



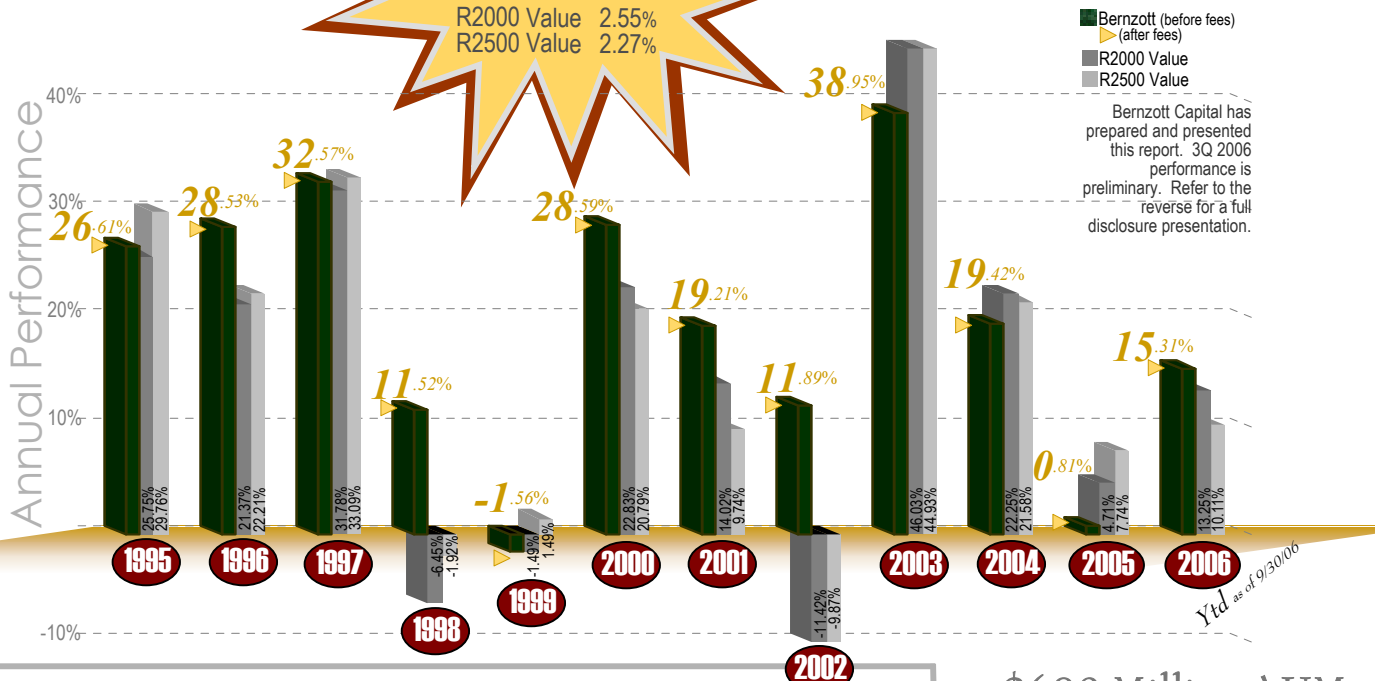
3Q 2006 NOW REPORT

SMALL CAP VALUE INVESTING
(\$250m - \$5b researched, \$750m - \$2b focused)

Third Quarter

BERNZOTT net 5.33%
5.10%

R2000 Value 2.55%
R2500 Value 2.27%



Legend:
 ■ Bernzott (before fees)
 ▲ Bernzott (after fees)
 ■ R2000 Value
 ■ R2500 Value

Bernzott Capital has prepared and presented this report. 3Q 2006 performance is preliminary. Refer to the reverse for a full disclosure presentation.

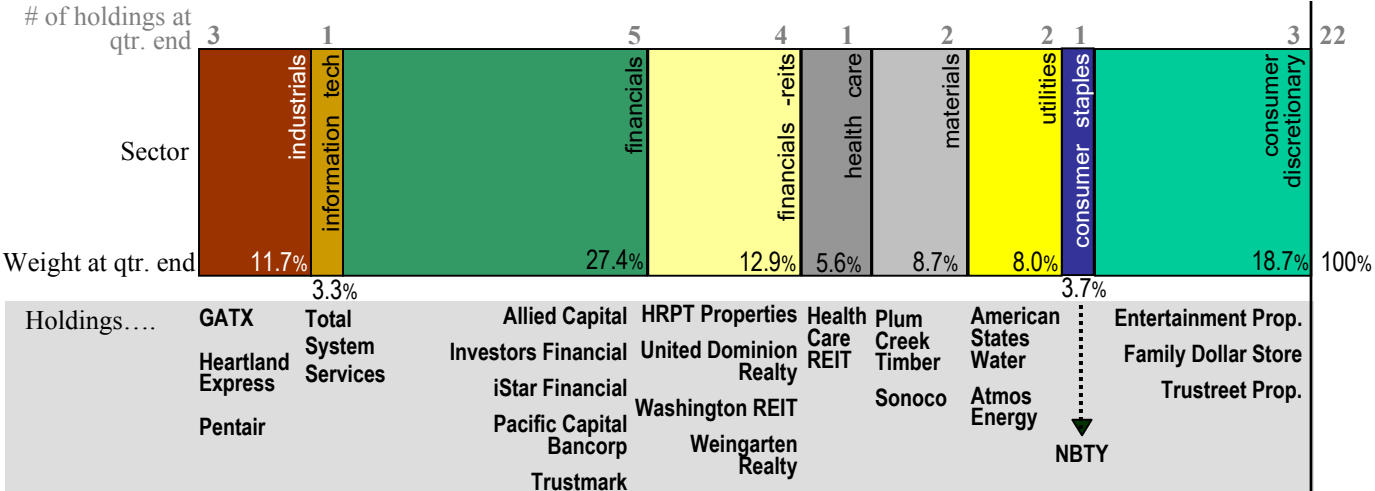
A word from the team...

on the market and pertaining to the small cap value universe

“An ongoing theme is that many small cap companies are trading at prices in excess of their value. We remain on the hunt for those top performers providing stable, consistent cash flow streams at multiples we think make sense. It is difficult, but doable, with our biggest task being the exercise of discipline and patience. As usual, our general outlook is unsettled – much of how the coming year or so unfolds will depend on overall domestic macroeconomic factors including job creation, wages and inflation. We will stick with the process of bottom-up stock picking that has stood our clients in good stead since 1994. The market will afford us entry opportunities at reasonable prices.”

\$690 Million AUM

3Q'06 Sector Details



Bernzott Capital classifies their holdings in the sector/industry where the company's cash flow is dependent. Some of these companies are structured as REITs and have elected this tax status to allow larger distributions to shareholders. This allocation chart is a sample of the positions owned by Bernzott for 3Q 2006 and may not be representative of future investments. No recommendations to purchase these sectors or securities are made. Shown as supplemental information which complements the Small Cap Disclosure Presentation shown on the reverse.

Explanation of Equity Performance

Bernzott Capital Advisors has prepared and presented this report in compliance with the Global Investment Performance Standards (GIPS®). A third party verification as set forth by the GIPS® standards has been conducted by Ashland Partners & Company LLP from Jan. 1, 1995 through June 30, 2006. In addition, Ashland Partners & Company LLP has conducted a performance exam for the Small Cap Composite through June 30, 2006.

Performance Footnote Disclosure - 3Q2006

GIPS Compliance Requirements:

1. Use of total return to calculate performance. 2. Use of accrual, as opposed to cash, accounting, except for dividends and calculations of performance for periods prior to 1993. 3. Use of time-weighted rates of return, with valuation on at least a monthly basis and geometric linking of period returns. 4. Inclusion of cash and cash equivalents in composite returns. 5. Inclusion of all actual, fee-paying, discretionary portfolios in at least one composite. 6. Use of trade-date valuation accounting. 7. No linkage of simulated and model portfolios with actual performance. 8. Asset-weighting of composite using beginning-of-period values. 9. Addition of new portfolios to a composite after the start of the next performance measurement period or according to reasonable and consistently applied management guidelines. 10. Exclusion of terminated portfolios from a composite for all periods after the last full period they were in place, but inclusion for all periods prior to termination. 11. No restatement of composite results following changes in a firm's organization. 12. Net performance reflects the deduction from gross performance of all trading costs, management fees and embedded fees. 13. Presentation of at least a 10 year performance record (or for the period since firm inception, if shorter). 14. Presentation of annual returns for all years. 15. Monthly performance (gross/net) is available upon request.

*Equity product inception: January 1, 1995. p - Performance results for 3Q2006 are preliminary.

Mandatory Disclosures:

1. The availability of a complete list and description of the firm's composites. 2. The amount of assets in a composite, and the percentage of the firm's total assets the composite represents. 3. Performance history must include a measure of composite dispersion. 4. The annual composite dispersion is an asset-weighted standard deviation calculation for the equity only portion of the account in the composite for the entire year and therefore does not take into account the effect of cash.

	Bernzott Gross	Bernzott Net	Russell 2500 Value	Russell 2000 Value		Bernzott Gross	Bernzott Net	Russell 2500 Value	Russell 2000 Value
1995*	26.61%	25.24%	29.76%	25.75%	2003	38.95%	37.92%	44.93%	46.03%
1996	28.53%	27.14%	22.21%	21.37%	2004	19.42%	18.51%	21.58%	22.25%
1997	32.57%	31.21%	33.09%	31.78%	2005	0.81%	-0.05%	7.74%	4.71%
1998	11.52%	10.49%	-1.92%	-6.45%					
1999	-1.56%	-2.43%	1.49%	-1.49%	1Q2006	11.98%	11.75%	10.47%	13.51%
2000	28.59%	27.53%	20.79%	22.83%	2Q2006	-2.24%	-2.45%	-2.53%	-2.70%
2001	19.21%	18.37%	9.74%	14.02%	3Q2006 p	5.33%	5.10%	2.27%	2.55%
2002	11.89%	11.13%	-9.87%	-11.42%	YTD 2006 p	15.31%	14.56%	10.11%	13.25%

*Equity product inception: January 1, 1995. p - Performance results for 3Q2006 are preliminary.

Mandatory Disclosures:

1. The availability of a complete list and description of the firm's composites. 2. The amount of assets in a composite, and the percentage of the firm's total assets the composite represents. 3. Performance history must include a measure of composite dispersion. 4. The annual composite dispersion is an asset-weighted standard deviation calculation for the equity only portion of the account in the composite for the entire year and therefore does not take into account the effect of cash.

	# of Portfolios in Composite at period end	Total Composite Assets (\$ millions) at period end	Composite Equity Only Assets (\$ millions) at period end ⁴	Composite Dispersion % ³	Total Equity Assets ² (\$ millions)	Total Firm-wide Assets Under Management (\$ millions)	Composite Assets as a % of Equity Assets at period end	Composite Assets as a % of Firm-wide Assets at period end
1995 ¹	2	< \$1.0	< \$1.0	n/a	\$ 0.8	\$ 3.0	N/a	n/a
1996	8	\$ 1.7	\$ 1.2	5.7%	\$ 2.2	\$ 6.3	77.3%	27.0%
1997	17	\$ 4.3	\$ 3.0	4.7%	\$ 5.4	\$ 11.1	79.6%	38.7%
1998	33	\$ 7.1	\$ 5.9	3.2%	\$ 8.6	\$ 17.7	82.6%	40.1%
1999	53	\$ 14.6	\$ 10.5	5.6%	\$ 16.6	\$ 31.3	88.0%	46.7%
2000	54	\$ 19.0	\$ 14.1	9.0%	\$ 21.0	\$ 37.8	90.5%	50.3%
2001	70	\$ 32.1	\$ 24.3	6.2%	\$ 36.1	\$ 49.6	88.9%	64.7%
2002	152	\$ 53.3	\$ 38.4	4.2%	\$ 74.1	\$ 100.8	71.9%	52.9%
2003	177	\$ 123.3	\$ 98.3	4.7%	\$ 170.6	\$ 195.0	72.3%	63.2%
2004	273	\$ 168.4	\$ 138.2	4.0%	\$ 232.9	\$ 299.4	72.3%	56.3%
2005	403	\$ 436.4	\$ 299.0	2.2%	\$ 507.1	\$ 515.9	86.1%	84.6%
3Q2006	447	\$ 586.9	\$ 518.0	2.2%	\$ 690.4	\$ 690.4	85.0%	85.0%

¹ Equity product inception: January 1, 1995. ² The difference between this column and the "total composite assets at period end" is the accounts that do not meet the size parameter for the composite and any new acct under mgmt that is waiting for the first full quarter under mgmt to join the composite. ³ 1995 and 1996 dispersion values are presented as n/a since five or fewer accounts are in the composite for the entire annual periods presented. Information is not statistically meaningful due to an insufficient number of portfolios in the composite for the entire year, and is shown as n/a. ⁴ Presented composite performance is based upon equity only returns. P - 3Q2006 performance returns are preliminary.

4. The date the composite was created. 5. Whether balanced portfolio segments are included in single-asset composites, and an explanation of how cash has been allocated among asset segments. 6. Carve-out portfolio segments are included in this composite. Cash is allocated to the composite on a set percentage of 5%. 7. Whether performance results are calculated gross or net of investment management fees; the manager's fee schedule; and for net results, the average weighted management fee. 8. Returns are presented gross and net of management fees and include the reinvestment of all income. Bernzott's standard fee schedule to-date is 90 bp on the first \$10 million, 80 bp on the next \$15 million, 75 bp on the next \$25 million, and 65 on the next \$50 million. Actual investment advisory fees incurred by clients may vary. 9. The existence of a minimum asset size below which portfolios are excluded from a composite. 10. All fully discretionary equity segments of accounts included in the firm composite which has a minimum size requirement of \$250,000 are included in the equity composite. The minimum account size was implemented January 1, 2001. Prior to January 1, 2004, the composite was known as the Small/Mid Cap Domestic Equity Composite. There was no change in the investment process as a result of the composite name change. 11. All presentations must state the currency used to express performance. 12. Bernzott performance is stated in US dollars. 13. Whether leverage has been used in portfolios included in a composite and extent of its use. 14. Bernzott does not utilize leverage. 15. The inclusion of any non-fee paying portfolios in the composite. 16. Since January 1, 2005 non-fee-paying accounts represent <1% of the composite assets. For the period January 1, 2004 through December 31, 2004 non-fee-paying accounts represent 1% of the composite assets. For the period January 1, 1998 through December 31, 2003 non-fee-paying accounts represent 2% of the composite assets. 17. If performance results are presented after taxes, the tax rate assumption. 18. Performance results are pre-tax. 19. The firm must state exactly how it is defining itself for purposes of compliance with the standards. 20. Bernzott Capital Advisors is an equity portfolio investment manager that invests in U.S.-based securities. Bernzott Capital Advisors is defined as an independent investment management firm that is not affiliated with any organization. 21. Additional information regarding policies for calculating and reporting returns is available upon request.

Mandatory Disclosures For Historical Records:

1. The full record not being in compliance, if that is the case. 2. Bernzott's full history is in compliance. 3. The non-compliance periods, if any. 4. Bernzott's full history is in compliance. 5. A description of how non-compliance periods are out of compliance. 6. Bernzott's full history is in compliance.

Recommended Guidelines and Disclosures:

1. Use of accrual accounting for dividends and for periods prior to 1993. 2. Revaluation of a portfolio whenever cash flows and market action combine to distort performance. 3. Presentation of performance gross of investment management fees in one-on-one situations and before taxes. 4. Bernzott has chosen to present performance both gross and net of fees. Performance is pre-tax. 5. Consistent treatment of convertible and other hybrid securities across and within composites. 6. Bernzott does not utilize convertible or hybrid securities. 7. Provision of the following additional information:

5a. External risk measures such as standard deviation of composite returns across time. 5b. Bernzott Alpha, Beta R-Squared statistics are calculated from quarterly returns, gross of fees and are presented as supplemental information which complies with the Small Cap Disclosure presentation. Market Proxies outlined below in the following table; Risk-Free Proxy: 3 Month T-Bill. Bernzott's Standard Deviation is calculated from monthly returns since a minimum of twelve observations are needed to calculate standard deviation. 5c. Benchmarks that parallel the risk or investment style the client portfolio is expected to track. 6. Bernzott's benchmark is the Russell 2500 Value (taken from published sources). 7. Cumulative returns for all periods.

Market Proxy : Russell 2500 Value

		Bernzott					Cumulative				Annualized			
		Annualized Std Dev	R 2500v Annualized Std Dev	Alpha	Beta	R-Squared	Bernzott Gross	Bernzott Net	Russell 2500 V	Russell 2000 V	Bernzott Gross	Bernzott Net	Russell 2500 V	Russell 2000 V
1 Yr	10/1/05-9/30/06	9.32	9.66	0.10	1.16	0.84	12.05	11.08	11.13	14.01	12.05	11.08	11.13	14.01
2 Yrs	10/1/04-9/30/06	9.29	11.21	0.57	0.99	0.83	30.26	28.06	34.82	34.24	14.13	13.16	16.11	15.86
3 Yrs	10/1/03-9/30/06	10.64	11.41	0.35	0.93	0.80	55.80	52.04	67.93	68.69	15.93	14.99	18.86	19.04
4 Yrs	10/1/02-9/30/06	10.52	12.41	0.30	0.84	0.83	96.17	89.98	120.40	122.11	18.35	17.40	21.84	22.08
5 Yrs	10/1/01-9/30/06	10.12	14.12	1.79	0.55	0.64	130.75	121.95	119.04	118.85	18.20	17.29	16.98	16.96
6 Yrs	10/1/00-9/30/06	11.34	14.64	2.39	0.51	0.60	187.93	175.01	124.55	131.13	19.27	18.37	14.43	14.99
7 Yrs	10/1/99-9/30/06	11.00	14.07	2.00	0.50	0.52	212.51	195.98	159.91	166.63	17.68	16.77	14.62	15.04
8 Yrs	10/1/98-9/30/06	11.43	14.13	1.64	0.58	0.58	240.96	219.97	181.75	182.17	16.57	15.65	13.82	13.84
9 Yrs	10/1/97-9/30/06	11.74	15.09	1.91	0.58	0.61	287.69	260.37	155.61	146.07	16.25	15.31	10.99	10.52
10 Yrs	10/1/96-9/30/06	10.70	14.78	1.95	0.58	0.63	433.41	390.60	264.01	251.02	18.22	17.24	13.79	13.38
11 Yrs	10/1/95-9/30/06	11.37	14.36	2.08	0.58	0.62	575.77	514.80	319.84	298.34	18.97	17.95	13.93	13.39
11.75 Yrs (inception)	11/1/95-9/30/06	11.24	13.98	1.97	0.58	0.59	683.65	607.15	424.62	386.74	19.15	18.11	15.15	14.42

*Equity product inception: January 1995. 3Q2006 performance returns are preliminary.

5d. Portfolio size range for each composite (unless five or fewer portfolios) and the percentage of total assets managed in the same asset class as represented by the composite.

	Largest Acct in Composite (\$ millions) (at period end)	Smallest Account in Composite (\$ millions) (at period end)	Median Account in Composite (\$ millions) (at period end)	Average Account in Composite (\$ millions) (at period end)	Composite Assets as a % of Equity Assets (at period end)
1995 ¹	\$ 0.6	\$ 0.2	\$ 0.3	\$ 0.3	n/a
1996	\$ 0.6	\$ 0.2	\$ 0.3	\$ 0.3	77.3%
1997	\$ 1.2	\$ 0.2	\$ 0.3	\$ 0.3	79.6%
1998	\$ 1.5	\$ 0.2	\$ 0.3	\$ 0.3	82.6%
1999	\$ 5.0	\$ 0.2	\$ 0.3	\$ 0.4	88.0%
2000	\$ 6.2	\$ 0.2	\$ 0.3	\$ 0.6	90.5%
2001	\$ 8.8	\$ 0.2	\$ 0.4	\$ 0.7	88.9%
2002	\$ 4.2	\$ 0.2	\$ 0.4	\$ 0.6	71.9%
2003	\$ 6.7	\$ 0.2	\$ 0.4	\$ 0.7	72.3%
2004	\$ 10.1	\$ 0.2	\$ 0.4	\$ 0.7	72.3%
2005	\$ 39.0	\$ 0.2	\$ 0.5	\$ 1.1	86.1%
3Q2006	\$ 44.1	\$ 0.2	\$ 0.6	\$ 1.3	85.0%

*Equity product inception: January 1995. New accounts are included in the composite during their first full quarter under management.

5e. If leverage has been used, results on an all-cash (unleveraged) basis, where possible. 6. Bernzott does not utilize leverage. 7. Equal-weighted composites in addition to asset-weighted composites. 8. Bernzott's equal weighted composite is available upon request. 9. For composite results that include both taxable and tax-exempt securities, the percentages of each class in the composite and, where possible, returns for each asset class. 10. Bernzott portfolios contain only taxable securities.

Past performance is not indicative of future results.

Schmetter & Associates, LLC. (S&A) serves as an independent sales and marketing representative for Camarillo, California based Bernzott Capital Advisors. S&A receives an \$80,000 annual fee and 25% of the investment management fees on assets placed under management at Bernzott Capital Advisors by each client introduced to Bernzott by S&A. Schmetter & Associates, LLC. is not a broker/dealer. All fees paid to S&A are in hard dollars. No additional amount is added to Bernzott's investment advisory fee as a result of S&A's role in the solicitation of new business.

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