



Vermilion Equity Capital Growth Investment Fund

Monthly Investment Performance Report

September 2006

As at 30 Sep 2006

Vermilion Equity Capital Growth Investment Fund

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London

SE1 1UN

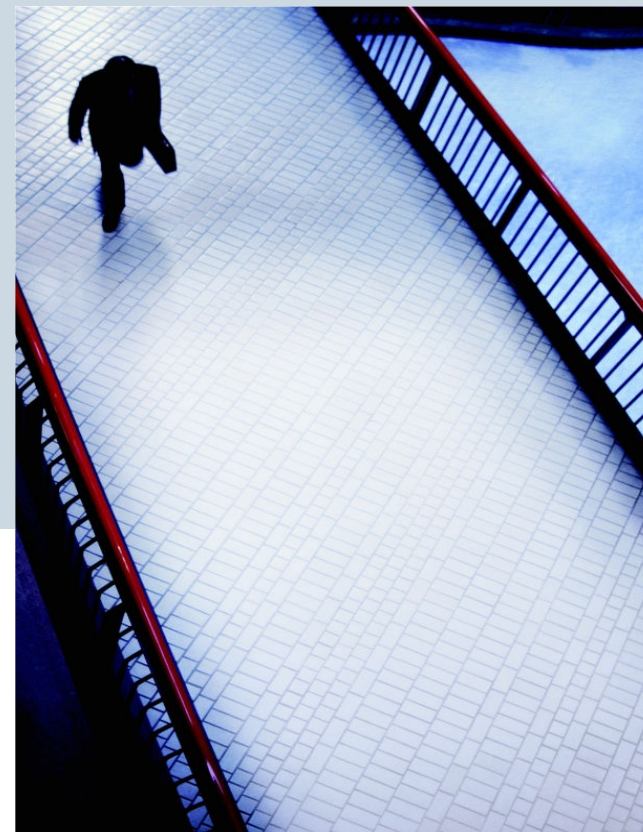
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Assets under Management

Cash	\$	831,908
Equity	\$	1,288,289,895

Objective

To generate a balance between regular income with a low risk principal but enhanced with equity stock holdings to provide long term capital growth



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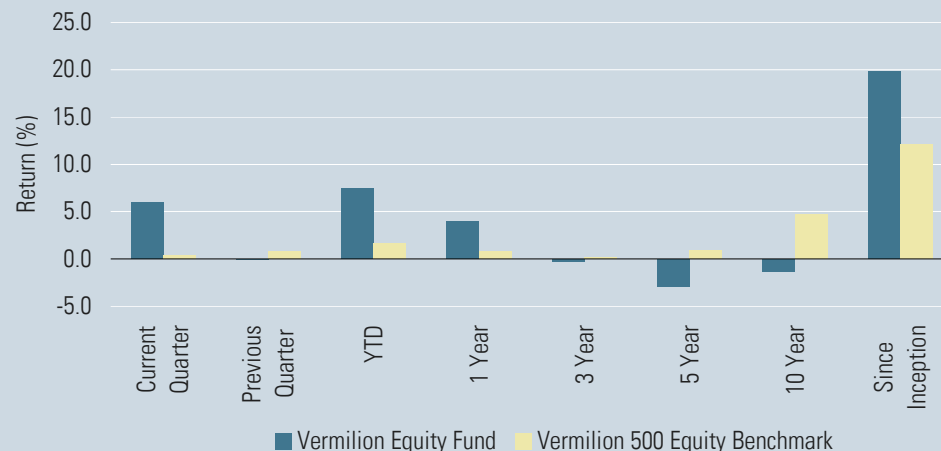
As at 30 Sep 2006

Fund Performance

Period	Portfolio	Benchmark ¹
Current Quarter	6.03	0.35
Previous Quarter	-0.02	0.81
YTD	7.43	1.58
1 Year	4.00	0.80
3 Year	-0.23	0.13
5 Year	-2.95	0.92
10 Year	-1.35	4.69
Since Inception ²	19.85	12.12

¹ Vermilion 500 Equity Benchmark

² 20 September 1994



Market Overview

Market Overview The MSCI World Index gained 6.60% in the first quarter of 2006. Twenty-two of the 23 countries in the Index were positive for the quarter, with Norway (+23.46%) and Portugal (+21.39%) gaining the most ground in absolute terms. The top-weighted United States (+4.16%) was the largest contributor (weight times performance) to Index gains. All 10 sectors in the Index contributed positively for the quarter, led by the Materials (+11.44%) and Industrials (+9.11%) sectors. The top-weighted Financials (+8.03%) sector was the largest contributor (weight times performance) to Index gains.

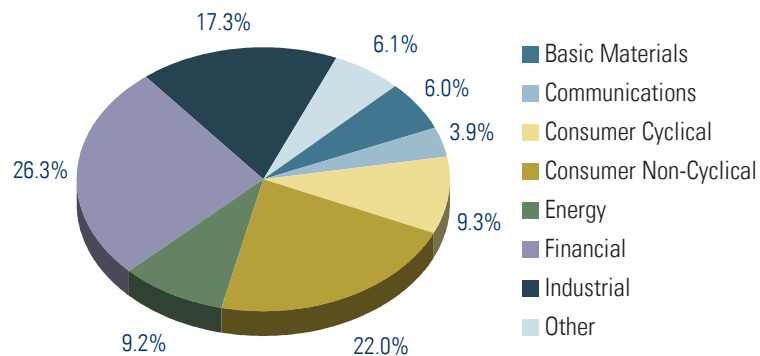
Market Performance

Equity markets trended higher during the first quarter, driven by positive company results and a strengthening outlook for the US economy. Higher levels of business confidence contributed to a noticeable upturn in merger and acquisition activity, and an increase in the levels of cash returned to shareholders in the form of dividends and share buybacks supported equity prices. Solid economic data and positive corporate results were offset by concerns over high oil prices and rising inflation which

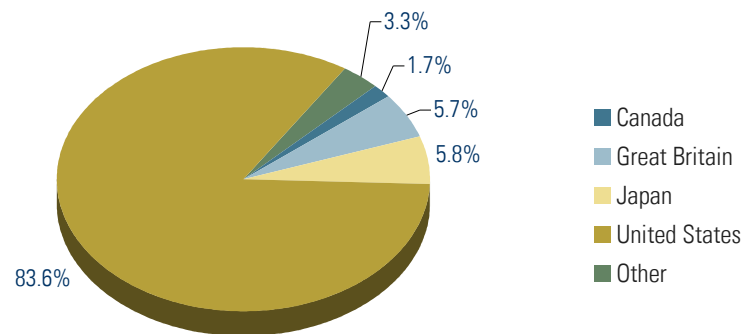
combined to lead US equities lower during the first quarter. Pacific Basin equities were the best performing market driven by increasing domestic demand. UK equities were led higher by cyclical sectors while the Bank of England continued to leave interest rates on hold in the absence of wage pressures on inflation. Global government bond markets began to price in interest rate hikes in the key markets after hawkish comments by Federal Reserve and ECB members, although inflation indications remained modest, despite concerns over record high oil prices. Corporate bonds came under pressure after weak results from General Motors and an investigation into insurance company AIG. UK property returns slowed due to the effect of year end valuations and falling returns from the retail sector.

As at 30 Sep 2006

Sector Breakdown



Regional Breakdown



Top Ten Holdings

Security Name	Sector	Country	Market Value (USD)	Percentage %
Kohls Corporation	Consumer Cyclical	United States	29,273,868.00	2.27
E. I. du Pont de Nemours and Company (DuPont)	Basic Materials	United States	28,721,160.00	2.23
Ashland Inc. ¹	Consumer Non-Cyclical	United States	27,742,400.40	2.15
Federal Realty Investment Trust.	Financial	United States	27,498,861.00	2.13
Gallaher Group Plc.	Consumer Non-Cyclical	Great Britain	26,683,488.70	2.07
Kimberly Clark Corp	Consumer Non-Cyclical	United States	26,089,713.00	2.03
United States Steel Corporation	Industrial	United States	25,980,988.80	2.02
Woori Finance Holdings Co., Ltd.	Financial	United States	24,804,624.00	1.93
Noble Corporation (New) (Cayman)	Energy	United States	23,411,294.40	1.82
Medco Health Solutions, Inc.	Consumer Non-Cyclical	United States	23,200,155.00	1.80

¹ Position closed during the quarter

As at 30 Sep 2006

Holdings Commentary

Kohls Corporation has seen annual profits rise by 18.8%, helped by cost cuts and increased passenger numbers. The UK's biggest airports operator said pre-tax profit before exceptional items was £637m (\$1.17bn) for the year to April 2005, compared to £536m in 2004.

Allied Waste Industries, Inc. has blamed "challenging" conditions in the UK housing market for a sharp fall in half-year profits. Total home sales fell 16% in the first six months of 2005 in what Bovis described as a "subdued" marketplace. This contributed to a 32.4% drop in profits to £45.1m (\$82.5m).

Cummins Inc profits have surged as the recent rise in oil prices more than offset the cost of US hurricanes. Current cost of supply (CCS) earnings rose to \$7.37bn (£4.01bn) in the three months to 30 September. That was up 68% compared with the same time last year, though when one-off gains from the sale of assets were excluded it fell \$1.57bn to \$5.8bn.

Marks and Spencer has blamed a shake-up and new accounting rules for a drop in first-half profits. Boots - which is seeking to merge with Alliance Unichem - said pre-tax profits for the six months to 30 September were down 9.6% to £163m (\$289.6m).

3i Group is upbeat on the outlook for 2005 and has announced a 15% rise in profits.

Berkshire Hathaway Inc. - full-year profits are well ahead of market forecasts due to a sharp recovery in buy-to-let mortgage lending. Analysts had pencilled in underlying pre-tax profits of about £296m in 2005.

Citigroup took the lead in confronting stock analyst and investment banking conflicts. The company is reviving Smith Barney as a spin-off for stock research. The new company will be fully owned by Citigroup and separates the firm's research and investment banking units. And they picked a CEO to run it who hails from Sanford C. Bernstein, an independent research firm with a stellar reputation. Sallie Krawcheck was interviewed on CNBC, former CEO at Bernstein is the new chairman and chief executive of the unit. This is a positive step forward for Citigroup, but a small one for the industry, and it's not a cure-all.

Carlton Communications advertising revenues grew at their fastest rate since 2000 during the first six months of this year. Ad revenues from all ITV channels grew by 4.9%, ITV said, as it reported its first results since the merger between Granada and Carlton. The firm now expects to make post-merger cost savings of £120m, compared with previous estimates of £100m. Half-year pre-tax profit before goodwill write-offs was £132m (\$235m).

GCap Media shares have plunged by over 17% after it reported lower profits and unveiled a plan to cut the number of ad breaks. Underlying half-year profits at GCap, which also owns Classic and Xfm, fell 28% to £12.4m (\$21.3m).

Dairy Crest pre-tax profits have almost halved to £17m during the six months to the end of September from £32m in the same period last year. The loss of milk supply deals with Tesco and Asda as well as high oil costs had hit earnings, the group said.

As at 30 Sep 2006

Portfolio Breakdown

Security	Holding	Average Cost	Current Price	Market Value(USD)	% Portfolio	Indicated Income	% Yield
EQUITY							
BASIC MATERIALS							
<u>COMMODITY CHEMICALS</u>							
CHEMTURA CORPORATION	403,650.00	8.95	8.95	3,612,667.50	0.28	50,000.00	0.50
DOW CHEMICAL Co.	399,360.00	39.50	39.50	15,774,720.00	1.22	50,000.00	0.50
E. I. DU PONT DE NEMOURS AND COMPANY (DUPONT)	422,370.00	68.00	68.00	28,721,160.00	2.23	50,000.00	0.50
<u>GOLD MINING</u>							
KINROSS GOLD CORPORATION	405,210.00	12.38	12.38	5,016,499.80	0.39	50,000.00	0.50
<u>NONFERROUS METALS</u>							
CAMECO CORPORATION	361,140.00	37.40	37.40	13,506,636.00	1.05	50,000.00	0.50
OLIN CORPORATION	391,060.00	17.18	17.18	6,718,410.80	0.52	50,000.00	0.50
<u>PLATINUM & PRECIOUS METALS</u>							
STILLWATER MINING COMPANY	401,700.00	9.42	9.42	3,784,014.00	0.29	50,000.00	0.50
TOTAL BASIC MATERIALS				77,134,108.10			
COMMUNICATIONS							
<u>BROADCASTING AND ENTERTAINMENT</u>							
WALT DISNEY COMPANY (THE)	410,670.00	25.06	25.06	10,291,390.20	0.80	50,000.00	0.50
<u>FIXED LINE TELECOMMUNICATIONS</u>							
CENTURYTEL, INC.	378,300.00	40.77	40.77	15,423,291.00	1.20	50,000.00	0.50
TELECOM NEW ZEALAND	373,620.00	22.27	22.27	8,320,517.40	0.65	50,000.00	0.50
<u>PUBLISHING</u>							
PROQUEST COMPANY	427,050.00	13.03	13.03	5,564,461.50	0.43	50,000.00	0.50
READERS DIGEST ASSOCIATES INC.	379,080.00	13.49	13.49	5,113,789.20	0.40	50,000.00	0.50
<u>TELECOMMUNICATIONS EQUIPMENT</u>							
ALCATEL	414,180.00	12.04	12.04	4,986,727.20	0.39	50,000.00	0.50
TOTAL COMMUNICATIONS				49,700,176.50			

As at 30 Sep 2006

Portfolio Breakdown (continued)

Security	Holding	Average Cost	Current Price	Market Value(USD)	% Portfolio	Indicated Income	% Yield
CONSUMER CYCLICAL							
<u>AIRLINES</u>							
CHINA SOUTHERN AIRLINES COMPANY LIMITED	369,720.00	15.53	15.53	5,741,751.60	0.45	50,000.00	0.50
<u>APPAREL RETAILERS</u>							
KOHL'S CORPORATION	415,350.00	70.48	70.48	29,273,868.00	2.27	50,000.00	0.50
MEN'S WEARHOUSE INC.	353,440.00	40.87	40.87	14,445,092.80	1.12	50,000.00	0.50
<u>BUILDING MATERIALS AND FIXTURES</u>							
AMERICAN STANDARD COMPANIES INC	435,390.00	43.10	43.10	18,765,309.00	1.46	50,000.00	0.50
<u>CLOTHING & ACCESSORIES</u>							
COACH, INC.	354,120.00	36.49	36.49	12,921,838.80	1.00	50,000.00	0.50
HANESBRANDS INC.	406,770.00	23.35	23.35	9,498,079.50	0.74	50,000.00	0.50
TEFRON LTD.	361,140.00	12.12	12.12	4,377,016.80	0.34	50,000.00	0.50
<u>HOTELS</u>							
VAIL RESORTS, INC.	415,720.00	39.40	39.40	16,379,368.00	1.27	50,000.00	0.50
<u>RECREATIONAL PRODUCTS</u>							
ZAP (LISTED NYSE ARCA - TIER II)	404,820.00	1.12	1.12	453,398.40	0.04	50,000.00	0.50
<u>RECREATIONAL SERVICES</u>							
SIX FLAGS, INC.	367,380.00	21.88	21.88	8,038,274.40	0.62	50,000.00	0.50
TOTAL CONSUMER CYCLICAL				119,893,997.30			
CONSUMER NON-CYCLICAL							
<u>BREWERS</u>							
ANHEUSER-BUSCH COMPANIES, INC.	395,860.00	48.01	48.01	19,005,238.60	1.48	50,000.00	0.50
<u>BUSINESS SUPPORT SERVICES</u>							
IRON MOUNTAIN INC.	384,540.00	41.10	41.10	15,804,594.00	1.23	50,000.00	0.50
STANDARD REGISTER	374,400.00	14.31	14.31	5,357,664.00	0.42	50,000.00	0.50
<u>FOOD PRODUCTS</u>							
MCCORMICK & COMPANY, INCORPORATED	366,210.00	37.56	37.56	13,754,847.60	1.07	50,000.00	0.50

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Portfolio Breakdown (continued)

Security	Holding	Average Cost	Current Price	Market Value(USD)	% Portfolio	Indicated Income	% Yield
CONSUMER NON-CYCLICAL (CONTINUED)							
<u>HEALTH CARE PROVIDERS</u>							
MEDCO HEALTH SOLUTIONS, INC.	413,550.00	56.10	56.10	23,200,155.00	1.80	50,000.00	0.50
<u>HEAVY CONSTRUCTION</u>							
PIKE ELECTRIC CORPORATION	359,580.00	16.23	16.23	5,835,983.40	0.45	50,000.00	0.50
<u>MEDIA AGENCIES</u>							
HARTE HANKS INC.	398,190.00	26.87	26.87	10,699,365.30	0.83	50,000.00	0.50
<u>PERSONAL PRODUCTS</u>							
KIMBERLY CLARK CORP	393,510.00	66.30	66.30	26,089,713.00	2.03	50,000.00	0.50
<u>PHARMACEUTICALS</u>							
BRISTOL MYERS SQUIBB CO.	389,610.00	24.55	24.55	9,564,925.50	0.74	50,000.00	0.50
ELI LILLY AND COMPANY	356,070.00	57.37	57.37	20,427,735.90	1.59	50,000.00	0.50
PRESTIGE BRANDS HOLDINGS, INC.	424,970.00	12.28	12.28	5,218,631.60	0.41	50,000.00	0.50
<u>SOFT DRINKS</u>							
COCA-COLA ENTERPRISES, INC.	390,390.00	20.92	20.92	8,166,958.80	0.63	50,000.00	0.50
PEPSI BOTTLING GROUP INC.	417,690.00	32.39	32.39	13,528,979.10	1.05	50,000.00	0.50
<u>SPECIALIZED CONSUMER SERVICES</u>							
SERVICE CORPORATION INTERNATIONAL	424,930.00	9.26	9.26	3,934,851.80	0.31	50,000.00	0.50
<u>SPECIALTY CHEMICALS</u>							
ASHLAND INC.	419,640.00	66.11	66.11	27,742,400.40	2.15	50,000.00	0.50
BAYER AG	349,050.00	50.25	50.25	17,539,762.50	1.36	50,000.00	0.50
SENSIENT TECHNOLOGIES CORPORATION	365,040.00	22.78	22.78	8,315,611.20	0.65	50,000.00	0.50
<u>TIRES</u>							
TITAN INTERNATIONAL INC.	380,250.00	19.61	19.61	7,456,702.50	0.58	50,000.00	0.50
<u>TOBACCO</u>							
GALLAHER GROUP PLC.	412,610.00	64.67	64.67	26,683,488.70	2.07	50,000.00	0.50
UNIVERSAL CORPORATION.	426,000.00	36.88	36.88	15,710,880.00	1.22	50,000.00	0.50
TOTAL CONSUMER NON-CYCLICAL				284,038,488.90			

As at 30 Sep 2006

Portfolio Breakdown (continued)

Security	Holding	Average Cost	Current Price	Market Value(USD)	% Portfolio	Indicated Income	% Yield
ENERGY							
<u>EXPLORATION & PRODUCTION</u>							
GOODRICH PETROLEUM CORPORATION	380,640.00	32.27	32.27	12,283,252.80	0.95	50,000.00	0.50
NORSK HYDRO ASA	365,820.00	22.30	22.30	8,157,786.00	0.63	50,000.00	0.50
NORTH EUROPEAN OIL ROYALTY TRUST	427,830.00	35.30	35.30	15,102,399.00	1.17	50,000.00	0.50
PETROQUEST ENERGY, INC.	404,430.00	10.91	10.91	4,412,331.30	0.34	50,000.00	0.50
<u>GAS DISTRIBUTION</u>							
ATMOS ENERGY CORPORATION	436,200.00	29.65	29.65	12,933,330.00	1.00	50,000.00	0.50
CHESAPEAKE UTILITIES CORPORATION	397,800.00	30.72	30.72	12,220,416.00	0.95	50,000.00	0.50
ENBRIDGE, INC.	362,310.00	30.94	30.94	11,209,871.40	0.87	50,000.00	0.50
<u>OIL EQUIPMENT & SERVICES</u>							
LONE STAR TECHNOLOGIES, INC.	377,910.00	48.73	48.73	18,415,554.30	1.43	50,000.00	0.50
NOBLE CORPORATION (NEW) (CAYMAN)	368,160.00	63.59	63.59	23,411,294.40	1.82	50,000.00	0.50
TOTAL ENERGY				118,146,235.20			
FINANCIAL							
<u>ASSET MANAGERS</u>							
EATON VANCE CORPORATION	415,740.00	29.90	29.90	12,430,626.00	0.96	50,000.00	0.50
EVERCORE PARTNERS INC.	405,990.00	34.35	34.35	13,945,756.50	1.08	50,000.00	0.50
NATIONAL FINANCIAL PARTNERS CORP.	412,230.00	40.05	40.05	16,509,811.50	1.28	50,000.00	0.50
<u>BANKS</u>							
BARCLAYS PLC	421,980.00	54.26	54.26	22,896,634.80	1.78	50,000.00	0.50
WOORI FINANCE HOLDINGS Co., LTD.	396,240.00	62.60	62.60	24,804,624.00	1.93	50,000.00	0.50
<u>EQUITY INVESTMENT INSTRUMENTS</u>							
ADAMS EXPRESS COMPANY	437,370.00	13.82	13.82	6,044,453.40	0.47	50,000.00	0.50
ALLIED CAPITAL CORPORATION	360,750.00	30.98	30.98	11,176,035.00	0.87	50,000.00	0.50
BLACKROCK CORPORATE HIGH YIELD FUND V, INC.	377,180.00	13.09	13.09	4,937,286.20	0.38	50,000.00	0.50
EATON VANCE TAX-ADVANTAGED GLOBAL DIVIDEND OPPORTUNITIES FUND	420,810.00	27.59	27.59	11,610,147.90	0.90	50,000.00	0.50
JAPAN SMALLER CAPITALIZATION FUND, INC.	370,110.00	12.42	12.42	4,596,766.20	0.36	50,000.00	0.50
LAZARD WORLD DIVIDEND & INCOME FUND, INC.	408,720.00	21.10	21.10	8,623,992.00	0.67	50,000.00	0.50

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Portfolio Breakdown (continued)

Security	Holding	Average Cost	Current Price	Market Value(USD)	% Portfolio	Indicated Income	% Yield
FINANCIAL (CONTINUED)							
<u>EQUITY INVESTMENT INSTRUMENTS (CONTINUED)</u>							
MORGAN STANLEY ASIA-PACIFIC FUND, INC.	403,260.00	17.19	17.19	6,932,039.40	0.54	50,000.00	0.50
NEUBERGER BERMAN REAL ESTATE INCOME FUND INC.	424,870.00	27.52	27.52	11,692,422.40	0.91	50,000.00	0.50
NUVEEN DIVIDEND ADVANTAGE MUNICIPAL FUND	392,730.00	15.12	15.12	5,938,077.60	0.46	50,000.00	0.50
PIMCO FLOATING RATE STRATEGY FUND	352,940.00	18.67	18.67	6,589,389.80	0.51	50,000.00	0.50
PUTNAM MUNICIPAL BOND FUND	381,420.00	12.51	12.51	4,771,564.20	0.37	50,000.00	0.50
TCW STRATEGIC INCOME FUND, INC.	427,030.00	4.91	4.91	2,096,717.30	0.16	50,000.00	0.50
THE HIGH YIELD INCOME FUND, INC.	360,360.00	4.93	4.93	1,776,574.80	0.14	50,000.00	0.50
THE NEW IRELAND FUND, INC.	447,760.00	28.08	28.08	12,573,100.80	0.98	50,000.00	0.50
TORTOISE ENERGY INFRASTRUCTURE CORPORATION	381,420.00	32.22	32.22	12,289,352.40	0.95	50,000.00	0.50
VAN KAMPEN CALIFORNIA VALUE MUNICIPAL INCOME TRUST	419,370.00	15.44	15.44	6,475,072.80	0.50	50,000.00	0.50
WESTERN ASSET 2008 WORLDWIDE DOLLAR GOV'T TERM TRUST INC.	399,750.00	10.84	10.84	4,333,290.00	0.34	50,000.00	0.50
<u>INSURANCE BROKERS</u>							
WILLIS GROUP HOLDINGS LIMITED	365,820.00	38.41	38.41	14,051,146.20	1.09	50,000.00	0.50
<u>INVESTMENT SERVICES</u>							
AMERIPRISE FINANCIAL, INC.	390,780.00	48.73	48.73	19,042,709.40	1.48	50,000.00	0.50
NOMURA HOLDINGS, INC.	369,330.00	17.83	17.83	6,585,153.90	0.51	50,000.00	0.50
<u>LIFE INSURANCE</u>							
AEGON N.V.	421,200.00	25.29	25.29	10,652,148.00	0.83	50,000.00	0.50
<u>PROPERTY & CASUALTY INSURANCE</u>							
ARCH CAPITAL GROUP LTD.	402,090.00	26.35	26.35	10,595,071.50	0.82	50,000.00	0.50
BROWN & BROWN INSURANCE	368,550.00	30.34	30.34	11,181,807.00	0.87	50,000.00	0.50
<u>REAL ESTATE INVESTMENT TRUSTS</u>							
APARTMENT INVESTMENT AND MANAGEMENT COMPANY	373,230.00	26.78	26.78	9,995,099.40	0.78	50,000.00	0.50
FEDERAL REALTY INVESTMENT TRUST.	356,850.00	77.06	77.06	27,498,861.00	2.13	50,000.00	0.50
HOMEBANC CORP	365,430.00	25.45	25.45	9,300,193.50	0.72	50,000.00	0.50
RESOURCE CAPITAL CORPORATION	419,640.00	16.20	16.20	6,798,168.00	0.53	50,000.00	0.50
TOTAL FINANCIAL				338,744,092.90			

As at 30 Sep 2006

Portfolio Breakdown (continued)

Security	Holding	Average Cost	Current Price	Market Value(USD)	% Portfolio	Indicated Income	% Yield
FUNDS							
<u>NONEQUITY INVESTMENT INSTRUMENTS</u>							
ISHARES DOW JONES U.S. OIL & GAS EXPLORATION & PRODUCTION INDEX FUND	374,790.00	46.33	46.33	17,364,020.70	1.35	50,000.00	0.50
ISHARES MSCI BRAZIL INDEX FUND	415,740.00	41.56	41.56	17,278,154.40	1.34	50,000.00	0.50
TOTAL FUNDS				34,642,175.10			
INDUSTRIAL							
<u>AEROSPACE</u>							
TRIUMPH GROUP INC.	400,220.00	45.24	45.24	18,105,952.80	1.41	50,000.00	0.50
<u>BUILDING MATERIALS AND FIXTURES</u>							
ELKCORP	437,060.00	27.37	27.37	11,962,332.20	0.93	50,000.00	0.50
QUANEX CORPORATION	414,960.00	33.34	33.34	13,834,766.40	1.07	50,000.00	0.50
<u>COMMERICAL VEHICLES & TRUCKS</u>							
FEDERAL SIGNAL CORPORATION	438,500.00	15.52	15.52	6,805,520.00	0.53	50,000.00	0.50
<u>ELECTRICAL COMPONENTS & EQUIPMENT</u>							
AVX CORPORATION	395,850.00	17.79	17.79	7,042,171.50	0.55	50,000.00	0.50
REGAL-BELOIT CORPORATION	351,780.00	47.03	47.03	16,544,213.40	1.28	50,000.00	0.50
<u>ELECTRONIC EQUIPMENT</u>							
KEITHLEY INSTRUMENTS, INC.	420,810.00	13.19	13.19	5,550,483.90	0.43	50,000.00	0.50
WATTS WATER TECHNOLOGIES, INC.	400,920.00	36.22	36.22	14,521,322.40	1.13	50,000.00	0.50
<u>HEAVY CONSTRUCTION</u>							
EMCOR GROUP, INC.	351,390.00	59.82	59.82	21,020,149.80	1.63	50,000.00	0.50
<u>HOME CONSTRUCTION</u>							
D. R. HORTON INC.	407,160.00	23.89	23.89	9,727,052.40	0.76	50,000.00	0.50
M.D.C. HOLDINGS, INC.	418,080.00	49.70	49.70	20,778,576.00	1.61	50,000.00	0.50
<u>MEDICAL EQUIPMENT</u>							
THERMO ELECTRON CORP	419,250.00	40.94	40.94	17,164,095.00	1.33	50,000.00	0.50
<u>SEMICONDUCTORS</u>							
NATIONAL SEMICONDUCTOR CORPORATION	428,220.00	25.23	25.23	10,803,990.60	0.84	50,000.00	0.50

As at 30 Sep 2006

Portfolio Breakdown (continued)

Security	Holding	Average Cost	Current Price	Market Value(USD)	% Portfolio	Indicated Income	% Yield
INDUSTRIAL (CONTINUED)							
<u>STEEL</u>							
UNITED STATES STEEL CORPORATION	397,020.00	65.44	65.44	25,980,988.80	2.02	50,000.00	0.50
<u>WATER</u>							
VEOLIA ENVIRONNEMENT	384,540.00	59.29	59.29	22,799,376.60	1.77	50,000.00	0.50
TOTAL INDUSTRIAL				222,640,991.80			
TECHNOLOGY							
<u>COMPUTER SERVICES</u>							
PEROT SYS CORP	438,770.00	14.36	14.36	6,300,737.20	0.49	50,000.00	0.50
<u>SOFTWARE</u>							
SYBASE, INC.	421,980.00	26.00	26.00	10,971,480.00	0.85	50,000.00	0.50
TOTAL TECHNOLOGY				17,272,217.20			
UTILITIES							
<u>ELECTRICITY</u>							
IDACORP INC.	392,120.00	38.86	38.86	15,237,783.20	1.18	50,000.00	0.50
<u>GAS DISTRIBUTION</u>							
SOUTHERN UNION CO.	403,260.00	26.88	26.88	10,839,628.80	0.84	50,000.00	0.50
TOTAL UTILITIES				26,077,412.00			
TOTAL EQUITY				1,288,289,895.00			

As at 30 Sep 2006

Portfolio Breakdown (continued)

Security	Holding	Average Cost	Current Price	Market Value(USD)	% Portfolio	Indicated Income	% Yield
FIXED INCOME							
CASH							
EUR	91,160.00	1.00	1.00	115,773.20			0.50
GBP	199,390.00	1.00	1.00	372,859.30			0.50
JPY	333,450.00	1.00	1.00	2,825.99			0.50
USD	340,450.00	1.00	1.00	340,450.00			0.50
TOTAL CASH				831,908.49			
TOTAL FIXED INCOME				831,908.49			
GRAND TOTAL				1,289,121,803.49			

As at 30 Sep 2006

Disclaimer

The strategy may include the use of derivatives. Derivatives often involve a high degree of financial risk because a relatively small movement in the price of the underlying security or benchmark may result in a disproportionately large movement in the price of the derivative and are not suitable for all investors. No representation regarding the suitability of these instruments and strategies for a particular investor is made. Tracking Error is one possible measurement of the dispersion of a portfolio's returns from its stated benchmark. More specifically, it is the standard deviation of such excess returns.

Tracking error figures are representations of statistical expectations falling within distributions of return patterns. Normal statistical distributions of returns suggests that approximately two thirds of the time the annual gross returns of the accounts will lie in a range equal to the benchmark return plus or minus the tracking error if the market behaves in a manner suggested by historical returns. Targeted tracking error therefore applies statistical probabilities (and the language of uncertainty) and so cannot be predictive of actual results. The tracking error that will actually be achieved may inherently lie outside of the range suggested by a "normal" statistical distribution of returns. The actual tracking error is the result of many factors (including but not limited to market volatility, company specific anomalies, instability of correlation between benchmark holdings, timing differences between the calculation of the portfolio value and the valuation of the benchmark by the index provider. In addition, past tracking error is not indicative of future tracking error and there can be no assurance that the tracking error actually reflected in your accounts will be at levels either specified in the investment objectives or suggested by our forecasts.

While the Adviser seeks to design a portfolio which will reflect certain risk and return features such as sector weights and capitalization ranges, the Client understands that such characteristics of the portfolio, as well as its *volatility*, may deviate to varying degrees from those of the benchmark. The material provided herein is for informational purposes only. It does not constitute an offer to sell or a solicitation of an offer to buy any securities relating to any of the products referenced herein, notwithstanding that any such securities may be currently being offered to others. Any such offering will be made only in accordance with the terms and conditions set forth in the Offering Memorandum pertaining to such Fund. Prior to investing, investors are strongly urged to review carefully the Offering Memorandum (including the risk considerations described therein), the Subscription Agreement and all related fund documents, to ask such additional questions of the Investment Manager as they deem appropriate, and to discuss any

prospective investment in the Fund with their legal and tax advisers. The Adviser will employ a quantitative investment process in seeking to achieve the investment objectives of the CORE Flex Funds. This process is based on assumptions, assessments and estimates of the Investment Manager. Such assumptions, assessments and estimates are subject to error.

There is no assurance that the quantitative models developed by the Investment Manager will be adequate, or that they will be adequately utilized by the Investment Manager. Therefore, there can be no assurance that the CORE Flex Funds investment objectives will be achieved, that its specific strategy portfolios or its maximum long/short target will be achieved. The Global Industry Classification Standard (GICS) was developed by and is the exclusive property and a service mark of Morgan Stanley Capital International Inc. (MSCI) and Standard & Poor's, a division of

