

THE LONDON COMPANY

INVESTMENT COUNSEL

Stephen M. Goddard, CFA
Managing Director

1801 Bayberry Court, Suite 301
Richmond, Virginia 23226

Telephone: 804-775-0317
Facsimile: 804-649-9447

April 10, 2008

Dear Client:

The markets experienced one of their worst quarterly performances in over a decade, with broad domestic equity indices down almost 10 percent. While we were not immune to the downturn, our portfolios were able to outperform due to our conservative focus on downside protection. As we have stated before, we believe it is far more important how a manager performs in a down market than a bull market over full market cycles.

With the recent turmoil and fear in the markets, we thought it would be beneficial to assess the overall trends happening in corporate America. The press naturally focuses on the most recent trends and more negative highlights, especially the extreme situations, to attract viewers. However, what are not communicated are the positive fundamentals that we believe will support attractive returns in the equity markets over the next five years. To provide a more balanced perspective to counter the "doom and gloom" news, we want to disclose very positive trends observed and supported by facts:

1. Corporate America balance sheets are the strongest they have been in over 20 years, with underlevered balance sheets and high free cash flow generation. While many financial companies are struggling with the dislocation in fixed income markets and deterioration in mortgage credit, the majority of the other 80 percent of the market represented by non financial companies are virtually debt free.

2. With underlevered, strong balance sheets, companies have ample financial flexibility and excess capital to buy back their shares and increase their dividends at an accelerating pace. Just last year, buybacks and dividends were up double digits. Capital spent on buybacks was nearly three times the amount spent on dividends, highlighting the amount of excess capital being generated and returned to shareholders. We like to say corporations are slowly going private as many are retiring and reducing their public ownership at a 15 to 20 percent annual pace. This will benefit shareholders with higher ownership, earnings growth, and returns on capital.

3. Insider buying activity has increased significantly this past quarter as senior management recognizes the gross undervaluation of their companies "by

putting their money where their mouth is". We have seen a gradual increase since the market peak in October, but observed a significant acceleration in insider buying the past quarter. Management and other insiders know better than any analyst what the value of their company is. If you look at some of the recent acquisition offers for public companies, many have been at a 60 percent premium or more to the current market quote, substantially higher acquisition premiums than the historical norm.

4. The S&P 500 is trading at a earnings yield that is 500 basis points above the real 10 year treasury. The market hasn't been cheaper since 1981 on this metric. In addition , the dividend yield on the S & P 500 is 70 basis points higher than the 2 year treasury, a level seen only a few times in past 20 years. The reason these data points are important are they all provided excellent buying opportunities for equities and highlight the undervaluation of equities relative to other investment alternatives.

So, we believe the majority of the market is trading at sizable discount to private market values. If these discounts close over the next three to five years along with double digit increases in dividends and buybacks, returns should be quite attractive. We don't have a crystal ball to know the exact timing of a market turnaround, but we believe we are near the stage for another bull market.

The London Company focuses on underlevered, high cash flow generating companies that will benefit most from these recent trends. While we have modestly underperformed in early stage bull markets when speculation is rampant and led by particular sectors like the technology bubble in 1998-1999 or commodities starting in 2003, we have historically outperformed in subsequent periods where downside protection and risk aversion was emphasized by a focus on long term, sustainable fundamentals and lower risk companies.

For the past two years, we have seen our conservative style gradually regain favor outperforming the market. If this is like past market cycles, this trend is just beginning and we should continue to see significant outperformance for several more years.

Market downturns are painful and never seem easier, however they are normal patterns that surface every five years or so with "three steps forward, one step back" pattern. They are necessary to provide opportunities for the next bull market and change in leadership.

We are also pleased to announce that the AFBA Balanced Fund, for which we are the equity subadvisor, recently achieved the Lipper Leader Award for both total and consistent return. Please see the attached AFBA Balanced Fund Profile for more information.

In addition, we continue to add to our firm and are pleased to have Wade Stinnette and Joshua Fultz join our team. Mr. Stinnette has over 20 years of experience in the industry and joins us from Tanglewood Asset Management. Mr. Fultz has over four years experience in the industry and joins us from Wachovia Securities.

We thank you for your continued trust and loyalty and we would welcome any calls or meetings to discuss your portfolio. Thank you, again, for your continued loyalty.

Sincerely,



Stephen M. Goddard, CFA



Wesley F. Haynes



Jonathan T. Moody



Louise M. Swartz

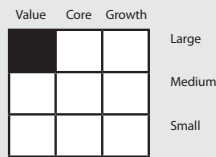
SMG:JTM:WFH:LMS

Enclosure: AFBA Balanced Fund Profile

Investment Objective

Long-Term Capital Growth and Current Income

Style Box



Lipper Leaders¹



Overall Lipper Leader designations reflect the Fund's rankings relative to its peer group as of 12/31/07. The designation for Consistent Return is based upon the Fund's risk-adjusted returns. The AFBA Balanced Fund (class A) was rated among 340 mixed-asset target allocation moderate funds for Total Return and among 331 mixed-asset target allocation moderate funds for Consistent Return.

Portfolio Information

Inception Date
Class A&C.....6/03/97

Symbol
Class A.....AFSAX
Class C.....AFSCX

CUSIP
Class A.....001043835
Class C.....001043819

of Holdings.....62

Expense Ratios
Gross 1.51%
*Net** 1.33%

Investment Strategy

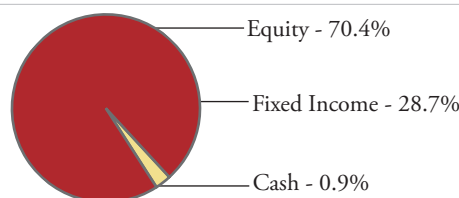
The Fund seeks to provide current income and long-term growth of capital and income by investing in stocks, bonds and other fixed-income securities. It is designed to provide broad market exposure and low volatility versus the S&P 500 Index. It employs a balanced approach which largely focuses on a portfolio of dividend-paying stocks and fixed income securities.

Fund Composition

Top 10 Holdings (as of December 31, 2007)	% of Net Assets
Microsoft Corp.	4.3%
IBM	3.5%
ConocoPhillips	3.4%
Berkshire Hathaway Inc. Cl B	3.3%
Coca-Cola Co.	3.1%
Dominion Resources Inc./VA	2.9%
Altria Group Inc.	2.9%
UDR, Inc.	2.8%
Wells Fargo & Co.	2.8%
UST Inc.	2.8%
Total	31.9%

Sectors (as of December 31, 2007)	% of Net Assets
Consumer Discretionary	19.1%
U.S. Treasury/Agency Bonds	17.8%
Financials	14.7%
Healthcare	8.6%
Energy	8.5%
Information Technology	6.9%
Consumer Staples	5.2%
Technology	3.5%
Business Services	3.5%
Industrials	2.8%
Insurance	2.3%
Utilities	2.3%
Entertainment	2.0%
Transportation	1.9%
Cash	0.9%
Total	100.0%

Asset Allocation (as of December 31, 2007)



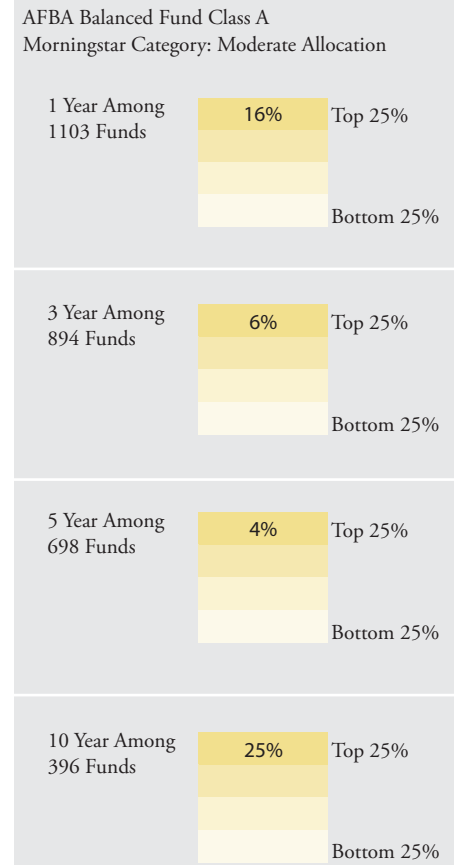
Morningstar Rating²

(Class A)



Overall Morningstar Rating out of 894 moderate allocation funds as of 12/31/07. Based on the Fund's 3-, 5-, and 10-year risk-adjusted return.

Morningstar Percentile Ranking



Morningstar Percentile Rankings are based on total return without adjustment for risk or sales charges. The 10-year rating for class A is based on the adjusted historical performance of class I.

*The manager has entered into a contractual agreement to limit fees and/or pay expenses in amounts necessary to limit Total Annual Fund Operating Expenses to the amounts listed above. These fee waivers and expense reimbursements, if not extended, will terminate on July 31, 2008. See the prospectus for more information.