

## THE FIRM

Over the last eight plus years, Shaker Investments has become one of the country's outstanding equity investment firms.

Founded in 1991, Shaker Investments:

- Consistently ranks among the top of all U.S. equity money managers according to Nelson Information.
- Has an average annual return of 36.9% from inception through June 30, 2000.
- Manages \$1.2 billion in separate accounts and over \$200 million in domestic and offshore investment funds, as of June 30, 2000.

## INVESTMENT PERSPECTIVE

### The Stock Market

- Often prices growth stocks inefficiently.
- Often treats all companies in the same sector equally in both up and down markets.
- Often fails to differentiate between quality growth companies and those with non-sustainable growth rates.

### Therefore

- Shaker systematically exploits these market inefficiencies by maintaining a long-term outlook that is formed through our extensive original research.
- Our long-term perspective, which is rare among growth managers, allows Shaker to invest in the strongest companies at very attractive prices. Shaker particularly seeks to take advantage of these opportunities during sector corrections, or when the long-term prospects of individual companies are misunderstood.

## HISTORICAL INVESTMENT PERFORMANCE

Shaker Investments has consistently outperformed the general equity markets with its Core Equity Composite over the last eight plus years:

### Average Annual Equity Returns<sup>a,b</sup>

Audited by Ernst & Young<sup>c</sup>

#### As of June 30, 2000

	Past 8¾ Years <sup>d</sup>	Past 5 Years	Past 3 Years	Past 1 Year
Shaker	36.90%	41.17%	47.08%	85.21%
S&P 500	18.90%	23.80%	19.66%	7.24%
Nasdaq	26.27%	34.03%	40.57%	47.96%
Russell 2000	13.73%	14.34%	10.69%	14.47%

## INVESTMENT HIGHLIGHTS

Shaker has created an outstanding investment track record since inception, October 1, 1991. Some of the highlights include:

- Shaker has outperformed the S&P 500 in seven of the last eight calendar years.
- Since inception, Shaker has outperformed the S&P 500 by 18.0% on an average annual basis.
- Shaker's annual calendar return since inception has ranged from 12.7% to 98.5%.
- Shaker has outperformed:  
in weak markets such as 1994 with a 20.9% return, in strong markets such as 1995 with 58.2% and 1999 with 98.5%, and in turbulent markets such as 1996 with 27.7% and 1998 with 33.6%.

### Footnotes

- <sup>a</sup> Past performance provides no guarantee of future results.
- <sup>b</sup> Core Equity Composite returns represent a composite value of \$1,060 million (approximately 90% of the individual accounts) at June 30, 2000 and are pro forma for 1.5% Management Fee.
- <sup>c</sup> Audited as of December 31, 1999.
- <sup>d</sup> For the period October 1, 1991 through June 30, 2000.

## SHAKER'S INVESTMENT PHILOSOPHY AND PROCESS

Shaker analyzes stocks as if it were buying the entire business, with an emphasis on minimizing investment risk. The investment process consists of the following:

### • Top Down View

Shaker analyzes short and long-term macroeconomic conditions to identify industries achieving above average growth rates. This requirement reduces macroeconomic risk.

### • Identifying Superior Companies

Within a given industry, Shaker identifies dominant growth companies whose competitive positions are likely to strengthen further. This minimizes company specific business risk.

### • Buying at the Right Price

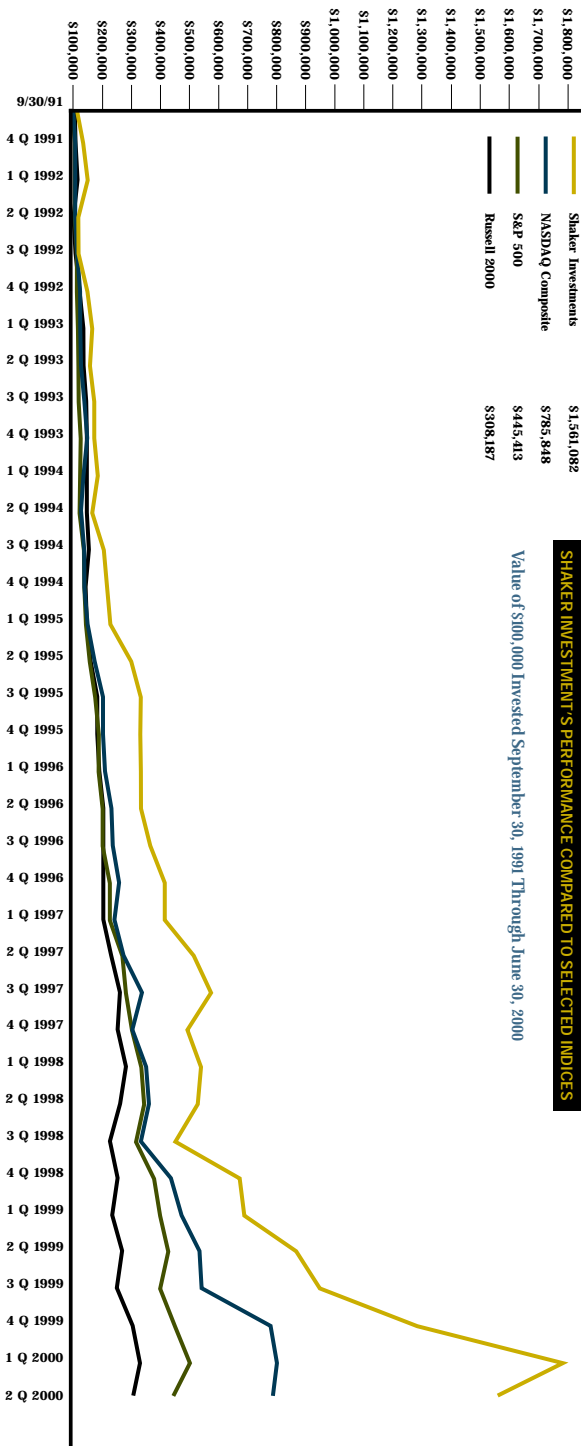
Shaker insists on buying stocks at low prices relative to the future earnings growth rate and selling stocks that are overvalued relative to earnings. This minimizes the risk of large stock price declines due to market fluctuations.

### • Portfolio Diversification

Shaker typically holds approximately 30-35 stocks in a portfolio. A typical stock position at cost ranges from 3% to 5% of the total portfolio. This reduces portfolio exposure to individual stock fluctuations.

### • Tax Efficiency

Profits are often either deferred or of a long-term capital nature.



**PROFESSIONAL STAFF**

The management team of Shaker Investments is distinctive in that all its professionals have either venture capital/private equity background or significant hands-on experience working with companies in various industries.

**EDWARD P. HEMMELGARN**

Founder, President and Chief Investment Officer  
 Experience: AmeriTrust Bank, Ernst & Young, CPA  
 Education: Case Western Reserve University M.B.A., B.A.

**ADAM SOLOMON**

Chairman  
 Experience: E.M. Warburg Pincus, Salomon Brothers  
 Education: Oxford University B.A., Massachusetts Institute of Technology M.S.

**DAVID R. WEBB**

Executive Vice President  
 Experience: Primus Venture Partners, E.M. Warburg Pincus, Oppenheimer & Co.  
 Education: Miami University, Ohio B.S.

**RAYMOND J. RUND**

Managing Director  
 Experience: Brantley Venture Partners, McKinsey & Co., Intel Corporation  
 Education: Harvard M.B.A., Carnegie Mellon University M.S.EE, Yale University B.S.

**JAMES R. JANETZ**

Executive Vice President and Chief Operating Officer  
 Experience: Asset Management, Sales and Marketing, Management and Consulting  
 Education: Northwestern University M.B.A., Emporia College B.A.

**THOMAS J. BARTOS**

Chief Administrative Officer  
 Experience: McDonald Investments Inc., Weltman, Weinberg & Associates, LPA, Ernst & Young, Honeywell, Owens Corning  
 Education: University of Notre Dame, M.B.A., Bowling Green State University, B.S.

**JOHN H. NUSSBAUMER**

Director of Client Services  
 Experience: Mercer Investment Consulting, Inc., SEI Corporation, Chase Econometrics, Comshare, Inc.,  
 Education: Baldwin Wallace College M.B.A., Mount Union College B.A.

**EDWARD R. MATUSZAK**

Vice President and Portfolio Manager  
 Experience: National City Bank, Coopers & Lybrand  
 Education: Case Western Reserve University M.B.A., Ohio State University B.S. B.A.

**MARIA HINTON**

Manager of Account Administration  
 Experience: Marketing, Office Management, Financial Administration  
 Education: Malone College B.A.



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# SHAKER INVESTMENTS

A RESEARCH-DRIVEN GROWTH APPROACH TO EQUITY PORTFOLIO MANAGEMENT