

HIGH POINTES — 3RD QUARTER 2005

A quarterly update for institutional investment professionals from High Pointe Capital Management.

High Pointe is an independent equity management firm located in suburban Chicago. Since the firm's inception in 1997, our innovative investment process has proven highly successful at identifying undervalued stocks and has delivered exceptional performance.

Our unique approach to investing incorporates a highly disciplined evaluation of companies' intangible assets. High Pointe's proprietary methodology is a significant step forward in achieving a more complete valuation of corporations and their competitive advantages.

High Pointe manages three separate account products and our Select Value and Small Cap strategies are also offered as mutual funds. We currently manage over \$700MM in assets.

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Investment Strategy Update

After posting strong absolute and relative performance last quarter, our **Select Value** strategy could not overcome the negative impact of higher oil prices during the third quarter. As discussed in our previous newsletters, we tend to underweight commodities-oriented industries like energy because they typically have inferior business qualities that do not allow them to consistently earn their cost of capital. We are also typically underweighted in regulated businesses such as utilities. During the third quarter, an increase in oil prices propelled energy stocks to be the best performers. Our underweighting of energy stocks cost the portfolio about 2.2%.

We recently conducted an analysis to determine how an investor that did not invest in energy stocks, but otherwise matched the Russell 1000 Value Index, would have performed over the last few years. The results shown below indicate that prior to 2004 the impact of energy on performance was modest and random. Despite the results of recent quarters, we firmly believe that the random pattern of energy's impact on performance will resume because oil will remain a cyclical commodity.

| | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 1998 - 2003 Annualized | 2004 | YTD 2005 |
|-----------------------------------|-------|-------|------|-------|--------|-------|---------------------------|--------------|--------------|
| Russell 1000 Value Index | 15.7% | 7.4% | 7.0% | -5.6% | -15.5% | 30.0% | 5.5% | 16.5% | 5.7% |
| Russell 1000V Excl. Energy | 16.8% | 6.8% | 7.6% | -5.4% | -16.2% | 30.4% | 5.6% | 14.9% | 1.0% |
| Impact of Avoiding Energy | 1.0% | -0.6% | 0.6% | 0.2% | -0.7% | 0.4% | 0.1% | -1.6% | -4.7% |

In our first quarter newsletter, we mentioned that we were finding good opportunities in the beaten up technology sector. The payoff from those opportunities occurred during the current quarter as technology stocks in general, and our holdings in particular, performed very well. We also benefited from mergers and acquisitions activity in the industrial sector. *(Continued on page 2)*

Investment Performance

For Periods Ending September 30, 2005

| | | 3 rd Qtr | YTD | 1 Year | 3 Years | 5 Years | Since Inception ¹ |
|----------------------|-------|---------------------|-------|--------|---------|---------|---------------------------------|
| Select Value | Gross | 0.9% | 3.3% | 11.4% | 24.2% | 14.5% | 16.3% |
| | Net | 0.8% | 2.9% | 10.8% | 23.5% | 13.6% | 15.4% |
| Russell 1000 Value | | 3.9% | 5.7% | 16.7% | 20.5% | 5.8% | 7.1% |
| Select Growth | Gross | 2.1% | 0.6% | 14.8% | 25.3% | -0.5% | 11.7% |
| | Net | 1.9% | -0.2% | 13.7% | 24.1% | -1.5% | 10.6% |
| Russell 1000 Growth | | 4.0% | 2.2% | 11.6% | 14.7% | -8.6% | -3.9% |
| Small Cap | Gross | 8.4% | 11.1% | 28.2% | 41.1% | 20.4% | 14.9% |
| | Net | 8.2% | 10.6% | 27.3% | 39.9% | 19.2% | 13.8% |
| Russell 2500 | | 4.9% | 6.2% | 21.3% | 24.9% | 7.9% | 9.2% |

¹Inception Dates: Select Value - January 1, 1998; Select Growth - August 1, 1999; Small Cap - January 1, 1998. Please see page two for additional disclosures.

Organizational Update

High Pointe is delighted to have welcomed three new clients during the third quarter. These new accounts brought the firm's total assets under management to \$670 by the quarter's end, and additional new fundings in early October pushed our assets past the \$700 million mark. One of the reasons for High Pointe's continued growth has been the consistently strong performance of our Small Cap strategy. For this offering, we allow ourselves to select stocks from a fairly wide stylistic range, but the portfolio has a decided value bias to it. We invest in 30 to 40 holdings and target an average weighted capitalization of \$2 billion. Most importantly, the product employs the same unique approach to investing that has fueled the success of our Select Value portfolios. Please contact me if you would like to learn more about High Pointe's Small Cap strategy.

With regard to staffing, we are pleased to announce that Whitney Gustafson joined the firm on August 1st. Her duties will include portfolio accounting, performance reporting, data analysis and marketing support. She recently graduated from the University of Wisconsin with a dual major in Economics and Personal Finance and her experience includes an internship with a national brokerage firm. Whitney has already proven herself to be a fine addition to our team and we are very happy she is aboard.

–Sean Clark, CFA
Director of Marketing

Investment Strategy Update

Offsetting these positives was our exposure to the mortgage finance area. Investors are concerned about rising interest rates and a possible housing bubble and are overlooking the company-specific positives. We believe a number of companies in this industry remain significantly undervalued given their strong competitive positioning and normalized earnings potential.

Our **Select Growth** product lagged its benchmark by 3.0% during the quarter. This was primarily the result of our exposure to the consumer discretionary sector, and, in particular, the retail and media industries. Retailers catering to the low income demographic fared poorly and investors appear to be focused on the short-term impact of higher energy prices on consumers rather than the long-run earnings power of these companies. On a positive note, our holdings in technology and healthcare performed well during the quarter.

Our holdings in the media industry were down modestly, based primarily on fears of reduced advertising demand, increasing competition and additional capital expenditure requirements. However, we like these companies' dominant positions and their potential for significant free cash flow generation, and believe that they remain significantly undervalued.

Our **Small Cap** product performed very well during the quarter, outpacing its benchmark by 3.9%. This was a quarter of increased merger and acquisition activity, and we had several suitors for our companies in the banking, gaming, building products, and footwear industries. Our companies tend to have strong free cash flow generation and attractive valuation levels, exactly the kind of characteristics sought by many of the acquirers. Although we do not specifically seek out takeover candidates, it is gratifying when the value that we see is recognized by others.

Partially offsetting these gains was our exposure to the retail industry. Again, merchants catering to low income earners were hurt as high energy prices took a big bite out of these consumers' pay checks, leaving them with less money to spend at the retail counter. We acknowledge that the recent "pain at the pump" will likely impact sales and earnings over the short-term, but we believe that our holdings remain well-positioned for the long run and are using the current weakness to build our positions.

–Gautam Dhingra, Ph.D., CFA
President & Portfolio Manager

Performance data are shown gross and net of management fees and are based on composites of all fee-paying, fully-discretionary accounts. Returns for the periods presented are time-weighted. Results shown include the reinvestment of dividends, capital gains and other earnings. The currency used to express performance is U.S. dollars. High Pointe's fee schedules are disclosed in Part II of the firm's Form ADV. All fully discretionary, fee-paying accounts have are included in at least one composite, and no accounts have been terminated since the inception of each of the composites. No alterations of the composites as presented in this report have occurred because of changes in personnel or for any other reasons at any time. The composite results portrayed during the period are compared to the performance of their respective indices because the securities purchased for each of the composites are most closely aligned with the securities comprising these indices. The performance shown is that of the separate account strategies and is in no way intended to be representative of the mutual funds. Performance results have been examined through 12/31/04 by an independent verification firm. A complete list of firm composites and performance results is available upon request. Returns represent past performance and are not indicative of future results.

The Russell 1000 Value, Russell 1000 Growth and Russell 2500 Indices are unmanaged indices commonly used to measure the performance of U.S. stocks. You cannot invest directly in an index.

