

# Caldwell & Orkin Market Opportunity Fund

## Performance in Review:

December 31, 2007

The Caldwell & Orkin Market Opportunity Fund (COAGX) rose 8.69% during the fourth quarter of 2007. The S&P 500 with Income index dropped -3.36% during the same period, and the NASDAQ Composite index fell -1.82%. For the 12-months ended December 31, 2007, the Fund climbed 33.08%, compared to gains of 5.48% and 9.81% for the S&P and NASDAQ, respectively. Since commencement of active management on August 24, 1992 to the present, the Fund generated an average annual total return of 11.38%, compared to 10.71% for the S&P 500 and 10.71% for the NASDAQ. We realized these long-term results with less risk than the S&P 500. In addition, the Fund's price movements have had very little correlation (2.95%) to the price movements of the S&P 500. An S&P 500 index fund has a 100% correlation with the market. (Computations by Ned Davis Research, Inc.) *The performance data quoted represents past performance. Past performance does not guarantee future results. The 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 higher or lower than the performance data quoted. To obtain performance information current to the most recent month-end, please call (800) 237-7073.*

The Market Opportunity Fund entered Q4 fully invested (98.1%) and 3.93% net long. Food preparation companies represented the largest long industry concentration (7.4%), and building / construction product companies made up the largest industry concentration on the short side (-4.1%). Market sentiment could be described as guardedly upbeat as the quarter opened, coming on the heels of a 50 basis point (0.50%) lowering of the Fed funds rate by the Federal Reserve. We increased the Fund's net long positioning in early October (up to about 17.5%), but brought it back down (and into net short territory) as the month progressed. The tempo of the beat changed as banks took further write-downs related to their subprime mortgage loan exposure, the housing industry continued to suffer, and a fire sale erupted on Wall Street as more large financial institutions sought the infusion of foreign capital to prop up (some might say provide structural support to) their balance sheets.

While the markets advanced in October (the S&P was up 1.64% and the NASDAQ rose 5.83%), they finished the year on a downbeat: the S&P lost -4.26% and -0.69% in November and December, respectively, and the NASDAQ fell -6.93% and -0.33% during those months. Through a combination of asset allocation and stock selection moves, the Market Opportunity Fund was positive in each month of the fourth quarter, rising 4.26%, 2.44% and 1.77% in October, November and December. The Fund's shorts contributed handsomely to performance, returning 9.48% (gross) during the quarter.

## Current Outlook:

The housing and subprime meltdowns are bleeding into the greater economy. The Fed's lowering of interest rates was a mere band-aid on a wound, and we therefore expect the bleeding to continue. The Fed is concerned with rapidly falling economic growth offset by short-term inflationary pressures, limiting how expansionary the central bank might otherwise be. Furthermore, the short-term relief the Fed has provided has limited initial impact on an economy as debt-laden as ours. While expansionary fiscal policy is under consideration, it appears that its initial impact will also be limited.

The current housing glut will take time to correct, and the economy will find loose footing on its previously stalwart cornerstone. We expect a volatile market in the months ahead with opportunities to make money on both the long and short side of the portfolio.

## Portfolio Snapshot as of December 31, 2007:

### FIVE LARGEST LONG HOLDINGS

1 Gamestop Corp Cl A (GME)	2.1%
2 Kraft Foods Inc Cl A (KFT)	2.0%
3 Adobe Systems Inc (ADBE)	2.0%
4 Astoria Financial Corp (AF)	1.9%
5 Edison International (EIX)	1.7%

### FIVE LARGEST LONG INDUSTRIES

Utility – Electric Power	7.6%
Finance – REIT	5.0%
Food – Misc Preparation	4.2%
Computer Software - Desktop	2.9%
Computer - Manufacturers	2.5%

### ASSET ALLOCATION

Long Equities	50.6%
Short Equities	47.2%
Call Options	0.0%
Put Options	1.0%
Cash	1.2%
Total	100.0%
Net long	3.4%

This quarterly review is submitted for the general information of the Caldwell & Orkin Market Opportunity Fund's shareholders. It is not authorized for distribution to prospective investors unless preceded or accompanied by a current prospectus. The Fund's objective is to provide long-term capital growth with a short-term focus on capital preservation through investment selection and asset allocation. Assets may be allocated among long and short stocks, options, bonds and cash equivalents. Both the share price and a prospectus are available on the Fund's website, [www.CaldwellOrkin.com](http://www.CaldwellOrkin.com), or by calling the office number below (after hours there is a recorded message). The share price is also listed in select daily newspapers.

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## Portfolio Performance for the period ended December 31, 2007

	Total Return	Average Annual Total Return
1-Year	33.08%	33.08%
3-Year	42.75%	12.60%
5-Year	31.97%	5.71%
10-Year	94.77%	6.89%
15-Year	325.22%	10.13%
Since 8/24/92 (a)	424.07%	11.38%

*The performance data quoted represents past performance. Past performance does not guarantee future results. The 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 higher or lower than the performance data quoted. To obtain performance information current to the most recent month-end, please call (800) 237-7073 or visit the Fund's website, [www.CaldwellOrkin.com](http://www.CaldwellOrkin.com). The commentary reflects the views of the Caldwell & Orkin Market Opportunity Fund's portfolio manager through the date of this report. Of course, these views are subject to change as market and other conditions warrant. Fund holdings, industry and asset allocations are subject to change without notice. The Fund's performance assumes the reinvestment of income, dividend and capital gain distributions, if any.*

*There are certain risks inherent in investing in the Fund, including market risk, short sale risk, interest rate risk, business risk, small company risk, market valuation risk, political risk, and portfolio turnover risk. For a complete discussion of these risks, you may request a copy of the Fund's prospectus by calling (800) 237-7073. The Fund uses aggressive investment strategies (including short positions and options) that have the potential for yielding high returns; however, these strategies may also result in losses. Theoretically, stocks sold short have unlimited risk. Investment return and principal value will fluctuate so that shares, when redeemed, may be worth more or less than their original cost.*

*Investors should expect that the Market Opportunity Fund's performance may fluctuate independently of stock market indices, such as the S&P 500 with Income and the NASDAQ Composite. The S&P 500 with Income is a widely recognized unmanaged index of common stock prices, adjusted to reflect the reinvestment of dividends and distributions. The NASDAQ Composite Index is an unmanaged index of common stocks of companies traded over-the-counter and offered through the National Association of Securities Dealers Automated Quotations system.*

*This information must accompany or be preceded by a currently effective prospectus. For more complete information, including charges and expenses, you may obtain a prospectus by calling (800) 237-7073. You should read the prospectus carefully before investing or sending money.*

(a) *The Caldwell & Orkin Market Opportunity Fund commenced active management on August 24, 1992. A prior fund passively managed and indexed to the largest 100 OTC stocks began operations on March 11, 1991.*

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