



Oliver Capital Management, Inc.
COMPREHENSIVE WEALTH MANAGEMENT

DATE: July 14, 2005
TO: U.S. Private Clients of Oliver Capital Management, Inc.
FROM: Mark K. Oliver - President and Senior Investment Advisor
RE: **2005 Second Quarter Report, including the Strategically Engineered Portfolio Program (SEPP) performance report and related materials.**

Dear Valued Client:

There are two sections to the following 2005 Second Quarter Report:

1. The Strategically Engineered Portfolio Program (SEPP) Performance and Statistical Information
2. The Economy, The Markets and Business in general

THE STRATEGICALLY ENGINEERED PORTFOLIO PROGRAM (SEPP)

The second-quarter performance numbers are in and once again, our **Strategically Engineered Portfolio Program (SEPP), which you are invested in**, had a rather impressive showing, returning nearly 3%. Additionally, **the SEPP outperformed all four major market indexes for the second quarter of 2005** (vs. the S & P 500, the Dow Jones Industrial Average, the NASDAQ Composite and The Russell 3000). In typical fashion, the aforementioned SEPP out-performance was achieved with less risk than most major market indices and asset classes, as measured by standard deviation. This is precisely what we set out to achieve with the SEPP strategy: **greater return than the overall market, with less risk**. Again, **MISSION ACCOMPLISHED**.

In addition to the Q2 2005 performance numbers, I have included the SEPP's Trailing Twelve Month, Year to Date, and Five Year performance history for your review. Similar to the Q2 2005 comparison, you will see that our SEPP strategy has significantly outperformed the four major market indexes (the S & P 500, the Dow Jones Industrial Average, the NASDAQ Composite and The Russell 3000) during all four time periods (please refer to the attached **Strategically Engineered Portfolio Program (SEPP) Performance Report**).

You may have noticed that three of the seven SEPP Portfolios "Split" during the most recent quarter. In particular the Small Cap Portfolio split 3 for 1, the Mid Cap Portfolio split 2 for 1, and the International Portfolio split 3 for 1. A split of this nature is generally considered to be favorable for a number of reasons. First, the share price of the subject portfolios have been lowered (while the number of shares held in your account are increased), resulting in better perceived liquidity by both individuals and institutions. Additionally, the lower price per share, and increased number of shares, may lead to increased activity from Authorized Participants – large investors, institutions, exchange specialists and arbitrageurs. Please keep in mind that the aforementioned splits do not affect the total dollar amount of each portfolio owned by you.

Adding credibility to our SEPP investment strategy, I have also enclosed an excerpt from a recent Business Week article (June 6, 2005) that highlights some of the material advantages Exchange Traded Portfolios (ETFs) offer, which is the exact type of investment vehicle that our **Strategically Engineered Portfolio Program (SEPP)** utilizes for your benefit (please see enclosure).

Lastly, as always, I have enclosed a report listing the TOP 20 HOLDINGS in each of the seven (7) Portfolios that make up the **Strategically Engineered Portfolio Program (SEPP)** for your review.

THE ECONOMY, THE MARKETS AND BUSINESS IN GENERAL

As with the first quarter of 2005, the second quarter began under a cloud of higher oil prices, along with the prospects of an increasing interest rate environment. The potential for stagflation (sluggish economic growth coupled with a high rate of inflation and unemployment) and a lower than expected GDP announcement also fueled market uncertainty. The result was a market that reacted to the news events by falling early in the quarter, rising in the middle, and then pulling back slightly towards the end of the quarter. The net result of this see-saw-type action was a 1.25% average gain amongst all four major market indexes (the S & P 500, The Dow Jones Industrial Average, The NASDAQ Composite, and The Russell 3000).

Similarly, our Strategically Engineered Portfolio Program (SEPP) also rode the aforementioned see-saw of the markets for the most recent quarter, but in a way that illustrates the strength of our methodology, gaining 2.94% for the quarter (more than twice as much as the overall market for the same time period).

At both the May and June, 2005 Federal Open Market Committee (along with Alan Greenspan), short term interest rates were increased by 25 basis points (.25%) for the eight and ninth consecutive time, pushing the fed-funds rate to 3-1/4% (from a mere 1% at the beginning of 2004). However, indication was given that the Fed may be “in the ninth inning” of interest rate increases. Once the subject increases are perceived to have ended for the near term, investors often feel a little more comfortable allocating more of their portfolios into the markets.

Please do not hesitate to call or e-mail me if you have any questions or comments about this report or any of the enclosures.

Very truly yours,



Mark K. Oliver
President – Senior Investment Advisor



STRATEGICALLY ENGINEERED PORTFOLIO PROGRAM (SEPP)

SEPP Portfolio Component	Weight	Second Quarter 2005 Total Return	2005 Year to Date Total Return	Trailing 12 Months Total Return	Five Year Average Annual Return
Large Cap Portfolio	10.00%	1.34%	-0.84%	6.25%	7.82%
Mid-Cap Portfolio	20.00%	4.33%	3.88%	13.97%	8.82%
Small-Cap Portfolio	20.00%	3.89%	1.70%	13.26%	9.86%
International Portfolio	10.00%	-1.15%	-1.32%	13.17%	9.46%
Aggregate Bond Portfolio	10.00%	3.03%	2.41%	6.64%	6.80%
Select Dividend Portfolio	20.00%	3.78%	2.14%	14.57%	9.10%
Strategically Selected Portfolio *	10.00%	2.22%	-5.49%	-3.43%	9.20%
Oliver Capital Management Model SEPP Portfolio		2.94%	1.02%	10.62%	8.88%

Index / Benchmark	Symbol	Weight	Second Quarter 2005 Total Return	2005 Year to Date Total Return	Trailing 12 Months Total Return	Five Year Average Annual Return
S&P 500	SPX	100.00%	1.37%	-0.81%	6.32%	-2.30%
Dow Jones Industrial Average	DJIA	100.00%	-1.63%	-3.65%	0.65%	1.42%
NASDAQ	NASDAQ	100.00%	3.01%	-5.12%	1.10%	-11.77%
Russell 3000	RUA	100.00%	2.24%	-0.01%	8.05%	-1.16%
Average of all Four (4) Major Market Indexes			1.25%	-2.40%	4.03%	-3.45%

* In 2000 through 2004, the Strategically Selected Portfolios were utilities, telecommunications, technology, technology again, and then telecommunications respectively. In 2005, the Strategically Selected Portfolio is technology (IYW).

PAST PERFORMANCE IS NO GUARANTEE OF FUTURE RESULTS. The results and conclusions made herein are not intended to recommend any specific investment or type of investment, and should not be construed as such. SEPP performance numbers contained herein are that of the Model SEPP as of the printing of this report and do not necessarily reflect that of any OCM client portfolio. All performance data above, for both the Model SEPP and Indexes, are based on Total Return which includes capital appreciation and assumes all dividends and interest are reinvested. Market returns are based upon the midpoint of the bid/ask spread at 4:00 PM Eastern time (when NAV is normally determined for most iShares), and do not represent the returns one would receive if shares were traded at other times.

Before making any investment, all aspects associated with it, including, but not limited to, applicable fees, charges, expenses and tax implications, should be considered. The information and results contained herein are based upon data obtained from sources we believe to be reliable (including, but not limited to, Ibbotson Associates, Barclays Global Investors, SEI); however, Oliver Capital Management, Inc., and/or its affiliates, do not guarantee the completeness or accuracy thereof. Both SEPP and Index performance returns above do not reflect management fees, transaction costs and/or expenses. One cannot invest directly in an index. Index performance is based upon information provided by Bloomberg.



**2005 Strategically Engineered Portfolio Program
Top Twenty Holdings Report**

**LARGE CAP PORTFOLIO
TOP 20 HOLDINGS AS OF 06/30/2005**

	<u>Name</u>	<u>Ticker</u>	<u>Market</u>
1	GENERAL ELECTRIC CO	GE	NYSE
2	EXXON MOBIL CORP	XOM	NYSE
3	MICROSOFT CORP	MSFT	NASDAQ
4	CITIGROUP INC	C	NYSE
5	PFIZER INC	PFE	NYSE
6	JOHNSON & JOHNSON	JNJ	NYSE
7	BANK OF AMERICA CORP	BAC	NYSE
8	WAL-MART STORES INC	WMT	NYSE
9	INTEL CORP	INTC	NASDAQ
10	AMERICAN INT'L GROUP INC	AIG	NYSE
11	ALTRIA GROUP INC	MO	NYSE
12	PROCTER & GAMBLE CO	PG	NYSE
13	JPMORGAN CHASE & CO	JPM	NYSE
14	CISCO SYSTEMS INC	CSCO	NASDAQ
15	INTERNATIONAL BUS MACHINES	IBM	NYSE
16	CHEVRONTXACO CORP	CVX	NYSE
17	WELLS FARGO & CO	WFC	NYSE
18	DELL INC	DELL	NASDAQ
19	VERIZON COMMUNICATIONS	VZ	NYSE
20	COCA-COLA CO	KO	NYSE

**MID CAP PORTFOLIO
TOP 20 HOLDINGS AS OF 06/30/2005**

	<u>Name</u>	<u>Ticker</u>	<u>Market</u>
1	LEGG MASON INC	LM	NYSE
2	DR HORTON INC	DHI	NYSE
3	LENNAR CORP CLASS A	LEN	NYSE
4	MURPHY OIL CORP	MUR	NYSE
5	WEATHERFORD INTERNATIONAL	WFT	NYSE
6	WHOLE FOODS MARKET INC	WFMI	NASDAQ
7	COVENTRY HEALTH CARE INC	CVH	NYSE
8	SMITH INTERNATIONAL INC	SII	NYSE
9	NOBLE ENERGY INC	NBL	NYSE
10	COGNIZANT TECHNOLOGY	CTSH	NASDAQ
11	TOLL BROTHERS INC	TOL	NYSE
12	PEABODY ENERGY CORP	BTU	NYSE
13	PACIFICARE HEALTH SYSTEMS	PHS	NYSE
14	SEPRACOR INC	SEPR	NASDAQ
15	FIDELITY NATIONAL FINANCIAL INC	FNF	NYSE
16	PATTERSON COS INC	PDCCO	NASDAQ
17	MICROCHIP TECHNOLOGY INC	MCHP	NASDAQ
18	CHICO'S FAS INC	CHS	NYSE
19	CONSTELLATION BRANDS INC	STZ	NYSE
20	PIONEER NATURAL RESOURCES	PXD	NYSE

**S&P SMALL CAP PORTFOLIO
TOP 20 HOLDINGS AS OF 06/30/2005**

	<u>Name</u>	<u>Ticker</u>	<u>Market</u>
1	NVR INC	NVR	AMEX
2	SOUTHWESTERN ENERGY CO	SWN	NYSE
3	CIMAREX ENERGY CO	XEC	NYSE
4	MDC HOLDINGS INC	MDC	NYSE
5	ROPER INDUSTRIES INC	ROP	NYSE
6	STANDARD-PACIFIC CORP	SPF	NYSE
7	OSHKOSH TRUCK CORP	OSK	NYSE
8	UGI CORP	UGI	NYSE
9	MASSEY ENERGY CO	MEE	NYSE
10	FLORIDA ROCK INDUSTRIES INC	FRK	NYSE
11	NEW CENTURY FINANCIAL	NEW	NYSE
12	COOPER COS INC	COO	NYSE
13	ENERGEN CORP	EGN	NYSE
14	RESPIRONICS INC	RESP	NASDAQ
15	PHARMACEUTICAL PROD. DEV	PPDI	NASDAQ
16	GLOBAL PAYMENTS INC	GPN	NYSE
17	SOUTHERN UNION CO	SUG	NYSE
18	POLARIS INDUSTRIES INC	PII	NYSE
19	ATMOS ENERGY CORP	ATO	NYSE
20	RESMED INC	RMD	NYSE

**INTERNATIONAL PORTFOLIO
TOP 20 HOLDINGS AS OF 06/30/2005**

	<u>Name</u>	<u>Ticker</u>
1	BP PLC	BP
2	HSBC HOLDINGS PLC	HSBA
3	VODAFONE GROUP PLC	VOD
4	GLAXOSMITHKLINE PLC	GSK
5	TOTAL SA	FP
6	ROYAL DUTCH PETROLEUM CO	RDA
7	NOVARTIS AG	NOVN
8	NESTLE SA REGISTERED	NESN
9	TOYOTA MOTOR CORP	TM
10	ROYAL BANK OF SCOTLAND	RBS
11	SHELL TRANSPORT & TRADING	SHEL
12	ROCHE HOLDING AG GENUSSSCHEIN	ROG
13	SANOFI-AVENTIS	SAN
14	UBS AG REGISTERED	UBSN
15	TELEFONICA SA	TEF
16	NOKIA OYJ	NOK1V
17	ENI SPA	ENI
18	BANCO SANTANDER CENTRAL HISPANO	SAN
19	ASTRAZENECA PLC	AZN
20	BARCLAYS PLC	BARC



2005 Strategically Engineered Portfolio Program Top Twenty Holdings Report

AGGREGATE BOND PORTFOLIO TOP 20 HOLDINGS AS OF 06/30/2005

<u>Name</u>	<u>Credit Rating (S&P)</u>
1 UNITED STATES TREAS	TSY (AAA Implied)
2 UNITED STATES TREAS	TSY (AAA Implied)
3 FNMA TBA 30YR	AAA
4 FEDERAL NATL MTG ASS	TSY (AAA Implied)
5 UNITED STATES TREAS	TSY (AAA Implied)
6 FNMA TBA 30YR	AAA
7 UNITED STATES TREAS	TSY (AAA Implied)
8 UNITED STATES TREAS	TSY (AAA Implied)
9 UNITED STATES TREAS	TSY (AAA Implied)
10 FHLMC GOLD TBA 30 YR	AAA
11 FEDERAL HOME LN MTG	TSY (AAA Implied)
12 FHLMC GOLD TBA 30 YR	AAA
13 FNMA TBA 30YR	AAA
14 FEDERAL HOME LN MTG	TSY (AAA Implied)
15 FHLMC GOLD TBA 15YR	AAA
16 FNMA TBA 15YR	AAA
17 FEDERAL NATL MTG ASS	TSY (AAA Implied)
18 FNMA TBA 15YR	AAA
19 FHLMC GOLD TBA 15YR	AAA
20 GNMA TBA 30YR	AAA

SELECT DIVIDEND PORTFOLIO TOP 20 HOLDINGS AS OF 06/30/2005

<u>Name</u>	<u>Ticker</u>	<u>Market</u>
1 ALTRIA GROUP INC	MO	NYSE
2 FPL GROUP INC	FPL	NYSE
3 BANK OF AMERICA CORP	BAC	NYSE
4 DTE ENERGY CO	DTE	NYSE
5 PNC FINANCIAL SERVICES GROUP	PNC	NYSE
6 UNITRIN INC	UTR	NYSE
7 PINNACLE WEST CAPITAL CORP	PNW	NYSE
8 FIRSTENERGY CORP	FE	NYSE
9 COMERICA INC	CMA	NYSE
10 PEOPLE'S BANK	PBCT	NASDAQ
11 MERCK & CO INC	MRK	NYSE
12 BRISTOL-MYERS SQUIBB CO	BMJ	NYSE
13 KINDER MORGAN INC	KMI	NYSE
14 GENERAL MOTORS CORP	GM	NYSE
15 KEYCORP	KEY	NYSE
16 ENERGY EAST CORP	EAS	NYSE
17 MARATHON OIL CORP	MRO	NYSE
18 EASTMAN CHEMICAL CO	EMN	NYSE
19 LINCOLN NATIONAL CORP	LNC	NYSE
20 NATIONAL CITY CORP	NCC	NYSE

STRATEGICALLY SELECTED TECH PORTFOLIO TOP 20 HOLDINGS AS OF 06/30/2005

<u>Name</u>	<u>Ticker</u>	<u>Market</u>
1 MICROSOFT CORP	MSFT	NASDAQ
2 INTEL CORP	INTC	NASDAQ
3 CISCO SYSTEMS INC	CSCO	NASDAQ
4 INTERNATIONAL BUSINESS M	IBM	NYSE
5 DELL INC	DELL	NASDAQ
6 HEWLETT-PACKARD CO	HPQ	NYSE
7 QUALCOMM INC	QCOM	NASDAQ
8 ORACLE CORP	ORCL	NASDAQ
9 TEXAS INSTRUMENTS INC	TXN	NYSE
10 YAHOO! INC	YHOO	NASDAQ
11 MOTOROLA INC	MOT	NYSE
12 GOOGLE INC CLASS A	GOOG	NASDAQ
13 EMC CORP	EMC	NYSE
14 APPLE COMPUTER INC	AAPL	NASDAQ
15 APPLIED MATERIALS INC	AMAT	NASDAQ
16 CORNING INC	GLW	NYSE
17 SYMANTEC CORP	SYMC	NASDAQ
18 ANALOG DEVICES INC	ADI	NYSE
19 ADOBE SYSTEMS INC	ADBE	NASDAQ
20 JUNIPER NETWORKS INC	JNPR	NASDAQ

JUNE 6, 2005

FINANCE

Excerpts below taken from Adrienne Carter's (Chicago) Business Week Online article (June 6, 2005), "[The Hottest Funds In Town.](#)"

The Hottest Funds In Town (Excerpts)

The fast growth of exchange-traded funds has the mutual-fund biz scrambling

When five stock market veterans started their own financial-advisory firm in August, 2002, they made a bold decision: They would avoid investing in mutual funds for their clients and instead use only exchange-traded funds, or ETFs. It was an easy call, even though one of the partners in the new firm, San Francisco-based Main Management LLC, had once founded a mutual-fund company. Another partner, J. Richard Fredericks, who was a stock analyst for more than two decades, says the aim was "to avoid the common mistakes we had made throughout our careers, to avoid the enemies of our returns -- high fees, expenses, turnover, and taxes." So far it has worked.

Sick of the high expenses charged by mutual funds and burned by the industry's scandals, investors have been pouring billions into low-cost ETFs. The front line in this battle is drawn around the mountain of cash that investors have in index mutual funds. ETFs -- fixed baskets of stocks, bonds, or other securities that track a benchmark -- are an obvious alternative. And they are winning this fight handily, capturing 6 out of every 10 dollars flowing into indexed portfolios last year. Already, ETFs have scooped up about 30% of the \$730 billion invested in such funds.

Meanwhile, the ETF boom is creating new investment powerhouses. So far the king of ETFs isn't Merrill Lynch or Fidelity Investments but San Francisco's Barclays Global Investors. Last year, Barclays' line of ETFs, iShares, took in roughly \$44 billion. Only two mutual-fund companies, Vanguard Group Inc. and American Funds Group, reeled in more. Keeping up its defenses, Vanguard is making its index funds cheaper for many investors and expanding its own ETF offerings. "Mutual-fund companies don't want the ETF industry to succeed," says Joseph H. Moglia, chief executive of online brokerage Ameritrade Holding Corp.

ETFs have several advantages for ordinary investors. The typical ETF is cheaper to own and easier to buy and sell than the typical mutual fund. It's also potentially more tax-efficient because it rarely distributes capital gains, as many mutual funds do each year. Unlike a mutual fund, ETF shares -- which trade all day on an exchange -- are sold to third parties rather than back to the management company. This avoids the problem of mutual-fund managers being forced to sell holdings to meet redemptions. Even if institutions or hedge funds trade quickly in and out of ETFs, smaller, long-term investors aren't hurt by all this selling.

LOWER COSTS, MORE VARIETY

At the same time, the tough market environment since 2000 has favored indexed funds. Investors in actively managed funds typically give up 40% to 60% of their gross returns to taxes and fees, according to fund researcher Lipper Inc. That may be tolerable when market gains top 20% but not when returns are in the low single digits as now. So lots of investors are shifting money from

Over →

individual stocks and actively managed funds into index funds. In 2002 index mutual funds and ETFs accounted for 10% of the assets of all funds. Today it's 12%, according to Boston-based Financial Research Corp. ETFs are getting the lion's share of this money because they offer a wider variety of choices -- everything from funds that buy dividend-rich stocks to those pegged to gold bullion. There are about 90 different benchmarks tracked by ETFs, while index funds follow only about 50.

ETFs began 12 years ago when the American Stock Exchange launched SPDRs, which track the Standard & Poor's 500-stock index. (Like *BusinessWeek*, S&P is a unit of The McGraw-Hill Companies.) For the next decade, ETFs were used largely by institutions with billions to invest or very wealthy individuals. Hedge funds used them to short the market or to park extra cash. After the mutual-fund scandals erupted in 2003, retail investors started piling in. Barclays estimates that retail investors now account for half its assets, up from 30% two years ago. Total assets in ETFs jumped by more than 50% last year, to \$227 billion.

And the money promises to keep pouring in. Increasingly, the trend is being driven by financial advisers such as Harold R. Evensky in Coral Gables, Fla. He has been switching from actively managed portfolios such as the large-cap value Dodge & Cox Stock Fund to ETFs as the core of his wealthy clients' equity holdings. Some \$90 million of the \$433 million Evensky oversees is now in ETFs. "With ETFs we can replicate the returns of some of the finest active managers in existence, but very tax-efficiently," he says. "Even when market returns are high, we're likely to remain significantly invested with ETFs."

ETFs are also winning over brokers, who long regarded mutual funds and individual stocks as the only places to put customers' money. Now brokers are starting to create accounts that use only ETFs. Investors are charged an annual fee, typically 1% to 2% of assets, rather than a commission on each transaction.

Mutual-fund companies are slashing the charges on their index funds as well, in part to keep up with ETFs. Fidelity -- which launched an ETF that tracks the NASDAQ Composite Index in 2003 -- lowered the expense ratio on its index funds from a high of 0.47% to 0.10% in August. A week later, E*Trade Financial Corp. cut expenses on its S&P 500 fund to 0.09%. Then, in April, Vanguard made it easier to qualify for its cheapest share class -- the Admiral shares of its S&P 500 fund, which charge just 0.09%.

When it comes to managed investments, big mutual-fund companies will continue to have the upper hand because of their plentiful marketing dollars and powerful distribution channels. "We want to provide low-cost funds, so our challenge is not to spend as much on [marketing]," says Lee T. Kranefuss, CEO of the iShares division at Barclays, which manages more than \$115 billion in ETF assets. Barclays estimates that it spends about one-fifth as much as major mutual-fund companies do on marketing.

This battle is just beginning. But by creating better, cheaper, and more efficient options, it's already making investors into big winners.