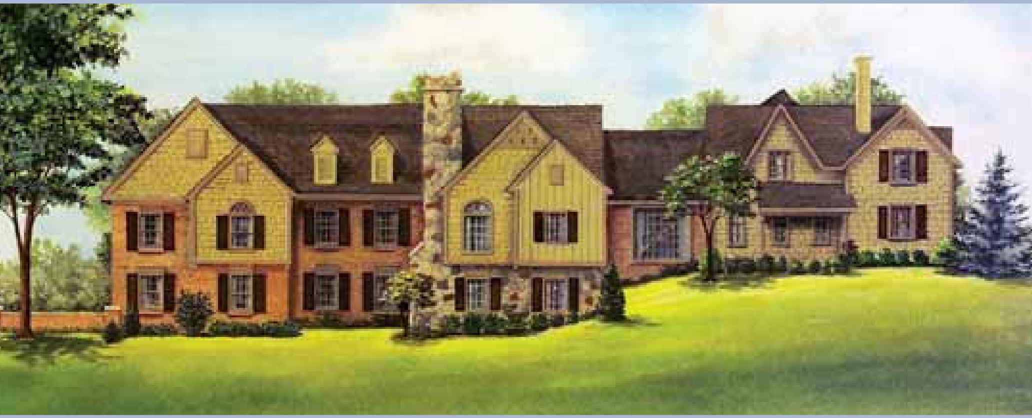
Schwartz Value Fund

VALUE INVESTING SINCE 1984



[UNAUDITED]

SEMI-ANNUAL REPORT

JUNE 30, 2006

Shareholder Accounts
c/o Ultimus Fund
Solutions, LLC
P.O. Box 46707
Cincinnati, OH 45246
(888) 726-0753

Corporate Offices
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Schwartz Value Fund

Dear Fellow Shareowner,

For the first 6 months of 2006, the Schwartz Value Fund was up 5.5% versus 2.7% for the S&P 500 and 8.2% for the Russell 2000. Two of the Fund's largest holdings positively impacted the first-half results, as Fargo Electronics, Inc. (identification card printers) rose 29% and Thor Industries, Inc. (RVs & travel trailers) increased 21%. In May, Fargo agreed to be acquired by a Sweden-based competitor at a significant premium to our cost, while Thor's stock price appreciation was driven by another period of record sales and earnings. Contributing negatively to performance was a 27% decline in Pulte Homes, Inc., as a weakening housing market impacted all homebuilders.

In 39 years in the investment counsel profession, I've never seen more short-term focus among "investors." The word "investors" here is used very broadly, because many have morphed into speculators with an ultra-short time frame. Maybe it's driven by technology, hand held devices for 24-hour stock quotes, or round-the-clock updates on cable television with talking heads with little useful to say for long-term investors. It seems that financial news shows have become mostly entertainment, with a gambler's mentality akin to on-line Party Poker. They encourage internet day trading and create the expectation for companies to "make their quarterly earnings numbers."

The proliferation of hedge funds has added to this hyperactivity. Reportedly, hedge funds now account for 50% of the average daily trading volume on the big board. Long gone is the notion of building wealth patiently and with a prudent level of risk. This gambling mentality with all of its breathless activity is not healthy for capitalism. Real investment analysis is too often lost amid the blizzard of interviews with "market experts" anxious to opine on where the market is going this month, this week – today!

The Schwartz Value Fund shareholders are more thoughtful and sophisticated and rightly have longer-term focus. This is evident in our Fund's low shareholder turnover and is consistent with the long-term investment focus of the Fund. Some mutual funds get a whole new owner base every few years. Many of the Schwartz Value Fund shareowners have been with us since its inception in 1984, and fifteenyear holders are numerous. Without being able to prove it, I'd be willing to bet Schwartz Value Fund has a higher percentage of 15-year plus owners than 95% of all mutual funds. As the only portfolio manager the Fund has ever had, I'm very grateful for the loyalty our investors have shown. If you have been a long-time shareholder, presumably you have been pleased with the results.

In managing the Schwartz Value Fund, our focus remains on producing above-average, long-term results by selecting well-managed businesses with sustainable competitive advantages that are selling at prices below their intrinsic value. As Warren Buffett says, "In the spread between price and value, opportunity lies."

Due to the Board of Trustees' retirement policy, John J. McHale attended his last board meeting on July 27, 2006. Having served with distinction for over 13 years, his encyclopedic knowledge, sound business judgement and wise counsel will be sorely missed.

As always, the confidence you have shown by your investment in this Fund is most appreciated!

With best wishes,

SCHWARTZ VALUE FUND

George P. Schwartz

George P. Schwartz, CFA
President

July 31, 2006

SCHWARTZ VALUE FUND
TEN LARGEST EQUITY HOLDINGS
June 30, 2006 (Unaudited)

Shares	Company	Market Value
85,000	Kinetic Concepts, Inc.	$ 3,752,750
110,000	Pulte Homes, Inc.	3,166,900
15,000	Student Loan Corporation (The)	3,030,000
130,000	Lifetime Brands, Inc.	2,817,100
170,000	Gentex Corporation	2,380,000
135,000	Craftmade International, Inc.	2,261,250
60,000	Zebra Technologies Corporation - Class A	2,049,600
182,700	Unico American Corporation	1,953,063
42,000	Waters Corporation	1,864,800
45,000	Diebold, Incorporated	1,827,900

ASSET ALLOCATION (Unaudited)

Sector	% of Net Assets
Aerospace & Defense	2.9%
Building Materials & Construction	8.5%
Business Services	7.7%
Consumer - Durables	14.8%
Consumer - Nondurables	12.3%
Consumer - Retail	5.5%
Education	0.4%
Energy & Mining	3.3%
Finance	13.8%
Healthcare	12.1%
Industrial Products & Services	4.0%
Real Estate	1.6%
Technology	9.9%
Utilities	0.8%
Cash Equivalents, Other Assets and Liabilities	2.4%
	100.0%

SCHWARTZ VALUE FUND
SCHEDULE OF INVESTMENTS
June 30, 2006 (Unaudited)

Shares	COMMON STOCKS — 97.6%	Market Value
	AEROSPACE & DEFENSE — 2.9%	
15,000	American Science and Engineering, Inc. *	$ 868,800
5,000	General Dynamics Corporation	327,300
20,000	Mine Safety Appliances Company	804,000
		2,000,100
	BUILDING MATERIALS & CONSTRUCTION — 8.5%	
45,000	American Woodmark Corporation	1,576,800
110,000	Pulte Homes, Inc.	3,166,900
30,000	Simpson Manufacturing Company, Inc.	1,081,500
		5,825,200
	BUSINESS SERVICES — 7.7%	
45,000	Diebold, Incorporated	1,827,900
80,000	Neogen Corporation *	1,529,600
94,000	Superior Uniform Group, Inc.	1,231,400
200,000	TVI Corporation *	706,000
		5,294,900
	CONSUMER — DURABLES — 14.8%	
135,000	Craftmade International, Inc.	2,261,250
170,000	Gentex Corporation	2,380,000
65,000	Leggett & Platt, Inc.	1,623,700
5,000	Mohawk Industries, Inc. *	351,750
30,000	Stanley Furniture Company, Inc.	719,100
31,830	Strattec Security Corporation *	1,585,452
25,000	Thor Industries, Inc.	1,211,250
		10,132,502
	CONSUMER — NONDURABLES — 12.3%	
25,000	ACCO Brands Corporation *	547,500
10,000	Acme United Corporation	146,400
50,000	Chattem, Inc. *	1,518,500
4,000	Fortune Brands, Inc.	284,040
1,000	K-Swiss, Inc. - Class A	26,700
130,000	Lifetime Brands, Inc.	2,817,100
30,000	Prestige Brands Holdings, Inc. *	299,100
45,000	RC2 Corporation *	1,739,700
8,486	Velcro Industries N.V.	118,719
40,000	Weyco Group, Inc.	928,800
		8,426,559
	CONSUMER — RETAIL — 5.5%	
10,000	Christopher & Banks Corporation	290,000
50,000	Dollar Tree Stores, Inc. *	1,325,000
20,000	Home Depot, Inc.	715,800
25,000	Ross Stores, Inc.	701,250
30,000	Zale Corporation *	722,700
		3,754,750

SCHEDULE OF INVESTMENTS (continued)

Shares	COMMON STOCKS — 97.6% (continued)	Market Value
	EDUCATION — 0.4%	
20,000	Nobel Learning Communities, Inc.	$ 200,000
1,000	Strayer Education, Inc.	97,120
		297,120
	ENERGY & MINING — 3.3%	
6,000	Core Laboratories N.V. *	366,240
20,000	EnCana Corporation	1,052,800
75,000	Input/Output, Inc. *	708,750
5,000	Southwestern Energy Company *	155,800
		2,283,590
	FINANCE — BANKS & THRIFTS — 1.9%	
31,800	Century Bancorp, Inc. - Class A	779,100
30	CSB Bancorp, Inc.	12,450
20,000	Synovus Financial Corporation	535,600
		1,327,150
	FINANCE — INSURANCE — 7.1%	
55,000	American Safety Insurance Holdings, Ltd. *	907,500
20,450	Fremont Michigan InsuraCorp, Inc. - Class A *	766,875
100,000	Meadowbrook Insurance Group, Inc. *	832,000
182,700	Unico American Corporation *	1,953,063
15,000	United Fire & Casualty Company	451,950
		4,911,388
	FINANCE — SERVICES — 4.8%	
5,000	First Marblehead Corporation (The)	284,700
15,000	Student Loan Corporation (The)	3,030,000
		3,314,700
	HEALTHCARE — 12.1%	
10,000	Henry Schein, Inc. *	467,300
85,000	Kinetic Concepts, Inc. *	3,752,750
10,000	Lincare Holdings Inc. *	378,400
10,000	Manor Care, Inc.	469,200
60,000	National Dentex Corporation *	1,392,000
42,000	Waters Corporation *	1,864,800
		8,324,450
	INDUSTRIAL PRODUCTS & SERVICES — 4.0%	
10,000	Balchem Corporation	225,000
10,000	Dover Corporation	494,300
25,000	Graco, Inc.	1,149,500
20,000	Maritrans Inc.	498,000
5,000	PACCAR, Inc.	411,900
		2,778,700
	REAL ESTATE — 1.6%	
16,499	I. Gordon Corporation *	346,479
22,500	PICO Holdings, Inc. *	725,625
		1,072,104

Shares	COMMON STOCKS — 97.6% (continued)	Market Value
	TECHNOLOGY — 9.9%	
80,000	Check Point Software Technologies, Ltd. *	$ 1,406,400
10,000	Lexmark International, Inc. *	558,300
78,085	Sparton Corporation	659,818
50,000	Stratasys, Inc. *	1,473,000
213,575	Yak Communications, Inc. *	634,318
60,000	Zebra Technologies Corporation - Class A *	2,049,600
		6,781,436
	UTILITIES — 0.8%	
100,000	SEMCO Energy, Inc. *	556,000
	TOTAL COMMON STOCKS (Cost $59,054,674)	$ 67,080,649

Shares	OPEN-END FUNDS — 0.0%	Market Value
43	Sequoia Fund (Cost $5,475)	$ 6,813

Shares	CASH EQUIVALENTS — 2.6%	Market Value
1,789,210	Federated Treasury Obligations Money Market Fund (Cost $1,789,210)	$ 1,789,210
	TOTAL INVESTMENTS AT MARKET VALUE — 100.2% (Cost $60,849,359)	$ 68,876,672
	LIABILITIES IN EXCESS OF OTHER ASSETS — (0.2%)	(167,189)
	NET ASSETS — 100.0%	$ 68,709,483

* Non-income producing security.

See notes to financial statements.

SCHWARTZ VALUE FUND
STATEMENT OF ASSETS AND LIABILITIES
June 30, 2006 (Unaudited)

ASSETS	
Investments, at market value (cost of $60,849,359) (Note 1)	$68,876,672
Receivable for capital shares sold	467
Dividends and interest receivable	56,889
Other assets	13,711
TOTAL ASSETS	68,947,739
LIABILITIES	
Payable for capital shares redeemed	43,700
Accrued investment advisory fees (Note 2)	181,089
Payable to affiliate (Note 2)	8,800
Other accrued expenses	4,667
TOTAL LIABILITIES	238,256
NET ASSETS	$68,709,483
NET ASSETS CONSIST OF:	
Paid-in capital	$53,590,574
Accumulated net investment loss	(178,608)
Accumulated net realized gains from security transactions	7,270,204
Net unrealized appreciation on investments	8,027,313
NET ASSETS	$68,709,483
Shares of beneficial interest outstanding (unlimited number of shares authorized, no par value)	2,560,201
Net asset value and offering price per share [a]	$ 26.84

[a] Redemption price will vary if subject to contingent deferred sales charge (Note 1).

See notes to financial statements.

SCHWARTZ VALUE FUND
STATEMENT OF OPERATIONS
For the Six Months Ended June 30, 2006 (Unaudited)

INVESTMENT INCOME	
Dividends	$ 285,627
Interest	34,170
TOTAL INCOME	319,797
EXPENSES	
Investment advisory fees (Note 2)	373,768
Administration, accounting and transfer agent fees (Note 2)	54,066
Legal and audit fees	18,730
Registration fees	11,559
Trustees' fees and expenses	10,375
Postage and supplies	8,848
Custodian fees	7,205
Reports to shareholders	5,605
Insurance expense	3,769
Compliance service fees	3,115
Other expenses	1,365
TOTAL EXPENSES	498,405
NET INVESTMENT LOSS	(178,608)
REALIZED AND UNREALIZED GAINS/(LOSSES) ON INVESTMENTS	
Net realized gains from security transactions	7,639,298
Net realized gains from in-kind redemptions (Note 1)	1,315,022
Net change in unrealized appreciation/(depreciation) on investments	(5,060,697)
NET REALIZED AND UNREALIZED GAINS ON INVESTMENTS	3,893,623
NET INCREASE IN NET ASSETS FROM OPERATIONS	$ 3,715,015

See notes to financial statements.

SCHWARTZ VALUE FUND
STATEMENTS OF CHANGES IN NET ASSETS

	Six Months Ended June 30, 2006 (Unaudited)	Year Ended December 31, 2005
FROM OPERATIONS		
Net investment loss	$ (178,608)	$ (464,040)
Net realized gains from security transactions	7,639,298	6,895,911
Net realized gains from in-kind redemptions (Note 1)	1,315,022	1,621,009
Net change in unrealized appreciation/(depreciation) on investments	(5,060,697)	(5,594,639)
Net increase in net assets from operations	3,715,015	2,458,241
FROM DISTRIBUTIONS TO SHAREHOLDERS		
From net realized gains on investments	—	(6,701,121)
FROM CAPITAL SHARE TRANSACTIONS		
Proceeds from shares sold	2,521,327	4,817,052
Reinvestment of distributions to shareholders	—	5,575,730
Payments for shares redeemed	(7,012,748)	(13,173,652)
Net decrease in net assets from capital share transactions	(4,491,421)	(2,780,870)
TOTAL DECREASE IN NET ASSETS	(776,406)	(7,023,750)
NET ASSETS		
Beginning of period	69,485,889	76,509,639
End of period	$ 68,709,483	$ 69,485,889
ACCUMULATED NET INVESTMENT LOSS	$ (178,608)	$ —
SUMMARY OF CAPITAL SHARE ACTIVITY		
Shares sold	93,431	176,867
Shares issued in reinvestment of distributions to shareholders	—	216,968
Shares redeemed	(264,165)	(492,565)
Net decrease in shares outstanding	(170,734)	(98,730)
Shares outstanding, beginning of period	2,730,935	2,829,665
Shares outstanding, end of period	2,560,201	2,730,935

See notes to financial statements.

SCHWARTZ VALUE FUND
FINANCIAL HIGHLIGHTS
Per Share Data for a Share Outstanding Throughout Each Period

	Six Months Ended June 30, 2006 (Unaudited)	Year Ended Dec. 31, 2005	Year Ended Dec. 31, 2004	Year Ended Dec. 31, 2003	Year Ended Dec. 31, 2002	Year Ended Dec. 31, 2001
Net asset value at beginning of period	$ 25.44	$ 27.04	$ 25.84	$ 20.20	$ 23.74	$ 20.62
Income/(loss) from investment operations:						
Net investment loss	(0.07)	(0.17)	(0.21)	(0.16)	(0.21)	(0.12)
Net realized and unrealized gains/(losses) on investments	1.47	1.23	6.02	8.10	(3.33)	5.91
Total from investment operations	1.40	1.06	5.81	7.94	(3.54)	5.79
Less distributions:						
From net realized gains on investments	—	(2.66)	(4.61)	(2.30)	—	(2.67)
Net asset value at end of period	$ 26.84	$ 25.44	$ 27.04	$ 25.84	$ 20.20	$ 23.74
Total return [(a)]	5.5% [(b)]	3.8%	22.6%	39.3%	(14.9)%	28.1%
Ratios/Supplementary Data:						
Net assets at end of period (000's)	$ 68,709	$ 69,486	$ 76,510	$ 59,592	$ 44,261	$ 50,031
Ratio of expenses to average net assets	1.39% [(c)]	1.61%	1.82%	1.89%	1.95%	2.04%
Ratio of net investment loss to average net assets	(0.50)% [(c)]	(0.65)%	(0.84)%	(0.73)%	(0.98)%	(0.62)%
Portfolio turnover rate	88% [(c)]	78%	83%	74%	103%	103%

[(a)] Total return is a measure of the change in value of an investment in the Fund over the periods covered, which assumes any dividends or capital gains distributions are reinvested in shares of the Fund. Returns shown do not reflect any reduction for sales charges, nor do they reflect the deduction of taxes a shareholder would pay on Fund distributions or the redemption of Fund shares.

[(b)] Not annualized.

[(c)] Annualized.

See notes to financial statements.

1. Significant Accounting Policies

Schwartz Value Fund (the "Fund") is a diversified series of Schwartz Investment Trust (the "Trust"), an open-end management investment company established as an Ohio business trust under a Declaration of Trust dated August 31, 1992. The Fund is registered under the Investment Company Act of 1940 and commenced operations on July 20, 1993. The Fund determines and makes available for publication the net asset value of its shares on a daily basis.

The investment objective of the Fund is to seek long-term capital appreciation. See the Prospectus for information regarding the principal investment strategies of the Fund.

Shares of the Fund are sold at net asset value. To calculate the net asset value, the Fund's assets are valued and totaled, liabilities are subtracted, and the balance is divided by the number of shares outstanding. The offering price and redemption price per share are equal to the net asset value per share, except that shares of the Fund may be subject to a 1% contingent deferred sales charge ("CDSC") if redeemed within one year of their purchase. Shares are not subject to the CDSC if the shares are purchased either directly from the Fund or through a broker-dealer or other financial intermediary that does not receive any compensation in connection with such purchase.

The following is a summary of significant accounting policies followed by the Fund:

(a) Valuation of investments — Securities which are traded on stock exchanges are valued at the closing sales price as of the close of the regular session of trading on the New York Stock Exchange ("NYSE") on the day the securities are being valued, or, if not traded on a particular day, at the closing bid price. Securities which are quoted by NASDAQ are valued at the NASDAQ Official Closing Price. Securities traded in the over-the-counter market, and which are not quoted by NASDAQ, are valued at the average of the highest current independent bid and lowest current independent offer as of the close of the regular session of trading on the NYSE on the day of valuation. Securities which are traded both in the over-the-counter market and on a stock exchange are valued according to the broadest and most representative market. Investments representing primarily capital stock of other open-end investment companies are valued at their net asset value as reported by such companies. Securities (and other assets) for which market quotations are not readily available are valued at their fair value as determined in good faith in accordance with consistently applied procedures established by and under the general supervision of the Board of Trustees. Short-term instruments (those with remaining maturities of 60 days or less) are valued at amortized cost, which approximates market value.

(b) Income taxes — It is the Fund's policy to comply with the special provisions of Subchapter M of the Internal Revenue Code applicable to regulated investment companies. As provided therein, in any fiscal year in which the Fund so qualifies and distributes at least 90% of its taxable income, the Fund (but not the shareholders) will be relieved of federal income tax on the income distributed. Accordingly, no provision for income taxes has been made.

In order to avoid imposition of the excise tax applicable to regulated investment companies, it is also the Fund's intention to declare as dividends in each calendar year at least 98% of its net investment income and 98% of its net realized capital gains plus undistributed amounts from prior years.

The tax character of distributable earnings at June 30, 2006 was as follows:

Unrealized appreciation	$ 7,697,651
Accumulated ordinary income	1,400,663
Accumulated long-term gains	6,020,595
Total distributable earnings	$ 15,118,909

For federal income tax purposes, the cost of portfolio investments amounted to $61,179,021 at June 30, 2006. The composition of unrealized appreciation (the excess of value over tax cost) and unrealized depreciation (the excess of tax cost over value) was as follows:

Gross unrealized appreciation	$ 10,900,021
Gross unrealized depreciation	(3,202,370)
Net unrealized appreciation	$ 7,697,651

The difference between the federal income tax cost of portfolio investments and the financial statement cost for the Fund is due to certain timing differences in the recognition of capital losses under income tax regulations and accounting principles generally accepted in the United States of America. These "book/tax" differences are temporary in nature and are primarily due to the tax deferral of losses on wash sales.

During the six months ended June 30, 2006, the Fund realized $1,315,022 of net capital gains resulting from in-kind redemptions – in which shareholders who redeemed Fund shares received securities held by the Fund rather than cash. The Fund recognizes a gain on in-kind redemptions to the extent that the value of the distributed securities on the date of redemption exceeds the cost of those securities. Such gains are not taxable to the Fund and are not required to be distributed to shareholders.

For the six months ended June 30, 2006, the Fund reclassified its net capital gains resulting from in-kind redemptions of $1,315,022 against paid-in capital on the Statement of Assets and Liabilities. Such reclassifications, the result of permanent differences between the financial statement and income tax reporting requirements, have no effect on the Fund's net assets or net asset value per share.

(c) Security transactions and investment income — Security transactions are accounted for on the trade date. Dividend income is recorded on the ex-dividend date. Interest income is recognized on the accrual basis. Realized gains and losses on security transactions are determined on the identified cost basis.

(d) Dividends and distributions — Dividends from net investment income and net capital gains, if any, are declared and paid annually in December. Dividends and distributions to shareholders are recorded on the ex-dividend date. The tax character of distributions paid during the periods ended June 30, 2006 and December 31, 2005 was as follows:

Period Ended	Ordinary Income	Long-Term Capital Gains	Total Distributions
June 30, 2006	$ —	$ —	$ —
December 31, 2005	$ 974,486	$ 5,726,635	$ 6,701,121

(e) Repurchase agreements — The Fund may enter into repurchase agreements (agreements to purchase securities subject to the seller's agreement to repurchase them at a specified time and price) with well-established registered securities dealers or banks. Repurchase agreements may be deemed to be loans by the Fund. The Fund's policy is to take possession of U.S. Government obligations as collateral under a repurchase agreement and, on a daily basis, mark-to-market such obligations to ensure that their value, including accrued interest, is at least equal to the amount to be repaid to the Fund under the repurchase agreement.

(f) Estimates — The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(g) Common expenses — Common expenses of the Trust are allocated among the Fund and the other series of the Trust based on relative net assets of each series or the nature of the services performed and the relative applicability to each series.

2. Investment Advisory Agreement and Transactions with Related Parties

The President of the Trust is also the President and Chief Investment Officer of Schwartz Investment Counsel, Inc. (the "Adviser"). Certain other officers of the Trust are officers of the Adviser, or of Ultimus Fund Solutions, LLC ("Ultimus"), the administrative, accounting and transfer agent for the Fund, or of Ultimus Fund Distributors, LLC (the "Distributor"), the Fund's principal underwriter.

Pursuant to an Investment Advisory Agreement between the Trust and the Adviser, the Adviser is responsible for the management of the Fund and provides investment advice along with the necessary personnel, facilities, equipment and certain other services necessary to the operations of the Fund. Effective as of February 1, 2006, the Adviser receives from the Fund a quarterly fee at the annual rate of 1.00% of its average daily net assets. Prior to February 1, 2006, the Adviser received from the Fund a quarterly fee at the annual rate of 1.25% of its average daily net assets up to $100 million and 1.00% of such assets in excess of $100 million.

Pursuant to a Mutual Fund Services Agreement between the Fund and Ultimus, Ultimus supplies regulatory and compliance services, calculates the daily net asset value per share, maintains the financial books and records of the Fund, maintains the records of each shareholder's account, and processes purchases and redemptions of the Fund's shares. For the performance of these services, the Fund pays Ultimus a fee, payable monthly, at an annual rate of 0.15% of its average daily net assets, subject to a minimum monthly fee of $4,000. For the six months ended June 30, 2006, the Fund paid $54,066 to Ultimus for mutual fund services.

Pursuant to a Distribution Agreement between the Fund and the Distributor, the Distributor serves as the Fund's exclusive agent for the distribution of its shares. During the six months ended June 30, 2006, the Distributor collected $545 in CDSCs on redemptions of Fund shares. The Distributor is an affiliate of Ultimus.

3. Investment Transactions

During the six months ended June 30, 2006, cost of purchases and proceeds from sales and maturities of investment securities, excluding short-term investments and U.S. government securities, amounted to $30,762,523 and $37,836,910, respectively.

4. Contingencies and Commitments

The Fund indemnifies the Trust's officers and Trustees for certain liabilities that might arise from their performance of their duties to the Fund. Additionally, in the normal course of business the Fund enters into contracts that contain a variety of representations and warranties and which provide general indemnifications. The Fund's maximum exposure under these arrangements is unknown, as this would involve future claims that may be made against the Fund that have not yet occurred. However, based on experience, the Fund expects the risk of loss to be remote.

SCHWARTZ VALUE FUND INVESTMENT PHILOSOPHY

Schwartz Value Fund (the "Fund") seeks long-term capital appreciation through value investing – purchasing shares of strong, growing companies at reasonable prices. Because the Adviser believes small and medium size companies offer vast reward opportunities, fundamental analysis is used to identify emerging companies with outstanding business characteristics. Sometimes the best values are issues not followed closely by Wall Street analysts.

Most value investors buy fair companies at an excellent price. The Fund attempts to buy excellent companies at a fair price. The essence of value investing is finding companies with great business characteristics, which by their nature offer a margin of safety. A truly fine business requires few assets to provide a consistently expanding stream of income. The Fund purchases shares which are temporarily out-of-favor and selling below intrinsic value.

A common thread in the Fund's investments is that the market price is below what a corporate or entrepreneurial buyer might be willing to pay for the entire business. The auction nature and the inefficiencies of the stock market are such that the Fund can often buy a minority interest in a fine company at a small fraction of the price per share necessary to acquire the entire company.

SCHWARTZ VALUE FUND
ABOUT YOUR FUND'S EXPENSES (Unaudited)

We believe it is important for you to understand the impact of costs on your investment. As a shareholder of the Fund, you incur two types of costs: (1) transaction costs, possibly including a CDSC, and (2) ongoing costs, including management fees and other Fund expenses. The following examples are intended to help you understand your ongoing costs (in dollars) of investing in the Fund and to compare these costs with the ongoing costs of investing in other mutual funds.

A mutual fund's expenses are expressed as a percentage of its average net assets. This figure is known as the expense ratio. The expenses in the table below are based on an investment of $1,000 made at the beginning of the most recent semi-annual period (January 1, 2006) and held until the end of the period (June 30, 2006).

The table below illustrates the Fund's costs in two ways:

<u>Actual fund return</u> – This section helps you to estimate the actual expenses that you paid over the period. The "Ending Account Value" shown is derived from the Fund's actual return, and the third column shows the dollar amount of operating expenses that would have been paid by an investor who started with $1,000 in the Fund. You may use the information here, together with the amount you invested, to estimate the expenses that you paid over the period.

To do so, simply divide your account value by $1,000 (for example, an $8,600 account value divided by $1,000 = 8.6), then multiply the result by the number given for the Fund under the heading "Expenses Paid During Period."

<u>Hypothetical 5% return</u> – This section is intended to help you compare the Fund's costs with those of other mutual funds. It assumes that the Fund had an annual return of 5% before expenses during the period shown, but that the expense ratio is unchanged. In this case, because the return used is not the Fund's actual returns, the results do not apply to your investment. The example is useful in making comparisons because the Securities and Exchange Commission requires all mutual funds to calculate expenses based on a 5% return. You can assess the Fund's costs by comparing this hypothetical example with the hypothetical examples that appear in shareholder reports of other funds.

Note that expenses shown in the table are meant to highlight and help you compare ongoing costs only. The Fund does not charge a front-end sales load. However, a CDSC of 1% may apply if you redeem Fund shares within one year of their purchase.

The calculations assume no shares were bought or sold during the period. Your actual costs may have been higher or lower, depending on the amount of your investment and the timing of any purchases or redemptions.

SCHWARTZ VALUE FUND
ABOUT YOUR FUND'S EXPENSES (Unaudited) (continued)

More information about the Fund's expenses, including historical annual expense ratios, can be found in this report. For additional information on operating expenses and other shareholder costs, please refer to the Fund's Prospectus.

	Beginning Account Value January 1, 2006	Ending Account Value June 30, 2006	Expenses Paid During Period*
Based on Actual Fund Return	$1,000.00	$1,055.00	$7.08
Based on Hypothetical 5% Return (before expenses)	$1,000.00	$1,017.90	$6.95

* Expenses are equal to the Fund's annualized expense ratio of 1.39% for the period, multiplied by the average account value over the period, multiplied by 181/365 (to reflect the one-half year period).

OTHER INFORMATION (Unaudited)

A description of the policies and procedures the Fund uses to determine how to vote proxies relating to portfolio securities is available without charge upon request by calling toll-free (888) 726-0753, or on the Securities and Exchange Commission's ("SEC") website at http://www.sec.gov. Information regarding how the Fund voted proxies relating to portfolio securities during the most recent 12-month period ended June 30 is also available without charge upon request by calling toll-free (888) 726-0753, or on the SEC's website http://www.sec.gov.

The Trust files a complete listing of portfolio holdings for the Fund with the SEC as of the first and third quarters of each fiscal year on Form N-Q. The filings are available free of charge, upon request, by calling (888) 726-0753. Furthermore, you may obtain a copy of the filing on the SEC's website at http://www.sec.gov. The Trust's Forms N-Q may also be reviewed and copied at the SEC's Public Reference Room in Washington, DC, and information on the operation of the Public Reference Room may be obtained by calling (800) SEC-0330.

SCHWARTZ VALUE FUND
APPROVAL OF ADVISORY AGREEMENT (Unaudited)

The Board of Trustees, including the Independent Trustees voting separately, have reviewed and approved the continuance of the Fund's Advisory Agreement with the Adviser. The approval took place at an in-person meeting, held on January 27, 2006, at which all of the Trustees were present.

The Independent Trustees were advised by independent counsel of their fiduciary obligations in approving the Advisory Agreement. The Trustees also received and reviewed a considerable amount of information provided by the Adviser in response to requests of the Independent Trustees and their counsel to assist in their evaluation of the terms of the Advisory Agreement and whether the Advisory Agreement continues to be in the best interest of the Fund and its shareholders. The Trustees reviewed: (1) industry data comparing advisory fees and expense ratios of the Fund with those of comparable investment companies; (2) comparative performance information; (3) the Adviser's revenues and costs of providing services to the Fund; and (4) information about the Adviser's personnel. The Trustees considered various factors, among them: (1) the nature, extent and quality of the services provided by the Adviser; (2) the fees charged for those services and the Adviser's profitability with respect to the Fund; (3) the Fund's performance; (4) the extent to which economies of scale may be realized as the Fund grows; and (5) whether fee levels reflect these economies of scale for the benefit of Fund investors. The Independent Trustees were advised and supported by independent counsel experienced in securities matters throughout the process. Prior to voting, the Independent Trustees reviewed the proposed continuance of the Advisory Agreement with management and also met in a private session with independent counsel at which no representatives of the Adviser were present.

The Trustees evaluated and discussed with the Adviser the responsibilities of the Adviser under the Advisory Agreement. The Trustees also reviewed the background, education and experience of the Adviser's key investment and operational personnel. The Trustees discussed and considered the quality of administrative and other services provided to the Trust, the Adviser's compliance programs, and the Adviser's role in coordinating such services and programs.

The Trustees considered short-term and long-term investment performance of the Fund in their deliberations. The Trustees considered the Fund's historical performance over various periods ended December 31, 2005, as it compared to the returns of relevant indices and similarly managed mutual funds. Based upon their review, the Trustees observed that, although the Fund has underperformed its primary benchmark, the Russell 2000 Index, over shorter term periods (including 1 year and 3 years), the Fund has outperformed such Index over longer term periods (including 5 years, 10 years and since inception).

The Trustees reviewed the Adviser's analysis of its profitability from the Advisory Agreement for the year ended December 31, 2005. The Trustees considered that the Adviser may receive, in addition to the advisory fee, various research services as a result of the placement of the Funds' portfolio brokerage. The Trustees concluded that the Adviser possessed the fundamental resources necessary to serve as adviser to the Fund, and based upon their review of the financial statements provided by the Adviser, that it is sufficiently capitalized to remain economically viable to serve as adviser.

In reviewing the fees payable under the Advisory Agreement, the Trustees reviewed the advisory fee paid by the Fund under the Advisory Agreement and compared such fees to the advisory fee ratios of similar mutual funds. The Trustees also compared the total operating expense ratio of the Fund with expense ratios of representative funds with similar investment objectives considered to be in its peer group. The Trustees considered the existence of any economies of scale and whether those would be passed along to the Fund's shareholders. Given that the Fund's asset levels are lower than most comparable similarly managed funds, the Trustees also considered the effect of the Fund's potential growth and size on its performance and fees. In evaluating the Fund's advisory fees, the Trustees took into account the quality of the investment management of the Fund. The Trustees noted that the Fund's focus on small-capitalization companies requires special skills and a different and broader set of analytical tools than is required for funds investing in larger capitalization companies that are heavily followed and researched by the investment community. In view of these factors, the Trustees determined to forego implementing break points in the Fund's fee schedule at the current time.

At the Adviser's recommendation, the Trustees approved a reduction in the advisory fee payable by the Fund to the Adviser, effective February 1, 2006. In making this recommendation, the Adviser cited the increasingly competitive nature of the mutual fund industry, which is exerting downward pressure on fees, as well as the Adviser's desire to improve investment performance and lower expenses for the benefit of shareholders. The advisory fee paid by the Fund had been calculated at the annual rate of 1.25% of the first $100 million of the Fund's average daily net assets and 1.00% of such assets in excess of $100 million. Effective February 1, 2006, the advisory fee is reduced to 1.00% on all of the Fund's assets. The Trustees concluded that, based upon the investment strategies and the long-term performance of the Fund, the advisory fees to be paid by the Fund are reasonable.

In approving the Advisory Agreement, the Independent Trustees reached the following conclusions: (1) the Trustees noted the qualifications of key personnel of the Adviser that work with the Fund and concluded the Adviser is qualified to continue to manage the Fund's assets in accordance with its investment objective and policies and has provided reasonable services to the Fund; (2) based on the long-term performance of the Fund, the Independent Trustees believe that the nature and quality of services provided to the Fund by the Adviser were satisfactory; (3) while the advisory fees paid by the Fund are in the higher range of fees for comparably managed funds, they believe that the quality of investment advisory services provided by the Adviser has been appropriate and that a contributing factor to higher expenses is the relatively small size of the Fund; and (4) the Fund will realize significant cost savings from the Adviser's undertaking to reduce its advisory fees. The Independent Trustees also reviewed and considered the "fallout benefits" to, and the profitability of, the Adviser with regards to its management of the Fund, concluding that the Adviser's profitability was not excessive, given the quality and scope of services provided by the Adviser and the investment performance of the Fund.

No single factor was considered in isolation or to be determinative to the decision of the Trustees to approve continuance of the Advisory Agreement. Rather, the Trustees concluded, in light of a weighing and balancing of all factors considered, that it would be in the best interest of the Fund and its shareholders to renew the Advisory Agreement for an additional annual period.

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