

FUND INFORMATION

31.10.2005	
A-share (growth unit)	2,722
B-share (distribution unit)	2,068
NAV (Meur)	11,06
Fund Delta (Meur)	0,58
Number of Shareholders	140
Return (y-o-y)	6,8 %
Sharpe Ratio (y-o-y)	1,6
Next sub/red date	Friday
Announcmnt to FMC by	Thursday

Special Mutual Fund Phalanx

Type of fund: Hedge fund / absolute return target
 Strategy: Long in small cap, low P/B companies, short in large cap, high P/B companies
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 Auditor: KPMG Widen
 Custodian: Seligson & Co ACM Asset Management
 Min subscript.: € 5,000
 Subscription fee: 2 %
 Mgmt fee: 1% p.a.
 Performance fee: 15% of return exceeding 3M eurib. (h-w-m)
 Custody fee: Included in management fee
 Redemption fee: € 20

IN SHORT: Phalanx utilizes a simple, straightforward long/short -strategy with academic credentials. The strategy is based on the findings of Eugene Fama and Kenneth French, i.e. that companies with low price to book -ratios and relatively small market capitalizations tend to outperform companies with the opposite characteristics. The bought position therefore consists of a large number of international equities with low P/B -ratios and small market capitalizations. The sold position is in turn built up of several very large and in these terms expensive companies again with very low company specific risk. The combined portfolio allows for moderate deviations from country and overall delta neutrality. As costs matter, trading is infrequent.

ONE YEAR RETURN



GEOGRAPHICAL AND SECTOR EXPOSURE

Geographical exposure	Delta (eur '000)	Delta (% NAV)
USA	-177,3	-1,6%
Europe	458,7	4,1%
Japan	300,1	2,7%
Total Net Value (Fund Delta)	581,5	5,3%

A positive Delta figure represents a positive net exposure (from Long and Short -positions) on the corresponding market or sector (in eur '000). The percentage compares it to the Fund's Net Asset Value.

Exposure by MSCI GICS Sectors	Delta (eur '000)	Delta (% NAV)
10 Energy	201,5	1,8%
15 Materials	907,6	8,2%
20 Industrials	2 178,1	19,7%
25 Consumer Discretionary	486,5	4,4%
30 Consumer Staples	-1 176,3	-10,6%
35 Health Care	-1 064,8	-9,6%
40 Financials	0,0	0,0%
45 Information Technology	-627,6	-5,7%
50 Telecommunication Services	-409,3	-3,7%
55 Utilities	85,7	0,8%
Total Net Value (Fund Delta)	581,5	5,3%

Cash	10 476,4	94,7%
Value Long (Number of shares in portfolio: 114)	8 152,2	73,7%
Value Short (Number of shares in portfolio: 54)	-7 570,7	-68,5%
Total Gross Value	26 199,3	236,9%

Cash (above) includes collateral deposited with financial intermediary. Total Gross Value is the sum of the absolute values of Long, Short and the Cash positions, where the percentage compares the positions to the Fund's Net Asset Value. As the Long position consists of more volatile equities than the short position, it intentionally consists of twice as many shares as the Short position, so that these two portfolios would incorporate similar risk characteristics.

PERFORMANCE

Period	PHALANX	3M Euribor	STOXX 600	MSCI ACWF
January	1,2%	0,2%	2,3%	1,5%
February	0,5%	0,2%	3,2%	2,3%
March	0,6%	0,2%	-0,8%	-0,5%
April	0,1%	0,2%	-2,6%	-2,8%
May	-0,1%	0,2%	4,5%	8,1%
June	1,8%	0,2%	3,1%	2,6%
July	1,3%	0,2%	3,4%	3,0%
August	-0,1%	0,2%	-0,7%	-1,4%
September	-0,1%	0,2%	4,4%	4,8%
October	-0,4%	0,2%	-2,9%	-3,4%
November	1,7%	0,2%	2,6%	1,5%
December	0,3%	0,2%	1,6%	0,7%
Year-on-year	6,8%	2,2%	18,1%	16,3%
Year 2005 to date	4,8%	1,8%	13,9%	14,1%
Since inception (p.a.)	6,3%	3,3%	3,0%	2,0%
Since inception (cumul.)	61,8%	29,6%	26,2%	17,3%
Sharpe Ratio (y-o-y)	1,58	0,00	1,61	1,34

Monthly figures represent return during corresponding month. Grey background relates to current year. Fund returns are based on daily calculated Net Asset Value. The per annum rate of return is the compounded return calculated using 365 days in a year. The Sharpe-ratio is the Fund's y-o-y return less the y-o-y return of 3M Euribor, divided by the Fund's 250 day volatility.

RISK FIGURES

Variability of Return	PHALANX	3M Euribor	STOXX 600	MSCI ACWF
Daily return, mean	0,03 %	0,01 %	0,06 %	0,06 %
Volatility	2,93 %	0,10 %	9,90 %	10,59 %
Upside Volatility	1,90 %	0,10 %	5,38 %	5,91 %
Downside Volatility	2,11 %	0,00 %	8,55 %	7,29 %
Kurtosis	3,03	0,97	4,33	0,66
Skewness	-0,10	1,25	-0,98	-0,39
Maximum one day gain	0,93 %	0,03 %	2,31 %	1,76 %
Maximum one day loss	-0,67 %	0,00 %	-3,11 %	-2,23 %

All Variability of Return figures (above) are measured year-on-year (i.e. last 250 days). Up- and Downside Volatilities measure the volatility of the positive and negative daily returns correspondingly (a higher volatility for the positive returns is desirable). Positive figures for Kurtosis means that daily returns are concentrated closer to the mean compared to the Normal Distribution. A positive value for Skewness is desirable and usually corresponds with a higher Upside Volatility.

Exposures	Last	Mean	High	Low
VaR* / NAV	-0,4%	-0,6%	-1,0%	-0,4%
Delta / NAV	3,3%	-0,1%	3,3%	-4,3%
Theta / NAV	0,0%	0,0%	0,0%	0,0%
Vega / NAV	0,0%	0,0%	0,0%	0,0%
Gross Value / NAV	236,9%	221,2%	236,9%	216,0%
USA (Corr., SP500)	18,3%	-6,4%	22,1%	-54,7%
Europe (Corr., STOXX600)	2,3%	8,0%	50,9%	-41,4%
Japan (Corr., N225)	15,1%	-5,5%	29,4%	-47,8%
World (Corr., MSCI ACWF)	17,2%	1,7%	35,3%	-28,8%
Finland (Corr., HEX25)	3,4%	2,4%	30,5%	-34,3%

Exposure figures are calculated on daily NAV data for each of the last 12 months. Dividing VaR (Value at Risk) with Fund's NAV gives an estimate of the max. expected monthly percentage loss at a 95% level of significance. Delta shows the NAV sensitivity to price movements in underlying securities, Theta the depreciation of NAV due to time (1 day), and Vega the NAV sensitivity to a one unit change of volatility in underlying securities. Gross Value is the absolute value of all combined positions.

Portf. factors vs. Mkt	P/B	Size	ViM	Success
USA	1,0	635	27,8%	47,6
Europe	1,5	697	20,3%	47,5
Japan	0,8	359	12,7%	58,0
Average	1,1	562	19,8%	51,2
Universe (6.225 shrs)				
USA	8,5	33 932	3,5%	50,4
Europe	5,4	20 754	3,6%	47,1
Japan	5,8	6 812	3,5%	54,2
Average	6,4	41 924	7,6%	50,2

As Phalanx's main strategy evolves around the findings in academic research by Fama and French (among others), that shows shares with low P/B and small sizes outperforming those of opposite characteristics, one can obtain an in-depth picture of the Fund's style by comparing the Fund's Long and Short portfolio factors to that of its investment universe. The factors shown are Price to Book (P/B), Size (in eur '000), Variability in Markets (250 day portfolio volatility net of that of the corresponding market) and Success (30 day RSI). Investment universe is restricted to shares listed in the US, Europe and Japan.