

DEAN CHASE GLOBAL VALUE, LLC

Third Quarter 2005

www.dcglobalvalue.com



DEAN CHASE
GLOBAL VALUE

INTERNATIONAL EQUITY PRODUCT

A Closer Look at Dean Chase Global Value, LLC

Dean Chase Global Value, LLC is an investment advisory firm, rooted in the traditions of the Graham & Dodd discipline, founded to manage assets for employee benefit plans, public entities, endowments, foundations, Taft-Hartley and high net worth individuals via separate accounts, pooled trusts and sub-advisory vehicles.

Portfolio Manager: Al Polit, CFA

Product Overview

Dean Chase utilizes an absolute value, Graham & Dodd, bottom-up stock selection process to the international markets. The universe includes foreign stocks with a market capitalization over US \$1 billion. The portfolio tends to purchase unloved and out of favor companies that are temporarily mispriced by the marketplace, yet have absolute determinable value. Dean Chase believes that the temporary disparity that exists between the price of a stock and the true worth of the business will close over time creating a profit for the investor. Strict buy and sell disciplines are adhered to by applying a margin of safety.

The portfolio characteristics tend to exhibit stocks with low price-earnings, low price-book, and low price-cash flow valuation ratios. High dividend yields are simply a by-product of the investment process. Dean Chase has a bias for companies with conservative capital structures. Turnover tends to be low and holding periods are typically three to five years.

For More Information:

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Top Ten Holdings

Deutsche Telekom	4.72%
Heineken NV	3.72%
Glaxosmithkline Plc	3.66%
KPN NV	3.65%
Aegon Group NV	3.60%
Nestle SA	3.41%
Cadbury Schweppes Plc	3.38%
Nippon Tel & Tel	3.31%
Unilever Plc	3.26%
Celestica Inc	3.12%

Top Five Country Weightings

United Kingdom	21.43%
Japan	16.68%
Netherlands	16.20%
Germany	9.53%
South Korea	6.65%

Top Five Industry Weightings

Diversified Telecom. Services	23.68%
Food Products	10.05%
Beverages	9.24%
Pharmaceuticals	9.22%
Commercial Banks	8.23%

Regional Weightings

Europe	64.78%
Asia/Pacific/Latin America	29.43%
North America	5.60%
Developed Markets	87.06%
Emerging Markets	12.76%

Portfolio Characteristics

* Ending September 30, 2005

	Dean Chase Portfolio	MSCI EAFE Index
P/E	15.39x	16.29x
P/B	2.16x	2.31x
P/CF	6.79x	8.63x
Div. Yld	2.61%	2.39%
MktCap (mm)	\$32,249	\$53,161

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The MSCI EAFE Index is an unmanaged index consisting of securities listed on exchanges in European, Australasian and far Eastern markets and includes dividends net of foreign withholding taxes and distributions, but does not reflect fees, brokerage commissions or other expenses of investing.

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Continuing the trend since the beginning of the year, the U.S. dollar strengthened relative to most developed market currencies prompted by further U.S. interest rates increases, leadership uncertainties in select European countries, and stronger U.S. economic growth. Against the European euro, Japanese yen, British pound, and Swiss franc, the U.S. dollar gained 0.6%, 2.2%, 1.5%, and 1.0%, respectively. Year-to-date and compared to the greenback, the European euro depreciated 11.3%. Positive returns have accrued to U.S. investors as foreign equity markets, in general, have well offset currency depreciations. For example, the MSCI Japan Index gained 21.9% in local currency terms year-to-date, but when looked at from a U.S. perspective, U.S. investors netted 12.2%. Overall, foreign equity markets exceeded their U.S. counterpart this quarter. In local currency terms, the best performing developed market was Japan while the worst was Ireland even though it still generated positive returns. Argentina was the top performing emerging market and Venezuela ended poorly, again.

Black gold continued its upward streak having reached \$70 per barrel. Market prices of U.S. refined products, such as gasoline and jet fuel, also jumped due to already tight supply, strong demand, and the devastation to refinery capacity in the Gulf of Mexico attributable to Hurricanes Katrina and Rita. During the hurricane crisis, 12% of U.S. refining capacity was shut down. Supply and demand factors have contributed to skyrocketing oil prices with the cost of money affecting the demand side of the equation. Cheap money spurs demand which pushes oil prices higher. However, cheap money has also shielded companies from high oil prices. Gold bullion, being priced in U.S. dollars, also increased reaching \$470 an ounce contrary to what would be expected with a strengthening dollar. It appears that inflationary concerns from oil prices as well as strong seasonal demand for the precious commodity contributed to this result.

EUROPE

In Germany, the Christian Democratic Union (CDU) beat the Social Democratic Party (SDP) by a small margin in early elections making it insufficient to form a majority in parliament and raising fears that a grand coalition would not push through much needed reforms, such as changing labor laws. Early on, Angela Merkel of the CDU was a shoe in as German chancellor, but a series of missteps on tax reform and factual mistakes impacted her credibility. This has not stopped German companies from restructuring as seen with the announcements by Volkswagen and Siemens to cut labor costs. Structural problems within Germany were made visible with the discovery of the bribery scandal at Volkswagen thanks to the German system of co-determination. Co-determination, by law, provides German workers a role in corporate decision making allowing them the right to form a council providing a defined role in management decision-making on certain workplace and employment issues. At Volkswagen, half of the supervisory board seats are occupied by union and worker representatives preventing management from making economically rationale decisions. Volkswagen labor costs are well above the industry average. Eastern European labor rates as a percentage of current German rates range anywhere from ten to twenty-five percent. Foreign investors own approximately 50% of the free float in the German DAX 30 Index which should increase pressure to create shareholder value. Elsewhere in Europe, France will be preparing for a presidential race as President Chirac appears unlikely to run for another term in 2007 citing health concerns. While some legislators continue to push for market reforms, France is still protectionist having recently issued warnings against a foreign company bidding for Groupe Danone, a French producer of biscuits, yoghurt, and bottled water. This is ironic as France has the highest value of takeover deals in Europe year-to-date. The Bank of Italy was also shown to be hostile to foreign takeovers as illustrated with the governor giving preferential tender treatment for an Italian bank to a domestic bank with inferior terms. Even though the foreign bank, ABN Amro, was successful in the end, it was only after the governor was caught red-handed on tape. Surprisingly, he continues to claim innocence. Many high-profile Italian politicians have called for the governor's voluntary resignation as he is appointed for life and existing Italian laws prevent the government from removing him. Elsewhere in Europe, the Bank of England cut interest rates as growth has slowed due to high oil prices, a lack of capital spending in Continental Europe, a leveling of the U.K housing market, and unstable labor prospects. In other news, of the 25 European Union members, ten are in violation of breaching their deficit ceilings calling into need fiscal restraints.

ASIA

After much foreign pressure, China finally revalued the yuan and introduced a currency basket approach. While the revaluation was limited at 2.1% with a 0.3% daily floatation band, it paves the way for future revaluations. China also began allowing foreigners to buy yuan-denominated securities. CNOOC withdrew its offer for Unocal, a U.S. oil concern, after it was obvious U.S. political support was lacking. To prevent nationalistic aggression towards the U.S., China controlled the domestic media coverage of the affair. China is the second largest oil consumer after the U.S. With a cap on diesel prices and none on oil purchases, Chinese refineries opted to limit their

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local distribution to minimize losses causing local shortages. In Japan, Prime Minister Koizumi followed through on his promise to dissolve the lower house should the upper house defeat his plan to privatize Japan Post. Koizumi recruited high-profile 'assassins' to run against those that objected to his plan. He has long argued that privatizing Japan Post would limit the use of funds spent on wasteful government spending and allow other financial institutions to compete for those funds. But, the privatization issue had a greater meaning within Japan; the desire to change its old ways. By taking a chance, Koizumi won more than enough seats in the lower house to over-ride any defeats in the upper house. Japanese deflation is also showing signs of ending evidenced by higher land prices. This should strengthen consumer purchasing power and encourage Japanese banks to lend again. Inflation will also encourage the population to spend their huge pool of savings, and finally prompt the Bank of Japan to end its zero interest rate policy. Low unemployment, an increase in consumer consumption and capital investment, and last but not least, a fall in corporate bankruptcies, has prompted many market participants to upgrade their views on Japan. Japanese banks, in particular, have showed strong earnings recoveries due to a drop in bad loans and increased fee-based income.

Other Asian countries, such as Indonesia, were also in the limelight as government subsidized fuel crimped the country's foreign reserves and pressured the Indonesian rupiah. It is estimated that the government will spend \$14 billion this year on fuel subsidies equating to ¼ of total government spending. Subsidies have since been cut with some riots occurring. Finally, North Korea pledged to relieve their nuclear weapons ambitions in exchange for aid and relations with the U.S. and Japan. South Korea, which was growing hostile towards foreign investors making substantial money in their markets, changed its tone and welcomed foreign investment.

Point of Interest

Sumo wrestling is believed to have its roots over 1,500 years ago. While morphing over time, it is considered to be a Japanese form of martial art and is very popular in Japan. The match involves two wrestlers in a ring, or doyo, with the objective being to throw your opponent outside the doyo or to have your opponent touch the doyo ground with anything other than the soles of his feet. Matches are usually followed after ceremonial rituals. It is also tradition for sumo wrestlers to take a wrestling name, usually given to them by their stable-masters, and to grow long hair to be tied in a topknot. Stables have very strict rules and clear hierarchies are present in everything from practicing, eating, and cleaning. Life expectancies of wrestlers have typically ranged from 60 to 65 years.

Fee Schedule
International Equity Product

Dean Chase will charge an annual advisory fee as a percentage of assets under management, according to the following fee schedule:

Values less than \$1,000,000:

* 1.25% ...on the first \$1 million

Values from \$1 million and up to \$10 million:

* 1.00% ...on the first \$5 million

* 0.90% ...on the next \$5 million

Values from \$10 million and up to \$50 million:

* 0.85% ...on the first \$10 million

* 0.75% ...on the next \$10 million

* 0.60% ...on the next \$30 million

Values greater than \$50 million:

* 0.50% ...on the first \$50 million

* 0.50% ...on the next \$50 million

* 0.45% ...on the next \$50 million

* 0.40% ...on the next \$50 million

* 0.35% ...on all amounts thereafter

LATIN AMERICA

The political crisis in Brazil caused by schemes to buy legislative support spread and forced several high profile resignations in the Worker's Party. Brazilian President Lula continues to claim innocence, and in a win for his administration, the government candidate for the leader of the lower house of Congress won. This high ranking position should be able to prevent possible impeachment of Lula and help rebuild his credibility for the 2006 presidential election. In Venezuela, President Chavez continues to upset market participants who are expressing distaste by raising the equity risk premium. First, he changed the law to allow the government to withdraw \$5 billion in central bank reserves for social spending claiming it is the people's money. Second, he recently presented foreign oil companies with retroactive tax bills due claiming the low tax rates agreed to in their contracts are illegal. Finally, Chavez cut all ties with U.S. drug enforcement agencies and started expropriating idle foreign-owned plants and property. Argentina, while no Venezuela, has also been reported to grab land putting property rights at risk. And, by giving public workers a 20% wage increase strains its fiscal surplus.

PERFORMANCE

The Dean Chase International Equity Value gross of fees performance composite for the quarter was 12.02% relative to the MSCI EAFE Index at 10.38%. Year-to-date, the gross of fees performance composite and the MSCI EAFE Index ended at 11.14% and 9.08%, respectively. Being benchmark blind and absolute-value focused, Dean Chase should continue to experience high tracking error. In addition,

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being a bottom-up investor, allocations in certain countries and industries are a by-product of the investment process. On U.S. dollar terms, positive performance contributors came from the commercial banks, insurance, and automobile industries. Japan was a solid country contributor followed by the United Kingdom and the Netherlands. Europe, having the largest regional weighting, positively impacted quarterly results. Volatility creates opportunity and this quarter was no exception. Dean Chase was able to sell existing positions that reached estimates of intrinsic value, including those in the financials, telecommunication services, and consumer discretionary sectors. Proceeds were reinvested in researched companies having attractive margins of safety in the telecommunication services, health care, consumer discretionary, materials, and information technology sectors. This quarter, approximately 16.5% of the representative portfolio was turned-over, which is unusually high but easily explainable due to the volatility. The median market capitalization was \$12,483 million and the representative portfolio had 35 positions.

OUR ADVANTAGE

The benefits of being a client in an emerging manager product, like those offered by Dean Chase, are very simple. Larger managers usually lack the flexibility to continue to be performance enhancing over time. Firstly, large managers take smaller position allocations and over-diversify client accounts, which in turn, become more index-oriented. Secondly, large managers are more likely to engage in investments outside their core competence with substantial financial risk just to invest assets. Lastly, large managers cannot always be opportunistic should a great investment become available with limited free float or a low market capitalization. Client interests truly come first if managers close their products to new money at reasonable levels. All active products have capacity constraints and strict discipline needs to be imposed. While large managers may have fancy product brochures, in our opinion, credible emerging managers truly have the performance advantage. Dean Chase is committed to client interests always coming first.