UNIVERSITY OF RICHMOND

STUDENT MANAGED INVESTMENT FUND

- THE 2000-2001 SPIDERFUND ANNUAL REPORT -

THE E. CLAIBORNE ROBINS
SCHOOL OF BUSINESS

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LETTER FROM THE GENERAL MANAGER

Dear Advisory Board Members and Faculty:

We all knew the bubble would have to burst. Unfortunately, it happened during our tenure as managers. The Student Managed Investment Fund confronted its most difficult year since inception of the fund in 1993. The total value declined 46.22% in what turned out to be the first bear market in over nine years. It is important to remember that performance should always be judged on a relative basis. The Value fund, which fell 10.33% had a remarkable year when compared to the 22.57% drop in the S&P 500. However the Growth fund, with a 65.23% drop, had trouble outperforming the Nasdaq's decline of 59.76%.

Although the Growth Fund failed to outperform its benchmark, the experience and lessons learned by both Funds far outweigh any monetary returns we could have accomplished. I would even argue that we learned more through a down market than any of the previous funds. We learned how difficult it can be to cut our losses on a stock and the importance of sticking with our initial investment themes. Through our top-down analysis we never envisioned such a drastic slowdown in spending on technology, and our over-weighting in the sector is reflected in our poor performance.

While managing money is highlighted as our main responsibility, there are many other invaluable lessons that this opportunity has provided us with. Our trip to New York in the fall gave us the chance to speak with managing directors at Goldman Sachs, Merrill Lynch, and Lehman Brothers in three different areas of business. The new manager selection process taught us how difficult it can be to assess talent of our own peers. A few of us also had the opportunity to meet with the CFO of Dominion Resources to learn what life as a financial analyst is truly about. Most importantly, each of us spent an entire year working with a small group under what turned out to be very stressful conditions. It is very frustrating to lose money in the stock market, but I am extremely proud of how well every manager stuck together through each difficult buy/sell decision without pointing fingers at anyone for making a mistake.

I think the greatest proof of the impact that the Spiderfund has had on us can be seen through our job placement. We have seven future investment bankers (two of which are working on Wall Street), one consultant, one seeking his MBA, and two working on Wall Street in Sales & Trading. I think these jobs can attest to the caliber of students that the Spiderfund continues to attract at the University. It truly has been the opportunity of a lifetime.

In closing, we would like to thank you all for the time you have put into this past year's fund, but more importantly for the experience you have given us. We cannot imagine a program at the undergraduate level that enables students to utilize the skills learned in the classroom more than the Student Managed Investment Fund. It has been an unforgettable year that has afforded us skills that will ultimately prove beneficial throughout our careers.

Sincerely,

Ryan FitzSimons
General Manager

OVERVIEW AND HISTORY

The Student Managed Investment Fund provides valuable exposure to applied financial management and security analysis. Managers gain real world experience in topics and theories that are discussed in the classroom. The Spider Fund is the capstone to investment studies in a sequence of courses developed by the Finance department.

The Student Managed Investment Fund was created in 1993 to provide a "hands-on" experience in research, investing, portfolio management, as well as understanding the fundamental forces of the stock market. The Board of Trustees started the program with a transfer of funds from the University's endowment. In the fall of 1995, the total Fund portfolio was worth $144,122 and is currently valued at $184,282.

Managers are chosen through a rigorous selection process that encompasses an application, formal interview, and written research report. The existing managers make all decisions with oversight from the Finance department faculty. Once selected, managers take courses in an "investment track" consisting of Financial Management, Investments, and Security Analysis & Portfolio Management. The managers also receive three hours of academic credit for their participation in the Fund. Managers meet at least once a week to evaluate the status of the Fund and any other administrative duties that are pertinent to its success.

The Investment Fund is completely equity based and is split into a value and growth account. This year, the Growth and Value teams were both comprised of five managers. The General Manager actively participates in both funds and ensures the professional management of the Fund as a whole.

Managers act as security analysts and portfolio managers. Through many different research sources, information is gathered in an attempt to lead to a buy or sell decision. Practical investment knowledge, through field trips, internships, and a close working relationship with market professionals, enhanced the educational experience for the Fund managers.

The Fund maintains working relationships with alumni and other professionals in the financial services industry, acting as mentors for the managers of the portfolio. The managers work with faculty advisors from the Finance department as well as with an Advisory Board consisting of investment professionals in the Richmond community.

As each year passes, the fund has continued to grow financially and administratively. Through high caliber students, determination, and professional conduct the SpiderFund will remain one of the most unique and prestigious programs offered at the University of Richmond.

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GROWTH FUND

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GROWTH FUND PHILOSOPHY

The Growth Fund invests in strong companies with proven potential, within industries that are outperforming the market. The companies we invest in are expected to outperform their industry peers as well. We believe that the stock market is inefficient, and that our management will help our portfolio to outperform our market benchmark. We have changed our benchmark from the S&P Barra Growth Index to the NASDAQ to reflect our heavy weighting in technology companies.

GROWTH FUND STRATEGY

A strategic framework enables the fund to select equities and manage the portfolio according to a defined chain of events. We employ a top-down investment strategy, in which we assess the global economy down to the national economy, considering how they affect industries. We then consider the top growing sectors and their strongest industries. Finally, we consider companies within these industries with growth and performance expectations superior to their peers. This year we have developed a "Gorilla" theme for our investment strategy. We feel that the largest and most dominant companies within their respective industries would make the best investment in times of uncertainty.

GROWTH FUND TACTICS

The tactical process of our management begins once relevant economic variables, such as monetary policy, current industry legislation and regulation, and key economic indicators have been identified. We select industries and companies expected to outperform in the forecasted economic environment for further consideration and review.

Industry performance is measured against the NASDAQ. Our industries will be growing at a higher rate than our benchmark. Within these industries, companies are selected based on the following variables:

1. 1-3 year earnings growth of 20 % or more.
2. Gorilla within their Industry.
3. An ability to gain more market share.
4. Improving margins.
5. High relative strength.

Managers consult a variety of resources for their research. S&P Stock and Industry Reports, First Call Research Direct and News, Bloomberg, the Internet, and other media all contribute to a manager's growth potential assessment. Business professionals, professors, and the Advisory Board have all been resources as well. We continually assess the position of the portfolio. Price targets have helped us to determine when to sell, buy, or reassess a holding.

REALIZED GAINS/LOSSES

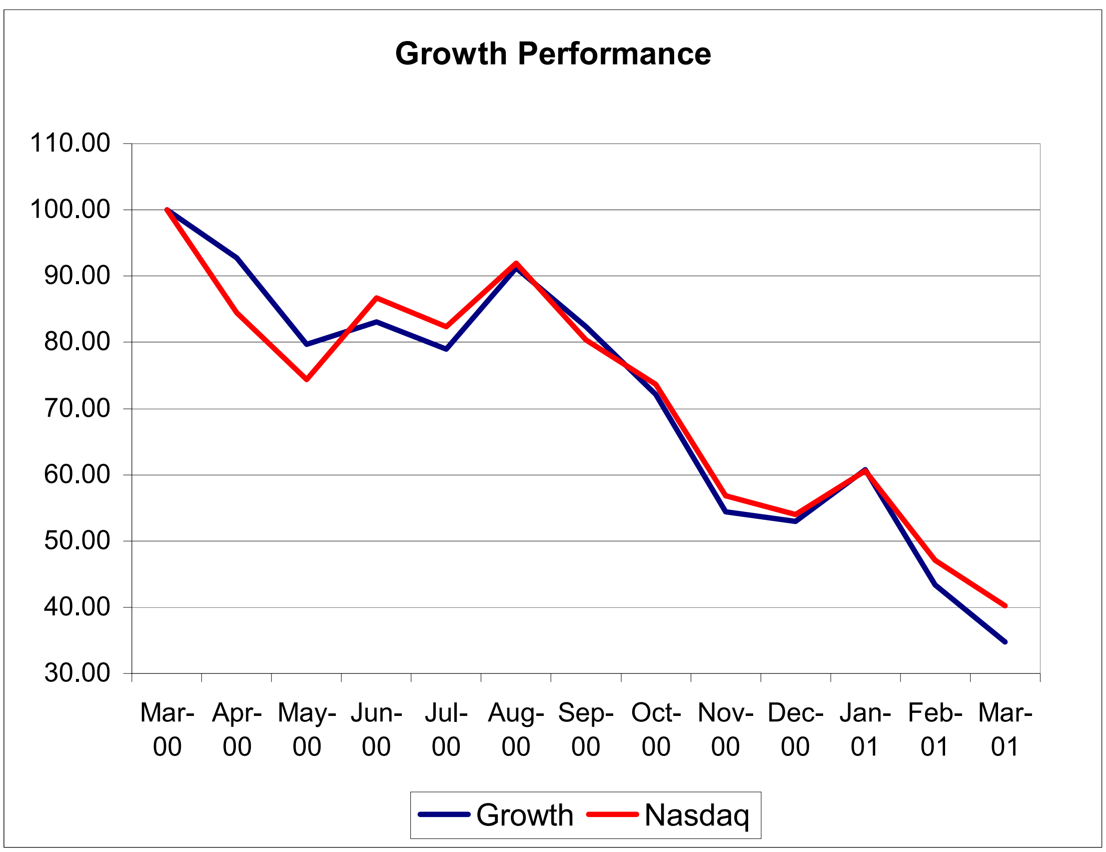
Security	Date	Shares	Price	Total Cost	Sale Date	Shares	Price	Total Sale	Div	Profit	Return
ZRAN	4/1/00	100	56.31	$ 5,631.30	4/4/00	100	45.375	$ 4,537.50	$ -	$ (1,093.80)	-19.42%
BIGT	4/1/00	100	62.63	$ 6,262.50	4/3/00	100	54.75	$ 5,475.00	$ -	$ (787.50)	-12.57%
WWCA	4/1/00	100	45.81	$ 4,581.30	4/4/00	100	40.13	$ 4,012.50	$ -	$ (568.80)	-12.42%
PUMA	4/1/00	200	50.63	$ 10,125.00	4/5/00	200	34.25	$ 6,850.00	$ -	$ (3,275.00)	-32.35%
TRMS	4/1/00	200	49.94	$ 9,987.60	4/4/00	200	36.38	$ 7,275.00	$ -	$ (2,712.60)	-27.16%
BOBJ	4/1/00	300	66.33	$ 19,899.90	4/4/00	300	56.67	$ 17,000.10	$ -	$ (2,899.80)	-14.57%
SEBL	4/1/00	200	59.72	$ 11,943.80	4/5/00	200	47.00	$ 9,400.00	$ -	$ (2,543.80)	-21.30%
NOK	4/1/00	400	55.50	$ 22,200.00	4/19/00	75	51.00	$ 3,825.00			
					8/3/00	325	38.00	$ 12,350.00			
								$ 16,175.00	$ -	$ (6,025.00)	-27.14%
CSCO	4/1/00	400	77.31	$ 30,924.00	4/19/00	100	66.88	$ 6,687.60			
					5/22/00	300	52.00	$ 15,600.00			
								$ 22,287.60	$ -	$ (8,636.40)	-27.93%
KEM	4/1/00	200	31.63	$ 6,325.00	6/27/00	400	25.63	$ 10,250.00	$ -	$ (2,293.80)	-18.29%
	4/3/00	200	31.09	$ 6,218.80							
				$ 12,543.80							
DSPG	7/10/00	200	56.00	$ 11,200.00	11/15/00	300	27.25	$ 8,175.00	$ -	$ (7,018.80)	-46.20%
	9/13/00	100	39.94	$ 3,993.80							
				$ 15,193.80							
EMC	4/1/00	250	63.00	$ 15,750.00	4/19/00	100	64.59	$ 6,459.40			
					9/13/00	150	92.18	$ 13,827.45			
								$ 20,286.85	$ -	$ 4,536.85	28.81%
HD	4/1/00	200	64.50	$ 12,900.00	5/23/00	200	47.00	$ 9,400.00	$ -	$ (3,500.00)	-27.13%
SUNW	4/1/00	400	46.84	$ 18,736.00	5/24/00	400	34.53	$ 13,813.60	$ -	$ (4,922.40)	-26.27%
GE	4/1/00	300	51.88	$ 15,562.50	11/15/00	100	52.13	$ 5,212.50			
					2/7/01	200	46.97	$ 9,394.00			
								$ 14,606.50	$ 82.20	$ (873.80)	-5.61%
C	5/30/00	267	45.33	$ 12,102.58	11/29/00	267	47.94	$ 12,799.45	$ 74.55	$ 771.42	6.37%
GLW	4/1/00	300	64.67	$ 19,400.10	6/13/00	300	78.33	$ 23,499.00	$ 18.00	$ 4,116.90	21.22%
NITE	4/3/00	200	50.69	$ 10,137.60	1/24/01	300	23.13	$ 6,937.50	$ -	$ (7,125.10)	-70.28%
	4/12/00	100	39.25	$ 3,925.00							
				$ 14,062.60							
AMAT	4/3/00	100	96.50	$ 9,650.00	5/23/00	175	72.00	$ 12,600.00	$ -	$ (4,393.75)	-45.53%
	4/12/00	50	98.00	$ 4,900.00							
	4/19/00	25	97.75	$ 2,443.75							
				$ 16,993.75							
AMAT	6/26/00	200	92.38	$ 18,475.00	11/15/00	200	43.19	$ 8,637.60	$ 74.55	$ (9,762.85)	-52.84%
										$ (49,245.18)	

UNREALIZED GAINS/LOSSES (as of 3/31/01)

Security	Date	Shares	Price	Total Cost	Shares	Price	Total Sale	Div	Profit	Return
AOL	4/1/00	150	66.67	$ 10,000.50						
	4/19/00	37	60.50	$ 2,238.50						
	9/13/00	75	53.16	$ 3,987.00	262	40.15	$ 10,519.30	$ -	$ (5,706.70)	**-35.17%**
				$ 16,226.00						
BBH	11/29/00	100	162.00	$ 16,200.00	100	114.00	$ 11,400.00	$ -	$ (4,800.00)	**-29.63%**
BRCM	12/13/00	70	141.88	$ 9,931.25	70	28.90	$ 2,023.00	$ -	$ (7,908.25)	**-79.63%**
EMC	4/1/00	150	63.00	$ 9,450.00	150	29.40	$ 4,410.00	$ 208.95	$ (4,831.05)	**-51.12%**
ENE	9/20/00	100	85.50	$ 8,550.00	100	58.10	$ 5,810.00	$ 25.00	$ (2,715.00)	**-31.75%**
EXDS	7/13/00	300	48.13	$ 14,437.50	300	10.75	$ 3,225.00	$ -	$ (11,212.50)	**-77.66%**
JDSU	4/5/00	50	98.19	$ 4,909.40						
	4/12/00	100	97.75	$ 9,775.00						
	3/7/01	200	28.06	$ 5,612.60	350	18.44	$ 6,453.30	$ -	$ (13,843.70)	**-68.21%**
				$ 20,297.00						
KEM	6/29/00	400	25.63	$ 10,250.00	400	16.94	$ 6,776.00	$ -	$ (3,474.00)	**-33.89%**
LEH	2/7/01	125	80.07	$ 10,008.75	125	62.70	$ 7,837.50	$ 8.75	$ (2,162.50)	**-21.61%**
ORCL	9/20/00	300	39.44	$ 11,831.40	300	14.98	$ 4,494.00	$ -	$ (7,337.40)	**-62.02%**
PMCS	11/15/00	75	129.19	$ 9,689.10	75	24.74	$ 1,855.50	$ -	$ (7,833.60)	**-80.85%**
SLB	9/20/00	125	82.00	$ 10,250.00	125	57.61	$ 7,201.25	$ 47.00	$ (3,001.75)	**-29.29%**
VTSS	6/26/00	200	83.25	$ 16,650.00	200	23.81	$ 4,762.60	$ -	$ (11,887.40)	**-71.40%**
									$ (86,713.85)	

MONTHLY BALANCE

Date	Cash	Equity Value	Total Account Value	Monthly Change
Beginning Balance	$ (4,714.16)	$ 228,796.87	$ 224,082.71	
April	$11,694.63	$ 196,207.78	$ 207,902.41	-7.22%
May	$51,442.00	$ 127,098.43	$ 178,540.43	-14.12%
June	$39,650.84	$ 146,548.43	$ 186,199.27	4.29%
July	$13,859.13	$ 163,174.99	$ 177,034.12	-4.92%
August	$26,364.00	$ 178,112.89	$ 204,476.89	15.50%
September	$ 1,718.41	$ 182,841.55	$ 184,559.96	-9.74%
October	$ 1,450.52	$ 160,248.11	$ 161,698.63	-12.39%
November	$10,318.08	$ 111,542.18	$ 121,860.26	-24.64%
December	$ 524.99	$ 118,082.92	$ 118,607.91	-2.67%
January	$ 7,318.67	$ 128,915.39	$ 136,234.06	14.86%
February	$ 6,746.19	$ 90,413.73	$ 97,159.92	-28.68%
March	$ 1,133.00	$ 76,788.00	$ 77,921.00	-19.80%
			Total Return	**-65.23%**



GROWTH FUND INDUSTRY OVERVIEW

BIOTECHNOLOGY *(Merrill Lynch Biotech)*

Over the next decade, revenue growth in the overall U.S. biotechnology industry should accelerate. Standard & Poor's expects industry-wide revenues to increase 28% to $26 billion in 2000, following indicated growth rates in the high teens during each of the preceding two years. The projected increase reflects rapid expansion of new products by the large-capitalization biotech companies. Several other fundamentals are exerting a long-term positive influence. Strong demographic growth in the middle-aged and elderly segments of the population is boosting demand, as these groups together consume close to two-thirds of prescription medications. An "industry-friendly" Food and Drug Administration is reviewing new biotech products more expeditiously, while the stream of such products is projected to rise, fueled by aggressive research and development spending. The industry has also seen a strong trend toward corporate partnerships that link biotech companies with large pharmaceutical companies.

Unlike past biotech rallies that were fueled by unfounded hopes for developmental-stage companies with shallow fundamentals, the recent surge has been led by companies with solid revenues, rising profits, and strong balance sheets. Such industry leaders as Amgen Inc., Genentech Inc., MedImmune Inc., and Immunex Corp. have products generating hundreds of millions of dollars in sales. The biotech sector remains one of the better ways to diversify a growth portfolio. In an environment in which it is becoming increasingly difficult to pick the next "homerun" stocks, sector diversification and allocation has continued to be more important for a strong portfolio.

COMPUTER APPLICATION SOFTWARE *(Oracle)*

The application software industry is characterized by strong demand and rapid growth. After intensive spending on Y2K compliance-related programs, many customers will now turn their focus to Internet and e-business applications. Intranets and extranets are also creating strong demand for software applications, and the integration of Web features into software is now becoming the norm. Internet-enabled software is now one of the most popular trends in Enterprise resource Planning (ERP) software, programs that automate back-office processes such as manufacturing, distribution, etc. Front-end programs such as Customer Relations Management (CRM) software is also an area for potential growth, as the demand in this area is estimated to be two to three times that of back-office applications. Other areas of growth include Supply Chain Management (SCM), and Application Service Provider (ASP) software, all of which Oracle is a market leader in. The most favored strategy in a declining economic cycle with regards to application software is to invest in the leaders of the market segments, such as Oracle.

DATA STORAGE *(EMC)*

Data storage is fast becoming one of the most important expenditures for corporate IT spending. It is believed that the need for increased storage capacity will grow exponentially over the next few years, fueled by more complex software and multi-user environments. The Internet and e-mail are other factors which contribute to this demand, as mass-accessed content and personalized, "individual data" (mail accounts, online photo storage, etc.) are increasing. For this reason, amidst even the most grim economic forecasts and worries of decreasing IT spending, data storage is a priority area for corporate expenditures. In focusing on reaping the benefits of the long-run growth potential of this industry, EMC is the most favored investment. The company holds a 30% (#1) market share, due to its expertise in the area, outstanding systems support, a strong direct sales force, and uses the latest in storage technology.

DIVERSIFIED ELECTRONICS *(Kemet, JDS Uniphase)*

We see the diversified electronics industry as great prospect for growth opportunities. Kemet makes ceramic and tantalum capacitors that are used in telecommunications equipment, computers, and automotive and medical instrumentation. Demand is especially strong in the telecommunications sector due to the increasing number of mobile handsets being produced. Sales of these capacitors are up 103% year over year and demand is continuously getting stronger. As diversified electronic companies are refining their production procedures, operating profits are increasing, which is in turn raising earnings.

A year later, this industry still remains an attractive one to us. While there have been inventory problems due to overproduction and weakening demand, we remain bullish on the industry in the long term. Both ceramic and tantalum capacitors have become necessary and valued components to the cellular, computer, networking, and telecom markets. As products are becoming more complex, the number of these components per unit is increasingly rapidly, offsetting slower unit sales growth. We believe this is the key to growth in the industry and will fuel future development of new products leading to impressive gains.

INTERNET-SOFTWARE AND SERVICES (*Exodus Communications)*

In July 2000 we saw strong demand and momentum within the Internet software industry, and more specifically within the web hosting space, where Exodus Communications operates. Internet infrastructure demand was strong and there was neither bandwidth glut nor hosting space glut. At the time infrastructure prices and web hosting prices were suggesting an imbalance between supply and demand, which was working to the favor of the companies within the industry. At the time the outlook was very bright and we bought into the upward momentum.

For the last two quarters the Internet Software and Services sectors have experienced and continue to experience cutbacks in software and infrastructure spending as well as slowing new customer growth rates. However, at current levels we feel that this industry as a whole is trading at a huge discount to what its future growth rates are estimated to be. We feel web hosting should rally immensely as the broader tech market rebounds. We believe this industry will be on of the industries within the hi-growth sector to outperform the broader market. Once the economy recovers the industry will emerge with a more solid forward contract base, which should lead to increased forward revenue stream and financial viability for Exodus and the entire web hosting space.

MEDIA AND ENTERTAINMENT *(AOL Time Warner)*

The Entertainment and Media industry is currently facing many difficult challenges. Companies are struggling with how to integrate traditional media and entertainment sources effectively, in the new Internet driven information age. As Internet distribution of information and patents is becoming a real issue, firms are looking to find ways to use the benefits of such an information network to their advantage. For the Internet to become a mainstream channel of distribution, more consumers will need improved capability for storing and playing downloaded products on their PCs. We expect that such capability will eventually become more widespread, and that the distribution of music and video directly to homes will have negative consequences for traditional retailers.

Over the long term, we look for digital downloading via the Internet to lower costs of distribution for entertainment companies and to boost the number of titles readily available to consumers, since electronic catalogs can house so many more titles than store shelves can. Also, we expect that Internet offerings will increasingly include custom compilations (such as albums that combine songs of various artists) and sales of subscription services (e.g., customized access to portions of a company's music library). In the face of a challenging economy, we view the entertainment and media industry as a solid avenue for diversification. In addition, as firms continue to streamline their goals, and focus to succeed in the new economy, this industry has the potential to be more profitable than ever before.

OIL AND NATURAL GAS *(Enron, Schlumberger)*

We have chosen the Oil and Natural Gas industry as a growth opportunity that will provide solid levels of return on our investments. With the slowing of the economy, we feel that this industry will provide a positive source of diversification. There are increased revenues from higher prices and demand for oil and natural gas is at a near term high, and we expect to see more spending on exploration and drilling, equipment replacement, and investment in new technology. The larger companies are positioned to benefit by reinvesting income revenues and generating higher returns. Companies, such as Enron, involved in the direct distribution of oil and natural gas will benefit from higher commodity prices.

Going forward, factors driving this industry are uncertainty of production by OPEC countries and whether high natural gas and oil prices will continue. Schlumberger, one of the largest western producers of oil will find their products to be under greater demand if OPEC continues to limit the amount of oil they produce. Enron, while benefiting from the cold winter and high natural gas prices, stands to earn more revenue from their broadband trading business and their commodities trading business. With demand rising all over the world, we will see increased volume in the buying and selling of these commodities. Enron will benefit from the volume and volatility that will come across their trading network.

SEMICONDUCTOR- INTEGRATED CIRCUITS (*PMC-Sierra, Broadcom Corp., Vitesse*)

Each of our three purchases within the Semiconductor- Integrated circuits sector occurred in the second half of 2000. At the time there was no reason to believe that semiconductors were headed for a correction. The cyclical semiconductor industry was on pace once again for a stellar year with global sales expected to grow at a robust 30% year over year, reaching approximately $200 billion in sales. The strong demand trends and favorable pricing environment were forecasted to continue on through 2001. By June 2000, around the time we purchased Vitesse Semiconductor, sales were up 52.7% year over year. The fundamentals within the sector were very strong, and there was no reason to believe that this sector should have been avoided on a strictly fundamental basis

While there has been a drastic correction within the sector we are still bullish on it in the long term because we feel the semiconductor space will outperform other growth industries. A major downfall for the industry has been as a result of its astronomical growth as companies are being forced to quickly switch from ramping up personnel and engineers to cutting back to the essential workforce in order to move forward. As a result of this rapid growth these companies are in the midst of an inventory correction. In the long run we feel that when technology stocks do come back in favor, the semiconductors will be one of the first tech sectors to rebound quickly to sequential growth and they will lead the broader tech market.

I. GROWTH FUND CURRENT HOLDINGS

AOL TIME WARNER

NYSE: AOL

3/30/01 Close:	$40.15
Purchase Price:	$66.67
Purchase Date:	4/1/00
52-Wk. Range:	$57-106

Target Price:	$83
1 year Earnings Growth:	14%
# Shares Outstanding:	1.36 B
Market Cap:	$109 B

Company Description:

Time Warner is the world's premier traditional media company with a diverse asset base touching all parts of the media food chain, from brand-content development to wide and direct distribution to consumers. The merger with AOL should augment Time Warner's leading position, and creates what we feel will be the template for the media company of the 21st century.

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Financial Statistics:

	1995	1996	1997	1998	1999	2000A	2000E	2001E
EPS $	(0.28)	(0.52)	(0.06)	(0.31)	0.40	0.45	0.45	0.94
P/E Ratio	NA	NA	NA	NA	24.4	20.9	20.9	14.9

Reasons For Purchase:

- We feel that the merger between Time Warner and AOL will be highly complimentary. By combining with AOL, Time Warner attains a preeminent new media platform, while Time Warner's assets provide AOL with potent brands, broadband distribution, and strong promotional platforms.
- In addition, a rock solid management team should ensure that the merger is successful, and allow the new company to flourish heading into the next century.

Potential Risks:

- As with any merger, regulatory agencies could pose many problems.
- Additionally, Time Warner's stock price may be volatile in the near future due to arbitrage and speculation factors surrounding the merger. However, we feel that in the long-run investors will embrace the merger and realize the mutual benefits that each company will achieve.

BROADCOM CORPORATION

NASDAQ: BRCM

3/30/01 Close:	$28.90
Purchase Price:	$141.86
Purchase Date:	12/13/00
52-Wk. Range:	$30.43- 274.75

Target Price:	$ 177
1 year Earnings Growth:	8.7%
# Shares Outstanding:	235.2 mil
Market Cap:	$7.99 bil

Company Description:

Broadcom Corporation is a leading provider of highly integrated silicon solutions that enable broadband digital transmission of voice, video and data. Using proprietary technologies and advanced design methodologies, the Company designs, develops and supplies system-on-a-chip solutions for broadband communications markets. Broadcom products enable cable set-top boxes, cable modems, high-speed local, metropolitan, wide area and optical networks, home networking, Voice over Internet Protocol (VoIP), carrier access, residential broadband gateways, direct broadcast satellite and terrestrial digital broadcast, digital subscriber lines (xDSL), wireless communications, SystemI/O server solutions and network processing.

Financial Statistics:

	1995	1996	1997	1998	1999	2000A	2001E	2002E
EPS $	-	0.02	(0.01)	0.21	0.40	1.05	1.13	1.59
P/E Ratio	-	-	-	-	-	N/A	77.6	34.5

Reasons For Purchase:

- Sales expected to rise 20% in 2001, despite a predicted downturn in the semiconductor industry.
- ROA and ROE of 33.21% and 35.41%, respectively for the past twelve months.
- Customers include leading communications equipment companies such as 3Com, Cisco Systems, Motorola, Hewlett-Packard, Nortel Networks, Samsung and Scientific-Atlanta. BRCM has reached purchase and development agreements with Motorola and 3COM, and a strategic alliance with Gateway.
- The company added technical expertise through acquisitions of Silicon Space, Inc., NewPort Communications, Inc., SiByte, Inc., and ServerWorks.
- BRCM contracts out the manufacture of its chips to foundries in Southeast Asia. Being fabless eliminates costs associated with ownership of wafer fabrication facilities, permitting higher gross margins.

Potential Risks:

- BRCM does most of its business with a small number of customers. In 1999, the five top customers accounted for 67% total revenues.
- International sales only account for 17% of all revenues.
- Outsourcing the manufacture of its chips creates a reliance on chip foundries.

EMC CORPORATION

NYSE: EMC

3/30/01 Close:	$29.40
Purchase Price:	$63.00
Purchase Date:	4/1/00
52-Wk. Range:	$29.96 - 104.93

Target Price:	$81.90
1 year Earnings Growth:	24.1%
# Shares Outstanding:	2.20 bil
Market Cap:	$79.6 bil

Company Description:

EMC Corporation and its subsidiaries design, manufacture, market and support a wide range of hardware and software products, and provide services for the storage, management, protection and sharing of electronic information. These integrated solutions enable organizations to create an enterprise information infrastructure, which EMC calls an E-Infostructure. EMC is a supplier of these solutions, which comprise information storage systems, software and services. Its products are sold to customers that use a variety of computing platforms for key applications, including electronic commerce, data warehousing and transaction processing. EMC operates in information storage products, information storage services and other business segments. Information storage products consist of information storage systems and information storage software.

Financial Statistics:

	1995	1996	1997	1998	1999	2000A	2000E	2001E
EPS $	0.73	0.83	1.09	1.59	1.07	0.79	0.77	1.86
P/E Ratio	21.06	39.90	50.70	80.00	153.9	98.7	96.5	76.5

Reasons For Purchase:

- EMC is the best positioned player in the industry and should continue to grow rapidly, despite the current U.S economic slowdown.
- EMC continues to gain market share, consistent with our gorilla theme, while rapidly boosting margins in the fast growing data storage market.
- The proliferation of data across companies is creating tremendous demand for systems and software to help store and manage it.
- The amount of storage capacity being shipped is expected to surge exponentially over the next several years, driven in large part by the Internet and e-mail.

Potential Risks:

- Margins could be pressured in the near term by manufacturing inefficiencies and pricing actions aimed at hitting target revenues.
- Evidence continues to mount that we are still in the midst of a broad economic slowdown and that the sudden squeeze on IT spending for date storage is slow to ease.
- As the entire industry continues to experience a slowing of IT spending, competition will become more intense as storage vendors fight for a smaller pool of IT dollars and the longer sales cycles will lead to increased operating expenses.

ENRON CORPORATION

NYSE: ENE

3/30/01 Close:	$58.10
Purchase Price:	$85.50
Purchase Date:	9/20/00
52-Wk. Range:	$35- 90.75

Target Price:	$115
1 year Earnings Growth:	30%
# Shares Outstanding:	812.2 mil
Market Cap:	$69.44 bil

Company Description:

Enron Corp. is an energy and communications company. Enron's operations are conducted through its subsidiaries and affiliates, which principally are engaged in the transportation of natural gas through pipelines to markets throughout the United States; the generation, transmission and distribution of electricity to markets in the northwestern United States; the marketing of natural gas, electricity and other commodities and related risk management and finance services worldwide; the development, construction and operation of power plants, pipelines and other energy related assets worldwide; and the development of an intelligent network platform to provide bandwidth management services and deliver high bandwidth applications.

Financial Statistics:

	1995	1996	1997	1998	1999	2000A	2000E	2001E
EPS $	0.97	1.05	0.17	1.01	1.08	1.47	1.40	1.70
P/E Ratio	24.7	36.8	42.3	33.4	45.2	54.9	61.5	51.3

Reasons For Purchase:

- Enron is a leading supplier of natural gas and will be able to take advantage of rising prices due to the potential heating oil shortages during the past winter.
- Enron is the largest trader of broadband in the world, which allows them to capitalize on the huge demand for broadband in the telecom sector.
- New partnership with Blockbuster to provide streaming video over its broadband pipelines to a projected 65 million customers.
- Enron has 10% market share in energy trading, which leads to $3 billion in operating profit (they have been gaining market share steadily over the past three years.)
- Best in the business at risk management and trading solutions.

Potential Risks:

- Trading at a high multiple to its peers.
- Much of the rising demand could already be priced in.

EXODUS COMMUNICATION INC.

NASDAQ: EXDS

3/30/01 Close:	$10.75
Purchase Price:	$48.125
Purchase Date:	7/13/00
52-Wk. Range:	$13- 87

Target Price:	$80
1 year Earnings Growth:	30%
# Shares Outstanding:	432 mil
Market Cap:	$18.1 bil

Company Description:

Exodus Communications, Inc. is a provider of complex Internet hosting for enterprises with mission-critical Internet operations. The Company offers system and network management solutions, along with technology professional services to provide optimal performance for customers' Web sites. The Company's tailored solutions are designed to integrate with existing enterprise systems architectures and to enable customers to outsource the monitoring, administration and optimization of their equipment, applications and overall Internet operations. In January 2001, the Company completed the acquisition of the GlobalCenter web-hosting subsidiary of Global Crossing Ltd.

Financial Statistics:

	1995	1996	1997	1998	1999	2000A	2000E	2001E
EPS $	N/A	N/A	(0.87)	(0.22)	(0.38)	(0.63)	(0.52)	(0.20)
P/E Ratio	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Reasons For Purchase:

- Exodus is the leading provider of complex web hosting, an area that is growing at an explosive pace due to the Internet boom.
- Exodus has $4.8 billion in cash available for future investment and build out.
- The proposed acquisition of Digex would allow the company to provide new customers with highest quality connection and/or managed web application services. The acquisition will also help strengthen ties with Microsoft, Sun Microsystems, and Compaq.
- Exodus is poised to be a global consolidator in the critically important areas of (1) complex web hosting, (2) merged application Services, and (3) highly engineered and integrated solutions.

Potential Risks:

- Competition is increasing in this arena.
- It could take longer than the expected 2001 to gain profitability.

JDS UNIPHASE CORP

NASD: JDSU

3/30/01 Close:	$18.438
Purchase Price:	$98.188
Purchase Date:	4/5/00
52-Wk. Range:	$22.13 – 140.50

Target Price:	$122
1 year Earnings Growth:	35%
# Shares Outstanding:	1.3 bil
Market Cap:	$29.3 bil

Company Description:

JDS Uniphase Corporation is a provider of advanced fiber optic components and modules. These products are sold to telecommunications and cable television system and subsystem providers (OEMs) including established system providers and emerging system providers. These telecommunication system and subsystem providers use these components and modules as the building blocks for the systems that they ultimately supply to telecommunications carriers. New additions to the product line resulting from the merger with SDL include products that power the transmission of data, voice and Internet information over fiber optic networks to meet the needs of telecommunications, data transmission, dense wavelength division multiplexing (DWDM) and cable television applications.

Financial Statistics:

	1995	1996	1997	1998	1999	2000A	2000E	2001E
EPS $		0.01	(0.07)	(0.14)	(0.54)	(1.26)		0.65
P/E Ratio	-	-	-	-	-	-		

Reasons For Purchase:

- JDS Uniphase is the gorilla in the optical networking industry and one of the fasting growing industries globally. Optical networking is considered to be far superior to even broadband, and is generally recognized as the future in communications.
- JDS Uniphase has been one of the fastest growing companies in U.S. history, achieving a market capitalization over $50 billion faster than any other company.
- Even with spectacularly high growth and earnings estimates, the company has surpassed these estimates on a consistent basis.
- JDS Uniphase has become a staple in any growth portfolio.

Potential Risks:

- JDS Uniphase is richly valued, and in the case of a market downturn, it has quite a long way to fall.
- Having recently completed their acquisition of SDL, as well as a host of other smaller companies, there is speculation that the company may not be able to manage these mergers seamlessly.

KEMET CORP

NYSE: KEM

3/30/01 Close:	$16.94
Purchase Price:	$25.625
Purchase Date:	6/29/00
52-Wk. Range:	$13.75 – 44.22

Target Price:	$40
1 year Earnings Growth:	15%
# Shares Outstanding:	87.6 mil
Market Cap:	$1.55 bil

Company Description:

Kemet Corporation is a manufacturer of solid tantalum capacitors and a manufacturer of multilayer ceramic capacitors. A wide variety of electronic applications utilize Kemet capacitors, including communication systems, data processing equipment, personal computers, cellular phones, automotive electronic systems and military and aerospace systems.

Financial Statistics:

	1995	1996	1997	1998	1999	2000A	2000E	2001E
EPS $	0.40	0.83	0.47	0.63	0.08	0.85		3.82
P/E Ratio	15	23.5	19.5		16.5			4.8

Reasons For Purchase:

- Kemet's earnings growth over the last four quarters has been spectacular. They have actually doubled earnings each quarter over this span.
- Kemet's industry, capacitors, has expanded from simply being a tool used in computers, to a tool used in cellular phones, automobiles, appliances and more. Furthermore, rather than just two capacitors in each device, newer products are using six or eight, fueling increasing demand.
- Kemet is the leader in their industry in terms of next generation products. They have the edge in broadband and wireless applications over their main competitors.
- Their valuation is historically low, with a P/E under 10. It appears to be a high-growth company at a reasonable price.

Potential Risks:

- Kemet appears to be growing rapidly with diversification of their product line and customer base, but historically they have been a cyclical stock.
- The recent price hikes for Kemet's core products that have fueled the spectacular earnings growth may be only be temporary. If overcapacity becomes an issue, these prices will plummet.
- Kemet is dependent on a few very large buyers. If only one or two of these buyers experience problems, Kemet stands to miss their earnings estimates.

LEHMAN BROTHERS HOLDINGS

NASDAQ: LEH

3/30/01 Close:	$62.70
Purchase Price:	$80.07
Purchase Date:	2/7/01
52-Wk. Range:	$34.82- 86.20

Target Price:	$100
1 year Earnings Growth:	-1.7%
# Shares Outstanding:	247.3 mil
Market Cap:	$16.70 bil

Company Description:

Lehman Brothers Holdings is one of the leading global investment banks, serving institutional, corporate, government and high-net-worth individual customers. The Company's business includes raising capital for clients through securities underwriting and direct placements, corporate finance and strategic advisory services, private equity investments, securities sales and trading, research, and the trading of foreign exchange, derivative products and certain commodities.

Financial Statistics:

	1995	1996	1997	1998	1999	2000A	2001E	2002E
EPS $	0.88	1.62	2.36	2.60	4.09	6.40	6.27	6.80
P/E Ratio	-	9.68	10.80	8.49	10.39	10.59	11.00	10.20

Reasons For Purchase:

- In FY 00 (Nov.) net revenues advanced 44% and EPS soared 56%.
- Key revenue drivers are investment banking fees, and the backlog of deals is very strong.

- The company has focused on expanding its market position in five high margin businesses (investment banking, equities, certain fixed income products, merchant banking, and high net worth retail), in order to achieve greater profitability. This strategy appears successful, as pretax profit margins have widened steadily, from 12% in FY 95 to about 30% in FY 99.
- Impressive financials: profit margin is 6.2%, ROE is 22.81%.
- Lehmans's shares are trading at a discount to those of most of the company's larger peers, both on a price to book value and on a P/E basis.
- UBS AG's generous bid for PaineWebber has caused investors to speculate whether Lehman is the next takeover target.

Potential Risks:
- A tight labor market is hurting the industry, and compensation costs may increase, eating away at profits.
- Revenues and earnings may vary significantly from quarter to quarter and from year to year, as they are dependent on factors such as interest rates and foreign exchange rates.

MERRILL LYNCH BIOTECH HLDR AMEX: BBH

3/30/01 Close:	$114
Purchase Price:	$162
Purchase Date:	11/29/00
52-Wk. Range:	$92.51-206

Target Price:	$210.60
1 year Earnings Growth:	NA
# Shares Outstanding:	NA
Market Cap:	NA

Company Description:
The Biotech HOLDRS (BBH) is an exchange-traded fund that represents an undivided beneficial ownership in the common stock of a group of twenty specified companies. The components of the trust will not change, except for specific reconstitution events such as mergers or acquisitions. Portfolio breakdown (September 30, 2000): Genentech Inc. 19.5%, Amgen Inc. 15.2%, PE Corp-PE Biosystems Group 11.3%, Immunex Corporation 10.5%, Medimmune Inc. 5.8%, Millennium Pharmaceuticals Inc. 5.0%, Biogen Inc. 4.5%, IDEC Pharmaceuticals Corporation 4.4%, Chiron Corporation 4.0%, Human Genome Sciences Inc. 4.1%, Genzyme Corporation 2.9%, Sepracor Inc. 2.2%, Gilead Sciences Inc. 1.9%, Affymetrix Inc. 1.5%, Celera Genomics 1.4%, QLT PhotoTherapeutics Inc. 1.4%, BioChem Pharma Inc. 1.3%, Enzon Inc. 1.2%, ICOS Corporation 1.1%, Alkermes Inc. 0.9%

Financial Statistics:

	1995	1996	1997	1998	1999	2000A	2000E	2001E
EPS $	NA	NA	NA	NA	NA	NA	NA	NA
P/E Ratio	NA	NA	NA	NA	NA	NA	NA	NA

Reasons For Purchase:
- We sought diversification away from our traditional technology holdings.

- We felt that an index would minimize our risk and exposure to the industry while still experiencing the returns.
- We thought we would stick to the gorilla theme by investing in the largest twenty names within the Biotechnology industry.

Potential Risks:

- U.S. economic slowdown could cause Biotech companies to cut research and development in order to cut operating expenses, which could have a negative impact in the future.

ORACLE CORPORATION

NASDAQ: ORCL

3/30/01 Close:	$14.98
Purchase Price:	$39.438
Purchase Date:	9/20/00
52-Wk. Range:	$13.50- 46.437

Target Price:	$51.27
1 year Earnings Growth:	8.9%
# Shares Outstanding:	5.59 bil
Market Cap:	$88.7 bil

Company Description:

Oracle Corporation develops, manufactures, markets and distributes computer software that helps corporations manage and grow their businesses. The Company's software products can be categorized into two broad areas: Systems software and Internet business applications software. Systems software is a complete Internet platform to develop and deploy applications on the Internet and corporate Intranets, and includes database management software and development tools that allow users to create, retrieve and modify the various types of data stored in a computer system. Internet business applications software allows users to access information or use the applications through a simple Internet browser on any client computer, and automates the performance of specific business data processing functions for financial management, procurement, project management, human resources management, supply chain management, and customer relationship management.

Financial Statistics:

	1995	**1996**	**1997**	**1998**	**1999**	**2000A**	**2000E**	**2001E**
EPS $	0.66	0.90	1.22	0.28	0.43	0.68	0.64	0.80
P/E Ratio	66.86	47.08	34.22	79.69	168.2	105.69	106.3	98.30

Reasons For Purchase:

- Oracle continues to be the world's largest supplier of database software for information management.
- The company's core database software business should continue to benefit from the growth of the Internet.
- The company's operating margins continue to improve dramatically as the company continues to benefit from its own e-business technology.
- In the first quarter of FY00 Oracle opened a new Internet store. Within 18 months the company expects more than 80% of its revenues to go through the web store.

- Oracle is an industry leader, consistent with our gorilla theme, with a market cap of $88.7 bil, a ROE of 124% and a pretax margin of 99.9%.

Potential Risks:
- With the economy slowing, Oracle, and the rest of the software industry, have been forced to cut some investments in research and development, which may hurt the company and its shareholders down the road
- There may be fluctuations in quarterly operating results due to seasonality, delays in the sale cycle, and delays in new product releases.

SCHLUMBERGER LTD.

NYSE: SLB

3/30/01 Close:	$57.61
Purchase Price:	$82
Purchase Date:	9/20/00
52-Wk. Range:	$47- 88.88

Target Price:	$105
1 year Earnings Growth:	15%
# Shares Outstanding:	577 mil
Market Cap:	$49 bil

Company Description:
Schlumberger Ltd. is engaged in technical services spanning the oil and gas, utility, semiconductor, smart cards, network and Internet solutions industries. Schlumberger operates three business segments: Oilfield Services, Resource Management Services and Test & Transactions. Oilfield Services provides virtually all exploration and production services required during the life of an oil and gas reservoir. Resource Management Services provides measurement solutions, products and systems for electricity, gas and water utilities worldwide. Test & Transactions supplies technology products, services and system solutions to the semiconductor, banking, telecommunications, transportation and healthcare industries.

Financial Statistics:

	1995	**1996**	**1997**	**1998**	**1999**	**2000A**	**2000E**	**2001E**
EPS $	1.21	1.53	2.47	2.60	0.82	1.27	1.24	2.08
P/E Ratio	20.9	29.8	34.7	45.8	33.7	50.2	68.5	40.8

Reasons For Purchase:
- Schlumberger is the clear technology and profit leader in the oilfield service business.
- New restructuring within the organization has cut costs and should result in improved profitability and enviable financial statements.
- A small debt-to-capital ratio and strong free cash flow gives the company the opportunity to invest both internally and externally at an aggressive rate.
- Schlumberger is leading the market in terms of technology to obtain more oil from reserves, seen as the next great technology.
- A rising smart card demand both domestically and abroad will fuel their test and transactions business, which is expected to grow at a double-digit rate.

Potential Risks:

- Due to the nature of commodities, this is a highly cyclical business.
- A very competitive industry.

VITESSE SEMICONDUCTOR

NASDAQ: VTSS

3/30/01 Close:	$23.813
Purchase Price:	$83.28
Purchase Date:	6/26/00
52-Wk. Range:	$32.12 – 110.50

Target Price:	$104
1 year Earnings Growth:	45%
# Shares Outstanding:	190.0 mil
Market Cap:	$15.8 bil

Company Description:

Vitesse Semiconductor Corp. is a supplier of high-performance integrated circuits (ICs) principally targeted at systems manufacturers in the communications markets. The Company offers several products that address the needs of high-performance communications for the SONET, ATM, IP, Fibre Channel and Gigabit Ethernet markets. Among the products offered in this area are multiplexers, demultiplexers, framers, switch cores, clock generation and recovery circuits, forward error correction circuits, laser drivers optoelectronic receivers and amplifiers. The Company's major customers include Alcatel, Ciena, Cisco, Fujitsu, LTX, Lucent, Nortel, Sycamore and Tellabs

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Financial Statistics:

	1995	**1996**	**1997**	**1998**	**1999**	**2000A**	**2000E**	**2001E**
EPS $	0.09	0.24	0.48	0.73	1.48	2.07	2.02	2.65
P/E Ratio	11.11	71.54	48.90	78.13	152.88	40.09	41.089	13.30

Reasons For Purchase:

- We believe Vitesse will be one of the long-term winners in the communications semiconductors market, and has demonstrated the ability to consistently outperform earnings targets in the past.
- Vitesse derives its revenue from nearly all of the major communications players, including Cisco, Nortel, and Lucent. A customer list such as this should help Vitesse continue to meet earnings, as it supplies virtually every major player in the industry.
- Vitesse has grown at an annualized rate of over 40% in the last 5 years, and predicts future 5-year earnings growth exceeding 45%. We feel that Vitesse can easily justify its lofty valuation.

Potential Risks:

- Like many other high flying technology stocks, Vitesse has a relatively high valuation, and failure of the company to meet lofty earnings expectations could result in severe devaluation of the firm's stock price.

II. GROWTH FUND PREVIOUS HOLDINGS

BUSINESS OBJECTS S. A. (BOBJ)

Purchase Price: $66.33, 4/1/00
Sell Price: $56.667, 4/12/00

Business Objects S.A. develops, markets and supports e-business intelligence (e-BI) software for client/server environments, Intranets, Extranets and the Internet. Using e-business intelligence, organizations can access, analyze and share corporate data for better decision making. Business intelligence software tools are designed to help companies turn data into useful business information, thereby leading to increased competitive advantage, new business opportunities, improved customer service, corporate agility and, ultimately, increased revenues and profit. In addition, the Company's products can improve the performance of an e-business by providing reporting and analysis against the ever-expanding amount of transaction and profile data that is collected each day throughout the World Wide Web. Initially, felt that Business Objects, which was a core holding of the previous fund, would fit well with our technology theme. However, after refocusing our strategy towards technology gorillas, we felt that Business Objects did not fit well within our portfolio. Additionally, we felt that Business Objects might be vulnerable to the B2B shakeout, which was occurring early last spring.

CISCO SYSTEMS, INC. (CSCO)

Purchase Price: $77.315, 4/1/00
Sell Price: $66.875, 4/19/00
$52, 5/22/00

Cisco Systems, Inc. and its subsidiaries are engaged in networking for the Internet. Cisco hardware, software and service offerings are used to create Internet solutions so that individuals, companies and countries have seamless access to information, regardless of differences in time and place. Cisco solutions provide a competitive advantage to customers through more efficient and timely exchange of information, which, in turn, leads to cost savings, process efficiencies and closer relationships with their customers, prospects, business partners, suppliers and employees. These solutions form the networking foundation for companies, universities, utilities and government agencies worldwide. Cisco was a stock inherited from the past fund that we felt still had upside potential. We sold 100 shares to downsize the position and to make available cash in which to invest in other opportunities. We were later stopped out of the position entirely when the stock fell below our lower limit.

CORNING INCORPORATED (GLW)

Purchase Price: $64.667, 4/1/00
Sell Price: $78.333, 6/13/00

Corning Incorporated is a global, technology-based company that operates in three broadly based business segments: Telecommunications, Advanced Materials and Information Display. The Telecommunications segment produces optical fiber and cable, optical hardware and equipment, photonic modules and components and optical networking devices for the worldwide telecommunications industry. The Advanced Materials segment manufactures specialized products with properties for customer applications, utilizing glass, and glass ceramic and polymer technologies. Businesses within this segment include environmental products, life science products, semiconductor materials and optical and lighting products. The Information Display segment manufactures glass panels and funnels for televisions and CRTs, liquid crystal display glass for flat panel displays and projection video lens assemblies. Corning was selected as a holding of the growth fund because it is the leader in fiber optics and optical networking components. The stock was sold during the summer of 2000, as it had appreciated over 20% and limit orders went into effect.

EMC CORPORATION (EMC)

Purchase Price: $63, 4/1/00
Sell Price: $64.494, 4/19/00
$92.183, 9/13/00

EMC Corporation and its subsidiaries design, manufacture, market and support a wide range of hardware and software products, and provide services for the storage, management, protection and sharing of electronic information. These integrated solutions enable organizations to create an enterprise information infrastructure, which EMC calls an E-Infostructure. EMC is a supplier of these solutions, which comprise information storage systems, software and services. Its products are sold to customers that use a variety of computing platforms for key applications, including electronic commerce, data warehousing and transaction processing. EMC operates in information storage products, information storage services and other business segments. Information storage products consist of information storage systems and information storage software. EMC is another stock that we inherited from the previous fund. In early April, we sold a portion of our position when we rebalanced our portfolio. After a huge run up over the summer months, we sold half of our remaining position in September for a gain of nearly 50%. EMC continues to be one of the core holdings of the growth fund.

GENERAL ELECTRIC CORPORATION (GE)

Purchase Price: $51.875, 4/1/00
Sell Price: $52.125,11/15/00
$46.970, 2/7/01

General Electric is one of the largest and most diversified industrial corporations in the world. GE's products include appliances; lighting products; industrial automation products; medical diagnostic imaging equipment; motors; electrical distribution and control equipment; locomotives; power generation and delivery products; nuclear power support services and fuel assemblies; commercial and military aircraft jet engines; and engineered materials. GE's services include product services; electrical product supply houses; electrical apparatus installation, engineering, repair and rebuilding services; and computer-related information services. Through the National Broadcasting Company, Inc., GE delivers network television services, operates television stations, and provides cable, Internet and multimedia programming and distribution services. Through General Electric Capital Services, Inc., GE offers a broad array of financial and other services. GE was first sold to reduce the fund’s position in the stock, and later was sold to make the funds available for other growth-oriented uses.

HOME DEPOT, INC. (HD) *Purchase Price:* $64.50, 4/1/00
Sell Price: $49, 5/23/00

The Home Depot, Inc. is the world's largest home improvement retailer and the third largest retailer in the United States. As of December 2000, the Company was operating 1,101 stores in 47 states, six Canadian provinces, Puerto Rico, Chile and Argentina. Home Depot stores sell a wide assortment of building materials and home improvement and lawn and garden products. EXPO Design Center stores sell products and services primarily for design and renovation projects. Additionally, the Company operates two Villager's Hardware test stores, which offer products for home enhancement and small projects. The Company also offers products through two direct marketing subsidiaries: Maintenance Warehouse and National Blinds & Wallpaper. In late May, we sold our position and realized a loss of 24%. At the time, the Fed was raising interest rates, which we felt would adversely affect the future profitability of the firm. Due to our short-term time horizon of less than one year, we didn't recognize any near term stimulus to drive the stock price.

NOKIA CORPORATION (NOK) *Purchase Price:* $55, 4/1/00
Sell Price: $51, 4/19/00
$38, 8/3/00

Nokia Corporation is a mobile phone manufacturer and a supplier of mobile, fixed and Internet Protocol networks and related services as well as multimedia terminals. In 1999, Nokia's operating groups consisted of Nokia Networks, Nokia Mobile Phones and Other Operations. Since 1998, sales of Nokia Networks and Nokia Mobile Phones have increased by 29% and 63%, respectively. In 1999, Nokia supplied its products in over 130 countries. Nokia, which was a core holding of the 1999-2000 Growth Fund, was inherited by our fund at the price of $55. In early April, we sold a small portion of our position in Nokia, as we reallocated our funds more evenly between the portfolio's holdings. In the summer, Nokia announced that it expected lower sales and earnings growth than expected into year end 2000 and beyond. At this time, we hit our lower limit and were stopped out of our position.

PINNACLE HOLDINGS, INC. (BIGT) *Purchase Price:* $53.75, 4/1/00
Sell Price: $54.75, 4/3/00

Pinnacle Holdings, Inc. acquires communications sites and constructs rental towers and lease space on these communications sites to a broad base of wireless communications providers, operators of private networks, government agencies and other customers. The Company primarily focuses on renting space on communications sites to providers of wireless communications services such as PCS, cellular, paging, SMR/ESMR, wireless data transmission and radio and television broadcasting. Pinnacle Holdings was a stock inherited from the past fund that was sold immediately. We were able to make a small gain on it before we executed the sell order.

PUMATECH, INC. (PUMA) *Purchase Price:* $50.625, 4/1/00
Sell Price: $34.25, 4/5/00

Pumatech, Inc., formerly known as Puma Technology, Inc., develops, markets, and supports synchronization, change detection/notification, and Web rendering/browsing software that enables consumers, mobile professionals and information technology officers to harness the full capabilities of handheld organizers/computers, Web-enabled-cellular phones, pagers and other wireless personal communications platforms. The Company's technologies, products and services allow the mobile professional to access information with easy-to-use applications, saving time and money. We inherited Pumatech from the previous fund, and after evaluating the growth prospects and risk profile of Pumatech, we decided that it did not fit into the theme of our growth fund. Although we were at first discouraged by the fact that the equity gapped down before we could trade it, in hindsight we are thankful that we did not wait for a short-term rebound, as the stock continued its plummet to its current value of approximately $4 per share.

SIEBEL SYSTEMS, INC. (SEBL) *Purchase Price:* $59.719, 4/1/00
Sell Price: $47, 4/5/00

Siebel Systems, Inc. is a provider of eBusiness applications. Siebel eBusiness Applications enable organizations to sell to, market to, and service their customers across multiple channels, including the Web, call centers, resellers, retail, and dealer networks. Applications are available in industry-specific versions designed for the pharmaceutical, healthcare, consumer goods, telecommunications, insurance, energy, apparel and footwear, automotive, technology, public sector, and finance markets. Siebel e-Business Applications enable organizations to create a single source of customer information that sales, service, and marketing professionals can use to tailor product and service offerings to meet each of their customer's unique needs. Siebel was a stock inherited from the past fund that was sold immediately. However, we took a loss due to the price falling significantly before we could execute a sell order.

SUN MICROSYSTEMS, INC. (SUNW) *Purchase Price:*$46.844, 4/1/00
Sell Price: $34.534, 5/24/00

Sun Microsystems, Inc. is a worldwide provider of products, services and support solutions for building and maintaining network-computing environments. The Company sells scalable computer systems, high-speed microprocessors and high performance software for operating network computing equipment and storage products. The Company also provides support, education and professional services. Sun Microsystems' lines of business include Computer Systems and Storage, Enterprise Services, Software Systems and Network Service Providers. We inherited Sun from last year’s fund and felt that it fit in with our gorilla theme. We also felt that with the Microsoft litigation, at the time investors might move into Sun stock, as it is one of Microsoft’s biggest rivals. With the tech bubble showing signs of weakening we felt that software spending by companies might be one of the first expenses reigned in. Being in the software industry we felt that Sun might be exposed to this risk and sold in May.

TRIMERIS INCORPORATED (TRMS) *Purchase Price:* $49.938, 4/1/00
Sell Price: $36.375, 4/4/00

Trimeris, Inc. is engaged in the discovery and development of novel therapeutic agents that block viral infection by inhibiting viral fusion with host cells. Since its inception, substantially all of the Company's resources have been dedicated to the development, patenting, pre-clinical testing and clinical trials of T-20 and T-1249; the development of a manufacturing process for T-20; production of drug material for future clinical trials, and research and development and pre-clinical testing of other potential product candidates. Trimeris was sold immediately following inheritance, as the company did not fit the growth criteria of gorilla for the fund.

WESTERN WIRELESS CORPORATION (WWCA) *Purchase Price* $45.813, 4/1/00
Sell Price: $40.125, 4/4/00

Western Wireless Corporation provides wireless communications services in the United States, primarily in rural areas in nineteen Western states. The company provides services under the Cellular One brand name, and through Western Wireless International Corporation (WWI) worldwide. Western Wireless has built and launched wireless networks in six countries, and is currently constructing nationwide cellular networks in three additional regions. WWCA was sold immediately after inheritance at a loss, as it did not fit with the new growth fund philosophy.

ZORAN CORPORATION (ZRAN) *Purchase Price:* $56.313, 4/1/00
Sell Price: $45.375, 4/4/00

Zoran Corporation develops and markets integrated circuits, integrated circuit cores, and embedded software used by original equipment manufacturers (OEMs) in digital audio and video products for commercial and consumer markets. The Company also provides complete, copy-ready system reference designs, based on proprietary technology, which help customers to produce commercial and consumer products more quickly and cost-effectively. Zoran's integrated circuits are used in a variety of products, including digital versatile disc (DVD) players, Super Video CD players, digital speakers and audio systems, filmless digital cameras, and professional and consumer video editing systems. Zoran was a stock inherited from the past fund that was sold immediately. However, we took a loss on the stock due to the price falling significantly before we could execute a sell order.

KEMET CORPORATION (KEM) *Purchase Price:* $31.625, 4/3/00
$25.625, 4/29/00
Sell Price: $24.75, 6/27/00

Kemet Corporation is a manufacturer of solid tantalum capacitors and a manufacturer of multilayer ceramic capacitors. A wide variety of electronic applications utilize Kemet capacitors, including include communication systems, data processing equipment, personal computers, cellular phones, automotive electronic systems and military and aerospace systems. Kemet utilizes a direct sales force to market its capacitors to a diverse and growing number of OEMs, electronic manufacturing service providers and electronics distributors.

KEM was an inherited stock from the past fund that we decided to invest more money in the stock. Our stop was hit over the summer, but upon reevaluation we decided to buy it back.

KNIGHT TRADING GROUP INC. (NITE) *Purchase Price:* $50.688, 4/3/00
$39.250, 4/12/00
Sell Price: $23.125, 1/24/01

Knight Trading Group Inc. is one of the leading market maker in Nasdaq securities and in the Third Market, which is the over-the-counter market in exchange-listed equity securities, primarily those listed on the New York Stock Exchange (NYSE) and the American Stock Exchange (AMEX). The Company has attained its leadership position as a market maker by providing best execution services to broker-dealer and institutional customers through its proprietary trading methodology and sophisticated trading systems. Through its wholly-owned subsidiary, Knight, the Company makes markets in approximately 7,500 equity securities in Nasdaq and on the NASD's OTC Bulletin Board. In addition, through the Company's wholly-owned subsidiary, Trimark, it makes markets in all NYSE- and AMEX-listed equity securities in the Third Market. Consistent with our guerilla theme, Knight Trading Group, was the dominant player in the market-making sector. Their market share was steadily increasing and their fundamentals were very strong. When the tech bubble burst and the selling erupted the market makers trading volume dried up. In addition, increased competition from such firms as Goldman, Sachs and Merrill Lynch make it harder for Knight to maintain rapidly growing EPS figures.

APPLIED MATERIALS, INC. (AMAT) *Purchase Price:* $96.50, 4/5/00
$98, 4/12/00
$97.75, 4/19/00
Sell Price: $72, 5/23/00

Applied Materials, Inc. develops, manufactures, markets and services semiconductor wafer fabrication equipment and related spare parts for the worldwide semiconductor industry. Many of Applied's products are single-wafer systems designed with two or more process chambers attached to a base platform. The platform feeds a wafer to each chamber, allowing the simultaneous processing of several wafers to enable high manufacturing productivity and precise control of the process. Applied has five major single-wafer, multi-chamber platforms: the Precision 5000, the Centura, the Endura, the Endura SL and the Producer. These platforms currently support chemical vapor deposition, physical vapor deposition, etch and rapid thermal processing technologies. Customers for the Company's products include semiconductor wafer manufacturers and semiconductor integrated circuit (or chip) manufacturers. Applied Materials was consistent with our gorilla theme, and the company was the industry leader among the semiconductors and one of the most easily recognizable names in the entire technology industry. We felt it was a blue chip and a name that people would not sell even with a downturn in the economy. After Nasdaq's high in March 2000, everything affiliated with technology got hit and we found out that even the big names were not immune from the sell off.

CITIGROUP, INC. (C) *Purchase Price:* $45.33, 5/30/00
Sell Price: $47.94, 11/29/00

Citigroup, Inc. is a diversified holding company whose businesses provide a broad range of financial services to consumer and corporate customers in 101 countries and territories. Services include banking, lending, and investment services. Citigroup's Global Corporate and Investment Bank Services provides corporations, governments, institutions, and investors with financial products and services. The company also provides asset management services to mutual funds, institutional, and individual investors, and personalized wealth management services for high net worth clients. Citigroup also has an Investment Activities segment, which includes the Company's venture capital activities and the realized investment gains and losses related to certain corporate- and insurance-related investments. The stock was initially purchased as a hedge against the volatility of the technology industries, and later sold for a gain.

APPLIED MATERIALS, INC. (AMAT) *Purchase Price:*$92.375, 6/26/00
Sell Price: $43.188,11/15/00

Applied Materials, Inc. develops, manufactures, markets and services semiconductor wafer fabrication equipment and related spare parts for the worldwide semiconductor industry. Many of Applied's products are single-wafer systems designed with two or more process chambers attached to a base platform. The platform feeds a wafer to each chamber, allowing the simultaneous processing of several wafers to enable high manufacturing productivity and precise control of the process. Applied has five major single-wafer, multi-chamber platforms: the Precision 5000, the Centura, the Endura, the Endura SL and the Producer. These platforms currently support chemical vapor deposition, physical vapor deposition, etch and rapid thermal processing technologies. Customers for the Company's products include semiconductor wafer manufacturers and semiconductor integrated circuit (or chip) manufacturers. We felt that there was a flight to quality and that Applied Materials had strong upside potential into the $120 price range. We felt the selling was overdone and that investors would leave the smaller semiconductor names in favor of names such as Applied Materials. The Bear wasn't ready to leave the Nasdaq alone, however, and the second half of 2000 proved to be two of the worst quarters ever seen for almost all of the technology names listed on the Nasdaq. Even the blue-chip technology names were sold off with great enthusiasm and Applied Materials was not immune.

DSP GROUP, INC. (DSPG) *Purchase Price*:$56, 7/10/00
$39.938, 9/13/00
Sell Price: $27.25, 11/15/00

DSP Group, Inc. develops and markets products and technologies that perform digital signal processing (DSP), which is the electronic manipulation of digitized speech and other digital signals. The Company's work in this field has yielded four synergetic product families: DSP-based Speech and Telephony Processor, a "system on a chip" that handles telephony functions and advanced speech algorithms; Cordless Telephony 900-Megahertz Digital Spread Spectrum Processor, a chip set that handles digital wireless communication along with telephony functions and advanced speech algorithms; DSP Cores, a family of processors that, when combined with other hardware elements such as memories and input/output devices, forms a chip that is most efficiently targeted for specific applications, and TrueSpeech, a family of proprietary speech compression algorithms. Although it was a slight deviation from our gorilla theme, we felt that this stock would provide us with some nice diversification. We saw enormous growth and profit potential within the digital signal processing (DSP) arena and recognized that DSPG was the market leader within their niche. We were also very impressed with the balance sheet and management effectiveness figures for the firm. At the time of the purchase, the company had a Return on Equity of nearly 40%. On the right hand side of the balance sheet we noticed the company had nearly zero debt, which we felt would favor the company in case of a downturn in the business cycle. After we purchased the stock the semiconductor industry was hit very badly. Being one of the smaller names within the industry, DSPG was one of the first names to bear the brunt. Realizing there was a mass exodus out of the stock we sold.

The E. Claiborne Robins School of Business

VALUE FUND

- THE 2000-2001 SPIDERFUND ANNUAL REPORT -

University of Richmond

VALUE FUND PHILOSOPHY

Our philosophy is based on the concept that market inefficiencies exist. Following this assumption, we identify industries that have trailed their respective benchmarks and that have been unjustly discounted by the market. Only industries characterized by strong fundamentals and increasing growth potential are considered. Although we generally recognize industry leaders as the most attractive companies in which to invest our funds, smaller players have provided attractive opportunities for price appreciation.

VALUE FUND STRATEGY

We utilize a top-down investment strategy to select the stocks contained in our portfolio. By periodically reviewing economic reports (as found in *The Wall Street Journal, First Call, Federal Reserve Bank publications, and Conference Board's BoardView*), we are able to identify leading macroeconomic trends and factors influencing general market conditions for the near-, intermediate and long-term. Key variables observed include interest rates, inflation, and leading economic indicators.

After synthesizing economic data, we identify industries that are unjustifiably underperforming the broader market. We use resources such as *S&P Industry Surveys*, *First Call, The Wall Street Journal*, and *CNBC market commentaries* to augment our industry research. The following criteria are applied to identify industry groups that are unfairly out of favor with current investors and display above-average potential for rebound: strong fundamentals, improving outlook, positive earnings, increasing demand, and management initiatives.

VALUE FUND TACTICS

After identifying undervalued industries, various stock-screening tools are used as an instrument to search for desirable companies within our chosen industries. Parameters that we stress include Price/Earnings ratio, Price-to-Sales ratio, EBITDA multiples, and earnings growth. Once we have generated a list of potential stocks, we further research the fundamental merits of the companies. Fundamental analysis involves looking at such factors as return on assets, return on equity, earnings trends, forecasted growth, price/earnings ratio, capital structure, and management quality. Following this research method, we make buy recommendations. If we decide to purchase the stock, we then establish our sell discipline. Taking into account analysts' valuations and resistance levels, we set a target exit price. In general, we decided that we were happy with a 25% return on most of our holdings and tended to sell our position when we reached that target.

A critical element of our managerial tasks is the constant evaluation of our holdings. This is done for two reasons: first, to make a hold/sell decision, and second, to ensure that each stock remains consistent with our philosophy. We use the *MSN Portfolio Manager* to continually monitor our holdings.

REALIZED GAINS/LOSSES

Security	Date	Shares	Price	Total Cost	Sale Date	Shares	Price	Total Sale	Div	Profit	Return
BDK	4/1/00	100	37.56	$ 3,756.30	4/10/00	100	38.31	$ 3,831.30	$ -	$ 75.00	**2.00%**
BKS	4/1/00	150	23.44	$ 3,515.70	4/10/00	150	20.63	$ 3,093.75	$ -	$ (421.95)	**-12.00%**
DUK	4/1/00	400	13.13	$ 5,250.00	4/10/00	400	13.02	$ 5,206.40	$ -	$ (43.60)	**-0.83%**
FRE	4/1/00	100	44.19	$ 4,418.80							
	4/19/00	100	46.44	$ 4,643.80	9/15/00	200	50.75	$ 10,150.00	$ 68.00	$ 1,155.40	**12.75%**
				$ 9,062.60							
LLY	4/1/00	100	62.63	$ 6,262.50							
	4/19/00	100	74.25	$ 7,425.00	6/14/00	200	81.44	$ 16,287.60	$ -	$ 2,600.10	**19.00%**
				$ 13,687.50							
BAC	4/1/00	100	52.44	$ 5,243.80	9/12/00	50	55.94	$ 2,796.90			
	4/19/00	100	50.06	$ 5,006.30	12/12/00	150	43.31	$ 6,496.95			
				$ 10,250.10				$ 9,293.85	$ 284.00	$ (672.25)	**-6.56%**
T	4/1/00	100	56.31	$ 5,631.30							
	4/19/00	50	51.81	$ 2,590.65	5/9/00	150	40.50	$ 6,075.00	$ -	$ (2,146.95)	**-26.11%**
				$ 8,221.95							
ETH	4/1/00	100	25.00	$ 2,500.00							
	4/10/00	100	25.13	$ 2,512.50							
	4/19/00	50	26.88	$ 1,343.75	6/23/00	250	22.50	$ 5,625.00	$ 14.00	$ (717.25)	**-11.28%**
				$ 6,356.25							
GP	4/1/00	150	39.56	$ 5,934.45	6/12/00	150	28.50	$ 4,275.00	$ -	$ (1,659.45)	**-27.96%**
CAH	4/1/00	80	45.88	$ 3,670.00							
	4/10/00	20	48.06	$ 961.26							
	4/19/00	100	49.69	$ 4,968.80	5/15/00	200	60.25	$ 12,050.00	$ -	$ 2,449.94	**25.52%**
				$ 9,600.06							
TEX	4/1/00	200	14.38	$ 2,875.00							
	4/10/00	150	14.63	$ 2,193.75							
	4/19/00	150	13.31	$ 1,996.95	8/23/00	500	18.75	$ 9,375.00	$ -	$ 2,309.30	**32.68%**
				$ 7,065.70							
ANF	4/10/00	250	13.94	$ 3,484.50	5/16/00	250	9.44	$ 2,359.50		$ (1,125.00)	**-32.29%**
SGP	4/14/00	100	41.63	$ 4,162.50							
	4/19/00	100	40.50	$ 4,050.00	10/10/00	200	47.75	$ 9,550.00	$ 56.00	$ 1,393.50	**16.97%**
				$ 8,212.50							
ALLC	4/14/00	250	17.31	$ 4,328.00							
	4/19/00	150	17.38	$ 2,606.25	11/3/00	400	20.50	$ 8,200.00	$ 364.00	$ 1,629.75	**23.50%**
				$ 6,934.25							
CGO	4/1/00	200	27.38	$ 5,475.00							
	4/19/00	75	28.13	$ 2,109.38	5/9/00	275	35.50	$ 9,762.50	$ -	$ 2,178.13	**28.72%**
				$ 7,584.38							
WCOM	4/1/00	100	45.31	$ 4,531.30							
	4/19/00	150	41.38	$ 6,206.25	8/11/00	250	33.00	$ 8,250.00	$ -	$ (2,487.55)	**-23.17%**
				$ 10,737.55							

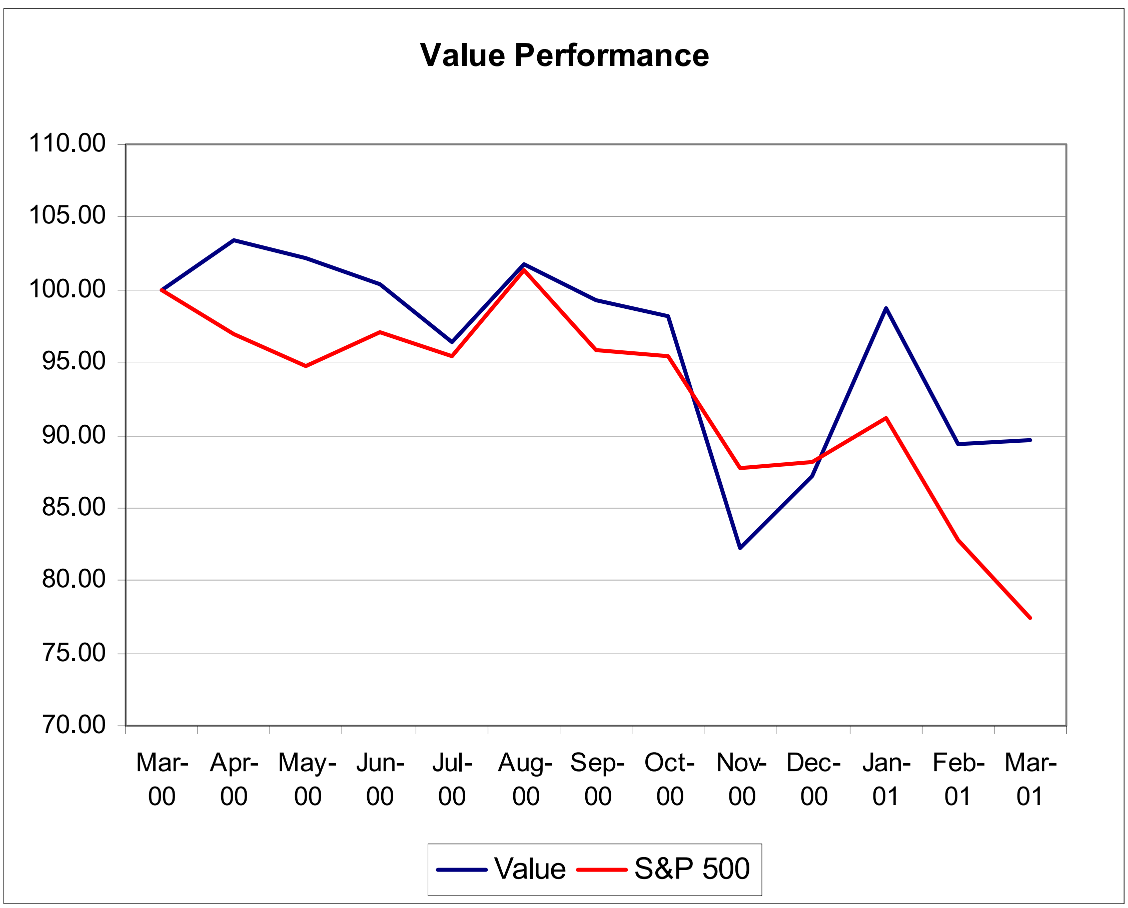
RARE	7/19/00	450	17.75	$ 7,987.50							
	9/12/00	50	18.44	$ 921.90	10/3/00	500	22.75	$ 11,375.00	$ -	$ 2,465.60	**27.67%**
				$ 8,909.40							
ITW	9/12/00	150	55.06	$ 8,259.45	1/30/01	150	64.73	$ 9,709.50	$ 60.00	$ 1,510.05	**18.28%**
LOW	9/19/00	175	49.38	$ 8,640.63	2/13/01	175	63.98	$ 11,196.50	$ 12.26	$ 2,568.14	**29.72%**
COST	9/26/00	225	34.06	$ 7,664.18	1/16/01	225	43.50	$ 9,787.50	$ -	$ 2,123.33	**27.70%**
FO	10/3/00	300	26.44	$ 7,931.40	1/4/01	300	30.75	$ 9,225.00	$ 144.00	$ 1,437.60	**18.13%**
BBY	11/3/00	150	54.69	$ 8,203.20	12/18/00	150	25.50	$ 3,825.00	$ -	$ (4,378.20)	**-53.37%**
BGP	12/18/00	500	12.63	$ 6,312.50	3/6/01	500	16.10	$ 8,050.00	$ -	$ 1,737.50	**27.52%**
										$ 12,371.68	

UNREALIZED GAINS/LOSSES (as of 3/31/01)

Security	Date	Shares	Price	Total Cost	Shares	Price	Total Sale	Div	Profit	Return
A	2/6/01	175	50.45	$ 8,828.75	175	30.73	$ 5,377.75	$ -	$ (3,451.00)	**-39.09%**
CGO	1/30/01	250	35.48	$ 8,870.00	250	28.15	$ 7,037.50	$ -	$ (1,832.50)	**-20.66%**
AVX	7/19/00	300	26.75	$ 8,025.00	300	17.26	$ 5,178.00	$ 42.00	$ (2,805.00)	**-34.95%**
D	11/14/00	125	59.63	$ 7,453.13	125	64.47	$ 8,058.75	$ 161.26	$ 766.89	**10.29%**
CMB	11/5/00	175	45.56	$ 7,973.53	175	44.90	$ 7,857.50	$ 112.00	$ (4.03)	**-0.05%**
NSM	6/27/00	150	62.00	$ 9,300.00						
	9/12/00	50	46.25	$ 2,312.50	200	26.75	$ 5,350.00	$ -	$ (6,262.50)	**-53.93%**
				$ 11,612.50						
NOK	2/20/01	300	25.88	$ 7,764.00	300	24.00	$ 7,200.00	$ -	$ (564.00)	**-7.26%**
SFP	5/30/00	250	31.44	$ 7,859.50	250	15.20	$ 3,800.00	$ -	$ (4,059.50)	**-51.65%**
SGP	3/6/01	200	38.75	$ 7,750.00	200	36.53	$ 7,306.00	$ -	$ (444.00)	**-5.73%**
TYC	3/20/01	200	45.57	$ 9,114.00	200	43.23	$ 8,646.00	$ -	$ (468.00)	**-5.13%**
TXT	4/1/00	100	60.88	$ 6,087.50						
	4/19/00	50	56.69	$ 2,834.40	150	56.84	$ 8,526.00	$ 195.00	$ (200.90)	**-2.25%**
				$ 8,921.90						
VZ	10/3/00	125	47.69	$ 5,960.88						
	2/6/01	50	52.94	$ 2,647.00	175	49.30	$ 8,627.50	$ 144.39	$ 164.01	**1.91%**
				$ 8,607.88						
WCOM	10/3/00	200	29.38	$ 5,875.00	200	18.69	$ 3,738.00	$ -	$ (2,137.00)	**-36.37%**
ZLC	5/30/00	200	38.94	$ 7,787.60						
	9/12/00	50	36.88	$ 1,843.75	250	29.00	$ 7,250.00	$ -	$ (2,381.35)	**-24.72%**
				$ 9,631.35						
									$ (23,678.88)	

MONTHLY BALANCES

Date	Cash	Equity Value	Total Account Value	Monthly Change
Beginning Balance	$42,006.08	$ 76,601.24	$ 118,607.32	
April	$ 1,624.62	$ 120,960.92	$ 122,585.54	3.35%
May	$16,354.34	$ 104,746.87	$ 121,101.21	-1.21%
June	$33,713.20	$ 85,309.37	$ 119,022.57	-1.72%
July	$17,498.92	$ 96,818.74	$ 114,317.66	-3.95%
August	$36,169.38	$ 84,559.37	$ 120,728.75	5.61%
September	$18,995.33	$ 98,714.04	$ 117,709.37	-2.50%
October	$20,069.12	$ 96,378.10	$ 116,447.22	-1.07%
November	$ 4,784.21	$ 92,724.96	$ 97,509.17	-16.26%
December	$ 9,080.22	$ 94,306.22	$ 103,386.44	6.03%
January	$28,829.64	$ 88,191.25	$ 117,020.89	13.19%
February	$ 9,818.25	$ 96,171.00	$ 105,989.25	-9.43%
March	$12,409.23	$ 93,951.77	$ 106,361.00	0.35%
			Total Return	**-10.33%**



INDUSTRY OVERVIEW

AIR FREIGHT *(Atlas Air)*

Given the nature of manufacturing and product distribution in today's companies, the air freight will always be relied upon to provide its services. Nonetheless, basic economic conditions have a dramatic effect upon the level of demand for freight services as well as the costs associated with operating an active fleet of airlines. Globally, the revitalized Asian economy bodes well for future prospects and growth by industry members. Given the economic uncertainty as 2001 approaches, this industry appears to be somewhat of an uncertainty in terms of investment prospects. However, Atlas Air fulfills a unique niche within the industry that differentiates and distances itself from other members of the industry. Atlas does not provide a full line of freight services rather they provide aircraft, via long-term leases, to other carriers for use in freight transportation. Therefore, Atlas Air needs to be looked at differently than others in the industry when considering future prospects and pricing information.

Looking forward, this industry represents somewhat of a mixed bag. The short-term out look is cloudy due to continued domestic economic troubles. This industry is attractive in the long-term because of the discount that many of its members are trading at. A majority of companies are trading at P/E's that are near five-year lows. Also adding to long-term attractiveness is the prospect of future growth in freight due to increased manufacturing and the overall globalization of businesses. Five-year sales growth numbers for industry fall in the lower teens, very high numbers for a mature industry.

CONGLOMERATES *(Tyco, Textron)*

In April 2000, there was an extremely positive outlook for these companies, which is why we kept Textron, which we inherited from the previous fund. Fundamentals for such industries as aerospace, electronics, and chemicals were all strong or strengthening. This positive outlook was given, even after 125 basis points of Fed tightening. In September 2000, the outlook was much the same with the above industries having positive outlooks, while automotive and construction industries faced a slow down.

Currently, this industry could see a major catalyst in the proposed FASB changes that could increase the reported EPS for many of these companies due to the change in goodwill. This rule change will also increase the number of acquisitions in the industry, although Tyco is currently involved in an acquisition. Because these companies are highly diversified, they are an excellent holding amidst questionable market conditions, which is the reason we continue to hold them in our portfolio.

FINANCIAL SERVICES *(JP Morgan Chase)*

At the beginning of our management tenure, we felt that financial stocks were significantly undervalued. Due to the Federal Reserve's bias towards tightening many financial stocks had suffered, falling to multiyear lows. As the economy began to show signs of slowing, we believed that the Federal Reserve would begin to loosen interest rates, which should have positively benefited financial companies. The only worries that we had for financials were the quality of their debt holdings, which had grown risky in some banks, as lending standards had become too lax.

With the Federal Reserve continuing to aggressively cut rates through March, we remain bullish on financial firms. While debt holdings still remain a worry, many firms have already gone ahead and marked down their values against earnings. We have chosen to concentrate our financial holdings among diversified financials with many streams of income, to limit downside risk.

HOUSEHOLD APPLIANCES *(Salton)*

Our analysis of the household appliances industry led us to believe that sales of these goods would continue to benefit from a strong housing market. Since purchases of new appliances are so tied to the movement of families from one house to another, it was clear that this was a sector whose earnings would outperform the general market, although market valuations did not put a similar premium on these stocks.

With home sales continuing to outperform, both in new and older home sales, it is not unreasonable to believe that the household appliances industry will continue to benefit. Even in the face of a possible recession, confidence has not dried up. While we are cautiously monitoring for the first signs of weakness, we continue to hold household appliance shares.

PHARMACEUTICALS *(Schering-Plough)*

The pharmaceuticals industry has persisted as one of the healthiest and most profitable industries in the United States. The industry has thrived on the development of premium-priced breakthroughs in therapies that open up new markets. The overall drug discovery process is undergoing some changes, with the help of advancements in biomedical sciences. Pharmaceutical companies are currently researching thousands of new compounds to treat prevalent diseases such as cancer, heart disease, and AIDS. Also, there is a strong pipeline of new drugs that are being developed to cure various other diseases.

There were also some political risks involved during the elections, but with Bush in the Oval office and the split in the Senate these risks have receded. Recently there have been some concerns about the increasing price pressure from HMOs as their power increases. Also many of the companies face patent expirations on their drugs. However, significant advancements in medical sciences and biotechnology and a more industry-friendly FDA should keep this trend of more discoveries and approvals in the future. The elderly segment of the population should continue to grow, thus providing increasing demand for pharmaceuticals. Sales over the next five years are expected to grow at 8.1% rate. The pharmaceutical industry remains one of the healthiest and highest margined industries in the country. Its resistance to recessions adds to its attractiveness.

SEMICONDUCTORS *(National Semiconductor)*

This industry has a rapid pace of change, driven by fierce competition and ongoing technological improvements. The industry has experienced strong revenue growth and relatively high levels of profitability in the past few years. Global sales in 2000 are expected to reach levels of $200 billion, showing a growth of 30% or more from last year. Worldwide sales are expected to reach $310 billion by the year 2003. Although the PC market is still the foundation for this industry, the communications industry is becoming a very important factor for growth. Communication related end-markets are expected to account for 22% of semiconductor consumption in 2000, up from 16% in 1998.

The semiconductor industry has shown has experienced a sharp slowdown recently. However since this is a very cyclical industry and as the companies get rid of their excess inventory, we believe the industry will pick up and continue its tremendous growth, especially in the non-PC segment. Strong demand trends and a favorable pricing environment should facilitate growth through the next few years. At current valuations the stocks are very cheap and look very attractive.

SPECIALTY RETAIL *(Zales)*

In the first half of 2000, this industry enjoyed increased consumer spending which led to an increase in both sales and earnings growth. However, as the Fed's tightening took effect, the economy saw a slow down along with a decrease in consumer spending and consumer confidence. This led to a slowdown in revenues for specialty retail stores. In an effort to jump-start the weakening economy, the Federal Reserve lowered interest rates by 150 basis points from January to March 2001.

Retailers have clearly felt the impact of a slowing economy and deteriorating consumer confidence on their bottom line, but not to the extent of some other economically sensitive sectors. Zales remains a solid franchise in an unconsolidated industry with a proven management. Zales is a first tier franchise in terms of competitive positioning as well as its strategy for recovery.

TECHNICAL INSTRUMENTS *(Agilent)*

This industry is comprised of a variety of companies that serve a variety of different functions. The industry is dominated by Agilent Technologies and therefore, it is most appropriate to analyze the industry based upon the future outlook for Agilent. The industry has recently fallen upon hard times due to a series of earnings misses by many of the industry's clients. Fifty-seven percent of Agilent's business is dedicated to the testing of fiber optic and semiconductor components. The slowing demand for both semis and optics has caused a significant decrease in value. Earnings within the industry have dropped along with those of its clients. These short-term woes may seem numerous, but over the long-term, new technological and process innovations continue to spur demand for newer, more advanced tools. The creation of these tools is where this industry will experience growth. Agilent also does a substantial amount of testing for the pharmaceutical industry, which is more resilient in the face of a sagging economy. This work will help serve as a buffer that will allow the Company to persevere the current troubles in the tech sector. At current levels, this industry is truly a "value" because of the low prices and long-term time horizon.

The current outlook for this industry is slightly worse than before. The recent state of the NASDAQ has left many wondering about the future of the tech market. However, Agilent remains well positioned to become profitable when the semiconductors and fiber optical companies return to profitability. This industry is still trading at a discount when compared to previous levels. Many of the pharmaceutical companies are investing heavily in their drug development efforts in an attempt to replace many drugs that are losing patent protection over the next few years. This will result in an increase in this type of business for the industry. Also, as environmental standards become more and more strict, more "Old Economy" companies will require instruments in order to comply with the regulations. So, although the industry is currently down due to the fall of the tech sector, growth prospects are high amongst both tech and traditional industries.

TELECOMMUNICATIONS-WIRELESS *(WorldCom, Nokia, Verizon)*

Earlier in 2000, although there were negative sentiments about the wireless telecom industry, there was a feeling in the market that the industry had reached a bottom. It was believed that there was an overreaction to revenue and EPS misses priced in to the current market prices. Demand for wireless products and services grew 33% in the year 2000, leading us to believe that there were significant value opportunities among the top players.

Currently, the telecom sector is facing some difficulties that will continue to haunt the industry in the short term. Across the industry, there is revenue and volume growth slowing among the competition. However, the three stocks that we have chosen, WCOM, VZ and NOK, are each industry leaders. Because of this, and their solid fundamentals, we believe that these stocks are very good long term value plays.

UTILITIES *(Dominion)*

With the U.S. and global economies possibly heading towards recession, the Utilities industry has been a good defensive play. Due to a rotation out of high technology and cyclical stocks, counter-cyclicals, including utilities, have benefited positively from this slowdown. Because of this flow of money into utilities, the Dow Jones Utility Index is near an all time high. In addition, shortages of energy and electricity has benefited many integrated utilities, allowing them to aggressively raise prices for both natural gas and power, and improve their earnings.

As long as there are recessionary worries for the global economy, we will remain bullish on utilities as a defensive industry. Fundamentally, utilities will continue to perform well, increasing revenue and earnings as energy prices remain high and energy consumption continues to increase.

I. VALUE FUND CURRENT HOLDINGS

AGILENT TECHNOLOGIES, INC.

NYSE: A

3/30/01 Close:	$30.73
Purchase Price:	$50.45
Purchase Date:	2/6/01
52-Wk. Range:	$29.60-125.00

Target Price:	$63
1 year Earnings Growth:	22%
# Shares Outstanding:	456.8 mil
Market Cap:	$23.045 bil

Company Description:

Agilent Technologies, Inc. is a global diversified technology company that provides enabling solutions to high growth markets within the communications, electronics, healthcare and life sciences industries. Agilent provides fiber optic communications devices and assemblies, integrated circuits for wireless applications, application-specific integrated circuits, optoelectronics and image sensors. Agilent also provides patient monitoring, ultrasound imaging, cardiology products and systems and related services and supplies. In addition, Agilent provides analytical instruments, systems and services for chromatography, spectroscopy and bio-instrumentation.

Financial Statistics:

	1995	1996	1997	1998	1999	2000A	2000E	2001E
EPS $	-	-	-	0.68	1.35	1.83	1.33	2.15
P/E Ratio	-	-	-	N/A	N/A	22	43	25.2

Reasons For Purchase:

- At a price of $50, Agilent is 60% off its 52-week high of $125. The company is currently negotiating a deal to sell its healthcare unit to Philips Electric, which will immediately strengthen the company's financials. Philips is expected to pay a high premium for the unit. The 12-month price target for Agilent is $80.
- Agilent is a highly diversified technology company, which we believe will help maintain its financial strength through this questionable market period.

Potential Risks:

- Weakening of the wireless/semiconductor test sector could have a negative impact on Agilent. However, Agilent is the industry leader and is gaining market share in this industry.
- An overall weakening of the technology sector poses some significant risks to Agilent in the short term.

ATLAS AIR WORLDWIDE

NYSE: CGO

3/30/01 Close:	$28.15
Purchase Price:	$35.48
Purchase Date:	01/30/01
52-Wk. Range:	$25.25 – 46.125

Target Price:	$46
1 year Earnings Growth:	30.5%
# Shares Outstanding:	38.2 mil
Market Cap:	$1,030 mil

Company Description:

The world's largest air cargo outsourcer, with an all Stage 3 FAA noise regulation compliant fleet of Boeing 747 freighter aircraft; provides reliable airport-to-airport cargo transportation services throughout the world to major international air-carriers. The company offers airlines a way to expand their participation in the air cargo market without making costly investments in additional aircraft capacity.

Financial Statistics:

	1995	**1996**	**1997**	**1998**	**1999**	**2000A**	**2000E**	**2001E**
EPS $	0.71	1.15	0.20	1.37	1.77	2.31	2.28	2.65
P/E Ratio	49.97	30.85	NM	25.9	20.04	15.36	15.56	13.39

Reasons For Purchase:

- Stock has been beaten down recently due to the untimely death of its CEO. However the outlook for the company remains strong and there are no changes to the fundamentals. The problems that may arise from the death of the CEO have been compensated for with the drop in the stock price. Therefore this represents a strong buying opportunity.
- Atlas Air is the established leader in freighter aircraft leasing and is expected to grow at a double-digit rate for many years to come. Therefore at current valuations, it appears to be a great bargain.
- Its business model passes most economic risk and 100% risk of rising oil prices to its customers. Therefore it is not susceptible to changes in oil prices making it less risky.
- Its global business makes it less susceptible to recessions in the US. Also Atlas Air's position in the global industry makes it very strong player. Increasing international trade will definitely benefit the company as that will lead to an increase in demand for air-freight

Potential Risks:

- As capacity for airfreight keeps on increasing, this could potentially lead to over supply in the industry. This could cause decrease in margins and affect profits.
- The marketplace is expected to evolve overtime as many companies imitate Atlas Airs successful business model. If Atlas Air is not able to effectively compete with that threat they could lose their unique position in the industry.
- A full-fledged global recession would adversely affect the company as demand for airfreight would decrease.

AVX CORPORATION

NYSE: AVX

3/30/01 Close:	$17.26
Purchase Price:	$26.75
Purchase Date:	7/19/00
52-Wk. Range:	$15.125 – 50

Target Price:	$34
1 year Earnings Growth:	365.9%
# Shares Outstanding:	174.7 mil
Market Cap:	$3.18 bil

Company Description:

AVX Corporation manufactures a broad line of passive electronic components and related products. AVX's passive electronic components include ceramic and tantalum capacitors, film capacitors, ferrites, varistors and non-linear resistors, which virtually all types of electronic devices use to store, filter or regulate electric energy. The Company's customers are multi-national original equipment manufacturers and contract equipment manufacturers.

Financial Statistics:

	1995	1996	1997	1998	1999	2000A	2000E	2001E
EPS $	0.43	0.79	0.98	0.77	**0.24**	0.90		
P/E Ratio	18.5	11	19	38.5	**17.5**			

Reasons For Purchase:

- The valuation of less than 10 time trailing earnings is extremely low given the growth prospects of AVX and its position as the market leader in passive electronic components.
- AVX is the clear leader in the passive electronics market with a majority of the market share. Given that and the fact that capacitors are essential for manufacturing electronic equipment, they will clearly see the benefits of long-term worldwide economic growth

Potential Risks:

- A domestic or global economic slowdown would definitely put a crimp in AVX's growth prospects in the near term. With their product mix being oriented more towards supplying technology manufacturing firms, they would be one of the first to feel orders cut.

DOMINION RESOURCES

NYSE: D

3/30/01 Close:	$64.47
Purchase Price:	$59.625
Purchase Date:	11/14/00
52-Wk. Range:	$36.69- 68

Target Price:	$70
1 year Earnings Growth:	27%
# Shares Outstanding:	16.85 mil
Market Cap:	$591.85 mil

Company Description:

Dominion Resources, Inc. is a diversified utility holding company. Its principal subsidiaries are Virginia Power, a regulated public utility engaged in the generation, transmission, distribution and sale of electric energy in Virginia and northeastern North Carolina, and Consolidated Natural Gas Company, a producer, transporter, distributor and retail marketer of natural gas serving customers in Pennsylvania, Ohio, Virginia, West Virginia, New York and other cities focused in the Northeast and Mid-Atlantic regions of the United States. Its other major subsidiaries are Dominion Energy, Inc., its independent power and natural gas subsidiary, and Dominion Capital, Inc., its diversified financial services company. The Company also owns and operates a 365 Mw natural gas fired generating facility in the United Kingdom.

Financial Statistics:

	1995	1996	1997	1998	1999	2000A	2000E	2001E
EPS $	2.80	2.88	3.00	2.75	3.01	3.33	3.30	4.35
P/E Ratio	16.0	15.2	15.4	14.8	13.5	18.3	17.3	14.0

Reasons For Purchase:

- The recent merger with Consolidated Natural Gas (CNG) has Dominion well positioned to meet the growing demand in both the energy and gas markets. The synergies from the merger will also provide room for future growth.
- This recent investment into natural gas will prove to be profitable due to high fuel costs and the need for heat throughout the winter season in the Northeast U.S.
- Although the company is trading near the upper-end of its 52-week range its significant earnings growth has led it to still only be trading at 14x 2001 earnings.

Potential Risks:

- As with any merger, it is possible that Dominion will have trouble integrating CNG into its current structure. This could delay the profitable synergies likely to be realized as a result of the merger.

J. P. MORGAN CHASE & CO.

NYSE: CMB

3/30/01 Close:	$44.90
Purchase Price:	$45.56
Purchase Date:	11/5/00
52-Wk. Range:	$37.87 – 65.69

Target Price:	$57
1 year Earnings Growth:	21.2%
# Shares Outstanding:	1.90 bil
Market Cap:	$81.0 bil

Company Description:

J. P. Morgan Chase & Co. is a global financial services company, operating in retail banking, investment banking, and investing services in over 60 nations. The Company has assets in excess of $705 billion, and serves 32 million consumer customers in the United States, over 5,000 corporate, institutional, and government clients worldwide. The firm was formed in January 2001, by the merger of Chase Manhattan Bank and J. P. Morgan & Co.

Financial Statistics:

	1995	1996	1997	1998	1999	2000A	2000E	2001E
EPS $				**3.01**	**4.15**	3.24	**3.52**	**4.24**
P/E Ratio				15.13	**10.98**	14.06	12.94	10.75

Reasons For Purchase:

- After the announced merger with J. P. Morgan, Chase Manhattan was severely undervalued compared to its new investment banking peers. The combined J. P. Morgan Chase will be a major franchise, bringing together J. P. Morgan's expertise in Equities and M&A Advisory with Chase's knowledge of Fixed Income and retail banking.
- At these prices, Chase Manhattan's $1.28 dividend looks very attractive, giving nearly a 3% return.

Potential Risks:

- A downturn in the national and/or global economies could hurt the company as losses pile up in the loan portfolios. An economic downturn would also affect the company's capital market fee revenue, as companies are hesitant to issue new debt and equity.

NATIONAL SEMICONDUCTOR

NYSE: NSM

3/30/01 Close:	$26.75
Purchase Price:	$58.06
Purchase Date(s):	6/27/00,9/12/00
52-Wk. Range:	$17.12- 85.93

Target Price:	$75
1 year Earnings Growth:	7.5%
# Shares Outstanding:	174 mil
Market Cap:	$4.41 bil

Company Description:

National Semiconductor Corporation designs, develops, manufactures and markets semiconductor products, including microprocessors for the personal computer industry, and analog, mixed-signal and other integrated circuits for applications in a variety of markets including the information appliances, personal systems, wireless communications, flat-panel and CRT display, power management, local and wide area networks, automotive, consumer and military aerospace markets. The Company is organized by various product line business units that are grouped to form three operating segments, which include the Analog Group, the Information Appliance Group and the Network Products Group.

Financial Statistics:

	1995	**1996**	**1997**	**1998**	**1999**	**2000A**	**2000E**	**2001E**
EPS $	1.06	1.35	.01	**(.60)**	**(6.04)**	3.58	**3.53**	**1.77**
P/E Ratio	25.1	14.0	-	-	**-**	40.6	42.1	22.0

Reasons For Purchase:

- NSM's business model is currently providing a competitive advantage over many of its competitors. Its gross and operating margins increased by 3% and 3.8% respectively during the last quarter.
- NSM's orders have increased by 40% during the last year and this order growth will lead to a revenue increase of 30% for the remained of the year.
- NSM is trading at a significant discount (nearly 45%) when compared to its competitors ADI and STM. This discount combined with the impressive growth numbers makes this an attractive investment.

Potential Risks:

- The demand for NSM's conductors is contingent upon the demand for products in which they are necessary (see above) and if those markets experience troubles, NSM's profits and revenues will suffer.
- The market for technical stocks has been very volatile and this investment could be subject to more significant gains and/or losses than other value holdings.

NOKIA CORPORATION

NYSE: NOK

3/30/01 Close:	$24
Purchase Price:	$25.88
Purchase Date:	2/20/01
52-Wk. Range:	$20.55-62.50

Target Price:	$32
1 year Earnings Growth:	22.2%
# Shares Outstanding:	4.67 bil
Market Cap:	$121 bil

Company Description:

Nokia Corporation is a mobile phone manufacturer and a supplier of mobile, fixed and Internet Protocol networks and related services as well as multimedia terminals. In 1999, Nokia's operating groups consisted of Nokia Networks, Nokia Mobile Phones and Other Operations. In 1999, Nokia supplied its products in over 130 countries. The Company's core businesses include the development, manufacture and delivery of operator-driven infrastructure solutions and end-user-driven mobile phones.

Financial Statistics:

	1995	1996	1997	1998	1999	2000A	2000E	2001E
EPS $	-	$0.16	$0.26	$0.42	$0.55	$0.73	$0.73	$0.84
P/E Ratio	-	360	267	286	347	61	74.9	36.2

Reasons For Purchase:

- Nokia's handset sales volume has outperformed the competition and the industry consistently over the past four years. This trend is scheduled to continue, and currently Nokia holds 36.1% of the market share for wireless handset sales.
- Nokia has made or come in higher than earnings estimates every quarter for the past four quarters in a time when these numbers are not achieved by many competitors.

Potential Risks:

- Nokia is a Finnish company whose financial statements, revenues and earnings are all reported in Euros. Much of their income is generated in Euros as well. Because of this, and the relative strength of the dollar to the Euro, there is a slight chance of currency exchange risk with this company.
- There is an excess of inventory in the mobile phone industry, which could hurt Nokia in the short term, but there is no long term threat.

SALTON, INC.

NYSE: SFP

3/30/01 Close:	$15.20
Purchase Price:	$31.44
Purchase Date:	4/1/00
52-Wk. Range:	$15 – 49.81

Target Price:	$39
1 year Earnings Growth:	-18.9%
# Shares Outstanding:	11.9 mil
Market Cap:	$190.5 mil

Company Description:

Salton, Inc. designs, markets, manufactures and distributes branded kitchen appliances and personal care products. Some of Salton's appliances include indoor grills, toasters, juice extractors, bread makers, waffle makers, and hotplates. The Company predominantly sells its products domestically to mass merchandisers, department stores, specialty stores and mail order catalogs.

Financial Statistics:

	1995	**1996**	**1997**	**1998**	**1999**	**2000A**	**2000E**	**2001E**
EPS $	0.07	.46	.22	**0.99**	**2.37**	5.91	**5.93**	4.84
P/E Ratio	27	7.5	22.5	11	**11.5**	6.5	7.8	3.3

Reasons For Purchase:

- Valuation, as shown by the P/E ratio, is very low relative to the rest of the market as the company trades at only 3.4 times current years earnings, as compared to 20.1 for the S&P 500 and 8.1 for the Appliance industry .
- The company has demonstrated many years of high earnings growth, and we assume that with new product innovations, growth will continue for years to come. Consistent sales of mature products generate a significant amount of cash for R&D of new and improved products.
- The company plans to launch its newly developed "Ultravection" oven in 2001, which claims to cook food in up to 50% less time than conventional ovens. This new product should be a significant new revenue stream.

Potential Risks:

- Sales of George Foreman grill products may be at a peak and be stabilizing, decreasing one source of revenue growth.
- The new Ultravection oven is a new, revolutionary product, with no guarantee that it can capture a significant amount of market share from conventional oven manufacturers.

SCHERING-PLOUGH CORP.

NASDAQ: SGP

3/30/01 Close:	$36.53
Purchase Price:	$38.75
Purchase Date:	3/16/01
52-Wk. Range:	$38.53-$60

Target Price:	$48
1 year Earnings Growth:	15%
# Shares Outstanding:	1.46 bil
Market Cap:	$51.5 bil

Company Description:
Schering-Plough Corporation is a holding company that, through its subsidiaries, is engaged in the discovery, development, manufacturing and marketing of pharmaceutical products worldwide. The Company has three principal product lines. The Company's prescription products include allergy/respiratory, anti-infective and anticancer, dermatologicals, cardiovasculars, and other pharmaceuticals products. The Company's animal health products include antimicrobials, parasiticides, non- steroidal anti-inflammatory, and a broad range of vaccines for many species. Third is the Company's foot care, OTC and sun care products. These products are sold under various brand names worldwide.

Financial Statistics:

	1995	1996	1997	1998	1999	2000A	2000E	2001E
EPS $	0.71	0.82	0.97	**1.18**	**1.42**	1.64	**1.65**	**1.65**
P/E Ratio	16.5	18.5	24.5	37.5	**35.5**	28	23	22.4

Reasons For Purchase:
- Schering-Plough is selling at a discount to other pharmaceutical companies.
- The patent for Claritin may be running out, but the company is prepared to introduce a new drug, Clarinex, to produce new sales.
- Clarinex is expected to begin being sold in Europe, and should be approved soon in the US, so sales can begin in the US as well.
- The company has had some manufacturing difficulties, but the general belief is that their problems have been priced in and the company is prepared for a turn-around.
- The manufacturing problems that the company is having are typical of the drug industry and can be taken care of in the next few months. The stock price has been unfairly beaten down from these problems, and they will not have the impact people think they might.

Potential Risks:
- There could be a delay approving Clarinex in the US, or it could not be approved at all, which could threaten US sales.
- There could be additional downside risk as the result of the plant problems.
- Production problems and plant shutdowns could be more serious than originally thought and could threaten the company's revenues.

TEXTRON INC.

NYSE: TXT

3/30/01 Close:	$56.84
Purchase Price:	$60.875
Purchase Date:	04/01/00
52-Wk. Range:	$40.68 – 66.25

Target Price:	$75
1 year Earnings Growth:	13%
# Shares Outstanding:	142.2 mil
Market Cap:	$8,100 mil

Company Description:
Textron manufactures helicopters, aircraft, utility vehicles, automotive products, fastening systems, golf and turf care equipment, fluid and power systems, and industrial components.

Textron also provides consumer and commercial finance and insurance services related to consumer finance.

Financial Statistics:

	1995	1996	1997	1998	1999	2000A	2000E	2001E
EPS $	2.40	2.81	3.29	2.68	4.05	4.58	**4.65**	**4.75**
P/E Ratio	25.36	21.66	18.5	22.71	15.03	13.3	**13.10**	**12.82**

Reasons For Purchase:

- Continued strength in its Aircraft, Industrial and Financial Sector gives it a positive outlook for the rest of the year. The majority of Textron's businesses are positioned well to take advantage of the solid market fundamentals.
- Textron has become increasingly undervalued. At an estimated forward P/E ratio of 12.82 for the year 2001, which is the low end of its forward range seen in recent years, it represents an excellent opportunity to buy. Multiple expansion is expected as the end market improves.
- The management has shown its ability to drive growth over the long term. It has shown 10 years of consecutive quarter over quarter earnings increases. This strength shown by the management makes it very attractive. Also its diversification into different sectors makes it less susceptible to economic recessions that other deep cyclical companies.

Potential Risks:

- Significant risks remains in the automotive sector as it could be affected negatively by a potential downturn in auto production in 2000.
- Although not all the sectors are exposed to economic downturns, Textron's automotive, industrial and fastener segments could be significantly affected if the economy turns downwards.
- Acceleration of business-to-business e-commerce could put downward pressure on selling prices for many of Textron's offerings. If manufacturers increasingly use Internet-based auctions to buy parts from suppliers, this would negatively affect many of Textron's segment.
- Increased competition and possible softening in the markets in Textron's Aircraft segment could have significant impact on company earnings.

TYCO INTERNATIONAL

NYSE: TYC

3/30/01 Close:	$43.23
Purchase Price:	$45.57
Purchase Date:	3/20/01
52-Wk. Range:	$41.00-63.21

Target Price:	$60
1 year Earnings Growth:	26.5%
# Shares Outstanding:	1.75 bil
Market Cap:	$77 bil

Company Description:

Tyco International Ltd. is a diversified manufacturing and service company. Through its subsidiaries, Tyco designs, manufactures and distributes electrical and electronic components and multi-layer printed circuit boards; designs, engineers, manufactures, installs, operates and maintains undersea cable communications systems; designs, manufactures and distributes disposable medical supplies and other specialty products; designs, manufactures, installs and services fire detection and suppression systems and installs, monitors and maintains electronic security systems; and designs, manufactures and distributes flow control products and provides environmental consulting services.

Financial Statistics:

	1995	1996	1997	1998	1999	2000A	2000E	2001E
EPS $	0.15	0.22	0.66	0.86	1.53	2.18	2.15	2.75
P/E Ratio	-	-	-	64.8	36.4	24.9	25.9	13.2

Reasons For Purchase:

- Stock is near its 52-week low with a 12 month price target of $70, and the company is on track for around a 25% EPS gain for FY01, despite a slowdown in the electronics industry and many earnings disappointments from competitors.
- Tyco is in the process of acquiring CIT Financial Corporation, a leading commercial paper lender. This deal will immediately add $6 billion in receivables to Tyco's balance sheet and is seen by investors as a strategic merger, adding to Tyco's line of businesses.

Potential Risks:

- A slowdown in the electronics industry could hurt Tyco's revenues this year, but the company seems to be on track so far.
- Some investors believe that Tyco is paying too much, a 54% premium for CIT Financial and that this will be detrimental to the company in the near term.

VERIZON COMMUNICATIONS INC. NYSE: VZ

3/30/01 Close:	$49.30
Purchase Price:	$49.19
Purchase Date(s):	10/3/00, 2/6/01
52-Wk. Range:	$39.06- $66

Target Price:	$60
1 year Earnings Growth:	12%
# Shares Outstanding:	2.70 bil
Market Cap:	$124.6 bil

Company Description:

Verizon Communications, formed by the merger of Bell Atlantic and GTE, is one of the world's leading providers of communications services. Its companies are the largest providers of wireline and wireless communications in the United States, with 95 million access lines and 25 million wireless customers. Verizon's global presence extends to 40 countries in the Americas, Europe, Asia and the Pacific. Verizon is divided into four operating segments: Domestic Telecom, which provides domestic wireline communications services; Domestic Wireless, which provides domestic wireless communications services; International, which includes the Company's foreign wireline and wireless communications investments; and Information Services, which is responsible for the Company's domestic and international publishing businesses and electronic commerce services.

Financial Statistics:

	1995	1996	1997	1998	1999	2000A	2000E	2001E
EPS $	2.20	2.22	2.38	2.67	2.84	2.91	3.13	3.14
P/E Ratio	16.1	17.4	15.00	19.5	14.0	10.91	13.20	13.50

Reasons For Purchase:

- Verizon appears to have overcome past labor difficulties that caused significant price decline, which leaves little downside risk.
- Verizon's diversified holdings result in superior strategic positioning in comparison to competitors that fail to offer full range of telecommunication services.
- Earnings growth rate (15% over next 5 years) is much higher than industry average (6%) while the price is selling at a discount. Current P/E is around 13x while industry average is 17x.

Potential Risks:

- The competitive nature of the telecommunications industry and profit margins that are constantly dropping.
- The labor issues and other recent troubles will continue to linger and scare off potential investors.

WORLDCOM

NASDAQ: WCOM

3/30/01 Close:	$18.69
Purchase Price:	$29.375
Purchase Date:	10/03/01
52-Wk. Range:	$13.50 – 50

Target Price:	$35
1 year Earnings Growth:	5.9%
# Shares Outstanding:	2,879 bil
Market Cap:	$50.2 mil

Company Description:

WorldCom provides a broad range of communications, outsourcing and managed network services to both U.S. and non-U.S. based corporations. It is a global communications company utilizing a facilities-based, on-net strategy throughout the world.

Financial Statistics:

	1995	1996	1997	1998	1999	2000A	2000E	2001E
EPS $	0.43	-3.67	0.27	-1.35	1.32	1.43	**1.86**	**2.25**
P/E Ratio	68.31	NM	108.79	NM	22.63	20.89	**16.05**	**13.06**

Reasons For Purchase:

- WorldCom has suffered seriously since the Sprint merger was disapproved by the European Commission and the US justice department. However the company is still strong in many areas and has tremendous potential to grow.
- The outlook for the telecom industry continues to remain strong. There is huge potential demand in the US for consumer broadband services. Consumer and business demand for high speed Internet access is increasing tremendously. With WorldCom having a better

position than any of its competitors in Data and Internet communication, it can be expected to grow tremendously.

- Also WorldCom has a very strong position in International telecom with the merger with MCI. Its great exposure overseas promises a good growth rate as well.

Potential Risks:

- The main cash generator for most telecom companies is the Long Distance sector. As this sector reaches maturity, any decrease in growth rates in long distance would seriously affect the earnings outlook for WorldCom who is a major player in this sector.
- WorldCom is planning to spin off its long distance sector. There is additional risk in whether it will be able to carry it out successfully.
- With the sprint merger deal of, WorldCom has limited market in the lucrative and high growth wireless sector. If it does not expand into this sector quickly, it could affect the company's long term outlook
- With increased debt to fund for the expansion in broadband infrastructure, any decrease in the growth rate for demand for high width broadband could affect earnings as well.

ZALE CORPORATION

NASDAQ: ZLC

3/30/01 Close:	$29
Purchase Price:	$38.94
Purchase Date:	5/30/00
52-Wk. Range:	$23.375- 50.50

Target Price:	$49
1 year Earnings Growth:	12.6%
# Shares Outstanding:	$34.4 mil
Market Cap:	$979.2 mil

Company Description:

Zale Corporation is one of the largest specialty retailers of fine jewelry in North America. The Company operates approximately 2,350 specialty retail jewelry locations, including 1,407 stores and 943 kiosks located throughout the United States, Canada, Puerto Rico, and online, including Zales Jewelers, Zales Outlet, Zale.com at www.zales.com, Gordon's Jewelers, Bailey Banks & Biddle Fine Jewelers, Peoples Jewelers and Piercing Pagoda. Zales Jewelers provides traditional, moderately priced jewelry to a broad range of customers.

Financial Statistics:

	1995	**1996**	**1997**	**1998**	**1999**	**2000A**	**2000E**	**2001E**
EPS $	0.88	1.23	1.38	**1.84**	**2.21**	3.11		**3.37**
P/E Ratio	15.5	13.5	15.5	15	**18.5**	12		

Reasons For Purchase:

- Earnings were strong in the third quarter and are expected to be strong in the fourth quarter as well, leading to a price increase.
- EPS for the third quarter was 76% higher than the year ago quarter, showing the company is growing quickly and showing a vast improvement year over year.
- Sales increased 28.7% for the third quarter, compared to 12.8% for the industry, showing the company is clearly competitive in its industry.

- The Bailey, Banks and Biddle stores operate in the high end of the market and give the company a competitive edge and a hold over all jewelry markets.
- The company recently acquired the People's stores, which allow it to enter the international market and take advantage of the new opportunities in this market.

Potential Risks:

- The company sells luxury goods, so if the economy begins to soften, the company could see a decrease is sales and earnings.
- The company is high risk due to the nature of its products and how they can fluctuate with the business cycle.

II. VALUE FUND PREVIOUS HOLDINGS

AT&T (T) *Purchase Price:* $56.313, 4/1/00
$51.813, 4/19/00
Sell Price: $40.50, 5/9/00

AT&T Corporation provides voice, data and video communications services to large and small businesses, consumers and government entities. AT&T and its subsidiaries furnish domestic and international long distance, regional, local and wireless communications services, cable television and Internet communications services. AT&T also provides billing, directory and calling card services to support its communications business. We inherited this stock and added to our position to balance our portfolio with the added money the Value Fund received from rebalancing. We sold our shares on May 9 because we were stopped out. We decided not to reinvest because we moved into other telecom companies.

ATLAS AIR (CGO) *Purchase Price:* $27.375, 4/1/00
Sell Price: $35.50. 5/9/00

Atlas Air Worldwide Holdings, Inc. is an air cargo outsourcer, with an all Stage 3 FAA noise regulation compliant fleet of Boeing 747 freighter aircraft. The Company provides reliable airport-to-airport cargo transportation services throughout the world to major international air carriers generally under three- to five-year fixed-rate contracts which typically require that the Company supply aircraft, crew, maintenance and insurance contracts. This stock was inherited from the previous fund and held because of its strong position within a niche market. It was immune from rising fuel costs due to the nature of its contracts with its clients. We sold this stock because it hit our target price and the limit order that we set before leaving for summer break was triggered.

BANK OF AMERICA (BAC) *Purchase Price:* $52.438, 4/1/00
$50.063, 4/19/00
Sell Price: $55.938, 9/12/00
$43.313,12/12/00

Bank of America Corporation provides a diversified range of banking and certain non-banking financial services and products through its various subsidiaries. BAC's operations consist of Consumer Banking, Commercial Banking, Global Corporate and Investment Banking, and Principal Investing and Asset Management. We inherited this stock on April 1. On April 19, we decided to add to our position because we believed that the financial industry looked attractive. We then sold one fourth of our position on September 12 to rebalance our portfolio. On December 12, we sold our remaining shares because we moved into other financial stocks that we liked better.

BARNES AND NOBLES (BKS) *Purchase Price:* $23.438,04/01/00

Sell Price: $20.625, 4/10/00

Barnes & Noble does business -- big business -- by the book. It's the #1 bookseller in the US, with a market share of 15%. It operates nearly 1,000 stores, including more than 540 superstores (Barnes & Noble, Bookstop, and Bookstar) and a decreasing amount of mall stores (about 400 B. Dalton, Doubleday, and Scribner's). Barnes & Noble also owns game retailer Babbage's Etc. and a stake in publishing portal iUniverse.com, and it maintains a mail-order catalog and a book publishing business. It sells online through barnesandnoble.com, a publicly traded joint venture with media giant Bertelsmann. WE inherited the stock from the previous managers. With Amazon.com growing rapidly and a large shift to online purchasing we did not see Barnes and Nobles growing rapidly. Also its new online venture with Bertelsmann did not take of well and had many problems. Therefore we did not find the stock attractive.

BLACK AND DECKER (BDK) *Purchase Price:* $37.563, 4/01/00

Sell Price: $38.313, 4/10/00

The Black & Decker Corporation is a tool capitalist. Black & Decker is the world's #1 producer of power tools and accessories, mainly under the DeWALT and Black & Decker names. It also makes electric lawn and garden tools, plumbing products (Price Pfister), specialty fastening and assembly systems, security hardware (Kwikset), and cleaning and lighting products (Dustbuster vacuum cleaners, SnakeLight flashlights). Black & Decker has sold most of its small-appliance business (which made items for garment care and food preparation), as well as Emhart Glass and True Temper Sports. Black & Decker products are sold in more than 100 countries. We inherited the stock from the previous managers. We sold the stock as we did not foresee significant growth in the industry and company. It was a highly competitive industry with falling margins.

CARDINAL HEALTH, INCORPORATED (CAH) *Purchase Price:* $45.875, 4/1/00
$20.06, 4/10/00
$49.69, 4/19/00

Sell Price: $60.25, 5/15/00

Cardinal Health, Inc. provides products and services to healthcare providers and manufacturers to help them improve the efficiency and quality of healthcare. These services and products include Pharmaceutical Distribution and Provider Services, Medical-Surgical Products and Services, Pharmaceutical Technologies and Services and Automation and Information Services. Although we inherited Cardinal Health from the prior management, we quickly moved to add to our position. Having seen dramatic changes taking place in just our first week of management, we moved to add to a defensive holding in order to protect ourselves from the potential downside of cyclical stocks. We saw the market move convincingly against technology stocks and felt that there could be value in healthcare stocks should the rest of the market begin to break down. As the market did break down, Cardinal Health hit our price target in only one month and we realized a 25.5% gain.

DUKE ENERGY CORPORATION (DUK) *Purchase Price:* $13.125, 4/01/00
Sell Price: $13.016, 4/10/00

Duke Energy is a John Wayne-sized business. Its regulated utilities have a generating capacity of 17,300 MW and provide electricity to 2 million customers in North and South Carolina. Duke markets and trades gas and electricity in the US and Canada and plans to move into European marketing. In the US it operates an 11,000-mile interstate pipeline system and is a top natural gas liquids producer and natural gas gatherer. It builds merchant power plants throughout the US, and its Duke/Fluor Daniel venture is a leading builder of fossil-fuel plants. Duke's international projects are mostly in Australia and Latin America. Other services include telecommunications. We inherited the stock from the previous managers. With oil prices at historic lows and the price of natural gas and energy low as well, we did not see the company increasing revenues significantly. We believed that the stock was fairly valued, given its earnings projections.

ELI LILLY AND COMPANY (LLY) *Purchase Price*:$62.625, 4/01/00
Sell Price: $81.438, 6/14/00

Eli Lilly and Company makes Prozac, the world's best-selling antidepressant. It also makes Gemzar (for pancreatic cancer), Humalog (injectable insulin), ReoPro (an anti-clotting compound used in angioplasties), Evista (for osteoporosis), and Zyprexa (schizophrenia treatment also approved to treat bipolar disorder). Other products include antibiotics, growth hormones, anti-ulcer agents, and cardiovascular therapy medications, as well as animal health products. We inherited the stock from the previous managers. The company had a very strong pipeline with many of its drugs in the final phase of testing. The company was also trading at a discount to its competitors. Therefore it was valued very cheap. We were stopped out of it in the summer after realizing a gain of 30%

ETHAN ALLEN (ETH) *Purchase Price:* $25, 4/1/00
$25.125, 4/10/00
$26.875, 4/19/00
Sell Price: $22.50, 6/23/00

Ethan Allen Interiors Inc. is a manufacturer and retailer of home furnishings, offering a full range of furniture products and home accessories. Ethan Allen manufactures and distributes three principal product lines: case goods, upholstered products, and home accessories. We inherited this stock and immediately added to our position twice to balance our portfolio. Over the summer we were stopped out of our shares at a set price of 22.500. We decided not to reinvest because of the cyclical nature of the stock, and the questionable economy at the time.

FREDDIE MAC (FRE) *Purchase Price*: $44.188, 4/1/00
Sell Price: $50.75, 9/15/00

Freddie Mac, the congressionally chartered company buys conventional residential mortgages from banks and mortgage bankers, using them to generate interest and fee income. Of course, the company doesn't hold *all* of those mortgage loans, or notes; it securitizes most of them for sale in the secondary market. Freddie Mac indirectly finances one out of six homes in the US. We inherited the stock from the previous managers. The presidential race would have had significant impact on the stock due to planned legislation against the company by the Democrats. We did not believe the price compensated for the additional risk the stock had due to the elections. Also, the high interest rate scenario did not bode well for the company's revenues. Since we had realized a decent gain on the stock we decided to sell it in September.

GEORGIA PACIFIC (GP)

Purchase Price:	$39.563, 4/1/00
Sell Price:	$28.50, 6/12/00

The Georgia-Pacific Group comprises the Corporation's manufacturing mills and plants, its building products distribution business and its paper distribution business. The facilities manufacture and sell a wide variety of pulp, paper and consumer products, and manufactured building products. We inherited this stock from the previous fund and decided to keep it on the basis that it is a stable industry that is not highly susceptible to the business cycle. We sold our shares on June 12 when we were stopped out at a price of 28.500.

TEREX CORPORATION (TEX)

Purchase Price:	$14.375, 4/1/00
	$14.625, 4/10/00
	$13.31, 4/19/00
Sell Price:	$18.75, 8/23/00

Terex Corporation is a global manufacturer of a broad range of equipment for the construction, infrastructure and mining industries. Terex products include cranes, aerial work platforms, utility aerial devices, hydraulic excavators, specialized trucks, scrapers, crushing and screening equipment, and asphalt pavers. We inherited Terex and added to our position during our first several weeks of management, in order to take advantage of Terex' extremely low valuation. We felt that the price did not fully reflect the company's restructuring and growth prospects. Terex' large exposure to the non-cyclical highway building equipment segment of the capital equipment industry gave Terex limited downside as governments must follow through with building new highways to help ease the nation's transportation congestion problems. We realized a 32.7% capital gain on the sale of Terex as our price target was met.

WORLDCOM (WCOM)

Purchase Price:	$45.31, 4/1/00
	$41.375, 4/19/00
Sell Price:	$33.00, 8/11/00

WorldCom, Inc. provides a broad range of communications, outsourcing, and managed network services to both U.S. and non-U.S. based corporations. WorldCom is a global communications company utilizing a facilities-based, on-net strategy throughout the world. The Company's core business is communications services, which includes voice, data, Internet and international services. WorldCom provides one of the broadest range of Internet and traditional, private networking services available from any provider. This stock was inherited and added to during mid April because we felt it was well positioned to move from long distance telecommunications into the more profitable area of networking and Internet related services. However, their transition into the more profitable areas was slow and the stock price fell. We sold this because the price hit our stop loss limit set for the summer.

ABERCROMBIE & FITCH CO. (ANF) *Purchase Price:* $13.94, 4/10/00
Sell Price: $9.44, 5/16/00

Abercrombie & Fitch Co. is principally engaged in the retailing of men's, women's and kids' casual apparel. The Company's activities are conducted through over 350 retail stores, a catalogue, a magazine/catalogue and a website. Merchandise is targeted to appeal to customers in specialty markets who have distinctive consumer characteristics. Our experience with Abercrombie & Fitch shows the virtue of active management without restrictions over the summer. Abercrombie was purchased because of its attractive valuation due to a recent drop in price. We felt that Abercrombie's long-term earnings potential was intact, even as the near-term outlook looked hazy. As the summer began, Abercrombie was downgraded by a number of analysts in one day, dropping the price below our required stop-loss order. However, as the summer unfolded, the analysts began upgrading the company as visibility cleared up. The price when we returned was near $25/share, and was above $30/share as our tenure expired. We experienced a 32.3% loss on the sale of Abercrombie, instead of a considerable gain had we been allowed to leave without downside targets.

ALLIED CAPITAL CORPORATION (ALLC) *Purchase Price:* $17.31, 4/14/00
$17.38, 4/19/00
Sell Price: $20.50, 11/3/00

Allied Capital Corporation provides long-term investment capital to support the expansion of growing companies nationwide. Allied Capital primarily provides mezzanine debt and equity financing, but also participates in the real estate capital markets as an investor in commercial mortgage-backed securities. The investment in Allied Capital came at a time when financial stocks were severely undervalued as compared to both historical trends and the overall market. The company's lending strategy towards smaller, but firmly entrenched, firms, gave Allied Capital a very strong balance sheet, yielding above average returns. We felt that with this strong portfolio of securities, Allied Capital was undervalued within even its own industry, not to mention dramatically as compared to the market. The ten percent annual dividend yield protected us from a downside drop and, as it turns out, increased our returns beyond the 23.5% capital gain after financial stock valuations became more sensible.

SCHERING-PLOUGH CORPORATION (SGP) *Purchase Price:* $41.625, 4/14/00
$40.50, 4/19/00
Sell Price: $47.75, 10/10/00

Schering-Plough Corporation, a global research-based pharmaceutical company is engaged in the discovery, development, manufacturing and marketing of pharmaceutical products. The Company operates primarily in the prescription pharmaceutical marketplace. However, where appropriate, the Company has sought regulatory approval to switch prescription products to over-the-counter (OTC) status as a means of extending a product's life cycle. The Company's research activities are concentrated in the therapeutic areas of allergic and inflammatory disorders, infectious diseases, oncology, cardiovascular diseases and central nervous system disorders. We purchased Schering-Plough as a defensive stock in what appeared to be the beginnings of a potentially tumultuous market. After identifying pharmaceuticals as a defensive industry, we looked to find an undervalued company within that industry. We believed that Schering-Plough was undervalued at the time, having been beaten down for the expiration of its patent on its crown jewel, Claritin. We believed, given Schering-Plough's strong pipeline and the introduction of a new allergy medication to compete against Claritin generics in the future, that the company's share price was undervalued. Schering-Plough held up throughout the summer and fall successfully even as the indices continued to fall. We sold in October for a modest profit of 14.7%, trying to avoid the uncertainty of the close Presidential election in November. We believed that if Al Gore had won the Presidency, pharmaceutical companies would suffer amidst calls for price controls on prescription drugs and the inclusion of drugs under Medicare, and that was a risk we were not willing to assume.

RARE HOSPITALITY INTL (RARE) *Purchase Price:* $17.75, 7/19/00
$18.12,
Sell Price: $22.75, 10/3/00

Rare Hospitality International, Inc. was incorporated in December 1982 and formerly known as LongHorn Steaks, Inc. The Company operates and franchises 157 restaurants, as of March 15, 2000, including 126 LongHorn Steakhouse restaurants; 18 restaurants operated under the names Bugaboo Creek Steak House and Bugaboo Creek Lodge & Bar, and 11 Capital Grille restaurants. This stock was attractive due to a low valuation when compared to other similar stocks and growing market share by the LongHorn Steakhouse line of restaurants. While we held this, a 3 for 2 stock split occurred and additional shares we purchased immediately after the split. The stock was sold when it exceeded our preset target for a 27.7% gain.

ILLINOIS TOOL WORKS (ITW) *Purchase Price:* $55.06, 9/12/00
Sell Price: $64.73,1/30/01

Illinois Tool Works, Inc. manufactures and markets a variety of products and systems that provide specific, problem-solving solutions for a diverse customer base worldwide. The Company produces plastic, metal and laminate components, fasteners and assemblies; industrial fluids and adhesives; tooling for specialty applications; welding products; packaging machinery and related consumables; food service equipment; and industrial spray coating equipment. The Company has more than 500 operations in 40 countries. This stock was purchased because little downside risk was seen and at the time the portfolio needed some stability. We were attracted to its growing market positions and cheap price. We sold this stock at an 18% gain after it exceeded our price target. Our price target for this stock was lower because we did not feel that a significant catalyst existed that would cause its price to rise.

LOWE'S (LOW) *Purchase Price:* $49.375, 9/19/00
Sell Price: $63.98, 3/8/01

Lowe's Companies, Inc. is the second largest retailer of home improvement products in the world, with specific emphasis on retail do-it-yourself (DIY) and commercial business customers. Lowe's specializes in offering products and services for home improvement, home decor, home maintenance, home repair and remodeling and maintenance of commercial buildings. Lowe's principal customer groups are DIY retail customers and commercial business customers. As of December 2000, Lowe's operated 635 stores in 40 states. This company was attractive because it was trading at a deep premium to it main competitor, Home Depot (HD), for no reason other than it was number two in market share, not number one. This stock was recently sold for a 29% percent gain when it passed our price target.

COSTCO WHOLESALE CORPORATION (COST) *Purchase Price:* $34.06, 9/26/00
Selling Price: $43.50, 1/16/01

Costco Wholesale Corporation operates membership warehouses that offer very low prices on a limited selection of nationally branded and selected private label products in a wide range of merchandise categories in no-frills, self-service warehouse facilities. We bought CostCo when it was 40% off its high. We thought the stock had been beaten down due to general fears about retail and not for company specific reasons. The company is looking to expand significantly in the next year and we think the company will be experiencing growth in the long term. As well as expanding the number of store locations, the company is growing the type of businesses in operates in, and has moved into pharmacy, eye care and bakeries. We thought the combination of these businesses would translate into an appreciation in stock price. We sold the stock when it rose 27% and reached our target price.

FORTUNE BRANDS, INC. (FO) *Purchase Price:* $26.44, 10/3/00
Selling Price: $30.75, 1/4/01

Fortune Brands, Inc. is a holding company with subsidiaries engaged in the manufacture, production and sale of home products, office products, golf products and spirits and wine. The Company's subsidiaries include Moen Incorporated, MasterBrand Cabinets, Inc., Master Lock Company, Waterloo Industries, Inc. ACCO World subsidiaries, Acushnet Company and Jim Beam Brands Worldwide. When considering this stock, the company had been posting double digits earnings growth, however its valuation remained well below that of its peers. We thought the company had room for growth due to the range of businesses it is involved in, and the fact that the stock was trading at such a discount. We felt confident that the price would not stay so cheap for long and there would be appreciation in the stock price. However, the stock did not rise as much as we anticipated. We sold when we had gained a small percentage increase because we did not see any more room for growth.

BEST BUY CO. (BBY) *Purchase Price:* $54.69, 11/3/00
Selling Price: $25.50,12/18/00

Best Buy Company, Inc. is a specialty retailer of name-brand consumer electronics, home office equipment, entertainment software and appliances. Best Buy provides a broad selection of name-brand models within each product line in order to provide customers with a meaningful assortment. In evaluation of this company, we saw that Circuit City, Best Buy's competitive rival, was facing operational difficulties and with tough market conditions, Circuit City looked to be in a vulnerable position. We thought this was an opportunity for Best Buy to enter the market and take market share away from Circuit City we thought there could be some value from this position in the market. In the middle of November, there were questions about the stability of the economy and what the results of the Christmas shopping season would be, and many retail stocks suffered from investor belief that Christmas sales would be slow. Best Buy suffered when investors anticipated a slow market for electronic goods, and the entire industry was beaten down. We sold Best Buy at a loss when we decided the stock was not likely to rebound in the near future.

BORDERS GROUP (BGP) *Purchase Price:* $12.63,12/18/00
Selling Price: $16.10, 3/6/01

Borders Group Inc., through its subsidiaries, Borders Inc., Walden Book Company Inc., Books etc. and others, is the second-largest operator of book superstores and the largest operator of mall-based bookstores in the world based upon both sales and number of stores. The Company operates more than 335 superstores primarily under the Borders name, including six in the United Kingdom, and one each in Singapore, Australia and New Zealand. Borders was selling at a significant discount to its major rival, Barnes & Noble, and we thought the low price did not reflect the stock's value. We did not see any operational or financial reason for the stock to be selling at a price significantly below that of Barnes & Noble. After acquisition the stock price increased steadily, reflecting our beliefs about the company and the stock. We sold Borders when it appreciated 25% and met our price target.