



OAK VALUE FUND
Investment Adviser's Review – Third Quarter 2009



*“A sluggard does not plow in season;
So at harvest time he looks but finds nothing.”*

- Proverbs

The dramatic swings witnessed in the world's financial markets this year certainly serve as good reminders that economic cycles and market gyrations do not comport with the same planetary movements that cause the changing of the seasons. Even so, we know these cycles and gyrations will occur, and the existence of this uneven, unpredictable seasonality is an important element in our approach to security selection. We have found over the years that our time is much better spent searching for opportunities that ought to result in bountiful future harvests than worrying about the weather. We continue to believe that our primary tasks are to acknowledge that these irregular seasons will occur, recognize the patterns of the seasons when they occur, know what is required of us during each season and then get on with the work necessary to provide for a fruitful harvest.

The Oak Value Fund (“the Fund”) outperformed the market for the fifth consecutive quarter posting a gain of nearly 17%. Through the first three quarters of the year, the Fund has gained more than 26% versus the 19% gain of the S&P 500 Index. We are pleased to report that the Fund has outperformed this broad market benchmark in each of the trailing one, two, three, five and ten-year periods and for the period since its inception in 1993. The discussions included in this review are intended to provide shareholders an update on the Fund's performance for the most recent quarter; an update on its largest holdings, and a discussion of the key portfolio changes made during the quarter. As of September 30, the Fund's five largest positions were Berkshire Hathaway, Praxair, Coach, Avon Products and Republic Services. Republic Services was a portfolio addition during the period as was ITT Education. Three companies were eliminated from the Fund portfolio during the period—eBay, Moody's and Tiffany.

The source of the Fund's outperformance for this quarter was most significantly influenced by the list of companies that were not included in the top five positions at the end of the period. In aggregate, the Fund's top five holdings essentially matched the returns of the overall market during this quarter. Additionally, we point out that only one of the seven companies added to the portfolio since the beginning of the calendar year has made a meaningful contribution to the Fund's relative returns so far. In our opinion, these outstanding businesses continue to represent seeds for future harvests. We believe they too will have their season.

The economic turmoil of the last two years will be the subject of study and analysis for generations to come. Throughout this period, we have maintained that we would focus our efforts on investment opportunities that would position Fund shareholders to own a collection of advantaged businesses that could emerge even stronger once this season passed. As we view the portfolio today, we believe our actions will serve to accomplish this objective.

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

David R. Carr, Jr.

Larry D. Coats, Jr.

Christy L. Phillips

Attribution

The Oak Value Fund posted a gain of 16.99% for the quarter, outperforming the S&P 500 index return of 15.61%. These results mark the fifth consecutive quarter of outperformance for the Fund and further extend its lead on the overall market for the calendar year. Though we are pleased with these near-term results, on both an absolute and a relative basis, we encourage shareholders to view them in the context of the Fund's longer term results (see the table below), bearing in mind how these results have been achieved—by opportunistically buying advantaged businesses. In recent years, we have been deliberate in our efforts to accomplish prudent diversification across the portfolio while preserving the opportunity for individual security selection to outperform. Though we had no way of predicting the market events of recent periods, the decisions we made have, in aggregate, produced the outcomes we would have desired.

The market's advance for the quarter was led by moves in excess of 20% in the financials, industrials and materials sectors. Though the Fund lagged its sector peers in each of these areas, it posted its own share of plus 20% advances in consumer discretionary, consumer staples, energy and industrials. Leading the performance for the quarter were Fund positions in Tiffany (+52%), Cadbury PLC (+49%), American Express (+46%), Chesapeake Energy (+43%), AFLAC (+37%) and Avon Products (+32%). Nearly half of the Fund's holdings posted advances of at least 20% while only four positions posted negative returns for the quarter – Moody's (-7%) Oracle (-3%) Becton Dickinson (-2%) and Syngenta (-1%). Though the shares of Moody's declined more than 7% during the quarter, we eliminated the position intra-quarter and prior to its more significant decline.

Finally, we believe it is important to note the breadth of the Fund's exposures in the context of a focused portfolio. In aggregate, the Fund's top five holdings contributed only modestly to its outperformance for the quarter. Though the format of this quarterly review tends to focus on the top five holdings and the additions and deletions during the quarter, it is often the balance of the portfolio that does the heavy lifting for Fund shareholders. Our security selection and portfolio allocation decisions require doses of knowledge, insight and judgment. Rather than characterize our efforts as either science or art, we believe our process is generally a combination of both as we attempt to preserve capital in tough times and produce above average positive results in better times.

Quarter-End Performance For Periods Ended September 30, 2009					
	3 Month	1 Year	5 Year ¹	10 Year ¹	Since Inception 01/18/93 ¹
Oak Value Fund	16.99%	-1.26%	1.45%	3.26%	8.62%
S&P 500 Index	15.61%	-6.91%	1.02%	-0.15%	7.50%

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. 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. **The Fund's annualized gross expense ratio as of fiscal year-end (06/30/09) was 1.57%.***

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.

Update on Largest Holdings...

Berkshire Hathaway – Over the last year Berkshire has successfully migrated significant amounts of float capital from low-yielding cash-like instruments to a myriad of investments including wholly owned businesses, preferred stock with warrants, high-yielding bonds and minority interests in high profile businesses. We believe this long anticipated transition of the portfolio will serve to provide an impressive annuity stream of income that will over time highlight the long-term value of low cost float and the advantages of Berkshire’s business model.

Valuations increased significantly across the equity markets during the quarter, yet Berkshire shares only narrowly participated in this rally. While the value of Berkshire’s investment portfolio continued to recover from the market lows of the first quarter, several of the company’s more economically sensitive wholly-owned businesses continue to face macroeconomic headwinds. Cyclical as these businesses may be, we view them as good businesses and, in the context of the overall portfolio of Berkshire businesses and assets, as sources of additional value creation opportunity. We anticipate that the managements of these companies have been deliberate in positioning their operations to take advantage of this challenging operating environment and that they too will emerge stronger than before. In our opinion, Berkshire remains an advantaged business and its shares are available at a somewhat increased margin of safety.

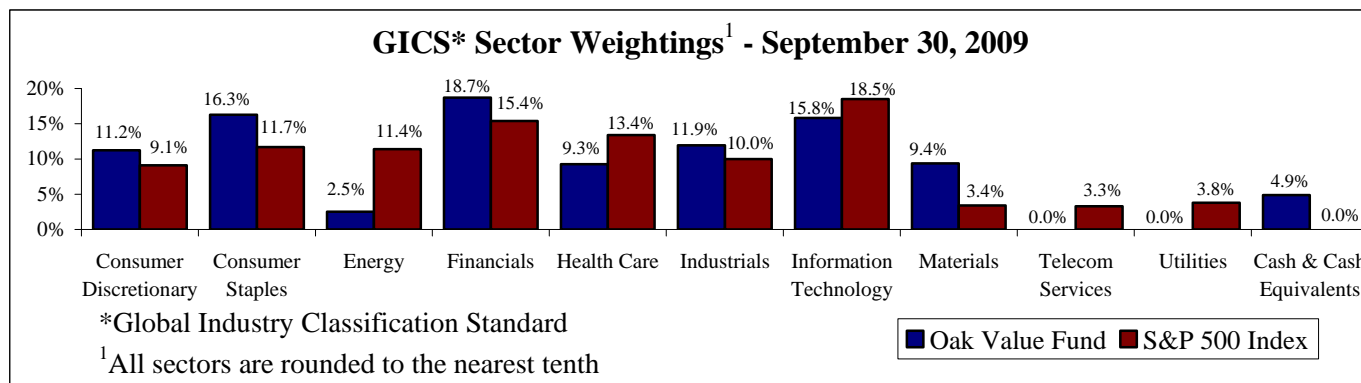
Avon Products – Shares of Avon Products appreciated more than 30% during the quarter. Our longer-term investment thesis for this holding remains intact. The company continues to execute on an aggressive restructuring program to reduce costs and to align the allocation of resources with the key drivers of business value. Avon’s shares have been volatile in recent months as factors such as currency fluctuations have driven near-term price performance, in our opinion. While currency is a consideration, we believe there are other value drivers that have greater impact on long-term valuation. Our view is that Avon’s business model continues to improve. With less than one-quarter of revenues and only about 15% of profits coming from the US and Canada, Avon’s prospects are not dependent on the domestic economy. With already solid footholds in key emerging markets around the globe such as Brazil and China, Avon is investing aggressively in sales associate recruitment. This associate recruitment effort is an important phase in the company’s plan to create value for its customers, its representatives and its shareholders. In our opinion, Avon has remained disciplined in the execution of its long-term plan to position the company for the future. A rationalized cost structure, an improved product lineup, a growing distribution network, and an improved system for measuring and managing outcomes each represent seeds for a successful harvest at Avon.

Top Ten Holdings As of September 30, 2009		
Company	Primary Business	S&P Sector
American Express	Charge Card, Travel, Network, & Global Payments	Financials
Apollo Group	Education & Training Services	Consumer Discretionary
Avon Products	Cosmetics and Fragrance Manufacturer & Marketer	Consumer Staples
Berkshire Hathaway	Insurance, Reinsurance & Capital Allocation	Financials
Coach	Handbags & Accessories	Consumer Discretionary
Diageo	Global Premium Alcohol Business	Consumer Staples
3M	Manufacturing & Marketing Technology Products/Services	Industrials
Oracle	Database, Middleware & Application Software	Information Technology
Praxair	Industrial Use Atmospheric & Process Gases	Materials
Republic Services	Waste Management Services	Industrials

Coach – Coach’s shares performed exceptionally again this quarter. One of the ways we measure the acumen of a management team is by how it performs during difficult market environments. We find it hard to imagine a more challenging backdrop than that which the Coach management team faced in the past year, and in our view, management performed well. We were particularly pleased with the steps management took to preserve the brand while rebalancing its product selection to accommodate a more price conscious consumer. Longer term, we expect revenue growth to resume, with international growth becoming a larger contributor. Coach currently operates 26 stores in China and has recently announced its intent to open another 50 stores in China over the next five years. Though our analysis of the company had suggested that the China opportunity was substantial, this expansion is happening faster and will likely be of greater import than we had anticipated. As we suspected, the company is taking share amid the downturn. With the Coach brand intact, a strong balance sheet, potentially improving retail trends in the US and a more visible international growth opportunity, we believe the company’s prospects for future growth have been enhanced.

Praxair – Praxair shares essentially matched the advance of the overall market during the quarter, though they lagged the more than 20% average advance of their sector peers. In our opinion, Praxair’s industrial gases business is likely to experience an extended period of increased growth as its investments in new application technologies appear to be paying off. In the midst of a challenging environment for industrial production, Praxair’s management has distinguished itself. As many of the company’s customers curtailed operations late last year in response to the extremely uncertain global economic environment, the Praxair team took swift and decisive action to drastically reduce its operating costs while continuing to support its key growth opportunities. Our recent review of the company suggests that its multi-year backlog is actually expanding. This outcome is in contrast to concerns just a few months ago that its backlog might experience some shrinkage in the periods ahead. Importantly, two-thirds of these backlog projects are in emerging economies with twelve in Asia, ten in South America and five in Mexico. As the global economy recovers, Praxair can be expected to achieve significantly higher profit margins that will be powered by revenue growth in refining, biofuels, wastewater, photovoltaics, and other verticals.

Republic Services – Republic Services is the second largest company in the domestic garbage and waste removal and disposal industry. Since this position is both a new addition to the portfolio during the quarter and one of the portfolio’s largest holdings as of the end of the quarter, we will discuss the company’s operations and the merits of this investment in the section that follows. Somewhat unusual circumstances resulted in a new portfolio position moving into the top five holdings list so quickly. Our longstanding preference for building portfolio positions over time is a reflection of temperament and experience. The factors that influence the pace at which we build portfolio positions are generally centered on the attractiveness and predictability of the underlying business, our confidence in the analysis of the company and its prospects, and the relative margin of safety offered by the share price. In allocating capital and forcing competition for capital within the Fund portfolio, new portfolio entrants are stacked up against existing holdings as well as other potential entrants.



Recent Purchases

Republic Services – Republic Services is the nation’s second largest non-hazardous solid waste company. Republic provides commercial, municipal, and residential non-hazardous waste collection and disposal services through 400 collection operations in 40 states and Puerto Rico. At its core, this is a business of collecting, hauling and disposing of waste. On a stand-alone basis, we find the economics of trash collection and hauling businesses modestly attractive, even when performed under long-term municipal franchise contracts. The landfill business, on the other hand, is a good business on a standalone basis as it has significant barriers to entry. The industry has consolidated and gone through significant route, costs and market rationalization as the businesses of collection, hauling and disposal have become integrated. With this transition, the economics and pricing power have improved significantly and the industry now has the ability to produce advantaged economics over the long term. For the most part, the industry operates as an oligopoly with a limited number of service providers in each market. From an investor standpoint, the most important thing to know about oligopolies is whether the players will act rationally. In the case of the waste industry, we believe they do.

The waste removal industry is experiencing some cyclical sensitivity, given the lack of new construction activity that boosts removal tonnage during periods of higher growth. Moreover, consumer waste generation has also moderated—simply put, consumers are generating less trash right now because they’re consuming less. Still, nothing about the waste removal industry has changed other than the near-term growth rate. Moreover, there are several reasons why the industry is more attractive now than even during past downturns. Improved route audits have boosted Republic’s ability to understand costs on a customer-by-customer basis, and landfill pricing appears poised to improve. Each of these factors suggests companies such as Republic can significantly improve returns on invested capital.

Having owned the shares of Republic several years ago, we have continued to follow the developments of the industry and the execution of this management team. The company’s opportunistic acquisition of larger competitor Allied Waste last year dramatically broadened its geographic reach and positioned the company to accomplish significant cost savings, increased equipment and facilities rationalization and improved landfill utilization. Since the closing of the acquisition, the Republic team has demonstrated an intense focus on cutting costs throughout the operations. The economics of the collection and hauling business is dependent on route density. In many markets where both Allied and Republic operated, there was significant opportunity for route and equipment rationalization and optimization. Similarly, many of these markets represented significant opportunity for increased internalization—when a particular service provider has the ability to collect, haul and dispose waste without having to depend on another provider for one of the components of service. As the legacy Republic and Allied systems have been integrated, the extent to which they are dependent upon others has declined significantly.

We believe Republic shares represent a compelling investment opportunity. We expect that the company will drive improved overall efficiency by utilizing standard business processes across local markets both within its legacy markets and particularly in former Allied geographical areas. Synergies from the merger appear to be larger than first anticipated, which we think augurs well for future results. In the past, Republic management has demonstrated its willingness to use excess free cash flow to repurchase shares, and we expect that the company will again deploy capital towards share buybacks after paying down debt incurred as part of the Allied transaction. In our opinion, this is an excellent example of an advantaged business that is well managed and we think the shares are available at an attractive price.

ITT Educational Services – ITT is an industry leader in the for-profit education sector. With 107 operating locations in 37 states, the company offers Associate’s, Bachelor’s, and Master’s degrees through its core ITT Technical Institute brand and also through the recently-acquired Daniel Webster College. The company has more than 69,000 students now enrolled in five technology-centric courses of study.

The education sector is a bit out of favor among investors at this time, owing to fears of the rising student loan default rates that can be expected to accompany rising unemployment. While we fully expect default rates to rise, we believe that continued access to a wide array of post-secondary education opportunities is in the interest of all parties and that strong demand will continue to benefit companies such as ITT. Demand for post-secondary education in general is rising, especially on the part of the technology demographic targeted by ITT. In our view, employment opportunities will continue to grow at a fast pace for ITT's Associate, Bachelor's and Master's-level graduates. In addition, the current weak economic conditions provide an excellent backdrop for enrollment growth in the near-term.

Historically, ITT's curriculum has been focused on technology, with categories of study including Information Technology, Electronics Technology and Drafting/Design. In recent years, the company has expanded from its core technology offerings to include degree programs in business, criminal justice and health sciences. Within these new programs, the focus of the curricula is still technology—ITT's strength. The company's ITT-branded programs and courses are primarily oriented toward working adults, with 80% of currently enrolled students working full-time while attending school. ITT's academic model provides a quick path to employment following graduation from their associate's degree program. Interestingly enough, following graduation at the associate's level, about 40% of ITT students continue on to receive their bachelor's degrees from ITT.

ITT has demonstrated a history of strong management and execution, consistent enrollment growth, profitability and margin improvement. The company continues to do an excellent job of leveraging fixed costs both at an institute-specific and corporate level and expand operating margins. The recent acquisition of Daniel Webster College, while not expected to materially impact the company's results in the near term, will give ITT an opportunity to market to a different demographic as well as expand its online education offerings. This acquisition should provide ITT with a new platform for growth into 2011 and beyond.

ITT's financial metrics are among the best in the industry, with industry-best returns on assets and operating profit margins. The company is also an above-average grower and has a strong balance sheet. ITT's valuation is one of the most attractive in its peer group, and we believe there is a significant opportunity here for long-term investors.

Recent Sales

eBay – After nearly three years we eliminated the final remnants of the Fund's eBay position during the quarter as the shares rallied on improved investor expectations for the auction business and the news of the expected Skype sale. Over the period of the Fund's ownership in this company, the shares performed roughly in-line with the overall market, thanks in part to this recent rally. Our assessment of this experience is that Paypal was as good, and perhaps better, than we expected while the core on-line auction business ended up being less resilient and had more challenges than we anticipated. In a nutshell, we sold this position because we believe we have better opportunities to deploy capital.

Moody's – We sold the Fund's entire position in Moody's during the quarter as we concluded that the tradeoff of risk and reward for this investment had shifted in the wrong direction. The misjudgments in Moody's securitization business have placed the company in a position of increased public scrutiny. We believe the underlying core business of credit rating is a good business that will grow as the world markets recover. Still, Moody's, like other credit rating agencies, now faces elevated political and litigation risks that could significantly affect the future of the company and its financial position. Unlike most of the other companies we have discussed in this review, Moody's faces a more uncertain future than it had when it entered this challenging environment. Though the shares did recover significantly from their lows earlier this

year, they underperformed both the market and the Fund during the two-year period of the Fund's ownership.

Tiffany – With this writing we bring yet another chapter in our experience with Tiffany to a close. We sold the Fund's position in Tiffany during the period based solely on valuation as the shares made a noticeable contribution to the Fund's outperformance this year. We have great respect for both the brand and the company management. In our opinion, the brand and the company will at some point emerge even stronger and more powerful than when they entered the turmoil of the last couple of years. The shares have recently rallied in anticipation of a turn in the US economy and on hopes of continued growth in the company's international business. As is always the case, we consider multiple scenarios in our decision-making process. If the US economy comes roaring back and consumption of jewelry and gifts returns to anything near pre-recession levels, our valuation assumptions will likely have been too conservative. However, we believe the more prudent action was to sell, and so we did.

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, 2009. "Top Ten Holdings" do not include money market investments.

Oak Value Fund Portfolio Top Ten Holdings as of 09/30/09	
Security Description	% of Market Value
Berkshire Hathaway, Inc. (CL – A)	7.29%
Avon Products, Inc.	6.30%
Coach, Inc.	5.23%
Praxair, Inc.	4.93%
Republic Services, Inc.	4.52%
American Express Co.	4.50%
Oracle Corp.	4.38%
Diageo plc ADR	4.05%
3M Co.	3.88%
Apollo Group, Inc. (CL – A)	3.87%

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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The Standard & Poor's 500 Index is an unmanaged index of common stock prices of 500 widely held U.S. stocks and includes the reinvestment of dividends. Comparisons to benchmarks have limitations because benchmarks have volatility and other material characteristics that may differ from open-end mutual funds. Because of these differences, benchmarks should not be relied upon as an accurate 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 generally available.

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."

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. 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.



(800) 622-2474

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