

April 5, 2006

We are pleased to report that our clients earned a healthy 7.0% during the quarter. The strongest contributors were our investments in basic materials (+19%), energy (+14%), and technology (+12%). This strength more than offset weakness in financials and consumer staples, which were down ~1%. The Russell Midcap Value index was up 7.6% led by an amazing 15% return from REITs, which are defying logic and gravity, a dangerous combination. The broad market, S&P 500, was up 4.2% during the quarter. This was a good quarter, but we derive much greater satisfaction from our 12.6% annualized return since inception (1992). We are confident that our disciplined investment approach and focus on **strength and quality** will continue to produce solid returns.

Our confidence is, in part, based upon the attached chart which clearly demonstrates our companies are doing a terrific job of operating their businesses and managing their strong, consistent free cash flow. Over the past five years, they earned 70% higher return on capital with one-third the debt and grew their dividend at more than twice the rate of the midcap value universe. These significant accomplishments reflect the positive culture and good management of your companies, which we believe their stock prices understate...an investment opportunity.

Thank you for your interest in investing with us and we look forward to visiting with you soon.

Best regards,

Fred H. Speece, Jr., CFA

Enclosure

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