Greenfield Seitz
CAPITAL MANAGEMENT

Mid-Year Update

July 22, 2008

For the first half of 2008, Greenfield Seitz Capital Management experienced a 4.82% loss compared to an 11.91% loss for the S&P 500. Through June 2008, less than 25% of active Large Cap managers beat the S&P 500.[1]

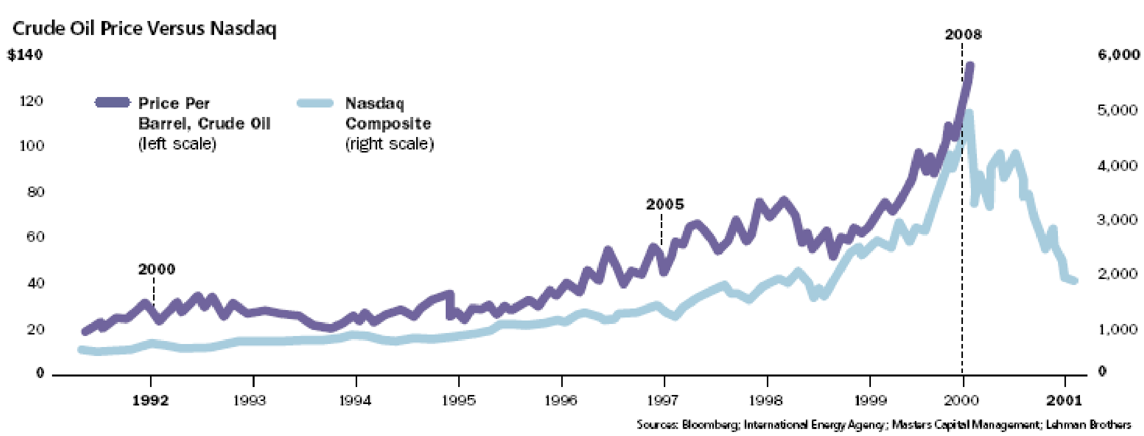
We are on track for 2008 to be our 8th *consecutive* year to outperform the benchmark S&P 500. We believe this is the product of superior stock selection through our unique process, which utilizes patience, independent thought, and fundamental research.

Energy
Our overweight position in the Energy sector continues to be rewarding. We continue to believe a global supply/demand imbalance exists as supplies are becoming harder to find and demand is increasing as more people experience the good life. To learn more about our bullish stance on the Energy sector and Canadian Oil Sands, please review our past Annual Letters. www.gscapital.net

In 2003, we noted that Energy made up just 6.8% of the S&P 500, while Financials comprised 20.5%. We believed that the Energy sector was underappreciated and would grow to become a large portion of the U.S. stock market at the expense of the Financials. As of June 30, Energy has now grown to the second largest sector in the S&P 500, comprising 16.0% of the Index while Financials have fallen to just 14.6%. This could eventually be a negative indicator for the Energy sector. During the first half of 2008, we took profits in many of our Energy shares for the first time in years.

In our January letter we warned *"all bubbles begin with a good fundamental story"* referring to China's overheated market. Consequently, the Chinese market has fallen 48% in the first six months of this year.

It is interesting to note the eerie similarity between oil's current run and the NASDAQ's recent bubble. However interesting oil's chart, we remain bullish on Energy companies but note we are obviously later in the game now.



Capital Gains Tax
At Greenfield Seitz, we try to minimize taxes by attempting to own stocks for a 10-year period. This strategy allows compounding appreciation by delaying tax payments. It also allows us to take advantage of the 15% long-term capital gains tax, as opposed to the hefty 35% short term tax. There will inevitably be years in which we take profits and pay taxes and we believe 2008 is shaping up to be such a year as we; (1) sell longstanding energy positions (2) rebalance legacy holdings (3) attempt to take advantage of the 15% capital gains tax before new government administration takes office. We have serious doubts about the future of 15% capital gains tax.

Financials
We have avoided shares of companies in the Financial sector based on our prediction of the housing and credit fallout. In our opinion, the banks have so many off balance sheet items that their fundamentals are a leap of faith.

As an example of this lack of clarity, we point to the collapse of Bear Stearns (Stuart's former employer). The brightest minds on Wall Street and the collective wisdom of the investing public valued Bear Stearns at $67 a share on Monday, only to find it was worth $2 on Sunday.

When you combine this lack of clarity with massive leverage (the largest U.S. Banks had 30x-40x leverage last year) and a slow down in all of their business segments, you get a mess that will take years to resolve. The Banks had a phenomenal run for the last 10 years and in the end began to take increasingly more risk. We believe there will be more write-downs to come and are still not tempted by their significantly reduced share prices.

Outlook
Our conservative investment process usually leads to superior performance in down markets. In the recent Bear Market (2000-2002), we achieved a 2.0% gain while the S&P 500 lost 37.6%.

It is our belief that we are not out of the woods yet. The average recession only lasts eleven months (we have not yet experienced negative GDP growth). However we believe there are some deeper problems this time with home equity, consumer debt, tightening lending, gas prices, etc. Despite these self evident problems, we have a positive outlook for many of our investment themes (Energy, Infrastructure, and Gold).

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All prices as of 6/30/08

1) The Wall Street Journal. Morningstar Research. June 1, 2008

Past performance does not guarantee future results. Please visit our website for additional disclosures. Companies engaged in business related to a specific sector are subject to fierce competition and their products and service may be subject to rapid obsolescence. There are additional risks associated with investing in an individual sector, including limited diversification.