

## THE FIRM

Over the last nine 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 34.5% from inception through September 30, 2000.
- Manages \$1.2 billion in separate accounts and over \$250 million in domestic and offshore investment funds, as of September 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 nine years:

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

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

#### As of September 30, 2000

	Past 9 Years <sup>d</sup>	Past 5 Years	Past 3 Years	Past 1 Year
Shaker	34.52%	34.75%	36.57%	55.23%
S&P 500	18.20%	21.69%	16.44%	13.28%
Nasdaq	24.39%	29.04%	30.04%	33.98%
Russell 2000	14.16%	12.38%	5.96%	23.39%

## 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 16.3% 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 \$1,135 million (approximately 90% of the individual accounts) at September 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 September 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

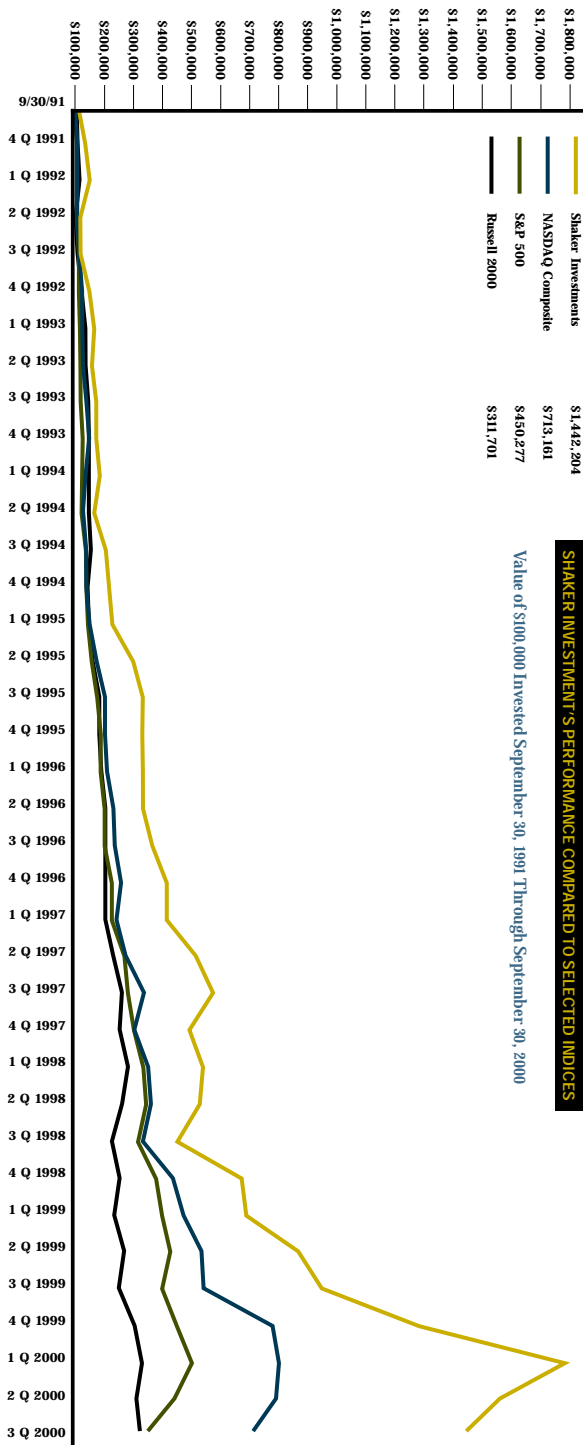
Shaker insists on buying stocks at low prices relative to the future earnings growth rate and selling stocks that are overvalued relative to earnings. This minimizes the risk of large stock price declines due to market fluctuations.

### • Portfolio Diversification

Shaker typically holds approximately 30-45 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 and Head of Research

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

Head Trader 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.

**SHAKER**  
investments

Shaker Investments  
One Chagrin Highlands  
2000 Auburn Drive Suite 300  
Cleveland, Ohio 44122  
216 292 2950 p  
216 292 2951 f

237 Park Avenue  
Suite 801  
New York, New York 10017  
212 692 3608 p  
212 692 3609 f

1763 East Route 70  
Suite 202  
Cherry Hill, New Jersey 08003  
856 761 0540 p

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A RESEARCH-DRIVEN GROWTH APPROACH TO EQUITY PORTFOLIO MANAGEMENT  
**INVESTMENTS**