

Reallocation Commentary

July 13, 2005

We are increasing our exposure to the Financials sector to add to positions in insurance related industries. We believe property & casualty, multi-line, and life & health insurers are all priced well below fair value and have outperformed the market over the past six months. At the same time, we are decreasing our exposure to the Leisure and Consumer Staples sector. While we still see value within this sector, it lacks relative strength, both on a six-month basis and since the broad market rally began in mid-April.

In addition, we are once again trimming our exposure to the Materials and Industrials sectors to make room for increased exposure to the Consumer Discretionary and Energy sectors. While two of last year's market leading industries (steel in the Materials sector and trucking in the Industrials sector) have fallen out of favor, we are now seeing a number of compelling combinations of value and relative strength within the Consumer Discretionary and Energy sectors. In particular, apparel retailers and oil & gas drillers are among some of the most attractive industries we track.

All of the aforementioned sector moves are being implemented in the Tactical Portfolio. Similar adjustments are being executed in the Balanced Portfolio. In the Frontier Portfolio series, the primary adjustment has been to increase our exposure to the Financials sector, while paring back our exposure to the Industrials and Leisure & Consumer Staples sectors.

Past performance does not guarantee future results. *Opinions and forecasts regarding industries, companies, and/or themes, and portfolio composition and holdings, are all subject to change at any time, based on market and other conditions, and should not be construed as a recommendation of any specific security.*

An investment concentrated in sectors and industries may involve greater risk and volatility than a more diversified investment. There are risks associated with small- and mid-cap investing such as less liquidity, limited product lines, and small market share.