GREENFIELD SEITZ CAPITAL MANAGEMENT

Mid-Year Update

July 17, 2006

GSCM Mid-Year Update: *+27.83% 12-month return (net)*

Over the past 12 months, Greenfield Seitz Capital Management (GSCM) core composite had a total return of 27.83%, net-of-fees. Year-to-date (6/30/06), GSCM has gained 11.22% net-of-fees. 2006 marks our ***seventh consecutive*** year to surpass the S&P 500 Index. During the recent 3-year Bear market (2000-2002), GSCM gained 1.99% while the S&P 500 Index lost 37.61%.

GSCM is a Dallas-based investment advisor with over $250 million in assets under management. Our focus is large-cap equities although we have no style constraints. Our minimum initial investment is $1 million. We are a long-only separate account manager and have never employed leverage (typically hold 10% cash at all times).

2006 Mid-Year Update

During the first half of 2006, we sold a significant portion of our emerging market investments for several reasons:

(1) In order to lock-in gains from the dramatic increase in share prices, such as the 191% increase in the Russian Index in 16 months from 1/05 – 5/06.

(2) For the first four months of the year, international equity funds had inflows of $80 billion, while domestic mutual funds had inflows of just $40 billion. Whenever the crowd gets excited about a particular investment, we typically look for the exits.

(3) Russia & India traded at a premium to the U.S. equities on relative P/E basis.

(4) In general, we believe that emerging markets will be successful investments over the long term, but there will be large 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 European investors. But there were many significant declines such as the Canal Boom (1820-1836) which ended with more than 1,500 banks failing or the 1850's Railroad Boom (when foreign investors owned more than 25% of all American Railroad bonds) which ended in 1857 when 1,415 banks and numerous railroads failed.

Year-to-date, we have increased our positions in domestic large-cap equities, which has always been GSCM's core asset class. Since 2001, the large-cap companies comprising the S&P 500 Index have grown their EPS 35%, while their share prices have actually declined 12%.[5] This phenomenon was primarily caused by over-valuation in 2001 but we now believe the U.S. large-caps are attractive. We think the investment community has lost interest in domestic large-caps in recent years and seems 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.

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.[6] Last year U.S. airlines filled 77.6% of their seats, which was the highest load factor since 1946.[6] We believe the combination of less capacity and increased traffic allows the return of pricing power.

In the most recently reported quarter (1Q06), 9 of our Top 10 holdings achieved EPS growth of more than 20% compared to an average EPS growth of 15% for the S&P 500. We have owned all of our Top 10 positions for more than five years and are genuinely impressed with their earnings growth. This long history of superior profit growth is certainly a testament to outstanding corporate management.

Gold has increased from $450 an ounce last November to a recent high of $739 an ounce (5/12/06). Since 2002, we have been steadfast gold bulls and continue to believe we are in a secular advance for gold. Furthermore, we think the current prices of mining stocks do not properly reflect current and future gold commodity prices. Specifically, our largest holding in the gold mining industry has historically exhibited a 10% increase in EPS for every $10 increase in the price of gold, but its share prices has actually declined during 2006.

Since 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[7].

We are increasingly concerned that a decline in home prices may cause a declining wealth effect, resulting in decreased consumer confidence and spending habits. For most Americans, the largest asset is their house. Additionally, the rise in adjustable rate monthly mortgage payments tied to higher interest rates should crimp discretionary spending. It is important to remember that consumers ultimately drive three-quarters of U.S. GDP.

Regards,

Greenfield Seitz Capital Management

Greenfield Seitz Capital Management, LLC

1. RTS Trading Index (www.fin-rus.com)
2. Investment Community Institute (ICI). Trends in Mutual Funds. April 2006
3. The Wall Street Journal. May 12, 2006
4. Faber, Marc. Tomorrow's Gold. 2003
5. Bloomberg Financial Markets. Businessweek. April 17, 2006
6. Air Transport Association. June 5, 2006
7. U.S. Department of Energy (EIA). Alberta Energy and Utilities Board.

The S&P is an unmanaged index of 500 widely held securities. Investments cannot be made directly in this index. International investing involves greater risks including currency fluctuations, differing financial accounting standards and possible political and economic instability.

Gross Domestic Product (GDP) is the annual total market value of all final good and services produced domestically by the U.S. Price Earnings Ratio (P/E) is the price of the stock divided by its earnings per share. Earnings Per Share (EPS) indicates the portion of a company's profit allocated to each share of stock. Mining and energy stocks involve increased risks and are not appropriate for all investors.

The opinions expressed in this report are those of Greenfield Seitz Capital Management, and not Raymond James.

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