GREENFIELD SEITZ CAPITAL MANAGEMENT

2006 Annual Letter

January 31, 2007

2006 Review

2006 was the 7th consecutive year for Greenfield Seitz Capital Management of Raymond James to beat the S&P 500 Index (net-of-fees). Less than 19% of professional money managers beat the S&P 500 in 2006. We are pleased that the GSCM Core Composite (discretionary accounts over $1 million) gained 18.84% after-fees versus 15.79% for the S&P 500 Index.

We realize it is rare for active managers to outperform the indices over the long term, but there are always exceptions to widely accepted rules and we point out that Warren Buffett's 12-person investment firm, Berkshire Hathaway, achieved an average annual return of 21.90% from 1965 – 2004. With this in mind, we will continue to work diligently towards finding attractive investments, one at a time.

GSCM's investment process has been performed successfully for over 40 years, and we have no intention of altering our methods. We remain confident in our investment methodology and optimistic about the future; evidenced by the fact that our personal assets comprise the largest investment in GSCM.

Some of our investment themes and outlooks are highlighted in the following paragraphs.

Good Companies Equal Good Investments

For more than 40 years, the cornerstone to our investment process has been the concept that good companies make wise investments. Many professional investors argue that outperformance cannot be this simple because rational investors would simply buy shares of good companies until they increase in value and become fairly priced.

In the July 2006 issue of Financial Analyst Journal, CFAI conducted a study comparing respected companies to the overall market. *"From 1983-2004, a portfolio consisting of the stocks identified annually by Fortune magazine as America's most admired companies outperforms the S&P 500. This result is a clear challenge to the efficient market hypothesis, because Fortune's picks are readily available public information."*

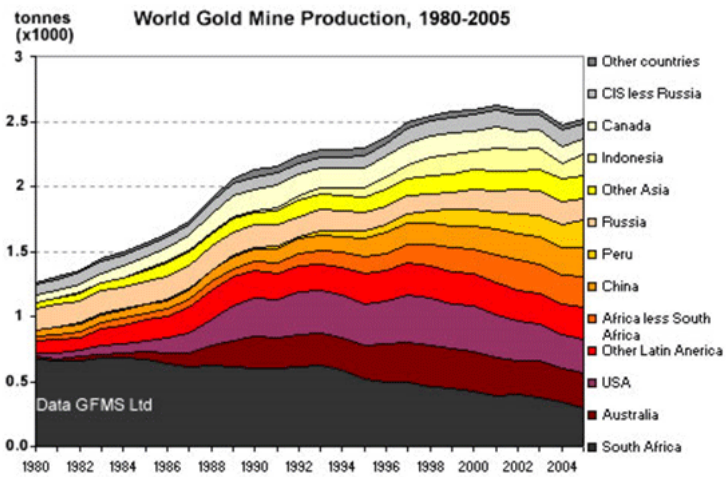
We continue to believe that great companies do make great investments.

Increased U.S. Large-Cap Allocation

We have increased our positions in domestic large-cap equities, which has always been GSCM's core asset class. We think investors have lost interest in domestic large-caps in recent years and seem enamored with real estate, emerging markets, and small-caps. In this setting we are always interested in selling the popular investment and moving into the out-of-favor investment. Most U.S. large-caps are exposed to emerging markets through large and growing international revenues.

Continue To Like Gold

Gold has increased from $280 in 2002 to finish 2006 at a price of $638 an ounce. Since 2002, we have been steadfast gold bulls. We are attracted to gold's historical hedge against inflation, a weakening U.S. dollar, and a declining stock market. We also believe gold is in a secular bull market after 20 years of declining prices from 1980-2001. We believe gold has a similar supply/demand imbalance as our bullish thesis on oil. World gold production has declined since 2000 despite a more than 100% increase in the price of gold. However there is no assurance gold will continue to rise in value.



Source: World Gold Council

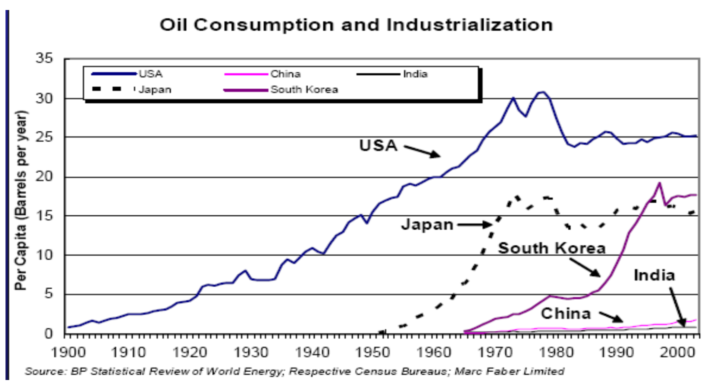
Energy Prices

There have been oil price shocks in the past but this is the first time in history that we may be running out of supply. There is a finite supply of oil, we are consuming it, and finding less each year than we are using.

Roughly 75% of the world's oil production is derived from national oil companies, which have problems with technology, management, and funding. In July, the second largest oil field in the world (Burgan in Kuwait) peaked, which was totally unexpected[1]. We also believe the # 1 field in the world (Saudi Arabia's Ghawar) may have peaked since it has been running flat out since the 1960's.[2]

In 1930, the world discovered 10 billion barrels of oil and we used 1.5 billion. In 1988, we found 23 billion barrels and used 23 billion. That was the crossover when we started finding less than we were using. Currently, annual world discoveries are 5-6 billion barrels and we use more than 30 billion barrels.

On the demand side, Asian demand for oil is soaring as the region advances economically. As India and China become more industrialized, we expect them to follow a similar pattern to the U.S. increase in oil consumption since 1900, albeit faster.



Tar Sands

GSCM began investing in the Canadian tar sands in 1996. We remain unwavering in our bullish stance on this investment theme. Note that the Canadian tar sands hold 175 billion barrels of proven recoverable reserves, which is enough oil to supply 100% of U.S. consumption for 25 years, at current rates. We are attracted to the long life of the tar sands immense supplies. Other noteworthy advantages of the tar sands are the lack of exploration risk and its location in politically stable neighbor, Canada.

Emerging Market Positive Long-term

We believe that emerging markets will be successful investments over the long term, but there will be setbacks on the way. It is important to remember that in the 1800's, the U.S. was a very profitable 'emerging market' investment for Europeans. But there were declines such as the Canal Boom which ended in 1836 with 1,500 banks failing or the 1850's Railroad Boom ended in 1857 when 1,415 banks failed.

More than 3 billion people from emerging market countries are now joining the global economy. As 3 billion people move up the socio-economic ladder, there will be powerful affects on the global economy. For example, when moving from rural to urban settings, people suddenly require apartment space, banking, electricity, etc. Furthermore, the increase in earnings leads to demand for autos, oil, jewelry, cell-phones, electronics, and other consumer goods. We hope to profit from this trend.

Russia

For 2006, the Russian market appreciated 53.71% as the country continues to benefit from higher oil prices, a gradual shift towards capitalism, and robust GDP growth. In our lifetime, we believe people will look back and say Russia's transition from a communist country to a capitalist society was a tremendous investment opportunity.

Improvements in energy business are having a profound effect on Russia's population and overall economy. Russia's middle-class has grown from 8 million people in 2000 to 55 million today and now accounts for 37% of the population (Businessweek 12/18). A growing middle-class helps fuel demand for countless goods and services. For example, over 60% of Russian's now have cell-phones, compared to just 25% two years ago (Russian Life 3/06).

India

According to the last national census, half of India's population is below 21 years of age. Furthermore, India's middle-class (people earning $4,545 -$23,000 a year) has tripled to 300 million in the past 20 years (National Council Applied Economic Research). As the world becomes a smaller place, we continue to work towards global wage equilibrium. According to the Chinese Minister of Trade, labor costs in India are actually 50% cheaper than in China. India achieved a 48.95% return in 2006.

Japan

We believe markets move in long-term secular trends and that Japan's economy is still in the early stages of a Bull market. In addition to rising incomes and capital spending, Japanese businesses have increasing cash balances and healthier balance sheets. We are pleased to see Japan becoming less dependent on exports to the U.S with increasing intra-Asia trade. This makes for a much healthier economic base and helps us diversify exposure to the U.S. economy. Japan returned 5.09% in 2006.

Airlines

We continue to have a favorable bias towards the airlines. In 2005, the six largest U.S. legacy carriers had a combined fleet of 2,747, which was down 21% from 3,469 planes in 2000.[3] We believe the combination of less capacity and increased traffic improves pricing power. Additionally, mergers should be beneficial in a low margin industry as surviving companies benefit from less competition and capacity.

Housing Market

Last year, our annual letter stated why we believe the housing market was due for a decline. During 2006, this came to fruition with housing starts down 14%, unsold inventories of existing homes up 31% in November, and median prices down 2.2%, which was the largest yearly decline since tracking began in 1968 (National Assoc. of Realtors).

We are concerned a decline in home prices may cause a declining wealth effect, resulting in decreased consumer confidence and spending habits. Each dollar spent on residential construction generates $1.27 in additional economic activity.

Adjustable Rate Mortgages

Additionally, the rise in adjustable rate mortgage payments tied to interest rates could crimp discretionary spending. It is important to remember that consumers ultimately drive three-quarters of U.S. GDP. In 2007, it is estimated that $2.7 trillion worth of mortgage loans will re-set their interest rates.

Hedge Funds

For the first time, 2006 had more hedge fund close than start-up (WSJ 10/4). There have been over 1,000 hedge funds closing over the last two years. In 2006 we witnessed the $9 billion Amaranth Advisors lose 60% of its investor's money in a single week. Additionally, the $12 billion Vega Asset Management is now down 75% over the past two years and Goldman's $10 billion Global Alpha, lost 12% in 2006 (WSJ 12/13). There are now more hedge funds than there are stocks and 60% are less than 5 years old.

GSCM has outperformed the Tremont Hedge Fund Index for 4 consecutive years and our investment style has stood the test of time for more than 40 years.

General Outlook

The current P/E ratio of the S&P 500 at 17x has returned to its 50 year average, from record highs. We are hesitant to believe in a secular bull market until valuations approach trough levels (P/E below 10x).

While we are cautious on the domestic front, we continue to see a strong growth in many foreign economies. According to the IMF, emerging economies have been growing at more than twice the rate of the U.S. over the past five years. If this continues, there are plenty of U.S. firms with a large portion of their revenues and profits derived from foreign markets. This factor alone should buoy many U.S. companies.

We aim to find attractive companies and unique opportunities despite the overall market conditions. For more than 40 years, our bottom-up stock selection process has been focused on company fundamentals, regardless of the overall market. We will continue our stock selection process in 2007.

Sincerely,

Greenfield Seitz Capital Management

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1. Barron's interview of Charles Maxwell. October 16, 2006
2. Twilight in the Desert. Matt Simmons 2005
3. Air Transport Association. June 5, 2006

Greenfield Seitz Capital Management's ("GSCM") returns are calculated using daily valuation, are time-weighted and include cash in the total returns. For GSCM disciplines, performance is based on a size-weighted (asset-weighted) composite of all fully discretionary, wrap-fee accounts managed by GSCM in the Passport Investment Program, with the following accounts removed from the composites: i.) restricted, and ii) remit check paying accounts. Terminated accounts remain in the composites including last full quarter.

GSCM seeks to apply a consistent management style across all accounts managed within a particular strategy. However, because individual accounts contained in the composite vary by size and cash flows, the specific securities held and rates of return achieved may differ among accounts.

Net results reflect the deduction of investment management fees and any other expenses that may be incurred, but not domestic taxes. Performance includes reinvestment of all income, dividends, and capital gains. Total return is reported using accrual accounting except for dividends. GSCM's portfolios are individually managed and opened at different times and no inference should be drawn that new or existing accounts will achieve similar investment performance in the future. Rather, the above returns are presented to illustrate GSCM's portfolio management experience generally. GSCM performance measurement processes and procedures have been verified by an independent auditor. Any revisions will be promptly published.

Past performance does not guarantee future results. There is no assurance this trend will continue. The market value of securities fluctuates and you may incur a profit or a loss. This analysis does not include transaction costs and tax considerations. The material included in this presentation is for informational purposes only, and is not intended as an offer or a solicitation to buy or sell any securities.

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The S&P 500 is an unmanaged index of 500 widely held stocks that is generally considered representative of the U.S. stock market. Indexes cannot be invested in directly.

CSFB Tremont Hedge Fund Index consists of a master index and a series of sub-indices that represent historical returns of hedge funds.

In February 2002, Stuart Greenfield assumed responsibility for stock selection and investment management from Eric Greenfield. Yancey Seitz has shared investment management responsibility since 1995.

Special risks are involved with global and international investing related to market and currency fluctuations, economic and political instability, and different financial accounting standards. These risks are magnified by emerging markets.

Price Earnings Ration (P/E) is the price of s tock divided by earnings per share.

GDP is the annual total market value of all final goods and services produced domestically.

The companies engaged in the technology industry are subject to fierce competition and their products and services may be subject to rapid obsolescence.

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