High Pointes – 4th 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 $850MM in assets.

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Investment Strategy Update

Our **Select Value** strategy outperformed its benchmark by 1.6% (gross returns are cited throughout these comments) during the fourth quarter, thus regaining some of the ground lost earlier in the year. As oil prices receded modestly from their post-Katrina high, our portfolio benefited given its underweighting of the energy sector. For the year, the Fund produced a return of 6.4% falling short of the benchmark by about 70 basis points. Oil prices were a major culprit, explaining the entire shortfall. The negative impact of our energy underweighting was partially offset by strong stock selection, as shown in the table below.

Factor	4th Qtr.	1 Year	3 Years	5 Year	8 Years
Impact of Energy Underweight	2.00%	-2.40%	-0.90%	-0.30%	0.10%
Impact of All Other Decisions	-0.40%	1.60%	3.60%	6.30%	9.00%
Value Added (Gross) Over Benchmark	1.60%	-0.80%	2.70%	6.00%	9.10%

Focusing on stock selection, our best returns came from our holdings in healthcare services, namely, hospitals, pharmacies, and managed care organizations. Also, our decision to increase our exposure to the beaten up technology sector paid dividends, yielding two of our best performing securities. Lastly, our holdings in the industrial sector also performed well, benefiting from acquisition activity and a strong economic environment that provided pricing power and unit growth for the transportation and shipping industry. Offsetting these gains, to some extent, was the weakness in our mortgage finance and consumer discretionary stocks.

As the valuation gap between lower quality and higher quality securities has narrowed in recent quarters, we have shifted the portfolio towards higher quality companies. In addition, small and mid cap stocks' outperformance over the last couple of years has provided us with better opportunities in the lager capitalization securities. As a result, the portfolio now reflects a higher quality and larger capitalization than in recent years. We believe that the changes we have made throughout 2005 will bear fruit in 2006. (*Continued on page 2*)

Investment Performance

For Periods Ending December 31, 2005

		3 Months	1 Year	3 Years	5 Years	7 Years	Since Inception[1]
Select Value	*Gross*	2.87%	6.36%	20.17%	11.33%	17.28%	16.11%
	Net	2.71%	5.75%	19.45%	10.49%	16.34%	15.15%
Russell 1000 Value		1.27%	7.05%	17.49%	5.28%	5.82%	7.00%
Select Growth	*Gross*	3.79%	4.37%	20.74%	4.59%	*n/a*	11.83%
	Net	3.53%	3.33%	19.54%	3.56%	*n/a*	10.75%
Russell 1000 Growth		2.98%	5.26%	13.23%	-3.58%	*n/a*	-3.33%
Small Cap	*Gross*	0.40%	11.56%	27.57%	18.70%	15.69%	14.44%
	Net	0.25%	10.91%	26.48%	17.66%	14.65%	13.40%
Russell 2500		1.80%	8.10%	23.00%	9.14%	10.44%	9.13%

[1] *Inception 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

The end of December brought to a close another successful year for organizational growth at High Pointe. We are very pleased to have welcomed six new clients during the past quarter, helping to bring our total firm assets under management to about $790 million by year's end. Our good fortunes continued in the early days of the New Year, as additional contributions and market appreciation pushed our total AUM past the $850 million mark.

One element of High Pointe's management style that our clients have come to appreciate is the capital protection that we have provided in down markets. Each of our products has exhibited risk that is close to, or less than, its benchmark as measured by downside capture ratios. For example, our Select Value strategy has participated in only 77% of downward movements during the months when the Russell 1000 Value index has fallen. This benefit is the product of our focus on valuation and asset quality, and also our systematic approach to diversification and portfolio construction. Our ability to successfully manage downside risk is a big reason why High Pointe has been able to deliver such strong performance over the long term.

We wish you, our colleagues in the investment community, health, prosperity and good returns throughout the New Year.

–Sean Clark, CFA
Director of Marketing

Investment Strategy Update

High Pointe's **Select Growth** strategy produced a return of 3.8% during the fourth quarter compared to 3.0% for the benchmark. For the year, however, the strategy lagged the index by about 0.9%. The product did benefit from corporate restructuring activities as the managements of a number of companies in our portfolio took actions to narrow the valuation gap that had caused us to buy these stocks. Stock selection in the healthcare sector was particular good. However, these positive factors were more than offset by weak picks in telecom equipment, consumer discretionary, and mortgage finance sector. Lastly, our overweighting of the media sector weighed on the portfolio as the market continued to be concerned about the quickly changing competitive landscape.

Recently, our investment strategy has been to reduce our exposure to the healthcare services and telecom equipment industries and buy high quality companies in pharmaceuticals, medical diagnostics, brand name consumer goods, and consumer services. We believe the market is undervaluing high quality, large cap companies and our portfolios are positioned to benefit when valuations return to what we regard as normal levels.

Our **Small Cap** strategy produced a return of 11.6% for the year, surpassing its benchmark by 3.5%, despite weak results during the fourth quarter. The strong performance during 2005 was primarily driven by increased merger and acquisition activity. We held four companies that were acquired at significant premiums, and two other companies were contemplating acquisition proposals as the year ended. The acquired companies were in diverse industries such as building products, banking and footwear, but their common trait was that they all generated significant free cash flows and were selling at reasonable multiples prior to being acquired.

Offsetting the gains to some extent was our exposure to the technology and consumer discretionary sectors. Our security selection in the networking and telecommunication industry proved disappointing as competition intensified beyond our expectations, eroding margins and profitability. Also hurting performance during the year was our exposure to auto parts suppliers. Production cuts among the Big Three automakers have taken a toll on auto parts suppliers this year.

–Gautam Dhingra, Ph.D., CFA
CEO & 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.