

ACKERMAN CAPITAL MANAGEMENT, LP
5956 SHERRY LANE, SUITE 1600
DALLAS, TX 75225
(214) 361-5383

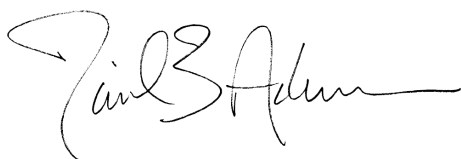
April 20, 2005

Both stocks and bonds experienced losses in the first quarter of 2005. The S&P 500 lost 2.2% while the NASDAQ Composite fell 8.0%. Foreign stocks held up better than U.S. stocks as the MSCI EAFE Index declined a mere 0.1%. Bonds, meanwhile, were no safe haven from the falling stock market, as the Lehman Aggregate Index fell 0.5%. The performance of our domestic stock funds was mixed in the quarter, but all four of our foreign stock funds posted returns above their peers. Meanwhile, our gold fund fell in the first quarter, but our commodity fund gained an impressive 11.2%.

We continue to believe that we are in a difficult environment for investors. Current stock valuations point to mid to high single digit returns over the long term. Furthermore, we look for more day-to-day and year-to-year volatility from the stock market than has been the recent experience. We will use our discretion to adjust the asset allocations in our portfolios to use this volatility to our advantage. Such "tactical asset allocation" means that we will use market declines to add to our equity exposure while paring it back during rallies. This volatile environment also increases the importance to investors of diversification. We will look to our bond investments to help insulate our portfolios from large declines in the market, while our investments in gold and commodities will provide a hedge to higher inflation and potential turmoil in the capital and currency markets. Furthermore, we will continue to diversify our equity investments among different funds with varying approaches to stock selection. In addition to diversification, we believe that our increasing focus on quality will serve us well in these difficult times. As it relates to our portfolios, "quality" implies an emphasis on equity funds that own large, dividend-paying stocks and fixed income funds that hold only investment-grade bonds.

Our approach to investing has fared well in the tumultuous markets in recent years, and we are hopeful that it will continue do so. In the meantime, we will continue to think independently while viewing the markets with a contrarian eye.

Sincerely,

A handwritten signature in black ink, appearing to read "Paul Adams". The signature is fluid and cursive, with a long horizontal stroke at the end.

David B. Ackerman, CFA, CFP
Partner