



Global Power & Energy Portfolio

June 30, 2006

Contents

I.	Firm Overview	Page 3
II.	Philosophy	Page 6
III.	Process	Page 7
IV.	Portfolio Characteristics	Page 14
V.	Appendix	Page 18

Leeb Capital Management

Leeb Capital Management, Inc. (LCM), is an affiliate of the Leeb Group that was founded to provide investment management and advice to individuals and institutions.

Leeb Capital Management:

- Employs a disciplined investment process which seeks to produce superior returns over a complete market cycle
- Provides service tailored to individual client requirements as well as sector specific investment strategies
- Offers regular communications from our investment and client service professionals regarding our current market outlook and individual portfolio holdings.

Organization

Leeb Capital Management, Inc.

Stephen Leeb
President & CIO

Steven Fishman
COO

Portfolio Management & Investment Committee

Roger Conrad

Genia Turanova

David Sandell

Accounting, Operations and Administration

Chuck Hanson

Elena Furman

Keesha Black

Sales and Business Development

Steve Perkins

Steve Doyle

Bob Munley

Burt Dorsett *

** Investment consultant*

Global Power & Energy Strategy

Leeb's Global Power & Energy Strategy is characterized by:

- ***Diversified Portfolio*** containing 30 to 40 stocks diversified beyond oil. Our spectrum will also include wind, solar, hydrogen, nuclear, natural gas and alternative fuels, including renewables and coal/shale/tar sands conversion.
- ***Growth:*** Dominant companies with a reasonable PEG ratio
- ***Disciplined Investment Approach*** whose objective is to ***outperform**** the S&P Energy Index, in both up and down market environments
- ***Focus on Macroeconomic Mega-trends*** to identify the fastest growing portions of the Power & Energy sectors. Our general viewpoint on energy is that demand will continue to outstrip supply. Our major focus will remain on stocks of energy-related companies, not the commodities themselves, and will include those companies related to alternative energy and the conservation of fossil fuels.
- ***Experienced Team*** of investment professionals with an expertise in energy

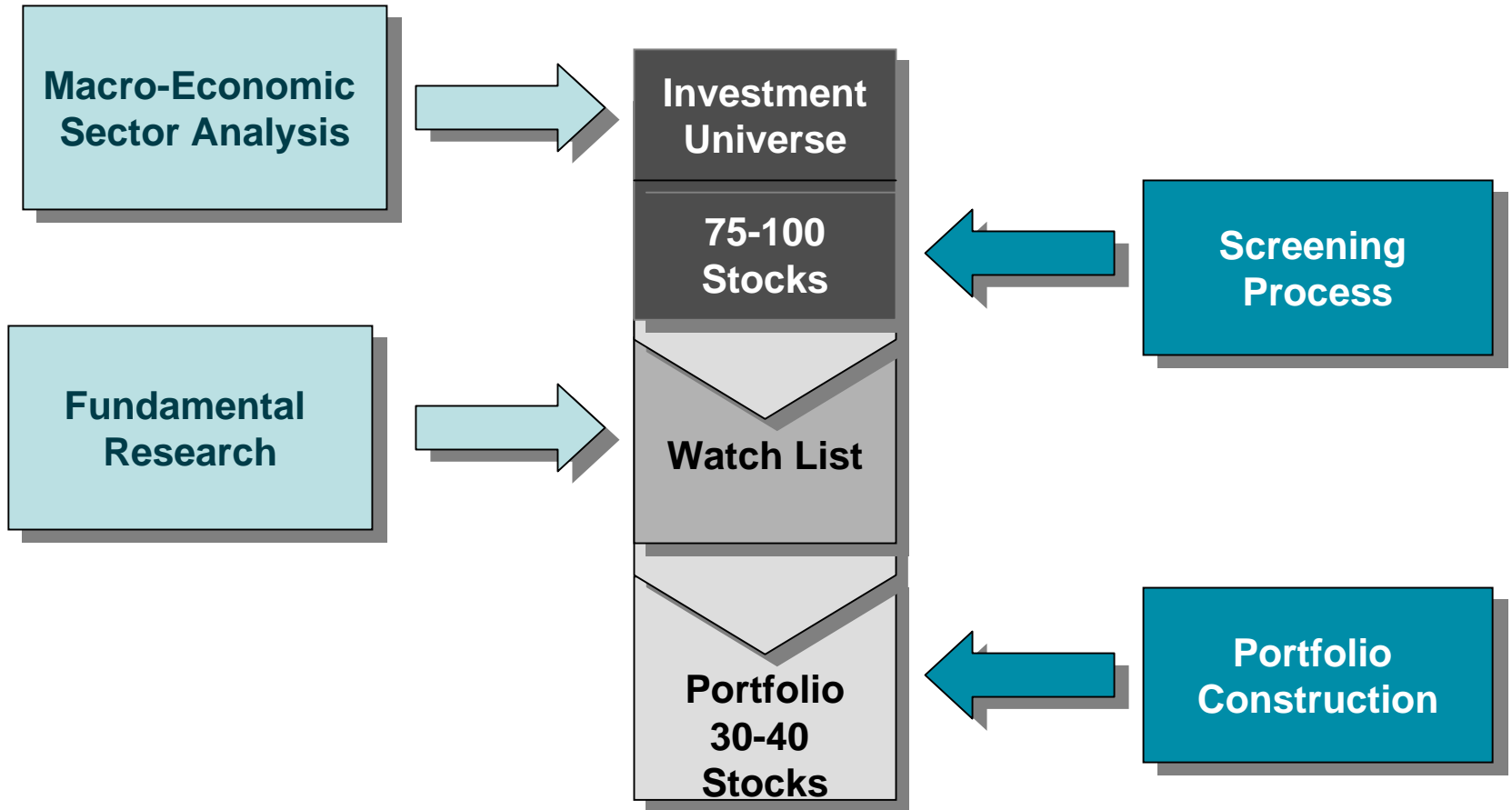
Investment Philosophy & Approach

Leeb Capital Management believes that superior long term results are best achieved by selecting stocks that, through a combination of growth potential and balance sheet strength, have investment value that is not reflected in current prices.

Our approach seeks to identify:

- Industries in the Power & Energy sectors that have the fastest growing revenues
- Companies in these industries with consistent earnings growth
- Quality stocks with
 - ▬ Dominant industry position
 - ▬ Growth rate greater than the average in the sector
 - ▬ Superior operating record
 - ▬ Reasonable price defined as having a PEG ratio less than that of the market

Investment Process



Macro-Economic Sector Analysis

- Employ top down analysis to identify macroeconomic mega-trends that represent growth opportunities in the Power & Energy sectors
- Establish relative value expectations of sectors that are likely to outperform
- Focus fundamental research efforts within selected sectors

Current Sectors:

- Exploration & Production
- Integrated Oil and Gas
- Equipment and Services
- Oil and Gas Drilling
- Coal and Conventional Fuels
- Alternative Energy
- Energy Conservation

Screening Process

Defining the Universe:

- Constituents of the S&P Energy Index
- Energy companies outside of the S&P Energy Index, including foreign stocks
- Companies in the alternative energy and energy conservation areas

The universe is then screened by the following factors:

- Market Capitalization > \$250 million
- Projected growth rate > S&P Energy Index
- PEG ratio: Forward PEG < S&P 500

Fundamental Research

Business Analysis

- Dominant market position
- Companies largely immune to competitive threats
- Barriers to entry

Growth Factors

- Growth expectations for sector
- Growth expectations versus peers
- Reasonable PEG ratio

Company Analysis

- Overall financial strength
- Above average earnings growth estimates
- Profitability
- Sales growth by market segments

Management Strength

- Strategic Vision
- Stability
- Reputation
- Experience
- Track Record

Portfolio Construction

Buy / Sell Discipline

Stock purchased from our “Watch List” must include:

- Above market gain in real operating earnings for the next three years
- Projected growth greater than the S&P Energy Index
- Reasonable PEG ratio

Positions are sold or reduced when:

- Prospects for earnings differentiate and no longer meet our expectations
- Changes in macro sectors (i.e. interest rates or inflation) result in sectors or companies overpriced relative to the S&P Energy Index, a sector group or peers
- Position weight exceeds 8%

Portfolio Construction

Risk Controls

Position Limits

- 8% Maximum Weighting
- Typically not more than 7%

Initial Position Target

- | | | |
|-------------|------------------|----|
| ▪ Large Cap | (>\$10 Billion) | 4% |
| ▪ Mid Cap | (\$5-10 Billion) | 3% |
| ▪ Small Cap | (\$1-5 Billion) | 2% |
| ▪ Micro Cap | (<\$1 Billion) | 1% |

Buy and Sell Examples

BUY: Scottish Power (SPI)

- SPI is a leading global wind energy generator through its PPM Energy division—7 percent of firm wide FY2004 sales and 30 to 50 percent a year earnings growth over the past 2 years
- PPM is driving force behind SPI's above-average growth relative to peer utilities
- Valuation attractive as SPI trades at discount to sector at 13 times forward earnings
- **Bought** SPI as an alternative energy play

SELL: Honda Motor (HMC)

- Bigger emphasis on alternative energy versus energy conservation in the portfolio - reduce portfolio weighting allocated to hybrid automobile manufacturers
- Both Toyota and Honda Motor were market leaders in the hybrid auto space. Given choice between TM & HMC, prefer TM due to larger market share in hybrid auto space
- **Sold** HMC as a less leveraged energy conservation play

All information is provided for informational purposes only and should not be deemed as a recommendation to trade the security mentioned.

Portfolio Characteristics

Sector Allocations – as of June 30, 2006

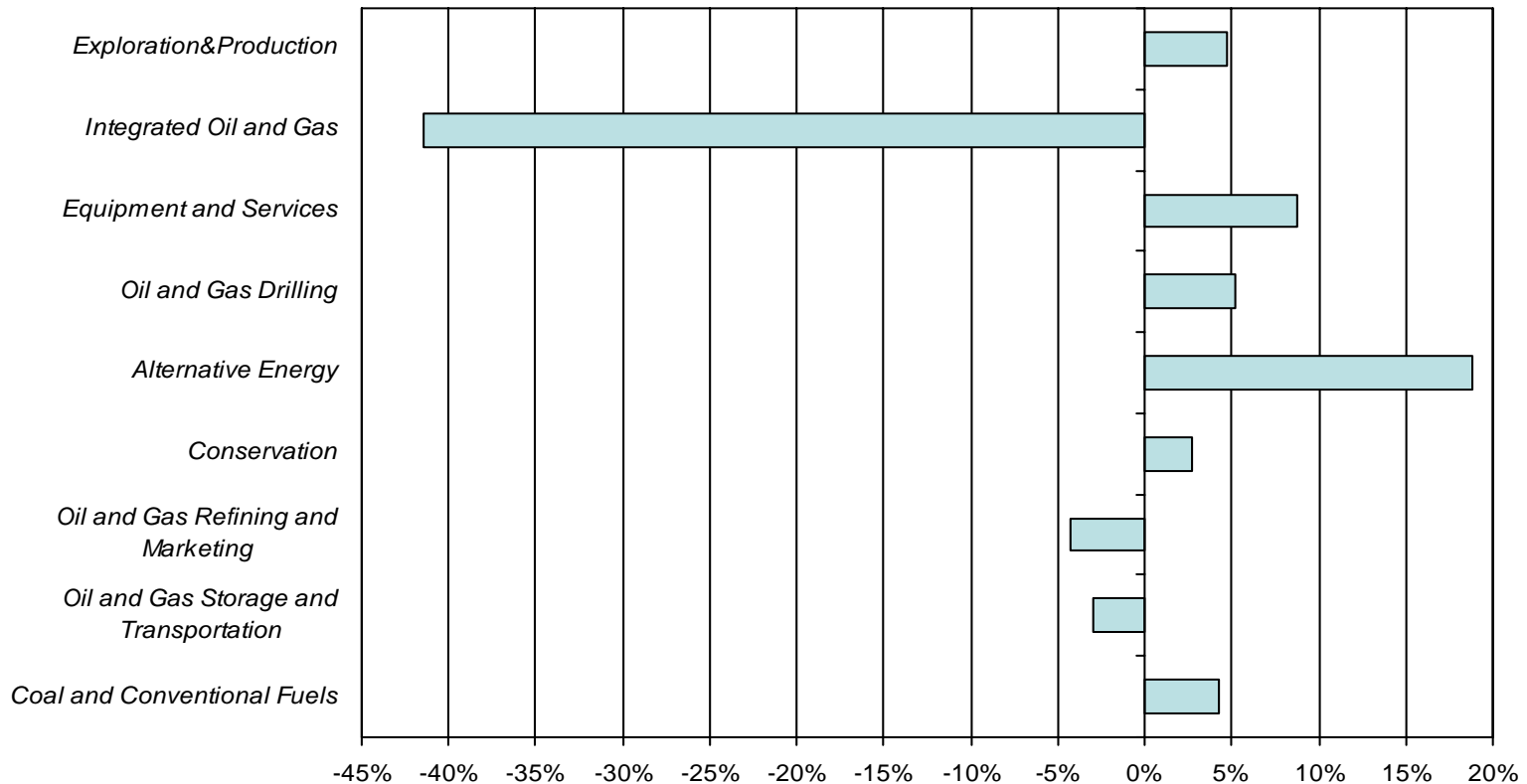
	<u>LCM</u>	<u>S&P Energy</u>
Exploration & Production	16.0%	11.3%
Integrated Oil and Gas	19.4%	60.8%
Equipment and Services	24.3%	15.6%
Oil and Gas Drilling	9.5%	4.3%
Alternative Energy	18.8%	0.0%
Conservation	2.7%	0.0%
Oil and Gas Refining & Marketing	0.0%	4.3%
Oil and Gas Storage and Transportation	0.0%	3.0%
Coal and Conventional Fuels	5.0%	0.7%

All information is provided for informational purposes only and should not be deemed as a recommendation to trade the security mentioned.

Portfolio Characteristics

Sector Allocations – as of June 30, 2006

Portfolio Underweight/Overweight vs. the S&P Energy Index



All information is provided for informational purposes only and should not be deemed as a recommendation to trade the security mentioned.

Portfolio Characteristics

as of June 30, 2006

Portfolio Characteristics	LCM	S&P 500 Energy Index
Forward P/E Ratio	11.6	10.5
Projected Growth	17.5%	11.4%
PEG Ratio	0.7	0.9
Wtd Average Market Cap	\$52.8 Billion	\$173.4 Billion

Top Ten Portfolio Holdings					
1.	Schlumberger	5.6%	6.	Petro-Canada	3.8%
2.	Suncor Energy	5.1%	7.	ConocoPhillips	3.7%
3.	Halliburton	4.9%	8.	Exelon	3.4%
4.	Baker Hughes	4.4%	9.	Peabody Energy	3.3%
5.	Transocean	4.0%	10.	Weatherford Int'l	3.3%

All information is provided for informational purposes only and should not be deemed as a recommendation to buy the securities mentioned.

Why Leeb Capital Management?

- Independent research
- Focused Power & Energy Sectors knowledge and expertise
- Concentrated portfolio
- Dedication to Investment style
- Defensive positions consistent with long-term growth
- Experienced and talented investment professionals
- Dedicated Client Service team

Appendix

Standard Fee Schedule

Management fees based on asset value and/or performance:

- Global Power and Energy Accounts are assessed an annual advisory fee of 2% or for clients that qualify for a performance-based fee, a 1% advisory fee and annual 20% performance-based fee will be assessed.

Fees are:

- Based on the value of your initial and quarterly appraisal.
- Fees are billed quarterly in advance for the ensuing three-month period.
- Performance Fee is billed Annually based on the excess account value above the initial deposit or subsequent High Water Mark*.
- Our usual practice, if a client comes in mid-quarter, is to begin his fiscal year at the beginning of the quarter immediately following the fractional quarter when management began. We will accrue the difference in performance fees to the client's full fiscal year*.
- Fees are refundable on a pro-rata basis in the event of advisory contract termination
- Our service may be cancelled at any time by notice in writing given by LCM or the client – The Client is responsible for any performance fee that has accrued in their account.

Minimum account size:

- \$100,000

*See example on following page

Performance Fee Billing Example:

1% management fee + 20% Performance Fee

- Investor A puts in \$1mm on 01-01-05 and is billed $\frac{1}{4}$ of 1% of \$1mm. The account is billed quarterly in advance on the market value of the account at the end of the respective quarter.
- On 12-31-05 his account is valued at \$1,100m. Investor A is billed 20% of \$100m and $\frac{1}{4}$ of 1% of \$1,100m.
- \$1,100m becomes the basis for 01-01-06 and is called Investor A's **High Water Mark**. (The High Water Mark remains until superseded at another year end by a higher number, e.g., \$1,200m.) The account is billed quarterly at 1% on the new basis established at quarter end.
- On 12-31-06 Investor A's account is down to \$1mm, therefore no 20% Performance Fee is charged. The account is billed quarterly in 2007 on new basis of \$1mm. - THE BASIS, OR HIGH WATER MARK REMAINS AT \$1,100M. SO IF THE ACCOUNT DROPS BACK DOWN TO \$1MM, THE ACCOUNT WOULD NOT PAY INCENTIVE FEES UNTIL THE ACCOUNT ONCE AGAIN EXCEEDED \$1,100M, THE HIGH WATER MARK. ONCE A NEW HIGH WATER MARK IS ESTABLISHED, ANOTHER LESSER HIGH WATER MARK CANNOT BE SUBSEQUENTLY ESTABLISHED – IN OTHER WORDS, HIGH WATER MARKS NEVER DECREASE.
- On 12-31-07 Investor A's account is valued at \$1,200m therefore he pays the 20% Performance Fee on \$100m which is the amount above the High Water Mark of \$1,100m. New HWM is \$1,200m.
- The account is billed quarterly in 2008 on the new basis of \$1,200m.
- If investor B puts in \$1mm on 12-01-04, his performance fee will be calculated for the full month of December to be accrued on 01-01-05, when his fiscal year will begin.

Biographies

Stephen Leeb, Ph D., *President, Chief Investment Officer, Portfolio Manager*

As Leeb Capital Management, Inc.'s Investment Committee Chairman, Dr. Leeb uses a systematic approach in evaluating market trends. His team of investment professionals combine knowledge of macro-economic trends, current market conditions and detailed fundamental research about the specific companies that they follow. They apply this knowledge to guide the Investment Committee's decisions regarding which stocks are placed in portfolios under the Firm's management. Stephen Leeb is responsible for coordinating the macro-economic analysis and his fundamental research focuses on the energy, materials, industrials, and healthcare sectors. Stephen Leeb is the author of six books. The latest, *The Coming Economic Collapse: How You Can Thrive When Oil Costs \$200 a Barrel*, published in February 2006, outlines the biggest challenges facing the American economy, and the steps individuals and governments can take to forestall them. Dr. Leeb is a recurring guest on Fox New's *Forbes* on Fox and Bloomberg Radio. Dr. Leeb received his bachelor's degree in Economics from the University of Pennsylvania's Wharton School of Business. He then earned his master's degree in Mathematics and Ph.D. in Psychology from the University of Illinois.

Roger Conrad, *Portfolio Manager*

Roger S. Conrad is a Senior Investment Manager and a member of LCM's Investment Committee. He focuses primarily on securities that provide a combination of income and the potential for long-term capital appreciation. Roger is very well qualified to advise on income-producing equity securities. In 1989, he founded the ***Utility Forecaster*** newsletter, which presents investment advice on electric, natural gas, communications, water, and foreign utility stocks, bonds and preferred stocks. In 1997, ***Utility Forecaster*** was named the Best Financial Advisory by the Newsletter Publishers Association. Roger has worked with Leeb Capital Management, Inc.'s President, Stephen Leeb, since 1990 in various capacities. He has also co-authored two books with Stephen, ***Market Timing for the Nineties*** and ***The Agile Investor***. Roger holds a B.A. in Anthropology from Emory University and a Masters of International Management from the American Graduate School of International Management.

Biographies (continued)

Genia Turanova, *Portfolio Manager*

Ms. Turanova joined the Adviser in 2001. She provides fundamental research in the technology, financial, and healthcare sectors. Ms. Turanova is also an Associate Editor of *The Complete Investor* and Editor of *Leeb's Aggressive Trader*. Prior to joining the Adviser, she was a research analyst with Independence Asset Management, LLC in New York from 1999 to 2001. She received her BS degree in Economics from Kharkiv National University (Ukraine), where she then spent over nine years teaching management and macroeconomics courses. Ms. Turanova earned an MBA in Finance and Investments from the Honors MBA Program at Zicklin School of Business at Baruch College, CUNY in 2000. She is a CFA Level III candidate.

David A. Sandell, *Portfolio Manager and Head Trader*

David Sandell began his career with Leeb Capital Management in 2004. He currently serves in the capacity of Portfolio Manager, Head Trader, and member of the Investment Committee. David's primary research responsibilities are in the technology, consumer, and healthcare sectors. As Head Trader, David is responsible for trade allocations, client restrictions oversight, and trade execution. He is also responsible for maintaining the firm's GIPS compliant composites. Mr. Sandell also serves as an Associate Editor of *The Complete Investor*, and his market observations have been quoted in the media including Wall Street Journal Radio and Bloomberg TV and Radio. Mr. Sandell graduated with honors from Washington University in St. Louis in 2004 with a degree in Finance and Psychology. David has worked in the financial industry for six years. David is a CFA Level III candidate.

Biographies (continued)

Burt Dorsett, *Investment Consultant*

Burt brings more than thirty years of investment industry experience to Leeb Capital Management, Inc. Burt joined Leeb Capital Management, Inc., as Chief Investment Officer and Consulting Portfolio Manager in October 1998, and now serves as an advisor to the Investment Committee. He works directly with Stephen and Leeb Capital Management's portfolio managers to structure client accounts and select appropriate investments. From 1997 Burt worked independently as well as in an informal collaboration with Stephen Leeb at Leeb Capital Management, Inc. In 1986, Burt formed Dorsett McCabe Capital Management and served as Chairman and Chief Investment Officer. He served his personal and institutional clients in this capacity until 1996. Previously Burt was with Booz-Allen & Hamilton, Westinghouse Electric Corporation, the University of Rochester, Teachers Insurance Annuity Association - College Retirement Equities Fund (TIAA-CREF). He started his investment career as an Investment Officer for the University of Rochester's Endowment Fund. Burt did his undergraduate work at Dartmouth College and received his MBA from Harvard University. Burt presently serves as a Director for several Salomon Smith Barney mutual funds. He is also a Director of Research Corporation Technologies, Inc.