

# Non-Taxable All-Cap Growth Equity

Lateef Management Associates

Morningstar  
Overall Rating  
UUUUU

Number of  
Accounts  
—

Total  
Assets  
\$153 mil

Morningstar  
Category  
Mid-Cap Growth

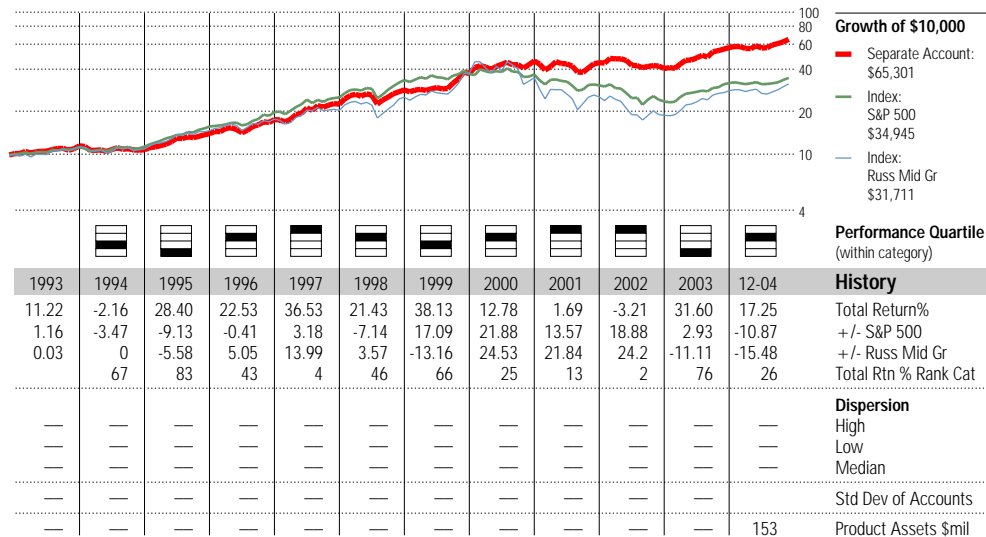
## Customization

Exclude securities	Proact
Modify sector weightings	No
Consult with portfolio manager	Proact
Consult with portfolio administrator	Proact
Tax Lot Harvest Rpt to Advisor	Proact
Access daily portfolio holdings	No
Access daily performance	No
Access daily risk/MPT stats	No
Annual tax document	Proact

## Tax-Efficiency

Use of tax-optimization software	No
Use of tax-lot trading strategies	No
Ability to harvest tax losses	Proact
Trades analyzed by holding period	No
Lg-term cap gain use in position chgs	Proact
Analysis of taxable income streams	No
Sell high cost positions first	No
Short-term gain flag before trade	No
Analysis of loss candidates	No

**Flexibility Level** Moderately Flexible



## Portfolio Manager(s)

## Rating and Risk 12-31-04

Time Period	Morningstar Rtn vs Cat	Morningstar Risk vs Cat	Morningstar Risk-Adj Rating
3 Yr	High	Low	5
5 Yr	High	Low	5
10 Yr	High	Low	5

## Performance 12-31-04

	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total
2000	10.70	-1.05	2.44	0.16	12.78
2001	-8.21	11.17	-12.92	14.24	1.69
2002	9.29	-3.22	-11.14	2.65	-3.21
2003	-3.69	14.42	5.08	13.65	31.60
2004	4.28	1.43	1.30	9.42	17.25

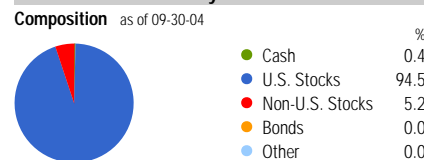
## Trailing

	Total Return%	+/- S&P 500	+/-Russ Mid Gr	% Rank All Cat	Growth of \$10,000
1 Mo	4.29	0.89	-0.50	19 43	10,429
3 Mo	9.43	0.20	-4.51	51 88	10,942
1 Yr	17.25	6.38	1.77	27 26	11,724
3 Yr	14.31	10.73	8.15	19 4	14,887
5 Yr	11.36	13.66	14.72	18 7	16,985
10 Yr Avg	19.96	7.89	8.73	3 5	60,393
15 Yr Avg	—	—	—	—	—

## Risk Analysis 12-31-04

	Standard Index S&P 500	Best Fit Index Mstar Small Value
Alpha	11.34	1.06
Beta	0.62	0.67
R-Squared	57	77
Standard Deviation		14.01
Mean		14.31
Sharpe Ratio		1.04
Average 12-Month Yield		0.73%

## Current Investment Style



## Equity

Value Blend Growth	Market Cap
Large	5.2%
Mid	10.7%
Small	78.4%
Micro	4.5%
Geo Avg Market Cap	\$ mil 1.2
	3,884

## Value Grades

	%
Price/Earnings	20.4
Price/Book	3.4
Price/Sales	1.66
Price/Cash Flow	9.4
Dividend Yield	0.73

## Fixed-Income

Short Int Long	
High	Avg Eff Duration —
Med	Avg Eff Maturity —
Low	Avg Credit Quality —
	Avg Wtd Coupon —

## Account Size Breakdown

Number of Holdings	Total Account Value(\$ mil)	Number of Accounts
Less than \$250,000	—	—
\$250,000-\$1 million	—	—
\$1 million-\$10 million	—	—
More than \$10 million	0.0	—

## Portfolio Analysis 09-30-04

Share (2004-03)	Chg 000	Total Stocks	18	% Net Assets
		Total Fixed-Income	—	
		Avg Turnover Ratio	20%	
		Expeditors International of WA		14.44
		Techne		8.38
		First American		7.99
		CH Robinson Worldwide		7.40
		Gentex		7.01
		Dentsply International		6.22
		International Flavors & Fragrances		6.10
		Rockwell Collins		5.93
		Suncor Energy		5.17
		McGraw-Hill Companies		4.77
		Financial Federal		4.49
		Valassis Communications		4.13
		Affymetrix		3.92
		Associated Banc-Corp		3.84
		Texas Instruments		2.97
		Moody's		2.92
		Tiffany		2.82
		Network Equipment Technologies		1.16

## Sector Weighting

	Portfolio %	S&P 500 %
<b>Information Economy</b>	<b>13.1</b>	<b>21.6</b>
Software	0.0	4.4
Hardware	4.1	10.1
Media	8.9	3.8
Telecommunication	0.0	3.2
<b>Service Economy</b>	<b>59.8</b>	<b>45.9</b>
Healthcare Services	18.6	12.2
Consumer Services	0.0	9.1
Business Services	24.9	4.1
Financial Services	16.4	20.5
<b>Manufacturing Economy</b>	<b>27.1</b>	<b>32.5</b>
Consumer Goods	8.9	9.2
Industrial Goods	13.0	12.8
Energy	5.2	7.5
Utilities	0.0	3.0

## Operations

Product Focus	Both
Retail Minimum (\$000)	\$1,000
Customization Minimum (\$000)	—
Institutional Minimum (\$000)	\$1,000
% Portfolios Customized	—
% Portfolio Tax-Managed	—

Address	300 Drakes Landing Road; S Greenbrae CA 94904
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Web Address	www.lateef.com
Date of Inception	1974-12
AIMR Compliance Date	1991-01

## Fee Information

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# Separate Account Detail Report Disclosure Statement

The Separate Account Detail report is supplemental sales material, and therefore must be preceded or accompanied by the separate account's current prospectus and a disclosure statement, or equivalent. Please read this information carefully. In all cases, this disclosure statement should accompany this report. Morningstar is not itself an NASD-member firm. All data is based on the most recent information available to Morningstar.

If a separate account data element is populated with the characters "DNP" this means the separate account firm "does not participate" to Morningstar for that set of data.

## Customization

Morningstar surveys the separate account firms for the items in this section.

Exclude Securities indicates the willingness and/or ability to allow a client (either the actual investor, a broker or financial advisor representing the end investor, or a program sponsor with who the money manager is providing this separate account product to) to exclude certain securities from being held in a particular account in this product.

Modify Sector Weightings indicates the willingness and/or ability to allow a client (either the actual investor, a broker or financial advisor representing the end investor, or a program sponsor with who the money manager is providing this separate account product to) to modify sector weightings.

Consult with Portfolio Manager or Administrator indicates the willingness and/or ability to allow a client (either the actual investor, a broker or financial advisor representing the end investor, or a program sponsor with who the money manager is providing this separate account product to) to consult with the portfolio manager and administrator on a regular basis. This communication may take the form of quarterly phone calls, e-mails, or visits with the portfolio administrator or manager.

Tax Lot Harvest Report to Advisor indicates the willingness and/or ability to provide a client (either the actual investor, a broker or financial advisor representing the end investor, or a program sponsor with who the money manager is providing this separate account product to) with a regular statement detailing trades that were made in a particular client's account to take advantage of tax lot harvesting.

Access Daily Information indicates the willingness and/or ability to provide a client (either the actual investor, a broker or financial advisor representing the end investor, or a program sponsor with who the money manager is providing this separate account product to) with access to the daily holdings, risk, MPT, and performance information in their particular account. This would normally be accomplished via online account access.

Annual Tax Document indicates the willingness and/or ability to provide a client (either the actual investor, a broker or financial advisor representing the end investor, or a program sponsor with who the money manager is providing this separate account product to) with a regular statement detailing trades that were made in a particular client's account to take advantage of tax lot harvesting and that can be filed directly with the IRS.

## Tax Efficiency

The tax efficiency section indicates the willingness and/or ability to provide a client (either the actual investor, broker or financial advisor representing the end investor, or a program sponsor with who the money manager is providing this separate account product) with the listed tax-related products or services.

## Flexibility Level

The Morningstar Flexibility Measure for separate accounts ("Flex Measure") ranks separate accounts based on the number of custom benefits and services that are offered to investors. The Flex Measure classifies separate accounts as Highly Flexible, Moderately Flexible, and Less Flexible. The ranking is based on ongoing surveys of asset managers with an adjustment for average account size.

## Performance

The performance data given represents past performance and should not be considered indicative of future results. Principal value and investment return will fluctuate, so that an investor's shares when redeemed may be worth more or less than the original investment. The separate account is not FDIC-insured, may lose value and is not guaranteed by a bank or other financial institution.

All separate account performance data is reported as a "composite" of similarly managed portfolios. As such, investors in the same separate account may have slightly different portfolio holdings because each investor has customized account needs, tax considerations and security preferences. The method for calculating composite returns can vary.

Gross returns are collected on a monthly and quarterly basis for separate accounts and commingled pools. This information is collected directly from the asset management firm running the product(s). Morningstar calculates total returns, using the raw data (gross monthly and quarterly returns), collected from these asset management firms.

Morningstar % Rank within Morningstar Category does not account for a separate account's sales charge (if applicable)

## Growth of \$10,000

The graph compares the growth of \$10,000 in a separate account with that of an index and with that of the average for all separate accounts in its Morningstar category. The total returns are calculated from the gross returns provided by the asset management firm and are not adjusted for fees or the effects of taxation. If adjusted, sales charges would reduce the performance quoted. The index is an unmanaged portfolio of specified securities and cannot be invested in directly. The index and the category average do not reflect any initial or ongoing expenses. A separate account's portfolio may differ significantly from the securities in the index. The index is chosen by Morningstar.

## Rating and Risk

The Morningstar Rating is calculated on a quarterly basis for separate accounts with at least a three-year history. It is calculated based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a separate account's monthly performance, placing more emphasis on downward variations and rewarding consistent performance. The top 10% of separate accounts in each category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars and the bottom 10% receive 1 star. The Overall Morningstar Rating for a separate account is derived from a weighted average of the performance figures associated with its three-, five- and 10-year (if applicable) Morningstar Rating metrics. Morningstar will not calculate ratings for categories or time periods that contain fewer than five separate accounts.

# Separate Account Detail Report Disclosure Statement

There are some differences between the separate account rating methodology and the rating methodologies of other investments. All separate account performance data is reported to Morningstar as a "composite" of similarly managed portfolios. Separate accounts are based on total returns that have not been adjusted for investment management fees, and the returns are not tax-adjusted for accounts that invest in municipal bonds. A "DNP" in the rating section means that did not participate in submitting their returns to Morningstar.

To ensure that ratings are fairly assigned, ratings are calculated only for firms that report composites according to guidelines of the Association for Investment Management and Research (AIMR). (Approximately 90% of the firms in our database submit composites that are depicted as AIMR-compliant.)

Morningstar Return rates a separate account's performance relative to other separate accounts in its Morningstar Category. It is an assessment of a separate account's excess return over a risk-free rate (the return of the 90-day Treasury Bill), after adjusting for all applicable loads and sales charges, in comparison with the separate accounts in its Morningstar Category. In each Morningstar Category, the top 10% of separate accounts earn a High Morningstar Return (HIGH), the next 22.5% Above Average (+AVG), the middle 35% Average (AVG), the next 22.5% Below Average (-AVG), and the bottom 10% Low (LOW). Morningstar Return is measured for up to three time periods (three-, five-, and 10 years). These separate measures are then weighted and averaged to produce an overall measure for the separate account. Separate accounts with less than three years of performance history are not rated.

Morningstar Risk evaluates a separate account's downside volatility relative to that of other separate accounts in its Morningstar Category. It is an assessment of the variations in a separate account's quarterly returns, with an emphasis on downside variations, in comparison with the separate accounts in its Morningstar Category. In each Morningstar Category, the 10% of separate accounts with the lowest measured risk are described as Low Risk (LOW), the next 22.5% Below Average (-AVG), the middle 35% Average (AVG), the next 22.5% Above Average (+AVG), and the top 10% High (HIGH). Morningstar Risk is measured for up to three time periods (three-, five-, and 10 years). These separate measures are then weighted and averaged to produce an overall measure for the separate account. Separate accounts with less than three years of performance history are not rated.

## Risk Analysis

The risk measures below are calculated for separate accounts with at least a three-year history.

Alpha measures the difference between a separate account's actual returns and its expected performance, given its level of risk (as measured by beta). Alpha is often seen as a measure of the value added or subtracted by a portfolio manager.

Beta is a measure of a separate account's sensitivity to market movements. A portfolio with a beta greater than 1 is more volatile than the market, and a portfolio with a beta less than 1 is less volatile than the market.

R-squared reflects the percentage of a separate account's movements that are explained by movements in its benchmark index, showing the degree of correlation between the separate account and the benchmark. This figure is also helpful in assessing how likely it is that alpha and beta are statistically significant.

Standard deviation is a statistical measure of the volatility of the separate account's returns.

Mean represents the annualized geometric return for the period shown.

The Sharpe ratio uses standard deviation and excess return to determine reward per unit of risk.

## Current Investment Style

Data in this section are as of the date listed in the report and is based on the most recent information available to Morningstar. Please note there are no assurances that the information in this section will remain the same and is only valid for one point in time, which is the as of date.

The Morningstar Style Box reveals a separate account's investment strategy. For equity separate accounts the vertical axis shows the market capitalization of the stocks owned and the horizontal axis shows investment style (value, blend or growth). For fixed-income separate accounts the vertical axis shows the average credit quality of the bonds owned, and the horizontal axis shows interest rate sensitivity as measured by a bond's duration (short, intermediate or long).

## Value and Growth Grades

The referenced data elements below are a weighted average of the equity holdings in the portfolio.

### Value Grades:

The Price/Projected Earnings ratio is a weighted average of the price/projected earnings ratios of the stocks in the underlying separate account's portfolio. The P/E ratio of a stock is calculated by dividing the current price of the stock by its trailing 12-months' earnings per share. In computing the average, Morningstar weights each portfolio holding by the percentage of equity assets it represents.

The Price/Book ratio is a weighted average of the price/book ratios of all the stocks in the underlying separate account's portfolio. The P/B ratio of a company is calculated by dividing the market price of its stock by the company's per-share book value. Stocks with negative book values are excluded from this calculation.

The Price/Sales ratio is a weighted average of the price/sales ratios of the stocks in a separate account's portfolio. Price/sales represents the amount an investor is willing to pay for a dollar generated from a particular company's operations.

The Price/Cash Flow ratio is a weighted average of the price/cash-flow ratios of the stocks in a separate account's portfolio. Price/cash-flow shows the ability of a business to generate cash and acts as a gauge of liquidity and solvency.

Dividend Yield is the annual percentage of return earned and is determined by dividing the amount of annual dividends per share by the current market price per share.

The geometric average market capitalization of a separate account's equity portfolio offers a measure of the size of the companies in which the separate account invests.

### Growth Grades:

The Long-term Projected Earnings Growth rate is the average of the available third-party analysts' estimates for three- to five-year EPS growth. For portfolios, this data point is the share-weighted average of the projected earnings growth estimates for all the stocks in the portfolio.

## Separate Account Detail Report Disclosure Statement

Book value growth rate is a measure of how the book value per share (BVPS) has grown over the last five years. For portfolios, this data point is the share-weighted collective book value growth for all stocks in the current portfolio.

Sales growth rate is a measure of how the sales per share (SPS) has grown over the last five years. For portfolios, this data point is the share-weighted collective sales growth for all stocks in the current portfolio.

Cash Flow growth rate is a measure of how the cash flow per share (CFPS) has grown over the last three to five years. For portfolios, this data point is the share-weighted collective cash flow growth for all stocks in the current portfolio.

Trailing earnings growth rate is a measure of how the earnings per share (EPS) has grown over the last five years. Morningstar uses EPS from continuing operations to calculate this growth rate. For portfolios, this data point is the share-weighted collective earnings growth for all stocks in the current portfolio.

### Fixed-Income Portfolio Statistics

The referenced data elements below are a weighted average of the fixed income holdings in the portfolio.

Average effective duration is a time measure of a bond's interest rate sensitivity. Average effective duration is a weighted average of the duration of the underlying fixed income securities within the portfolio.

Average effective maturity is a weighted average of all the maturities of the bonds in a portfolio, computed by weighting each maturity date by the market value of the security.

Average credit quality is calculated by taking the weighted average of the credit rating for each bond in the portfolio.

Average weighted coupon is generated from the separate account's portfolio by weighting the coupon of each bond by its relative size in the portfolio. Coupons are fixed percentages paid out on a fixed-income security on an annual basis.

Average Turnover Ratio is a decent proxy for how frequently a manager trades his or her portfolio. The inverse of a separate account's turnover ratio is the average holding period for a security in the separate account. As turnover increases, a separate account's brokerage costs typically rise as well.

### Account Size Breakdown

This is the number of total accounts, the aggregate value of these accounts, and their respective number of holdings as run by the asset manager in the separate account product, broken down by account size. This information is provided by the asset management firm running the separate account.

### Investment Risk

International Separate Accounts/Emerging Market Separate Accounts: The investor should note that separate accounts that invest in international securities involve special additional risks. These risks include, but are not limited to, currency risk, political risk, and risk associated with varying accounting standards. Investing in emerging markets may accentuate these risks.

Sector Separate Accounts: The investor should note that separate accounts that invest exclusively in one sector or industry involve additional risks. The lack of industry diversification subjects the investor to increased industry-specific risks.

Non-Diversified Separate Accounts: The investor should note that separate accounts that invest more of their assets in a single issuer involve additional risks, including share price fluctuations, because of the increased concentration of investments.

Small Cap Separate Accounts: The investor should note that separate accounts that invest in stocks of small companies involve additional risks. Smaller companies typically have a higher risk of failure, and are not as well established as larger blue-chip companies. Historically, smaller-company stocks have experienced a greater degree of market volatility than the overall market average.

Mid Cap Separate Accounts: The investor should note that separate accounts that invest in companies with market capitalizations below \$10 billion involve additional risks. The securities of these companies may be more volatile and less liquid than the securities of larger companies.

High-Yield Bond Separate Accounts: The investor should note that separate accounts that invest in lower-rated debt securities (commonly referred to as junk bonds) involve additional risks because of the lower credit quality of the securities in the portfolio. The investor should be aware of the possible higher level of volatility, and increased risk of default.

Tax-Free Municipal Bond Separate Accounts: The investor should note that the income from tax-free municipal bond separate accounts may be subject to state and local taxation and the Alternative Minimum Tax.

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# Benchmark Disclosure

**Morningstar Small Value**

Measures the performance of the small capitalization stocks that are undervalued.

**Russell Midcap Growth**

Tracks the companies within the Russell Midcap Index with higher price-to-book ratios and higher forecasted growth values.

**Standard & Poor's 500**

A market capitalization-weighted index of 500 widely held stocks often used as a proxy for the stock market.