Philippe INVESTMENT MANAGEMENT

QUARTERLY NEWS

INSIDE THIS ISSUE

Spotlight

Anne-Florence Evroux
Ms. Evroux is based in Paris and follows European healthcare and business service companies. She has been with the firm since 1987 and is a member of the French Financial Analysts' Society.

The Market for Dental Implants: a Model of Profitable Growth

As part of the broader dental services industry, the annual market for dental implant equipment and dental consumable products is $6 billion worldwide. Although relatively modest in size, the dental implant segment is the most secure and profitable in the industry. At the end of 2003, sales were $1 billion, an 18% increase over 2002, after a growth rate of 15% to 17% over the previous four years.

The market is still quite young, as dental implants only became widely accepted 30 years after the concept was introduced in 1965. The primary market is in Europe, where the implant technique first originated, and European companies have 54% of the sector. The Swiss-Swedish group **Nobel Biocare** has the largest share at 29%, followed by the Swiss company **Straumann** at 25%. These two competitors are the most highly specialized and innovative companies in the dental implant market. Following are three US companies: **Biomet-3i** (14%), **Zimmer Holdings** (9%) and **Dentsply-Friadent** (8%), as well as several smaller companies which effectively compete with the leaders.

Within the dental services industry, the market for implants exhibits the most optimistic growth prospects. Expected to double by 2007, the market will have an average annual growth rate of more than 15% over the next four years brought about by factors such as an aging population, higher living standards and an increasing demand for lasting and aesthetic dental solutions in major developed countries. The constraints on market growth are mainly financial, as the high cost of implants is generally not reimbursed by social security systems. Future growth in this segment will stem primarily from the rising number of implants carried out in dentists' offices, resulting from improved familiarization with the procedure and the arrival of a new generation of practitioners.

Visibility in the dental implant segment is remarkable, and the risks to stock market investors appear relatively limited. Moreover, the high operating margins in the industry (26% for Nobel and 28% for Straumann) appear likely to last. The price of implants represents only about 15% of the overall cost of treatment for a patient, and pricing pressure is currently under control. Furthermore, brand names, confidence, client service and end results, as well as training conferences are key factors of differentiation that enable the market leaders to maintain market share. These companies are not highly capital intensive or leveraged and generate substantial cash flow.

The stock market performance of the sector has been excellent, and stocks have considerably outperformed. Nobel Biocare and Straumann gained 41% and 67% in 2003, respectively, and continued their upward movement over the first six months of 2004 with increases of 67.3% and 39.3%. The two leaders in the market are trading at multiples of more than 8 times estimated 2004 sales. After close consideration, however, are the valuations justified given the exceptional positioning of these companies?

CONTACT INFORMATION

If you would like further information about Philippe Group, our products or people, or would like to comment on the Spotlight, please let us know.

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PHILIPPE INTERNATIONAL EQUITY

Second Quarter 2004

▪ Overall, the quarter was flat, but Europe was slightly positive, +2.1%, while the Pacific Basin was negative, -4.0%. The dollar appreciated over the quarter, up 4.4% against the yen and 1.0% against the euro.

▪ The best-performing sectors in the quarter were automobiles and components, healthcare equipment and services, household and personal products, and energy. The worst-performing sectors were semiconductors and semi-equipment, tech hardware and equipment, and commercial services.

Contributors

▪ **Interbrew:** The company reported strong results in a defensive industry and the market viewed its merger with AmBev positively.

▪ **Reckitt Benckiser:** Net income rose 28% in the first quarter, boosted by higher margins, new healthcare products and lower costs. The company has a robust product pipeline.

▪ **Synthes:** Product innovation is the driver of growth in a rapidly expanding orthopaedic industry. The company completed the acquisition of Mathys and now is truly a global leader in the industry.

▪ **Fortum:** A dominant player in the Nordic energy landscape, Fortum has excellent strategic positioning.

Detractors

▪ **Equant:** Sales for the first quarter were weaker than expected and the company lowered guidance for the full year.

▪ **Nokia:** Weak first quarter results and a lackluster outlook for 2004 had a negative impact on the stock.

▪ **NTT Data**: Pricing pressure has led to disappointing performance.

Outlook

▪ The global economic recovery is taking hold, but this leads to a rise in interest rates and worry about inflation.

▪ Quality stocks have started to behave better than their lower-quality counterparts, stabilizing the markets.

▪ However, the markets are still lacking a firm direction.

International Equity Management Team

	Years Experience
Michel Raud, *Co-CIO, Lead Portfolio Manager*	32
Philippe Lesueur, *Portfolio Manager*	18
Béatrice Philippe, *Co-CIO, Portfolio Manager*	35

Top Ten Holdings as of 06/30/04

FRANCE TELECOM	3.53%
ROCHE HLDGS AG	2.48%
TOTAL	2.33%
BP	2.25%
NESTLE SA	1.95%
VODAFONE GROUP	1.88%
SGS SA	1.79%
PHILIPS ELEC(KON)	1.71%
UNILEVER	1.69%
AVENTIS SA	1.65%
TOTAL	21.26%

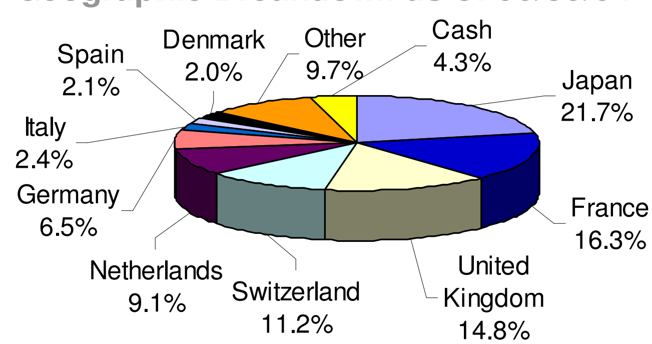
Source FMC

Characteristics as of 06/30/04

	Philippe	MSCI Eafe (Net)
Weighted Avg Market Cap	$ 42,419 MM	$ 44,076 MM
Median Market Cap	$ 13,083 MM	$ 3,836 MM
Dividend Yield	2.0	2.5
Est EPS Growth	15.4	
Price/Book	3.5	2.9
Holdings	119	1,074
Product Assets	$ 245 MM	

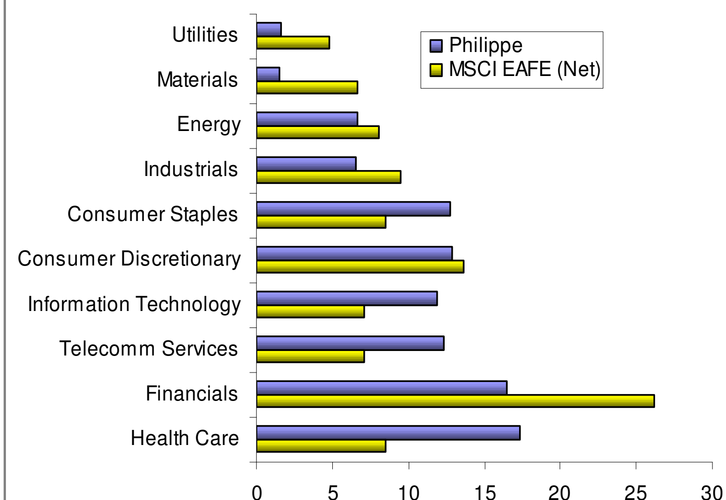
Source Datastream and Wilshire

Geographic Breakdown as of 06/30/04



Source Wilshire Atlas

Sector Breakdown as of 06/30/04



Source Wilshire Atlas

Composite Performance*
(Periods ending 06/30/04)

	Philippe Return (Gross)	MSCI EAFE (Net)	MSCI EAFE Growth (Net)
Quarter	0.20	0.22	(1.43)
YTD	2.26	4.56	2.48
1 year	24.75	32.37	26.42
3 years	(0.30)	3.87	1.73
5 years	(0.80)	0.06	(3.29)
10 years	5.25	4.16	1.79
Since Inception	6.10	4.00	1.42

Annualized. Inception date: January 1, 1989. Source FMC

* Please see Performance Disclosure.

Philippe

PHILIPPE EUROPE SMALL & MID-CAP EQUITY

Second Quarter 2004

▪ Markets were jittery again in the second quarter. The impact of rising oil prices and the first upward move in interest rates reawakened fears of inflation.

▪ While the lack of dynamic economic activity in major economies such as Germany may damage enthusiasm, it does not prevent us from finding interesting "hot spots" at reasonable valuations. We see many companies benefiting from past investments in product, efficiency and the desire to expand the customer base.

▪ We have eliminated or reduced positions in several companies that have provided excellent results but for which we see no immediate catalysts for further improvement, and have added initial positions in selected tech companies.

Contributors

▪ **Bijou Brigitte:** This small jewelry retailer in Germany is not affected by the economic problems of the country and sales and profits are benefiting from the expansion of its retail network.

▪ **Spir Communication:** The company reported very strong first quarter sales and took investors by surprise. In addition, the merger of two of its main competitors is expected to ease pricing pressure and reinforce Spir's strong market position.

Detractors

▪ **IHC Caland Nv:** IHC is suffering from a delay in the spin-off of its shipbuilding division. The long-term growth potential is intact but continuing delays in restructuring plans and slowing growth in the offshore market led us to eliminate our position.

▪ **Stada Arzneimittel:** We believe the market overreacted to the company's announcement of the impact on sales and prices of healthcare reform in Germany. We expect the slowdown to be temporary and our long-term targets are still intact.

Outlook

▪ A concern, especially for Europeans, is the continuing lack of dynamic economic activity in major economies such as Germany. Lack of will and poor political leadership make the macro picture very difficult.

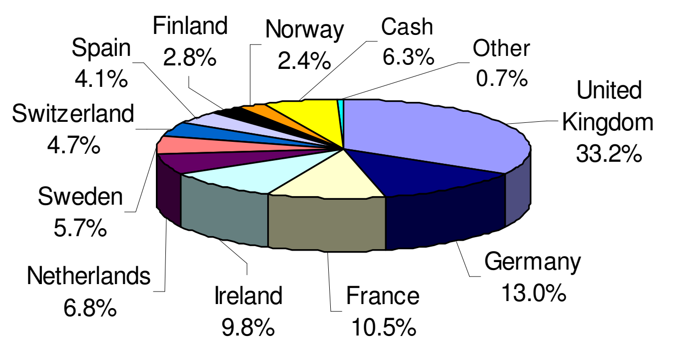
▪ Nonetheless at the individual company level and, in particular, among smaller family-owned or controlled enterprises, one can see the benefits from past investments in product and efficiency, as well as the desire to expand the customer base to those most keen to buy.

Characteristics as of 06/30/04

	Philippe	DJ Stoxx Small 200 (Net)
Weighted Avg Market Cap	$ 1,504 MM	$ 2,992 MM
Median Market Cap	$ 710 MM	$ 1,844 MM
Dividend Yield	2.2	2.3
Price/Book	3.9	3.1
Holdings	90	200
Product Assets	$ 244 MM	

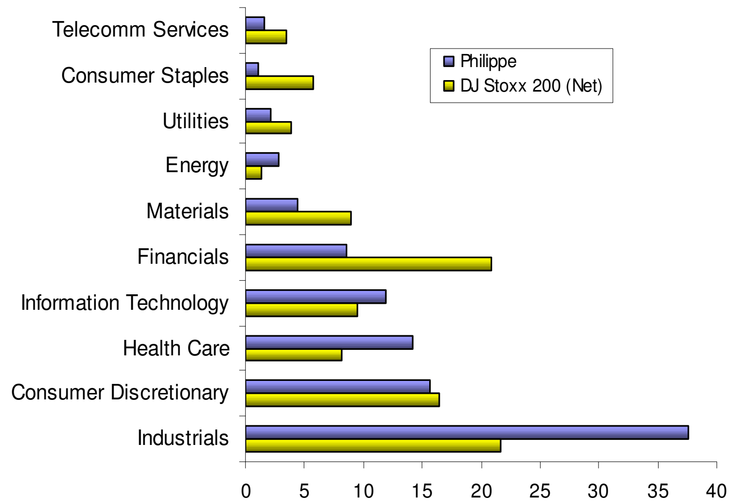
Source Datastream

Geographic Breakdown as of 06/30/04



Source Wilshire Atlas

Sector Breakdown as of 06/30/04



Source Wilshire Atlas

Europe Small & Mid-Cap Equity Management Team

	Years Experience
Consuelo Brooke, *Lead Portfolio Manager*	35
Johann Ropers, *Associate Portfolio Manager & Analyst*	4
Gariesh Sharma, *Associate Portfolio Manager & Analyst*	8

Top Ten Holdings as of 06/30/04

ANGLO IRISH BNK.CP	2.25%
FIRST PROPERTY	2.05%
STRAUMANN HLDG	1.94%
SYNTHES INC	1.82%
HEXAGON AB	1.75%
WENDEL INVESTISSEM	1.66%
ULTRA ELECTRONIC	1.61%
GRAFTON GROUP	1.52%
AALBERTS INDUSTRIE	1.50%
MCINERNEY HLDGS	1.49%
TOTAL	17.60%

Source FMC

Composite Performance*

(Periods ending 06/30/04)

	Philippe Return (Gross)	DJ Stoxx Small 200 (Net)	S&P Citigroup Europe EMI (Net)	MSCI Europe (Net)
Quarter	5.95	2.55	2.21	2.13
YTD	11.59	10.14	9.35	3.04
1 year	41.05	43.71	43.14	28.87
Since Inception	38.32	44.58	39.85	30.00

Annualized. Inception date: October 1, 2002. Sources FMC & Zephyr Style Advisor

* Please see Performance Disclosure.

PHILIPPE EUROPE EQUITY

Philippe

Second Quarter 2004

▪ Having been negatively impacted by the bombings in Madrid in the first quarter, the European developed markets rebounded in the second quarter, up 2.1% in USD. The dollar gained 1.0% versus the euro, and 1.3% against the British pound.

▪ The best-performing sectors were automobiles and components, healthcare equipment and services, and household and personal products. The worst-performing sectors were tech hardware and equipment, semiconductors and equipment, and commercial services.

Contributors

▪ **Fortum:** A dominant player in the Nordic energy landscape, Fortum has excellent strategic positioning.

▪ **Reckitt Benckiser:** Net income rose 28% in the first quarter, boosted by higher margins, new healthcare products and lower costs. The company has a robust product pipeline.

▪ **Synthes:** Product innovation is the driver of growth in a rapidly expanding orthopaedic industry. The company completed the acquisition of Mathys and now is truly a global leader in the industry.

▪ **Interbrew:** The company reported strong results in a defensive industry and the market viewed its merger with AmBev positively.

Detractors

▪ **Equant:** Sales for the first quarter were weaker than expected and the company lowered guidance for the full year.

▪ **Nokia:** Weak first quarter results and a lackluster outlook anticipated for 2004 had a negative impact on the stock.

▪ **Securitas:** Reported disappointing progress in security services in the US, which accounts for 33% of sales. The US environment presents strong barriers to entry, pricing pressure and hardening competition.

Outlook

▪ Since the middle of the first quarter, stock markets have been looking for a direction. Interest rates, oil prices, geopolitical issues including Iraq, terrorism, the Chinese economy, as well as the US economy and elections dominate the agenda. Meanwhile, companies publish encouraging news, economic indicators are positive and growth is increasing in all regions allowing us to find promising investments.

Europe Equity Management Team

	Years Experience
Philippe Lesueur, *Lead Portfolio Manager*	18
Michel Raud, *Co-CIO, Portfolio Manager*	32
Béatrice Philippe, *Co-CIO, Portfolio Manager*	35

Top Ten Holdings as of 06/30/04

FRANCE TELECOM	4.76%
ROCHE HLDGS AG	3.43%
BP	3.12%
TOTAL	3.07%
NESTLE SA	2.71%
VODAFONE GROUP	2.59%
SGS SA	2.41%
PHILIPS ELEC(KON)	2.38%
UNILEVER	2.35%
RECKITT BENCKISER	2.17%
TOTAL	29.00%

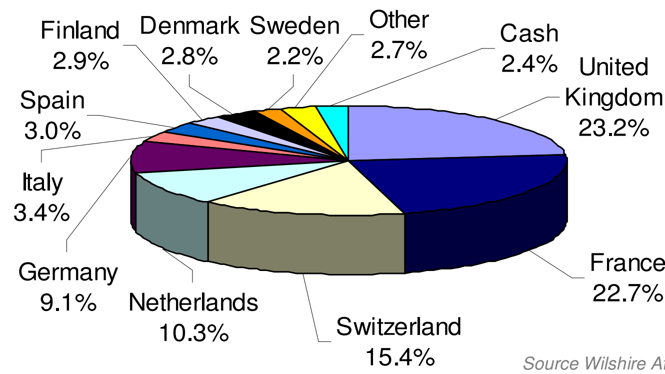
Source FMC

Characteristics as of 06/30/04

	Philippe	MSCI Europe (Net)
Weighted Avg Market Cap	$ 47,942 MM	$ 52,973 MM
Median Market Cap	$ 13,148 MM	$ 4,441 MM
Dividend Yield	2.3	3.0
Price/Book	3.8	3.2
Holdings	62	567
Product Assets	$ 154 MM	

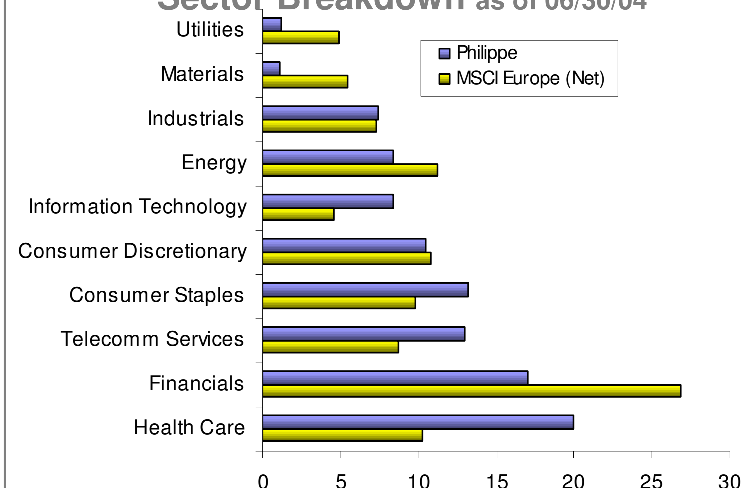
Source Datastream and Wilshire

Geographic Breakdown as of 06/30/04



Source Wilshire Atlas

Sector Breakdown as of 06/30/04



Source Wilshire Atlas

Composite Performance*
(Periods ending 06/30/04)

	Philippe Return (Gross)	MSCI Europe (Net)	MSCI Europe Growth (Net)
Quarter	1.51	2.13	0.80
YTD	1.38	3.04	1.91
1 year	24.66	28.87	24.05
3 years	(0.63)	4.07	1.92
5 years	(1.72)	0.31	(2.78)
10 years	8.04	9.35	7.37
Since Inception	7.94	9.27	7.42

Annualized. Inception date: January 1, 1991. Source FMC

* Please see Performance Disclosure.

PHILIPPE U.S. EQUITY

Second Quarter 2004

▪ The large cap indices rose modestly in the quarter with strength in economically sensitive sectors. Tensions in the Middle East and strong demand led to a continued rise of energy prices and renewed fears of rising inflation and interest rates.

▪ The strongest sectors were software and services, automobiles and components, and capital goods. The weakest sectors were diversified financials, food staples, retailing and real estate.

Contributors

▪ **Harley Davidson:** Renewed strength in major heavyweight motorcycle product sales led to an upside surprise in earnings.

▪ **Jones Apparel:** This diversified and highly profitable apparel manufacturer reported strong results. The spring 2004 launch of several brands and the planned purchase of Maxwell Shoe demonstrates its renowned acquisition strategy, a core company competence.

Detractors

▪ **Kohls:** After a strong first quarter with improving business fundamentals, Kohls sold off in the second quarter.

▪ **Washington Mutual:** Amidst weak mortgage originations and hedging problems, the share price declined following a reduction in earnings estimates for 2004.

Outlook

▪ The economy is continuing to expand as the job market improves. However, not all indicators are pointing in the same direction which questions the strength and sustainability of the recovery.

▪ GDP growth of 4.0 – 4.5% this year is likely and consumer spending will improve with better wage and job growth.

▪ Interest rates are likely to rise following the Federal Reserve's first increase in the federal funds rate to 1.25% in June. If inflation increases and the economy remains buoyant, the fed funds rate may rise to 4% by year end, 2005. Long rates will also move higher, but by a smaller degree, flattening the yield curve.

▪ The stock market was fairly quiet in the first half of the year which is not surprising following the strength of the market in 2003. Going forward, careful stock selection, combined with a recovering economy, are likely to lead to improving results.

Characteristics as of 06/30/04

	Philippe	S&P 500 (Gross)
Weighted Avg Market Cap	$ 93,827 MM	$ 90,629 MM
Median Market Cap	$ 52,310 MM	$ 9,454 MM
Dividend Yield	1.2	1.7
Price/Book	4.3	4.2
Holdings	47	500
Product Assets	$ 121 MM	

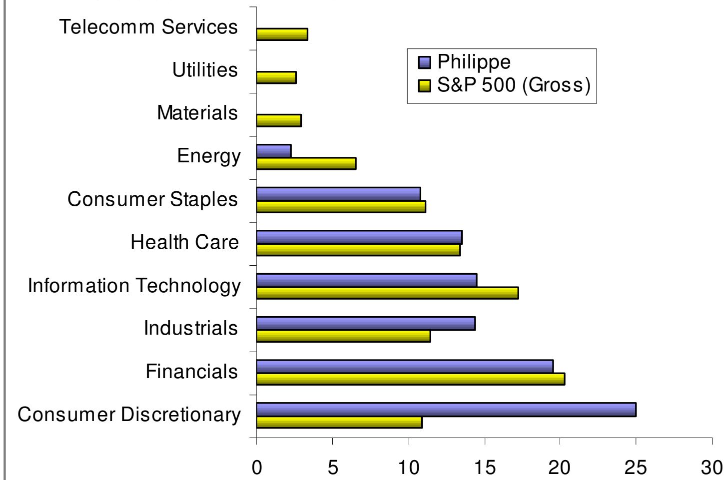
Source Datastream

Top Ten Holdings as of 06/30/04

BERKSHIRE HATHAWAY	3.86%
AMERICAN EXPRESS CO	3.82%
BLOCK H & R INC	3.54%
FIRST DATA CORP	3.31%
PFIZER INC	3.26%
GENERAL ELECTRIC CO	3.18%
MICROSOFT CORP	2.97%
LIBERTY MEDIA CORP	2.94%
HARLEY DAVIDSON INC	2.76%
WASHINGTON MUT INC	2.76%
TOTAL	32.39%

Source FMC

Sector Breakdown as of 06/30/04



Source Wilshire Atlas

Composite Performance*

(Periods ending 06/30/04)

	Philippe Return (Gross)	S&P 500 (Gross)	Russell 1000
Quarter	1.67	1.72	1.40
YTD	2.55	3.44	3.33
1 year	14.40	19.11	19.48
3 years	1.07	(0.69)	(0.32)
5 years	0.71	(2.20)	(1.65)
Since Inception	1.70	(0.66)	(0.17)

Annualized. Inception date: February 1, 1999. Source FMC

U.S. Equity Management Team

	Years Experience
Douglas Bean, *Lead Portfolio Manager*	16
Béatrice Philippe, *Co-CIO, Portfolio Manager*	35

** Please see Performance Disclosure.*

BUSINESS

❑ **Assets under management reached $770.8 million as of June 30, 2004**

CURRENT PUBLICATIONS

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❑ **Economic Grids** June 30, 2004

❑ **Analyst Spotlights**

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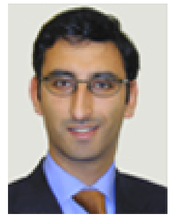
by Anne Florence Evroux April 2004

Healthy Trends Reshaping America's Fast Food Industry
by Carla Chase May 2004

Esprit Holdings: The World at Your Fingertips
by Eric Fourrier June 2004

PEOPLE



❑ **Gariesh Sharma:** Mr. Sharma joined the European small/mid cap portfolio management team led by Consuelo Brooke in April as Associate Portfolio Manager and Analyst. He works closely with Johann Ropers and the European team of analysts. Gariesh spent the last seven years at Merrill Lynch Investment Managers. Five of those years were spent as a member of Consuleo Brooke's "European Specialist" portfolio management team.

Mr. Sharma is a graduate of Oxford University. He is based in London.

❑ **Johann Ropers:** In the second quarter, Mr. Ropers was promoted to Associate Portfolio Manager and Analyst on the European small/mid cap portfolio management team. He has been working with Consuelo Brooke and the European analyst team since September, 2002.

Johann divides his time between London and Paris.

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PERFORMANCE DISCLOSURE

AIMR Compliance

We are in compliance with the composite construction requirements of the Performance Presentation Standards of the Association for Investment Management and Research (AIMR-PPS®) and the U.S. and Canadian version of the Global Investment Performance Standards (GIPS®). Our policies and procedures are designed to calculate and present performance results in compliance with AIMR-PPS® and the U.S. and Canadian version of the GIPS®. Our compliance was audited on a *firmwide* basis from January 1, 1989 through December 31, 2001.

Our International Equity composite return calculations are in compliance with AIMR-PPS® and the U.S. and Canadian version of the Global investment Performance Standards (GIPS®). Ashland Accounting performed an independent, third party, verification and a performance examination (Level II) as set forth by the AIMR-PPS® and the U.S. and Canadian version of the Global Investment Performance Standard (GIPS®) on our International Equity composite from January 1, 1989 through December 31, 2001.

Our European Equity composite return calculations are in compliance with AIMR-PPS® and the U.S. and Canadian versions of the Global Investment Performance Standards (GIPS®). Ashland Accounting performed an independent, third party, verification and a performance examination (Level II) as set forth by the AIMR-PPS® and the U.S. and Canadian versions of the Global Investment Performance Standards (GIPS®) on our European Equity composite from January 1, 1991 through December 31, 2001.

Composite Descriptions

The **Philippe International Equity composite** includes all fully discretionary institutional international equity accounts with minimum assets of $10 million. The benchmark is the MSCI EAFE (net). Returns include the effect of foreign currency exchange rates. The exchange rate source of the benchmark and composite is Reuters. The composite is asset weighted, computed monthly, based on time-weighted returns, gross of fees, including income. Actual returns will be reduced by investment advisory fees and other expenses that may be incurred in the management of the account. A fee schedule is available upon request and is described in Part II of the firm's ADV. Fees are collected quarterly, which produces a compounding effect on the total rate of return net of management fees. As an example, the effect of management fees on the total value of a client's portfolio assuming (a) $1,000,000 investment, (b) portfolio return of 8% a year, and (c) 1.00% annual investment advisory fee would be $10, 416 in the first year, and cumulative effects of $59,816 over five years and $143,430 over ten years. Actual investment advisory fees incurred by clients may vary. Accounts are included from the first full month under management. All returns are translated into US dollars. No balanced portfolio segments are included, nor is this composite a sub-sector of a larger portfolio. Leverage is not used in this composite. Non-fee-paying accounts are not included in the composite. Composite performance is presented net of foreign withholding taxes. Past performance is not indicative of future results. From inception (January 1, 1989) through December 31, 1995 there was one portfolio in the composite. From January 1, 1996 through March 31, 1999 there were two portfolios in the composite. From April 1, 1999 through March 31, 2001 there was one portfolio in the composite. Since April 1, 2001 there have been two portfolios in the composite. Composite assets at year-end 2003 were $220. 7 million. Prior year's-end composite assets were: 1989, $204 million; 1990, $159 million, 1991, $170 million; 1992, $162 million; 1993, $212 million; 1994, $216 million; 1995, $238 million; 1996, $338 million; 1997, $365 million; 1998, $413 million; 1999, $85 million; 2000, $81 million; 2001, $196 million; 2002, $161.5 million.

The **Philippe European Small and Mid Cap Equity composite** includes all fully discretionary institutional European small and mid cap equity accounts with minimum assets of $2 million. The benchmark is the DJ STOXX Small 200. Returns include the effect of foreign currency exchange rates. The exchange rate source of the benchmark and composite is Reuters. The composite is asset weighted, computed monthly, based on time-weighted returns, gross of fees, including income. Actual returns will be reduced by investment advisory fees and other expenses that may be incurred in the management of the account. A fee schedule is available upon request and is described in Part II of the firm's ADV. Accounts are included from the first full month under management. All returns are translated into US dollars. Fees are collected quarterly, which produces a compounding effect on the total rate of return net of management fees. As an example, the effect of management fees on the total value of a client's portfolio assuming (a) $1,000,000 investment, (b) portfolio return of 8% a year, and (c) 1.00% annual investment advisory fee would be $10, 416 in the first year, and cumulative effects of $59,816 over five years and $143,430 over ten years. Actual investment advisory fees incurred by clients may vary. No balanced portfolio segments are included, nor is this composite a sub-sector of a larger portfolio. Leverage is not used in this composite. Non-fee-paying accounts are not included in the composite. Composite performance is presented net of foreign withholding taxes. Past performance is not indicative of future results. From inception (10/2002) through January 31, 2003 there were two portfolios in the composite. Since February 1, 2003 there have been three portfolios in the composite. Composite assets at year-end 2003 were $201.4 million. Composite assets at year-end 2002 were $4.7 million. This composite was created in January 2002.

The **Philippe European Equity composite** includes all fully discretionary institutional European equity accounts with minimum assets of $5 million. This composite includes a euro-denominated European FCP (mutual fund primarily for institutions), a European equity account with assets over $5 million. (Although that product is not available to US investors, the track record, translated into USD, is representative of our results for an institutional investor.) The benchmark is the MSCI Europe (net). Returns include the effect of foreign currency exchange rates. The exchange rate source of the benchmark and composite is Reuters. The composite is asset weighted, computed monthly, based on time-weighted returns gross of fees, including income. Actual returns will be reduced by investment advisory fees and other expenses that may be incurred in the management of the account. A fee schedule is available upon request and is described in Part II of the firm's ADV.

PERFORMANCE DISCLOSURE

Philippe European Equity composite (continued)

Accounts are included from the first full month under management. All returns are translated into US dollars. Fees are collected quarterly, which produces a compounding effect on the total rate of return net of management fees. As an example, the effect of investment management fees on the total value of a client's portfolio assuming (a) $1,000,000 investment, (b) portfolio return of 8% a year, and (c) 1.00% annual investment advisory fee would be $10,416 in the first year, and cumulative effects of $59,816 over five years and $143,430 over ten years. Actual investment advisory fees incurred by clients may vary. No balanced portfolio segments are included, nor is this composite a sub-sector of a larger portfolio. Leverage is not used in this composite. Non-fee-paying accounts are not included in the composite. Composite performance is presented net of foreign withholding taxes. Past performance is not indicative of future results. From inception (1/1/1991) through the first quarter of 1991 there was one portfolio in the composite. From the second quarter of 1991 through June 1996 there were two portfolios in the composite. From July 1996 to January 1999 there was one portfolio in the composite. From February 1999 through May 2000 there were two accounts in the composite Since June 2000 there has been one portfolio in the composite. Composite assets at year-end 2003 were $14.2 million. Prior years-end composite assets were: 1991, $78 million; 1992, $118 million; 1993, $166 million; 1994, $186 million; 1995, $214 million; 1996, $228 million; 1997, $271 million; 1998, $358 million; 1999, $330 million; 2000, $14 million; 2001, $10 million; 2002, $8.1 million. This composite was created in January 2002.

The **Philippe US Equity composite** includes two fully discretionary US equity accounts with assets over $40 million. This includes a euro-denominated European FCP (mutual fund primarily for institutions), a US equity account with assets over $30 million, and a euro-denominated European institutional account with assets over $10 million. The benchmark is the S&P 500. The composite is asset-weighted, computed monthly, based on time-weighted returns, gross of fees, including income and all cash equivalents. (Although the FCP product is not available to US investors, the track record, translated into USD, is representative of our results for an institutional investor.) Actual returns will be reduced by investment advisory fees and other expenses that may be incurred in the management of the account. A fee schedule is available upon request and is described in Part II of the firm's ADV. Accounts are included from the first full month under management. All returns are translated into US dollars. Fees are collected quarterly, which produces a compounding effect on the total rate of return net of management fees. As an example, the effect of management fees on the total value of a client's portfolio assuming (a) $1,000,000 investment, (b) portfolio return of 8% a year, and (c) 1.00% annual investment advisory fee would be $10, 416 in the first year, and cumulative effects of $59,816 over five years and $143,430 over ten years. Actual investment advisory fees incurred by clients may vary. No balanced portfolio segments are included, nor is this composite a sub-sector of a larger portfolio. Leverage is not used in this composite. Non-fee-paying accounts are not included in the composite. Past performance is not indicative of future results. From inception (February 1, 1999) to September 30, 2003 there was one portfolio in the composite. Since October 1, 2003 there have been two portfolios in the composite. Composite assets at year-end 2003 were $47 million. Prior years-end composite assets were: 1999, $5.7 million; 2000, $6.6 million; 2001, $13.0 million; 2002, $14.5 million. This composite was created in January 2002.