

GROWTH EQUITIES

Rupert E. Grimm | CFA
Growth Equities Portfolio Manager since 1984

Founded in 1972 in San Francisco

Staff of 6 Investment Professionals

Investment Staff has 20 Years Average Experience, Three of Whom Have Worked Together for over 28 years

\$1.4 Billion in Managed Assets as of 2Q04

Philosophy

Berkeley Capital Management's Growth Equities investment philosophy is based on the belief that competitively strong companies that over time produce superior earnings growth, should produce above average investment results. Berkeley also believes that performance can be enhanced by selecting growth stocks which are most attractive on a combination of valuation and momentum factors.

Distinguishing Features

- ❑ A focus on large capitalization companies which we believe are industry leaders and can sustain superior earnings growth over an extended period.
- ❑ The use of quantitative decision support tools to supplement our investment research efforts in managing the portfolios.
- ❑ We emphasize valuation and earnings momentum in addition to these factors affecting long-term earnings growth.
- ❑ An experienced team—same management since 1984.

Portfolio Structure

- ❑ 25 to 35 holdings.
- ❑ A “bottom-up” investment process with sector weightings limited by established guidelines.
- ❑ Holdings are weighted according to relative attractiveness.

Investment Process

FOCUS LIST

From a universe of growth companies as defined by analysts' expectations and a minimum market capitalization of \$4 billion, we develop a Focus List of companies that we believe are best able to sustain superior earnings growth over a 5 to 6 year period. Typically, the companies are competitively strong with a significant and growing market share. They tend to be more innovative. They have superior profitability, above average sales growth, superior free cash flow, and better than average earnings stability.

PURCHASING SECURITIES

From the Focus List, we select companies which are most attractive on a combination of:

- ❑ **Valuation** - the discounted value of a stream of expected earnings
- ❑ **Earnings Momentum** - strong gains and rising expectations
- ❑ **Price Momentum** - positive price trends

We use proprietary quantitative tools to support our extensive internal and external investment research.

Professional Profiles

Rupert E. Grimm, CFA Portfolio Manager & Chairman of the Investment Policy Committee

35 years of investment experience.
Past Positions: Goldman, Sachs & Co., Amax, Inc. Education: BS, US Military Academy at West Point; MBA, Wharton Graduate School

Jim Landau, CFA CEO & Portfolio Manager

32 years of investment experience.
Past Position: American Express Investment Mgmt. Corp.
Education: BS, Washington University (St. Louis); MBA, Harvard University

Janice E. Encinger Head Equity Trader

32 years of investment experience.
Past Position: Bank of America
Education: Attended UC Berkeley

Dave Ruff, CFA Portfolio Manager & Analyst

16 years of investment experience.
Past Position: Chief Investment Officer, London Pacific Advisors
Education: BS, Iowa State University

Randy Coleman, CFA Portfolio Manager & Analyst

10 years of investment experience.
Past Position: London Pacific Advisors
Education: BA, University of California, Davis; MBA, American Graduate School of International Management

J. P. Marion Portfolio Manager & Analyst

3 years of investment experience.
Past Position: London Pacific Advisors
Education: BS, Sacramento State

Investment Process (continued)

SELL DISCIPLINE

We sell stocks when:

- Events occur which affect expectations of long term earnings growth.
- There is a loss of earnings momentum not recoverable within six months.
- When significantly more attractive situations are available, as indicated by our quantitative disciplines based on valuations and earnings momentum factors.

Portfolio Characteristics as of 6/30/04

	Growth Equities Composite	S&P 500 Composite	Russell 1000® Composite	NASDAQ 100 Composite
GROWTH ORIENTATION				
Projected 5-yr EPS Growth (IBES)	+19.8%	+12.1%	+14.6%	+15.8%
Revenue Per Share, 5-yr Hist Growth	+19.6%	+6.4%	+7.6%	+12.0%
EPS, 5-Year Hist Growth	+20.8%	+6.8%	+9.4%	+10.8%
EARNINGS MOMENTUM				
Revenue Per Share, T4Q, % Change	+33.3%	+15.4%	+23.4%	+41.9%
EPS, T4Q, % Change	+41.4%	+14.4%	+19.1%	+37.3%
FY'04, EPS est., % Change (IBES)	+42.7%	+17.9%	+25.2%	+46.0%
FY'05, EPS est., % Change (IBES)	+18.3%	+10.7%	+15.9%	+20.5%
EPS Revision, FY'03 % Change last 12 weeks	+2.1%	+3.9%	+2.0%	+3.4%
EPS Revision, FY'04 % Change last 12 weeks	+2.5%	+2.7%	+1.8%	+3.5%
VALUATION				
PE F12 Months EPS (IBES)	21.1x	16.1x	19.1x	25.9x
PE F12 Months / 5-yr Median	57%	72%	66%	55%
PE F12 Months / Growth Rate / 5-yr Median	75%	109%	91%	86%
RISK FACTORS				
Weighted Average Market Capitalization	\$63.2 bil	\$93.5bil	\$88.9 bil	\$114.6 bil
Total Return Variability, 5-yr (mean estimated error)	17.0%	8.0%	10.2%	21.5%
5-Year Beta	1.78	1.15	1.28	1.89

Source: IBES and StockVal.

Contact Us

Marketing Materials: Ana Contreras (415) 393-0321

West Coast

John W. Hart, JD, CIMC
President
(415) 393-0372

West/Southwest

Katie Bassett
Vice President
(415) 393-0306

Southwest

Robert A. Finley, Jr. Senior
Vice President
(214) 387-0071

Midwest

David J. Pitsch, CFP, AIF®
Managing Director
(630) 572-9138

Midwest/Southeast

Mary E. Britton
Assistant Vice President
(415) 393-0319

Northeast

Mike Remigino, CIMC
Managing Director
(415) 393-0315

Mid-Atlantic

Tom Vaughn, AIF®
Managing Director
(415) 393-0312

Northeast/Mid-Atlantic

Emily Najour
Marketing Associate
(415) 393-0337