

Mundoval Fund

ANNUAL REPORT

August 31, 2006

**Mundoval Fund
Annual Report
August 31, 2006**

Fellow Shareholders,

For the one year period ending August 31, 2006, the Mundoval Fund returned 17.70% versus 15.77% for the MSCI World Index. Since inception on September 3, 2004, the annualized rate of return for the Mundoval Fund has been 14.08% versus 16.33% for the MSCI World Index.

Although less than 40% of the fund was invested in international businesses as of August 31, 2006, the allocation was instrumental in providing satisfactory rates of return relative to the benchmark. Investment performance during the year benefited from our holdings in ING Group, China Mobile, Mitsubishi Tokyo Financial, Nestle and Telefonos de Mexico. Canon, which was sold as its share price approached our appraisal of its intrinsic business value, also provided a satisfactory rate of return during the fiscal year. With more than one-half of the world's stock market capitalization located outside of the United States, we are fortunate to be able to seek out global investment opportunities when they are priced at attractive levels relative to business valuations.

Despite the continued underperformance of the information technology sector during the year, we increased our holdings in Cisco, Dell, Intel, Microsoft and Taiwan Semiconductor. Each of these businesses is a market share leader in its respective industry and has demonstrated an ability to generate increasing amounts of free cash flow. These cash flows have been used by management over time to enhance shareholder value via a combination of share buybacks, dividend increases, retirement of debt and strategic acquisitions. Although the pessimistic outlook and realization by investors that information technology companies will not grow at the unrealistic rates of return that were initially anticipated in the late 1990's, we believe that current share prices do not accurately reflect the intrinsic valuations of some of the most dominant businesses in the sector.

In addition to our 22% allocation to the information technology sector, the Fund has a 17% allocation to the consumer staples sector (Altria, Anheuser Busch, Colgate-Palmolive, Nestle & Unilever), 15% to the financial sector (Citigroup, Mitsubishi UFJ Financial, ING Group, AIG & First Data), 13% to the healthcare sector (Pfizer, Johnson & Johnson and Sanofi-Aventis) and 10% to the consumer discretionary sector (Nike & News Corporation).

The Mundoval Fund adheres to an investment philosophy that is based on value. Our patterns of operation will attempt to reduce the risk of permanent capital loss by purchasing common stock in businesses at prices we believe are less than their intrinsic values. Our scope is global, as we seek to own businesses that are leaders in their industries with the ability to generate discretionary cash flows to enhance value for shareholders.

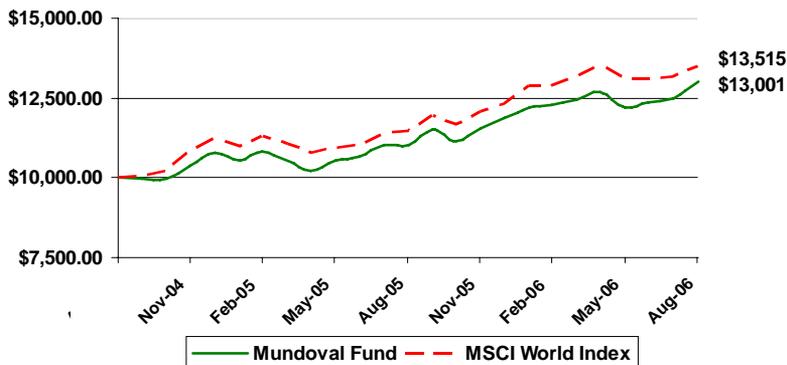
Thank you for your continued support & confidence.

Sincerely,

Arthur Q. Johnson, CFA
Portfolio Manager

Mundoval Fund

The Value of a \$10,000 Investment In Mundoval Fund
From September 3, 2004 to August 31, 2006
As Compared To The MSCI World Index



PERFORMANCE INFORMATION

AVERAGE ANNUAL RATE OF RETURN (%) FOR PERIODS ENDED AUGUST 31, 2006.

August 31, 2006 NAV \$12.91

	1Year ^(A)	Since Inception ^(A)
Mundoval Fund	17.70%	14.08%
MSCI World Index ^(B)	15.77%	16.33%

^(A) 1 Year and Since Inception returns include change in share prices and in each case includes reinvestment of any dividends and capital gain distributions. The inception date of the Mundoval Fund was September 3, 2004.

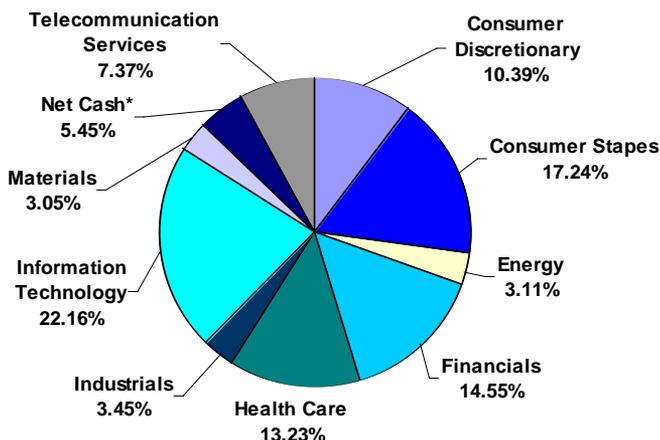
^(B)The MSCI World Index is a free float-adjusted market capitalization index that is designed to measure global developed market equity performance in twenty-three countries in Europe, Australia, Asia, the Far East and North America.

PAST PERFORMANCE DOES NOT GUARANTEE FUTURE RESULTS. INVESTMENT RETURN AND PRINCIPAL VALUE WILL FLUCTUATE SO THAT SHARES, WHEN REDEEMED, MAY BE WORTH MORE OR LESS THAN THEIR ORIGINAL COST. RETURNS DO NOT REFLECT THE DEDUCTION OF TAXES THAT A SHAREHOLDER WOULD PAY ON FUND DISTRIBUTIONS OR THE REDEMPTION OF FUND SHARES. TO OBTAIN PERFORMANCE DATA CURRENT TO THE MOST RECENT MONTH END, PLEASE CALL 1-800-595-2877.

Mundoval Fund (Unaudited)

Mundoval Fund

by Industry Sectors (as a percentage of Net Assets)



*Net Cash represents cash equivalents and other assets less liabilities.

Availability of Quarterly Schedule of Investments (Unaudited)

The Fund files its complete schedule of portfolio holdings with the Securities and Exchange Commission ("SEC") for the first and third quarters of each fiscal year on Form N-Q. The Fund's Forms N-Q are available on the SEC's Web site at <http://www.sec.gov>. The Fund's Forms N-Q may also be reviewed and copied at the SEC's Public Reference Room in Washington, DC. Information on the operation of the Public Reference Room may be obtained by calling 1-800-SEC-0330.

Proxy Voting Guidelines (Unaudited)

A.Q. Johnson & Co., Inc., the Fund's Adviser, is responsible for exercising the voting rights associated with the securities held by the Fund. A description of the policies and procedures used by the Adviser in fulfilling this responsibility is available without charge on the Fund's website at www.mundoval.com. It is also included in the Fund's Statement of Additional Information, which is available on the Securities and Exchange Commission's website at <http://www.sec.gov>.

Information regarding how the Fund voted proxies, Form N-PX, relating to portfolio securities during the most recent 12-month period ended June 30th is available without charge, upon request, by calling our toll free number(1-800-595-2877). This information is also available on the Securities and Exchange Commission's website at <http://www.sec.gov>.

Disclosure of Expenses (Unaudited)

Shareholders of this Fund incur ongoing expenses consisting solely of management fees. The following example is intended to help you understand your ongoing costs (in dollars) of investing in the Fund and to compare these costs with similar costs of investing in other mutual funds. The example is based on an investment of \$1,000 invested in the Fund on February 28, 2006 and held through August 31, 2006.

The first line of the table below provides information about actual account values and actual expenses. In order to estimate the expenses a shareholder paid during the period covered by this report, shareholders can divide their account value by \$1,000 (for example, an \$8,600 account value divided by \$1,000 = 8.6) and then multiply the result by the number in the first line under the heading entitled "Expenses Paid During the Period."

The second line of the table below provides information about hypothetical account values and hypothetical expenses based on the Fund's actual expense ratio and an assumed rate of return of 5% per year before expenses, which is not the Fund's actual return. The hypothetical account values and expenses may not be used to estimate the actual ending account balance or expenses paid by a shareholder for the period. Shareholders may use this information to compare the ongoing costs of investing in this Fund and other funds. To do so, compare this 5% hypothetical example with the 5% hypothetical examples that appear in other funds' shareholder reports.

	Beginning Account Value February 28, 2006	Ending Account Value August 31, 2006	Expenses Paid During the Period* February 28, 2006 to August 31, 2006
Actual	\$1,000.00	\$1,059.93	\$7.79
Hypothetical (5% annual return before expenses)	\$1,000.00	\$1,017.64	\$7.63

- * Expenses are equal to the Fund's annualized expense ratio of 1.50% for the period of February 28, 2006 to August 31, 2006, multiplied by the average account value over the period, multiplied by 184/365 (to reflect the one-half year period).

Mundoval Fund

Schedule of Investments August 31, 2006

Shares/Principal Amount	Market Value	% of Net Assets
COMMON STOCKS		
Cement, Hydraulic		
8,000 Cemex SA de CV **	\$ 231,120	3.05%
Commercial Banks, NEC		
5,300 Citigroup Inc.	261,555	
17,500 Mitsubishi Tokyo Financial Group Inc. * **	237,475	
	499,030	6.59%
Computer Communications Equipment		
14,000 Cisco Systems Inc. *	307,860	4.07%
Crude Petroleum & Natural Gas		
2,700 CNOOC Ltd. **	235,359	3.11%
Electronic Computers		
12,000 Dell Inc. *	270,600	3.57%
Electronic Connectors		
10,000 Tyco International Ltd.	261,500	3.45%
Finance Services		
6,300 First Data Corp.	270,711	3.57%
Fire, Marine & Casualty Insurance		
4,200 American International Group Inc.	268,044	3.54%
Food and Kindred Products		
3,000 Altria Group Inc.	250,590	
2,900 Nestle SA **	248,530	
10,500 Unilever plc **	252,840	
	751,960	9.93%
Life Insurance		
7,700 ING Groep NV **	334,411	4.42%
Malt Beverages		
5,500 Anheuser-Busch Companies Inc.	271,590	3.59%
Newspapers: Publishing or Publishing & Printing		
14,500 News Corporation	288,115	3.80%
Perfumes, Cosmetics & Other Toilet Preparations		
4,000 Colgate-Palmolive Co.	239,440	3.16%
Pharmaceutical Preparations		
4,200 Johnson & Johnson	271,572	
7,500 Pfizer Inc.	316,940	
11,500 Sanofi-Aventis **	269,700	
	858,212	11.33%
Radiotelephone Communications		
10,000 Telefonos de Mexico SA de CV **	241,400	3.19%
Rubber & Plastics Footwear		
3,100 Nike Inc. Cl B	250,356	3.31%
Semiconductors & Related Devices		
28,264 Taiwan Semiconductor Manufacturing Co. Ltd.**	263,138	
14,500 Intel Corp.	283,765	
	546,903	7.22%
Services-Medical Laboratories		
2,100 Laboratory Corp. of America Holdings *	143,682	1.90%
Services-Prepackaged Software		
11,000 Microsoft Corp.	282,700	3.73%
Soap, Detergents, Cleaning Preparations, Perfumes, Cosmetics		
4,700 Procter & Gamble Co.	290,930	3.84%

*Non-Income Producing Securities.

**ADR - American Depository Receipt.

The accompanying notes are an integral part of these financial statements.

Mundoval Fund

Schedule of Investments August 31, 2006

Shares/Principal Amount	Market Value	% of Net Assets
COMMON STOCKS		
Telephone Communications		
9,500 China Mobile Hong Kong Ltd. **	316,445	4.18%
Total for Common Stock (Cost - \$ 5,913,728)	\$ 7,160,368	94.55%
Cash Equivalents		
200,281 First American Treasury Obligation Fund Cl Y 4.83% *** (Cost - \$200,281)	200,281	2.65%
Total Investments (Cost - \$6,114,009)	7,360,649	97.20%
Other Assets in excess of Liabilities	212,184	2.80%
Net Assets	\$ 7,572,833	100.00%

*Non-Income Producing Securities.

**ADR - American Depository Receipt.

*** Variable Rate Security; The Yield Rate shown represents the rate at August 31, 2006.

The accompanying notes are an integral part of these financial statements.

Mundoval Fund

Statement of Assets and Liabilities

August 31, 2006

Assets:	
Investment Securities at Market Value	\$ 7,360,649
(Cost - \$6,114,009)	
Receivable for Securities Sold	206,301
Dividend Receivable	15,234
Interest Receivable	904
Total Assets	<u>7,583,088</u>
Liabilities:	
Payable to Adviser	10,255
Total Liabilities	<u>10,255</u>
Net Assets	<u>\$ 7,572,833</u>
Net Assets Consist of:	
Capital Paid In	\$ 6,192,871
Accumulated Net Investment Income	50,343
Accumulated Undistributed Realized Gain (Loss) on Investments - Net	82,979
Unrealized Appreciation in Value of Investments Based on Identified Cost - Net	<u>1,246,640</u>
Net Assets, for 586,628 Shares Outstanding (No par value, unlimited shares authorized)	<u>\$ 7,572,833</u>
Net Asset Value, Offering and Redemption Price Per Share (\$7,572,833/586,628 shares)	\$ 12.91

Statement of Operations

For the Year Ended August 31, 2006

Investment Income:	
Dividends (Net of foreign taxes of \$8,380)	\$ 142,145
Interest	15,804
Total Investment Income	<u>157,949</u>
Expenses:	
Investment Adviser Fees	97,613
Total Expenses	<u>97,613</u>
Net Investment Income	60,336
Realized and Unrealized Gain (Loss) on Investments:	
Realized Gain on Investments	92,606
Change in Unrealized Appreciation on Investments	921,973
Net Realized and Unrealized Gain on Investments	<u>1,014,579</u>
Net Increase in Net Assets from Operations	<u>\$ 1,074,915</u>

Mundoval Fund

Statements of Changes in Net Assets

	9/1/2005 to 8/31/2006	9/3/2004* to 8/31/2005
From Operations:		
Net Investment Income	\$ 60,336	\$ 33,413
Net Realized Gain (Loss) on Investments	92,606	(9,627)
Change in Net Unrealized Appreciation	921,973	324,667
Increase in Net Assets from Operations	<u>1,074,915</u>	<u>348,453</u>
From Distributions to Shareholders:		
Net Investment Income	(41,609)	(1,797)
Net Realized Gain from Security Transactions	-	-
Change in Net Assets from Distributions	<u>(41,609)</u>	<u>(1,797)</u>
From Capital Share Transactions:		
Proceeds From Sale of Shares	1,778,127	4,353,224
Shares Issued on Reinvestment of Dividends	11,900	281
Cost of Shares Redeemed	<u>(50,605)</u>	<u>(56)</u>
Net Increase from Shareholder Activity	<u>1,739,422</u>	<u>4,353,449</u>
Net Increase in Net Assets	2,772,728	4,700,105
Net Assets at Beginning of Period	<u>4,800,105</u>	<u>100,000</u>
Net Assets at End of Period (Including Accumulated Undistributed Net Investment Income of \$50,343 and \$31,616, respectively)	<u>\$ 7,572,833</u>	<u>\$ 4,800,105</u>
Share Transactions:		
Issued	155,229	424,584
Reinvested	1,003	26
Redeemed	<u>(4,209)</u>	<u>(5)</u>
Net Increase in Shares	152,023	424,605
Shares Outstanding Beginning of Period	<u>434,605</u>	<u>10,000</u>
Shares Outstanding End of Period	<u>586,628</u>	<u>434,605</u>

Financial Highlights

Selected data for a share outstanding throughout the period:

	9/1/2005 to 8/31/2006	9/3/2004* to 8/31/2005
Net Asset Value -		
Beginning of Period	\$ 11.04	\$ 10.00
Net Investment Income *****	0.11	0.10
Net Gains on Securities (Realized and Unrealized)	<u>1.84</u>	<u>0.95</u>
Total from Investment Operations	1.95	1.05
Distributions (From Net Investment Income)	(0.08)	(0.01)
Distributions (From Realized Capital Gains)	-	-
Total Distributions	<u>(0.08)</u>	<u>(0.01)</u>
Net Asset Value - End of Period	<u>\$ 12.91</u>	<u>\$ 11.04</u>
Total Return ****	17.70%	10.46% ***
Ratios/Supplemental Data		
Net Assets - End of Period (Thousands)	7,573	4,800
Ratio of Expenses to Average Net Assets	1.50%	1.50% **
Ratio of Net Investment Income to Average Net Assets	0.93%	0.97% **
Portfolio Turnover Rate	26.46%	14.94% **

* Commencement of Operations.

** Annualized.

*** Not Annualized.

**** Total return in the above table represents the rate that the investor would have earned or lost on an investment in the Fund assuming reinvestment of dividends and distributions.

***** Per share amounts were calculated using the average shares method.

The accompanying notes are an integral part of these financial statements.

NOTES TO FINANCIAL STATEMENTS

MUNDOVAL FUND

August 31, 2006

1.) ORGANIZATION

Mundoval Fund (the "Fund") is a non-diversified series of the Mundoval Funds (the "Trust"), an open-end management investment company. The Trust was organized in Ohio as a business trust on March 24, 2004 and may offer shares of beneficial interest in a number of separate series, each series representing a distinct fund with its own investment objectives and policies. The Fund commenced operations on September 3, 2004. The Fund's investment objective is long-term capital appreciation.

2.) SIGNIFICANT ACCOUNTING POLICIES

SECURITY VALUATION: Equity securities are valued by using market quotations, but may be valued on the basis of prices furnished by a pricing service when the Adviser believes such prices accurately reflect the fair market value of such securities. Securities that are traded on any stock exchange or on the NASDAQ over-the-counter market are valued by the pricing service at the last quoted sale price. Lacking a last sale price, an equity security is valued by the pricing service at its last bid price. When market quotations are not readily available, when the Adviser determines that the market quotation of the price provided by the pricing service does not accurately reflect the current market value, or when restricted or illiquid securities are being valued, such securities are valued as determined in good faith by the Adviser, in conformity with guidelines adopted by and subject to review of the Board of Trustees of the Trust.

Fixed income securities generally are valued by using market quotations, but may be valued on the basis of prices furnished by a pricing service when the Adviser believes such prices accurately reflect the fair market value of such securities. A pricing service utilizes electronic data processing techniques based on yield spreads relating to securities with similar characteristics to determine prices for normal institutional-size trading units of debt securities without regard to sale or bid prices. If the Adviser decides that a price provided by the pricing service does not accurately reflect the fair market value of the securities, when prices are not readily available from a pricing service or when restricted or illiquid securities are being valued, securities are valued at fair value as determined in good faith by the Adviser, in conformity with guidelines adopted by and subject to review of the Board of Trustees. Short term investments in fixed income securities with maturities of less than 60 days when acquired, or which subsequently are within 60 days of maturity, are valued by using the amortized cost method of valuation, which the Board of Trustees has determined will represent fair value.

FEDERAL INCOME TAXES: The Fund's policy is to continue to qualify each year as a "regulated investment company" under Subchapter M of the Internal Revenue Code and to distribute all of its taxable income to its shareholders. Therefore, no federal income tax provision is required.

DISTRIBUTIONS TO SHAREHOLDERS: Distributions to shareholders, which are determined in accordance with income tax regulations, are recorded on the ex-dividend date.

USE OF ESTIMATES: The preparation of financial statements in conformity with accounting principles generally accepted 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 increases and decreases in net assets from operations during the reporting period. Actual results could differ from those estimates.

OTHER: Security transactions are recorded on the trade date. Dividend income is recorded on the ex-dividend date, and interest income is recognized on an accrual basis. Discounts and premiums on securities purchased are amortized over the lives of the respective securities. Withholding taxes on foreign dividends have been provided for in accordance with the Fund's understanding of the applicable country's tax rules and regulations.

3.) INVESTMENT ADVISORY AGREEMENT

The Fund has entered into an investment advisory agreement (the "Management Agreement") with A.Q. Johnson & Co., Inc. (the "Adviser"). Under the terms of the Management Agreement the Adviser manages the investment portfolio of the Fund, subject to policies adopted by the Trust's Board of Trustees. Under the Management Agreement, the Adviser, at its own expense and without reimbursement from the Trust, furnishes office space and all necessary office facilities, equipment and executive personnel necessary for managing the assets of the Fund. The Adviser also pays the salaries and fees of all of its officers and employees that serve as officers and trustees of the Trust. The Adviser pays all operating expenses of the Fund with the exception of taxes, brokerage fees and commissions, borrowing costs (such

Notes to the Financial Statements - continued

as (a) interest and (b) dividend expenses on securities sold short), and extraordinary expenses. For its services, the Adviser receives an annual investment management fee from the Fund of 1.50% of the average daily net assets of the Fund. As a result of the above calculation, for the year ended August 31, 2006 the Adviser earned management fees totaling \$97,613, of which \$10,255 was payable to the Adviser as of August 31, 2006.

Arthur Q. Johnson is the control person of the Adviser and also serves as a trustee/officer of the Fund. This individual receives benefits from the Adviser resulting from management fees paid to the Adviser by the Fund.

4.) APPROVAL OF INVESTMENT ADVISORY AGREEMENT (Unaudited)

On August 3, 2006, the Board of Trustees (the "Trustees" or the "Board") for the Mundoval Fund met to consider the renewal of the Management Agreement (the "Agreement"). In renewing the Agreement, the Board of Trustees considered and evaluated the following factors: (i) the investment performance of the Fund and the investment adviser; (ii) the nature, extent and quality of the services provided by the investment adviser to the Fund; (iii) the cost of the services provided and the profits realized by the adviser and its affiliates from the relationship with the Fund; (iv) the extent to which economies of scale will be realized as the fund grows; and (v) whether the fee levels reflect these economies of scale to the benefit of shareholders.

The Board met with Arthur Q. Johnson of the Adviser to discuss the terms of the Agreement. The Board reviewed the history of the Adviser, including background and investment management experience, as well as the Fund's performance for the last fiscal year, important factors relating to the Fund's performance, the Adviser's investment and research strategy, the Adviser's financial strength, and expected expenses and revenue from the Fund.

The Board gave careful consideration to factors deemed relevant to the Trust and the Fund as well as the nature, extent and quality of the services to be provided by the Adviser and the performance of the Fund since commencement of operations. The Trustees analyzed the Adviser's experience and the capabilities of the portfolio manager. The Trustees reviewed and discussed the Adviser's Form ADV, internal compliance policies and financials. The Board also compared the Fund's management fee and total annual operating expenses to those of comparable funds.

As to the performance of the Fund, the materials from the Adviser included information regarding the Fund's performance compared to a peer group of 25 funds. The Trustees noted that the Fund performed within the range of its peers. It was noted that the Mundoval Fund was up 9.88% year-to-date through June 30, 2006, compared to 9.23% for the peer group and 9.49% for the MSCI World Index. Additionally, the average 12 month total return was 17.26% for the peer group compared to 15.65% for the Mundoval Fund and 16.93% for the MSCI World Index. Since inception the Mundoval Fund returned an average of 12.25% compared to 15.91% for the MSCI World Index. The Trustees also reviewed the performance of other accounts managed by the Adviser with a comparable mandate and noted that on a one-year basis the performance of the separate accounts were within 0.20% of the performance of the Fund.

As to the nature, extent and quality of the services provided by the Adviser, the Trustees analyzed the Adviser's experience and capabilities. The representatives of the Adviser summarized the information provided to the Board. The Trustees discussed the Adviser's financial condition, the portfolio manager's background and investment management experience. The representatives of the Adviser reviewed and discussed with the Board the Adviser's ADV and the 17j-1 certifications. Mr. Johnson walked the Board through the adviser's Form ADV and discussed the Adviser's financial stability.

As to the cost of the services to be provided and the profits to be realized by the Adviser and its affiliates from the relationship with the Fund, it was noted that the Adviser is paying substantially all operating expenses of the Fund and that the Adviser's relationship with the Fund has resulted in a loss to the Adviser. Mr. Johnson also stated that in addition to advisory services, the Adviser also provides the Fund with officers, including the CCO, and office space. Turning to the level of the management fee, the Trustees were presented with a comparative analysis of advisory fees and expense ratios based on publicly available data and drawn from its peer group. Included in the comparison were funds with similar asset ranges. It was noted that while the Adviser's management fee was the highest in the peer group, the Adviser is responsible under the Agreement for paying all but a very small fraction of the Fund's expenses out of the management fee. Thus, the Trustees noted that the Fund's current expense ratio of 1.50% was less than the average expense ratio of 1.68% for the Peer Group. A.Q. Johnson also provides sub-advisory services to another fund for which it is paid 0.50%. However, the Adviser does not provide office space, a compliance officer and other services

Notes to the Financial Statements - continued

to the fund, nor does it pay all of the funds expenses out of its sub-advisory fee. Finally, the Trustees reviewed information regarding fees charged by the Adviser for separate accounts. The Board noted that A.Q. Johnson is paid 1.00% for separate accounts management, but does not provide the same comprehensive level of services to separate accounts as is provided to the Fund. Having considered the comparative data as described above, the Trustees concluded that the management fee and expense ratio were reasonable.

As for potential economies of scale, the Trustees discussed and considered information regarding whether there have been economies of scale with respect to the management of the Fund, whether the Fund has appropriately benefited from any economies of scale, and whether there is potential for realization of any further economies of scale. The Trustees noted that the Adviser represented to the Board that the Adviser would consider including break points in the management fee as the Fund grows, thus benefiting shareholders.

After reviewing all the information presented, the non-interested Trustees met in executive session. The Trustees discussed the performance of the Fund and the Adviser's compensation. Based upon the information provided, the Board concluded that the fee to be paid to the Adviser pursuant to the Agreement was reasonable, that the overall arrangement provided under the terms of the Agreement was a reasonable business arrangement, and that the renewal of the Agreement was in the best interest of the Fund's shareholders.

5.) RELATED PARTY TRANSACTIONS

The Trustees who are not interested persons of the Fund were paid \$1,000 each in Trustees fees by the Adviser for the year ended August 31, 2006. Under the Management Agreement, the Adviser pays these fees.

6.) INVESTMENTS

For the year ended August 31, 2006, purchases and sales of investment securities other than U.S. Government obligations and short-term investments aggregated \$3,173,603 and \$1,658,359 respectively. There were no purchases or sales of U.S. Government obligations.

For federal income tax purposes, the cost of investments owned at August 31, 2006 was \$6,114,009. At August 31, 2006, the composition of unrealized appreciation (the excess of value over tax cost) and depreciation (the excess of tax cost over value) was as follows:

<u>Appreciation</u>	<u>(Depreciation)</u>	<u>Net Appreciation (Depreciation)</u>
\$1,298,713	(\$52,073)	\$1,246,640

7.) CONTROL OWNERSHIP

The beneficial ownership, either directly or indirectly, of more than 25% of the voting shares of a fund creates a presumption of control of the Fund, under Section 2(a)(9) of the Investment Company Act of 1940. As of August 31, 2006, Arthur Q. Johnson held, in aggregate, 67.66% of the Fund. Arthur Q. Johnson is the control person of the Adviser and also serves as a trustee/officer of the Fund.

8.) CAPITAL SHARES

At August 31, 2006 an unlimited number of shares of beneficial interest were authorized. 586,628 shares were issued and outstanding and paid in capital was \$6,192,871.

9.) DISTRIBUTIONS TO SHAREHOLDERS

There was a dividend of \$0.0768 per share paid on December 28, 2005 from net investment income.

The tax character of distributions paid during the periods shown below were as follows:

Distributions paid from:

	<u>9/1/05 to 8/31/06</u>	<u>9/3/04 to 8/31/05</u>
Ordinary Income	\$ 41,609	\$ 1,797
Short-Term Capital Gain	-0-	-0-
Long-Term Capital Gain	-0-	-0-
	<u>\$ 41,609</u>	<u>\$ 1,797</u>

As of August 31, 2006, the components of distributable earnings on a tax basis were as follows:

Undistributed ordinary income/(accumulated losses)	\$ 50,343
Undistributed long-term capital gain/(accumulated losses)	82,979
Unrealized appreciation/(depreciation)	<u>1,246,640</u>
	<u>\$ 1,379,962</u>

There were no differences between book and tax cost basis.

Cohen Fund Audit Services, Ltd.
Certified Public Accountants

800 Westpoint Pkwy, Ste 1100
Westlake, Ohio 44145
Phone: (440) 835-8500
Fax: (440) 835-1093
www.cohenfund.com

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To The Shareholders and
Board of Trustees of the
Mundoval Fund

We have audited the accompanying statement of assets and liabilities, including the schedule of investments, of Mundoval Fund as of August 31, 2006, and the related statement of operations for the year then ended, and the statements of changes in net assets and financial highlights for each of the two periods then ended. These financial statements and financial highlights are the responsibility of Fund management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Our procedures included confirmation of securities owned as of August 31, 2006, by correspondence with the Fund's custodian and brokers. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of the Mundoval Fund as of August 31, 2006, the results of its operations for the year then ended, and the changes in its net assets and its financial highlights for each of the two periods then ended, in conformity with accounting principles generally accepted in the United States of America.

Cohen Fund Audit Services

COHEN FUND AUDIT SERVICES, LTD.
(f.k.a. Cohen McCurdy, Ltd.)
Westlake, Ohio
October 9, 2006

TRUSTEES AND OFFICERS Unaudited

The Board of Trustees supervises the business activities of the Trust. The names of the Trustees and executive officers of the Trust are shown below. Each Trustee serves until the Trustee dies, resigns, retires or is removed. Officers hold office for one year and until their respective successors are chosen and qualified.

The trustees and officers of the Trust and their principal business activities during the past five years are:

Interested Trustees and Officers

Name, Address ⁽¹⁾ , and Age	Position with the Trust	Length of Time Served	Principal Occupation(s) During Past 5 Years	Number of Portfolios Overseen By Trustee	Other Directorships Held By Trustee
Arthur Q. Johnson ⁽²⁾ , Year of Birth: 1961	President, Secretary, Treasurer and Trustee	Indefinite Term, Since 2004	President of A.Q. Johnson & Co., Inc. (2002 - current), Principal of Brandes Investment Partners, L.P. (1986-2000).	1	None
Rise Suzanne Johnson ⁽³⁾ , Year of Birth: 1962	Vice President	Indefinite Term, Since 2005	Homemaker.	N/A	None
Natalie M. Gumina Year of Birth: 1982	Chief Compliance Officer	Indefinite Term, Since 2006	Chief Operating Officer and Investment Advisory Representative of A.Q. Johnson & Co. (August 2006 - current). Financial Advisor for AXA Advisors (2005-2006). Prior to 2005 she was a student at University of California Los Angeles.	N/A	None

(1) The address of each trustee and officer is c/o Mundoval Funds, 1150 Silverado St., #223, La Jolla, CA 92037.

(2) Arthur Q. Johnson is considered an "interested person" as defined in Section 2(a)(19) of the Investment Company Act of 1940 by virtue of his affiliation with the Adviser.

(3) Arthur Q. Johnson and Rise Suzanne Johnson are married.

Independent Trustees

Name, Address ⁽⁴⁾ , and Age	Position with the Trust	Length of Time Served	Principal Occupation(s) During Past 5 Years	Number of Portfolios Overseen By Trustee	Other Directorships Held By Trustee
William W. Eigner, Year of Birth: 1959	Trustee	Indefinite Term, Since 2004	Attorney of Procopio Cory Hargreaves & Savitch, LLP (1989 - current). Partner of Procopio Cory Hargreaves & Savitch, LLP (1995 - current).	1	None
David B. Marino, Year of Birth: 1963	Trustee	Indefinite Term, Since 2004	Executive Vice President and Principal of Irving Hughes (1995 - current).	1	None
Greg Young, Year of Birth: 1960	Trustee	Indefinite Term, Since 2004	Account Executive and Director of Stone & Youngberg, LLC (1990 - current).	1	None

(4) The address of each Trustee is c/o Mundoval Funds, 1150 Silverado St., #223, La Jolla, CA 92037.

The Statement of Additional Information contains additional and more detailed information about the trustees and is available without charge by calling the transfer agent at 1-800-595-2877.

Board of Trustees

William W. Eigner
Arthur Q. Johnson
David B. Marino
Greg S. Young

Investment Adviser

A.Q. Johnson & Co., Inc.
1150 Silverado Street, #223
La Jolla, CA 92037

Counsel

Thompson Hine LLP
312 Walnut Street, 14th Floor
Cincinnati, OH 45202

Custodian

U.S. Bank, NA
425 Walnut Street
P.O. Box 1118
Cincinnati, OH 45201

**Dividend Paying Agent,
Shareholders' Servicing Agent,
Transfer Agent**

Mutual Shareholder Services
8000 Town Centre Dr., Suite 400
Broadview Hts., OH 44147

Fund Administrator

Premier Fund Solutions, Inc.
480 N. Magnolia Avenue, Suite 103
El Cajon, CA 92020

Independent Auditors

Cohen Fund Audit Services, Ltd.
(FKA Cohen McCurdy Ltd.)
800 Westpoint Pkwy., Suite 1100
Westlake, OH 44145-1594

This report is provided for the general information of the shareholders of the Mundoval Fund. This report is not intended for distribution to prospective investors in the Fund, unless preceded or accompanied by an effective prospectus.