

Information Statement

De Luchi Investment Management

2952 Gibbons Drive
Alameda, California 94501-1769

www.deluchi.com

Telephone: 510-521-6632

Facsimile: 510-523-8725

Electronic mail: mail@deluchi.com

I) Advisory Services and Fees:

INVESTMENT SUPERVISORY SERVICES

Stephen Frank De Luchi dba De Luchi Investment Management ('DE LUCHI') provides Investment Supervisory Services, defined as giving continuous advice to a client or making investments for a client based on the individual needs of the client. DE LUCHI provides continuous advice pertaining to investment of client monies in public securities on the basis of each client's unique needs and objectives.

The investment management process involves analysis of each client's objectives, restrictions and current portfolio holdings, which are determined through in-depth personal or telephone interviews with the client. DE LUCHI structures each client's investment program in the context of these considerations.

DE LUCHI encourages clients to provide DE LUCHI with the authority to manage accounts on a discretionary basis. In certain circumstances, however, DE LUCHI may agree to manage an account on a non-discretionary basis.

For California Residents: Subsection (j) of Rule 260.238, California Code of Regulations requires that all investment advisers disclose to their advisory clients that lower fees for comparable services may be available from other sources.

ADVICE THROUGH CONSULTATIONS

DE LUCHI also provides specific consultation services regarding investment and financial concerns of the client. The nature of the advice to be provided will be determined with each client, based on that client's specific needs.

Advisory recommendations are not limited to any specific products or services offered by a particular broker or dealer.

FEE SCHEDULE

INVESTMENT SUPERVISORY SERVICES:

The annual fee charged for investment supervisory services is typically between one-quarter and one-half of one percentage of the client's managed assets.

A minimum fee of \$1,200 is usually required for this service. The total fee charged by DE LUCHI will never exceed 3% of a client's managed assets.

All fees are negotiable. In certain circumstances, clients may agree to pay a fixed annual fee for supervisory services based upon the extent and complexity of the individual client's personal circumstances, assets held and the nature of the advice requested. All fees are agreed upon prior to entering into a contract with any client.

Clients will be invoiced in arrears at the end of each calendar quarter based upon the quarter-end value (market value or fair market value in the absence of market value, plus any credit balance or minus any debit balance) of the client's account. For services commencing other than the beginning of a calendar quarter, the initial fee will be pro-rated to the start of the next calendar quarter.

CONSULTING SERVICES

Consulting services are provided at a rate of \$300 per hour. Fees for consulting services will typically range from \$1,000 to \$5,000. All fees are agreed upon prior to entering into a contract with any

client. Fees are payable after the work is completed. The consulting service will be completed within 90 days of the contract date, provided that all required information has been promptly provided by the client.

GENERAL INFORMATION ON FEES:

In certain circumstances, all fees may be negotiable. Fee negotiations may be based on asset classes. DE LUCHI also reserves the right to combine assets of related accounts for the purpose of fee calculation, where the accounts are related by family, organization or some other affiliation and are serviced primarily through a single client contact.

The fee charged is calculated as described above and is not charged on the basis of a share of capital gains upon or capital appreciation of the funds or any portion of the funds of an advisory client (Investment Advisers Act of 1940, Rule 205(a) (1)).

A client agreement may be canceled at any time, by either party, for any reason upon receipt of written notice. Upon termination of any account, any prepaid, unearned fees will be promptly refunded, and any earned, unpaid fees will be due and payable.

All fees paid to DE LUCHI for investment advisory services are separate from the fees and expenses charged to shareholders of mutual fund shares by the mutual funds. A complete explanation of these expenses charged by the mutual funds is contained in each mutual fund's prospectus.

II) Types of Clients:

DE LUCHI offers investment advisory services to individuals, pension and profit sharing plans, trusts, estates, charitable organizations and corporations or business entities other than those mentioned above.

III.) Types of Investments:

DE LUCHI provides investment advice on the following types of securities: Exchange-listed securities, securities traded over-the-counter, securities of foreign issuers, warrants, corporate debt securities, certificates of deposit, municipal securities, mutual fund shares, United States government securities, and option contracts on securities.

IV) Methods of Analysis, Sources of Information and Investment Strategies:

Primary emphasis is placed on fundamental analysis of a company's economic value and growth potential. Technical analysis is also used to supplement fundamental research to determine absolute and relative valuation levels.

The main sources of information DE LUCHI uses include research materials prepared by others, inspections of corporate activities, financial newspapers and magazines, annual reports, prospectuses, filings with the Securities and Exchange Commission, company press releases, corporate rating services and when appropriate, interviews with management of some firms in which investments are being considered.

The investment strategies used to implement any investment advice given to clients include long term purchases (securities held at least a year), short term purchases (securities sold within a year), trading (securities sold within 30 days), short sales, margin transactions, and option writing, including covered options, uncovered options or spreading strategies.

V) Education and Business Standards:

DE LUCHI requires that all professionals who are giving investment advice have substantial prior experience in business. Persons determining general advice to be given to clients are required to have college and graduate educational degrees.

VI) Education and Business Background:

Profiles of Professionals

Stephen Frank De Luchi

Born: 05/11/52
Alameda, California USA

Education:

University of California
Berkeley, California
1970-1974
B.S. Finance

University of California
San Francisco, California
1974-1978
B.S. Dental Sciences
D.D.S. Dentistry

University of California
San Francisco, California
1978-1979
Certificate, Fellowship in Oral Medicine

University of California
San Francisco, California
1979-82
Certificate, Residency in Oral and Maxillofacial Surgery

Business Background:

Stephen Frank De Luchi dba De Luchi Investment Management
Investment Adviser
Sole Proprietor
06/96 to Present

Robert Thomas Securities, Inc., Broker-Dealer
Registered Representative
02/96 to 06/96

Independent Investor
01/95 to Present

Stephen De Luchi
Business Consultant
11/92 to 12/94

Stephen De Luchi, Oral and Maxillofacial Surgery
7/82 - 10/92

Clinical Instructor, University of California, San Francisco
07/78 to 06/82

Examinations/Professional Designations:

NASD Exam, Series 7, score 231, 92%, 1996
NASD Exam, Series 63, score 45, 90%, 1996
NASD Exam, Series 65, score 66, 88%, 1996

Affiliate Member, the Security Analysts of San Francisco (AIMR)

VII) Other Business Activities:

The principal and only business of DE LUCHI is as an investment adviser.

VIII) Other Financial Industry Activities or Affiliations:**IX) Participation or Interest in Client Transactions:**

It is the expressed policy of DE LUCHI that no person employed by DE LUCHI may purchase or sell any security prior to a transaction(s) being implemented for an advisory account, and therefore, preventing such employees from benefiting from transactions placed on behalf of advisory accounts.

DE LUCHI or individuals associated with DE LUCHI may buy or sell securities identical to those recommended to customers for their personal accounts. Additionally, any related person(s) may have an interest or position in a certain security (ies) which may also be recommended to a client.

As these situations represent a conflict of interest, DE LUCHI has established the following restrictions in order to ensure its fiduciary responsibilities:

1) Neither the Sole Proprietor nor any employee of DE LUCHI shall buy or sell securities for their personal portfolio(s) where their decision is substantially derived, in whole or in part, by reason of his or her employment unless the information is also available to the investing public on reasonable inquiry. No person of DE LUCHI shall prefer his or her own interest to that of the advisory client.

2) DE LUCHI maintains a list of all securities holdings for itself, and anyone associated with this advisory practice with access to advisory recommendations. These holdings are reviewed on a regular basis by the Sole Proprietor.

3) DE LUCHI emphasizes the unrestricted right of the client to decline to implement any advice rendered, except in situations where DE LUCHI is granted discretionary authority of the client's account.

4) DE LUCHI requires that all individuals must act in accordance with all applicable Federal and State regulations governing registered investment advisers.

5) Any individual not in observance of the above may be subject to termination.

DE LUCHI will not include personal transactions of its associated persons in blocks with client trades.

DE LUCHI has adopted a Code of Ethics & Policy on Personal Trading that applies to the Sole Proprietor and all associated persons of DE LUCHI. The Code of Ethics & Policy on Personal Trading is intended to avoid conflicts with clients' interests, and includes both restrictions on personal transactions and a reporting obligation.

DE LUCHI engages in an investment advisory business for many clients. This may create conflicts of interest with a client's account over the time devoted by DE LUCHI to managing a client's account and the allocation of investment opportunities among other client's account that DE LUCHI manages. DE LUCHI may give advice and take action with respect to any of its clients that may differ from advice given or the timing or nature of action taken with respect to other clients so long as it is the policy of DE LUCHI, to the extent practicable, to allocate investment opportunities to one client over a period of time on a fair and equitable basis. DE LUCHI shall not be obligated to acquire for a client's account any security that DE LUCHI or its employees may acquire for its or their own accounts or for the account of any other client, if, in the absolute discretion of DE LUCHI, it is not practical or desirable to acquire a position in such security for an account.

X) Conditions for Managing Accounts:

DE LUCHI typically requires a minimum annual fee of \$1,000 for Investment Supervisory Services clients. In certain circumstances, however, this may be negotiable. The annual fee charged to a client will never exceed 3% of the client's managed assets.

XI) Review of Account:

Investment Supervisory Services:

Securities in clients' accounts are reviewed continuously, and client accounts are reviewed at least quarterly. More frequent reviews may be triggered by material market, economic, or political events, or by changes in the client's individual circumstances.

Consulting:

Clients may arrange for consulting services for a separate fee.

All accounts are reviewed by Dr. Stephen De Luchi, the sole proprietor of De Luchi Investment Management. ('DE LUCHI').

DE LUCHI will provide reports tailored to each individual client's needs, on request.

Reports are prepared for consulting clients; after the initial consultation, these clients may arrange for additional reports for a separate fee.

XII) Investment or Brokerage Discretion:

For discretionary clients, DE LUCHI requests that it be provided with written authority to determine which securities and the amounts of securities that are bought or sold.

Any limitations on this discretionary authority shall be included in this written authority statement. Clients may change/amend these limitations as required. Such amendments shall be submitted in writing.

DE LUCHI will make every effort to select those brokers or dealers which will provide the best services at the lowest commission rates possible. The reasonableness of commissions are based on the broker's ability to provide professional services, competitive commission rates, research and other services which will help DE LUCHI in providing investment management services to clients. DE LUCHI may, therefore recommend or use a broker who provides useful research and securities transaction services even though a lower commission may be charged by a broker who offers no research services and minimal securities transaction assistance. Research services may be useful in servicing all our clients, and not all of such research may be useful for the account for which the particular transaction was effected.

DE LUCHI will block trades where possible and when advantageous to clients. This blocking of trades permits the trading of aggregate blocks of securities composed of assets from multiple clients' accounts so long as transaction costs are shared equally and on a pro-rated basis between all accounts included in any such block. Block trading allows DE LUCHI to execute equity trades in a timelier, equitable manner and to reduce overall commission charges to clients.

In the event that a client directs DE LUCHI to use a particular broker or dealer, it should be understood that under those circumstances DE LUCHI will not have authority to negotiate commissions or obtain volume discounts, and best execution may not be achieved. In addition, under these circumstances a disparity in commission charges may exist between the commissions charged other clients.

DE LUCHI participates in the Schwab Institutional (SI) services program offered to independent investment advisers by Charles Schwab & Company, Inc., an NASD registered broker dealer.

Clients in need of brokerage and custodial services will have Charles Schwab & Company recommended to them. As part of the SI program, DE LUCHI receives benefits because it is in the business of providing investment advice.

XIII) Additional Compensation:

DE LUCHI participates in Charles Schwab & Co.'s Schwab Institutional (SI) service program. While there is no direct linkage between the investment advice given and participation in the SI program, economic benefits are received because DE LUCHI is in the business of providing investment advice. These benefits include: receipt of duplicate client confirmations and bundled duplicate statements; access to a trading desk serving SI participants exclusively; access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to client accounts; ability to have investment advisory fees deducted directly from client accounts; access, for a fee, to an electronic communication network for client order entry and account information; receipt of compliance publications; and access to mutual funds which generally require significantly higher minimum initial investments or are generally available only to institutional investors.

The benefits received through participation in the SI program do not depend upon the amount of transactions directed to Charles Schwab & Co., Inc.