



INTRINSIC VALUE MANAGEMENT

Hypothetical Performance Study

This *Hypothetical Performance Study* is intended to show the nature and potential of the *Intrinsic Value Style of Investment Management*. The Intrinsic Value Style of Investment Management is a long-term approach to investment, and therefore investment gains are expected to be realized over a 3 to 5 year time horizon.

Please see the article entitled, “A Primer On The Intrinsic Value Style of Investment Management,” which describes the Intrinsic Value Style of Investment Management in detail.

Company	Symbol	Report Closing Price Date	Adj. Closing Price*	High Price	High Price Date	High Price Gain	Current Price 8/31/00	Current Price Gain
Bowne & Co., Inc.	BNE	5/23/97	12.9835	23.0449	7/21/98	77.49%	10.375	-20.09%
Cohu, Inc.	COHU	12/18/96	9.278	61.4193	3/2/00	561.99%	20.4488	120.40%
Koss Corp.	KOSS	5/19/98	10.125	20.375	8/15/00	101.23%	19.75	95.06%
Applebee's Int'l, Inc.	APPB	2/10/98	19.5677	37.5625	4/26/00	91.96%	22.6875	15.94%
Cal Dive Int'l, Inc.	CDIS	10/8/98	12	57.75	8/31/00	381.25%	57.5	379.17%
Galagen	GGEN	12/30/98	1.9375	5.5	3/2/00	183.87%	1.125	-41.94%
Perry Ellis, Inc.	PERY	4/9/99	10.5	16.1875	6/18/99	54.17%	8.84375	-15.77%
Fleetwood Enterprises	FLE	7/7/99	22.4405	23.913	7/9/99	6.56%	13.4894	-39.89%
RemedyTemp, Inc.	REMX	8/11/99	17.125	23.5	2/17/00	37.23%	12.0625	-29.56%
The First Years, Inc.	KIDD	9/27/99	9.3611	12.375	8/9/00	32.20%	11	17.51%
First American Fin.	FAF	10/8/99	12.4855	17.6319	6/14/00	41.22%	16.4534	31.78%
Churchill Downs, Inc.	CHDN	10/27/99	23.3776	29	2/3/00	24.05%	23.625	1.06%
CKE Restaurants, Inc.	CKR	12/8/99	5.94	8.1675	1/12/00	37.50%	4	-32.66%
Midwest Express	MEH	12/28/99	32.1875	32.75	12/29/99	1.75%	22.625	-29.71%
Knight Transportation	KNGT	1/14/00	16.75	19.75	4/26/00	17.91%	17	1.49%
Avery Communication	ATEX	3/17/00	3.625	3.8125	3/20/00	5.17%	1.09375	-69.83%
Knight Ridder	KRI	4/5/00	49.1097	56.4469	7/18/00	14.94%	54.6406	11.26%
Ingersoll Rand	IR	6/30/00	40.0839	46.375	8/31/00	15.69%	45.5781	13.71%
Ross Stores	ROST	7/11/00	14.9641	17.1464	8/15/00	14.58%	15.0888	0.83%
Average						89.51%		21.51%
Note: Does not reflect the deduction of any fees, commissions, or other expenses.								
* Adjusted for dividends and splits.								

The Hypothetical Performance Study

The results above are based on actual research reports that were written by Paul M. Wendee over the period 1996 through the ending date of this hypothetical performance study, August 31, 2000. While the oldest reports were still under our optimal 5 year holding period, the **High Price Gain** column, which has an **average return of 89.51%**, demonstrates the appreciation potential of picking stocks at or below their estimated intrinsic values and holding them over the long-term. Some of these older positions, because of their *increasing intrinsic values*, may have still been buying opportunities at the time of the study. Many of them, however, may have already realized their investment potential and probably would not have been held in an investment portfolio at the time of the study.

The **Current Price Gain** column is an unmanaged listing of the same stocks that are shown in the **High Price Gain** column. They are provided for comparison purposes only and do not represent what might be held in a current portfolio. This column, in which some of the stocks are at or near their high prices, while others are below their high prices, shows the fluctuating nature of the stock market. A fluctuating stock market is a normal and necessary part of investment management. As more fully discussed in our article, "A Primer On The Intrinsic Value Style of Investment Management," it is this fluctuation that creates opportunities for advantageous purchase by adherents to the Intrinsic Value Style of Investment Management. Many of the newer positions in the current price column, with their prices down but their fundamentals and intrinsic values intact, represent in our opinion outstanding bargains. A couple of the securities above are situations which had not lived up to our expectations and may have been trading above their intrinsic values because their intrinsic values had declined. These securities would have been looked at closely for possible sale from the portfolio. As discussed above, many of the securities may have already realized their investment potential - in some cases long before the date of the study - and would have also been considered for sale as part of an actively managed portfolio.

Portfolio Management

Because the stocks in this study were part of a research program, and not a managed portfolio of securities, the potential benefits of portfolio management are not reflected in this study. Some of the possible benefits of portfolio management include diversification; active management of the portfolio; and the ability to adjust the percentages of various individual holdings and classes of securities held in the portfolio.

The Hypothetical Performance Study does not represent a hypothetical managed portfolio. It covers several securities over different periods of time and does not show the performance of a hypothetical portfolio over any fixed period. The Hypothetical Performance Study discussed herein does not reflect the deduction of any fees, commissions, or other expenses. Past performance is not a guarantee of future results.