High Pointes – 2ND Quarter 2006

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.

For more information contact:

Sean Clark, CFA
Director of Marketing

847-537-7400, ext. 102
sclark@HighPointeCapital.com

Investment Strategy Update

Our Select Value strategy produced a return of -2.8%, net of fees, during the quarter compared to 0.6% for the Russell 1000 Value Index. There were two primary reasons for the shortfall. First, our decision to continue underweighting commodity-oriented (energy and materials) and heavily regulated (utilities) sectors collectively penalized performance by 1.5%, as these sectors continued their momentum. Secondly, our decision to overweight beaten down technology holdings has thus far failed to deliver the desired result, costing 1.3% of relative performance.

Investors remain concerned about decelerating growth prospects for technology stocks, making them the worst performing sector in the benchmark, down 8.5% during the quarter. We believe this sector now provides some of the most compelling investment opportunities. A number of companies are now trading at significant discounts to the market even though they possess high quality business characteristics including entrenched competitive positions, high quality balance sheets, high/sustainable margins, significant free cash flow, and earnings growth that should continue to outpace the market. Since we believe that these businesses deserve premium valuations, we have increased our exposure to the sector.

On the positive side, our holdings in the consumer discretionary sector performed well. In particular, our cable TV holdings added 1.2% to our relative performance. Investors recognized the strong competitive position and the significant head start cable companies enjoy in offering their version of the "Triple Play" (i.e., video, voice, and high-speed internet services offered in a one-price, one-bill package).

We made several changes to our portfolios during the quarter, selling our winners in waste management, shipping, and health care distribution industries. We reinvested the proceeds by increasing our technology positions, purchasing an alcoholic beverage company and a wireless telephone company. The alcoholic beverage manufacturer stands to benefit from a number of cost-cutting measures that should improve profitability, while the wireless company should benefit from the massive consolidation that has taken place within the industry. (*Continued on page 2)*

Investment Performance

For Periods Ending June 30, 2006

		3 Months	YTD	1 Year	3 Years	5 Years	7 Years	Since Inception [1]
Select Value	*Gross*	-2.62%	0.81%	4.65%	12.72%	9.72%	15.04%	15.20%
	Net	-2.77%	0.51%	4.04%	12.10%	8.95%	14.15%	14.27%
Russell 1000 Value		0.59%	6.56%	12.10%	15.70%	6.90%	4.95%	7.37%
Select Growth	*Gross*	-6.64%	-1.66%	4.25%	10.16%	3.54%	*n/a*	10.66%
	Net	-6.81%	-2.06%	3.31%	9.10%	2.53%	*n/a*	9.61%
Russell 1000 Growth		-3.90%	-0.93%	6.12%	8.35%	-0.76%	*n/a*	-3.22%
Small Cap	*Gross*	-5.88%	2.29%	11.34%	19.24%	15.64%	13.71%	13.85%
	Net	-6.03%	1.99%	10.70%	18.30%	14.66%	12.72%	12.83%
Russell 2500		-4.34%	6.32%	13.53%	19.16%	9.65%	9.78%	9.36%

[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

We are pleased to have welcomed four new separate account clients during the past quarter. With these additions, High Pointe's total assets under management now total over $870 million. We also continue to expand the distribution of our mutual funds. The two funds we offer are now available through a wider array of intermediaries, including platforms supported by Pershing, SunGard and Matrix. In the near future, this list will be expanded to include other nationally-recognized firms.

Institutional investors looking for a new small cap product would be wise to consider High Pointe's offering. Our Small Cap strategy has been a strong and consistent performer, surpassing the benchmark Russell 2500 by 500 basis points, net of fees, over the past five years. Additionally, it has beaten both the Russell 2500 and Russell 2000 indexes each of the last six calendar years. Our Small Cap product invests in companies with capitalizations between $500 million and $3 billion at time of purchase, and targets an average weighted capitalization of $1.5 to $2.0 billion. Please contact me for additional information.

–Sean Clark, CFA
Director of Marketing

Investment Strategy Update

After a strong first quarter, our Select Growth strategy produced a return of -6.8%, net of fees, compared with a return of -3.9% for the Russell 1000 Growth Index. Security selection within the technology sector played a significant role in the underperformance, as earnings misses at three companies accounted for 1.7% of the shortfall. We believe that the market overacted to the news of slightly lower growth profiles for these companies. Given their strong competitive position, solid balance sheets, and ability to generate ample free cash flow, we decided to maintain and even selectively add to these positions.

On a positive note, a number of companies in the consumer discretionary sector helped performance, including cable/satellite TV and retailing. The defensive nature of cable and satellite TV, combined with a more benign competitive outlook and solid growth prospects, boosted shares during the quarter. Two of our retailers benefited from takeover speculation, with both pursuing "strategic alternatives." The free cash flow generated by these companies has garnered the attention of private equity funds flush with cash, and their shares have rallied in anticipation of acquisition announcements.

Our Small Cap strategy declined 6.0%, net of fees, compared to a -4.3% return for the Russell 2500 Stock Index. Our security selection within the technology sector was disappointing as a few of our companies came up short relative to their earnings goals. This cost the portfolio about 2.7% relative to the benchmark. In addition, our underweighting of energy and utilities sectors cost an additional 0.9%. Offsetting these two factors was the positive impact of security selection within the financials and consumer discretionary sectors. In financials, our holdings generated a return of 9.1% versus the benchmark's sector return of -2.4%. Our property and casualty insurance holding benefited from favorable market dynamics which let to capacity constraints and a better pricing environment. Also, our focus on out-of-favor consumer finance companies with solid free cash flow generation added to the sector's return.

During the quarter we sold our shares of a medical device company (acquired by a multinational), and a retailer after the price had run up significantly. We also tendered our shares in a radio company in response to an attractive "Dutch-auction" offer by the management. We invested the proceeds in niche industries like car auction, outpatient surgical centers, and magazines. We also invested in beaten up industries like home mortgages and coal. As usual, the companies we have added have reasonable valuations, in our opinion, in light of their cash flow growth and quality characteristics. *–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 12/31/05 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.