produce more stable profits over time than its competitors and grow through prior recessionary periods while maintaining and improving its returns on capital. Praxair's business model is based upon lengthy contracts that allow the company to recover high up-front costs related to production capacity. The company's long-term agreements are designed to safeguard its capital outlays and protect its returns on capital. These agreements, typically 15 years long, allow Praxair to maintain profit margins by passing along cost increases, including rising energy costs. In addition, the company further augments its economics via byproduct lines, whereby the company repurposes derivative gases to additional customers while clustering these new customers in close physical proximity to existing infrastructure. True surprises in this business tend to be few and far between. Praxair invests in new production when it has customers ready to commit for the product on terms that meet the company's long-term requirements.



Praxair continues to experience a record backlog of projects that are largely domiciled in emerging markets and with customers that are extremely well capitalized. As of June 30, 2008, Praxair had 44 projects in its backlog that will come into its revenue stream in 2010 and 2011, thereby providing greater visibility into Praxair's earnings for a considerable timeframe. The growth drivers behind Praxair's burgeoning business are secular in nature and do not reflect the normal movement of business cycles. The predictability of Praxair's cash flows enables the company to fund all of its growth internally and simultaneously execute a stock buyback of more than $2 billion. This predictability is a testament to Praxair's unique business model.

Diageo – Diageo PLC is one of the world's leading premium drinks companies, with an outstanding collection of international brands across the spirits, wine and beer categories. We initiated this position in the Fund earlier this year as we saw the opportunity to take advantage of market dislocation in a quality business. The dislocation that created this opportunity persisted during the most recent quarter as Diageo shares declined further. Our view is that the price/value relationship reflected in the shares provides an attractive opportunity for growth and earnings leverage at a time when excess cash flows are driving higher returns to the company's shareholders in the forms of share repurchases and increasing dividends. More importantly, we believe the trend toward premium brands in the spirits category will continue and that Diageo is well positioned to take advantage of this secular trend. We also believe that the spirits business will perform relatively well in a difficult economy. Diageo continues to invest in its business around the globe, and while we do not expect all regions to be in sync at the same time, we believe the company is positioned to capitalize on favorable long-term trends. We are especially encouraged by the company's investments and opportunities in China and India. We believe Diageo management is focused on growing this portfolio of global brands, leveraging savings across the globe, and returning value to its shareholders.

Recent Purchases

Avon Products – Avon Products is the world's largest direct seller of cosmetics, fragrances, toiletries, apparel, fashion jewelry and other beauty products with a revenue base of nearly $10 billion. The company has a worldwide direct selling network that is comprised of 5.4 million representatives (459,000 in the U.S.) who distribute products, primarily door to door, in more than 114 countries.

Our experience owning Avon in the Fund dates back to 1993. We continued to follow Avon's evolution as the company dealt with the realities of a maturing domestic market and increasingly positioned itself to capitalize on an expanding global opportunity set. We last positioned Avon in the Fund in 2001. At that time, the company was perhaps best recognized as the world's largest seller of beauty products (even though its sales force was less than two-thirds the size it is today). Avon had proven its ability to effectively execute a direct marketing distribution model in emerging markets and the company sought to revitalize products in mature markets to stimulate growth. The business had a legacy of producing high returns on invested capital. The qualities that attracted us to the business back then have survived a multi-year transition. Today, we believe there is additional value to be realized from the years of investment in Avon's global brand equity. The market leadership potential of this brand equity is evident in the fact that more than 70 percent of Avon's sales are generated outside the U.S. and 60 percent come from emerging economies. We believe the company's focus on global advertising and aggressive product research and development investment are a successful combination.

Avon's management team has exhibited a renewed focus on cost improvement and has implemented significant restructuring initiatives. These restructuring programs have funded incremental investment in the business, which is reinvigorating sales growth from depressed levels and laying the foundation for future margin expansion. In our opinion, the company's efforts to realign its cost structure and invest more aggressively in product innovation have enabled it to offer a better value proposition to the customer in comparison to higher priced channels. Moreover, we believe the company's increasing pricing power throughout many of its product lines is a testament to the growing value of its brand portfolio. Avon has long demonstrated the ability to provide an income option for working women during weak economic periods. The direct distribution model remains highly capital efficient, allowing the company to penetrate the emerging markets of Eastern Europe, China, and South America in a business model that has value for customers, employees (and representatives) and its shareholders. With an expanding presence throughout the world, a broadened and strengthened product offering and a more flexible cost structure, we believe Avon is a good business with good management now available at an attractive valuation.

Recent Sales

Fidelity National Information Services – During the second quarter, Fidelity National Information Services executed a tax-free spin-off of its lender processing business. The spin-off company, Lender Processing Services (LPS), remains in the Fund and we elected to sell the shares of the original company. While our investment thesis remained intact for Fidelity National, we had become somewhat concerned about the company's exposure to the banking industry as we considered the enormous pressure to cut costs that some of the company's clients faced. Ironically, while Fidelity National spun off the division that we think it viewed as an albatross from a valuation standpoint (the piece that included mortgage servicing), we believe there are some really attractive characteristics of that business that were perhaps underappreciated by Fidelity National. First, we think the mortgage servicing business in general (as opposed to mortgage origination, for example) has good long-term prospects. Second, the company has a mortgage default management business that is going gangbusters. In an environment where net new growth in mortgage servicing will be scarce, we like this attractive balance of a long-term growth opportunity with a countercyclical kicker.

E.W. Scripps – Likewise, E. W. Scripps completed a tax-free spin-off of its cable networks and its interactive division into a new company, Scripps Networks Interactive. The remaining businesses of the original E. W. Scripps are the somewhat attractive broadcast television business and the particularly unattractive newspaper business. We kept Scripps Networks Interactive and sold the original company.

In Closing…

"The cheaper things get, the better I like it."

- Warren Buffett, Oct. 1, 2008

We began our Investment Adviser's Review last quarter with a quote that read, "The time to buy is when the blood is running in the streets." Ladies and gentlemen, that time has come. While the news media is broadcasting images of anguished traders and is focused on the vagaries of human emotion, great businesses are on sale. We believe that our experience, our long-term perspective, and our proven philosophy of owning good businesses with durable competitive advantages and maintaining adequate margins of safety will serve our investors especially well during periods such as these.

We thank you for your continued confidence in the Oak Value team.

IMPORTANT INFORMATION

Authorized for distribution only if preceded or accompanied by a prospectus. Where shown or quoted, recent company returns (for example calendar quarter or trailing twelve months) are stock price changes only, and reflect neither dividends nor any fees as associated with an investment in the Oak Value Fund (the "Fund"). This Investment Adviser's Review seeks to describe the Fund managers' current views of the market and to highlight selected activity in the Fund. Any discussion of specific securities is intended to help shareholders understand the Fund's investment style, and should not be regarded as a recommendation of any security. Displays detailing a summary of holdings (e.g., Top Ten Holdings, GICS Sector Weightings, etc.) are based on the Fund's holdings on September 30, 2008. "Top Ten Holdings" do not include money market investments.

Oak Value Fund Portfolio
Top Ten Holdings as of 09/30/08

Security Description	% of Net Assets
Berkshire Hathaway, Inc. (CL - A)	10.73%
Apollo Group, Inc.	5.77%
Medtronic, Inc.	5.30%
Praxair, Inc.	5.28%
Diageo plc ADR	5.27%
3M Co.	5.07%
United Technologies Corp.	4.60%
Microsoft Corp.	4.56%
Tiffany & Co.	4.45%
Coach Inc.	4.35%

We do not attempt to address specifically how individual shareholders have fared, since shareholders also receive account statements showing their holdings and transactions. Information concerning the performance of the Fund and our recommendations over the last year are available upon request. Past performance is no indication of future performance. You should not assume that future recommendations will be as profitable or will equal the performance of past recommendations.

Statements referring to future actions or events, such as the future financial performance or ongoing business strategies of the companies in which the Fund invests, are based on the current expectations and projections about future events provided by various sources, including company management. These statements are not guarantees of future performance, and actual events and results may differ materially from those discussed herein. References to securities purchased or held are only as of the date of this communication to shareholders. Although the Fund's investment adviser (the "Adviser"), focuses on long-term investments, holdings are subject to change.

This Investment Adviser's Review may include statistical and other factual information obtained from third-party sources. We believe those sources to be accurate and reliable; however, we are not responsible for errors by them on which we reasonably rely. In addition, our comments are influenced by our analysis of information from a wide variety of sources and may contain syntheses, synopses, or excerpts of ideas from written or oral viewpoints provided to us by investment, industry, press and other public sources about various economic, political, central bank, and other suspected influences on investment markets.

Although our comments focus on the most recent calendar quarter, we use this perspective only because it reflects industry convention. The Fund and its Adviser do not subscribe to the notion that three-month calendar periods or other short-term periods are either appropriate for making judgments or useful in setting long-term expectations for returns from our, or any other, investment strategy. The Fund and its Adviser do not subscribe to any particular viewpoint about causes and effects of events in the broad capital markets, other than that they are not predictable in advance. Specifically, nothing contained in this Investment Adviser's Review should be construed as a forecast of overall market movements, either in the short or long-term.

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Comparisons to benchmark indices have limitations because benchmark indices have volatility and other material characteristics that may differ from open-end mutual funds. Because of these differences, benchmark indices should not be relied upon as an exact measure of comparison. Indices are unmanaged and do not reflect the payment of advisory fees and other expenses associated with open-end mutual funds. Investors cannot directly invest in an index, though index funds designed to replicate the performance of various indices are available. The S&P 500 Index is weighted by market value, and its performance is thought to be representative of the stock market as a whole. The S&P 500 Index was created in 1957, although it has been extrapolated backwards to several decades earlier for performance comparison purposes. This S&P 500 Index provides a broad snapshot of the overall U.S. equity market; in fact, over 70% of all U.S. Equity is tracked by it. The S&P 500 Index selects its companies based upon their market size, liquidity, and sector. Most of the companies in the S&P 500 Index are mid cap or large cap corporations. The S&P 500 Index referenced include the reinvestment of dividends.

Reference to “GICS Sectors” refers to the Global Industry Classification Standard. Descriptions or graphics related to “GICS Sector Weightings” are presented to illustrate the business and portfolio management operations of the Adviser or examples of representative groupings and securities in which the Fund may invest and are not to be considered recommendations by the Adviser. Categories and groupings in graphs detailing sectors are sourced from Standard & Poor’s and Morgan Stanley Capital International “MSCI.”

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