

FLANDERS CAPITAL

VALUE IS WHERE YOU FIND IT.

What is value? Ask ten different investment professionals and you'll get ten different answers. Moreover, their answers might vary depending on what the market is doing at that particular moment. That isn't the case at Flanders Capital. Ask anyone at Flanders, from CEO Bob Terwilliger to our newest intern, and the answer you receive will be the same....value is where you find it.

The Flanders Capital Process



Portfolio manager Jerry Johnson has a strict investment philosophy. Starting with a universe of over 6,000 US stocks, Johnson ruthlessly eliminates any stock that is overvalued. Stocks are evaluated on the basis of Price-Earnings, Price-Book Value, Earnings-per-Share, and EBITDA. By focusing on only those stocks that are selling at a minimum 25% discount from their peers. This narrows the list down to 200-300 stocks for in-depth, face-to-face research.

PRODUCT

Flanders Value

BENCHMARK

Russell 3000 Value

STYLE

All-Cap Value

PORTFOLIO MANAGER

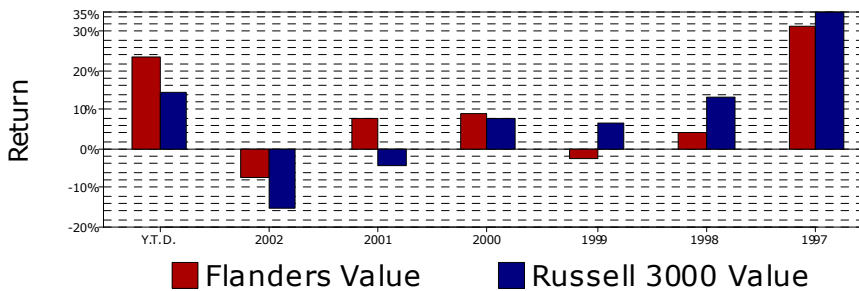
Jerry Johnson,
CFA



Zephyr StyleADVISOR

Zephyr StyleADVISOR: Zephyr Associates, Inc.

Calendar Year Return



	Y.T.D.	2002	2001	2000	1999	1998	1997
Flanders Value	23.59%	-7.51%	7.95%	9.17%	-2.34%	4.33%	31.15%
Russell 3000 Value	14.67%	-15.20%	-4.32%	8.04%	6.64%	13.50%	34.83%

Will this process always work? NO, it will not. During times when the market loses its head and investors are willing to pay any price for the hottest stock, we do not expect to outperform. We do expect to add value when earnings count, valuation matters, and patience is rewarded.

STATISTICS

- Holdings: 57
- P/E Ratio: 9.4
- P/B Ratio: 1.7
- Yield: 4.05%
- AUM: \$1.4 bn

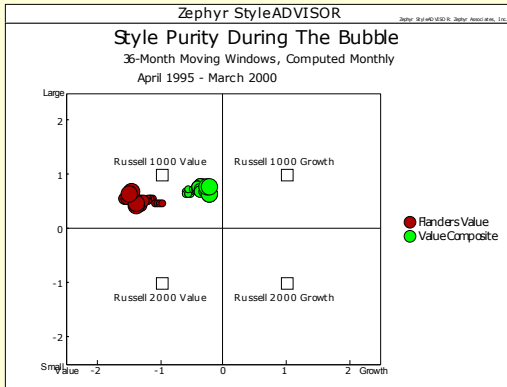
TOP HOLDINGS

1. Tyco
2. Wyeth
3. Merck
4. Citigroup
5. Altria

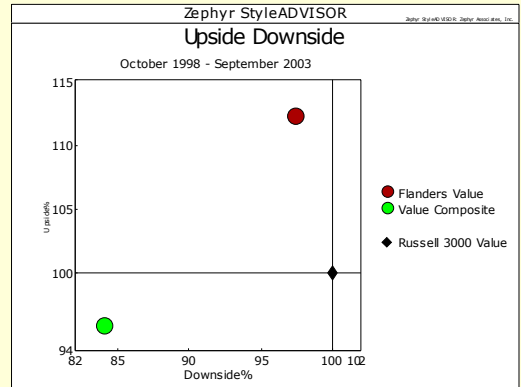
Information is as of
9/30/03

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What did the average "value" manager do when the going got tough? An equal-weighted composite of all large cap value managers shows cheating over to the growth side. Flanders Value remained true to their style through the most difficult of markets.

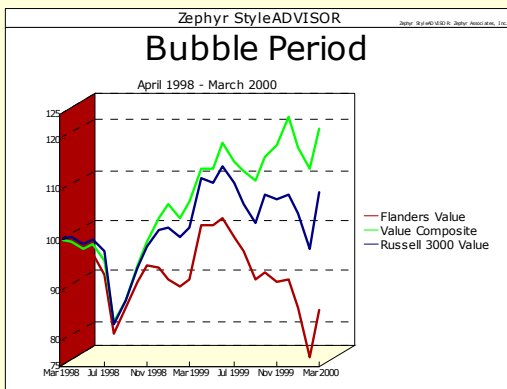


The Flanders process is one that is designed to offer downside protection when the market heads south. Our down capture is significantly less than the market, and yet our upside capture is in-line with the market.

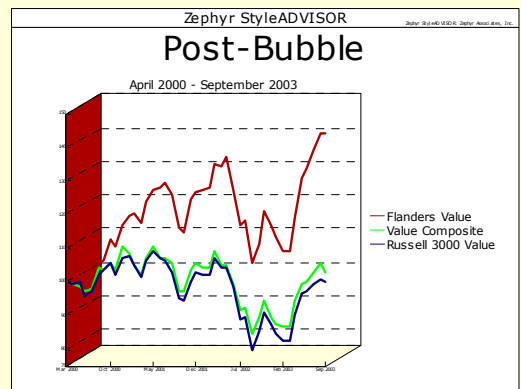


"Was 1999 a tough environment? You bet it was. People wouldn't talk to me at parties and my wife left me. She took the dogs. Did I ever lose faith in value? No. Never."

-Jerry Johnson, Portfolio Manager



Vigilance sometimes comes with a price. During the "bubble" years of the late 1990's, Flanders Value fell behind their benchmark as well as the average manager.



Patience, however, is often rewarded. After the bubble popped Flanders Capital was vindicated for our diligence. Since March 2000, Flanders Value has run circles around the competition.