



REVIEW & OUTLOOK

3RD QUARTER

2005

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	3rd Qtr	Year to Date	1 Year	3 Year	5 Year	7 Year	Since Inception 3/31/1996
CCM Growth	5.1	9.4	16.3	16.6	(4.3)	7.3	10.7
Russell 1000 Growth	4.0	2.2	11.6	14.8	(8.6)	0.8	6.2
S&P 500	3.6	2.8	12.2	16.7	(1.5)	4.3	8.7

Annualized Returns

	3rd Qtr	Year to Date	1 Year	3 Year	5 Year	Since Inception 6/30/1998
CCM Conservative Growth	4.4	7.2	13.0	15.4	(3.8)	4.8
S&P 500	3.6	2.8	12.2	16.7	(1.5)	2.7

Annualized Returns

	3rd Qtr	Year to Date	1 Year	Since Inception 12/31/2002
CCM High Quality Tax Exempt Bond	(0.1)	1.6	2.3	3.5
Lehman 5 Year Municipal Index	(0.1)	0.6	1.5	2.7

Summary of Investment Results

The U.S. stock market finally showed some signs of life in the third quarter with all of the broad market indices advancing more than 3%. The S&P 500 was up 3.6%; the Russell 1000 Value (RLV) and Russell 1000 Growth (RLG) indices gained 3.9% and 4.0%, respectively. CCM's Growth (+5.1%) and Conservative (+4.4%) composites outpaced each of these. Advances in both the energy (+18.3%) and utility (+7.3%) sectors significantly impacted returns for the S&P 500 and Russell 1000 Value Indices. Indeed, energy and utilities have been the primary performance drivers of the U.S. equity market both year to date and during third quarter (please see *Sector Performance Chart* on the following page). Surprisingly, growth stocks – as measured by the Russell 1000 Growth Index - were still able to modestly outperform during the quarter, even though the index has very low energy and utility sector weights.

What does this mean? We think it confirms our recent and oft-stated conviction that the market is in the early stages of a rotation back to growth stocks after five years of out-performance by value stocks. Portfolio commitments and sector allocations in both our Growth and Conservative strategies reflect this view. Results for both composites are well ahead of their primary benchmarks, the Russell 1000 Growth and the S&P 500 Indices, respectively, for the nine months ended September 30, 2005. Among its peers CCM's overall performance record is top quartile or close to it for all but one of the standard reporting periods since inception.

CCM's energy holdings have contributed nicely to this year's outperformance. We started the year overweight the sector but have gradually trimmed our positions – and taken profits - over the course of the past several months. Still, stocks in nearly all sectors have added value to our clients' portfolios this year. Good stock selection in Healthcare (Amgen

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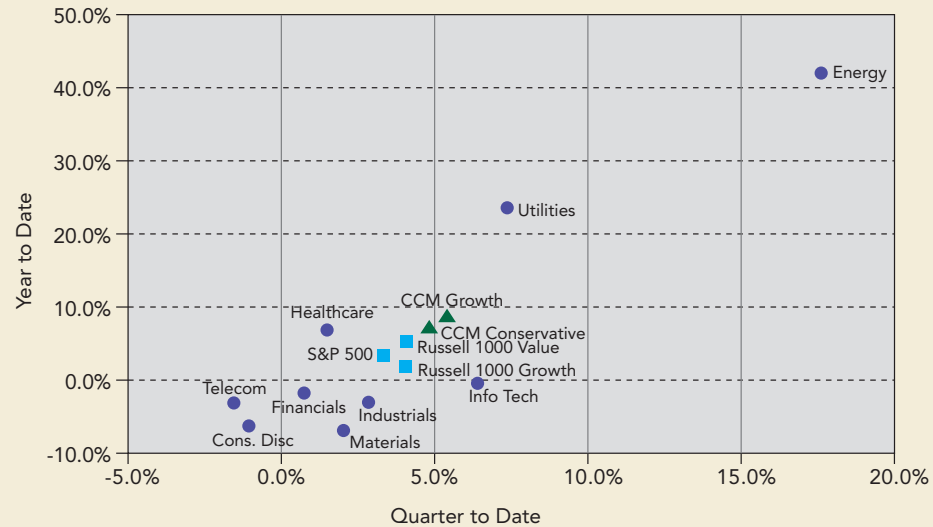
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(AMGN) and Cyberonics (CYBX)), Consumer Staples (Procter & Gamble (PG)), Consumer Discretionary (Tractor Supply (TSCO)), Financials (Goldman Sachs (GS)), and Materials (Arch Coal (ACI)) have directly benefited our results thus far in 2005. We continue to look for compelling growth opportunities across all sectors.

CCM Sector Performance Chart

as of 9/30/2005



Bush's Seven Plagues

Since taking over the Presidency in January, 2001, President Bush has been confronted with a series of severe, exogenous, adverse events affecting the U.S. We are calling these Bush's Seven Plagues. With no control over their occurrence or the timing of any of them, the President – plus numerous government agencies and the Federal Reserve - has been forced to react (for better or worse, depending on one's perspective). We identify seven such "plagues" of critical import:

1. The worst bear market since the Depression, which sapped both wealth and confidence, here and abroad.
2. The 2001 recession, which was in fact a deep depression for the U.S. manufacturing sector.
3. The attacks of September 11, 2001 and the rise of global terrorism. Here we include U.S. actions in Afghanistan and Iraq as reactions.
4. The large increase in the price of oil and the cost of energy, a problem made worse by later events.
5. Hurricanes Katrina and Rita, with widespread devastation and suffering as well as a cut in the supply of refined petroleum products.
6. The increased likelihood of an Avian flu pandemic worldwide.
7. The forced retirement of Federal Reserve Chairman Alan Greenspan in January 2006.

Each of these events has had, or may yet have, significant economic, social and political implications.

As a response to the bear market, recession and the events of 9/11/2001, the Bush Administration pushed for - and had legislated - extensive tax cuts to encourage spending and investment. At the same time, the Fed dropped short-term interest rates to extremely low levels and flooded the economy with liquidity. We believe these actions pre-empted a more severe recession. Near-record low interest rates and lots of liquidity, however, fueled a robust housing and consumption-led economic "boom," the unintended consequence of which has been the addition of even more debt to already overleveraged consumer balance sheets. Much of this debt is adjustable-rate, taken on at a time when interest rates and the cost of energy are rising, and the savings level is poor.

Higher oil prices, which have more than doubled since Mr. Bush's inauguration, are the result of supply/demand imbalance factors that have in fact been building for years. These price moves are the result of low investment in production capacity falling far behind the increased demand coming from an expanding global economy, particularly the incremental demand from the two fastest-growing economies in the world—China and India.

Hurricanes Katrina and Rita provided a one-two knockout punch for property owners, state and local governments, and a large portion of the energy infrastructure. The physical damage to the upper Gulf Coast – plus the short-term impact

on supply from crippled energy infrastructure there - has had significant economic consequences. President Bush has responded to the crisis with "high-octane" fiscal fuel - a proposal to commit hundreds of billions of federal dollars to the recovery effort. Meanwhile, high prices for both gasoline and natural gas are hurting consumer confidence and adding to inflationary fears. Political repercussions for the President are potentially huge. Public opinion of Bush and his administration have fallen below 40%. This may be the final straw that weakens his presidency and renders his agenda ineffective, both domestically and geopolitically.

An Avian Flu pandemic, fortunately, has not yet occurred and may not even materialize. But we can only hope for the best at this point. The President has expressed a willingness to spend up to \$10 billion to defend Americans against the flu. This is not a particularly big number in the context of our \$10 trillion economy, but it falls on top of the hundreds of billions of other unplanned expenditures incurred over the past four years. Bush's conservative political base is hardly enthusiastic about all of this spending. More importantly, if Avian Flu were to spread to the U.S. - even to a very limited degree - the economic and social impact could be substantial. Political damage to the Bush administration would most likely be crippling. The great fear is that the country is as unprepared to respond to this potential disaster as it was to Hurricane Katrina's devastation.

Monetary stimulus during the Bush administration has been substantial, but Greenspan's Fed is deliberately, if slowly taking away that punch bowl. Now Bush must appoint Greenspan's successor at the Federal Reserve. Investors are likely to worry that a new chairman may not be as willing to keep inflation in check. If he/she is not perceived to be the inflation "hawk" that Greenspan has been, we may see another plague emerge —inflation, higher interest rates, and a lower dollar. This would likely result in changed political leadership (the 2006 and 2008 elections are rapidly approaching) and a new direction for taxes, energy and foreign policy.

"So far the economy has been strong despite the frequent "hiccups." Barring an inflationary spike - which we do not anticipate - we believe our equity holdings will continue to do well."

The investment implications resulting from these seven plagues are the subject of our analysis 24/7. So far the economy has been strong despite the frequent "hiccups." Barring an inflationary spike – which we do not anticipate - we believe our equity holdings will continue to do well. Although we monitor interest rates constantly, we do not see inflation creeping back into the picture. Why? For inflation to be sustained it must flow into labor costs. Extremely low-cost labor markets in China and India should prevent this from happening. And the recent problems of Delphi Automotive and those of our legacy airlines indicate that high labor costs are more likely to drive companies to bankruptcy rather than force them to accept higher wages. Still, we will keep an eye on the choice of the next Fed chairman.

Portfolio Actions:
Additions:

Braker Biosciences (BRKR)

We initiated a small position in Braker Biosciences (BRKR) for all Growth accounts at an average price of approximately \$4.50 per share. Braker is a \$400 million market capitalization, emerging life science tool company (mass spectrometry and other scientific instruments) that sells its products globally. Braker is an innovative company in a growing industry. Nevertheless, operating and financial performance has been dismal for the past several years, and the company's shares have traded at a significant relative discount to revenues and book value for the industry. We believe a new CFO is now successfully addressing the operational and financial problems. With strengthening end-market demand, we believe the shares offer a compelling risk/reward opportunity.

Microsoft (MSFT) & Intel (INTC)

We also added to our positions in both Intel and Microsoft. We believe that several drivers will converge to provide a significant technology upgrade cycle over the next several years: (1) Microsoft's new operating system, called Vista, and Intel's 64-bit processors will start selling in 2006, (2) there has not been a widespread PC upgrade cycle since 1999 when corporations and individuals prepared for Y2K, and (3) growth outside the U.S., in Asia and Europe is accelerating. Both Intel and Microsoft are selling at approximately market multiples and offer twice the expected earnings growth rate of the S&P 500 for the next few years.

Sales:**Dominion Resources (D)**

We recently trimmed Dominion for CCM's Conservative accounts. Dominion is a traditional integrated utility company with an E&P (exploration and production) division that contributes approximately one third of earnings. The company's shares are up sharply this year, driven by rising natural gas prices. Dominion is an excellent hedger of production to maintain earnings consistency, and FY 2007 earnings will look very strong. But we think the shares have downside risks from these levels given the company's exposure to volatile natural gas prices and rising interest rates. On average, valuations in the utility sector are stretched with many components thereof trading at a P/E multiple greater than the S&P 500. For these and other reasons we have taken profits in the stock.

Dow Chemical (DOW)

We also sold our entire position in Dow Chemical. Dow is an excellent company, but it is a deep cyclical and, as such, should be bought and sold at the right times. Higher natural gas and crude oil prices - petroleum products are Dow's largest feedstock - are compressing Dow's margins. We believe the chemical cycle is maturing and have taken profits accordingly.

Advanced Neuromodulation Systems (ANSI)

Shares of Advanced Neuromodulation Systems (ANSI) advanced more than 80% from our March 2005 purchase. We thought the rate of increase unsustainable and sold the entire position. While we are not short-term traders - we are generally loath to incur short-term capital gains for our clients - we believed it was in our clients' best interests to ring the register and take a profit.

Fixed Income Commentary for Third Quarter 2005

The stories of the quarter were Hurricanes Katrina and Rita and what will be their affects on the U.S. economy. These storms notwithstanding, the U.S. economy continued to expand during the third quarter. Economic indicators, however, are not showing the rapid expansion that has been the norm recently. The price of oil continues to increase, impacting almost every aspect the domestic economy. Hurricane Katrina and Hurricane Rita raised the gasoline prices consumers pay at the pump.

“The FOMC is still concerned about the price of oil and its affect on the U.S. economy especially its potential to significantly increase inflation pressures.”

Throughout all this the Federal Open Market Committee (FOMC) continued to increase the federal funds rate at each meeting during 3Q 2005. The FOMC met twice during the period and increased the federal funds rate 25 basis points (0.25%) each time. With these two increases the federal funds rate is at 3.75%, an increase of 150 (1.50%) basis points since the beginning of 2005. The second of the two meetings occurred on September 20, after Hurricane Katrina. While the FOMC acknowledged the impact of the storm (“these unfortunate developments have increased uncertainly about near-term economic performance”), the Committee felt “they do not pose a more persistent threat.” The Committee still believes that “monetary policy accommodation, coupled with robust underlying growth in productivity, is providing ongoing support to economic activity.” The FOMC is still concerned about the price of oil and its affect on the U.S. economy, especially its potential to significantly increase inflation pressures. As has been the policy of the FOMC at the end of each

of its statements, the FOMC stated that it “will respond to changes in economic prospects as needed to fulfill its obligation to maintain price stability,” thus leaving the door open for continued rate increases. But this time the FOMC believes that “policy accommodation can be removed as a pace that is likely to be measured.”

The yield on the ten-year U.S. Treasury Note increased 41 bps from 3.92% to 4.33% with the low yield being 3.92% and the high yield being 4.42% during the quarter. The Bond Buyer 20 Weekly Index, a municipal bond index that is comprised of 20 General Obligation bonds rated “A1” by Moody's Investors Service with maturities of 20 years, increased 15 bps from 4.24% to 4.39% with the low yield being 4.18% and the high yield being 4.39% during the quarter. As a result of the interest rate movement during the quarter, bonds prices generally increased.

Performance Disclosures

GROWTH COMPOSITE								
Year End	Total Firm Assets (millions)	Composite Assets			Annual Performance Results			
		U.S. Dollars (millions)	% of Firm Assets	Number of Accounts	Composite Gross	Composite Net	Russ 1000 Growth	Composite Dispersion
2004	255	43	17%	27	4.97%	3.95%	6.30%	0.68%
2003	215	42	20%	29	28.27%	26.98%	28.76%	1.31%
2002	165	15	9%	19	-22.66%	-23.45%	-27.89%	2.30%
2001	155	25	16%	31	-19.46%	-20.28%	-20.42%	4.30%
2000	172	37	22%	32	8.33%	7.26%	-22.43%	1.60%
1999	137	17	12%	17	34.37%	33.07%	33.16%	14.50%
1998	109	25	23%	12	25.17%	23.95%	38.71%	4.70%
1997	99	21	22%	12	29.23%	27.97%	30.49%	2.90%
1996	30	11	35%	5 or fewer				

CONSERVATIVE GROWTH COMPOSITE								
Year End	Total Firm Assets (millions)	Composite Assets			Annual Performance Results			
		U.S. Dollars (millions)	% of Firm Assets	Number of Accounts	Composite Gross	Composite Net	S&P500	Composite Dispersion
2004	255	54	21%	41	3.84%	2.82%	10.87%	0.64%
2003	215	64	30%	43	28.17%	26.92%	28.69%	1.60%
2002	165	12	7%	13	-20.66%	-21.46%	-22.10%	1.90%
2001	155	15	9%	9	-18.12%	-18.95%	-11.86%	N.A.*
2000	172	15	9%	5 or fewer	7.32%	6.26%	-9.12%	N.A.*
1999	137	15	11%	5 or fewer	31.39%	30.11%	21.03%	N.A.*
1998	109	8	7%	5 or fewer				

2005 GROSS AND NET QUARTERLY PERFORMANCE FOR COMPOSITES								
	1Q 2005		2Q 2005		3Q 2005		4Q 2005	
	Gross	Net	Gross	Net	Gross	Net	Gross	Net
Growth Composite	1.48%	1.22%	2.65%	2.38%	5.05%	4.80%		
Conservative Growth Composite	1.39%	1.15%	1.34%	1.08%	4.35%	4.09%		

HIGH QUALITY TAX-EXEMPT BOND COMPOSITE								
Year End	Total Firm Assets (millions)	Composite Assets			Annual Performance Results			
		U.S. Dollars (millions)	% of Firm Assets	Number of Accounts	Composite Gross	Composite Net	Lehman 5 Yr Muni	Composite Dispersion
2004	255	15	6%	11	3.12%	2.71%	2.72%	0.42%
2003	215	7	3%	Five or fewer	4.99%	4.73%	4.13%	N.A.*

2005 GROSS AND NET QUARTERLY PERFORMANCE FOR COMPOSITES								
	1Q 2005		2Q 2005		3Q 2005		4Q 2005	
	Gross	Net	Gross	Net	Gross	Net	Gross	Net
High Quality Tax-Exempt Bond Portfolio	-1.08%	-1.18%	2.79%	2.69%	-0.09%	-0.19%		

*Information is not statistically meaningful due to an insufficient number of portfolios in the composite for the entire year.

CCM is a registered investment advisor. The firm maintains a complete list and description of composites, which is available upon request. The Chilton Capital Management (CCM) Growth Composite contains fully discretionary taxable and tax-exempt growth equity accounts. Prior to March 1, 2003, this composite contained only taxable growth equity accounts. The Conservative Growth Composite contains fully discretionary conservative growth equity accounts. The minimum account size for each composite is \$250 thousand. The growth composite is measured against the Russell 1000 Growth Index and the Conservative Composite is measured against the S&P500 Index for comparison purposes. Balanced portfolio segments are not included in the composites. Though leverage is not part of the firm's strategy, it is occasionally used in the Growth Composite. The Growth Composite was created April 1, 1996 and the Conservative Growth Composite was created July 1, 1998. Results are based on fully discretionary accounts under management, including those accounts no longer with the firm. Non-fee-paying accounts are not included in the composites. As of December 31, 2004, the Growth Composite contains approximately 81% of the accounts managed in that strategy and the Conservative Growth Composite contains approximately 57% of the accounts in that strategy. Past performance is not indicative of future results.

The U.S. dollar is the currency used to express performance. Returns are presented gross and net of management fees and include the reinvestment of all income. Gross returns will be reduced by investment advisory fees and other expenses that may be incurred in the management of the accounts. A fee schedule is an integral part of a complete presentation. Net of fee performance is calculated using the highest management fee as described in Part II of the firm's ADV, which is available upon request. The annual composite dispersion presented is an asset-weighted standard deviation calculated for the accounts in the composite the entire year.

Chilton Capital Management, LP has prepared and presented this report in compliance with the Performance Presentation Standards of the Association for Investment Management and Research (AIMR-PPS®), the U.S. and Canadian version of the Global Investment Performance Standards (GIPS®). AIMR has not been involved with the preparation or review of this report.

A third-party verification as set forth by the AIMR-PPS standards has been conducted by Ashland Partners & Company LLP from April 1, 1996 through June 30, 2005. A copy of the Independent Verifier's Report is available upon request.

High Quality Tax-Exempt Bond Composite contains fully discretionary non-custom fixed income accounts and for comparison purposes is measured against the Lehman 5-Year Municipal Index. The minimum account size for this composite is \$200 thousand. Chilton Capital Management, LP has prepared and presented this report in compliance with the Performance Presentation Standards of the Association for Investment Management and Research (AIMR-PPS®), the U.S. and Canadian version of the Global Investment Performance Standards (GIPS®). AIMR has not been involved in the preparation or review of this report.

Chilton Capital Management, LP is a registered investment advisor. The firm maintains a complete list and description of composites, which is available upon request.

Results are based on fully discretionary accounts under management, including those accounts no longer with the firm. Non-fee-paying accounts are not included in this composite. Past performance is not indicative of future results.

The U.S. Dollar is the currency used to express performance. Returns are presented gross and net of management fees and include the reinvestment of all income. Gross returns will be reduced by investment advisory fees and other expenses that may be incurred in the management of the account. Net of fee performance was calculated using the highest management fee of 40 basis points per year. Prior to January 1, 2004, the highest management fee was 25 basis points per year. A fee schedule is an integral part of a complete presentation and is described in Part II of the firm's ADV, which is available upon request.

Balanced portfolio segments are not included in this composite. Leverage is not used in this composite.

The High Quality Tax-Exempt Bond Composite was created January 1, 2003. The Independent Verifier's Report is an integral part of this presentation.